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REVIEW OF 2003 PROPERTY TAX RATES

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-124
December 31, 2003
www.auditor.mo.gov**



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2003

The following report contains certification information on taxing authorities throughout Missouri.

State law requires the Missouri State Auditor to annually check all taxing jurisdictions throughout Missouri as to their compliance with the tax limitation provisions of Missouri's Hancock Amendment. The following report shows whether or not a taxing jurisdiction has met its constitutional and statutory obligation to set an overall tax rate at a level approved by voters and within the bounds of limits set by Missouri's Constitution and the State Legislature.

IMPORTANT: The State Auditor's Office has no authority to determine or review individual tax assessments. Chapter 138, RSMo governs the appeals process for assessed valuations as they pertain to individual taxpayers.

All individual tax assessment matters are the responsibility of each county assessor and board of equalization. Appeals to the state on tax assessment matters are handled by the Missouri State Tax Commission.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

2003 PROPERTY TAX RATES

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
Jefferson City, MO 65102

The State Auditor's Office is required to annually review local property tax rates of all taxing authorities in the state. The primary objectives of this review were to determine whether local governing boards have levied taxes in accordance with state law, and in particular, to determine whether local property tax rates have been adjusted to ensure that property reassessments are revenue neutral. Reassessments of existing property are not intended to increase property tax revenue but to equitably reallocate the existing tax burden based on the relative value of property owned by taxpayers.

For 2003, we received substantiating data and issued a finding on 4,809 property tax rates of 2,706 taxing authorities. Nine taxing authorities levied in excess of the tax rate certified resulting in approximately \$59,000 in excess tax levies.

Property taxes are often the main source of revenue for many of Missouri's special purpose political subdivisions and county boards. The bulk of property taxes, however, fund our public schools. General acceptance of these taxes is dependent on fair and equitable assessment practices and public understanding and input regarding the setting of rates. If the tax burden is increased without voter approval, confidence in the fairness and assessment practices is often eroded.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

December 31, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

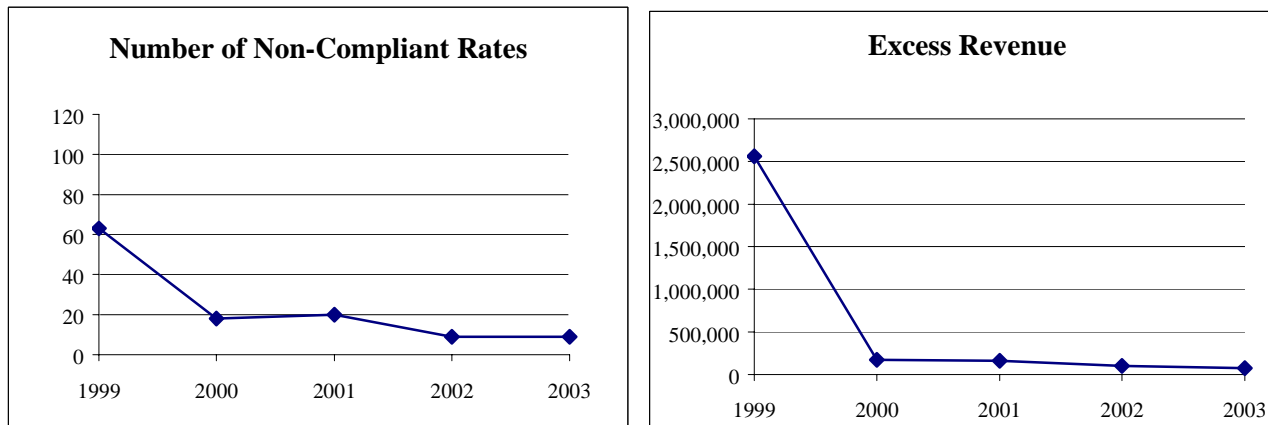
Director of Audits: Thomas J. Kremer, CPA
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Tax Rate Analyst: Nicki Russell, CPA
Tax Rate Staff: Cara Wolfe

RESULTS

RESULTS

Taxing Authorities Generally Complied with State Property Tax Laws

The State Auditor received substantiating data and reviewed 4,809 property tax rates for 2,706 taxing authorities. Of the rates reviewed, 551 were debt service levies, 145 were new property tax rates approved by voters and, 52 were for existing property tax rates that were increased by voter approval. The remaining 4,061 levies reviewed are general types of levies. Nine taxing authorities levied in excess of the tax rate certified. While varying factors contributed to these violations, increased awareness of Missouri law should help alleviate them. The following line graphs illustrate how the increased awareness has affected both the number and the revenue generated by excess tax levies.



Background

The State Auditor's Office and county officials assist local government officials in determining the data necessary to complete the tax rate computations. Taxing authorities are required to file data supporting the proposed property tax rates with the county, using forms prescribed by the Auditor. The data is reviewed and a finding is returned to both the county and the taxing authority advising whether the proposed rates comply with Missouri law.

Review methodology

The 2003 tax rate ceilings were determined based on the requirements of Section 137.073, RSMo, and Article X, Section 22 of the Missouri Constitution (the Hancock Amendment). The tax rate ceiling is determined annually and is adjusted to ensure revenue neutrality. The review of the tax rate ceiling is based on the assessed valuation for the entire political subdivision and is not calculated on an individual taxpayer basis.

To ensure taxing authorities do not receive a windfall from reassessment, our review of property tax rates begins with the prior year allowed revenue. This is the maximum amount of revenue a taxing authority would have received in the prior year. Current year tax levies must be set to yield the same gross revenue as was received on property that was owned in the prior year, in addition, an adjustment is made for additional revenue permitted for assessment growth that is the lower of, (1) the actual growth rate or, (2) the inflation rate, or (3) five percent. Factors such as new construction and improvements, newly added territory, newly separated territory, and changes from locally assessed to state assessed property also have an effect on the tax rate ceiling calculation. The county uses this rate to collect taxes on all property including new construction and improvements.

Voters may authorize increases beyond the set limits. Voter-approved increases are reviewed for compliance with applicable laws and stated ballot restrictions. The State Auditor's Office also reviews debt service tax rates. A tax levied to meet the annual debt service requirement is generally viewed as reasonable if the revenue to be generated plus the existing fund balance does not exceed the current payment requirements plus a reserve for the following year's payments.

The total assessed valuation of a taxing authority that is submitted by the County Clerk or a representative of the political subdivision is used in the State Auditor's Office review of property taxes. The State Auditor's Office does not review the assessed valuation of individual pieces of property, as Section 138, RSMo governs the appeals process for assessed valuations. Citizens may appeal their individual assessed valuations calculated by the County Assessor to the local Board of Equalization. Citizens not satisfied with the resolution by the Board of Equalization may appeal the decision to the Missouri State Tax Commission. Any decision of the Missouri State Tax Commission may be reviewed by a court of law.

As assessed valuations increase, tax rate ceilings generally decrease depending on the amount of the increase to produce substantially the same amount of revenue as the prior year. See *Appendixes IA & IB* for a more detailed summary of the changes in assessed valuation, by type of taxing authority and see *Appendixes IIA & IIB* for a more detailed summary of changes in tax rate ceilings, by type of taxing authority.

In addition, *Appendix III* is a map that provides a statewide geographical perspective of county valuation growth due to new construction growth and reassessment from 2002 to 2003. *Appendix IV*, however, is a map that reflects the inflationary change in each county's valuation from the previous year. A significant inflationary change generally indicates a major reassessment occurred within the county.

Organization of Report Content

Taxing authorities are listed by primary county and categorized by type of taxing authority. The counties are listed alphabetically (Adair through Wright, followed by the City of St. Louis). When a taxing authority is located in more than one county, it is listed under the primary county only.

The assessed valuations presented for taxing authorities, except school districts, include all taxable locally assessed and state assessed property. The assessed valuations presented for the school districts include only taxable locally assessed property. The abated portions of property valuations that are not

taxable under various economic development programs are omitted from the taxable assessed valuations used to compute the annual tax rate ceiling.

Sales tax rollbacks required by law for some county levies were not reviewed as part of this report. Sales tax (Proposition C) rollbacks for school levies were subjected to a limited review where it appeared the district waived all or part of the rollback without voter approval to generate additional local revenues. *Appendix X* lists the 455 schools with full or partial waivers of Proposition C (sales tax) reductions. These school districts obtained voter approval to not roll back part or all of the required amount for Proposition C. The list includes 76 schools with partial Proposition C waivers and 379 schools with full Proposition C waivers.

Tax Rates Levied in Excess of the Tax Rate Certified

Table 1.1 lists 9 taxing authorities that levied 9 tax rates in excess of the legally permissible tax levy as provided by state law. Excess revenues collected totaled \$59,237.

Table 1.1: Listing of Taxing Authorities Levying an Excess Tax Rate

County	Political Subdivision	Levy Purpose	Assessed Valuation	(1) Certified Rate	Actual Rate Levied	Excess Revenue
Clay	City of Glenaire	General Revenue	5,848,972	0.5957	0.5958	6
Crawford	Steelville Ambulance	General Revenue	45,329,316	0.3326	0.3500	7,887 (3)
Holt	City of Oregon	General Revenue	5,664,787	0.9335	1.0000	3,767 (4)
(2) Howard	Moniteau Creek Watershed	General Revenue	8,442,333	0.0000	0.2878	24,297 (3)
Jasper	Carthage Special Road	Road & Bridge	246,681,396	0.2311	0.2400	21,955 (3)
St. Louis	Village of Velda Village Hills	General Revenue				
	Residential Real Estate		3,745,590	0.3520	0.3560	150
	Commercial Real Estate		209,061	0.3870	0.3920	10
	Personal Property		1,296,847	0.3780	0.3830	65
	City of Wellston	General Revenue				
	Commercial Real Estate		4,732,560	0.5850	0.6000	710
	City of Woodson Terrace	General Revenue				
	Residential		18,554,839	0.2190	0.2200	186
	Kinloch Fire	Dispatch				(5)
	Residential Real Estate		936,400	0.0300	0.0400	94
	Commercial Real Estate		1,170,735	0.0300	0.0400	117
	Personal Property		778,751	0.0300	0.0400	78
Total						\$59,237 (6)

Source: Tax Rate Computational Forms Submitted by Taxing Entities

(1)The Certified Rate column represents the rates determined to be legally permissible based on the information submitted by the taxing authority. The excess tax revenue is computed by multiplying the excess tax rate (actual rate levied – certified rate) by the assessed valuation and dividing by 100.

(2)The Moniteau Creek Watershed district has assessed valuation in Boone, Howard, and Moniteau Counties. The district levied a rate in Howard and Moniteau Counties but did not levy a rate in Boone County.

(3)Also levied an excessive tax rate in 2001 and 2002.

(4)Also levied an excessive tax rate in 1997 – 2002.

(5)Also levied an excessive tax rate in 2001.

(6)The ballot passed by the Christian County Senior Services stated, .05 cents and was levied as 5 cents in 2001. In 2002, the tax rate ceiling was revised to reflect the amount of \$0.0005 allowed by the ballot language. The correct interpretation of the ballot language is being disputed by the district. The district continued to levy 5 cents in 2003 which resulted in additional revenues of \$280,728.

Changes in 2003

House Bill 1150 passed in 2002 revised Section 137.073 RSMo to require a separate calculation of each levy to be prepared for each subclass of property [i.e. residential real estate (abbreviated as Res.), agricultural real estate (abbreviated as Ag.), commercial real estate (abbreviated as Com.), and personal property (abbreviated as PP.)]. Implementation of this legislation began in St. Louis County beginning in 2003 and will begin statewide in 2005. The ramifications of this legislation are not determinable at this point and will need to be reviewed further in the future since the affects of this legislation fall beyond the calculation and setting of the property tax levied.

The Missouri Supreme Court concluded that the clear language of Article X, Section 11(b) authorizes school districts to maintain or set levies at the \$2.75 rate by decision of the school board. They further concluded that voters relinquished the right to vote on school district levy increases up to and including the rate of \$2.75 when they amended Article X, Section 11(b) in 1998. Therefore, a separate listing of the schools no longer appear necessary for this report.

APPENDIXES

SUMMARY OF CHANGES IN ASSESSED VALUATION FOR LOCAL GOVERNMENTS NOT USING HB1150

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Number of Tax Rates		With No Change In Assessed Valuation	Other (1)
			With Increases In Assessed Valuation	With Decreases In Assessed Valuation		
Ambulance Districts	106	114	102	10	0	2
Hospitals and Health Centers	13	13	13	0	0	0
Nursing Home Districts	28	30	26	2	0	2
Public Water Supply Districts	1	1	0	1	0	0
Soil and Water Conservation Subdistricts	25	25	23	2	0	0
Drainage and Levee Districts	2	2	1	1	0	0
Special Road Districts	231	298	217	56	0	25
Municipalities	764	1,355	938	283	0	134
Tax Supported Public Libraries	77	83	74	5	0	4
Townships	312	819	554	165	0	100
Fire Protection Districts	307	373	304	37	0	32
Sewer Districts	7	7	7	0	0	0
Miscellaneous	29	29	23	4	0	2
Regional Recreational District	1	1	1	0	0	0
Community Improvement Districts	1	1	0	1	0	0
Special Road District Subdistricts	2	2	2	0	0	0
Transportation Development Districts	1	1	0	1	0	0
Junior Colleges	12	17	13	0	0	4
School Districts	499	841	478	37	0	326
Special School Districts	1	2	1	0	0	1
Counties	114	475	426	36	0	13
Totals	2,533	4,489	3,203	641	0	645

(1) This column includes those levies for which only the current year's assessed valuation was used in the computation of the 2003 tax rate (i.e. debt service levies, newly voted levies, and levies voted to replace expired levies), and dissolving levies. Debt service levies are included in this column because they are not subject to the Hancock limitations and therefore are not included in the analysis of levies that are subject to Hancock.

SUMMARY OF CHANGES IN ASSESSED VALUATION FOR LOCAL GOVERNMENTS USING HB1150

			Number of Tax Rates												
Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	With Increases In Assessed Valuation				With Decreases In Assessed Valuation				With No Change In Assessed Valuation				Other (1)
			Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	
Municipalities	80	117	102	19	80	27	2	2	21	64	0	83	3	13	13
Tax Supported Public Libraries	4	4	4	2	3	1	0	1	1	3	0	1	0	0	0
Fire Protection Districts	23	103	80	42	58	12	6	27	28	74	0	17	0	0	17
Sewer Districts	24	25	25	10	17	19	0	3	8	6	0	12	0	0	0
Street Light Maintenance Districts	5	5	3	0	5	0	2	1	0	5	0	4	0	0	0
Miscellaneous	11	15	11	6	10	0	1	0	4	6	2	8	0	8	1
Community Improvement Districts	1	1	1	0	0	0	0	0	0	0	0	1	1	1	0
School Districts	23	44	22	8	20	5	1	5	3	18	0	10	0	0	21
Special School Districts	1	1	1	1	1	0	0	0	0	1	0	0	0	0	0
Counties	1	5	4	4	4	0	0	0	0	4	0	0	0	0	1
Totals	173	320	253	92	198	64	12	39	65	181	2	136	4	22	53

(1) This column includes those levies for which only the current year's assessed valuation was used in the computation of the 2003 tax rate (i.e. debt service levies, newly voted levies, and levies voted to replace expired levies), and dissolving levies. Debt service levies are included in this column because they are not subject to the Hancock limitations and therefore are not included in the analysis of levies that are subject to Hancock.

SUMMARY OF CHANGES IN TAX RATE CEILINGS FOR LOCAL GOVERNMENTS NOT USING HB1150

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Ceilings Same as Prior Year	Ceilings Revised Upward	Ceilings Revised Downward	Revised Due to An Election (1)	Other (2)	Debt Service Levies (3)
Ambulance Districts	106	114	61	21	28	2	1	1
Hospitals and Health Centers	13	13	4	4	5	0	0	0
Nursing Home Districts	28	30	18	4	5	1	0	2
Public Water Supply Districts	1	1	0	0	1	0	0	0
Soil and Water Conservation Subdistricts	25	25	15	5	5	0	0	0
Drainage and Levee Districts	2	2	0	1	1	0	0	0
Special Road Districts	231	298	121	81	71	0	23	2
Municipalities	764	1355	397	461	360	3	12	122
Tax Supported Public Libraries	77	83	40	17	22	0	0	4
Townships	312	819	431	134	154	0	87	13
Fire Protection Districts	307	373	167	53	109	12	8	24
Sewer Districts	7	7	2	0	5	0	0	0
Miscellaneous	29	29	5	5	19	0	0	0
Regional Recreational District	1	1	1	0	0	0	0	0
Community Improvement Districts	1	1	1	0	0	0	0	0
Special Road District Subdistricts	2	2	0	0	2	0	0	0
Transportation Development Districts	1	1	1	0	0	0	0	0
Junior Colleges	12	17	5	0	8	0	0	4
School Districts	499	841	36	192	161	126	3	323
Special School Districts	1	2	0	1	0	0	0	1
Counties	114	475	242	107	113	0	10	3
Totals	2,533	4,489	1,547	1,086	1,069	144	144	499

(1) This column includes levies that existed in prior years and were revised due to an election, see Appendix IX. This column also includes school levies that increased due to the school board's election to implement Missouri Constitutional Amendment No. 2 approved by voters on November 3, 1998 which allows school districts to levy a minimum of \$2.7500 by school board action alone.

(2) This column includes all newly voted levies which adjustments were made based on information received from the taxing authorities or to rename levies for consistency purposes. Also included in this column are levies which adjustments were made based on information received from the taxing authorities or to rename levies for consistency purposes.

(3) See Appendix VII for a listing of taxing authorities levying a property tax rate to pay the annual debt service requirements for general obligation bonds outstanding.

SUMMARY OF CHANGES IN TAX RATE CEILINGS FOR LOCAL GOVERNMENTS USING HB1150

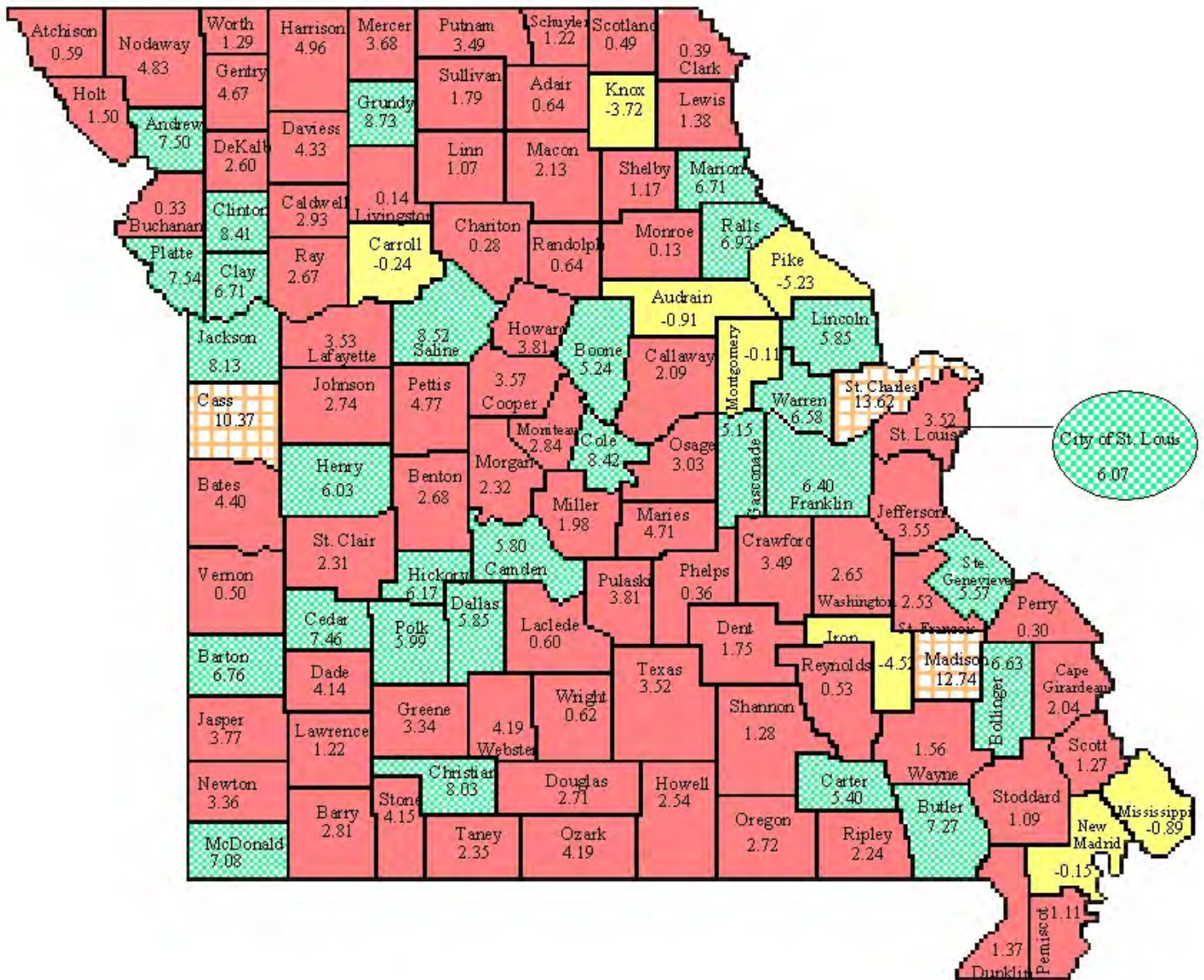
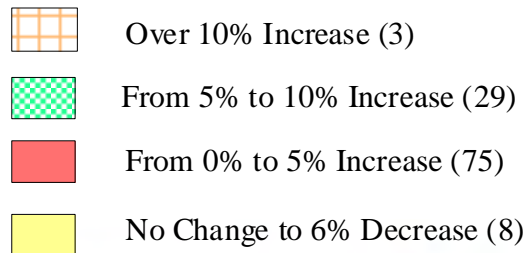
Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Ceilings Same as Prior Year				Ceilings Revised Upward				Ceilings Revised Downward				Revised Due to An Election (1)	Other (2)	Debt Service Levies (3)
			Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.	Res.	Ag.	Com.	PP.			
Municipalities	80	117	5	1	6	9	11	17	50	71	87	85	47	23	1	0	13
Tax Supported Public Libraries	4	4	0	0	0	0	1	2	3	4	3	2	1	0	0	0	0
Fire Protection Districts	23	103	24	17	26	26	15	48	40	50	47	21	20	10	0	0	17
Sewer Districts	24	25	4	2	5	7	1	9	15	15	20	14	5	3	0	0	0
Street Light Maintenance Districts	5	5	1	1	0	2	2	0	2	3	2	4	3	0	0	0	0
Miscellaneous	11	15	1	0	1	0	2	6	9	6	11	8	4	8	0	1	0
Community Improvement Districts	1	1	0	0	0	0	0	0	0	0	1	1	1	1	0	0	0
School Districts	23	44	3	2	3	3	1	10	10	17	16	8	7	0	3	0	21
Special School Districts	1	1	0	0	0	0	0	1	1	1	1	0	0	0	0	0	0
Counties	1	5	0	0	0	0	0	4	4	4	4	0	0	0	0	0	1
Totals	173	320	38	23	41	47	33	97	134	171	192	143	88	45	4	1	52

(1) This column includes levies that existed in prior years and were revised due to an election, see Apendix IX. This column also includes school levies that increased due to the school board's election to implement Missouri Constitutional Amendment No. 2 approved by voters on November 3, 1998 which allows school districts to levy a minimum of \$2.7500 by school board action alone.

(2) This column includes all newly voted levies which adjustments were made based on information received from the taxing authorities or to rename levies for consistency purposes. Also included in this column are levies which adjustments were made based on information received from the taxing authorities or to rename levies for consistency purposes.

(3) See Appendix VII for a listing of taxing authorities levying a property tax rate to pay the annual debt service requirements for general obligation bonds outstanding.

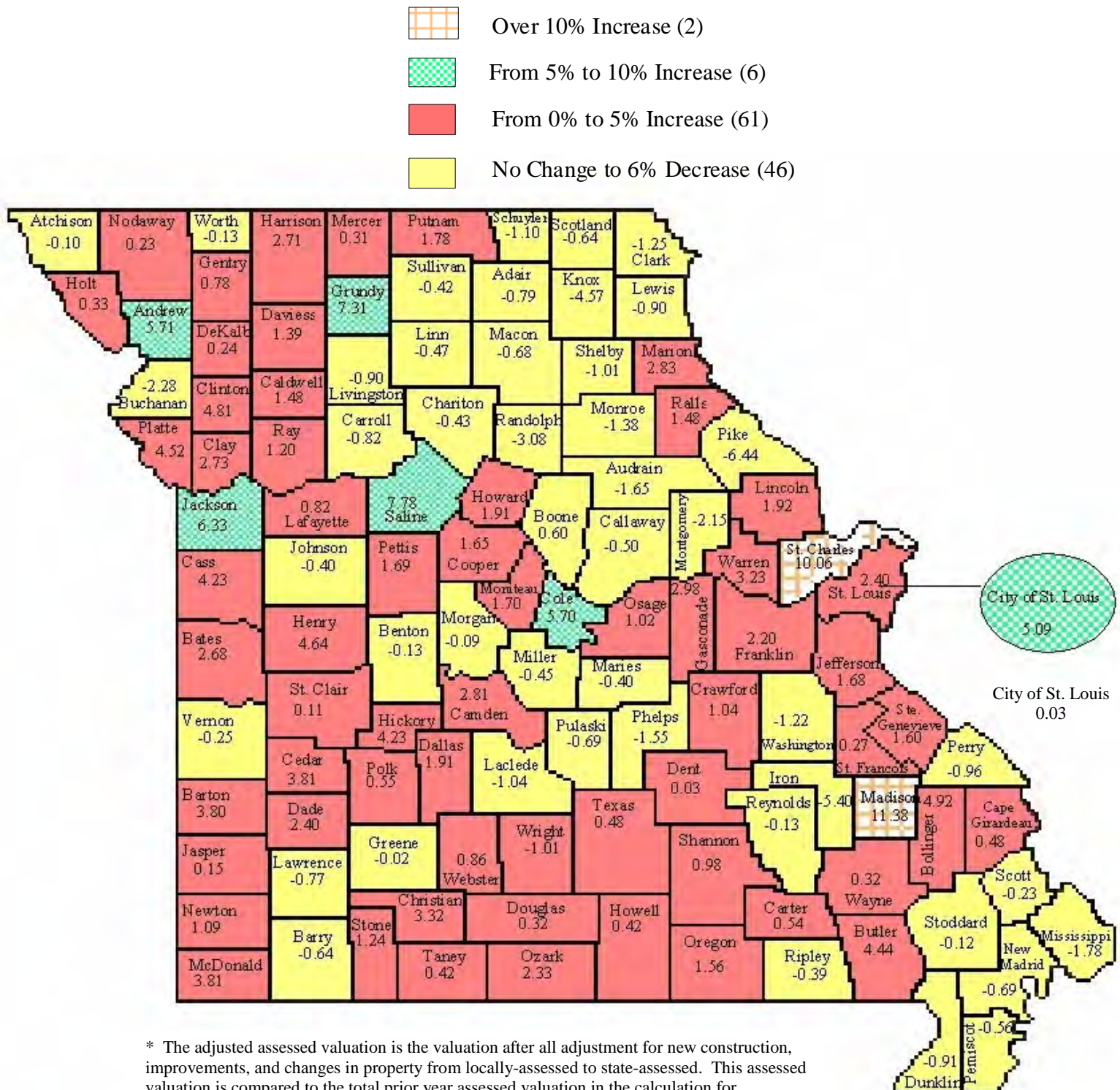
2002 – 2003 PERCENTAGE CHANGE IN TOTAL ASSESSED VALUATIONS
OVERALL COUNTY VALUATION CHANGES PRIOR TO ADJUSTMENTS



High County: St. Charles 13.62

Low County: Pike -5.23

2002- 2003 PERCENTAGE CHANGE IN ADJUSTED ASSESSED VALUATIONS*



* The adjusted assessed valuation is the valuation after all adjustment for new construction, improvements, and changes in property from locally-assessed to state-assessed. This assessed valuation is compared to the total prior year assessed valuation in the calculation for compliance with the Hancock Amendment.

High County: Madison 11.38

Low County: Pike -6.44

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Adair	Adair County Ambulance District	General Revenue	204,906,178	0.1997	0.1997	210,470,427	0.2000	0.2000	211,815,106	0.2000	0.2000
	Twin Pines Adult Care Center	General Revenue	201,155,598	0.1497	0.1497	206,714,186	0.1500	0.1500	208,009,296	0.1500	0.1500
	City of Brashear	General Revenue	1,134,338	1.3800	1.3800	1,149,518	1.3800	1.3800	1,144,398	1.3800	1.3800
		Fire	1,134,338	0.3000	0.3000	1,149,518	0.3000	0.3000	1,144,398	0.3000	0.3000
	City of Kirksville	General Revenue	128,433,238	0.6181	0.6181	135,123,628	0.6203	0.6203	135,235,910	0.6269	0.6269
		Debt Service	128,433,238	0.1500	0.1500	135,123,628	0.1561	0.1561	135,235,910	0.1845	0.1845
	City of Novinger	General Revenue	1,748,481	0.4312	0.4312	1,732,892	0.4408	0.4408	1,717,460	0.4475	0.4475
		General Revenue-Temp	1,748,481	0.3500	0.3500	1,732,892	0.3500	0.3500	1,717,460	0.3500	0.3500
	Village of Gibbs Village	General Revenue	373,893	0.8301	0.8301	391,279	0.8370	0.8370	381,412	0.8655	0.8370
	Adair County Public Library	General Revenue	204,906,178	0.1498	0.1498	210,470,427	0.1500	0.1500	211,815,106	0.1500	0.1500
	Adair Co. R-I School District	Operating Funds-Schools	10,742,569	3.6481	3.6400	10,929,661	3.5395	3.5395	11,309,326	3.6255	3.6255
		Debt Service	10,742,569	0.2700	0.2700	10,929,661	0.2712	0.2712	11,309,326	0.2815	0.2815
	Kirksville R-III School District	Operating Funds-Schools	160,901,216	3.2655	3.2354	166,589,773	3.2321	3.2321	168,382,959	3.2543	3.2543
		Debt Service	160,901,216	0.8100	0.8100	166,589,773	0.8100	0.8100	168,382,959	0.8100	0.8100
	Adair Co. R-II School District	Operating Funds-Schools	9,082,748	3.5698	3.0092	9,319,594	3.5787	2.9900	9,568,695	3.5265	3.1900
		Debt Service	9,082,748	0.6708	0.6708	9,319,594	0.6900	0.6900	9,568,695	0.6900	0.6900
	Adair County	General Revenue	204,906,178	0.3500	0.0000	210,470,427	0.3516	0.0000	211,815,106	0.3544	0.0000
		Road & Bridge	204,906,178	0.2600	0.2600	210,470,427	0.2612	0.2600	211,815,106	0.2633	0.2600
		Health	204,906,178	0.1997	0.1997	210,470,427	0.2000	0.2000	211,815,106	0.2000	0.2000
Andrew	Andrew County Ambulance District	General Revenue	144,639,117	0.2817	0.2817	145,313,870	0.2823	0.2823	155,340,705	0.2740	0.2740
	Andrew County Nursing Home District	General Revenue	152,174,232	0.0940	0.0300	152,445,698	0.0943	0.0300	163,879,038	0.0912	0.0300
	City of Bolckow	General Revenue	673,000	0.8315	0.8315	650,280	0.8606	0.8606	763,227	0.7657	0.7657
	Village of Cosby	General Revenue	488,573	0.5211	0.5211	502,168	0.5211	0.5211	616,942	0.4336	0.4336
	Village of Country Club	General Revenue	16,294,115	0.3883	0.3883	16,057,787	0.3982	0.3982	17,767,912	0.3911	0.3911
	City of Fillmore	General Revenue	567,307	0.8341	0.8341	564,234	0.8387	0.8387	745,796	0.6676	0.6676
		Debt Service	567,307	0.7210	0.7210	564,234	0.7089	0.7089	745,796	0.5229	0.5229
	Village of Rea	General Revenue	313,898	0.2896	0.2896	319,965	0.3009	0.3009	336,983	0.2920	0.2920
	City of Rosendale	General Revenue	463,102	0.9672	0.9672	484,912	0.9671	0.9671	599,182	0.7999	0.7999
	City of Savannah	General Revenue	35,624,218	0.5005	0.5005	34,504,873	0.5167	0.5167	37,879,104	0.4866	0.4866
		Parks & Recreation	35,624,218	0.3193	0.3193	34,504,873	0.3297	0.3297	37,879,104	0.3105	0.3105
		Debt Service	35,624,218	0.0959	0.0959	34,504,873	0.1604	0.1604	37,879,104	0.2034	0.2034
	City of Amazonia	General Revenue	922,681	0.7832	0.7832	994,857	0.7813	0.7813	1,155,857	0.6873	0.6873
	Bolckow Fire District	General Revenue	5,324,333	0.3000	0.3000	5,568,853	0.2945	0.2945	5,837,124	0.2932	0.2932
	Rosendale Fire District	General Revenue	8,527,485	0.2500	0.2500	8,887,086	0.2500	0.2500	9,324,012	0.3500	0.3500 B
	Fillmore Fire Protection District	General Revenue	5,624,644	0.2885	0.2885	5,706,447	0.2885	0.2885	6,053,186	0.4500	0.4500 B
	Savannah Fire Protection District	General Revenue	61,096,089	0.5786	0.5786	62,709,250	0.5786	0.5786	62,264,617	0.5918	0.5918
	Village of Country Club FPD	General Revenue	16,294,115	0.7767	0.7767	16,057,787	1.0464	1.0300 B	16,918,102	1.0278	1.0278
	North Andrew Co. R-VI School Dist	Operating Funds-Schools	13,600,770	4.3427	4.3427	13,766,440	4.4180	4.4180	14,752,530	4.3044	4.3044
	Avenue City R-IX School District	Operating Funds-Schools	9,515,350	3.4606	3.3500	9,850,830	3.5359	3.3559	11,238,960	3.2884	3.2884

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Andrew	Avenue City R-IX School District	Debt Service	9,515,350	0.9500	0.9500	9,850,830	0.9500	0.9500	11,238,960	0.9500	0.9500
	Savannah R-III School District	Operating Funds-Schools	109,036,619	3.1342	3.1342	105,857,699	3.2279	3.2279	117,410,015	3.0707	3.0707
	Andrew County	General Revenue	152,174,232	0.3393	0.2310	152,445,698	0.3403	0.1649	163,879,038	0.3290	0.2000
		Johnson Grass	152,174,232	0.0282	0.0200	152,445,698	0.0283	0.0200	163,879,038	0.0274	0.0200
		Road & Bridge	152,174,232	0.2639	0.2639	152,445,698	0.2647	0.2547	163,879,038	0.2559	0.2500
		Special Road and Bridge	152,174,232	0.2500	0.2500 A	152,445,698	0.2500	0.2500	163,879,038	0.2417	0.2417
		Health	152,174,232	0.0940	0.0940	152,445,698	0.0943	0.0943	163,879,038	0.0912	0.0912
		Developmentally Disabled	152,174,232	0.0846	0.0846	152,445,698	0.0849	0.0849	163,879,038	0.0821	0.0821
		Senior Services	**	**	**	152,445,698	0.0300	0.0300 A	163,879,038	0.0290	0.0290
Atchison	Atchison-Holt Ambulance District	General Revenue	150,247,889	0.3000	0.3000	152,860,500	0.3000	0.3000	154,432,814	0.3000	0.3000
	Langdon Spec Road Dist Atchison Co	Special Road and Bridge	2,348,071	0.3500	0.3500 A	2,441,655	0.3487	0.3487	2,195,273	0.3500	0.3500
	Tarkio Spec Road Dist Atchison Co	Special Road and Bridge	16,762,041	0.3437	0.3437	17,054,552	0.3437	0.3437	17,334,925	0.3500	0.3500 A
	Watson Spec Road Dist Atchison Co	Special Road and Bridge	3,545,293	0.3500	0.3500 A	3,575,900	0.3500	0.3500	3,437,390	0.3500	0.3500
	General Road District	Special Road and Bridge	51,415,061	0.3500	0.3500	52,513,729	0.3500	0.3500	53,129,422	0.3500	0.3500 A
	City of Fairfax	General Revenue	3,486,525	0.7458	0.7458	3,490,772	0.7552	0.7552	3,539,723	0.7598	0.7598
		Parks & Recreation	3,486,525	0.1841	0.1841	3,490,772	0.1864	0.1864	3,539,723	0.1876	0.1876
		Street Lights	3,486,525	0.2228	0.2228	3,490,772	0.2256	0.2256	3,539,723	0.2270	0.2270
	City of Rock Port	General Revenue	11,123,626	0.7242	0.7242	11,318,558	0.7242	0.7242	11,443,633	0.7242	0.7242
		Parks & Recreation	11,123,626	0.3621	0.3621	11,318,558	0.3621	0.3621	11,443,633	0.3621	0.3621
	City of Tarkio	General Revenue	11,209,309	0.7594	0.7594	11,303,025	0.7594	0.7594	11,414,929	0.7594	0.7594
		Parks & Recreation	11,209,309	0.2938	0.2938	11,303,025	0.2938	0.2938	11,414,929	0.2938	0.2938
		Lights	11,209,309	0.6265	0.6265	11,303,025	0.6265	0.6265	11,414,929	0.6265	0.6265
		Debt Service	11,209,309	0.5692	0.5692	11,303,025	0.6129	0.6129	11,414,929	0.4480	0.4480
	Village of Watson	General Revenue	439,012	0.5000	0.5000	436,369	0.5000	0.5000	435,654	0.5000	0.5000
		General Revenue-temp	439,012	0.3000	0.3000 A	436,369	0.3000	0.3000	435,654	0.3000	0.3000
	City of Westboro	General Revenue	695,720	1.0000	1.0000	722,647	0.9997	0.9997	792,761	0.9997	0.9997
		Lights	695,720	0.2500	0.0000	722,647	0.2499	0.0000	792,761	0.2499	0.0000
		Streets	695,720	0.9000	0.9000	722,647	0.8997	0.8997	792,761	0.8997	0.8997
		Debt Service	695,720	2.8846	2.8846	722,647	2.6302	2.6302	792,761	1.7515	1.7515
	Atchison County Library	General Revenue	77,164,155	0.2000	0.2000	78,770,442	0.2000	0.2000	79,233,425	0.2000	0.2000
	Fairfax Rural Fire District	General Revenue	10,787,679	0.2500	0.2500	11,194,928	0.2500	0.2500	11,544,684	0.2500	0.2500
	Tarkio Rural Fire District	General Revenue	10,193,995	0.2428	0.2000	10,492,202	0.2414	0.2000	10,525,345	0.2424	0.2424
	West Atchison Rural Fire Prot Dist	General Revenue	19,365,471	0.2500	0.2436	19,706,120	0.2500	0.2500	19,640,667	0.2500	0.2500
	Westboro Fire Protection District	General Revenue	7,205,503	0.3293	0.3293	7,322,414	0.3293	0.3293	7,418,924	0.3293	0.3293
	Tarkio R-I School District	Operating Funds-Schools	25,968,584	3.5584	2.7500	25,015,452	3.7472	2.7500	26,253,279	3.4989	2.7500
	Rock Port R-II School District	Operating Funds-Schools	29,080,909	3.6223	3.6223	29,440,653	3.6130	3.6130	29,521,132	3.6112	3.6112
	Fairfax R-III School District	Operating Funds-Schools	12,588,819	3.6932	3.6932	12,766,968	3.6794	3.6794	13,098,364	3.6398	3.6348
		Debt Service	12,588,819	0.4291	0.4291	12,766,968	0.5056	0.5056	13,098,364	0.5182	0.5182
	Atchison County	General Revenue	77,164,155	0.4926	0.4926	78,770,442	0.4926	0.4926	79,233,425	0.4931	0.4931

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Atchison	Atchison County	Solid Waste Landfill	77,164,155	0.1000	0.0000	78,770,442	0.1000	0.0000	79,233,425	0.1000	0.0000
		Road & Bridge	77,164,155	0.4926	0.4926	78,770,442	0.4926	0.4926	79,233,425	0.4931	0.4931
		Health	77,164,155	0.0500	0.0500	78,770,442	0.0500	0.0500	79,233,425	0.0500	0.0500
		Senate Bill 40	77,164,155	0.1000	0.1000	78,770,442	0.1000	0.1000	79,233,425	0.1000	0.1000
Audrain	Van-Far Ambulance District	General Revenue	40,265,730	0.3000	0.3000	38,264,657	0.3000	0.3000	39,032,256	0.3000	0.3000
	Tri County Nursing Home District	General Revenue	43,038,724	0.2500	0.2500	40,951,428	0.2500	0.2500	42,178,399	0.2500	0.2500
	Laddonia Farber Spec Rd Audrain Co	Special Road and Bridge	14,196,953	0.3500	0.3500	13,549,941	0.3500	0.3500 A	13,300,644	0.3500	0.3500
	Saling Spec Rd Dist #2 Audrain Co	Special Road and Bridge	5,486,856	0.3390	0.3390	5,807,544	0.3390	0.3390	5,950,188	0.3500	0.3500 A
	Vandalia Special Rd Dist Audrain Co	Special Road and Bridge	31,444,333	0.3500	0.3500	30,202,060	0.3500	0.3500	31,020,548	0.3500	0.3500
	Village of Benton City	General Revenue	656,872	0.3661	0.3661	656,273	0.3782	0.3782	642,474	0.3935	0.3935
	City of Farber	General Revenue	3,094,645	0.6800	0.6800	2,168,881	0.6800	0.6800	2,145,979	0.6800	0.6800
		Lights	3,094,645	0.2812	0.2800	2,168,881	0.3200	0.3200	2,145,979	0.3200	0.3200
	City of Laddonia	General Revenue	3,475,582	0.6907	0.6900	3,612,951	0.6907	0.6900	3,505,590	0.7165	0.6900
		Lights	3,475,582	0.4104	0.2500	3,612,951	0.4104	0.2500	3,505,590	0.4257	0.2500
	City of Martinsburg	General Revenue	3,084,567	0.4949	0.4900	3,063,723	0.5018	0.5018	3,110,008	0.5023	0.5023
	City of Mexico	General Revenue	118,847,775	0.3699	0.3699	115,793,145	0.3814	0.3814	114,425,599	0.3879	0.3879
		Parks & Recreation	118,847,775	0.1799	0.1799	115,793,145	0.1855	0.1855	114,425,599	0.1886	0.1886
		Health	118,847,775	0.1799	0.1799	115,793,145	0.1855	0.1855	114,425,599	0.1886	0.1886
	Village of Rush Hill	General Revenue	543,969	0.3760	0.3760	562,527	0.3759	0.3759	533,953	0.4047	0.4047
	City of Vandalia	General Revenue	16,233,750	0.6874	0.6874	15,567,369	0.7300	0.7300	16,825,725	0.6987	0.6987
		Parks & Recreation	16,233,750	0.1693	0.1693	15,567,369	0.1700	0.1700	16,825,725	0.1627	0.1627
	Village of Vandiver	General Revenue	2,504,153	0.4318	0.2900	2,543,414	0.4328	0.2900	2,504,763	0.4474	0.2900
	Mexico Audrain County Library Dist	General Revenue	265,927,908	0.2000	0.2000	263,475,635	0.2039	0.2039	261,084,912	0.2073	0.2073
	Little Dixie Fire District	General Revenue	72,204,011	0.3490	0.3490	74,084,004	0.3490	0.3490	72,351,868	0.3610	0.3610
	Martinsburg Area Fire Prot Dist	Fire	11,834,484	0.1992	0.1992	11,960,775	0.1999	0.1999	11,862,138	0.2000	0.2000
	Community R-VI School District	Operating Funds-Schools	22,827,493	3.5385	3.3400	23,249,651	3.5543	3.3400	23,264,407	3.5633	3.3400
		Debt Service	22,827,493	0.4500	0.4500	23,249,651	0.4500	0.4500	23,264,407	0.4500	0.4500
	Van-Far R-I School District	Operating Funds-Schools	37,384,243	2.8040	2.8040	35,147,750	3.4740	3.4740 B	36,653,060	3.4744	3.4744
		Operating Funds-Temp	37,384,243	0.6700	0.6700	**	**	**	**	**	**
	Mexico 59 School District	Operating Funds-Schools	158,254,214	3.1802	2.7500	156,187,742	3.2671	2.7500	154,248,056	3.3194	2.7500
		Debt Service	158,254,214	0.5000	0.5000	156,187,742	0.5000	0.5000	154,248,056	0.5000	0.5000
Audrain County	Audrain County	General Revenue	265,927,908	0.3600	0.1500	263,475,635	0.3670	0.1700	261,084,912	0.3732	0.1813
		Road & Bridge	265,927,908	0.2700	0.2700	263,475,635	0.2752	0.2700	261,084,912	0.2798	0.2798
		Common Road District	63,879,137	0.3500	0.3500 A	65,466,867	0.3500	0.3500	65,119,294	0.3500	0.3500
		Hospital	265,927,908	0.1700	0.1700	263,475,635	0.1733	0.1733	261,084,912	0.1762	0.1762
		Senate Bill 40	265,927,908	0.2000	0.2000	263,475,635	0.2039	0.2039	261,084,912	0.2073	0.2073
Barry	Barry-Lawrence Co Ambulance Dist	General Revenue	161,508,460	0.1200	0.1200	166,124,081	0.1210	0.1210	169,397,253	0.1230	0.1230
	South Barry County Ambulance Dist	General Revenue	177,257,681	0.0800	0.0700	188,062,898	0.0800	0.0700	193,931,610	0.0801	0.0800
	South Barry Co Memorial Hospital	General Revenue	172,422,875	0.0900	0.0900	182,973,251	0.0900	0.0900	188,652,359	0.0901	0.0901

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Barry	Ash Special Road Dist Barry Co	Road & Bridge	3,233,832	0.1600	0.1600	3,308,757	0.1631	0.1631	3,423,891	0.1631	0.1631
		Special Road and Bridge	3,233,832	0.1300	0.1300	3,308,757	0.1300	0.1300	3,423,891	0.1300	0.1300
	Butterfield Sp Rd Dist Barry Co	Road & Bridge	10,357,476	0.1303	0.1303	10,396,501	0.1318	0.1318	11,233,226	0.1544	0.1544
		Special Road and Bridge	10,357,476	0.1300	0.1300	10,396,501	0.1300	0.1300	11,233,226	0.1300	0.1300
	Capps Creek Sp Rd Dist Barry Co	Road & Bridge	5,383,029	0.2800	0.2800	5,534,768	0.2800	0.2800	5,780,306	0.2820	0.2820
	Corsicana Special Rd Dist Barry Co	Road & Bridge	2,938,778	0.1800	0.1800	2,983,725	0.1833	0.1833	3,117,334	0.1833	0.1833
		Special Road and Bridge	2,938,778	0.1300	0.1300	2,983,725	0.1300	0.1300	3,117,334	0.1300	0.1300
	Crane Creek Spec Rd Dist Barry Co	Road & Bridge	4,551,379	0.2016	0.2016	4,652,155	0.2041	0.2041	5,006,269	0.2041	0.2041
	Exeter Spec Rd Dist Barry Co	Road & Bridge	12,553,270	0.1812	0.1812	12,626,404	0.1828	0.1828	13,090,106	0.1828	0.1828
		Special Road and Bridge	12,553,270	0.1300	0.1300 A	12,626,404	0.1300	0.1300	13,090,106	0.1300	0.1300
	Flat Creek Spec Rd Dist Barry Co	Road & Bridge	47,826,565	0.1406	0.1406	52,163,162	0.1406	0.1406	54,123,992	0.1406	0.1406
		Special Road and Bridge	47,826,565	0.1300	0.1300	52,163,162	0.1300	0.1300	54,123,992	0.1300	0.1300
	Greasy Creek Sp Rd Dist 35 Barry Co	Road & Bridge	1,487,153	0.1710	0.1710	1,597,954	0.1710	0.1710	1,635,984	0.1715	0.1710
		Special Road and Bridge	1,487,153	0.3500	0.3500	1,597,954	0.3500	0.3500	1,635,984	0.3500	0.3500
	Jenkins Spec Road Dist 20 Barry Co	Road & Bridge	3,122,832	0.1400	0.1400	3,244,326	0.1403	0.1403	3,330,294	0.1403	0.1403
	Kings Prairie Sp Rd Dist Barry Co	Road & Bridge	6,601,521	0.1864	0.1864	7,018,234	0.1864	0.1864	6,677,381	0.2001	0.2001
		Special Road and Bridge	6,601,521	0.1300	0.1300	7,018,234	0.1300	0.1300	6,677,381	0.1300	0.1300
	Liberty Common Rd Dist 34 Barry Co	Road & Bridge	701,482	0.1000	0.1000	700,874	0.1043	0.1043	665,218	0.1115	0.1043
	McDonald Sp Rd Dist 19 Barry Co	Road & Bridge	2,928,402	0.1500	0.1500	3,114,187	0.1500	0.1500	3,129,003	0.1519	0.1519
	Mineral Spgs Sp Rd Dist 10 Barry Co	Road & Bridge	5,340,924	0.1703	0.1703	5,734,139	0.1703	0.1703	6,039,697	0.1703	0.1703
		Special Road and Bridge	5,340,924	0.1300	0.1300	5,734,139	0.1300	0.1300	6,039,697	0.1300	0.1300
	Mountain Special Road District #22	Road & Bridge	2,014,254	0.1700	0.1700	2,063,979	0.1700	0.1700	2,149,513	0.1700	0.1700
	Ozark Special Road Dist Barry Co	Road & Bridge	5,231,015	0.1302	0.1300	5,554,383	0.1302	0.1302	5,719,558	0.1327	0.1327
		Special Road and Bridge	5,231,015	0.1300	0.1300	5,554,383	0.1300	0.1300	5,719,558	0.1300	0.1300
	Pioneer Special Rd Dist 31 Barry Co	Road & Bridge	1,410,145	0.1758	0.1758	1,493,925	0.1764	0.1764	1,438,935	0.1838	0.1838
		Special Road and Bridge	1,410,145	0.1300	0.1300	1,493,925	0.1300	0.1300	1,438,935	0.1300	0.1300
	Pleasant Ridge Sp Rd 25 Barry Co	Road & Bridge	3,541,158	0.1500	0.1500	3,687,001	0.1500	0.1500	3,861,082	0.1500	0.1500
		Special Road and Bridge	3,541,158	0.1300	0.1300	3,687,001	0.1300	0.1300	3,861,082	0.1300	0.1300
	Purdy Spec Rd Dist 28 Barry Co	Road & Bridge	14,088,591	0.1900	0.1900	14,483,273	0.1900	0.1900	14,836,489	0.1900	0.1900
		Special Road and Bridge	14,088,591	0.1300	0.1300	14,483,273	0.1300	0.1300	14,836,489	0.1300	0.1300
	Roaring River Sp Rd Dist 2 Barry Co	Road & Bridge	14,663,847	0.1400	0.1400	15,328,668	0.1396	0.1396	16,071,030	0.1396	0.1396
	Shell Knob Sp Rd Dist 9 Barry Co	Road & Bridge	18,365,736	0.1625	0.1625	19,182,309	0.1624	0.1624	19,614,019	0.1624	0.1624
	Sugar Creek Sp Rd Dist 3 Barry Co	Road & Bridge	8,387,953	0.1405	0.1405	8,820,439	0.1405	0.1405	9,024,275	0.1414	0.1414
		Special Road and Bridge	8,387,953	0.1300	0.1300 A	8,820,439	0.1300	0.1300	9,024,275	0.1300	0.1300
	Viola Sp Rd Dist 21 Barry Co	Road & Bridge	19,111,122	0.1300	0.1300	19,981,198	0.1300	0.1300	20,717,218	0.1300	0.1300
	Washburn Sp Rd Dist 4 Barry Co	Road & Bridge	7,399,936	0.1708	0.1708	8,447,527	0.1708	0.1708	7,920,823	0.1856	0.1856
		Special Road and Bridge	**	**	**	8,447,527	0.1300	0.1300 A	7,920,823	0.1300	0.1300
	Wheaton Sp Rd Dist 29 Barry Co	Road & Bridge	9,366,957	0.1700	0.1700	9,945,676	0.1713	0.1713	9,600,276	0.1813	0.1813
		Special Road and Bridge	9,366,957	0.1300	0.1300	9,945,676	0.1300	0.1300	9,600,276	0.1300	0.1300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Barry	White River Sp Rd Dist 7 Barry Co	Road & Bridge	15,111,615	0.1319	0.1319	16,272,473	0.1312	0.1312	17,149,049	0.1312	0.1312
	Monett Special Road District	Road & Bridge	76,583,491	0.1600	0.1600	78,870,622	0.1618	0.1618	80,764,530	0.1652	0.1652
	Village of Butterfield	General Revenue	1,180,408	0.4532	0.4532	1,275,599	0.4486	0.4486	1,305,773	0.4486	0.4486
	City of Cassville	General Revenue	26,550,807	0.3753	0.0000	27,911,146	0.3753	0.0000	28,926,019	0.3753	0.0000
	City of Exeter	General Revenue	3,327,918	0.4048	0.4048	3,459,376	0.4048	0.4048	3,539,335	0.4048	0.4048
	City of Purdy	General Revenue	3,506,354	0.4003	0.4003	3,562,421	0.4003	0.4003	3,653,330	0.4003	0.4003
		Debt Service	3,506,354	0.4172	0.4172	3,562,421	0.3480	0.3480	**	**	**
	City of Seligman	General Revenue	2,853,591	0.2632	0.2600	2,922,248	0.2632	0.2600	2,934,512	0.2670	0.2670
		Streets	2,853,591	0.1619	0.1600	2,922,248	0.1619	0.1600	2,934,512	0.1642	0.1642
		Debt Service	2,853,591	0.1900	0.1900	2,922,248	0.1900	0.1900	2,934,512	0.1150	0.1150
	City of Washburn	General Revenue	2,060,680	0.3534	0.3534	2,108,563	0.3534	0.3534	2,147,757	0.3534	0.3534
		Debt Service	2,060,680	1.0050	1.0050	2,108,563	0.7022	0.7022	2,147,757	0.4447	0.4447
	City of Wheaton	General Revenue	3,016,561	0.4303	0.4300	3,160,506	0.4292	0.4292	3,064,801	0.4456	0.4292
	Barry Lawrence Con Library District	General Revenue	596,684,276	0.1771	0.1771	617,787,333	0.1771	0.1771	630,374,406	0.1784	0.1784
	Eagle Rock, Golden & Mano Fire Dist	General Revenue	29,696,239	0.3000	0.3000 B	31,608,106	0.2992	0.2992	33,174,489	0.2992	0.2992
	Central Crossing Fire Prot Dist	General Revenue	51,214,969	0.2802	0.2802	53,324,549	0.2802	0.2795	55,702,495	0.2802	0.2802
	Wheaton R-III School District	Operating Funds-Schools	13,178,236	3.5531	2.7500	13,987,777	3.5277	2.7500	13,695,748	3.8113	2.7500
		Debt Service	13,178,236	0.8500	0.8500	13,987,777	0.5357	0.5357	13,695,748	0.5300	0.5300
	Southwest Barry Co R-V School Dist	Operating Funds-Schools	22,256,924	2.7500	2.7500 B	23,933,644	2.7500	2.7500 B	24,099,274	2.7500	2.7500 B
		Debt Service	22,256,924	0.3787	0.3787	23,933,644	0.5115	0.5115	24,099,274	0.5115	0.5115
	Exeter R-VI School District	Operating Funds-Schools	10,249,725	3.7411	3.1500	10,364,582	3.6607	3.1500	10,830,875	3.6908	3.1500
	Cassville R-IV School District	Operating Funds-Schools	102,044,842	2.7500	2.7500 B	108,822,878	2.7500	2.7500 B	113,623,434	2.7500	2.7500 B
		Debt Service	102,044,842	0.5206	0.5206	108,822,878	0.5200	0.5200	113,623,434	0.5200	0.5200
	Purdy R-II School District	Operating Funds-Schools	18,385,921	2.7500	2.7500 B	19,189,111	2.7500	2.7500 B	19,801,260	2.7500	2.7500 B
		Debt Service	18,385,921	0.6884	0.6884	19,189,111	0.6902	0.6902	19,801,260	0.6899	0.6899
	Shell Knob 78 School District	Operating Funds-Schools	36,948,941	2.7802	2.7500	38,527,525	2.7674	2.7500	40,001,686	2.7682	2.7500
		Debt Service	36,948,941	0.3623	0.3623	38,527,525	0.3600	0.3600	40,001,686	0.3600	0.3600
	Monett R-I School District	Operating Funds-Schools	104,426,838	2.7500	2.7500 B	107,697,789	2.7500	2.7500 B	111,733,487	2.7500	2.7500 B
		Debt Service	104,426,838	0.5600	0.5600	107,697,789	0.5600	0.5600	111,733,487	0.5600	0.5600
	Barry County	General Revenue	302,339,191	0.2200	0.0000	317,201,947	0.2200	0.0000	326,119,592	0.2214	0.0000
		Health	302,339,191	0.0700	0.0700	317,201,947	0.0700	0.0700	326,119,592	0.0705	0.0705
		Developmentally Disabled	302,339,191	0.0700	0.0700	317,201,947	0.0700	0.0700	326,119,592	0.0705	0.0700
Barton	Barton County Ambulance District	General Revenue	124,048,590	0.1102	0.1100	126,007,058	0.1106	0.1100	134,486,368	0.1089	0.1089
		Equipment & Maintenance	124,048,590	0.0500	0.0500	126,007,058	0.0500	0.0500	134,486,368	0.0492	0.0492
	City of Golden City	General Revenue	4,585,745	0.5369	0.5369	4,626,355	0.5369	0.5369	4,972,162	0.5297	0.5297
		Parks & Recreation	4,585,745	0.1216	0.1216	4,626,355	0.1216	0.1216	4,972,162	0.1200	0.1200
		Ambulance	4,585,745	0.1519	0.1519	4,626,355	0.1519	0.1519	4,972,162	0.1499	0.1499
	City of Lamar	General Revenue	40,679,930	0.4516	0.4500	41,382,839	0.4533	0.4500	44,949,475	0.4294	0.4294
		Parks & Recreation	40,679,930	0.1405	0.1400	41,382,839	0.1410	0.1400	44,949,475	0.1336	0.1300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Barton	City of Lamar	Memorial Fund	40,679,930	0.1405	0.1400	41,382,839	0.1410	0.1400	44,949,475	0.1336	0.1300
	City of Liberal	General Revenue	3,292,859	0.5300	0.5300	3,265,457	0.5377	0.5300	3,332,462	0.5377	0.5377
	City of Mindenmines	Debt Service	1,075,271	1.2100	1.2100	1,096,139	1.1870	1.1870	1,115,546	1.1175	1.1175
	Town of Burgess	General Revenue	0	0.0000	0.0000	162,224	0.0000	0.0000	117,930	0.0000	0.0000
	Barton County Library	General Revenue	128,431,348	0.0701	0.0700	130,633,415	0.0704	0.0700	139,458,530	0.0693	0.0693
		Library	128,431,348	0.0801	0.0800	130,633,415	0.0804	0.0800	139,458,530	0.0792	0.0792
	Barton City Township of Barton Co	General Revenue	2,720,390	0.1000	0.1000	2,876,878	0.1000	0.1000	3,012,292	0.0999	0.0999
		Road & Bridge	2,720,390	0.2536	0.2500	2,876,878	0.2557	0.2500	3,012,292	0.2555	0.2555
		Special Road and Bridge	2,720,390	0.5000	0.5000	2,876,878	0.2500	0.2500 A	3,012,292	0.2498	0.2498
	Central Township of Barton County	General Revenue	7,552,036	0.0900	0.0900	7,794,756	0.0906	0.0900	7,898,462	0.0913	0.0900
		Road & Bridge	7,552,036	0.3500	0.3500	7,794,756	0.3525	0.3500	7,898,462	0.3554	0.3500
		Special Road and Bridge	7,552,036	0.4700	0.4700 A	7,794,756	0.4700	0.4700	7,898,462	0.4700	0.4700
	City Township of Barton County	General Revenue	40,679,930	0.0900	0.0500	41,384,189	0.0900	0.0500	44,939,945	0.0853	0.0500
		Road & Bridge	40,679,930	0.2007	0.1200	41,384,189	0.2018	0.1700	44,939,945	0.1912	0.1700
	Doylesport Township of Barton Co	General Revenue	3,629,104	0.1000	0.1000	3,619,066	0.1000	0.1000	3,635,005	0.1000	0.1000
		Road & Bridge	3,629,104	0.2646	0.2646	3,619,066	0.2692	0.2692	3,635,005	0.2692	0.2692
		Special Road and Bridge	3,629,104	0.2500	0.2500 A	3,619,066	0.2500	0.2500	3,635,005	0.2500	0.2500
	Golden City Township of Barton Co	General Revenue	9,355,750	0.0900	0.0800	9,532,870	0.0900	0.0800	9,985,036	0.0899	0.0800
		Road & Bridge	9,355,750	0.2318	0.2200	9,532,870	0.2318	0.2200	9,985,036	0.2316	0.2200
	Lamar Township of Barton County	General Revenue	22,599,854	0.0900	0.0900	23,708,846	0.0907	0.0900	27,784,401	0.0901	0.0900
		Road & Bridge	22,599,854	0.3200	0.3200	23,708,846	0.3224	0.3200	27,784,401	0.3204	0.3200
		Special Road and Bridge	22,599,854	0.2000	0.2000	23,708,846	0.2000	0.2000	**	**	**
	Leroy Township of Barton County	General Revenue	4,259,555	0.1000	0.1000	3,808,403	0.1000	0.1000	3,800,735	0.1000	0.1000
		Road & Bridge	4,259,555	0.3165	0.3100	3,808,403	0.3547	0.3547	3,800,735	0.3599	0.3547
		Special Road and Bridge	4,259,555	0.3500	0.3500	3,808,403	0.3500	0.3500	3,800,735	0.3500	0.3500
	Milford Township of Barton County	General Revenue	2,654,273	0.1000	0.0800	2,586,138	0.1000	0.0800	2,900,528	0.0919	0.0800
		Road & Bridge	2,654,273	0.2526	0.2200	2,586,138	0.2601	0.2200	2,900,528	0.2391	0.2200
	Nashville Township of Barton County	General Revenue	4,883,213	0.1000	0.1000	5,261,670	0.0950	0.0950	4,923,162	0.1000	0.0950
		Road & Bridge	4,883,213	0.3618	0.3600	5,261,670	0.3436	0.3436	4,923,162	0.3717	0.3436
		Special Road and Bridge	4,883,213	0.3700	0.3700 A	5,261,670	0.3514	0.3514	4,923,162	0.3700	0.3514
	Newport Township of Barton County	General Revenue	3,042,914	0.1000	0.1000	3,185,648	0.1000	0.1000	3,358,112	0.1000	0.1000
		Road & Bridge	3,042,914	0.2508	0.2508	3,185,648	0.2516	0.2516	3,358,112	0.2516	0.2516
		Special Road and Bridge	3,042,914	0.1000	0.1000	3,185,648	0.1000	0.1000	3,358,112	0.1000 A	0.1000
	North Fork Township of Barton Co	General Revenue	3,226,832	0.1000	0.0800	3,356,006	0.1000	0.1000	3,515,349	0.1000	0.1000
		Road & Bridge	3,226,832	0.2947	0.2700	3,356,006	0.2953	0.2900	3,515,349	0.2953	0.2900
		Special Road and Bridge	3,226,832	0.2000	0.2000 A	3,356,006	0.2000	0.2000	3,515,349	0.2000	0.2000
	Ozark Township of Barton County	General Revenue	6,649,609	0.0908	0.0600	6,489,151	0.0935	0.0600	6,556,253	0.0935	0.0600
		Road & Bridge	6,649,609	0.2322	0.2000	6,489,151	0.2390	0.2000	6,556,253	0.2390	0.2000
	Richland Township of Barton County	General Revenue	7,460,374	0.1000	0.1000	7,436,563	0.1000	0.1000	7,239,189	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Barton	Richland Township of Barton County	Road & Bridge	7,460,374	0.4100	0.4100	7,436,563	0.4152	0.4100	7,239,189	0.4287	0.4100
		Special Road and Bridge	7,460,374	0.3900	0.3900	7,436,563	0.3900	0.3900 A	7,239,189	0.3900	0.3900
	South West Township of Barton Co	General Revenue	5,780,727	0.1000	0.1000	5,593,851	0.1000	0.1000	5,675,464	0.1000	0.1000
		Road & Bridge	5,780,727	0.3489	0.3400	5,593,851	0.3500	0.3500	5,675,464	0.3500	0.3500
	Union Township of Barton County	General Revenue	3,936,787	0.1000	0.1000	3,999,380	0.1000	0.1000	4,234,597	0.0988	0.0988
		Road & Bridge	3,936,787	0.3919	0.3900	3,999,380	0.4026	0.4000	4,234,597	0.3979	0.3900
		Special Road and Bridge	3,936,787	0.3417	0.3400	3,999,380	0.3500	0.3500 A	4,234,597	0.3459	0.3400
	Golden City Fire Protection Dist	General Revenue	15,477,046	0.1000	0.1000	15,897,870	0.1000	0.1000	16,148,428	0.1000	0.1000
	Liberal R-II School District	Operating Funds-Schools	22,529,862	3.1616	2.8700	23,103,180	3.2254	2.8750	23,550,460	3.2247	2.9000
		Debt Service	22,529,862	0.3900	0.3900	23,103,180	0.3850	0.3850	23,550,460	0.3850	0.3850
	Golden City R-III School District	Operating Funds-Schools	13,969,510	3.2609	3.2609	14,114,060	3.2833	3.2833	14,892,200	3.3178	3.3178
		Debt Service	13,969,510	0.3591	0.3591	14,114,060	0.3367	0.3367	14,892,200	0.3022	0.3022
	Lamar R-I School District	Operating Funds-Schools	72,508,860	3.0511	2.9000 B	75,300,270	3.0418	2.9000	83,456,070	2.9597	2.9000
		Debt Service	72,508,860	0.5000	0.5000	75,300,270	0.5000	0.5000	83,456,070	0.5000	0.5000
	Barton County	General Revenue	128,431,348	0.2905	0.0500	130,633,415	0.2916	0.0500	139,458,530	0.2871	0.0500
		Health	128,431,348	0.1500	0.1000 B	130,633,415	0.1500	0.1000	139,458,530	0.1477	0.1000
		Hospital	128,431,348	0.0901	0.0900	130,633,415	0.0904	0.0900	139,458,530	0.0890	0.0890
Bates	Cornland Sp Rd Dist Bates Co	Road & Bridge	715,880	0.3172	0.3172	695,637	0.3349	0.3349	730,068	0.3281	0.3281
		Special Road and Bridge	715,880	0.1800	0.1800	695,637	0.1800	0.1800	730,068	0.1764	0.1764
	South Hudson Sp Rd Dist Bates Co	Road & Bridge	883,478	0.3500	0.3500	842,365	0.3500	0.3500	952,126	0.3471	0.3471
		Special Road and Bridge	883,478	0.2200	0.2200	842,365	0.2200	0.2200	952,126	0.2200	0.2200 A
	City of Adrian	General Revenue	9,882,475	0.5456	0.5456	9,871,193	0.5501	0.5501	10,496,356	0.5400	0.5400
		Parks & Recreation	9,882,475	0.0484	0.0484	9,871,193	0.0488	0.0488	10,496,356	0.0479	0.0479
	City of Amoret	General Revenue	709,954	0.3990	0.3990	725,949	0.4112	0.3990	714,869	0.4205	0.4205
	City of Amsterdam	General Revenue	1,230,946	1.0595	1.0595	1,260,105	1.0595	1.0595	1,269,762	1.0701	1.0595
	City of Butler	General Revenue	34,998,484	0.5901	0.5900	37,038,443	0.5837	0.5837	38,483,699	0.5769	0.5769
		Parks & Recreation	34,998,484	0.0350	0.0350	37,038,443	0.0346	0.0346	38,483,699	0.0342	0.0342
		Lake	34,998,484	0.0150	0.0150	37,038,443	0.0148	0.0148	38,483,699	0.0146	0.0146
	City of Hume	General Revenue	1,392,589	0.9014	0.9014	1,562,507	0.8750	0.8750	1,458,021	0.9612	0.9612
		Lights	1,392,589	0.3038	0.3038	1,562,507	0.2950	0.2950	1,458,021	0.3240	0.3240
		Water	1,392,589	0.3849	0.3849	1,562,507	0.3736	0.3736	1,458,021	0.4104	0.4104
	Village of Merwin	General Revenue	299,336	0.4333	0.4333	272,004	0.4802	0.4802	278,994	0.4803	0.4803
	Village of Passaic	General Revenue	184,576	1.0000	0.9400	199,858	1.0000	1.0000	222,948	1.0000	1.0000
	City of Rich Hill	General Revenue	5,593,848	0.6114	0.6114	5,874,654	0.6114	0.6114	6,026,685	0.6114	0.6114
		Parks & Recreation	5,593,848	0.2465	0.2465	5,874,654	0.2465	0.2465	6,026,685	0.2465	0.2465
		Library	5,593,848	0.2465	0.2465	5,874,654	0.2465	0.2465	6,026,685	0.2465	0.2465
		Health	5,593,848	0.1282	0.1282	5,874,654	0.1282	0.1282	6,026,685	0.1282	0.1282
		General Revenue	946,135	0.7243	0.7243	931,285	0.7854	0.7854	1,008,488	0.7701	0.7701
	City of Rockville	Streets	946,135	0.3519	0.3519	931,285	0.3815	0.3815	1,008,488	0.3741	0.3741

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Bates	Village of Foster	General Revenue	526,023	0.4775	0.4754	506,227	0.5019	0.4754	525,496	0.5020	0.5020
	Charlotte Township of Bates County	General Revenue	4,019,229	0.1000	0.1000	4,102,504	0.1000	0.1000	4,532,403	0.0993	0.0993
		Road & Bridge	4,019,229	0.2600	0.2600	4,102,504	0.2609	0.2609	4,532,403	0.2591	0.2591
		Special Road and Bridge	4,019,229	0.2200	0.2200 A	4,102,504	0.2200	0.2200	4,532,403	0.2185	0.2185
	Deepwater Township of Bates County	General Revenue	2,759,145	0.0918	0.0918	2,921,486	0.0918	0.0918	3,075,786	0.0906	0.0906
		Road & Bridge	2,759,145	0.2243	0.2243	2,921,486	0.2243	0.2243	3,075,786	0.2212	0.2212
		Special Road and Bridge	2,759,145	0.3500	0.3500	2,921,486	0.3500	0.3500	3,075,786	0.3500	0.3500 A
	Deer Creek Township of Bates Co	General Revenue	14,569,731	0.0695	0.0695	14,859,142	0.0699	0.0699	16,033,427	0.0688	0.0688
		Road & Bridge	14,569,731	0.2285	0.2285	14,859,142	0.2300	0.2300	16,033,427	0.2263	0.2263
	East Boone Township of Bates Co	General Revenue	4,474,277	0.0800	0.0800	4,800,366	0.0815	0.0815	5,067,416	0.0801	0.0801
		Road & Bridge	4,474,277	0.2200	0.2200	4,800,366	0.2242	0.2242	5,067,416	0.2204	0.2204
		Special Road and Bridge	4,474,277	0.3500	0.3500	4,800,366	0.3500	0.3500	5,067,416	0.3500	0.3500 A
	Elkhart Township of Bates County	General Revenue	3,403,618	0.0800	0.0800	3,604,724	0.0805	0.0805	3,866,779	0.0794	0.0794
		Road & Bridge	3,403,618	0.2200	0.2200	3,604,724	0.2213	0.2213	3,866,779	0.2183	0.2183
		Special Road and Bridge	3,403,618	0.1900	0.1900 A	3,604,724	0.1900	0.1900	3,866,779	0.1874	0.1874
	Grand River Township of Bates Co	General Revenue	2,529,019	0.1000	0.1000	2,701,893	0.0992	0.0992	2,700,115	0.0994	0.0994
		Road & Bridge	2,529,019	0.2600	0.2600	2,701,893	0.2580	0.2500	2,700,115	0.2585	0.2585
		Special Road and Bridge	2,529,019	0.2500	0.2500 A	2,701,893	0.2481	0.2481	2,700,115	0.2485	0.2485
	Homer Township of Bates County	General Revenue	4,377,842	0.1000	0.1000	4,007,550	0.1000	0.1000	3,974,144	0.1000	0.1000
		Road & Bridge	4,377,842	0.2891	0.2891	4,007,550	0.3209	0.3209	3,974,144	0.3258	0.3258
	Howard Township of Bates County	General Revenue	4,592,066	0.1000	0.1000	4,583,649	0.1000	0.1000	4,519,366	0.1000	0.1000
		Road & Bridge	4,592,066	0.3047	0.3047	4,583,649	0.3082	0.3082	4,519,366	0.3198	0.3198
		Special Road and Bridge	4,592,066	0.3000	0.3000	4,583,649	0.3000	0.3000	**	**	**
	Hudson Township of Bates County	General Revenue	4,028,465	0.1000	0.1000	4,037,438	0.1000	0.1000	4,183,339	0.1000	0.1000
		Road & Bridge	4,028,465	0.2625	0.2625	4,037,438	0.2649	0.2649	4,183,339	0.2649	0.2649
		Special Road and Bridge	4,028,465	0.2400	0.2400 A	4,037,438	0.3500	0.3500 B	4,183,339	0.3500	0.3500
	Lone Oak Township of Bates County	General Revenue	3,416,292	0.0816	0.0816	3,407,224	0.0853	0.0853	3,789,709	0.0842	0.0842
		Road & Bridge	3,416,292	0.2345	0.2345	3,407,224	0.2452	0.2452	3,789,709	0.2421	0.2421
		Special Road and Bridge	3,416,292	0.2100	0.2100	3,407,224	0.2100	0.2100	**	**	**
	Mingo Township of Bates County	General Revenue	2,449,111	0.1000	0.1000	2,574,451	0.0971	0.0971	2,774,206	0.0952	0.0952
		Road & Bridge	2,449,111	0.2723	0.2723	2,574,451	0.2643	0.2643	2,774,206	0.2591	0.2591
		Special Road and Bridge	2,449,111	0.2300	0.2300 A	2,574,451	0.2233	0.2233	2,774,206	0.2189	0.2189
	Mound Township of Bates County	General Revenue	8,559,119	0.0800	0.0800	8,546,546	0.0814	0.0814	8,803,460	0.0814	0.0814
		Road & Bridge	8,559,119	0.2200	0.2200	8,546,546	0.2239	0.2239	8,803,460	0.2239	0.2239
		Special Road and Bridge	8,559,119	0.1900	0.1900	8,546,546	0.1900	0.1900	8,803,460	0.1900	0.1900 A
	Mount Pleasant Township of Bates Co	General Revenue	45,275,645	0.0912	0.0912	47,658,882	0.0910	0.0910	49,725,829	0.0902	0.0902
		Road & Bridge	45,275,645	0.2026	0.2026	47,658,882	0.2022	0.2022	49,725,829	0.2004	0.2004
	New Home Township of Bates County	General Revenue	2,839,660	0.1000	0.1000	2,934,082	0.1000	0.1000	3,095,297	0.1000	0.1000
		Road & Bridge	2,839,660	0.2408	0.2408	2,934,082	0.2408	0.2408	3,095,297	0.2408	0.2408

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Bates	New Home Township of Bates County	Special Road and Bridge	2,839,660	0.1800	0.1800 A	2,934,082	0.1800	0.1800	3,095,297	0.1800	0.1800
	Osage Township of Bates County	General Revenue	9,293,213	0.1000	0.1000	9,611,355	0.1000	0.1000	9,891,916	0.1000	0.1000
		Road & Bridge	9,293,213	0.2500	0.2500	9,611,355	0.2537	0.2537	9,891,916	0.2537	0.2537
	Pleasant Gap Township of Bates Co	General Revenue	3,497,775	0.1000	0.1000	3,582,662	0.1000	0.1000	3,721,884	0.1000	0.1000
		Road & Bridge	3,497,775	0.2707	0.2707	3,582,662	0.2707	0.2707	3,721,884	0.2707	0.2707
		Special Road and Bridge	3,497,775	0.2500	0.2500	3,582,662	0.2500	0.2500	3,721,884	0.3500	0.3500 A
	Rockville Township of Bates County	General Revenue	2,773,643	0.1000	0.1000	2,767,413	0.1000	0.1000	2,938,393	0.0987	0.0987
		Road & Bridge	2,773,643	0.2521	0.2521	2,767,413	0.2635	0.2635	2,938,393	0.2602	0.2602
	Spruce Township of Bates County	General Revenue	3,144,920	0.0732	0.0732	3,262,857	0.0732	0.0732	3,422,251	0.0726	0.0726
		Road & Bridge	3,144,920	0.2197	0.2197	3,262,857	0.2197	0.2197	3,422,251	0.2178	0.2178
	Summit Township of Bates County	General Revenue	3,376,678	0.0701	0.0701	3,558,006	0.0701	0.0701	3,540,543	0.0705	0.0705
		Road & Bridge	3,376,678	0.2405	0.2405	3,558,006	0.2405	0.2405	3,540,543	0.2419	0.2419
		Special Road and Bridge	3,376,678	0.3500	0.3500	3,558,006	0.3500	0.3500	3,540,543	0.3500	0.3500 A
	Walnut Township of Bates County	General Revenue	4,760,202	0.0835	0.0835	4,018,122	0.1000	0.1000	4,169,449	0.1000	0.1000
		Road & Bridge	4,760,202	0.2295	0.2295	4,018,122	0.2758	0.2758	4,169,449	0.2758	0.2758
		Special Road and Bridge	4,760,202	0.1900	0.1900	4,018,122	0.1900	0.1900	4,169,449	0.1900	0.1900
	West Boone Township of Bates Co	General Revenue	6,072,871	0.0718	0.0718	5,849,632	0.0771	0.0771	6,191,329	0.0771	0.0771
		Road & Bridge	6,072,871	0.2257	0.2257	5,849,632	0.2423	0.2423	6,191,329	0.2423	0.2423
		Special Road and Bridge	6,072,871	0.2100	0.2100 A	5,849,632	0.2100	0.2100	6,191,329	0.2100	0.2100
	West Point Township of Bates Co	General Revenue	5,941,817	0.1000	0.1000	5,570,135	0.1000	0.1000	5,542,033	0.1000	0.1000
		Road & Bridge	5,941,817	0.2748	0.2748	5,570,135	0.2956	0.2956	5,542,033	0.3006	0.3006
		Special Road and Bridge	5,941,817	0.2200	0.2200	5,570,135	0.2200	0.2200	5,542,033	0.2200	0.2200 A
	Prairie Township of Bates County	General Revenue	1,412,477	0.1000	0.1000	1,469,393	0.1000	0.1000	1,527,698	0.0999	0.0999
		Road & Bridge	1,412,477	0.2800	0.2800	1,469,393	0.2806	0.2806	1,527,698	0.2806	0.2806
		Special Road and Bridge	1,412,477	0.2300	0.2300	1,469,393	0.2300	0.2300	1,527,698	0.2300	0.2300
	Shawnee Township of Bates County	General Revenue	2,951,710	0.1000	0.1000	3,035,343	0.1000	0.1000	3,128,946	0.1000	0.1000
		Road & Bridge	2,951,710	0.2800	0.2800	3,035,343	0.2800	0.2800	3,128,946	0.2800	0.2800
		Special Road and Bridge	2,951,710	0.3500	0.3500	3,035,343	0.3500	0.3500	3,128,946	0.3500	0.3500 A
	Miami R-I School District	Operating Funds-Schools	10,676,196	3.7878	3.7500	11,083,880	3.9000	3.9000	11,443,348	3.9000	3.9000
	Ballard R-II School District	Operating Funds-Schools	6,649,324	4.2971	4.2500	6,913,485	4.2600	4.2500	7,373,018	4.2891	4.2500
		Debt Service	**	**	**	**	**	**	7,373,018	0.7500	0.7500
	Adrian R-III School District	Operating Funds-Schools	25,268,840	2.9486	2.9000	26,511,448	3.4500	3.4500 B	27,981,013	3.4242	3.4200
		Debt Service	25,268,840	0.9000	0.9000	26,511,448	0.3500	0.3500	27,981,013	0.3800	0.3800
	Rich Hill R-IV School District	Operating Funds-Schools	17,023,134	3.4005	2.7500	17,639,949	3.4414	2.7500	18,339,461	3.5135	2.7500
		Debt Service	17,023,134	1.0906	1.0906	17,639,949	1.0732	1.0732	18,339,461	0.9279	0.9279
	Hume R-VIII School District	Operating Funds-Schools	6,349,376	3.9676	3.3000	6,363,273	4.0978	3.6900	6,492,334	4.0924	3.8000
		Debt Service	6,349,376	0.6900	0.6900	6,363,273	0.3000	0.3000	6,492,334	0.5000	0.5000
	Hudson R-IX School District	Operating Funds-Schools	5,272,950	3.8005	3.7800	5,482,270	3.8176	3.7800	5,735,730	3.8738	3.7800
	Butler R-V School District	Operating Funds-Schools	57,386,813	3.4730	3.2500	60,285,988	3.5000	3.2500	62,810,584	3.4987	3.4100

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Bates	Butler R-V School District	Debt Service	57,386,813	0.1800	0.1800	60,285,988	0.1800	0.1800	62,810,584	0.0200	0.0200
		General Revenue	150,518,525	0.2604	0.2604	153,464,855	0.2619	0.2619	160,215,718	0.2607	0.2607
		Health	150,518,525	0.0801	0.0801	153,464,855	0.0806	0.0806	160,215,718	0.0802	0.0802
		Developmentally Disabled	150,518,525	0.0700	0.0700	153,464,855	0.0700	0.0700	160,215,718	0.0697	0.0697
Benton	Warsaw-Lincoln Ambulance District	General Revenue	126,708,066	0.1900	0.1900	128,235,413	0.1900	0.1900	132,007,075	0.1900	0.1900
	Cole Camp Ambulance District	General Revenue	40,228,516	0.1704	0.1704	38,744,660	0.1794	0.1794	39,702,579	0.1794	0.1794
	Lincoln Community Nursing Home Dist	Maintenance	34,766,888	0.0500	0.0500	35,691,726	0.0500	0.0500	37,800,129	0.0500	0.0500
	Good Samaritan Nursing Home Dist	General Revenue	45,691,824	0.1107	0.1107	46,680,585	0.1115	0.1115	47,924,101	0.1115	0.1115
	Brandon Special Road Dist Benton Co	Road & Bridge	1,353,939	0.3500	0.3500	1,332,432	0.3500	0.3500	1,296,560	0.3500	0.3500
	Cole Camp Sp Rd Dist Benton Co	Road & Bridge	10,035,323	0.1923	0.1923	10,029,264	0.1958	0.1958	10,064,573	0.1975	0.1975
	Ionia Special Rd Dist Benton Co	Road & Bridge	2,452,974	0.3349	0.3349	2,388,161	0.3493	0.3493	2,402,726	0.3500	0.3500
	City of Cole Camp	General Revenue	5,919,684	0.4938	0.4900	5,913,670	0.4996	0.4996	5,973,782	0.5024	0.5024
	Village of Ionia	General Revenue	452,117	0.7078	0.7078	456,793	0.7183	0.7183	482,103	0.7052	0.7052
	City of Lincoln	General Revenue	6,755,288	0.7859	0.7859	6,781,130	0.7939	0.7939	6,900,572	0.7939	0.7939
		Parks & Recreation	6,755,288	0.1511	0.1511	6,781,130	0.1526	0.1526	6,900,572	0.1526	0.1526
	City of Warsaw	General Revenue	17,354,587	0.4109	0.4109	17,368,294	0.4148	0.4148	17,336,855	0.4194	0.4148
		Parks & Recreation	17,354,587	0.1103	0.1103	17,368,294	0.1113	0.1113	17,336,855	0.1125	0.1113
	Lincoln Community Fire Prot Dist	General Revenue	29,737,491	0.2415	0.2415	29,992,005	0.2478	0.2478	31,861,584	0.2496	0.2496
	Deer Creek Fire Protection District	General Revenue	13,483,818	0.3000	0.3000	13,905,794	0.3000	0.3000	14,351,745	0.3000	0.3000
	Warsaw Fire Protection District	General Revenue	68,496,762	0.3000	0.3000	70,831,494	0.3000	0.3000	73,187,046	0.3000	0.3000
	Lakeview Heights Fire Prot Dist	General Revenue	9,432,805	0.2993	0.2993	9,692,417	0.2994	0.2994	9,652,096	0.3000	0.3000
	Osage Valley Fire Protection Dist	General Revenue	9,432,805	0.2131	0.2131	7,019,238	0.3000	0.3000	7,315,898	0.3000	0.3000
	Cole Camp & Rural Fire Prot Dist	General Revenue	**	**	**	**	**	**	22,238,824	0.3000	0.2800 A
	Lincoln R-II School District	Operating Funds-Schools	25,831,462	2.7500	2.7500 B	26,999,019	2.7500	2.7500 B	28,859,269	2.7500	2.7500 B
		Debt Service	25,831,462	0.5000	0.5000	26,999,019	0.5000	0.5000	28,859,269	0.4300	0.4300
	Warsaw R-IX School District	Operating Funds-Schools	90,326,184	2.7500	2.7500 B	93,588,784	2.7500	2.7500 B	99,893,945	2.7500	2.7500 B
		Debt Service	90,326,184	0.3500	0.3500	93,588,784	0.4500	0.4500	99,893,945	0.4500	0.4500
	Cole Camp R-I School District	Operating Funds-Schools	34,267,639	2.7100	2.7100 B	35,480,122	2.7500	2.7500 B	36,559,323	2.7500	2.7500 B
		Debt Service	34,267,639	0.5600	0.5600	35,480,122	0.5600	0.5600	36,559,323	0.5900	0.5900
	Benton County	General Revenue	160,963,440	0.3311	0.1500	162,964,615	0.3342	0.1500	167,336,202	0.3346	0.1500
		Common Road District	147,374,656	0.2106	0.2100	149,214,757	0.2125	0.2100	153,651,071	0.2126	0.2100
		Health	160,963,440	0.4000	0.4000	162,964,615	0.4000	0.4000	167,336,202	0.4000	0.4000
Bollinger	Village of Glen Allen	General Revenue	597,735	0.3799	0.3700	593,977	0.3823	0.3800	615,633	0.3770	0.3770
	City of Marble Hill	General Revenue	11,224,592	0.4756	0.4700	11,264,283	0.4831	0.4800	12,925,820	0.4599	0.4599
		Parks & Recreation	11,224,592	0.1189	0.1100	11,264,283	0.1208	0.1200	12,925,820	0.1150	0.1150
	Village of Sedgwickville	General Revenue	843,138	0.4802	0.4500	920,491	0.4802	0.4800	961,321	0.4703	0.4703
	Village of Zalma	General Revenue	444,747	1.0994	0.8500	438,126	1.1161	1.0000	478,370	1.0858	1.0000
	Glen Allen Fire Protection District	General Revenue	10,351,994	0.2904	0.2900	10,691,950	0.2904	0.2900	12,371,203	0.2811	0.2811
	Sedgewickville Fire Protection Dist	General Revenue	11,363,418	0.2176	0.2100	12,318,422	0.2105	0.2105	13,328,163	0.2024	0.2024

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Bollinger	Meadow Heights R-II School District	Operating Funds-Schools	22,251,230	2.7500	2.7500 B	23,273,210	2.7500	2.7500 B	25,094,370	2.7500	2.7500 B
		Debt Service	22,251,230	0.3700	0.3700	23,273,210	0.3500	0.3500	25,094,370	0.3500	0.3500
	Leopold R-III School District	Operating Funds-Schools	5,430,100	3.0000	2.9500 B	5,716,540	3.0088	2.9500	6,107,030	2.9670	2.9500
	Zalma R-V School District	Operating Funds-Schools	8,914,090	2.7500	2.7500 B	9,038,530	2.7500	2.7500 B	9,727,855	2.7500	2.7500 B
	Woodland R-IV School District	Operating Funds-Schools	36,552,240	2.7500	2.7500 B	37,211,740	2.7500	2.7500 B	41,460,295	2.7500	2.7500 B
	Bollinger County	General Revenue	88,079,901	0.3500	0.1900	89,974,929	0.3500	0.2000	95,944,303	0.3409	0.1000
		Library	88,079,901	0.1000	0.1000	89,974,929	0.1000	0.1000	95,944,303	0.0974	0.0974
		Road & Bridge	88,079,901	0.2500	0.2500	89,974,929	0.2500	0.2500	95,944,303	0.2435	0.2435
		Health	88,079,901	0.2400	0.2400	89,974,929	0.2400	0.2400	95,944,303	0.2338	0.2338
		Ambulance	88,079,901	0.2000	0.2000	89,974,929	0.2000	0.2000	95,944,303	0.1948	0.1948
		Senate Bill 40	88,079,901	0.1000	0.1000	89,974,929	0.1000	0.1000	95,944,303	0.0974	0.0974
Boone	Callahan Creek Watershed Sub Dist	General Revenue	10,040,525	0.2714	0.0900	10,470,917	0.2724	0.0900	11,200,566	0.2724	0.0900
	City of Ashland	General Revenue	20,191,972	0.2906	0.2906	21,064,377	0.2906	0.2906	22,949,870	0.2906	0.2906
		Debt Service	20,191,972	0.2156	0.2156	21,064,377	0.4400	0.4400	22,949,870	0.4400	0.4400
	City of Centralia	General Revenue	33,359,960	0.6612	0.6580	33,874,083	0.6616	0.6616	34,707,453	0.6616	0.6616
		Parks & Recreation	33,359,960	0.2961	0.2946	33,874,083	0.2963	0.2963	34,707,453	0.2963	0.2963
		Library	32,658,412	0.2953	0.2822	33,182,309	0.2954	0.2954	33,877,325	0.2968	0.2953
		Debt Service	32,658,412	0.0900	0.0900	33,182,309	0.0900	0.0900	33,877,325	0.0900	0.0900
	City of Columbia	General Revenue	1,008,378,046	0.4481	0.4100	1,054,769,563	0.4491	0.4100	1,116,692,677	0.4491	0.4100
	City of Hallsville	General Revenue	7,142,982	0.6568	0.6568	7,444,427	0.6547	0.6547	7,849,946	0.6567	0.6567
		Debt Service	7,142,982	0.2900	0.2900	7,444,427	0.2900	0.2900	7,849,946	0.2900	0.2900
	Town of Harrisburg	General Revenue	1,366,869	0.3284	0.3284	1,394,131	0.3284	0.3284	1,437,171	0.3312	0.3312
	Village of Hartsburg	General Revenue	668,189	0.4157	0.4157	729,973	0.4114	0.4114	804,222	0.4124	0.4124
	City of Rocheport	General Revenue	1,655,424	0.2974	0.2974	1,622,730	0.3060	0.2974	1,718,047	0.3048	0.3048
	City of Sturgeon	General Revenue	5,294,037	0.6306	0.4900	5,354,017	0.6376	0.4900	5,392,848	0.6417	0.4900
		Debt Service	**	**	**	**	**	**	5,392,848	0.0000	0.0000
	Boone County Library	General Revenue	913,292,962	0.3200	0.3200	960,896,737	0.3200	0.3200	1,021,650,065	0.3200	0.3200
	Columbia Public Library	General Revenue	542,049,282	0.3141	0.3141	547,825,332	0.3141	0.3141	567,084,364	0.3141	0.3141
		Debt Service	542,049,282	0.3300	0.3300	547,825,332	0.3250	0.3250	567,084,364	0.3200	0.3200
	Boone County Fire Prot Dist	General Revenue	372,425,653	0.6129	0.6000	380,442,921	0.6221	0.6000	393,897,392	0.6221	0.6000
		Dispatch	372,425,653	0.0295	0.0295	380,442,921	0.0299	0.0295	393,897,392	0.0299	0.0295
		Debt Service	372,425,653	0.2200	0.2200	380,442,921	0.2200	0.2200	393,897,392	0.2084	0.2084
	Southern Boone Co Fire Prot Dist	General Revenue	74,311,430	0.2181	0.2181	73,272,872	0.2274	0.2274	77,799,602	0.2274	0.2274
		Dispatch	74,311,430	0.0297	0.0297	73,272,872	0.0300	0.0300	77,799,602	0.0300	0.0300
		Debt Service	74,311,430	0.1600	0.1600	73,272,872	0.0508	0.0508	77,799,602	0.1995	0.1995
	Columbia Special Business District	General Revenue	23,988,596	0.5232	0.4300	24,354,865	0.5248	0.4300	24,597,891	0.5248	0.4900
	Southern Boone Co. R-I School Dist	Operating Funds-Schools	58,991,446	3.3236	3.3236	60,657,993	3.3163	3.3163	64,850,765	3.3268	3.3268
		Debt Service	58,991,446	1.3000	1.3000	60,657,993	1.2800	1.2800	64,850,765	1.2800	1.2800
	Boone Co. R-IV School District	Operating Funds-Schools	42,218,410	3.3808	3.3808	44,178,336	3.3603	3.3603	46,413,664	3.3716	3.3716

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Boone	Boone Co. R-IV School District	Debt Service	42,218,410	0.7392	0.7392	44,178,336	0.7597	0.7597	46,413,664	0.7484	0.7484
	Sturgeon R-V School District	Operating Funds-Schools	21,565,812	3.5289	2.7500	22,658,789	3.5019	2.7500	23,611,095	3.5097	2.8097
		Debt Service	21,565,812	1.2700	1.2700	22,658,789	1.2700	1.2700	23,611,095	1.2700	1.2700
	Centralia R-VI School District	Operating Funds-Schools	63,357,108	2.7917	2.7500	65,022,585	3.0911	3.0911 B	66,907,291	3.0911	3.0911
		Debt Service	63,357,108	0.4700	0.4700	65,022,585	0.4700	0.4700	66,907,291	0.4700	0.4700
	Harrisburg R-VIII School District	Operating Funds-Schools	21,410,791	3.4791	3.1991	22,112,405	3.4513	3.1813	23,609,226	3.4533	3.2733
		Debt Service	21,410,791	1.1500	1.1500	22,112,405	1.1500	1.1500	23,609,226	1.1500	1.1500
	Columbia 93 School District	Operating Funds-Schools	1,281,852,353	4.3219	3.9325	1,329,506,025	4.3700	3.9525	1,391,062,352	4.5356	4.1425 B
		Debt Service	1,281,852,353	0.8219	0.8219	1,329,506,025	0.8019	0.8019	1,391,062,352	0.8019	0.8019
	Boone County	General Revenue	1,487,821,610	0.3272	0.1300	1,541,682,599	0.3286	0.1300	1,622,395,875	0.3286	0.1300
		Road & Bridge	1,487,821,610	0.2776	0.0500	1,541,682,599	0.2788	0.0500	1,622,395,875	0.2788	0.0500
		Hospital	1,487,821,610	0.1388	0.0000	1,541,682,599	0.1394	0.0000	1,622,395,875	0.1394	0.0000
		Sheltered Workshop	1,487,821,610	0.1189	0.1189	1,541,682,599	0.1194	0.1194	1,622,395,875	0.1194	0.1194
Buchanan	Village of Agency	General Revenue	4,473,095	0.6235	0.6235	4,542,644	0.6235	0.6235	4,591,139	0.6236	0.6236
	Village of DeKalb	General Revenue	1,065,212	0.8000	0.8000	1,049,205	0.8127	0.8127	1,106,760	0.8142	0.8127
	City of Easton	General Revenue	1,011,203	0.4202	0.4202	1,081,479	0.4244	0.4244	1,059,320	0.4333	0.4333
	Village of Lewis & Clark	General Revenue	699,600	0.3973	0.3973	677,560	0.4103	0.4103	760,670	0.4103	0.4103
		General Revenue-Temp	699,600	0.2894	0.2894	677,560	0.2989	0.2989	760,670	0.2989	0.2989
	Village of Rushville	General Revenue	1,057,930	0.4842	0.4842	1,180,200	0.4793	0.4793	1,142,588	0.4951	0.4951
	City of St. Joseph	General Revenue	764,689,218	0.6829	0.6829	779,734,718	0.6842	0.6842	781,221,941	0.7028	0.7028
		Parks & Recreation	764,689,218	0.1992	0.1992	779,734,718	0.1996	0.1996	781,221,941	0.2000	0.2000
		Library	571,965,659	0.4182	0.4182	575,162,086	0.4192	0.4192	563,477,652	0.4200	0.4200
		Museum	764,689,218	0.0498	0.0498	779,734,718	0.0499	0.0499	781,221,941	0.0500	0.0500
		Special Business District	6,625,610	0.8500	0.8500	6,677,240	0.8500	0.8500	6,702,930	0.8500	0.8500
		Health	764,689,218	0.2038	0.2038	779,734,718	0.2042	0.2042	781,221,941	0.2098	0.2098
	Rolling Hills Consolidated Library	General Revenue	515,270,188	0.3092	0.3092	497,156,079	0.3100	0.3100	523,314,355	0.3100	0.3100
	Colony Hills Fire Protection Dist	General Revenue	6,198,128	0.8026	0.8026	6,591,158	0.9600	0.9600 B	7,071,929	0.9600	0.9600
	Lake Contrary Fire Protection Dist	General Revenue	3,685,977	0.8400	0.8400	3,946,120	0.8360	0.8300	4,137,253	0.8360	0.8300
		Fire	3,685,977	0.1000	0.0400	3,946,120	0.1995	0.1200 B	4,137,253	0.1995	0.1500
	Maxwell Heights Fire Prot Dist	General Revenue	19,089,831	0.8700	0.8700	16,187,100	0.8700	0.8700	14,448,374	1.0200	1.0200 B
	Sugar Lake Fire Protection District	General Revenue	6,889,091	0.4383	0.4383	7,088,758	0.4383	0.4383	7,266,742	0.4383	0.4383
	S Central Buchanan Fire Prot Dist	General Revenue	46,150,282	0.2827	0.2827	47,593,222	0.2827	0.2827	49,297,073	0.2827	0.2827
	DeKalb Fire Protection District	General Revenue	13,302,435	0.2956	0.2956	13,819,340	0.2956	0.2956	13,868,911	0.2966	0.2966
	Rushville Fire Protection District	General Revenue	5,223,656	0.4464	0.4464 B	5,509,390	0.4420	0.4420	5,493,809	0.4453	0.4453
	Easton Fire Protection District	General Revenue	8,361,105	0.2521	0.2521	8,719,624	0.2491	0.2491	8,782,389	0.2502	0.2502
	East Buchanan Co. C-1 School Dist	Operating Funds-Schools	35,520,206	4.3652	4.3652	36,581,690	4.3767	4.3767	39,591,919	4.3325	4.3325
	Mid-Buchanan Co R-V School Dist	Operating Funds-Schools	37,630,668	3.4462	3.4462 B	38,634,484	3.4625	3.4462	40,299,048	3.4532	3.4462
		Debt Service	37,630,668	0.6781	0.6781	38,634,484	0.6781	0.6781	40,299,048	0.8150	0.8150
	Buchanan County R-IV School Dist	Operating Funds-Schools	13,879,475	4.2413	4.2413	14,322,252	4.3216	4.3216	14,433,336	4.0782	4.0782

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Buchanan	Buchanan County R-IV School Dist	Debt Service	13,879,475	0.4426	0.4426	14,322,252	0.4500	0.4500	14,433,336	0.6800	0.6800
		Operating Funds-Schools	797,253,388	3.5017	2.9462	810,055,418	3.5115	2.9782	809,115,091	3.5823	3.1046 C
		Debt Service	797,253,388	0.3138	0.3138	810,055,418	0.3118	0.3118	809,115,091	0.3154	0.3154
	Buchanan County	General Revenue	905,062,545	0.3500	0.0732	919,872,467	0.3500	0.0739	922,912,969	0.3500	0.0729
		Road & Bridge	905,062,545	0.2722	0.2722	919,872,467	0.2724	0.2724	922,912,969	0.2788	0.2724
		Senate Bill 40	905,062,545	0.1000	0.1000	919,872,467	0.1000	0.1000	922,912,969	0.1000	0.1000
Butler	Neelyville-Naylor Ambulance Dist	General Revenue	32,013,855	0.3000	0.3000	32,460,525	0.3000	0.3000	32,943,678	0.3000	0.3000
	City of Fisk	General Revenue	1,602,779	0.7285	0.7000	1,544,113	0.7592	0.7592	1,649,234	0.7575	0.7575
	City of Neelyville	General Revenue	1,479,156	0.5700	0.5700	1,408,573	0.5986	0.5986	1,437,877	0.5987	0.5987
	City of Poplar Bluff	General Revenue	149,313,344	0.5100	0.5100	159,874,346	0.5100	0.5100	175,695,459	0.4855	0.4855
		Parks & Recreation	149,313,344	0.1500	0.1500	159,874,346	0.1500	0.0000	175,695,459	0.1428	0.1428
		Library	149,313,344	0.1500	0.1500	159,874,346	0.1500	0.1500	175,695,459	0.1428	0.1428
	City of Qulin	Pension	149,313,344	0.1000	0.1000	159,874,346	0.1000	0.1000	175,695,459	0.0952	0.0952
		General Revenue	1,663,921	0.4819	0.4819	1,655,568	0.4875	0.4875	1,775,661	0.4814	0.4814
	Butler County Fire Protection Dist	General Revenue	175,263,964	0.2600	0.2600	177,809,048	0.2600	0.2600	190,331,409	0.2594	0.2594
	Qulin Community Fire Prot Dist	General Revenue	14,010,464	0.1600	0.1600	14,043,803	0.1600	0.1600	13,736,311	0.1600	0.1600
	Three Rivers Community College	General Revenue	533,643,105	0.2400	0.2400	552,656,242	0.2400	0.2400	583,229,140	0.2384	0.2384
	Neelyville R-IV School District	Operating Funds-Schools	21,205,911	2.8400	2.8400	21,829,914	2.8845	2.8400	22,950,772	2.8303	2.8300
	Poplar Bluff R-I School District	Operating Funds-Schools	250,648,978	2.7500	2.7500 B	263,776,262	2.7500	2.7500 B	281,854,454	2.7500	2.7500 B
		Debt Service	250,648,978	0.1600	0.1600	263,776,262	0.1600	0.1600	281,854,454	0.1400	0.1400
		Operating Funds-Schools	40,638,760	2.2246	2.1600	41,686,476	2.2236	2.1736	42,067,097	2.2256	2.1756
	Twin Rivers R-X School District	Operating Funds-Temp	40,638,760	0.9100	0.9100	41,686,476	0.9100	0.9100	42,067,097	0.9100	0.9100
		Debt Service	40,638,760	0.1900	0.1900	41,686,476	0.1850	0.1850	42,067,097	0.1900	0.1900
		General Revenue	338,337,063	0.3000	0.1100	353,813,779	0.3000	0.1100	379,522,213	0.2936	0.1300
	Butler County	Road & Bridge	338,337,063	0.2300	0.0400	353,813,779	0.2300	0.0400	379,522,213	0.2251	0.0600
		Health	338,337,063	0.1000	0.1000	353,813,779	0.1000	0.1000	379,522,213	0.0979	0.0979
		Senate Bill 40	338,337,063	0.1000	0.1000	353,813,779	0.1000	0.1000	379,522,213	0.0979	0.0979
		Senior Services	338,337,063	0.0500	0.0500	353,813,779	0.0500	0.0500	379,522,213	0.0489	0.0489
Caldwell	Caldwell County Ambulance	General Revenue	77,652,556	0.1871	0.1871	78,566,116	0.1925	0.1925	80,869,763	0.1925	0.1203
	Golden Age Nursing Home District	General Revenue	17,260,141	0.1500	0.1500	17,087,651	0.1500	0.1400	17,565,824	0.1500	0.1500
	City of Braymer	General Revenue	4,860,507	0.6843	0.6800	5,024,570	0.6875	0.6875	5,092,993	0.6921	0.6921
	City of Breckenridge	General Revenue	2,030,929	0.8675	0.7700	2,044,548	0.8742	0.7700	2,045,292	0.8902	0.7700
		Lights	2,030,929	0.0901	0.0800	2,044,548	0.0908	0.0800	2,045,292	0.0924	0.0800
		Library	2,030,929	0.0451	0.0400	2,044,548	0.0454	0.0400	2,045,292	0.0462	0.0400
		Police	2,030,929	0.0901	0.0800	2,044,548	0.0908	0.0800	2,045,292	0.0924	0.0800
		Fire	2,030,929	0.1352	0.1200	2,044,548	0.1362	0.1200	2,045,292	0.1387	0.1200
		General Revenue	1,148,377	0.6431	0.6431	910,472	0.8111	0.6900	884,926	0.8366	0.7400
		General Revenue	10,909,518	0.7060	0.7060	10,855,349	0.7159	0.7159	11,077,633	0.7199	0.7199
		Parks & Recreation	10,909,518	0.2456	0.2456	10,855,349	0.2490	0.2490	11,077,633	0.2504	0.2504

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Caldwell	City of Hamilton	Lights	10,909,518	0.2047	0.2047	10,855,349	0.2076	0.2076	11,077,633	0.2088	0.2088
		Library	10,909,518	0.2968	0.2968	10,855,349	0.3009	0.3009	11,077,633	0.3026	0.3026
		Debt Service	10,909,518	0.5400	0.5400	10,855,349	0.5428	0.5428	11,077,633	0.5319	0.5319
	City of Kidder	General Revenue	1,577,538	0.7254	0.7254	1,543,757	0.7633	0.7633	1,620,241	0.7633	0.7633
		Debt Service	1,577,538	0.6200	0.6200	1,543,757	0.5864	0.5864	1,620,241	0.8172	0.8172
	City of Kingston	General Revenue	1,383,089	0.7832	0.7832	1,394,797	0.8003	0.8003	1,407,843	0.8003	0.8003
	City of Polo	General Revenue	3,373,340	0.7329	0.7329	3,366,755	0.7505	0.7505	3,390,049	0.7524	0.7500
		Debt Service	3,373,340	0.3013	0.3013	3,366,755	0.3247	0.3247	3,390,049	0.2900	0.2900
	Breckenridge Township, Caldwell Co	General Revenue	4,757,777	0.1000	0.1000	5,289,046	0.0956	0.0956	5,081,660	0.0997	0.0953
		Road & Bridge	4,757,777	0.5000	0.4400	5,289,046	0.4780	0.4400	5,081,660	0.4987	0.4400
		Special Road and Bridge	4,757,777	0.3200	0.3200 A	5,289,046	0.3059	0.3059	5,081,660	0.3191	0.3059
	Davis Township of Caldwell Co	General Revenue	8,678,310	0.0928	0.0928	8,776,632	0.0928	0.0900	9,016,718	0.0928	0.0900
		Road & Bridge	8,678,310	0.4332	0.4332	8,776,632	0.4332	0.4300	9,016,718	0.4332	0.4300
		Special Road and Bridge	8,678,310	0.1700	0.1700	8,776,632	0.1700	0.1700	9,016,718	0.1700	0.1700
	Fairview Township of Caldwell Co	General Revenue	2,615,616	0.1000	0.1000	2,500,889	0.1000	0.1000	2,617,811	0.1000	0.1000
		Road & Bridge	2,615,616	0.4930	0.4600	2,500,889	0.5000	0.4600	2,617,811	0.5000	0.4600
		Special Road and Bridge	2,615,616	0.3300	0.3200 A	2,500,889	0.3300	0.3200	2,617,811	0.3300	0.3200
	Gomer Township of Caldwell County	General Revenue	4,079,744	0.1000	0.0900	4,148,039	0.1000	0.0900	4,347,750	0.1000	0.0900
		Road & Bridge	4,079,744	0.4757	0.4500	4,148,039	0.4757	0.4500	4,347,750	0.4757	0.4500
		Special Road and Bridge	4,079,744	0.3500	0.3500 A	4,148,039	0.3500	0.3500	4,347,750	0.3500	0.3500
	Grant Township of Caldwell County	General Revenue	11,462,682	0.1000	0.1000	11,594,902	0.1000	0.1000	11,996,217	0.1000	0.1000
		Road & Bridge	11,462,682	0.4084	0.4084	11,594,902	0.4084	0.4084	11,996,217	0.4084	0.4084
		Special Road and Bridge	11,462,682	0.2400	0.2400	11,594,902	0.2400	0.2400	11,996,217	0.2400	0.2400 A
	Hamilton Township of Caldwell Co	General Revenue	16,204,678	0.0929	0.0800	16,237,219	0.0929	0.0800	16,757,635	0.0932	0.0800
		Road & Bridge	16,204,678	0.3719	0.3400	16,237,219	0.3719	0.3400	16,757,635	0.3732	0.3400
	Kidder Township of Caldwell Co	General Revenue	7,457,551	0.0918	0.0918	7,756,773	0.0897	0.0897	8,161,522	0.0897	0.0897
		Road & Bridge	7,457,551	0.3771	0.3771	7,756,773	0.3683	0.3683	8,161,522	0.3683	0.3683
		Special Road and Bridge	7,457,551	0.3253	0.3253	7,756,773	0.3177	0.3177	**	**	**
	Kingston Township of Caldwell Co	General Revenue	4,813,234	0.1000	0.1000	4,796,431	0.1000	0.1000	4,821,569	0.1000	0.1000
		Road & Bridge	4,813,234	0.4517	0.4517	4,796,431	0.4557	0.4517	4,821,569	0.4579	0.4517
		Special Road and Bridge	4,813,234	0.3500	0.3500	4,796,431	0.3500	0.3500	**	**	**
	Lincoln Township of Caldwell Co	General Revenue	4,883,235	0.0972	0.0972	4,671,166	0.1000	0.0900	4,714,075	0.1000	0.0900
		Road & Bridge	4,883,235	0.4164	0.4000	4,671,166	0.4372	0.4100	4,714,075	0.4376	0.4100
		Special Road and Bridge	4,883,235	0.3306	0.3306	4,671,166	0.3400	0.3300	**	**	**
	Mirabile Township of Caldwell Co	General Revenue	3,951,428	0.1000	0.1000	4,015,607	0.1000	0.1000	4,165,549	0.1000	0.1000
		Road & Bridge	3,951,428	0.4536	0.4400	4,015,607	0.4536	0.4400	4,165,549	0.4558	0.4400
		Special Road and Bridge	3,951,428	0.3300	0.3300 A	4,015,607	0.3300	0.3300	4,165,549	0.3300	0.3300
	New York Township of Caldwell Co	General Revenue	3,142,028	0.0911	0.0911	3,323,170	0.0892	0.0892	3,361,547	0.0892	0.0892
		Road & Bridge	3,142,028	0.4354	0.4300	3,323,170	0.4263	0.4263	3,361,547	0.4263	0.4263

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			Assessed Value	Ceiling	Levied
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied			
Caldwell	New York Township of Caldwell Co	Special Road and Bridge	3,142,028	0.3100	0.3100	3,323,170	0.3035	0.3035	**	**	**
	Rockford Township of Caldwell Co	General Revenue	5,306,273	0.0940	0.0900	5,456,242	0.0939	0.0900	5,827,712	0.0939	0.0939
		Road & Bridge	5,306,273	0.4178	0.4178	5,456,242	0.4173	0.4100	5,827,712	0.4173	0.4173
		Special Road and Bridge	5,306,273	0.3500	0.3500 A	5,456,242	0.3496	0.3400	5,827,712	0.3496	0.3496
	Hamilton Rural Fire Protection Dist	General Revenue	**	**	**	**	**	**	2,041,213	0.2000	0.2000 A
	Breckenridge R-I School District	Operating Funds-Schools	4,444,618	5.4850	4.6700	4,459,958	5.4817	4.6517	4,729,807	5.4567	4.8767
	Hamilton R-II School District	Operating Funds-Schools	25,391,382	3.2131	3.2131	25,854,311	3.3006	3.3006	26,967,585	3.2997	3.2997
		Debt Service	25,391,382	0.6000	0.6000	25,854,311	0.5125	0.5125	26,967,585	0.5125	0.5125
	New York R-IV School District	Operating Funds-Schools	2,616,276	5.3866	3.8500	2,707,782	5.5289	3.9289	2,710,932	5.5472	4.8272
	Cowgill R-VI School District	Operating Funds-Schools	3,305,184	3.8559	3.8559	3,148,134	3.9265	3.9265	3,219,150	4.0378	4.0377
	Polo R-VII School District	Operating Funds-Schools	15,455,235	3.4152	3.4152	15,957,811	3.4020	3.4020	16,770,202	3.4556	3.4556
		Debt Service	15,455,235	0.5774	0.5774	15,957,811	0.6064	0.6064	16,770,202	0.5620	0.5620
	Mirabile C-1 School District	Operating Funds-Schools	2,856,294	4.1621	4.1621	3,215,523	4.3699	4.3699	3,213,560	4.5740	4.5740
		Debt Service	2,856,294	0.5816	0.5816	3,215,523	0.6778	0.6778	3,213,560	0.1525	0.1525
	Braymer C-4 School District	Operating Funds-Schools	13,737,414	3.5300	2.7500	13,951,959	3.6153	2.7500	14,419,264	3.6852	2.8519
		Debt Service	13,737,414	0.3755	0.3755	13,951,959	0.5640	0.5640	14,419,264	0.7618	0.7618
	Kingston 42 School District	Operating Funds-Schools	2,923,498	4.5736	4.5000	2,970,372	4.7254	4.7254	3,062,096	4.7500	4.7500
	Caldwell County	General Revenue	77,652,556	0.3638	0.2400	78,566,116	0.3743	0.2300	80,869,763	0.3743	0.2400
		Health	77,652,556	0.1455	0.1455	78,566,116	0.2497	0.2497 B	80,869,763	0.2497	0.2497
	Callaway County Ambulance District	General Revenue	560,369,874	0.1200	0.1200	570,144,490	0.1200	0.1200	582,088,728	0.1200	0.1200
Callaway	City of Auxvasse	General Revenue	6,520,098	0.5900	0.5900	6,692,969	0.5900	0.5900	6,752,764	0.5921	0.5921
		Debt Service	6,520,098	0.2500	0.2500	**	**	**	**	**	**
	City of Fulton	General Revenue	84,698,716	0.4341	0.4200	83,661,269	0.4530	0.4200	83,359,467	0.4628	0.4200
	Village of Kingdom City	General Revenue	7,045,730	0.2058	0.2058	7,274,793	0.2064	0.2064	7,390,055	0.2070	0.2070
	City of Mokane	General Revenue	1,142,672	0.6000	0.6000	1,167,633	0.6058	0.6058	1,045,651	0.6867	0.6867
	City of New Bloomfield	General Revenue	4,031,002	0.3169	0.3100	4,185,834	0.3183	0.3100	4,029,239	0.3323	0.3300
		Debt Service	4,031,002	0.7500	0.7500	4,185,834	0.8000	0.8000	4,029,239	0.8800	0.8800
	Town of Lake Mykee	General Revenue	3,482,161	0.5003	0.5003	3,403,464	0.5119	0.5119	3,533,848	0.5122	0.5122
	Callaway County Library	General Revenue	560,189,335	0.2000	0.2000	569,973,034	0.2000	0.2000	581,910,743	0.2000	0.2000
	Millersburg Fire Protection Dist	General Revenue	20,637,718	0.4700	0.4600	21,869,606	0.4718	0.4600	22,456,693	0.4737	0.4600
	Central Callaway Fire Prot Dist	General Revenue	44,642,982	0.4400	0.4400	46,343,748	0.4429	0.4400	46,627,699	0.4500	0.4500
	Holts Summit Fire Protection Dist	General Revenue	68,199,705	0.2600	0.2600	70,882,018	0.2614	0.2600	73,264,760	0.2614	0.2600
	South Callaway Fire Protection Dist	General Revenue	237,507,201	0.1000	0.1000	239,954,404	0.2005	0.2000 B	248,974,126	0.2005	0.2000
	North Callaway Fire Protection Dist	General Revenue	58,588,981	0.2706	0.2706	61,467,041	0.2724	0.2724	61,599,167	0.2781	0.2781
	New Bloomfield Fire Protection Dist	General Revenue	23,259,441	0.2831	0.2831	25,204,222	0.2831	0.2831	25,774,949	0.2853	0.2853
	North Callaway Co R-I School Dist	Operating Funds-Schools	60,755,554	2.8142	2.7500	65,030,260	2.7815	2.7500	65,742,513	3.0500	3.0500 B
		Debt Service	60,755,554	0.5600	0.5600	65,030,260	0.5600	0.5600	65,742,513	0.5600	0.5600
	New Bloomfield R-III School Dist	Operating Funds-Schools	28,829,263	3.0500	3.0500 B	30,931,681	3.0510	3.0510	31,680,813	3.0693	3.0510
		Debt Service	28,829,263	0.9900	0.9900	30,931,681	0.9900	0.9900	31,680,813	1.0250	1.0250

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Callaway	Fulton 58 School District	Operating Funds-Schools	127,589,600	2.9683	2.9683	128,930,082	3.0725	3.0725	130,462,493	3.3182	3.3156 B
		Debt Service	127,589,600	0.7800	0.7800	128,930,082	0.7800	0.7800	130,462,493	0.5800	0.5800
	South Callaway Co R-II School Dist	Operating Funds-Schools	236,555,974	2.5000	2.5000 B	237,910,529	2.5000	2.5000 B	247,279,438	2.7500	2.7500 B
		General Revenue	560,369,874	0.3100	0.3100	570,144,490	0.3132	0.3132	582,088,728	0.3148	0.3148
	Callaway County	Road & Bridge	560,369,874	0.2400	0.2400	570,144,490	0.2425	0.2425	582,088,728	0.2437	0.2437
		Senate Bill 40	560,369,874	0.1000	0.1000	570,144,490	0.1000	0.1000	582,088,728	0.1000	0.1000
Camden	CAM-MO Ambulance District	General Revenue	340,755,483	0.1218	0.1218	361,480,505	0.1218	0.1218	380,548,906	0.1218	0.1218
	Camden Ambulance District	General Revenue	**	**	**	**	**	**	378,972,128	0.3000	0.3000 A
	Horseshoe Bend Sp Rd 1 Camden Co	Special Road and Bridge	177,828,303	0.3500	0.3500 A	191,153,726	0.3500	0.3500	201,538,176	0.3447	0.3447
	Village of Climax Springs	General Revenue	367,526	0.4305	0.4305	315,907	0.5008	0.5008	324,817	0.5039	0.5039
	City of Linn Creek	General Revenue	3,730,069	0.1570	0.0000	3,961,685	0.1570	0.0000	4,449,441	0.1477	0.1477
	City of Macks Creek	General Revenue	1,212,931	0.2465	0.2300	1,283,373	0.2472	0.2300	1,196,150	0.2665	0.2300
	City of Stoutland	General Revenue	721,526	0.7092	0.7092	708,912	0.7221	0.7092	742,860	0.7221	0.7092
	City of Sunrise Beach	General Revenue	7,593,437	0.1506	0.1500	7,889,917	0.1506	0.1500	8,751,611	0.1456	0.1400
	Camden County Library	General Revenue	921,948,971	0.1020	0.1020	968,818,135	0.1020	0.1020	1,024,993,981	0.1014	0.1014
	Osage Beach Fire Protection Dist	General Revenue	272,847,760	0.5126	0.5126 B	287,165,322	0.5126	0.5126	300,803,243	0.5126	0.5126
		Debt Service	272,847,760	0.0774	0.0774	287,165,322	0.0874	0.0874	300,803,243	0.0974	0.0974
	Sunrise Beach Fire Protection Dist	General Revenue	165,873,274	0.4039	0.4039	177,135,648	0.4039	0.4039	190,430,133	0.4003	0.4003
		Debt Service	165,873,274	0.1010	0.1010	177,135,648	0.1087	0.1087	190,430,133	0.0914	0.0914
	Mid County Fire Protection District	General Revenue	160,757,300	0.2933	0.2933	167,744,703	0.2933	0.2933	176,288,397	0.2933	0.2933
		Debt Service	160,757,300	0.2586	0.2586	167,744,703	0.2569	0.2569	176,288,397	0.2561	0.2561
	Northwest Fire Protection District	General Revenue	39,872,987	0.2825	0.2825	40,722,516	0.2825	0.2825	41,428,956	0.2828	0.2828
	Southwest Camden Co Fire Prot Dist	General Revenue	16,851,570	0.3000	0.3000	17,541,942	0.3000	0.3000	17,687,724	0.3000	0.3000
	Camden Co. R-II School District	Operating Funds-Schools	16,586,688	3.3477	2.7500	17,088,785	3.3659	2.7500	17,797,101	3.4238	2.7500
	Camdenton R-III School District	Operating Funds-Schools	615,632,451	2.6739	2.6200	645,313,701	2.6737	2.6200	689,592,947	2.6588	2.6200
		Debt Service	615,632,451	0.0800	0.0800	645,313,701	0.1700	0.1700	689,592,947	0.2500	0.2500
	Climax Springs R-IV School District	Operating Funds-Schools	56,362,270	2.5900	2.5900 B	58,820,207	2.6700	2.6700 B	59,625,057	2.7500	2.7500 B
	Macks Creek R-V School District	Operating Funds-Schools	18,220,909	3.1281	2.7500	19,513,485	3.1581	3.0000	20,100,840	3.1170	3.0000
		Debt Service	18,220,909	0.9500	0.9500	19,513,485	0.7000	0.7000	20,100,840	0.7500	0.7500
	Camden County	General Revenue	921,948,971	0.2244	0.0900	968,818,135	0.2244	0.0900	1,024,993,981	0.2231	0.0900
		Road & Bridge	921,948,971	0.1530	0.0900	968,818,135	0.1530	0.1000	1,024,993,981	0.1521	0.1000
		Senate Bill 40	921,948,971	0.0612	0.0600	968,818,135	0.0612	0.0612	1,024,993,981	0.0608	0.0608
		Senior Services	921,948,971	0.0486	0.0486	968,818,135	0.0486	0.0486	1,024,993,981	0.0483	0.0483
Cape Girardeau	Cape Special Road District	Road & Bridge	491,590,186	0.2639	0.2639	492,340,764	0.2681	0.2681	501,974,793	0.2681	0.2681
	City of Cape Girardeau	General Revenue	405,668,565	0.3128	0.3128	411,131,504	0.3135	0.3135	417,925,364	0.3135	0.3135
		Health	405,668,565	0.0586	0.0586	411,131,504	0.0587	0.0587	417,925,364	0.0587	0.0587
		Debt Service	405,668,565	0.1000	0.1000	411,131,504	0.1000	0.1000	417,925,364	0.1000	0.1000
	City of Delta	General Revenue	2,374,589	0.6299	0.6299	2,388,495	0.6320	0.6300	2,386,279	0.6326	0.6326
	Village of Gordonville	General Revenue	3,382,984	0.4780	0.4780	3,487,142	0.4780	0.4780	3,645,887	0.4780	0.4780

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cape Girardeau	City of Jackson	General Revenue	132,519,426	0.6055	0.6000	137,387,049	0.6055	0.6000	142,789,195	0.6055	0.6000
		Parks & Recreation	132,519,426	0.1270	0.1200	137,387,049	0.1270	0.1270	142,789,195	0.1270	0.1270
		Library	132,519,426	0.1270	0.1270	137,387,049	0.1270	0.1270	142,789,195	0.1270	0.1270
		Band	132,519,426	0.0781	0.0700	137,387,049	0.0781	0.0700	142,789,195	0.0781	0.0700
		Cemetery	132,519,426	0.0781	0.0700	137,387,049	0.0781	0.0700	142,789,195	0.0781	0.0700
	Village of Oak Ridge	General Revenue	1,144,276	0.2681	0.2681	1,176,216	0.2681	0.2681	1,166,047	0.2704	0.2681
	Village of Pochontas	General Revenue	515,126	0.5375	0.5000	528,376	0.5324	0.5200	527,226	0.5335	0.5000
	Village of Whitewater	General Revenue	474,768	0.6594	0.6594	512,246	0.6595	0.6595	521,294	0.6659	0.6659
	Village of Old Appleton	General Revenue	554,655	0.2990	0.2990	539,919	0.3071	0.3071	559,518	0.3070	0.3070
	Town of Allenville	General Revenue	325,309	0.3520	0.3520	333,808	0.3513	0.3513	324,914	0.3610	0.3610
	Town of Dutchtown	General Revenue	508,853	0.3200	0.3200 B	510,464	0.3200	0.3200	538,735	0.3200	0.3200
	Cape Girardeau Public Library	General Revenue	373,741,044	0.1664	0.1664	378,998,328	0.1665	0.1665	383,832,913	0.1665	0.1665
	Cape Girardeau County Library	General Revenue	361,542,692	0.0790	0.0790	356,640,897	0.0832	0.0832	367,077,690	0.0832	0.0832
	East County Area Fire Prot District	General Revenue	71,778,839	0.3000	0.3000	62,494,111	0.3000	0.3000	61,904,162	0.3000	0.3000
	Delta Fire Protection District	General Revenue	11,559,141	0.2986	0.2986	11,799,767	0.2986	0.2986	11,811,337	0.2994	0.2994
	Fruitland Area Fire Protection Dist	General Revenue	57,120,524	0.2961	0.2100	58,741,424	0.2965	0.2100	60,244,491	0.2972	0.2100
	North Cape Co Rural Fire Prot Dist	General Revenue	18,401,381	0.3000	0.2500	18,530,596	0.3000	0.2500	19,251,322	0.3000	0.2500
	Gordonville Fire Protection Dist	General Revenue	41,059,137	0.2900	0.2900	42,695,730	0.2900	0.2900	44,330,453	0.2900	0.2900
	Millersville Fire Protection Dist	General Revenue	27,381,142	0.2981	0.2981	28,274,184	0.2981	0.2981	28,908,661	0.2981	0.2981
	Whitewater Fire Protection Dist	General Revenue	10,001,399	0.2871	0.2871	10,181,032	0.3890	0.3890 B	10,348,753	0.3890	0.3890
	Cape Girardeau Spec Business Dist	General Revenue	2,294,080	0.7838	0.7838	2,353,810	0.7793	0.7793	2,464,930	0.7605	0.7605
	Jackson R-II School District	Operating Funds-Schools	264,380,401	2.9546	2.7500	257,626,886	3.0892	2.7500	270,393,377	3.0990	2.7500
		Debt Service	264,380,401	0.5600	0.5600	257,626,886	0.5600	0.5600	270,393,377	0.5600	0.5600
	Delta R-V School District	Operating Funds-Schools	15,865,716	3.2132	3.1500	16,138,713	3.2424	3.2424	16,832,416	3.2562	3.2562
		Debt Service	15,865,716	0.1800	0.1800	16,138,713	0.2500	0.2500	16,832,416	0.3500	0.3500
	Oak Ridge R-VI School District	Operating Funds-Schools	14,868,083	3.3843	2.7500	15,320,696	3.3627	2.7500	16,320,937	3.3679	2.7500
		Debt Service	14,868,083	0.9000	0.9000	15,320,696	0.9000	0.9000	16,320,937	0.9000	0.9000
	Cape Girardeau 63 School District	Operating Funds-Schools	426,481,899	3.5293	3.5200 B	426,907,537	3.5867	3.4300	434,601,012	3.5964	3.4300
		Debt Service	426,481,899	0.4700	0.4700	426,907,537	0.5600	0.5600	434,601,012	0.5600	0.5600
	Nell Holcomb R-IV School District	Operating Funds-Schools	30,116,347	3.5978	3.0854	37,635,465	3.5875	3.1675	35,183,475	3.6000	3.1641
	Cape Girardeau County	General Revenue	803,218,078	0.3437	0.0000	803,290,638	0.3500	0.0000	819,640,333	0.3500	0.0000
		Road & Bridge	311,627,892	0.2284	0.2284	310,949,874	0.2369	0.2300	317,665,540	0.2369	0.2369
		Health	803,218,078	0.0982	0.0982	803,290,638	0.1000	0.1000	819,640,333	0.1000	0.1000
		Mental Health	803,218,078	0.0786	0.0786	803,290,638	0.0805	0.0805	819,640,333	0.0805	0.0805
		Senate Bill 40	803,218,078	0.0786	0.0786	803,290,638	0.0805	0.0805	819,640,333	0.0805	0.0805
		Senior Services	803,218,078	0.0491	0.0491	803,290,638	0.0500	0.0500	819,640,333	0.0500	0.0500
		General Revenue	122,165,833	0.2842	0.2842	125,659,649	0.2832	0.2800	125,364,092	0.2855	0.2832
		General Revenue	13,516,582	0.3308	0.1000	13,617,977	0.3311	0.1000	13,771,852	0.3324	0.1000
Carroll	City of Bogard	General Revenue	837,390	0.8725	0.8200	874,494	0.8707	0.8200	889,550	0.8707	0.8400

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Carroll	City of Bosworth	General Revenue	1,491,703	0.8152	0.8152	1,517,178	0.8152	0.8152	1,587,162	0.8152	0.8152
		General Revenue	26,709,437	0.6642	0.6642	27,143,158	0.6696	0.6696	26,791,182	0.6822	0.6696
	Town of Carrollton	Parks & Recreation	26,709,437	0.2515	0.2515	27,143,158	0.2535	0.2535	26,791,182	0.2583	0.2535
		Library	26,709,437	0.2617	0.2617	27,143,158	0.2638	0.2638	26,791,182	0.2688	0.2638
	City of De Witt	General Revenue	373,461	0.8556	0.8556	420,009	0.8409	0.8409	439,225	0.8410	0.8410
	City of Hale	General Revenue	1,976,740	0.3362	0.3362	1,943,714	0.3428	0.3428	1,972,333	0.3456	0.3456
		Lights	1,976,740	0.2649	0.2649	1,943,714	0.2701	0.2701	1,972,333	0.2723	0.2723
		Streets	1,976,740	0.1528	0.1528	1,943,714	0.1558	0.1558	1,972,333	0.1570	0.1570
		Debt Service	1,976,740	0.5109	0.5109	1,943,714	0.4913	0.4913	1,972,333	0.4170	0.4170
	City of Norborne	General Revenue	5,606,263	0.6904	0.6904	5,610,218	0.6983	0.6983	5,530,561	0.7136	0.7136
		Parks & Recreation	5,606,263	0.1677	0.1677	5,610,218	0.1696	0.1696	5,530,561	0.1733	0.1733
		Library	5,606,263	0.1282	0.1282	5,610,218	0.1297	0.1297	5,530,561	0.1325	0.1325
	Village of Tina	General Revenue	811,764	1.0000	1.0000	828,631	0.9954	0.9954	912,567	0.9954	0.9954
	Carrollton Township of Carroll Co	General Revenue	36,456,182	0.0909	0.0600	37,502,151	0.0909	0.0600	37,111,834	0.0926	0.0600
		Road & Bridge	36,456,182	0.3838	0.3500	37,502,151	0.3838	0.3200	37,111,834	0.3908	0.3200
	Cherry Valley Twsp of Carroll Co	General Revenue	1,123,890	0.1000	0.1000	1,124,915	0.1000	0.1000	1,109,120	0.1000	0.1000
		Road & Bridge	1,123,890	0.5000	0.5000	1,124,915	0.4999	0.4999	1,109,120	0.5000	0.5000
		Special Road and Bridge	1,123,890	0.3500	0.3500	1,124,915	0.3500	0.3500	1,109,120	0.3500	0.3500 A
	De Witt Township of Carroll Co	General Revenue	6,886,141	0.1000	0.1000	7,123,341	0.0994	0.0994	7,158,986	0.0994	0.0994
		Road & Bridge	6,886,141	0.4298	0.4298	7,123,341	0.4272	0.4272	7,158,986	0.4272	0.4272
		Special Road and Bridge	6,886,141	0.3500	0.3500	7,123,341	0.3500	0.3500 A	7,158,986	0.3500	0.3500
	Egypt Township of Carroll Co	General Revenue	10,723,155	0.0900	0.0900	10,564,681	0.0919	0.0919	10,306,350	0.0947	0.0919
		Road & Bridge	10,723,155	0.3300	0.3300	10,564,681	0.3369	0.3369	10,306,350	0.3473	0.3369
	Eugene Township of Carroll Co	General Revenue	6,189,216	0.1000	0.1000	6,333,929	0.0994	0.0994	6,299,715	0.1000	0.1000
		Road & Bridge	6,189,216	0.5000	0.5000	6,333,929	0.4971	0.4971	6,299,715	0.5000	0.5000
		Special Road and Bridge	6,189,216	0.3500	0.3500	6,333,929	0.3480	0.3480	6,299,715	0.3500	0.3500 A
	Fairfield Township of Carroll Co	General Revenue	2,631,036	0.0818	0.0818	2,593,708	0.0835	0.0835	2,604,223	0.0838	0.0838
		Road & Bridge	2,631,036	0.3992	0.3992	2,593,708	0.4074	0.4074	2,604,223	0.4089	0.4089
		Special Road and Bridge	2,631,036	0.3500	0.3500	2,593,708	0.3500	0.3500	2,604,223	0.3500	0.3500
	Hill Township of Carroll Co	General Revenue	3,006,248	0.1000	0.1000	3,317,845	0.0939	0.0939	3,480,950	0.0933	0.0933
		Road & Bridge	3,006,248	0.5000	0.5000	3,317,845	0.4697	0.4697	3,480,950	0.4669	0.4669
		Special Road and Bridge	3,006,248	0.3500	0.3500	3,317,845	0.3288	0.3288	3,480,950	0.3500	0.3500 A
	Hurricane Township of Carroll Co	General Revenue	6,337,678	0.0900	0.0900	6,364,167	0.0900	0.0900	6,321,169	0.0916	0.0916
		Road & Bridge	6,337,678	0.4000	0.4000	6,364,167	0.4000	0.4000	6,321,169	0.4073	0.4073
		Special Road and Bridge	6,337,678	0.3500	0.3500	6,364,167	0.3500	0.3500	6,321,169	0.3500	0.3500 A
	Leslie Township of Carroll Co	General Revenue	3,725,919	0.0943	0.0943	3,999,261	0.0908	0.0908	4,023,560	0.0908	0.0908
		Road & Bridge	3,725,919	0.4506	0.4506	3,999,261	0.4340	0.4340	4,023,560	0.4340	0.4340
		Special Road and Bridge	3,725,919	0.3500	0.3500 A	3,999,261	0.3371	0.3371	4,023,560	0.3371	0.3371
	Moss Creek Township of Carroll Co	General Revenue	5,698,702	0.1000	0.1000	5,757,751	0.1000	0.1000	5,632,311	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Carroll	Moss Creek Township of Carroll Co	Road & Bridge	5,698,702	0.5000	0.5000	5,757,751	0.5000	0.5000	5,632,311	0.5000	0.5000
		Special Road and Bridge	5,698,702	0.3500	0.3500	5,757,751	0.3500	0.3500 A	5,632,311	0.3500	0.0500
	Prairie Township of Carroll Co	General Revenue	3,437,232	0.0815	0.0815	3,485,831	0.0815	0.0815	3,386,667	0.0842	0.0842
		Road & Bridge	3,437,232	0.3873	0.3873	3,485,831	0.3873	0.3873	3,386,667	0.4001	0.4001
		Special Road and Bridge	3,437,232	0.3500	0.3500	3,485,831	0.3500	0.3500	3,386,667	0.3500	0.3500 A
	Ridge Township of Carroll Co	General Revenue	5,310,360	0.1000	0.1000	5,489,477	0.0985	0.0985	5,636,906	0.0985	0.0985
		Road & Bridge	5,310,360	0.4749	0.4749	5,489,477	0.4679	0.4679	5,636,906	0.4679	0.4679
		Special Road and Bridge	5,310,360	0.3500	0.3500	5,489,477	0.3449	0.3449	5,636,906	0.3500	0.3500 A
	Rockford Township of Carroll Co	General Revenue	1,962,688	0.1000	0.0900	2,102,832	0.0955	0.0955	2,118,594	0.0955	0.0955
		Road & Bridge	1,962,688	0.4216	0.2700	2,102,832	0.4028	0.2700	2,118,594	0.4028	0.2700
		Special Road and Bridge	1,962,688	0.3500	0.3400 A	2,102,832	0.3344	0.3344	2,118,594	0.3344	0.3344
	Stokes Mound Township of Carroll Co	General Revenue	3,800,562	0.1000	0.1000	3,927,316	0.1000	0.1000	3,957,508	0.1000	0.1000
		Road & Bridge	3,800,562	0.4713	0.4713	3,927,316	0.4713	0.4713	3,957,508	0.4728	0.4713
		Special Road and Bridge	3,800,562	0.3500	0.3500 A	3,927,316	0.3500	0.3500	3,957,508	0.3500	0.3500
	Sugartree Township of Carroll Co	General Revenue	1,595,466	0.1000	0.1000	1,681,904	0.0976	0.0976	1,675,418	0.0983	0.0983
		Road & Bridge	1,595,466	0.5000	0.5000	1,681,904	0.4879	0.4879	1,675,418	0.4914	0.4914
		Special Road and Bridge	1,595,466	0.3500	0.3500	1,681,904	0.3415	0.3415	1,675,418	0.3500	0.3500 A
	Trotter Township of Carroll Co	General Revenue	3,821,007	0.0927	0.0927	3,905,406	0.0924	0.0924	3,989,796	0.0924	0.0924
		Road & Bridge	3,821,007	0.4638	0.4638	3,905,406	0.4625	0.4625	3,989,796	0.4625	0.4625
		Special Road and Bridge	3,821,007	0.3298	0.3298	3,905,406	0.3500	0.3500 A	3,989,796	0.3500	0.3500
	Van Horn Township of Carroll Co	General Revenue	5,628,207	0.1000	0.1000	5,930,992	0.0965	0.0965	6,007,205	0.0965	0.0965
		Road & Bridge	5,628,207	0.4794	0.4794	5,930,992	0.4625	0.4625	6,007,205	0.4625	0.4625
		Special Road and Bridge	5,628,207	0.2918	0.2918	5,930,992	0.3500	0.3500 A	6,007,205	0.3500	0.3500
	Wakenda Township of Carroll Co	General Revenue	6,227,936	0.1000	0.1000	6,343,586	0.1000	0.1000	6,133,489	0.1000	0.1000
		Road & Bridge	6,227,936	0.5000	0.5000	6,343,586	0.5000	0.5000	6,133,489	0.5000	0.5000
		Special Road and Bridge	6,227,936	0.3500	0.3500	6,343,586	0.3500	0.3500 A	6,133,489	0.3500	0.3500
	Washington Township of Carroll Co	General Revenue	2,586,349	0.0950	0.0929	2,721,070	0.0934	0.0934	2,798,423	0.0934	0.0934
		Road & Bridge	2,586,349	0.4431	0.4334	2,721,070	0.4357	0.4357	2,798,423	0.4357	0.4357
		Special Road and Bridge	2,586,349	0.3500	0.2993 A	2,721,070	0.3441	0.3441	2,798,423	0.3441	0.3441
	Combs Township of Carroll Co	General Revenue	5,017,859	0.1000	0.1000	5,389,486	0.0953	0.0953	5,611,868	0.0953	0.0953
		Road & Bridge	5,017,859	0.4884	0.4884	5,389,486	0.4655	0.4655	5,611,868	0.4655	0.4655
		Special Road and Bridge	5,017,859	0.3500	0.3500 A	5,389,486	0.3336	0.3336	5,611,868	0.3336	0.3336
	North Central Carroll Fire Prot Dis	General Revenue	12,670,944	0.2906	0.2906	14,256,826	0.2672	0.2672	14,640,387	0.2672	0.2672
	Carroll County Fire Protection Dist	General Revenue	40,621,965	0.2894	0.2700	42,000,434	0.2858	0.2600	42,073,254	0.2874	0.2600
	Norborne Fire Protection District	General Revenue	16,696,937	0.3000	0.2000	16,567,848	0.3000	0.2000	16,144,131	0.3000	0.2500
	Hale Fire Protection District	General Revenue	10,810,637	0.3000	0.3000	10,840,587	0.3000	0.3000	10,779,125	0.3000	0.3000
	Hale R-I School District	Operating Funds-Schools	6,520,023	4.0884	3.3532	6,476,185	4.1564	3.4200	6,469,494	3.9715	3.2309
		Debt Service	6,520,023	0.1893	0.1893	6,476,185	0.2922	0.2922	6,469,494	0.6723	0.6723
	Tina-Avalon R-II School District	Operating Funds-Schools	7,003,844	3.5422	3.5422	7,142,197	3.4974	3.4825	7,410,343	3.3441	3.3441

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Carroll	Bosworth R-V School District	Operating Funds-Schools	6,408,022	3.9989	3.9989 B	6,488,824	4.0522	4.0522	6,660,859	3.9444	3.9444
	Carrollton R-VII School District	Operating Funds-Schools	49,970,132	3.6200	3.6200 B	50,787,034	3.6200	3.6200	50,418,313	3.6137	3.6137
	Norborne R-VIII School District	Operating Funds-Schools	12,170,674	4.1402	4.1402 B	12,127,988	4.1402	4.1402	12,110,770	4.1402	4.1402
		Debt Service	12,170,674	0.2600	0.2600	12,127,988	0.2600	0.2600	12,110,770	0.2600	0.2600
	Carroll County	General Revenue	122,165,833	0.3649	0.2523	125,659,649	0.3636	0.2512	125,364,092	0.3666	0.2499
		Johnson Grass	122,165,833	0.0500	0.0000	125,659,649	0.0498	0.0000	125,364,092	0.0500	0.0000
		Health	122,165,833	0.1000	0.1000	125,659,649	0.0996	0.0996	125,364,092	0.1000	0.1000
		Senate Bill 40	122,165,833	0.1000	0.1000	125,659,649	0.0996	0.0996	125,364,092	0.1000	0.1000
Carter	East Carter County Ambulance Dist	General Revenue	14,926,654	0.3851	0.3851	14,842,162	0.3915	0.3915	15,287,957	0.4000	0.4000
	West Carter County Ambulance Dist	General Revenue	19,015,733	0.3982	0.3982	19,337,430	0.3987	0.3987	20,755,060	0.3987	0.3987
	City of Grandin	General Revenue	646,112	0.7032	0.7032	642,647	0.7260	0.7260	746,683	0.7166	0.7166
		Debt Service	**	**	**	**	**	**	746,683	0.2747	0.2747
	Carter County Library	General Revenue	33,942,388	0.2000	0.2000	34,179,593	0.2000	0.2000	36,023,598	0.2000	0.2000
	Ellsinore Rural Fire Prot Dist	General Revenue	8,113,091	0.1500	0.1500	8,035,540	0.1500	0.1500	8,500,758	0.1500	0.1500
	Eastwood Fire Protection District	General Revenue	1,479,401	0.2469	0.2469	1,471,361	0.2500	0.2500	1,594,502	0.2500	0.2500
	Fremont Fire Protection District	General Revenue	1,726,493	0.3500	0.3500	1,769,449	0.3500	0.3500	1,851,292	0.3500	0.3500
	East Carter Co R-II School District	Operating Funds-Schools	17,179,157	2.7500	2.7500 B	17,465,349	2.7500	2.7500 B	18,666,602	2.7500	2.7500 B
	Van Buren R-I School District	Operating Funds-Schools	18,994,319	2.7500	2.7500 B	19,454,921	2.7500	2.7500 B	20,552,840	2.7500	2.7500 B
	Carter County	General Revenue	33,942,388	0.3155	0.0500	34,179,593	0.3173	0.0500	36,023,598	0.3173	0.0700
		Road & Bridge	33,942,388	0.2341	0.2341	34,179,593	0.2354	0.2354	36,023,598	0.2354	0.2354
		Health	33,942,388	0.2500	0.2500	34,179,593	0.2500	0.2500	36,023,598	0.2500	0.2500
		Senate Bill 40	33,942,388	0.0814	0.0814	34,179,593	0.0819	0.0819	36,023,598	0.0819	0.0819
		Senior Services	33,942,388	0.0300	0.0300	34,179,593	0.0300	0.0300	36,023,598	0.0300	0.0300
Cass	Central Cass County Ambulance Dist	General Revenue	84,447,595	0.1372	0.1372	85,226,186	0.1382	0.1382	87,993,445	0.1382	0.1382
	Pleasant Hill Ambulance District	General Revenue	108,661,548	0.2719	0.2719	107,326,223	0.2832	0.2832	116,676,671	0.2772	0.2772
	Cass Medical Center	General Revenue	902,212,670	0.1343	0.1343	913,639,299	0.1361	0.1361	1,008,370,254	0.1335	0.1335
	Mt Pleasant Spec Rd Dist Cass Co	Road & Bridge	176,031,092	0.3334	0.2200	173,987,980	0.3425	0.1836	196,954,187	0.3388	0.2000
	City of Archie	General Revenue	7,090,948	0.5999	0.5999	7,171,464	0.6081	0.6081	7,652,513	0.5961	0.5961
	City of Belton	General Revenue	160,533,463	0.5090	0.5090	157,823,153	0.5266	0.5253	185,177,003	0.5165	0.5165
		Parks & Recreation	160,533,463	0.2262	0.2262	157,823,153	0.2341	0.2334	185,177,003	0.2296	0.2296
		Debt Service	160,533,463	0.4601	0.4601	157,823,153	0.4601	0.4601	185,177,003	0.2657	0.2657
	City of Cleveland	General Revenue	5,757,086	0.5125	0.5125	6,045,449	0.5093	0.5093	6,960,361	0.4797	0.4797
	City of Creighton	General Revenue	1,730,052	0.7431	0.7431	1,780,781	0.7484	0.7484	1,848,351	0.7484	0.7484
	City of Drexel	General Revenue	7,730,583	0.5632	0.5600	7,644,837	0.5770	0.5700	8,252,838	0.5563	0.5500
		Debt Service	7,730,583	0.3900	0.3900	7,644,837	0.3800	0.3800	8,252,838	0.3800	0.3800
	City of East Lynne	General Revenue	1,536,750	0.8126	0.8126	1,529,320	0.8301	0.8301	1,628,613	0.8206	0.8206
		Debt Service	1,536,750	1.2210	1.2210	1,529,320	1.6187	1.6187	1,628,613	1.8551	1.8551
	City of Freeman	General Revenue	3,245,142	0.5528	0.5500	3,321,674	0.5488	0.5488	3,530,075	0.5488	0.5488
		Debt Service	3,245,142	0.2100	0.2100	3,321,674	0.2200	0.2200	**	**	**

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cass	City of Garden City	General Revenue	10,789,643	0.3937	0.3937	10,914,416	0.4006	0.4006	12,556,176	0.3832	0.3832
	City of Harrisonville	General Revenue	96,855,690	0.5160	0.5160	98,554,667	0.5190	0.5190	106,910,292	0.5129	0.5129
		Parks & Recreation	96,855,690	0.1169	0.1169	98,554,667	0.1175	0.1175	106,910,292	0.1161	0.1161
		Ambulance	96,855,690	0.1169	0.1169	98,554,667	0.1175	0.1175	106,910,292	0.1161	0.1161
	City of Lake Winnebago	General Revenue	21,158,395	0.5152	0.5152	21,799,075	0.9500	0.9500 B	23,177,025	0.9500	0.9500
		Debt Service	21,158,395	1.0245	1.0245	21,799,075	0.5471	0.5471	23,177,025	0.5728	0.5728
	City of Peculiar	General Revenue	25,588,700	0.4483	0.4483	26,678,573	0.4507	0.4507	32,201,734	0.4260	0.4260
	City of Pleasant Hill	General Revenue	56,678,439	0.3613	0.3600	56,280,130	0.3771	0.3771	64,358,212	0.3637	0.3637
		Parks & Recreation	56,678,439	0.0723	0.0700	56,280,130	0.0754	0.0754	64,358,212	0.0727	0.0727
		Health	56,678,439	0.0723	0.0700	56,280,130	0.0754	0.0754	64,358,212	0.0727	0.0727
		Road	56,678,439	0.1355	0.1355	56,280,130	0.1414	0.1414	64,358,212	0.1364	0.1364
		Debt Service	**	**	**	56,280,130	0.1650	0.1650	64,358,212	0.1086	0.1086
	City of Raymore	General Revenue	127,010,876	0.4982	0.4982	135,678,960	0.4915	0.4915	154,884,894	0.4699	0.4699
		Parks & Recreation	127,010,876	0.1341	0.1341	135,678,960	0.1323	0.1323	154,884,894	0.1265	0.1265
		Debt Service	127,010,876	0.7100	0.7100	135,678,960	0.7100	0.7100	154,884,894	0.7100	0.7100
	City of Strasburg	General Revenue	886,924	0.8017	0.8017	858,555	0.8438	0.8438	936,024	0.8431	0.8431
	Village of West Line	General Revenue	500,242	0.7501	0.7500	633,630	0.5929	0.5929	673,548	0.5949	0.5929
	Village of Baldwin Park	General Revenue	476,975	0.3766	0.3766	461,361	0.3834	0.3834	494,479	0.3763	0.3763
	City of Lake Annette	General Revenue	807,050	0.1950	0.1950	813,630	0.1952	0.1952	823,270	0.1952	0.1952
		Debt Service	807,050	1.0345	1.0345	813,630	2.2051	2.2051	823,270	2.1794	2.1794
	Village of Riverview Estates	General Revenue	**	**	**	**	**	**	99,170	0.5000	0.5000 A
	Cass County Public Library	General Revenue	902,212,670	0.1535	0.1535	913,639,299	0.1555	0.1551	1,008,370,254	0.1525	0.1525
	Central Cass County Fire Prot Dist	General Revenue	84,447,595	0.2449	0.2449	85,226,186	0.2467	0.2467	87,993,445	0.2467	0.2467
	Garden City Fire District	General Revenue	30,843,440	0.2278	0.2278	30,795,044	0.2332	0.2332	33,415,618	0.2291	0.2291
		Ambulance	30,843,440	0.2871	0.2871	30,795,044	0.2940	0.2940	33,415,618	0.2888	0.2888
	South Metropolitan Fire Prot Dist	General Revenue	185,840,022	0.5717	0.5717	195,755,974	0.5659	0.5659	219,648,223	0.5470	0.5470
		Ambulance	185,840,022	0.4478	0.4478	195,755,974	0.4432	0.4432	219,648,223	0.4284	0.4284
		Dispatch	185,840,022	0.0476	0.0476	195,755,974	0.0472	0.0472	219,648,223	0.0456	0.0456
		Debt Service	185,840,022	0.1200	0.1200	195,755,974	0.1200	0.1200	219,648,223	0.1525	0.1525
	West Peculiar Fire Protection Dist	General Revenue	69,595,494	0.7003	0.7003	71,176,732	0.7036	0.7036	79,698,456	0.6870	0.6869
		Ambulance	69,595,494	0.2860	0.2860	71,176,732	0.2873	0.2873	79,698,456	0.2805	0.2805
		Dispatch	69,595,494	0.0492	0.0492	71,176,732	0.0495	0.0495	79,698,456	0.0483	0.0483
		Debt Service	**	**	**	71,176,732	0.2396	0.2396	79,698,456	0.1611	0.1611
	Creighton Fire Protection Dist	General Revenue	6,996,645	0.2353	0.2300	7,251,994	0.2403	0.2400	7,700,797	0.2373	0.2373
	Western Cass Fire Protection Dist	General Revenue	27,744,299	0.4173	0.4173	28,261,011	0.4170	0.4170	30,249,045	0.4082	0.4082
		Dispatch	27,744,299	0.0491	0.0491	28,261,011	0.0491	0.0491	30,249,045	0.0481	0.0481
	Dolan & West Dolan Fire Prot Dist	General Revenue	23,767,097	0.2828	0.2828	24,865,784	0.2773	0.2773	26,404,605	0.2766	0.2766
	East Lynne-Gunn City Fire Prot Dist	General Revenue	13,568,603	0.2900	0.2900	13,506,895	0.2993	0.2993	14,667,768	0.2981	0.2981
	Northeast Cass Fire Protection Dist	General Revenue	52,407,997	0.1463	0.1463	51,468,703	0.1500	0.1500	52,775,917	0.1500	0.1500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cass	Mount Pleasant Fire Protection Dist	General Revenue	51,667,047	0.2893	0.1500	51,689,451	0.2930	0.1500	54,918,369	0.2866	0.1500
	Dikeland Sewer District	General Revenue	880,274	0.7131	0.0000	912,407	0.7267	0.0000	968,004	0.7140	0.0000
	Cass Co R-V School District	Operating Funds-Schools	22,121,878	3.6181	3.3800	22,496,426	3.6645	3.4700	23,827,614	3.6465	3.4500
		Debt Service	22,121,878	0.6300	0.6300	22,496,426	0.6300	0.6300	23,827,614	0.7000	0.7000
	Strasburg C-3 School District	Operating Funds-Schools	8,538,190	3.3642	3.3642	8,696,941	4.0692	4.0615 B	9,417,194	4.0404	4.0404
		Debt Service	8,538,190	1.1400	1.1400	8,696,941	1.1380	1.1380	9,417,194	1.2768	1.2768
	Raymore-Peculiar R-II School Dist	Operating Funds-Schools	252,807,483	3.1756	3.1756	266,806,726	3.1497	3.1497	303,533,943	3.7497	3.7497 B
		Debt Service	252,807,483	1.2900	1.2900	266,806,726	1.2900	1.2900	303,533,943	1.2900	1.2900
	Sherwood Cass R-VIII School Dist	Operating Funds-Schools	37,001,719	3.1068	3.0000	38,290,523	3.0276	3.0000	41,795,753	3.0481	3.0000
		Debt Service	37,001,719	1.0000	1.0000	38,290,523	1.0000	1.0000	41,795,753	1.0000	1.0000
	East Lynne 40 School District	Operating Funds-Schools	8,997,487	4.4000	3.4510	9,591,018	4.3109	3.5388	10,627,177	4.3381	3.5579
		Debt Service	8,997,487	0.3472	0.3472	9,591,018	0.4989	0.4989	10,627,177	0.1376	0.1376
	Pleasant Hill R-III School District	Operating Funds-Schools	92,029,259	3.6804	3.6804 B	93,445,143	3.7678	3.7645	103,481,206	3.6864	3.6864
		Debt Service	92,029,259	0.9700	0.9700	93,445,143	0.9700	0.9700	103,481,206	1.0481	1.0481
	Harrisonville R-IX School District	Operating Funds-Schools	149,885,119	4.0764	3.5418	152,239,685	4.0988	3.6400	161,381,801	4.0905	3.6400
		Debt Service	149,885,119	0.8700	0.8700	152,239,685	0.8700	0.8700	161,381,801	0.8700	0.8700
	Drexel R-IV School District	Operating Funds-Schools	13,857,819	4.1715	4.1715	14,165,416	4.2171	4.2171	15,355,669	4.1352	4.1352
		Debt Service	13,857,819	0.8800	0.8800	14,165,416	0.9000	0.9000	15,355,669	0.9000	0.9000
	Midway R-I School District	Operating Funds-Schools	30,687,415	4.8366	4.2338	31,352,524	4.9429	4.3516	34,086,792	4.8904	4.3536
		Debt Service	30,687,415	0.3800	0.3800	31,352,524	0.3800	0.3800	34,086,792	0.3800	0.3800
	Belton 124 School District	Operating Funds-Schools	207,418,178	3.4302	3.3649	209,191,694	3.4416	3.5063	237,387,305	3.4144	3.4144
		Debt Service	210,965,240	1.1200	1.1200	209,191,694	1.2000	1.2000	237,387,305	1.2800	1.2800
	Cass County	General Revenue	902,212,670	0.2878	0.0600	913,639,299	0.2916	0.0476	1,008,370,254	0.2859	0.0661
		Road & Bridge	726,181,578	0.2113	0.2113	913,639,299	0.1836	0.1836	811,416,058	0.2148	0.2148
		Senate Bill 40	902,212,670	0.0384	0.0384	913,639,299	0.0389	0.0389	1,008,370,254	0.0381	0.0381
Cedar	Cedar County Ambulance District	General Revenue	109,061,165	0.1000	0.1000	112,134,071	0.1000	0.1000	120,500,712	0.0985	0.0985
	Cedar County Memorial Hospital	General Revenue	109,061,165	0.1500	0.1500	112,134,071	0.1500	0.1500	120,500,712	0.1477	0.1477
	Bear Creek Spec Rd Dist Cedar Co	Special Road and Bridge	3,736,651	0.3500	0.3500	3,830,455	0.3500	0.3500 A	4,193,074	0.3456	0.3456
	Bethel Special Road Dist Cedar Co	Special Road and Bridge	639,948	0.3499	0.3499	647,304	0.3500	0.3500 A	771,391	0.3438	0.3438
	Caplinger Mills Sp Rd Dist Cedar Co	Special Road and Bridge	1,903,942	0.3500	0.3500	2,021,565	0.3500	0.3500 A	2,226,310	0.3422	0.3422
	Cedar Hall Spec Rd Dist Cedar Co	Special Road and Bridge	795,787	0.3500	0.3500	785,769	0.3500	0.3500 A	829,244	0.3500	0.3500
	Dunnegan Spec Rd Dist Cedar Co	Special Road and Bridge	948,581	0.3500	0.3500	946,691	0.3500	0.3500 A	1,022,930	0.3417	0.3417
	Eldorado Spgs Spec Rd Dist Cedar Co	Special Road and Bridge	35,725,544	0.3500	0.3500	36,254,798	0.3500	0.3500 A	38,784,288	0.3465	0.3465
	Independence Sp Rd Dist Cedar Co	Special Road and Bridge	726,995	0.3500	0.3500	721,056	0.3500	0.3500 A	753,794	0.3495	0.3495
	Jerico Springs Sp Rd Dist Cedar Co	Special Road and Bridge	858,262	0.3500	0.3500	838,039	0.3500	0.3500 A	788,532	0.3500	0.3500
	Koncord Spec Rd Dist Cedar Co	Special Road and Bridge	2,303,897	0.3500	0.3500	2,459,426	0.3500	0.3500 A	2,453,093	0.3500	0.3500
	Madison Spec Rd Dist Cedar Co	Special Road and Bridge	1,241,640	0.3500	0.3500	1,248,049	0.3500	0.3500 A	1,273,806	0.3500	0.3500
	Masters Spec Rd Dist Cedar Co	Special Road and Bridge	1,398,684	0.3499	0.3499	1,415,185	0.3500	0.3500 A	1,508,293	0.3463	0.3463
	Omer Special Road Dist Cedar Co	Special Road and Bridge	815,715	0.3500	0.3500 A	780,845	0.3500	0.3500	793,612	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cedar	Rowland Special Road Dist Cedar Co	Special Road and Bridge	4,016,057	0.3500	0.3500	4,230,662	0.3500	0.3500 A	4,545,488	0.3454	0.3454
	Stockton Special Road Dist Cedar Co	Special Road and Bridge	22,871,255	0.3500	0.0000	**	**	**	**	**	**
	Dogwood Special Road District	Common Road District	560,350	0.3500	0.3500	546,200	0.3500	0.3500	581,600	0.3390	0.3390
	City of El Dorado Springs	General Revenue	23,773,579	0.5400	0.5400	24,066,497	0.5400	0.5400	25,851,518	0.5365	0.5365
		Band	23,773,579	0.1300	0.1300	24,066,497	0.1300	0.1300	25,851,518	0.1292	0.0955
		Park	23,773,579	0.2000	0.2000	24,066,497	0.2000	0.2000	25,851,518	0.1987	0.1987
		Recreation	23,773,579	0.1000	0.1000	24,066,497	0.1000	0.1000	25,851,518	0.0993	0.0993
	Village of Jerico Springs	General Revenue	850,927	0.5000	0.5000	830,522	0.5000	0.5000	767,495	0.5000	0.5000
	City of Stockton	General Revenue	11,979,255	0.4192	0.4192	12,359,264	0.4169	0.4169	17,993,042	0.3961	0.3961
		Parks & Recreation	11,979,255	0.0998	0.0998	12,359,264	0.0993	0.0993	17,993,042	0.0943	0.0943
	Village of Umber View Heights	General Revenue	587,005	0.2250	0.2250	634,195	0.2250	0.2250	693,040	0.2217	0.2217
	Cedar County Library District	General Revenue	109,061,165	0.0800	0.0800	112,134,071	0.0800	0.0800	120,500,712	0.0788	0.0788
	Korth Special Road Subdistrict	Special Road and Bridge	1,934,719	0.3487	0.3487	2,094,386	0.3500	0.3500 A	2,478,122	0.3094	0.3094
	Stockton R-I School District	Operating Funds-Schools	55,201,152	2.5900	2.5900 B	57,298,743	2.5900	2.5900 B	62,112,411	2.7500	2.7500 B
		Debt Service	55,201,152	0.3700	0.3700	57,298,743	0.1523	0.1523	**	**	**
	El Dorado Springs R-II School Dist	Operating Funds-Schools	58,998,647	3.1297	2.7500	60,424,132	3.1844	2.7500	63,872,950	3.1635	2.7500
		Debt Service	58,998,647	0.4900	0.4900	60,424,132	0.4900	0.4900	63,872,950	0.4900	0.4900
	Cedar County	General Revenue	109,061,165	0.3200	0.1132	112,134,071	0.3200	0.1275	120,500,712	0.3151	0.1471
		Road & Bridge	109,061,165	0.2400	0.2400	112,134,071	0.2400	0.2400	120,500,712	0.2363	0.2363
Chariton	Chariton County Ambulance District	General Revenue	99,792,973	0.2600	0.2600	103,775,563	0.2572	0.2500	104,062,134	0.2583	0.2400
	City of Brunswick	General Revenue	5,312,365	0.8636	0.8636	5,427,880	0.8636	0.8636	5,573,336	0.8636	0.8636
	Village of Dalton	General Revenue	347,702	0.5000	0.5000	378,123	0.4986	0.4986	376,215	0.5000	0.5000
	City of Keytesville	General Revenue	2,321,417	0.8274	0.8274	2,349,612	0.8274	0.8274	2,395,578	0.8274	0.8274
		Parks & Recreation	2,321,417	0.2000	0.2000	2,349,612	0.2000	0.2000	2,395,578	0.2000	0.2000
	City of Mendon	General Revenue	1,034,260	0.8416	0.8400	1,138,538	0.8211	0.8211	1,143,720	0.8211	0.8211
	Village of Rothville	General Revenue	263,055	0.8333	0.7300	279,297	0.8298	0.7300	262,862	0.8818	0.7300
	City of Salisbury	General Revenue	11,853,196	0.7100	0.7100	11,923,401	0.7128	0.7128	12,208,028	0.7128	0.7128
		Parks & Recreation	11,853,196	0.1700	0.1700	11,923,401	0.1707	0.1707	12,208,028	0.1707	0.1707
		Library	11,853,196	0.1000	0.1000	11,923,401	0.1000	0.1000	12,208,028	0.1000	0.1000
		Museum	11,853,196	0.1300	0.1300	11,923,401	0.1305	0.1305	12,208,028	0.1305	0.1305
	City of Sumner	General Revenue	749,136	0.9617	0.9000	766,684	0.9617	0.9617	739,168	0.9975	0.9975
		Streets	749,136	0.2500	0.2500	766,684	0.2500	0.2500	**	**	**
	City of Triplett	General Revenue	238,850	1.0000	1.0000	268,926	0.9585	0.9585	268,182	0.9995	0.9995
	Bee Branch Township of Chariton Co	Road & Bridge	3,306,851	0.5000	0.5000	3,411,627	0.5000	0.5000	3,550,335	0.5000	0.5000
		Special Road and Bridge	3,306,851	0.3500	0.3500	3,411,627	0.3500	0.3500	3,550,335	0.3500	0.3500 A
	Bowling Green Township, Chariton Co	Road & Bridge	4,171,223	0.3500	0.3500	4,313,290	0.3467	0.3467	4,277,763	0.3499	0.3499
		Special Road and Bridge	4,171,223	0.3400	0.3400	4,313,290	0.3368	0.3368	4,277,763	0.3368	0.3368 A
	Brunswick Township of Chariton Co	Road & Bridge	13,119,592	0.5000	0.5000	13,695,508	0.4924	0.4924	14,157,214	0.4924	0.4924
		Special Road and Bridge	13,119,592	0.1600	0.1600 A	13,695,508	0.1576	0.1576	14,157,214	0.1576	0.1576

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Chariton	Chariton Township of Chariton Co	Road & Bridge	5,095,214	0.3500	0.3500	5,535,289	0.3316	0.3316	5,730,394	0.3280	0.3280
		Special Road and Bridge	5,095,214	0.2300	0.2300 A	5,535,289	0.2179	0.2179	5,730,394	0.2155	0.2155
	Clark Township of Chariton Co	Road & Bridge	4,472,542	0.5000	0.5000	4,547,499	0.5000	0.5000	4,585,432	0.5000	0.5000
		Special Road and Bridge	4,472,542	0.3500	0.3500	4,547,499	0.3500	0.3500 A	4,585,432	0.3500	0.3500
	Cockrell Township of Chariton Co	Road & Bridge	2,391,739	0.5000	0.5000	2,527,564	0.5000	0.5000	2,547,709	0.5000	0.5000
		Special Road and Bridge	2,391,739	0.3500	0.3500	2,527,564	0.3500	0.3500	2,547,709	0.3500	0.3500 A
	Cunningham Township of Chariton Co	Road & Bridge	4,821,765	0.5000	0.5000	4,998,734	0.4927	0.4927	5,013,353	0.4927	0.4927
		Special Road and Bridge	4,821,765	0.3000	0.3000 A	4,998,734	0.2956	0.2956	5,013,353	0.2956	0.2956
	Keytesville Township of Chariton Co	Road & Bridge	9,565,214	0.4000	0.4000	9,958,561	0.3927	0.3927	10,024,373	0.3937	0.3937
		Special Road and Bridge	9,565,214	0.3500	0.3500	9,958,561	0.3436	0.3436	10,024,373	0.3436	0.3436 A
	Mendon Township of Chariton Co	Road & Bridge	4,875,200	0.5000	0.5000	5,134,604	0.4889	0.4889	5,145,032	0.4948	0.4948
		Special Road and Bridge	4,875,200	0.3500	0.3500 A	5,134,604	0.3422	0.3422	5,145,032	0.3463	0.3463
	Musselfork Township of Chariton Co	Road & Bridge	4,251,029	0.3500	0.3500	4,417,533	0.3500	0.3500	4,528,303	0.3500	0.3500
		Special Road and Bridge	4,251,029	0.2300	0.2300 A	4,417,533	0.2300	0.2300	4,528,303	0.2300	0.2300
	Salisbury Township of Chariton Co	Road & Bridge	27,157,511	0.5000	0.5000	27,938,873	0.4985	0.4985	28,687,238	0.4985	0.4985
		Special Road and Bridge	27,157,511	0.1500	0.1500	27,938,873	0.1495	0.1495	28,687,238	0.1495	0.1495 A
	Salt Creek Township of Chariton Co	Road & Bridge	3,001,076	0.5000	0.5000	3,281,708	0.4695	0.4695	3,404,701	0.4636	0.4636
		Special Road and Bridge	3,001,076	0.3500	0.3500 A	3,281,708	0.3287	0.3287	3,404,701	0.3245	0.3245
	Triplett Township of Chariton Co	Road & Bridge	4,263,904	0.5000	0.5000	4,516,475	0.4881	0.4881	4,524,311	0.4890	0.4890
		Special Road and Bridge	4,263,904	0.3500	0.3500 A	4,516,475	0.3417	0.3417	4,524,311	0.3423	0.3423
	Wayland Township of Chariton Co	Road & Bridge	4,781,897	0.5000	0.5000	4,894,748	0.4998	0.4998	3,385,119	0.5000	0.5000
	Yellow Creek Twsp of Chariton Co	Road & Bridge	4,518,216	0.4967	0.4967	4,603,550	0.4967	0.4967	4,500,857	0.5000	0.5000
		Special Road and Bridge	4,518,216	0.3477	0.3477	4,603,550	0.3477	0.3477	4,500,857	0.3477	0.3477 A
	Keytesville Fire Protection Dist	General Revenue	13,401,795	0.2000	0.2000	13,924,840	0.1965	0.1965	13,956,295	0.1969	0.1969
	Mendon Fire Protection District	General Revenue	9,523,568	0.3000	0.3000	10,132,153	0.2903	0.2500	10,359,443	0.2903	0.2500
	Sumner Community Fire Prot Dist	General Revenue	4,211,308	0.3000	0.3000	4,323,508	0.2982	0.2982	4,245,031	0.3000	0.3000
	Yellow Creek Fire Protection Dist	General Revenue	3,741,147	0.2871	0.2000	3,832,891	0.2871	0.2000	3,658,362	0.3000	0.2000
	Northwestern R-I School District	Operating Funds-Schools	10,914,867	4.3238	4.3238	11,071,695	4.2753	4.2753	11,187,161	4.1407	4.1407
		Debt Service	10,914,867	0.9900	0.9900	11,071,695	0.9945	0.9945	11,187,161	0.9900	0.9900
	Brunswick R-II School District	Operating Funds-Schools	13,079,314	3.7167	3.1267	13,178,068	3.6792	3.1665	13,487,517	3.4791	2.9663
		Debt Service	13,079,314	0.3900	0.3900	13,178,068	0.2100	0.2100	13,487,517	0.3900	0.3900
	Keytesville R-III School District	Operating Funds-Schools	10,775,619	3.6455	3.6400 B	10,935,401	3.6455	3.6455	10,970,890	3.5454	3.5454
	Salisbury R-IV School District	Operating Funds-Schools	34,870,930	3.7500	3.4500	35,511,374	3.6612	3.4500	34,954,892	3.6756	3.4500
	Chariton County	General Revenue	99,792,973	0.4000	0.2900	103,775,563	0.3957	0.2900	104,062,134	0.3974	0.2900
		Health	99,792,973	0.1000	0.1000	103,775,563	0.0989	0.0989	104,062,134	0.0993	0.0993
		Senate Bill 40	99,792,973	0.1000	0.0700	103,775,563	0.0989	0.0700	104,062,134	0.0993	0.0800
		Township	99,792,973	0.1000	0.1000	103,775,563	0.0989	0.0989	104,062,134	0.0993	0.0993
Christian	Christian County Ambulance District	General Revenue	454,546,963	0.1397	0.1397	478,687,098	0.1397	0.1397	518,558,864	0.1379	0.1379
	Billings Spec Rd Dist Christian Co	Road & Bridge	25,177,891	0.2157	0.2000	26,825,389	0.2131	0.2000	27,381,187	0.2131	0.2000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Christian	Billings Spec Rd Dist Christian Co	Special Road and Bridge	25,177,891	0.3283	0.1500	26,825,389	0.3500	0.1600 A	27,381,187	0.3500	0.1600
	Clever Spec Rd Dist Christian Co	Road & Bridge	12,243,124	0.2266	0.1500	13,360,979	0.2266	0.1500	14,263,023	0.2253	0.0000
	Garrison Spec Rd Dist Christian Co	Road & Bridge	1,111,569	0.2239	0.0000	1,158,287	0.2231	0.0000	1,194,059	0.2231	0.2231
	Nixa Special Road Dist Christian Co	Road & Bridge	113,196,351	0.1028	0.1028	122,780,102	0.1013	0.1013	131,020,911	0.1004	0.1004
	Ozark Spec Rd Dist Christian Co	Road & Bridge	166,300,963	0.1566	0.1566	174,147,115	0.1566	0.1566	190,845,334	0.1541	0.1541
	Selmore Spec Rd Dist Christian Co	Road & Bridge	8,254,015	0.1978	0.1978	9,090,535	0.1877	0.1877	9,720,800	0.1877	0.1877
	South Sparta Road Dist Christian Co	Road & Bridge	5,671,351	0.1768	0.1000	6,011,567	0.1759	0.1000	6,434,721	0.1755	0.1755
	Terrell Creek Rd Dist Christian Co	Road & Bridge	1,304,434	0.2700	0.0000	1,376,842	0.2705	0.0000	1,395,398	0.2761	0.0000
	Stoneshire Sp Rd Dist Christian Co	Road & Bridge	1,755,627	0.1493	0.0000	1,879,457	0.1488	0.0000	1,964,803	0.1473	0.0000
	City of Billings	General Revenue	7,044,955	0.5687	0.5687	7,163,526	0.5687	0.5687	7,496,215	0.5687	0.5687
		Parks & Recreation	7,044,955	0.1651	0.1651	7,163,526	0.1651	0.1651	7,496,215	0.1651	0.1651
	City of Clever	General Revenue	7,354,209	0.6256	0.6256	7,836,147	0.6256	0.6121	8,493,623	0.6218	0.6218
	City of Nixa	General Revenue	89,561,128	0.3735	0.3735	97,308,480	0.3675	0.3675	105,645,899	0.3599	0.3599
	City of Ozark	General Revenue	76,036,309	0.2781	0.2781	82,750,554	0.2738	0.2738	94,350,865	0.2609	0.2609
		Parks & Recreation	76,036,309	0.0695	0.0695	82,750,554	0.0684	0.0662	94,350,865	0.0652	0.0652
		Debt Service	76,036,309	0.1348	0.1348	82,750,554	0.0000	0.0000	94,350,865	0.0614	0.0614
	City of Sparta	General Revenue	5,848,529	0.4129	0.4100	6,429,326	0.3979	0.4000 D	6,865,888	0.3973	0.3973
	City of Fremont Hills	General Revenue	11,086,236	0.6418	0.1339	11,629,442	0.6418	0.2793	12,257,273	0.6418	0.2786
		Debt Service	11,086,236	0.5561	0.5561	11,629,442	0.4107	0.4107	12,257,273	0.4114	0.4114
	Christian County Library District	General Revenue	503,071,155	0.0932	0.0932	530,318,566	0.0932	0.0932	572,913,955	0.0922	0.0922
	Ozark Rural Fire Protection Dist	General Revenue	103,346,150	0.2367	0.2367	108,008,083	0.2367	0.2367	113,472,798	0.2367	0.2367
	Nixa Fire Protection District	General Revenue	195,580,397	0.3280	0.3134	205,041,398	0.3280	0.3158	220,319,499	0.3254	0.3192
		Debt Service	195,580,397	0.0866	0.0866	205,041,398	0.0842	0.0842	220,319,499	0.0808	0.0808
	Billings Fire Protection District	General Revenue	32,580,564	0.2779	0.2779	34,312,601	0.4061	0.4061 B	34,537,888	0.4061	0.4061
	Clever Fire Protection District	General Revenue	26,658,934	0.2746	0.2746	28,753,998	0.2745	0.2728	31,199,735	0.2735	0.2735
	Highlandville Fire Protection Dist	General Revenue	32,784,914	0.2692	0.2692	36,857,657	0.2634	0.2604	40,116,550	0.2549	0.2549
	Sparta Fire Protection District	General Revenue	21,947,162	0.2699	0.2699	20,962,557	0.2915	0.2915	22,031,638	0.2908	0.2908
	Chadwick Rural Fire Protection Dist	General Revenue	**	**	**	6,708,796	0.3000	0.3000 A	6,948,214	0.3000	0.3000
	Chadwick R-I School District	Operating Funds-Schools	7,359,726	3.0271	3.0271	7,681,343	3.0775	3.0775	7,963,521	3.0942	3.0942
		Debt Service	7,359,726	0.7716	0.7716	7,681,343	0.3206	0.3206	7,963,521	1.8201	1.8201
	Nixa R-II School District	Operating Funds-Schools	193,936,757	2.8749	2.8752	204,704,749	2.8617	2.8617	220,008,712	2.8334	2.8334
		Debt Service	193,936,757	1.0248	1.0248	204,704,749	1.0383	1.0383	220,008,712	1.0666	1.0666
	Sparta R-III School District	Operating Funds-Schools	20,206,610	2.8000	2.8000	20,729,215	2.8049	2.8049	21,998,192	2.7938	2.7938
		Debt Service	20,206,610	0.7000	0.7000	20,729,215	0.7019	0.7019	21,998,192	0.7073	0.7073
	Billings R-IV School District	Operating Funds-Schools	18,704,693	2.9413	2.9413	19,934,543	2.9102	2.9102	20,308,074	3.1600	3.1600 B
		Debt Service	18,704,693	0.6900	0.6900	19,934,543	0.6900	0.6900	20,308,074	0.4400	0.4400
	Clever R-V School District	Operating Funds-Schools	23,368,224	3.0759	3.0759	25,393,255	3.1096	3.1096	28,066,621	3.0648	3.0648
		Debt Service	23,368,224	0.5453	0.5453	25,393,255	0.4552	0.4552	28,066,621	0.2276	0.2276
	Ozark R-VI School District	Operating Funds-Schools	186,379,451	2.7500	2.7500 B	197,111,459	2.7500	2.7500 B	213,196,148	3.2400	3.2400 B

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Christian	Ozark R-VI School District	Debt Service	186,379,451	0.9000	0.9000	197,111,459	0.9000	0.9000	213,196,148	0.9000	0.9000
	Spokane R-VII School District	Operating Funds-Schools	24,098,309	3.5509	3.7900	26,216,111	3.5532	3.5532	29,631,033	3.3832	3.3832
		Debt Service	20,629,710	0.7400	0.7400	26,216,111	0.9768	0.9768	29,631,033	1.1468	1.1468
	Christian County	General Revenue	503,071,155	0.2329	0.0000	530,318,566	0.2329	0.0000	572,913,955	0.2304	0.0113
		Health	502,308,014	0.0466	0.0466	530,318,566	0.0466	0.0466	572,913,955	0.0461	0.0461
		Senate Bill 40	502,308,014	0.0839	0.0839	530,318,566	0.0839	0.0839	572,913,955	0.0830	0.0830
		Senior Services	503,071,155	0.0500	0.0500 E	530,318,566	0.0005	0.0500 E	572,913,955	0.0005	0.0495 E
		Common #1 Road & Bridge	56,996,652	0.1979	0.0000	60,340,896	0.1979	0.0000	64,050,586	0.1966	0.0000
		Common #2 Road & Bridge	111,059,178	0.0748	0.0000	113,347,397	0.0760	0.0000	124,643,133	0.0747	0.0000
Clark	Clark County Ambulance District	General Revenue	69,219,988	0.3000	0.3000	70,652,324	0.3000	0.3000	70,925,618	0.3000	0.3000
	Clark County Nursing Home District	General Revenue	69,219,988	0.1200	0.1200	70,652,324	0.1200	0.1200	70,925,618	0.1200	0.1200
	Wayland Special Rd Dist Clark Co	Road & Bridge	8,513,698	0.3500	0.3500	8,566,774	0.3500	0.3500	8,631,131	0.3500	0.3500
	City of Alexandria	General Revenue	994,380	1.0000	0.8000	982,655	1.0000	0.8000	997,218	1.0000	0.8000
	City of Kahoka	General Revenue	12,675,033	0.7510	0.7510	12,986,641	0.7510	0.7510	13,073,689	0.7649	0.7510
		Parks & Recreation	12,675,033	0.1500	0.1500	12,986,641	0.1500	0.1500	13,073,689	0.1500	0.1500
		Library	12,675,033	0.2400	0.2400 B	12,986,641	0.2400	0.2400	13,073,689	0.2400	0.2400
	Village of Luray	General Revenue	286,870	0.5882	0.5882	276,009	0.6000	0.6000	272,013	0.6000	0.6000
	City of Wayland	General Revenue	2,472,739	0.5921	0.5921	2,474,433	0.5971	0.5971	2,540,184	0.5990	0.5990
		Streets	2,472,739	0.2286	0.2286	2,474,433	0.2305	0.2305	2,540,184	0.2313	0.2313
	City of Wyaconda	General Revenue	1,373,097	0.7714	0.7714	1,421,842	0.7756	0.7756	1,320,769	0.8368	0.8368
	Village of Revere	General Revenue	486,748	1.0883	1.0883	499,220	1.0783	1.0783	502,835	1.1171	1.1171
	Clark County Library	General Revenue	56,541,059	0.1000	0.1000	57,665,684	0.1000	0.1000	57,851,929	0.1000	0.1000
	Alexandria Fire Protection Dist	General Revenue	6,151,448	0.3000	0.3000	6,204,905	0.3000	0.3000	6,152,727	0.3000	0.3000
	Wyaconda C-1 School District	Operating Funds-Schools	3,407,160	4.7129	4.7129	3,484,419	4.7500	4.7500	3,411,320	4.7500	4.7500
	Revere C-3 School District	Operating Funds-Schools	5,082,293	4.7518	4.7518	5,129,191	4.9200	4.9200	5,231,328	4.9200	4.9200
	Luray 33 School District	Operating Funds-Schools	3,670,700	4.2500	4.2500	3,673,445	4.1920	4.1920	3,605,036	4.2500	4.2500
	Clark Co. R-I School District	Operating Funds-Schools	45,674,609	3.1331	2.7500	47,095,604	3.1649	2.7500	47,845,972	3.1797	2.7500
		Debt Service	45,674,609	0.7500	0.7500	47,095,604	0.7500	0.7500	47,845,972	0.7500	0.7500
	Clark County	General Revenue	69,219,988	0.5000	0.3700	70,652,324	0.5000	0.3487	70,925,618	0.5000	0.3500
		Road & Bridge	60,706,288	0.3500	0.3500	62,085,549	0.3500	0.3500	62,294,487	0.3500	0.3500
		Special Road and Bridge	60,706,288	0.3500	0.3500	62,085,549	0.3500	0.3500	62,294,487	0.3500	0.3500
		Health	69,219,988	0.1000	0.1000	70,652,324	0.1000	0.1000	70,925,618	0.1000	0.1000
Clay	New Liberty Hospital District	General Revenue	599,515,212	0.1283	0.0968	633,847,856	0.1283	0.0968	695,433,734	0.1278	0.0968
	City of Avondale	General Revenue	3,530,588	0.4446	0.4446	3,567,253	0.4446	0.4446	4,034,889	0.4031	0.4031
		Debt Service	3,530,588	1.0602	1.0602	3,567,253	0.8166	0.8166	4,034,889	0.7281	0.7281
	Village of Birmingham	General Revenue	2,204,259	0.3033	0.2900	2,193,912	0.3048	0.3000	2,292,559	0.3002	0.3000
	Village of Claycomo	General Revenue	150,682,512	0.3300	0.3300	142,767,050	0.3300	0.3300	154,889,433	0.3300	0.3300
		Debt Service	150,682,512	0.1870	0.1870	142,767,050	0.1998	0.1998	154,889,433	0.1882	0.1882

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clay	City of Excelsior Springs	General Revenue	108,173,799	0.5700	0.5700	109,540,868	0.5714	0.5700	115,503,741	0.5649	0.5649
		Hospital	108,173,799	0.1600	0.1600	109,540,868	0.1604	0.1600	115,503,741	0.1586	0.1586
		Parks	108,173,799	0.1600	0.1600	109,540,868	0.1604	0.1600	115,503,741	0.1586	0.1586
		Recreation	108,173,799	0.1600	0.1600	109,540,868	0.1604	0.1600	115,503,741	0.1586	0.1586
	City of Gladstone	General Revenue	301,139,969	0.5700	0.5700	310,263,528	0.5626	0.5626	335,438,471	0.5368	0.5368
	City of Glenaire	General Revenue	5,147,158	0.6492	0.6492	5,168,895	0.6545	0.6545	5,848,972	0.5957	0.5958 D
	City of Holt	General Revenue	3,571,862	0.4791	0.4791	3,895,660	0.4618	0.4617	4,316,199	0.4395	0.4395
		Debt Service	3,571,862	0.5209	0.5209	**	**	**	**	**	**
	City of Kearney	General Revenue	74,549,206	0.7246	0.6300	81,087,514	0.7246	0.6300	89,300,315	0.7110	0.6200
		Debt Service	74,549,206	0.0400	0.0400	81,087,514	0.0400	0.0400	89,300,315	0.0400	0.0400
	City of Liberty	General Revenue	349,405,814	0.8413	0.8413	358,457,869	0.8459	0.8459	385,834,134	0.8235	0.8235
		Parks & Recreation	349,405,814	0.1485	0.1485	358,457,869	0.1493	0.1493	385,834,134	0.1453	0.1453
	City of Missouri City	General Revenue	1,416,018	0.9000	0.8400	1,719,206	0.9000	0.9000	1,893,844	0.8664	0.8664
	City of Mosby	General Revenue	1,675,601	0.4742	0.4742	1,652,024	0.4834	0.4834	1,696,375	0.4821	0.4808
	City of North Kansas City	General Revenue	266,384,659	0.3336	0.3200	267,499,720	0.3336	0.3200	274,410,577	0.3336	0.3200
		Parks & Recreation	266,384,659	0.1192	0.1192	267,499,720	0.1192	0.1192	274,410,577	0.1192	0.1192
		Library	266,384,659	0.1920	0.1800	267,499,720	0.1920	0.1800	274,410,577	0.1920	0.1800
		Pension	266,384,659	0.2022	0.1200	267,499,720	0.2022	0.1200	274,410,577	0.2022	0.1600
		General Revenue	2,069,110	0.4585	0.4584	1,961,459	0.4837	0.4837	2,392,674	0.4192	0.4192
	Village of Oaks	Fire	2,069,110	0.3000	0.3000 A	1,961,459	0.3000	0.3000	2,392,674	0.2600	0.2600
		General Revenue	4,710,772	0.3395	0.3395	4,805,680	0.3404	0.3404	5,650,095	0.2967	0.2967
	Village of Oakview	Fire	4,710,772	0.1261	0.1261	4,805,680	0.1264	0.1264	5,650,095	0.1102	0.1102
		Fire Temp	4,710,772	0.2910	0.2910	4,805,680	0.2917	0.2917	5,650,095	0.2542	0.2542
		General Revenue	3,437,772	0.3299	0.3299	3,465,787	0.3299	0.3200	4,249,497	0.2781	0.2781
	Village of Oakwood	Fire	3,437,772	0.2899	0.2800	3,465,787	0.3000	0.3000 A	4,249,497	0.2529	0.2529
		General Revenue-Temp	**	**	**	3,465,787	0.1800	0.1800 A	4,249,497	0.1517	0.1517
		general rev-temp	3,437,772	0.1999	0.1900	**	**	**	**	**	**
		General Revenue	1,940,284	0.2843	0.2843	1,916,940	0.2878	0.2878	2,319,302	0.2454	0.2454
	City of Pleasant Valley	General Revenue	30,794,992	0.6700	0.6700	31,456,638	0.6700	0.6700	36,392,903	0.6379	0.6379
	Village of Prathersville	General Revenue	1,904,688	0.2985	0.2985	1,886,763	0.3053	0.3053	2,021,086	0.3001	0.3001
	City of Randolph	General Revenue	5,665,139	0.3402	0.3402	5,840,918	0.3402	0.3402	5,918,899	0.3406	0.3402
	Kearney Fire Protection District	General Revenue	162,921,735	0.2778	0.2778	172,965,193	0.2778	0.2778	194,353,618	0.2669	0.2669
		Ambulance	162,921,735	0.2778	0.2778	172,965,193	0.2778	0.2778	194,353,618	0.2669	0.2669
		Dispatch	162,921,735	0.0300	0.0300 A	172,965,193	0.0300	0.0300	194,353,618	0.0288	0.0288
	Holt Community Fire Protection Dist	General Revenue	50,292,850	0.2804	0.2804	51,368,944	0.2816	0.2816	56,126,258	0.2696	0.2696
		Ambulance	50,292,850	0.2804	0.2804	51,368,944	0.2816	0.2816	56,126,258	0.2696	0.2696
	Fishing River Fire Protection Dist	General Revenue	34,499,552	0.2800	0.2800	34,641,742	0.2845	0.2845	38,084,907	0.2725	0.2725
	Clay County Health Center	General Revenue	2,615,763,707	0.1000	0.1000	2,711,111,184	0.1000	0.1000	2,893,004,354	0.0995	0.0995
	Developmental Disabilities Resource	General Revenue	2,706,705,227	0.1195	0.1195	2,711,111,184	0.1200	0.1195	2,893,004,354	0.1194	0.1194

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clay	Clay Mental Health Board	General Revenue	2,615,763,707	0.1000	0.1000	2,594,172,195	0.1000	0.1000	2,893,004,354	0.0977	0.0977
	The 210 Hwy Trans Development Dist	General Revenue	54,685,871	0.1000	0.0549	52,417,493	0.1000	0.0572	52,029,926	0.1000	0.0577
	Kearney R-I School District	Operating Funds-Schools	192,831,445	3.5900	3.0634 B	203,642,649	3.5964	3.0708	228,132,891	3.4407	2.9180
		Debt Service	192,831,445	0.9000	0.9000	203,642,649	0.9000	0.9000	228,132,891	1.1500	1.1500
	Smithville R-II School District	Operating Funds-Schools	114,680,511	3.5099	3.5099 B	121,653,899	3.5100	3.5099	137,998,868	3.3375	3.3375
		Debt Service	114,680,511	0.9100	0.9100	121,653,899	0.9100	0.9100	137,998,868	0.9600	0.9600
	Excelsior Springs 40 School Dist	Operating Funds-Schools	165,184,218	3.2485	3.2485	162,455,712	3.8485	3.8485 B	169,131,807	3.8432	3.8432
		Debt Service	165,184,218	0.7700	0.7700	162,455,712	0.7700	0.7700	169,131,807	0.7700	0.7700
	Liberty 53 School District	Operating Funds-Schools	420,814,238	4.7069	4.1200	462,971,419	4.6896	4.1200	508,099,248	4.6690	4.6500
		Debt Service	420,814,238	0.9900	0.9900	462,971,419	0.9900	0.9900	508,099,248	0.9900	0.9900
	Missouri City 56 School District	Operating Funds-Schools	4,917,806	4.4262	3.8283	4,995,101	4.4551	3.9234	5,485,869	4.2595	3.7868
	North Kansas City 74 School Dist	Operating Funds-Schools	1,651,719,001	4.2098	4.1298 B	1,681,536,077	4.2098	4.1398	1,766,875,977	4.2098	4.1498
		Debt Service	1,651,719,001	0.5207	0.5207	1,681,536,077	0.7100	0.7100	1,766,875,977	0.7900	0.7900
	Clay County	General Revenue	2,615,763,707	0.2735	0.0000	2,711,111,184	0.2735	0.0000	2,893,004,354	0.0000	0.0000
		Parks & Recreation	2,615,763,707	0.1000	0.0000	2,711,111,184	0.1000	0.0000	2,893,004,354	0.0000	0.0000
		Road & Bridge	2,615,763,707	0.2735	0.0000	2,711,111,184	0.2735	0.0000	2,893,004,354	0.0000	0.0000
Clinton	Cameron Ambulance District	General Revenue	72,178,363	0.1911	0.1911	75,101,147	0.1911	0.1911	80,352,975	0.1886	0.1886
	Tri-County Ambulance District	General Revenue	136,964,865	0.1845	0.1845	129,516,430	0.1845	0.1845	145,255,342	0.1734	0.1734
	Cameron Spec Rd Dist Clinton Co	Road & Bridge	42,552,978	0.2517	0.2517	43,547,408	0.2522	0.2522	47,698,709	0.2430	0.2430
		Special Road and Bridge	42,552,978	0.3500	0.3500 B	43,547,408	0.3500	0.3500 A	47,698,709	0.3372	0.3372
	Plattsburg Spec Rd Dist Clinton Co	Road & Bridge	28,192,115	0.2676	0.2676	28,843,556	0.2676	0.2676	31,069,622	0.2614	0.2614
		Special Road and Bridge	28,192,115	0.3500	0.3500	28,843,556	0.3500	0.3500	31,069,622	0.3500	0.3500 A
	City of Cameron	General Revenue	51,533,829	0.5862	0.6164	53,927,688	0.5826	0.6115	57,743,442	0.5757	0.6022 c
		Parks & Recreation	51,533,829	0.1440	0.1514	53,927,688	0.1431	0.1502	57,743,442	0.1414	0.1479 c
		Library	51,533,829	0.1646	0.1731	53,927,688	0.1636	0.1717	57,743,442	0.1617	0.1692 c
		Band Revenue	51,533,829	0.0823	0.0865	53,927,688	0.0818	0.0858	57,743,442	0.0808	0.0846 c
	City of Gower	General Revenue	10,347,969	0.5531	0.5531	10,703,517	0.5531	0.5531	11,590,491	0.5347	0.5347
	City of Lathrop	General Revenue	14,985,850	0.5708	0.5708	14,801,601	0.5900	0.5900	16,076,650	0.5769	0.5769
		Parks & Recreation	14,985,850	0.1502	0.1502	14,801,601	0.1553	0.1553	16,076,650	0.1518	0.1518
		Debt Service	14,985,850	0.6949	0.6949	14,801,601	0.7587	0.7587	16,076,650	0.5358	0.5358
		General Revenue	19,657,445	0.5841	0.5800	20,250,064	0.5841	0.5841	22,014,328	0.5641	0.5641
	City of Plattsburg	Lights	19,657,445	0.2500	0.1400 A	20,250,064	0.2500	0.0665	22,014,328	0.2415	0.0865
		Police	19,657,445	0.2216	0.2200	20,250,064	0.2216	0.2216	22,014,328	0.2140	0.2140
		Band	19,657,445	0.0200	0.0200	20,250,064	0.0200	0.0200	22,014,328	0.0193	0.0000
		Cemetery	19,657,445	0.0200	0.0200 A	20,250,064	0.0200	0.0200	22,014,328	0.0193	0.0193
		Park	19,657,445	0.1410	0.1400	20,250,064	0.1410	0.1410	22,014,328	0.1362	0.1362
		Recreation	19,657,445	0.0500	0.0500	20,250,064	0.0500	0.0500	22,014,328	0.0483	0.0483
	City of Trimble	General Revenue	3,571,043	0.3514	0.3514	4,145,349	0.3521	0.3500	4,738,534	0.3385	0.3385
		Debt Service	3,571,043	1.1500	1.1500	4,145,349	1.1500	1.1500	4,738,534	1.1500	1.1500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Clinton	Village of Turney	General Revenue	995,282	0.3433	0.3433	1,015,993	0.3430	0.3430	1,021,913	0.3456	0.3456
	Gower Fire Protection District	General Revenue	24,713,133	0.2605	0.2605	26,015,965	0.2597	0.2597	27,470,704	0.2585	0.2585
	Lathrop Fire Protection District	General Revenue	32,630,753	0.2702	0.2702	33,858,652	0.2702	0.2702	35,621,130	0.2682	0.2682
	Plattsburg Fire Protection District	General Revenue	39,404,080	0.2410	0.2410	40,780,154	0.2410	0.2410	43,834,217	0.2359	0.2359
	Cameron Fire Protection District	General Revenue	26,034,261	0.2712	0.2712	27,186,372	0.2727	0.2727	28,700,958	0.2727	0.2727
	Cameron R-I School District	Operating Funds-Schools	77,749,357	3.6406	3.6400	79,932,387	3.6611	3.6400	85,840,017	3.5840	3.5840
		Debt Service	77,749,357	0.4800	0.4800	79,932,387	0.4800	0.4800	85,840,017	0.4800	0.4800
	Lathrop R-II School District	Operating Funds-Schools	39,913,885	3.6056	3.2144	41,144,768	3.6362	3.6362	43,638,629	3.6400	3.6400
		Debt Service	39,913,885	0.2404	0.2404	41,144,768	0.2859	0.2859	43,638,629	0.2434	0.2434
	Clinton County R-III School Dist	Operating Funds-Schools	47,720,666	3.5483	3.2183 B	49,694,975	3.5478	3.2347	54,728,636	3.4372	3.1634
		Debt Service	47,720,666	1.0000	1.0000	49,694,975	1.0000	1.0000	54,728,636	1.0000	1.0000
	Clinton County	General Revenue	178,366,521	0.3536	0.2076	183,280,711	0.3542	0.2121	198,700,839	0.3454	0.2150
		Common Road District	107,621,428	0.2803	0.2803	110,889,747	0.2809	0.2809	119,932,508	0.2751	0.2751
		Health	178,366,521	0.0909	0.0909	183,280,711	0.0910	0.0910	198,700,839	0.0887	0.0887
		Senate Bill 40	178,366,521	0.0909	0.0909	183,280,711	0.0910	0.0910	198,700,839	0.0887	0.0887
		Special Road and Bridge	107,621,428	0.3500	0.3500	110,889,747	0.3500	0.3500	119,932,508	0.3500	0.3500 A
Cole	Village of Centertown	General Revenue	2,602,192	0.7055	0.7055	2,731,951	0.7089	0.7089	3,120,432	0.6679	0.6679
	City of Jefferson City	General Revenue	586,818,784	0.5711	0.4800	603,186,672	0.5711	0.4800	649,622,736	0.5556	0.4800
		Parks & Recreation	586,818,784	0.1803	0.1600	603,186,672	0.1803	0.1600	649,622,736	0.1754	0.1600
		Firemen Retirement	586,818,784	0.1000	0.0800	603,186,672	0.1000	0.0800	649,622,736	0.0973	0.0973
	City of Lohman	General Revenue	1,514,705	0.2900	0.2900	1,589,092	0.2912	0.2912	1,797,393	0.2645	0.2645
		Debt Service	1,514,705	0.3449	0.3449	1,589,092	0.3248	0.3248	1,797,393	0.3678	0.3678
	City of Russellville	General Revenue	5,645,669	0.7700	0.7500	5,665,880	0.7749	0.7500	6,100,728	0.7450	0.7450
	City of Taos	General Revenue	7,126,486	0.2920	0.2920	7,652,243	0.2931	0.2920	8,398,644	0.2794	0.2794
	Jeff City/Cole County Library Dist	General Revenue	918,734,309	0.2000	0.2000	948,027,628	0.2000	0.2000	1,027,821,761	0.1934	0.1934
	Cole County Fire Protection Dist	General Revenue	131,287,637	0.2994	0.2994	137,241,808	0.2994	0.2994	149,885,079	0.2881	0.2881
	Regional West Fire Protection Dist	General Revenue	109,040,515	0.3000	0.3000	114,292,256	0.3000	0.3000	124,382,471	0.2915	0.2915
	Osage Fire Protection District	General Revenue	77,124,681	0.3000	0.3000 A	82,469,579	0.3000	0.3000	95,224,186	0.2889	0.2889
	Russellville-Lohman Fire Prot Dist	General Revenue	**	**	**	**	**	**	34,415,229	0.3000	0.3000 A
	Cole Co R-I School District	Operating Funds-Schools	33,497,299	3.4347	2.7500	34,856,371	3.4098	2.7500	37,807,372	3.2808	2.7500
		Debt Service	33,497,299	0.8800	0.8800	34,856,371	0.8800	0.8800	37,807,372	0.8800	0.8800
	Cole Co R-II School District	Operating Funds-Schools	51,392,902	2.9788	2.7500	54,516,199	2.9731	2.7500	60,814,220	2.8317	2.7500
		Debt Service	51,392,902	0.6100	0.6100	54,516,199	0.6100	0.6100	60,814,220	0.6100	0.6100
	Cole Co. R-V School District	Operating Funds-Schools	39,081,378	3.4424	2.9500	41,236,471	3.4467	2.9500	45,555,123	3.3275	2.9500
		Debt Service	39,081,378	0.7000	0.7000	41,236,471	0.7000	0.7000	45,555,123	0.7000	0.7000
	Jefferson City School District	Operating Funds-Schools	838,236,639	3.2664	2.9215	867,404,492	3.5605	3.2369 B	936,524,947	3.7642	3.4642 B
		Debt Service	838,236,639	0.2485	0.2485	867,404,492	0.2485	0.2485	936,524,947	0.2470	0.2470
	Cole County	General Revenue	918,734,309	0.3500	0.3400	948,027,628	0.3500	0.3400	1,027,821,761	0.3384	0.3384
		Road & Bridge	918,734,309	0.2905	0.2700	948,027,628	0.2905	0.2700	1,027,821,761	0.2809	0.2700

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Cole	Cole County	Senate Bill 40	918,734,309	0.0902	0.0902	948,027,628	0.0902	0.0902	1,027,821,761	0.0872	0.0872
Cooper	Cooper County Ambulance District	General Revenue	146,241,092	0.1200	0.1200	160,478,135	0.1200	0.1200	166,202,701	0.1200	0.1200
	Cooper County Memorial Hospital	General Revenue	146,241,092	0.1500	0.1500	160,478,135	0.1500	0.1500	166,202,701	0.1500	0.1500
	Cooper Co Nursing Home District	General Revenue	26,465,158	0.1400	0.1400	26,541,319	0.1425	0.1400	27,505,984	0.1420	0.1400
	City of Blackwater	General Revenue	900,124	0.9643	0.9643	954,248	0.9643	0.9643	986,657	0.9575	0.9575
		Debt Service	900,124	0.7763	0.7763	954,248	0.7860	0.7860	986,657	0.7601	0.7601
	City of Boonville	General Revenue	57,289,474	0.6494	0.6200	70,859,033	0.6494	0.6200	71,158,399	0.6580	0.6200
	City of Bunceton	General Revenue	1,502,095	0.9814	0.9814	1,519,746	0.9944	0.9944	1,543,590	0.9944	0.9944
	City of Otterville	General Revenue	2,406,168	0.8000	0.8000	2,393,647	0.8079	0.8079	2,389,108	0.8105	0.8105
		Debt Service	2,406,168	0.2140	0.2140	**	**	**	**	**	**
	City of Pilot Grove	General Revenue	3,801,960	0.6910	0.6910	4,059,593	0.6930	0.6930	4,219,516	0.6930	0.6930
	City of Prairie Home	General Revenue	1,090,172	0.4835	0.4800	1,169,083	0.4932	0.4835	1,281,470	1.0000	1.0000 B
	Village of Wooldridge	General Revenue	156,873	0.6266	0.6266	168,245	0.6267	0.6267	160,165	0.6586	0.6586
	Cooper Co Fire Protection Dist	General Revenue	38,185,865	0.4800	0.4800	38,321,771	0.4909	0.4909	41,362,083	0.4802	0.4802
	Otterville Fire Protection District	General Revenue	9,173,008	0.3000	0.3000	9,309,801	0.3000	0.3000	9,703,602	0.2990	0.2990
	Prairie Home Rural Fire Prot Dist	General Revenue	5,742,517	0.2600	0.2600 A	6,408,953	0.2600	0.2600	7,003,855	0.2555	0.2555
	Blackwater R-II School District	Operating Funds-Schools	5,906,003	3.4715	3.2300	6,143,044	3.4783	3.2300	6,318,471	3.3864	3.2300
	Cooper Co. R-IV School District	Operating Funds-Schools	6,155,054	4.4999	4.4999	6,420,539	4.4246	4.4246	6,743,012	4.5239	4.5239
		Debt Service	6,155,054	0.7671	0.7671	6,420,539	0.8770	0.8770	6,743,012	0.6630	0.6630
	Prairie Home R-V School District	Operating Funds-Schools	7,582,705	3.9781	3.9781	8,051,815	4.0399	4.0399	8,651,508	4.0534	4.0534
		Debt Service	7,582,705	0.5283	0.5283	8,051,815	0.4683	0.4683	8,651,508	0.4683	0.4683
	Otterville R-VI School District	Operating Funds-Schools	9,216,688	3.6659	3.6659	9,394,297	3.7609	3.7609	10,039,529	3.7726	3.7726
		Debt Service	9,216,688	0.7985	0.7985	9,394,297	0.8005	0.8005	10,039,529	0.6684	0.6684
	Pilot Grove C-4 School District	Operating Funds-Schools	12,023,695	3.3764	3.0000	12,486,364	3.3231	3.0000	13,050,517	3.3815	3.1050
		Operating Funds Temp	12,023,695	0.7000	0.7000	12,486,364	0.7000	0.7000	13,050,517	0.6950	0.6950
		Debt Service	12,023,695	0.6300	0.6300	12,486,364	0.6300	0.6300	13,050,517	0.6300	0.6300
	Boonville R-I School District	Operating Funds-Schools	80,444,814	3.4194	3.3700	95,363,585	3.4620	3.4620	98,373,175	3.5091	3.5091
		Debt Service	80,444,814	0.5800	0.5800	95,363,585	0.4800	0.4800	98,373,175	0.4300	0.4300
	Cooper County	General Revenue	146,241,092	0.4200	0.1000	160,478,135	0.4229	0.1000	166,202,701	0.4229	0.1500
		Road & Bridge	146,241,092	0.3100	0.3100	160,478,135	0.3121	0.3121	166,202,701	0.3121	0.3121
		Senate Bill 40	146,241,092	0.2000	0.2000	160,478,135	0.2000	0.2000	166,202,701	0.2000	0.2000
Crawford	North Crawford Co Ambulance Dist	General Revenue	120,759,478	0.2789	0.2789	124,980,941	0.2790	0.2790	131,008,656	0.2790	0.2790
	Steelville Ambulance District	General Revenue	42,529,530	0.3326	0.3500 D	44,442,015	0.3326	0.3500 D	45,329,316	0.3326	0.3500 D
	City of Bourbon	General Revenue	8,446,519	0.5753	0.5753	8,777,568	0.5761	0.5753	8,933,915	0.5761	0.5753
		Parks & Recreation	8,446,519	0.0878	0.0878	8,777,568	0.0879	0.0878	8,933,915	0.0879	0.0878
		Police	8,446,519	0.2730	0.2730	8,777,568	0.2734	0.2730	8,933,915	0.2734	0.2730
		General Revenue	1,174,089	0.4649	0.4649	1,162,541	0.4695	0.4695	1,169,054	0.4718	0.4718
	City of Steelville	General Revenue	10,371,179	0.3328	0.3328	10,721,817	0.3500	0.3500	11,095,250	0.3500	0.3500
	Crawford County Library District	General Revenue	173,670,063	0.0964	0.0964	180,281,100	0.0964	0.0964	187,096,658	0.0964	0.0964

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Crawford	Bourbon Fire District	General Revenue	31,801,883	0.2885	0.2885	32,985,016	0.2885	0.2885	33,602,440	0.2885	0.2885
	Steelville Fire Protection Dist	General Revenue	47,639,504	0.2044	0.2044	49,694,835	0.2044	0.2044	51,824,957	0.2044	0.2044
	Crawford Co R-I School District	Operating Funds-Schools	40,753,676	2.7500	2.7500 B	42,068,948	2.7500	2.7500 B	43,060,440	3.2268	3.2268 B
		Debt Service	40,753,676	0.7300	0.7300	42,068,948	0.7961	0.7961	43,060,440	0.7961	0.7961
	Crawford Co R-II School District	Operating Funds-Schools	71,921,853	3.0421	2.7500	74,487,651	3.0550	2.7500	79,571,973	3.0561	2.7500
		Debt Service	71,921,853	0.6100	0.6100	74,487,651	0.6100	0.6100	79,571,973	0.6100	0.6100
	Steelville R-III School District	Operating Funds-Schools	35,973,800	3.3294	3.3294	37,675,734	3.3133	3.3133	38,527,492	3.3109	3.3109
	Crawford County	General Revenue	182,678,396	0.3021	0.0749	191,384,782	0.3021	0.0821	198,062,152	0.3021	0.0793
		Road & Bridge	182,678,396	0.2143	0.2143	191,384,782	0.2143	0.2143	198,062,152	0.2143	0.2143
		Senate Bill 40	182,678,396	0.0973	0.0973	191,384,782	0.0973	0.0973	198,062,152	0.0973	0.0973
		Senior Services	182,678,396	0.0486	0.0486	191,384,782	0.0486	0.0486	198,062,152	0.0486	0.0486
Dade	Dade County Ambulance District	General Revenue	71,790,091	0.0900	0.0900	73,015,203	0.0902	0.0902	76,035,741	0.0900	0.0900
	Dade County Nursing Home	General Revenue	52,220,002	0.1305	0.1305	53,307,570	0.1307	0.1307	55,560,075	0.1300	0.1300
	Good Shepherd Nursing Home Dist	General Revenue	19,981,639	0.1606	0.1500	19,693,255	0.1648	0.1648	20,461,185	0.1648	0.1648
		Debt Service	19,981,639	0.3800	0.3800	19,693,255	0.3800	0.3800	20,461,185	0.3652	0.3652
	Bona Special Road Dist Dade Co	Road & Bridge	497,770	0.4323	0.4323	506,187	0.4319	0.4319	528,406	0.4265	0.4265
	Dry Bone Special Road Dist Dade Co	Road & Bridge	313,657	0.3054	0.3054	334,899	0.3000	0.3000	379,020	0.2864	0.2864
	Maze Creek Spec Road Dist Dade Co	Road & Bridge	345,287	0.5000	0.5000	365,555	0.4853	0.4853	370,418	0.4885	0.4885
	Sac Special Road Dist #1 Dade Co	Road & Bridge	500,031	0.3538	0.3538	571,292	0.3541	0.3541	681,072	0.3138	0.3138
	Sac Special Road Dist #2 Dade Co	Road & Bridge	841,817	0.2416	0.2416	818,328	0.2509	0.2509	866,805	0.2443	0.2443
	Shannon Valley Spec Rd Dist Dade Co	Road & Bridge	352,830	0.3645	0.3645	538,003	0.2869	0.2869	534,583	0.2919	0.2919
	Southeast Special Road Dist Dade Co	Road & Bridge	247,375	0.3749	0.3749	256,476	0.3755	0.3755	265,930	0.3757	0.3757
		Road & Bridge	604,670	0.3184	0.3184	680,340	0.2961	0.2961	684,650	0.3099	0.3099
	Birchwood Special Road District	Special Road and Bridge	604,670	0.2500	0.2500	680,340	0.2325	0.2325	684,650	0.2434	0.2434
		General Revenue	1,105,554	0.4675	0.4675	1,127,386	0.4659	0.4659	1,178,463	0.4659	0.4659
	City of Everton	General Revenue	1,285,637	1.0267	1.0267	1,329,063	1.0203	1.0203	1,342,588	1.0271	1.0271
		Parks & Recreation	1,285,637	0.0821	0.0821	1,329,063	0.0816	0.0816	1,342,588	0.0822	0.0822
	City of Greenfield	General Revenue	9,033,728	0.4740	0.4740	9,039,432	0.4781	0.4781	9,310,899	0.4781	0.4781
		Parks & Recreation	9,033,728	0.1512	0.1512	9,039,432	0.1525	0.1525	9,310,899	0.1525	0.1525
		Streets	9,033,728	0.1916	0.1916	9,039,432	0.1932	0.1932	9,310,899	0.1932	0.1932
	Village of South Greenfield	General Revenue	490,492	0.5075	0.5075	535,925	0.5074	0.5074	499,584	0.5447	0.5447
	City of Lockwood	General Revenue	5,588,215	0.6000	0.6000	5,524,483	0.6143	0.6143	6,016,724	0.6050	0.6050
		Parks & Recreation	5,588,215	0.1600	0.1600	5,524,483	0.1638	0.1638	6,016,724	0.1613	0.1613
		Library	5,588,215	0.1900	0.1900	5,524,483	0.1946	0.1946	6,016,724	0.1917	0.1917
	Dade County Library District	General Revenue	66,225,041	0.1000	0.1000	67,516,598	0.1000	0.1000	70,045,207	0.0999	0.0999
	Cedar Township of Dade Co	Road & Bridge	3,450,104	0.3731	0.3731	3,562,238	0.3791	0.3791	3,783,698	0.3749	0.3749
		Special Road and Bridge	3,450,104	0.1300	0.1300	3,562,238	0.1300	0.1300	3,783,698	0.1300	0.1300 A
	Center Township of Dade Co	Road & Bridge	16,476,766	0.3418	0.3418	16,606,734	0.3441	0.3441	17,112,756	0.3441	0.3441
	Ernest Township of Dade Co	Road & Bridge	1,110,536	0.4150	0.4150	1,077,629	0.4278	0.4278	1,098,696	0.4278	0.4278

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Dade	Grant Township of Dade Co	Road & Bridge	3,697,289	0.3528	0.3528	3,669,543	0.3557	0.3557	3,818,322	0.3557	0.3557
	Lockwood Township of Dade Co	Road & Bridge	10,623,091	0.3300	0.3300	10,704,117	0.3316	0.3316	11,281,818	0.3316	0.3316
	Marion Township of Dade Co	Road & Bridge	3,396,072	0.3700	0.3700	3,498,264	0.3649	0.3649	3,490,261	0.3700	0.3700
	North Morgan Township of Dade Co	Road & Bridge	1,188,741	0.2476	0.2476	1,232,001	0.2427	0.2427	1,350,540	0.2351	0.2351
	North Township of Dade Co	Road & Bridge	3,081,150	0.3963	0.3963	3,015,109	0.4174	0.4174	3,190,390	0.4122	0.4122
	Pilgrim Township of Dade Co	Road & Bridge	1,707,661	0.3300	0.3300	1,672,825	0.3396	0.3396	1,620,039	0.3526	0.3526
		Special Road and Bridge	1,707,661	0.2300	0.2300	1,672,825	0.2300	0.2300	1,620,039	0.2300	0.2300 A
	Polk Township of Dade Co	Road & Bridge	4,274,853	0.3400	0.3400	4,505,809	0.3441	0.3441	4,743,471	0.3401	0.3401
		Special Road and Bridge	4,274,853	0.3300	0.3300	4,505,809	0.3300	0.3300	4,743,471	0.3300	0.3300 A
	Rock Prairie Township of Dade Co	Road & Bridge	7,418,095	0.3656	0.3656	7,867,655	0.3656	0.3656	8,106,719	0.3656	0.3656
		Special Road and Bridge	7,418,095	0.2300	0.2300	7,867,655	0.2300	0.2300	8,106,719	0.2300	0.2300 A
	Sac Township of Dade Co	Road & Bridge	2,362,039	0.2805	0.2805	2,379,869	0.2969	0.2969	2,649,241	0.2969	0.2969
	Smith Township of Dade Co	Road & Bridge	1,856,603	0.4300	0.4300	1,843,644	0.4335	0.4335	1,898,809	0.4335	0.4335
		Special Road and Bridge	1,856,603	0.2500	0.2500 A	1,843,644	0.2500	0.2500	1,898,809	0.2500	0.2500
	South Township of Dade Co	Road & Bridge	2,325,236	0.3865	0.3865	2,312,070	0.3913	0.3913	2,455,585	0.3845	0.3845
		Special Road and Bridge	2,325,236	0.3400	0.3400 A	2,312,070	0.3400	0.3400	2,455,585	0.3341	0.3341
	South Morgan Township of Dade Co	Road & Bridge	2,024,819	0.3959	0.3959	2,424,039	0.3972	0.3972	2,540,307	0.3944	0.3944
	Washington Township of Dade Co	Road & Bridge	2,636,087	0.3300	0.3300	2,673,913	0.3300	0.3300	2,675,749	0.3313	0.3313
	Dadeville Rural Fire Prot Dist	General Revenue	6,387,964	0.2000	0.2000	6,500,591	0.2000	0.2000	7,262,446	0.1957	0.1957
	Dade Co R-4 Rural Fire Prot Dist	General Revenue	28,949,619	0.2000	0.2000	29,476,720	0.2000	0.2000	30,684,585	0.1988	0.1988
	Lockwood R-I School District	Operating Funds-Schools	19,544,080	3.1965	3.1965	19,875,335	3.2901	3.2901	21,352,268	3.2634	3.2634
		Debt Service	19,544,080	0.5500	0.5500	19,875,335	0.5500	0.5500	21,352,268	0.5500	0.5500
	Dadeville R-II School District	Operating Funds-Schools	6,511,465	4.3373	3.3173	6,716,085	4.4035	3.3235	7,267,577	4.2164	3.3564
	Everton R-III School District	Operating Funds-Schools	6,525,112	3.4029	3.1500	6,793,150	3.5383	3.2500	7,115,605	3.3700	3.2700
		Debt Service	6,525,112	0.7000	0.7000	6,793,150	0.7000	0.7000	7,115,605	0.7000	0.7000
	Greenfield R-IV School District	Operating Funds-Schools	25,346,272	2.7500	2.7500 B	25,512,738	2.7500	2.7500 B	26,835,277	2.7500	2.7500 B
		Debt Service	25,346,272	0.9000	0.9000	25,512,738	0.9000	0.9000	26,835,277	0.9000	0.9000
	Dade County	General Revenue	71,790,091	0.2700	0.1400	73,015,203	0.2706	0.1200	76,035,741	0.2701	0.1300
		Health	71,790,091	0.1000	0.1000	73,015,203	0.1000	0.1000	76,035,741	0.0998	0.0998
		Township Tax	71,790,091	0.1000	0.1000	73,015,203	0.1000	0.1000	76,035,741	0.0998	0.0998
Dallas	City of Buffalo	General Revenue	22,384,009	0.5300	0.5300	23,121,503	0.5339	0.5300	24,262,988	0.5339	0.5300
	City of Urbana	General Revenue	2,337,845	0.5420	0.5420	2,290,910	0.5653	0.5653	2,376,320	0.5653	0.5653
		Debt Service	2,337,845	0.2146	0.2146	2,290,910	0.2724	0.2724	2,376,320	0.0227	0.0227
	Dallas County Library	General Revenue	108,964,824	0.1000	0.1000	113,743,493	0.1000	0.1000	120,401,085	0.1000	0.1000
	Southern Dallas Co Fire Prot Dist	General Revenue	14,350,893	0.2989	0.2900	15,149,010	0.2989	0.2900	15,910,170	0.2989	0.2989
	Dallas Co R-I School District	Operating Funds-Schools	76,366,850	2.7500	2.7500 B	82,116,534	2.7500	2.7500 B	86,368,136	3.3500	3.3500 B
	Dallas County	General Revenue	108,964,824	0.3561	0.0100	113,743,493	0.3561	0.0100	120,401,085	0.3561	0.0100
		Road & Bridge	108,964,824	0.2645	0.2600	113,743,493	0.2645	0.2600	120,401,085	0.2645	0.2600
		Health	108,964,824	0.1000	0.1000	113,743,493	0.1000	0.1000	120,401,085	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Daviess	Community Ambulance District	General Revenue	60,550,106	0.3435	0.3435	62,516,188	0.3435	0.3435	65,358,721	0.3435	0.3435
	West Fork of Big Creek Watershed	Main & Op	746,880	0.2873	0.1500	786,050	0.2787	0.1500	792,500	0.2790	0.1500
	Jamesport Spec Rd Dist Daviess Co	Road & Bridge	5,652,203	0.4119	0.4119	5,841,276	0.4137	0.4137	6,356,633	0.3959	0.3959
		Special Road and Bridge	5,652,203	0.2700	0.2700 A	5,841,276	0.2700	0.2700	6,356,633	0.2584	0.2584
	Lock Springs Special Road District	Road & Bridge	1,978,186	0.3691	0.3691	2,028,975	0.3691	0.3691	2,099,182	0.3691	0.3691
		Special Road and Bridge	1,978,186	0.3500	0.3500 A	2,028,975	0.3500	0.3500	2,099,182	0.3500	0.3500
	Daviess County Special Rd Dist #1	Road & Bridge	8,909,539	0.3200	0.3200	9,469,928	0.3180	0.3180	10,086,245	0.3124	0.3124
		Special Road District	8,909,539	0.3500	0.3500	9,469,928	0.3478	0.3478	10,086,245	0.3417	0.3417
		Debt Service	8,909,539	0.7369	0.7369	9,469,928	0.7351	0.7351	10,086,245	0.6731	0.6731
	Village of Altamont	General Revenue	633,050	0.6500	0.6500	620,255	0.6500	0.6500	604,865	0.6500	0.6500
	City of Coffey	General Revenue	402,536	1.0000	1.0000	416,349	1.0000	1.0000	440,097	1.0000	1.0000
	City of Gallatin	General Revenue	10,853,486	0.5968	0.5968	11,123,983	0.5968	0.5968	11,153,108	0.6015	0.6015
		Parks & Recreation	10,853,486	0.2124	0.2124	11,123,983	0.2124	0.2124	11,153,108	0.2141	0.2141
		Band	10,853,486	0.0200	0.0200	11,123,983	0.0200	0.0200	11,153,108	0.0200	0.0200
	City of Jamesport	General Revenue	2,252,703	0.7651	0.7651	2,332,742	0.7754	0.7754	2,391,774	0.7754	0.7754
		Parks & Recreation	2,252,703	0.1812	0.1812	2,332,742	0.1836	0.1836	2,391,774	0.1836	0.1836
	Village of Jameson	General Revenue	375,811	0.5000	0.5000	381,598	0.5000	0.5000	400,810	0.5000	0.5000
	Village of Lock Springs	General Revenue	230,911	0.4997	0.4100	211,958	0.5000	0.4100	192,285	0.5000	0.4100
	City of Pattonsburg	General Revenue	1,646,331	0.9723	0.9723	1,795,232	0.9970	0.9970	1,768,210	1.0000	1.0000
	Village of Winston	General Revenue	843,469	0.4744	0.4744	804,526	0.5000	0.5000	861,258	0.4928	0.4928
		Streets	843,469	0.2999	0.2999	804,526	0.3000	0.3000	861,258	0.2957	0.0000
	Daviess County Library	General Revenue	70,927,605	0.2000	0.2000	73,304,129	0.1982	0.1982	76,476,921	0.1982	0.1982
	Benton Township of Daviess Co	General Revenue	3,930,796	0.1000	0.1000	4,061,985	0.1000	0.1000	4,177,695	0.1000	0.1000
		Road & Bridge	3,930,796	0.5000	0.5000	4,061,985	0.5000	0.5000	4,177,695	0.5000	0.5000
	Colfax Township of Daviess Co	General Revenue	3,885,530	0.1000	0.1000	3,891,504	0.1000	0.1000	4,273,449	0.1000	0.1000
		Road & Bridge	3,885,530	0.4949	0.4949	3,891,504	0.5000	0.5000	4,273,449	0.5000	0.5000
		Special Road and Bridge	3,885,530	0.2500	0.2500	3,891,504	0.2500	0.2500	4,273,449	0.2500	0.2500 A
	Grand River Township of Daviess Co	General Revenue	3,179,965	0.1000	0.1000	3,214,514	0.1000	0.1000	3,297,092	0.1000	0.1000
		Road & Bridge	3,179,965	0.5000	0.5000	3,214,514	0.5000	0.5000	3,297,092	0.5000	0.5000
		Special Road and Bridge	3,179,965	0.3500	0.3500	3,214,514	0.3500	0.3500	3,297,092	0.3500	0.3500 A
	Harrison Township of Daviess Co	General Revenue	1,630,076	0.0998	0.0998	1,678,200	0.0996	0.0996	1,674,642	0.1000	0.1000
		Road & Bridge	1,630,076	0.4893	0.4893	1,678,200	0.4882	0.4882	1,674,642	0.4937	0.4937
		Special Road and Bridge	1,630,076	0.3500	0.3500 A	1,678,200	0.3492	0.3492	1,674,642	0.3500	0.3500
	Jackson Township of Daviess Co	General Revenue	5,053,370	0.1000	0.1000	5,155,536	0.1000	0.1000	5,514,651	0.0989	0.0989
		Road & Bridge	3,075,184	0.4903	0.4903	3,126,561	0.4903	0.4903	3,415,469	0.4789	0.4789
		Special Road and Bridge	3,075,184	0.3500	0.3500	3,126,561	0.3500	0.3500	3,415,469	0.3500	0.3500 A
	Jamesport Township of Daviess Co	General Revenue	5,652,203	0.1000	0.1000	5,841,276	0.1000	0.1000	6,356,633	0.0957	0.0957
	Jefferson Township of Daviess Co	General Revenue	3,352,849	0.1000	0.1000	3,506,114	0.1000	0.1000	3,671,094	0.1000	0.1000
		Road & Bridge	3,352,849	0.4426	0.4426	3,506,114	0.4427	0.4427	3,671,094	0.4455	0.4455

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Daviess	Jefferson Township of Daviess Co	Special Road and Bridge	3,352,849	0.3500	0.3500	3,506,114	0.3500	0.3500	3,671,094	0.3500	0.3500 A
	Liberty Township of Daviess Co	General Revenue	11,637,092	0.0900	0.0900	12,204,276	0.0900	0.0900	13,100,058	0.0887	0.0887
		Road & Bridge	2,727,553	0.5000	0.5000	2,734,408	0.5000	0.5000	3,013,813	0.5000	0.5000
	Lincoln Township of Daviess Co	General Revenue	3,472,639	0.1000	0.1000	3,431,613	0.1000	0.1000	3,522,292	0.1000	0.1000
		Road & Bridge	3,472,639	0.5000	0.5000	3,431,613	0.5000	0.5000	3,522,292	0.5000	0.5000
		Special Road and Bridge	3,472,639	0.3500	0.3000	3,431,613	0.3500	0.2000	3,522,292	0.2000	0.2000 A
	Marion Township of Daviess Co	General Revenue	3,164,168	0.1000	0.1000	3,340,067	0.0991	0.0991	3,310,975	0.1000	0.1000
		Road & Bridge	3,164,168	0.5000	0.5000	3,340,067	0.4954	0.4954	3,310,975	0.5000	0.5000
		Special Road and Bridge	3,164,168	0.3500	0.3500	3,340,067	0.3467	0.3467	3,310,975	0.3500	0.3500 A
	Monroe Township of Daviess Co	General Revenue	1,932,837	0.1000	0.1000	2,014,422	0.1000	0.1000	2,120,551	0.1000	0.1000
		Road & Bridge	1,932,837	0.4747	0.4747	2,014,422	0.4747	0.4747	2,120,551	0.4747	0.4747
		Special Road and Bridge	1,932,837	0.3500	0.3500	2,014,422	0.3500	0.3500	2,120,551	0.3500	0.3500 A
		Debt Service	1,932,837	0.6778	0.6778	2,014,422	0.6778	0.6778	2,120,551	0.6064	0.6064
	Salem Township of Daviess Co	General Revenue	4,042,313	0.1000	0.1000	4,261,005	0.0974	0.0974	4,438,444	0.0978	0.0978
		Road & Bridge	4,042,313	0.4720	0.4720	4,261,005	0.4598	0.4598	4,438,444	0.4615	0.4615
		Special Road and Bridge	4,042,313	0.3500	0.3500 A	4,261,005	0.3410	0.3410	4,438,444	0.3423	0.3423
	Sheridan Township of Daviess Co	General Revenue	2,781,757	0.1000	0.1000	3,107,158	0.0964	0.0964	3,345,095	0.0964	0.0964
		Road & Bridge	2,781,757	0.4643	0.4643	3,107,158	0.4478	0.4478	3,345,095	0.4478	0.4478
		Special Road and Bridge	2,781,757	0.3500	0.3500 A	3,107,158	0.3376	0.3376	3,345,095	0.3376	0.3376
		Special Road-Temp	2,781,757	0.1000	0.0000	**	**	**	**	**	**
	Union Township of Daviess Co	General Revenue	14,805,387	0.0907	0.0500	15,131,508	0.0907	0.0500	15,172,189	0.0911	0.0500
		Road & Bridge	14,805,387	0.3829	0.3000	15,131,508	0.3829	0.2500	15,172,189	0.3847	0.3000
	Washington Township of Daviess Co	General Revenue	2,404,390	0.1000	0.1000	2,464,951	0.1000	0.1000	2,502,061	0.1000	0.1000
		Road & Bridge	2,404,390	0.5000	0.5000	2,464,951	0.5000	0.5000	2,502,061	0.5000	0.5000
		Special Road and Bridge	2,404,390	0.3500	0.3500 A	2,464,951	0.3500	0.3500	2,502,061	0.3500	0.3500
	KAW Fire Protection District	General Revenue	16,810,328	0.5000	0.5000	17,417,484	0.5000	0.5000	18,446,052	0.5000	0.5000
	Jameson Fire Protection District	General Revenue	3,739,327	0.3000	0.3000	3,957,861	0.2995	0.2995	4,178,983	0.2995	0.2995
	Coffey Fire Protection District	General Revenue	3,488,706	0.3000	0.3000	3,653,354	0.3000	0.3000	3,850,000	0.3000	0.3000
	Pattonsburg Rescue & Fire Prot Dist	General Revenue	9,043,038	0.3000	0.3000	9,237,813	0.3000	0.3000	9,394,100	0.3000	0.3000
	Gallatin Fire Protection District	General Revenue	18,802,968	0.3000	0.3000 A	18,754,328	0.3000	0.3000	19,680,103	0.2969	0.2969
	Pattonsburg R-II School District	Operating Funds-Schools	8,986,848	4.5336	4.5336	9,492,116	4.4790	4.4790	9,645,407	4.4781	4.4781
		Debt Service	8,986,848	0.6412	0.6412	9,492,116	0.6070	0.6070	9,645,407	0.3840	0.3840
	Winston R-VI School District	Operating Funds-Schools	10,596,946	3.9520	3.9520	11,380,035	3.9015	3.9015	12,173,295	3.9263	3.9263
		Debt Service	10,596,946	0.2002	0.2002	11,380,035	0.2507	0.2507	12,173,295	0.1838	0.1838
	North Daviess R-III School District	Operating Funds-Schools	6,848,146	5.4500	5.4500	7,069,088	5.4500	5.4500	7,391,263	5.3797	5.3797
	Gallatin R-V School District	Operating Funds-Schools	24,823,423	4.0321	3.8021	25,369,287	4.0573	3.8073	26,212,475	4.0870	3.8070
	Tri-County R-VII School District	Operating Funds-Schools	9,848,401	4.3777	4.3777	10,310,292	4.3929	4.3929	11,241,109	4.3000	4.3000
	Daviess County	General Revenue	70,927,605	0.3858	0.2900	73,304,129	0.3858	0.2900	76,476,921	0.3858	0.2900
		Health	70,927,605	0.2600	0.2600 B	73,304,129	0.2600	0.2600	76,476,921	0.2600	0.2600

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Daviess	Daviess County	Senate Bill 40	70,927,605	0.1000	0.1000	73,304,129	0.1000	0.1000	76,476,921	0.1000	0.1000
De Kalb	DeKalb-Clinton Ambulance Dist No 1	General Revenue	54,897,359	0.2430	0.2430	55,865,847	0.2430	0.2430	56,803,572	0.2431	0.2431
	Grindstone-Lost-Muddy-Creek Sub Dis	General Revenue	19,844,700	0.1568	0.1568	20,536,380	0.1568	0.1568	21,292,950	0.1568	0.1568
	Village of Amity	General Revenue	281,147	0.4134	0.4134	305,584	0.4178	0.4178	308,670	0.4205	0.4205
	City of Clarksdale	General Revenue	1,293,516	0.6635	0.6635	1,339,114	0.6634	0.6634	1,348,076	0.6651	0.6651
		Lights	1,293,516	0.2073	0.2073	1,339,114	0.2073	0.2073	1,348,076	0.2078	0.2078
		Streets	1,293,516	0.2280	0.2280	1,339,114	0.2280	0.2280	1,348,076	0.2286	0.2286
		Debt Service	1,293,516	0.5807	0.5807	1,339,114	1.5402	1.5402	1,348,076	1.4046	1.4046
	City of Maysville	General Revenue	6,851,338	0.7987	0.7987	6,856,245	0.8114	0.8114	6,959,663	0.8130	0.8130
	City of Stewartsville	General Revenue	4,269,702	0.5421	0.5421	4,375,111	0.5421	0.5421	4,527,059	0.5421	0.5421
		Lights	4,269,702	0.1305	0.1305	4,375,111	0.1305	0.1305	4,527,059	0.1305	0.1305
	City of Union Star	General Revenue	1,860,313	0.3902	0.3902	1,830,423	0.3986	0.3986	1,853,016	0.3986	0.3986
		Lights	1,860,313	0.3301	0.3301	1,830,423	0.3372	0.2500	1,853,016	0.3372	0.3372
		Streets	1,860,313	0.3001	0.3001	1,830,423	0.3066	0.3066	1,853,016	0.3066	0.3066
		Debt Service	1,860,313	0.3032	0.3032	1,830,423	0.4661	0.4661	1,853,016	0.4560	0.4560
	Village of Weatherby	General Revenue	446,109	0.4217	0.4217	444,631	0.4253	0.4253	433,827	0.4373	0.4373
		General Revenue-Temp	446,109	0.2999	0.2999	444,631	0.3000	0.3000	433,827	0.3000	0.3000
		general revenu - temp (2)	**	**	**	**	**	**	433,827	0.3000	0.0000 A
	City of Osborn	General Revenue	2,859,468	0.7381	0.7381	2,842,911	0.7482	0.7482	2,811,688	0.7638	0.7638
	Adams Township of DeKalb Co	General Revenue	5,538,172	0.1000	0.1000	5,536,924	0.1000	0.1000	5,669,491	0.1000	0.1000
		Road & Bridge	5,538,172	0.3681	0.3681	5,536,924	0.3745	0.3745	5,669,491	0.3746	0.3746
		Special Road and Bridge	5,538,172	0.1400	0.1400	5,536,924	0.1400	0.1400	5,669,491	0.1400	0.1400 A
	Camden Township of DeKalb Co	General Revenue	13,658,879	0.1000	0.1000	13,942,900	0.1000	0.1000	14,165,056	0.1000	0.1000
		Road & Bridge	13,658,879	0.3514	0.3514	13,942,900	0.3530	0.3530	14,165,056	0.3538	0.3538
	Colfax Township of DeKalb Co	General Revenue	7,108,392	0.1000	0.1000	7,075,113	0.1000	0.1000	7,242,667	0.1000	0.1000
		Road & Bridge	7,108,392	0.4064	0.4064	7,075,113	0.4135	0.4135	7,242,667	0.4135	0.4135
	Dallas Township of DeKalb Co	General Revenue	3,176,510	0.1000	0.1000	3,109,757	0.1000	0.1000	3,177,855	0.1000	0.1000
		Road & Bridge	3,176,510	0.4031	0.4031	3,109,757	0.4154	0.4154	3,177,855	0.4154	0.4154
		Special Road and Bridge	3,176,510	0.3500	0.3500	3,109,757	0.3500	0.3500 A	3,177,855	0.3500	0.3500
	Grand River Township of DeKalb Co	General Revenue	27,183,116	0.1000	0.1000	28,976,602	0.0977	0.0977	30,156,642	0.0977	0.0977
		Road & Bridge	27,183,116	0.3617	0.3617	28,976,602	0.3533	0.3533	30,156,642	0.3533	0.3533
	Grant Township of DeKalb Co	General Revenue	2,778,937	0.1000	0.1000	3,760,705	0.1000	0.1000	3,879,757	0.1000	0.1000
		Road & Bridge	2,778,937	0.5000	0.5000	3,760,705	0.5000	0.5000	3,879,757	0.5000	0.5000
		Special Road and Bridge	2,778,937	0.3500	0.3500 A	3,760,705	0.3500	0.3500	3,879,757	0.3500	0.3500
	Polk Township of DeKalb Co	General Revenue	7,145,673	0.1000	0.1000	7,170,856	0.1000	0.1000	7,042,467	0.1000	0.1000
		Road & Bridge	7,145,673	0.3800	0.3800	7,170,856	0.3819	0.3819	7,042,467	0.3902	0.3902
	Sherman Township of DeKalb Co	General Revenue	5,602,934	0.1000	0.1000	5,617,150	0.1000	0.1000	5,796,914	0.1000	0.1000
		Road & Bridge	5,602,934	0.3852	0.3852	5,617,150	0.3892	0.3892	5,796,914	0.3892	0.3892
		Special Road and Bridge	5,602,934	0.3500	0.3500	5,617,150	0.3500	0.3500	5,796,914	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
De Kalb	Washington Township of DeKalb Co	General Revenue	13,991,264	0.0904	0.0904	14,459,945	0.0904	0.0904	14,849,389	0.0904	0.0904
		Road & Bridge	13,991,264	0.3415	0.3415	14,459,945	0.3415	0.3415	14,849,389	0.3415	0.3415
	Osborn Fire Protection District	General Revenue	8,615,483	0.2456	0.2456	8,768,481	0.2456	0.2456	8,919,301	0.2456	0.2456
	Stewartsville Fire Protection Dist	General Revenue	13,523,884	0.1301	0.1301	13,877,496	0.1301	0.1301	14,366,724	0.1301	0.1301
	Central DeKalb Co Fire Prot Dist	General Revenue	25,509,611	0.2515	0.2515	25,732,784	0.2525	0.2525	26,164,516	0.2525	0.2525
	Clarksdale Fire Protection District	General Revenue	7,536,200	0.2408	0.2408	7,670,662	0.2408	0.2408	8,027,592	0.2408	0.2408
	Union Star Fire Protection District	General Revenue	8,070,128	0.2800	0.2800	8,087,880	0.2805	0.2805	8,078,387	0.2815	0.2815
	Osborn R-O School District	Operating Funds-Schools	7,312,814	4.7218	4.1900	7,372,457	4.7705	4.2500	7,594,819	4.8000	4.6000
		Debt Service	7,312,814	0.5000	0.5000	7,372,457	0.4400	0.4400	7,594,819	0.2400	0.2400
	Maysville R-I School District	Operating Funds-Schools	32,356,213	2.7707	2.7707	32,817,183	2.7913	2.7913	33,466,459	2.8214	2.8214
	Union Star R-II School District	Operating Funds-Schools	7,485,183	4.7751	3.9789	7,384,033	4.9865	4.1798	7,539,058	4.9882	4.9882
	Stewartsville C-2 School District	Operating Funds-Schools	9,911,223	3.9683	2.9083	10,048,454	4.0745	2.9945	10,447,658	4.0675	3.0475
		Debt Service	9,911,223	0.3926	0.3926	10,048,454	0.4368	0.4368	10,447,658	0.4154	0.4154
	DeKalb County	General Revenue	87,183,826	0.3022	0.0700	89,650,811	0.3022	0.0500	91,980,197	0.3022	0.0700
		Senate Bill 40	87,183,826	0.0900	0.0900	89,650,811	0.0900	0.0900	91,980,197	0.0900	0.0900
		Senior Services	87,183,826	0.0300	0.0300	89,650,811	0.0300	0.0300	91,980,197	0.0300	0.0300
Dent	Salem Memorial Hospital District	General Revenue	152,625,013	0.2500	0.2500	159,523,672	0.2500	0.2500	161,182,541	0.2500	0.2500
	City of Salem	General Revenue	36,205,290	0.6678	0.6200	37,246,832	0.6684	0.6200	37,512,248	0.6716	0.6200
		Library	36,205,290	0.2934	0.2934	37,246,832	0.2937	0.2937	37,512,248	0.2951	0.2951
	Dent County Fire Protection Dist	General Revenue	68,053,840	0.2431	0.2431	70,439,270	0.2431	0.2431	71,219,851	0.2436	0.2436
	Salem R-80 School District	Operating Funds-Schools	49,621,950	2.7500	2.7500 B	51,229,540	2.7500	2.7500 B	51,607,960	2.7500	2.7500 B
		Debt Service	49,621,950	0.6800	0.6800	51,229,540	0.6800	0.6800	51,607,960	0.6800	0.6800
	Oak Hill R-I School District	Operating Funds-Schools	8,781,810	3.2587	3.1900 B	9,125,405	3.2591	3.1900	9,276,205	3.2470	3.1900
	Green Forest R-II School District	Operating Funds-Schools	10,723,300	2.5075	2.5100 D	11,293,650	2.5275	2.5300 D	11,883,440	2.5389	2.5389
		Operating Funds-Temp	10,723,300	0.2500	0.2500	11,293,650	0.2500	0.2500	11,883,440	0.2500	0.2500
	Dent-Phelps R-III School District	Operating Funds-Schools	17,608,535	2.7500	2.7500 B	18,773,315	2.7500	2.7500 B	18,774,380	2.7500	2.7500 B
	North Wood R-IV School District	Operating Funds-Schools	12,205,563	2.7931	2.7900	12,453,100	2.8174	2.8174	12,779,769	2.8070	2.8070
	Dent County	General Revenue	108,160,220	0.3867	0.0350	112,145,861	0.3867	0.0350	114,105,182	0.3867	0.0350
		Road & Bridge	108,160,220	0.2850	0.2550	112,145,861	0.2850	0.2550	114,105,182	0.2850	0.2550
		Health	108,160,220	0.1000	0.1000	112,145,861	0.1000	0.1000	114,105,182	0.1000	0.1000
		Senate Bill 40	108,160,220	0.1831	0.1600	112,145,861	0.1831	0.1600	114,105,182	0.1831	0.1800
		Senior Services	108,160,220	0.0500	0.0500	112,145,861	0.0500	0.0500	114,105,182	0.0500	0.0500
Douglas	Ava Ambulance District	General Revenue	68,929,254	0.1105	0.1105	72,253,621	0.1108	0.1108	74,102,133	0.1108	0.1108
	Douglas County Library	General Revenue	92,190,584	0.0807	0.0807	95,938,461	0.0808	0.0808	98,535,626	0.0808	0.0808
	Skyline R-II School District	Operating Funds-Schools	6,167,859	2.7500	2.7500 B	6,292,226	2.7500	2.7500 B	6,541,840	2.7500	2.7500 B
	Plainview R-VIII School District	Operating Funds-Schools	3,886,802	2.8942	2.8942	4,092,348	2.8528	2.8528	4,186,105	2.8420	2.8420
	Ava R-I School District	Operating Funds-Schools	61,151,652	2.6800	2.6800 B	63,905,821	2.6800	2.6800 B	65,593,649	2.6800	2.6800 B
	Douglas County	General Revenue	92,190,584	0.2924	0.1020	95,938,461	0.2927	0.1020	98,535,626	0.2927	0.1250
		Road & Bridge	92,190,584	0.2118	0.2118	95,938,461	0.2120	0.2120	98,535,626	0.2120	0.2120

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Douglas	Douglas County	Health	92,190,584	0.2319	0.2000	95,938,461	0.2321	0.2000	98,535,626	0.2321	0.2000
		Senate Bill 40	92,190,584	0.0807	0.0807	95,938,461	0.0808	0.0808	98,535,626	0.0808	0.0808
Dunklin	City of Arbyrd	General Revenue	2,934,681	0.7324	0.7324	3,082,996	0.7351	0.7351	3,295,294	0.7400	0.7400
	City of Campbell	General Revenue	8,081,748	0.6100	0.0000	7,987,178	0.6211	0.0000	7,893,927	0.6312	0.0000
	City of Cardwell	General Revenue	2,968,302	0.4600	0.4600	2,938,180	0.4688	0.4688	2,831,039	0.4881	0.4881
		Streets	2,968,302	0.1400	0.1400	2,938,180	0.1427	0.1427	2,831,039	0.1486	0.1486
		Debt Service	2,968,302	1.7299	1.7299	2,938,180	1.7322	1.7322	2,831,039	0.4056	0.4056
	City of Clarkton	General Revenue	4,193,172	0.6111	0.6111	4,238,148	0.6145	0.6145	4,295,962	0.6145	0.6145
	City of Holcomb	General Revenue	3,151,583	0.6100	0.6100	2,983,383	0.6469	0.6469	2,975,442	0.6565	0.6565
	City of Hornersville	General Revenue	3,324,430	0.6914	0.6914	3,337,473	0.6931	0.6931	3,375,812	0.6967	0.6967
	City of Kennett	General Revenue	77,449,009	0.5323	0.5300	79,449,679	0.5356	0.5300	80,574,744	0.5380	0.5300
		Parks & Recreation	77,449,009	0.1500	0.1500	79,449,679	0.1500	0.1500	80,574,744	0.1500	0.1500
		Special Park	77,449,009	0.1000	0.1000	79,449,679	0.1000	0.1000	80,574,744	0.1000	0.1000
	City of Malden	General Revenue	27,373,451	0.6320	0.6320	27,754,827	0.6320	0.6320	27,296,979	0.6481	0.6481
	City of Senath	General Revenue	8,461,351	0.6219	0.5700	8,720,915	0.6253	0.5700	8,700,780	0.6342	0.5700
		Health	8,461,351	0.1605	0.1000	8,720,915	0.1614	0.1000	8,700,780	0.1637	0.1000
	Buffalo Township of Dunklin Co	General Revenue	10,282,449	0.1000	0.1000	10,222,440	0.1000	0.1000	10,016,152	0.1000	0.1000
		Road & Bridge	10,282,449	0.2600	0.2600	10,222,440	0.2632	0.2632	10,016,152	0.2694	0.2694
	Clay Township of Dunklin Co	General Revenue	16,885,568	0.1000	0.1000	16,616,433	0.1000	0.1000	16,330,785	0.1000	0.1000
		Road & Bridge	16,885,568	0.2919	0.2919	16,616,433	0.2980	0.2980	16,330,785	0.3048	0.3048
	Cotton Hill Township of Dunklin Co	General Revenue	39,030,565	0.1000	0.1000	39,440,288	0.1000	0.1000	39,150,384	0.1000	0.1000
		Road & Bridge	39,030,565	0.2801	0.2801	39,440,288	0.2801	0.2801	39,150,384	0.2843	0.2843
	Freeborn Township of Dunklin Co	General Revenue	9,520,230	0.1000	0.1000	9,678,765	0.1000	0.1000	9,800,428	0.1000	0.1000
		Road & Bridge	9,520,230	0.2534	0.2534	9,678,765	0.2550	0.2550	9,800,428	0.2552	0.2552
	Holcomb Township of Dunklin Co	General Revenue	11,565,935	0.0900	0.0900	11,412,788	0.0916	0.0900	11,319,744	0.0930	0.0930
		Road & Bridge	11,565,935	0.2200	0.2200	11,412,788	0.2238	0.2200	11,319,744	0.2272	0.2238
	Independence Township of Dunklin Co	General Revenue	100,387,733	0.1000	0.1000	102,962,251	0.1000	0.1000	104,305,122	0.1000	0.1000
		Road & Bridge	100,387,733	0.2404	0.2400	102,962,251	0.2421	0.2421	104,305,122	0.2433	0.2433
	Salem Township of Dunklin Co	General Revenue	23,531,361	0.1000	0.1000	24,174,953	0.1000	0.1000	23,885,513	0.1000	0.1000
		Road & Bridge	23,531,361	0.2700	0.2700	24,174,953	0.2708	0.2708	23,885,513	0.2790	0.2790
	Union Township of Dunklin Co	General Revenue	57,260,933	0.0900	0.0900	57,254,692	0.0904	0.0900	60,672,509	0.0904	0.0904
		Road & Bridge	57,260,933	0.3100	0.3100	57,254,692	0.3112	0.3100	60,672,509	0.3112	0.3112
	Malden R-I School District	Operating Funds-Schools	38,523,503	3.7425	3.1000	38,964,371	3.7500	3.1000	38,814,422	3.7500	3.1000
	Campbell R-II School District	Operating Funds-Schools	38,217,074	3.7900	2.9100	49,975,183	2.9575	2.9100	53,572,695	2.9764	2.9100
		Debt Service	38,217,074	0.7900	0.7900	49,975,183	0.4500	0.4500	53,572,695	0.6200	0.6200
	Holcomb R-III School District	Operating Funds-Schools	17,008,107	2.9351	2.9351	17,631,210	2.9153	2.9150	17,498,742	2.9761	2.9761
		Debt Service	17,008,107	0.4900	0.4900	17,631,210	0.4900	0.4900	17,498,742	0.4900	0.4900
	Clarkton C-4 School District	Operating Funds-Schools	10,229,849	2.9065	2.9065	10,259,745	2.9538	2.9538	10,563,080	2.9403	2.9402
	Senath-Hornersville C-8 School Dist	Operating Funds-Schools	37,492,921	3.4673	3.0000	37,843,250	3.4483	3.0400	37,975,490	3.4961	3.4300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Dunklin	Senath-Hornersville C-8 School Dist	Debt Service	37,492,921	0.2400	0.2400	37,843,250	0.1994	0.1994	37,975,490	0.0100	0.0100
	Southland C-9 School District	Operating Funds-Schools	13,105,807	3.0864	2.9500	13,237,495	3.0918	3.0700	13,390,791	3.1409	3.0700
	Kennett 39 School District	Operating Funds-Schools	78,322,652	2.7500	2.7500 B	80,573,442	2.7500	2.7500 B	82,141,065	2.7500	2.7500 B
		Debt Service	78,322,652	0.3900	0.3900	80,573,442	0.4000	0.4000	82,141,065	0.3235	0.3235
	Dunklin County	General Revenue	268,465,595	0.2700	0.1000	271,762,610	0.2709	0.1000	275,480,637	0.2734	0.2734
		Library	268,465,595	0.2500	0.2500	271,762,610	0.2500	0.2500	275,480,637	0.2500	0.2500
		Johnson Grass	268,465,595	0.0500	0.0000	271,762,610	0.0500	0.0000	275,480,637	0.0500	0.0500
		Health	268,465,595	0.1000	0.1000	271,762,610	0.1000	0.1000	275,480,637	0.1000	0.1000
		Ambulance	268,465,595	0.1300	0.1300	271,762,610	0.1304	0.1304	275,480,637	0.1316	0.1316
		Senate Bill 40	268,465,595	0.1000	0.0800	271,762,610	0.1000	0.1000	275,480,637	0.1000	0.1000
		General Revenue	79,609,882	0.2947	0.2947	79,366,972	0.3000	0.3000	82,930,303	0.3000	0.3000
		General Revenue	344,463,617	0.2870	0.2800	352,103,844	0.2885	0.2800	388,446,538	0.2851	0.2850
		Dispatch	344,463,617	0.0300	0.0300 A	352,103,844	0.0300	0.0300	388,446,538	0.0297	0.0290
	St Clair Ambulance District	General Revenue	145,928,878	0.3473	0.3473 B	149,493,602	0.3493	0.3493	156,824,716	0.3493	0.3493
	Union Ambulance District	General Revenue	201,546,223	0.1797	0.1797	208,563,582	0.1800	0.1800	217,829,965	0.1800	0.1800
	Washington Area Ambulance District	General Revenue	298,160,219	0.1810	0.1810	305,768,071	0.1821	0.1821	321,776,840	0.1817	0.1817
Franklin	New Haven Ambulance District	General Revenue	61,603,614	0.3000	0.3000	63,539,666	0.3000	0.3000	70,163,442	0.2991	0.2991
	City of Berger	General Revenue	1,341,709	0.9270	0.9270	1,295,898	0.9606	0.9606	1,363,717	0.9358	0.9358
	City of Gerald	General Revenue	13,243,211	0.9003	0.8000	13,168,781	0.9158	0.8000	13,552,527	0.9175	0.8000
		Parks & Recreation	13,243,211	0.2500	0.2200	13,168,781	0.2500	0.2200	13,552,527	0.2500	0.2200
	Village of Leslie	General Revenue	703,658	0.5915	0.4800	571,828	0.6000	0.4800	619,130	0.5836	0.4800
	City of New Haven	General Revenue	23,267,770	0.5430	0.5400	24,747,529	0.5430	0.5400	29,367,164	0.5430	0.5400
		Parks & Recreation	23,267,770	0.2664	0.2600	24,747,529	0.2664	0.2600	29,367,164	0.2664	0.2600
	Village of Oak Grove	General Revenue	6,181,634	0.2134	0.1700	6,200,574	0.2166	0.1700	6,478,742	0.2166	0.1700
	City of Pacific	General Revenue	78,787,835	0.3960	0.3960	80,583,445	0.3960	0.3960	82,394,008	0.3965	0.3965
	Village of Parkway	General Revenue	2,147,365	0.4915	0.4915	2,329,848	0.4945	0.4945	2,535,451	0.5000	0.4945
	City of St Clair	General Revenue	48,813,034	0.4667	0.4667	49,263,183	0.4697	0.4697	47,939,843	0.4903	0.4903
		Parks & Recreation	48,813,034	0.1458	0.1458	49,263,183	0.1467	0.1467	47,939,843	0.1531	0.1531
		Debt Service	48,813,034	0.1971	0.1971	49,263,183	0.3136	0.3136	47,939,843	0.2799	0.2799
	City of Sullivan	General Revenue	51,731,025	0.4467	0.4467	52,579,772	0.4514	0.4514	56,682,502	0.4514	0.4514
		Library	50,860,487	0.1161	0.1161	51,747,605	0.1173	0.1173	55,725,386	0.1173	0.1173
	City of Union	General Revenue	100,008,804	0.5444	0.5400	103,647,853	0.5491	0.5491	106,101,009	0.5592	0.5592
		Parks & Recreation	100,008,804	0.1311	0.1300	103,647,853	0.1322	0.1322	106,101,009	0.1346	0.1346
	City of Washington	General Revenue	212,891,878	0.6055	0.5396	217,809,847	0.6090	0.4766	228,200,616	0.6090	0.5420
	Franklin County Library District	General Revenue	1,027,532,142	0.0995	0.0965	1,054,516,941	0.0999	0.0999	1,134,069,283	0.0997	0.0997
	Washington Public Library	General Revenue	124,270,358	0.0900	0.0900	125,073,662	0.0906	0.0906	124,293,643	0.0915	0.0915
	Beaufort Leslie Fire Prot District	General Revenue	37,985,814	0.2800	0.2800	38,285,707	0.2800	0.2800	40,909,148	0.2755	0.2754
	Boles Fire Protection District	General Revenue	184,122,447	0.2900	0.2900	187,590,632	0.2911	0.2911	215,994,350	0.5911	0.5911 B
		Debt Service	**	**	**	**	**	**	215,994,350	0.2573	0.2573

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Franklin	Pacific Fire Protection District	General Revenue	159,658,656	0.4912	0.4910	162,822,102	0.4912	0.4910	169,293,030	0.4912	0.4910
		Pension	159,658,656	0.0491	0.0490	162,822,102	0.0491	0.0490	169,293,030	0.0491	0.0490
		Joint Dispatch	159,658,656	0.0491	0.0490	162,822,102	0.0491	0.0490	169,293,030	0.0491	0.0490
		Debt Service	159,658,656	0.0950	0.0950	162,822,102	0.0920	0.0920	169,293,030	0.0920	0.0920
	St Clair Fire Protection District	General Revenue	150,938,856	0.6071	0.6071 B	154,533,584	0.6114	0.6114	162,492,670	0.6114	0.6114
	Sullivan Fire Protection District	General Revenue	126,192,150	0.3900	0.3900	128,870,184	0.3935	0.3935	133,262,029	0.3935	0.3935
	Union Fire Protection District	General Revenue	197,223,188	0.2894	0.2894	202,556,043	0.2930	0.2930	211,148,618	0.2930	0.2930
	Gerald-Rosebud Fire Prot District	General Revenue	49,105,950	0.2427	0.2427	48,617,458	0.2488	0.2488	50,010,311	0.2488	0.2488
	New Haven-Berger Fire Prot Dist	General Revenue	70,317,550	0.2500	0.2500	71,994,365	0.2500	0.2500	76,528,529	0.2493	0.2492
	Gray Summit Sewer District	General Revenue	1,379,818	0.6091	0.6091	1,384,128	0.6091	0.6091	1,504,182	0.5824	0.5824
	Beauty View Sewer District	General Revenue	406,808	0.7623	0.7623	407,462	0.7622	0.7622	432,006	0.7460	0.7460
	Crestview Sewer District	General Revenue	856,216	0.5310	0.5310	844,607	0.5384	0.5384	865,879	0.5384	0.5384
	St Clair Sewer District	General Revenue	4,826,532	0.3651	0.3651	4,938,742	0.3667	0.3667	5,252,043	0.3667	0.3667
	Sylvan Manor Sunset Acres Sew Dist	General Revenue	1,175,652	0.6546	0.6546	1,191,559	0.6583	0.6583	1,224,070	0.6576	0.6576
	Calvey Creek Sewer District	General Revenue	10,293,232	0.4350	0.4350	10,524,960	0.4368	0.4368	11,566,633	0.4177	0.4177
	East Central College	General Revenue	1,071,603,634	0.3784	0.3781	1,103,080,649	0.3802	0.3788	1,166,766,628	0.3795	0.3786
		Debt Service	1,071,603,634	0.0745	0.0745	1,103,080,649	0.0752	0.0752	1,166,766,628	0.0905	0.0905
	Franklin Co R-II School District	Operating Funds-Schools	15,358,084	3.1294	3.1294	15,837,670	3.1092	3.1092	16,888,017	3.0862	3.0230
		Debt Service	15,358,084	0.4303	0.4303	15,837,670	0.4444	0.4444	16,888,017	0.6652	0.6652
	Meramec Valley R-III School Dist	Operating Funds-Schools	214,230,582	2.9318	2.9310	217,387,940	2.9066	2.8730	240,216,794	2.9362	2.9360
		Debt Service	214,230,582	0.6900	0.6900	217,387,940	0.6900	0.6900	240,216,794	0.6900	0.6900
	Union R-XI School District	Operating Funds-Schools	178,444,674	3.0221	2.7500	187,447,909	2.9920	2.7500	198,970,083	3.0224	2.7900
		Debt Service	178,444,674	0.7200	0.7200	187,447,909	0.7200	0.7200	198,970,083	0.6800	0.6800
	Lonedell R-XIV School District	Operating Funds-Schools	22,592,416	3.3786	3.3500	23,877,306	3.3311	3.3200	26,105,896	3.3514	3.3100
		Debt Service	22,592,416	0.3100	0.3100	23,877,306	0.3400	0.3400	26,105,896	0.3500	0.3500
	Spring Bluff R-XV School District	Operating Funds-Schools	14,010,799	2.8915	2.8915	14,709,243	2.8276	2.8276	16,449,785	2.8175	2.8175
		Debt Service	14,010,799	0.4500	0.4500	14,709,243	0.4500	0.4500	16,449,785	0.6568	0.6568
	Franklin County R-XVI School Dist	Operating Funds-Schools	7,422,801	3.1634	3.1634	7,584,660	3.1606	3.1606	8,276,171	3.0871	3.0871
	St. Clair R-XIII School District	Operating Funds-Schools	101,706,813	2.6000	2.6000 B	104,683,646	2.6000	2.6000 B	109,738,289	2.6000	2.6000 B
		Debt Service	101,706,813	0.6200	0.6200	104,683,646	0.6200	0.6200	109,738,289	0.6200	0.6200
	Sullivan C-2 School District	Operating Funds-Schools	106,627,967	3.0900	3.0900 B	109,595,820	3.1207	3.1070	111,068,202	3.1487	3.1487
		Debt Service	106,627,967	0.9700	0.9700	109,595,820	0.9700	0.9700	111,068,202	0.9700	0.9700
	New Haven School District	Operating Funds-Schools	23,582,846	3.6229	3.6229	25,325,013	4.1229	3.8700 B	30,888,319	4.1031	4.0900
		Debt Service	23,582,846	0.5000	0.5000	**	**	**	**	**	**
	Washington School District	Operating Funds-Schools	455,270,011	3.2915	3.2863	474,419,709	3.4731	3.4731 B	512,958,864	3.4179	3.4178
		Debt Service	455,270,011	0.3300	0.3300	474,419,709	0.1300	0.1300	512,958,864	0.1853	0.1853
	Franklin County	General Revenue	1,210,245,014	0.3104	0.1345	1,239,472,954	0.3118	0.1292	1,318,801,832	0.3118	0.1398
		Road & Bridge	1,210,245,014	0.2304	0.2253	1,239,472,954	0.2314	0.2314	1,318,801,832	0.2314	0.2314
		Senate Bill 40	1,210,245,014	0.0995	0.0924	1,239,472,954	0.0999	0.0999	1,318,801,832	0.0999	0.0999

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Gasconade	Owensville Ambulance District	General Revenue	68,607,782	0.2920	0.2920	67,648,763	0.3000	0.3000	71,125,948	0.2984	0.2984
		Dispatch	68,607,782	0.0300	0.0300	67,648,763	0.0300	0.0300	71,125,948	0.0298	0.0298
	Hermann Area Ambulance District	General Revenue	96,801,979	0.2930	0.2930	96,593,580	0.2969	0.2969	99,178,474	0.2952	0.2952
	Hermann Area Hospital District	General Revenue	90,380,454	0.7266	0.7266	90,467,391	0.7305	0.7305	93,012,235	0.7283	0.7283
	Morrison Levee Dist Gasconade Co	General Revenue	74,180	0.7131	0.7131	73,480	0.7199	0.7199	63,120	0.8381	0.8381
	Morrison Sp Rd Dist #4 Gasconade Co	Road & Bridge	3,843,557	0.2800	0.2800	3,970,868	0.2800	0.2800	4,438,059	0.2798	0.2798
	City of Bland	General Revenue	3,347,238	0.8402	0.8402	3,388,546	0.8454	0.8454	3,292,347	0.8697	0.8697
		Parks & Recreation	3,347,238	0.2247	0.2247	3,388,546	0.2261	0.2261	3,292,347	0.2326	0.2326
		Debt Service	3,347,238	0.5861	0.5861	3,388,546	0.5653	0.5653	3,292,347	0.5251	0.5251
		General Revenue	1,155,606	0.6300	0.6300	1,243,823	0.6314	0.6314	1,268,608	0.6314	0.6314
	City of Hermann	General Revenue	27,304,141	0.3753	0.3753	26,875,999	0.3833	0.3833	27,851,206	0.3792	0.3792
		Parks & Recreation	27,304,141	0.0098	0.0098	26,875,999	0.0100	0.0100	27,851,206	0.0099	0.0099
		Band	27,304,141	0.0196	0.0100	26,875,999	0.0200	0.0100	27,851,206	0.0198	0.0100
	City of Morrison	General Revenue	883,628	0.5746	0.5746	855,882	0.5932	0.5932	946,837	0.5932	0.5932
	City of Owensville	General Revenue	29,816,264	0.2707	0.2700	28,790,655	0.2834	0.2800	30,581,515	0.2834	0.2800
		Parks & Recreation	29,816,264	0.2707	0.2700	28,790,655	0.2834	0.2800	30,581,515	0.2834	0.2800
	City of Rosebud	General Revenue	2,859,709	0.4619	0.4619	2,856,167	0.4693	0.4693	2,904,641	0.4698	0.4698
	Gasconade County Library District	General Revenue	159,405,518	0.0998	0.0998	159,071,937	0.1000	0.1000	167,269,544	0.0992	0.0991
	Bland Fire Protection District	General Revenue	**	**	**	13,135,474	0.2500	0.2500 A	15,397,738	0.2268	0.2268
	Gasconade Co R-II School District	Operating Funds-Schools	107,645,156	3.3938	2.9800	107,869,550	3.3926	2.9800	114,733,609	3.3986	2.9800
		Debt Service	107,645,156	0.8700	0.8700	107,869,550	0.8700	0.8700	114,733,609	0.8700	0.8700
	Gasconade County R-I School Dist	Operating Funds-Schools	81,229,102	3.0451	3.0184	81,906,905	3.0574	3.0500	85,724,258	3.1214	3.0500
		Debt Service	81,229,102	0.7500	0.7500	81,906,905	0.7500	0.7500	85,724,258	0.7500	0.7500
	Gasconade County	General Revenue	159,405,518	0.3708	0.1496	159,071,937	0.3766	0.1603	167,269,544	0.3738	0.1618
		Common Road District	155,561,962	0.2706	0.2706	155,101,070	0.2750	0.2750	162,831,487	0.2729	0.2729
		Health	159,405,518	0.0998	0.0998	159,071,937	0.1000	0.1000	167,269,544	0.0992	0.0992
		Mental Health	159,405,518	0.0998	0.0998	159,071,937	0.1000	0.1000	167,269,544	0.0992	0.0992
		Senate Bill 40	159,405,518	0.0998	0.0998	159,071,937	0.1000	0.1000	167,269,544	0.0992	0.0992
		General Revenue	81,562,855	0.1800	0.1800	82,320,953	0.1800	0.1800	86,017,158	0.1800	0.1800
		General Revenue	11,304,934	0.6137	0.6137	11,826,108	0.6163	0.6163	12,503,426	0.6163	0.6163
Gentry	City of Albany	Parks & Recreation	11,304,934	0.2717	0.2717	11,826,108	0.2729	0.2729	12,503,426	0.2729	0.2729
		Library	11,304,934	0.3100	0.3100	11,826,108	0.3100	0.3100	12,503,426	0.3100	0.3100
		Health	11,304,934	0.1711	0.1711	11,826,108	0.1718	0.1718	12,503,426	0.1718	0.1718
	Village of Darlington	General Revenue	177,032	0.5000	0.5000	237,075	0.5000	0.5000	217,381	0.5000	0.5000
	Village of Gentry	General Revenue	209,317	0.5000	0.5000	210,902	0.5000	0.5000	256,490	0.5000	0.5000
	City of King City	General Revenue	4,715,245	0.6966	0.6900	4,788,114	0.6966	0.6900	5,161,499	0.6962	0.6900
		Parks & Recreation	4,715,245	0.1716	0.1700	4,788,114	0.1716	0.1700	5,161,499	0.1715	0.1700
		Health	4,715,245	0.1716	0.1700	4,788,114	0.1716	0.1700	5,161,499	0.1715	0.1700
		Police	**	**	**	4,788,114	0.1500	0.1500 A	5,161,499	0.1499	0.1499

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001								
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Gentry	City of King City	General Revenue-Temp	4,715,245	0.1500	0.1500	**	**	**	**	**	**
	City of McFall	General Revenue	522,513	0.5835	0.5835	530,797	0.5913	0.5913	522,730	0.6041	0.6041
	City of Stanberry	General Revenue	7,118,156	0.6105	0.6105	7,184,402	0.6163	0.6105	7,614,192	0.6141	0.6141
		Parks & Recreation	7,118,156	0.1700	0.1700	7,184,402	0.1700	0.1700	7,614,192	0.1694	0.1694
		Streets	7,118,156	0.3603	0.3603	7,184,402	0.3637	0.3637	7,614,192	0.3624	0.3624
	Gentry County Library Dist	General Revenue	47,816,505	0.2000	0.2000	49,026,187	0.2000	0.2000	51,054,856	0.2000	0.2000
		Debt Service	47,816,505	0.1000	0.1000	49,026,187	0.1000	0.1000	51,054,856	0.1000	0.1000
	Athens Township of Gentry Co	General Revenue	16,423,219	0.1000	0.1000	17,103,213	0.1000	0.1000	18,074,432	0.1000	0.1000
		Road & Bridge	16,423,219	0.3809	0.3809	17,103,213	0.3820	0.3820	18,074,432	0.3820	0.3820
		Special Road District	16,423,219	0.2000	0.2000 A	17,103,213	0.2000	0.2000	18,074,432	0.2000	0.2000
		Special Road and Bridge	16,423,219	0.2500	0.2500	17,103,213	0.2500	0.2500	18,074,432	0.2500	0.2500
	Bogle Township of Gentry Co	General Revenue	4,593,987	0.1000	0.1000	4,560,487	0.1000	0.1000	4,746,349	0.1000	0.1000
		Road & Bridge	4,593,987	0.5000	0.5000	4,560,487	0.5000	0.5000	4,746,349	0.5000	0.5000
		Special Road and Bridge	4,593,987	0.3200	0.3200	4,560,487	0.3200	0.3200	4,746,349	0.3200	0.3200
		Gravel	4,593,987	0.3500	0.3500	4,560,487	0.3500	0.3500	4,746,349	0.3500	0.3500
		Gravel & Maintenance	4,593,987	0.4500	0.4500	4,560,487	0.4500	0.4500 A	4,746,349	0.4500	0.4500
	Cooper Township of Gentry Co	General Revenue	12,615,691	0.1000	0.1000	13,068,190	0.1000	0.1000	13,989,524	0.1000	0.1000
		Road & Bridge	12,615,691	0.4547	0.4547	13,068,190	0.4583	0.4583	13,989,524	0.4583	0.4583
		Special Road and Bridge	12,615,691	0.1500	0.1500	13,068,190	0.1500	0.1500	13,989,524	0.1500	0.1500
	Howard Township of Gentry Co	General Revenue	1,660,030	0.1000	0.1000	1,720,906	0.1000	0.1000	1,756,328	0.1000	0.1000
		Road & Bridge	1,660,030	0.4935	0.4935	1,720,906	0.4935	0.4935	1,756,328	0.4971	0.4971
		Special Road and Bridge	1,660,030	0.3000	0.3000	1,720,906	0.3000	0.3000	1,756,328	0.3000	0.3000
		Other	1,660,030	0.4500	0.4500	1,720,906	0.4500	0.4500	**	**	**
	Huggins Township of Gentry Co	General Revenue	2,040,531	0.1000	0.1000	2,169,033	0.1000	0.1000	2,156,371	0.1000	0.1000
		Road & Bridge	2,040,531	0.5000	0.5000	2,169,033	0.5000	0.5000	2,156,371	0.5000	0.5000
		Special Road and Bridge	2,040,531	0.3300	0.3300	2,169,033	0.3300	0.3300	2,156,371	0.3300	0.3300
	Jackson Township of Gentry Co	General Revenue	10,652,625	0.1000	0.1000	11,030,981	0.1000	0.1000	11,644,100	0.1000	0.1000
		Road & Bridge	10,652,625	0.4547	0.4547	11,030,981	0.4547	0.4547	11,644,100	0.4547	0.4547
		Special Road and Bridge	10,652,625	0.1200	0.1200	11,030,981	0.1200	0.1200	11,644,100	0.1200	0.1200
		Other	10,652,625	0.2500	0.2500	11,030,981	0.2500	0.2500	11,644,100	0.2500	0.2500 A
	Miller Township of Gentry Co	General Revenue	7,769,875	0.1000	0.1000	7,827,030	0.1000	0.1000	7,856,753	0.1000	0.1000
		Road & Bridge	7,769,875	0.4949	0.4949	7,827,030	0.5000	0.5000	7,856,753	0.5000	0.5000
		General Road & Bridge	7,769,875	0.2900	0.2900 A	7,827,030	0.2900	0.2900	7,856,753	0.2900	0.2900
		Special Road and Bridge	7,769,875	0.3500	0.3500	7,827,030	0.3500	0.3500	7,856,753	0.3500	0.3500 A
	Wilson Township of Gentry Co	General Revenue	3,261,551	0.1000	0.1000	3,240,242	0.1000	0.1000	3,334,425	0.1000	0.1000
		Road & Bridge	3,261,551	0.4909	0.4909	3,240,242	0.5000	0.5000	3,334,425	0.5000	0.5000
		Special Road and Bridge	3,261,551	0.2900	0.2900 A	3,240,242	0.2900	0.2900	3,334,425	0.2900	0.2900
	Albany Community Fire Prot District	General Revenue	26,624,263	0.1612	0.1612	27,545,488	0.1616	0.1616	28,692,973	0.1616	0.1616
		Fire	26,624,263	0.1512	0.1512	27,545,488	0.1516	0.1516	28,692,973	0.1516	0.1516

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

			2001			2002			2003		
County	Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Gentry	Stanberry Fire Protection Dist	General Revenue	17,082,222	0.1000	0.1000	17,529,304	0.1000	0.1000	18,621,393	0.1000	0.1000
		General Revenue-Temp	17,082,222	0.2000	0.2000	17,529,304	0.3000	0.2000 A	18,621,393	0.3000	0.2000
	McFall Fire Protection District	General Revenue	2,593,522	0.3000	0.3000	2,668,328	0.3000	0.3000	2,667,766	0.3000	0.3000
	King City Fire Protection District	General Revenue	17,673,333	0.2989	0.2989	18,231,518	0.2987	0.2987	19,004,290	0.2987	0.2987
	King City R-I School District	Operating Funds-Schools	18,371,759	4.2885	3.6500	18,692,051	4.3029	3.6500	19,506,188	4.3190	3.7043
		Debt Service	18,371,759	0.5100	0.5100	18,692,051	0.5100	0.5100	19,506,188	0.5100	0.5100
	Stanberry R-II School District	Operating Funds-Schools	15,604,175	4.0560	4.0000	16,227,007	4.0861	4.0000	17,472,199	4.1000	4.0000
		Debt Service	15,604,175	0.1000	0.1000	16,227,007	0.1000	0.1000	17,472,199	0.1000	0.1000
	Albany R-III School District	Operating Funds-Schools	25,125,911	3.7500	3.7500	26,089,753	3.7500	3.7500	27,269,832	3.7500	3.7500
	Gentry County	General Revenue	59,017,509	0.3325	0.3300	60,720,082	0.3342	0.3300	63,558,282	0.3342	0.3300
General Revenue-Temp		59,017,509	0.1900	0.1900	60,720,082	0.1900	0.1900	63,558,282	0.1900	0.1900 A	
Greene	City of Ash Grove	General Revenue	10,284,576	0.5309	0.5309	10,216,018	0.5431	0.5431	10,348,476	0.5463	0.5463
	City of Battlefield	General Revenue	17,527,900	0.3205	0.3205	22,814,510	0.3208	0.3208	26,136,680	0.3208	0.3208
		Debt Service	17,527,900	0.6734	0.6734	22,814,510	0.2047	0.2047	26,136,680	0.3197	0.3197
	Village of Brookline	General Revenue	4,022,182	0.4162	0.4100	4,326,523	0.4190	0.4100	4,189,247	0.4507	0.4507
	City of Fair Grove	General Revenue	8,535,747	0.5197	0.5197	8,877,733	0.5248	0.5248	9,446,229	0.5266	0.5266
		Debt Service	8,535,747	0.6881	0.6881	8,877,733	0.7382	0.7382	9,446,229	0.6331	0.6331
	City of Republic	General Revenue	60,631,770	0.5200	0.5200	65,189,015	0.5200	0.5200	70,928,013	0.5200	0.5200
		Parks & Recreation	60,631,770	0.1400	0.1400	65,189,015	0.1400	0.1400	70,928,013	0.1400	0.1400
	City of Springfield	Lights	60,631,770	0.0800	0.0800	65,189,015	0.0800	0.0800	70,928,013	0.0800	0.0800
		Parks & Recreation	1,880,819,781	0.1866	0.1800	1,919,170,356	0.1873	0.1800	1,965,537,975	0.1880	0.1800
		Health	1,880,819,781	0.1273	0.1100	1,919,170,356	0.1278	0.1100	1,965,537,975	0.1283	0.1100
		Art Museum	1,880,819,781	0.0392	0.0392	1,919,170,356	0.0393	0.0393	1,965,537,975	0.0394	0.0394
	City of Strafford	General Revenue-Temp	1,880,819,781	0.2700	0.2700 A	1,919,170,356	0.2700	0.2700	1,965,537,975	0.2700	0.2700
		General Revenue	13,293,935	0.4086	0.4086	15,027,402	0.4086	0.4086	15,458,215	0.4086	0.4086
		Debt Service	13,293,935	0.0000	0.0000	**	**	**	**	**	**
		City of Walnut Grove	General Revenue	4,428,672	0.5509	0.5509	4,448,317	0.5543	0.5543	4,514,476	0.5561	0.5561
	Debt Service		4,428,672	0.3590	0.3590	**	**	**	**	**	**
	City of Willard	General Revenue	21,676,881	0.4597	0.4597	23,948,803	0.4597	0.4597	25,377,903	0.4597	0.4597
		Parks & Recreation	21,676,881	0.1407	0.1407	23,948,803	0.1407	0.1407	25,377,903	0.1407	0.1407
	Springfield Greene County Library	General Revenue	2,885,450,822	0.2045	0.2045	2,968,918,637	0.2547	0.2547 B	3,067,953,143	0.2547	0.2547
	Battlefield Fire Protection Dist	General Revenue	299,940,846	0.2611	0.2611	315,105,420	0.2611	0.2611	334,479,724	0.2611	0.2611
	Strafford Fire Protection District	General Revenue	73,819,475	0.2498	0.2498	84,266,743	0.2498	0.2498	86,610,028	0.2498	0.2498
	Fair Grove Fire Protection District	General Revenue	40,770,748	0.1807	0.1800	41,877,818	0.1820	0.1820	45,800,402	0.1825	0.1825
	Brookline Fire Protection District	General Revenue	66,062,605	0.2575	0.2575	69,549,771	0.2593	0.2593	74,772,719	0.2593	0.2593
	Logan-Rogersville Fire Prot Dist	General Revenue	223,607,618	0.2523	0.2523	244,322,365	0.2539	0.2539	258,288,831	0.2539	0.2539
	Willard Fire Protection District	General Revenue	88,181,588	0.2573	0.2573	89,101,370	0.2641	0.2641	92,459,190	0.2641	0.2641
Walnut Grove Fire Protection Dist	General Revenue	26,813,755	0.2929	0.2929	27,507,008	0.2929	0.2929	28,261,874	0.2929	0.2929	
West Republic Fire Protection Dist	General Revenue	17,123,173	0.2645	0.2645	17,318,071	0.2657	0.2657	17,881,015	0.2657	0.2657	

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Greene	Ebenezer Fire Protection District	General Revenue	72,845,897	0.2919	0.2919 B	73,815,528	0.2933	0.2933	75,592,300	0.2933	0.2933
	Bois D'Arc Fire Protection District	General Revenue	15,997,681	0.3853	0.3853 B	16,347,459	0.3853	0.3853	16,462,224	0.3891	0.3853
	Ash Grove Fire Protection District	General Revenue	19,264,697	0.2521	0.2521	19,305,949	0.2558	0.2558	19,312,326	0.2586	0.2586
	Pleasant View Fire Protection Dist	General Revenue	22,560,650	0.3000	0.3000 A	23,000,500	0.3000	0.3000	24,203,780	0.3000	0.3000
	Springfield Spec Parking District	General Revenue	3,196,230	0.2000	0.0000	0	0.0000	0.0000	3,276,000	0.1982	0.0000
	C and E Community Improvement Dist	General Revenue	**	**	**	5,762,520	3.0000	3.0000 A	5,012,930	3.0000	3.0000
	Ozarks Technical Community College	General Revenue	3,482,349,601	0.0972	0.0972	3,597,769,794	0.0972	0.0972	3,746,089,791	0.0972	0.0972
		General Revenue-Temp	3,482,349,601	0.0486	0.0486	3,597,769,794	0.0486	0.0486	3,746,089,791	0.0486	0.0486
		Operating Funds-Schools	185,497,408	2.8728	2.7500	188,307,220	2.9222	2.7500	200,590,630	2.9264	2.7500
	Willard R-II School District	Debt Service	185,497,408	0.3900	0.3900	188,307,220	0.4400	0.4400	200,590,630	0.9400	0.9400
		Operating Funds-Schools	144,565,048	1.8682	1.8682 B	151,340,613	1.8614	1.8614 B	168,026,036	1.8614	1.8614 B
	Republic R-III School District	Buildings-Temp	144,565,048	0.4017	0.4017	151,340,613	0.4048	0.4048	168,026,036	0.4048	0.4048
		Building-Temp	144,565,048	0.4801	0.4801	151,340,613	0.4838	0.4838	168,026,036	0.4838	0.4838
		Debt Service	144,565,048	0.6500	0.6500	151,340,613	0.6500	0.6500	168,026,036	0.6500	0.6500
		Operating Funds-Schools	37,977,070	2.9988	2.7500	38,489,700	3.0306	2.7500	37,281,040	3.1795	2.7500
	Ash Grove R-IV School District	Debt Service	37,977,070	0.5000	0.5000	38,489,700	0.5000	0.5000	37,281,040	0.5000	0.5000
		Operating Funds-Schools	13,289,140	2.8932	2.8932	13,527,890	3.0198	3.0198	13,994,220	3.0337	3.0337
	Walnut Grove R-V School District	Operating Funds-Schools	94,353,985	2.7500	2.7500 B	114,085,619	2.7500	2.7500 B	114,359,524	2.7500	2.7500 B
		Debt Service	94,353,985	0.6700	0.6700	114,085,619	0.7000	0.7000	114,359,524	0.7000	0.7000
	Greene Co R-VIII School District	Operating Funds-Schools	118,198,969	2.7500	2.7500 B	122,804,195	2.7500	2.7500 B	130,897,235	2.7500	2.7500 B
		Debt Service	118,198,969	0.4400	0.4400	122,804,195	0.7900	0.7900	130,897,235	0.7900	0.7900
	Springfield R-XII School District	Operating Funds-Schools	2,227,110,440	2.8706	2.8706	2,276,379,010	2.8892	2.8892	2,350,599,750	2.8935	2.8935
		Debt Service	2,227,110,440	0.3300	0.3300	2,276,379,010	0.3300	0.3300	2,350,599,750	0.3300	0.3300
	Fair Grove R-X School District	Operating Funds-Schools	37,855,280	2.8459	2.8459	40,824,895	2.8990	2.7500	41,365,240	3.0427	2.7500
		Debt Service	37,855,280	0.4100	0.4100	40,824,895	0.4068	0.4068	41,365,240	0.2500	0.2500
	Greene County	General Revenue	2,885,450,822	0.2629	0.1072	2,968,918,637	0.2632	0.1050	3,067,953,143	0.2632	0.1120
		Road & Bridge	2,885,450,822	0.2629	0.1072	2,968,918,637	0.2632	0.1050	3,067,953,143	0.2632	0.1120
		Senate Bill 40	2,885,450,822	0.0487	0.0487	2,968,918,637	0.0488	0.0488	3,067,953,143	0.0488	0.0488
Grundy	Grundy County Nursing Home District	General Revenue	82,592,933	0.1500	0.1500	88,309,632	0.1500	0.1500	96,014,668	0.1429	0.1429
	Spickard Special Road District	Special Road and Bridge	1,110,634	0.3498	0.3498	1,132,120	0.3500	0.3500 A	1,244,512	0.3258	0.3258
	Village of Brimson	General Revenue	128,377	0.2290	0.2290	122,179	0.2406	0.2406	259,992	0.1881	0.1881
	City of Galt	General Revenue	818,109	1.0000	1.0000	716,787	1.0000	1.0000	934,186	0.9238	0.9238
	City of Laredo	General Revenue	736,686	0.6099	0.6099	705,703	0.6367	0.6367	760,558	0.6046	0.6046
		Streets	736,686	0.3000	0.3000 A	705,703	0.3000	0.3000	760,558	0.2849	0.2849
	City of Spickard	General Revenue	959,053	1.0000	1.0000	964,009	1.0000	1.0000	1,063,859	0.9274	0.9274
		Debt Service	959,053	1.0427	1.0427	964,009	0.7469	0.7469	1,063,859	1.0528	1.0528
	City of Tindall	General Revenue	323,531	0.4500	0.4500	400,877	0.4500	0.4500	445,213	0.4162	0.4162
	City of Trenton	General Revenue	40,956,629	0.7494	0.7494	44,887,411	0.7556	0.7556	49,897,257	0.7163	0.7163
		Parks & Recreation	40,956,629	0.2897	0.2897	44,887,411	0.2921	0.2921	49,897,257	0.2769	0.2769

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Grundy	Grundy Co Jewett Norris Library	General Revenue	82,592,933	0.2000	0.2000	88,309,632	0.2000	0.2000	96,014,668	0.1905	0.1905
		General Revenue	3,222,401	0.1000	0.1000	3,321,174	0.1000	0.1000	3,655,680	0.0961	0.0961
	Franklin Township of Grundy Co	Road & Bridge	3,222,401	0.4300	0.4300	3,321,174	0.4318	0.4318	3,655,680	0.4152	0.4152
		Special Road and Bridge	2,111,767	0.3500	0.3500	2,189,054	0.3485	0.3485	3,655,680	0.3500	0.3500 A
	Harrison Township of Grundy Co	General Revenue	1,703,662	0.1000	0.1000	1,700,145	0.1000	0.1000	1,783,806	0.0974	0.0974
		Road & Bridge	1,703,662	0.5000	0.5000	1,700,145	0.5000	0.5000	1,783,806	0.4873	0.4873
		Special Road and Bridge	1,703,662	0.3500	0.3500 A	1,700,145	0.3500	0.3500	1,783,806	0.3412	0.3412
	Jackson Township of Grundy Co	General Revenue	2,988,315	0.1000	0.1000	3,001,892	0.1000	0.1000	3,082,022	0.1000	0.1000
		Road & Bridge	2,988,315	0.3843	0.3843	3,001,892	0.3881	0.3881	3,082,022	0.3881	0.3881
		Special Road and Bridge	2,988,315	0.3500	0.3500	3,001,892	0.3500	0.3500	3,082,022	0.3500	0.3500 A
	Jefferson Township of Grundy Co	General Revenue	4,003,103	0.1000	0.1000	4,055,422	0.1000	0.1000	4,582,255	0.0944	0.0944
		Road & Bridge	4,003,103	0.2811	0.2811	4,055,422	0.2811	0.2811	4,582,255	0.2653	0.2653
		Special Road and Bridge	4,003,103	0.3500	0.3500	4,055,422	0.3500	0.3500	4,582,255	0.3500	0.3500 A
	Liberty Township of Grundy Co	General Revenue	3,023,506	0.1000	0.1000	3,121,087	0.1000	0.1000	3,385,792	0.0974	0.0974
		Road & Bridge	3,023,506	0.5000	0.5000	3,121,087	0.5000	0.5000	3,385,792	0.4872	0.4872
		Special Road and Bridge	3,023,506	0.3500	0.3500 A	3,121,087	0.3500	0.3500	3,385,792	0.3410	0.3410
	Lincoln Township of Grundy Co	General Revenue	5,122,733	0.1000	0.1000	5,402,271	0.1000	0.1000	5,744,471	0.0974	0.0974
		Road & Bridge	5,122,733	0.3000	0.3000	5,402,271	0.3006	0.3006	5,744,471	0.2929	0.2929
		Special Road and Bridge	5,122,733	0.3500	0.3500 A	5,402,271	0.3500	0.3500	5,744,471	0.3411	0.3411
	Madison Township of Grundy Co	General Revenue	4,666,458	0.1000	0.1000	5,503,401	0.1000	0.1000	6,057,778	0.0952	0.0952
		Road & Bridge	4,666,458	0.5000	0.5000	5,503,401	0.5000	0.5000	6,057,778	0.4759	0.4759
		Special Road and Bridge	4,666,458	0.3500	0.3500	5,503,401	0.3500	0.3500	6,057,778	0.3500	0.3500 A
	Marion Township of Grundy Co	General Revenue	3,472,664	0.1000	0.1000	3,435,203	0.1000	0.1000	3,505,576	0.1000	0.1000
		Road & Bridge	3,472,664	0.4713	0.4713	3,435,203	0.4804	0.4804	3,505,576	0.4804	0.4804
		Special Road and Bridge	3,472,664	0.3500	0.3500	3,435,203	0.3500	0.3500	3,505,576	0.3500	0.3500 A
	Myers Township of Grundy County	Debt Service	3,472,664	0.1353	0.1353	3,435,203	0.1543	0.1543	3,505,576	0.2654	0.2654
		General Revenue	1,631,763	0.1000	0.1000	1,707,956	0.1000	0.1000	1,763,717	0.1000	0.1000
		Road & Bridge	1,631,763	0.5000	0.5000	1,707,956	0.5000	0.5000	1,763,717	0.5000	0.5000
	Taylor Township of Grundy Co	Special Road and Bridge	1,631,763	0.3500	0.3500	1,707,956	0.3500	0.3500	1,763,717	0.3500	0.3500 A
		General Revenue	1,428,357	0.1000	0.1000	1,429,069	0.1000	0.1000	1,651,538	0.0910	0.0910
		Road & Bridge	1,428,357	0.3936	0.3936	1,429,069	0.4003	0.4003	1,651,538	0.3643	0.3643
	Trenton Township of Grundy Co	Special Road and Bridge	1,428,357	0.3500	0.3500 A	1,429,069	0.3500	0.3500	1,651,538	0.3185	0.3185
		General Revenue	47,139,964	0.0995	0.0995	51,418,857	0.1000	0.0995	56,344,827	0.0952	0.0952
		Road & Bridge	47,139,964	0.2905	0.2905	51,418,857	0.2930	0.2905	56,344,827	0.2788	0.2788
	Wilson Township of Grundy Co	General Revenue	3,123,046	0.0935	0.0935	3,133,066	0.0960	0.0960	3,391,064	0.0917	0.0917
		Road & Bridge	3,123,046	0.4674	0.4674	3,133,066	0.4799	0.4799	3,391,064	0.4585	0.4585
		Special Road and Bridge	3,123,046	0.3500	0.3500	3,133,066	0.3500	0.3500	3,391,064	0.3500	0.3500 A
	Washington Township of Grundy Co	General Revenue	1,066,964	0.1000	0.1000	1,079,882	0.1000	0.1000	1,110,305	0.0994	0.0994
		Road & Bridge	1,066,964	0.4422	0.4422	1,079,882	0.4422	0.4422	1,110,305	0.4395	0.4395

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Grundy	Washington Township of Grundy Co	Special Road and Bridge	1,066,964	0.3500	0.3500	1,079,882	0.3500	0.3500	1,110,305	0.3479	0.3479
		Special Road and Bridge	**	**	**	**	**	**	1,110,305	0.3500	0.0000 A
	Grundy County Rural Fire Prot Dist	General Revenue	21,774,955	0.2912	0.2500	23,319,962	0.2930	0.2500	24,329,681	0.2906	0.2500
	Laredo Fire Protection District	General Revenue	7,559,375	0.2834	0.2800	7,579,282	0.2873	0.2800	7,842,355	0.2864	0.2800
	Spickard Fire Protection District	General Revenue	8,947,910	0.3000	0.3000	9,130,974	0.3000	0.3000	9,945,674	0.2910	0.2910
	North Central Missouri College	General Revenue	60,060,653	0.3813	0.3813	65,453,570	0.3841	0.3841	71,092,909	0.3657	0.3657
	Grundy Co R-V School District	Operating Funds-Schools	9,865,858	4.3400	4.3400	10,034,671	4.2833	4.2800	10,466,283	4.3027	4.3027
		Debt Service	9,865,858	0.9000	0.9000	10,034,671	0.9896	0.9896	10,466,283	1.2490	1.2490
	Spickard R-II School District	Operating Funds-Schools	3,010,193	3.7215	3.7215	3,188,936	3.7744	3.7744	3,550,477	3.8233	3.8233
		Debt Service	3,010,193	0.3758	0.3758	3,188,936	0.3225	0.3225	3,550,477	0.6459	0.6459
	Pleasant View R-VI School District	Operating Funds-Schools	4,809,023	4.5822	4.5822	5,026,287	4.5492	4.5492	5,492,669	4.2916	4.2916
	Laredo R-VII School District	Operating Funds-Schools	3,710,974	4.4772	4.4772	3,862,782	4.5149	4.5149	4,049,997	4.5581	4.5581
	Trenton R-IX School District	Operating Funds-Schools	54,308,724	3.4213	2.7500	60,072,592	3.4127	2.7500	65,559,668	3.2752	2.7500
		Debt Service	54,308,724	0.9900	0.9900	60,072,592	0.9600	0.9600	65,559,668	0.9900	0.9900
	Grundy County	General Revenue	82,592,933	0.3718	0.0871	88,309,632	0.3746	0.0871	96,014,668	0.3567	0.1371
		Health	82,592,933	0.3000	0.3000	88,309,632	0.3000	0.3000	96,014,668	0.2857	0.2857
		Developmentally Disabled	82,592,933	0.1000	0.1000	88,309,632	0.1000	0.1000	96,014,668	0.0952	0.0952
Harrison	North Harrison Co Ambulance Dist	General Revenue	24,590,627	0.5000	0.5000	24,120,234	0.5000	0.5000	25,503,631	0.5000	0.5000
	Noel Adams Ambulance District	General Revenue	58,522,962	0.2708	0.2708	59,421,733	0.2708	0.2708	62,225,902	0.2687	0.2500
	Harrison County Hospital District	General Revenue	79,555,107	0.4941	0.4700	79,499,154	0.5000	0.4700	83,445,386	0.4975	0.4500
	Panther Creek Watershed Sub Dist	General Revenue	1,303,500	0.2713	0.2713	1,416,430	0.2721	0.2721	1,467,430	0.2721	0.2721
	West Fork of Big Creek Sub Dist	General Revenue	8,718,125	0.3813	0.3813	8,812,673	0.3843	0.3843	9,132,473	0.3843	0.3843
	East Fork of Big Creek Subdistrict	General Revenue	3,619,118	0.4000	0.4000	3,518,450	0.4000	0.4000	3,695,579	0.3915	0.3915
	City of Bethany	General Revenue	23,160,665	0.4727	0.4727	24,212,910	0.4730	0.4730	25,714,279	0.4606	0.4606
		Parks & Recreation	23,160,665	0.1747	0.1747	24,212,910	0.1748	0.1748	25,714,279	0.1702	0.1702
		Road	23,160,665	0.2672	0.2672	24,212,910	0.2674	0.2674	25,714,279	0.2604	0.2604
	Village of Blythedale	General Revenue	624,354	0.7655	0.7655	645,929	0.7933	0.7933	669,565	0.7932	0.7932
	City of Cainsville	General Revenue	1,512,869	0.6588	0.5000	1,480,034	0.6778	0.5000	1,549,831	0.6718	0.5000
		Fire	1,512,869	0.2232	0.0000	1,480,034	0.2297	0.0000	1,549,831	0.2277	0.0000
		Gravel	1,512,869	0.9989	0.5000	1,480,034	1.0277	0.5000	1,549,831	1.0185	0.5000
		General Revenue-Temp	1,512,869	0.3000	0.3000	1,480,034	0.3000	0.3000	1,549,831	0.3000	0.3000 A
		Debt Service	1,512,869	0.4051	0.4051	1,480,034	0.4051	0.4051	1,549,831	0.2973	0.2973
	City of Gilman City	General Revenue	1,318,750	0.4740	0.4740	1,348,279	0.4740	0.4740	1,463,749	0.4568	0.4568
		Parks & Recreation	1,318,750	0.0500	0.0500	1,348,279	0.0500	0.0500	1,463,749	0.0482	0.0482
		Streets	1,318,750	0.1715	0.1715	1,348,279	0.1716	0.1716	1,463,749	0.1654	0.1654
	Village of Mount Moriah	General Revenue	453,524	0.5000	0.5000	446,164	0.5000	0.5000	452,363	0.5000	0.5000
	City of New Hampton	General Revenue	1,070,866	0.6673	0.6673	1,051,623	0.6973	0.6973	1,086,079	0.6932	0.6932
		Lights	1,070,866	0.1334	0.1334	1,051,623	0.1394	0.1394	1,086,079	0.1386	0.1386
		Streets	1,070,866	0.3000	0.3000	1,051,623	0.3000	0.3000	1,086,079	0.2982	0.2982

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Harrison	City of Ridgeway	General Revenue	1,825,573	0.9143	0.9143	1,900,546	0.9313	0.9313	1,900,602	0.9370	0.9370
		Parks & Recreation	1,825,573	0.0500	0.0500	1,900,546	0.0500	0.0500	1,900,602	0.0500	0.0500
	Adams Township of Harrison Co	General Revenue	1,945,162	0.1000	0.1000	1,966,553	0.1000	0.1000	2,077,094	0.1000	0.1000
		Road & Bridge	1,945,162	0.5000	0.5000	1,966,553	0.5000	0.5000	2,077,094	0.5000	0.5000
		Special Road and Bridge	1,945,162	0.3500	0.3500	1,966,553	0.3500	0.3500	2,077,094	0.3500	0.3500
	Bethany Township of Harrison County	General Revenue	27,282,281	0.1000	0.1000	28,786,841	0.1000	0.1000	30,321,481	0.0981	0.0981
		Road & Bridge	27,282,281	0.2955	0.2955	28,786,841	0.2961	0.2961	30,321,481	0.2904	0.2904
	Butler Township of Harrison Co	General Revenue	1,578,152	0.1000	0.1000	1,607,482	0.1000	0.1000	1,599,974	0.1000	0.1000
		Road & Bridge	1,578,152	0.4147	0.4147	1,607,482	0.4149	0.4149	1,599,974	0.4237	0.4237
		Special Road and Bridge	1,578,152	0.3500	0.3500	1,607,482	0.3500	0.3500	1,599,974	0.3500	0.3500
	Clay Township of Harrison Co	General Revenue	2,379,469	0.1000	0.1000	2,270,107	0.1000	0.1000	2,618,792	0.1000	0.1000
		Road & Bridge	2,379,469	0.4309	0.4309	2,270,107	0.4517	0.4517	2,618,792	0.4517	0.4517
		Special Road and Bridge	2,379,469	0.3500	0.3500	2,270,107	0.3500	0.3500	2,618,792	0.3500	0.3500
	Colfax Township of Harrison Co	General Revenue	4,890,582	0.1000	0.1000	4,756,950	0.1000	0.1000	4,966,836	0.1000	0.1000
		Road & Bridge	4,890,582	0.4328	0.4328	4,756,950	0.4458	0.4458	4,966,836	0.4458	0.4458
		Special Road and Bridge	4,890,582	0.3500	0.3500	4,756,950	0.3500	0.3500	4,966,836	0.3500	0.3500
	Cypress Township of Harrison Co	General Revenue	1,698,285	0.1000	0.1000	1,811,428	0.1000	0.1000	1,855,467	0.1000	0.1000
		Road & Bridge	1,698,285	0.3719	0.3719	1,811,428	0.3725	0.3725	1,855,467	0.3725	0.3725
		Special Road and Bridge	1,698,285	0.3500	0.3500	1,811,428	0.3500	0.3500	1,855,467	0.3500	0.3500
	Dallas Township of Harrison Co	General Revenue	1,713,393	0.1000	0.1000	1,690,898	0.1000	0.1000	1,742,300	0.1000	0.1000
		Road & Bridge	1,713,393	0.3923	0.3923	1,690,898	0.3984	0.3984	1,742,300	0.3984	0.3984
		Special Road and Bridge	1,713,393	0.3500	0.3500	1,690,898	0.3500	0.3500	1,742,300	0.3500	0.3500
	Fox Creek Township of Harrison Co	General Revenue	1,567,183	0.1000	0.1000	1,637,845	0.1000	0.1000	1,641,072	0.1000	0.1000
		Road & Bridge	1,567,183	0.4138	0.4138	1,637,845	0.4145	0.4145	1,641,072	0.4159	0.4159
		Special Road and Bridge	1,567,183	0.3500	0.3500	1,637,845	0.3500	0.3500	1,641,072	0.3500	0.3500
	Grant Township of Harrison Co	General Revenue	3,125,102	0.1000	0.1000	3,159,961	0.1000	0.1000	3,187,452	0.1000	0.1000
		Road & Bridge	3,125,102	0.4461	0.4461	3,159,961	0.4536	0.4536	3,187,452	0.4536	0.4536
		Special Road and Bridge	3,125,102	0.3500	0.3500	3,159,961	0.3500	0.3500	3,187,452	0.3500	0.3500
	Hamilton Township of Harrison Co	General Revenue	2,326,802	0.1000	0.1000	2,238,856	0.1000	0.1000	2,373,789	0.0991	0.0991
		Road & Bridge	2,326,802	0.4457	0.4457	2,238,856	0.4689	0.4689	2,373,789	0.4649	0.4649
		Special Road and Bridge	2,326,802	0.3500	0.3500	2,238,856	0.3500	0.3500	2,373,789	0.3470	0.3470
	Jefferson Township of Harrison Co	General Revenue	2,859,101	0.1000	0.1000	2,960,640	0.1000	0.1000	2,956,506	0.1000	0.1000
		Road & Bridge	2,859,101	0.4140	0.4140	2,960,640	0.4140	0.4140	2,956,506	0.4217	0.4217
		Special Road and Bridge	2,859,101	0.3500	0.3500	2,960,640	0.3500	0.3500	2,956,506	0.3500	0.3500
	Lincoln Township of Harrison Co	General Revenue	1,680,544	0.1000	0.1000	1,685,388	0.1000	0.1000	1,749,924	0.1000	0.1000
		Road & Bridge	1,680,544	0.4766	0.4766	1,685,388	0.4934	0.4934	1,749,924	0.4934	0.4934
		Special Road and Bridge	1,680,544	0.3500	0.3500	1,685,388	0.3500	0.3500	1,749,924	0.3500	0.3500
	Madison Township of Harrison Co	General Revenue	4,029,389	0.1000	0.1000	3,977,891	0.1000	0.1000	4,106,277	0.1000	0.1000
		Road & Bridge	4,029,389	0.4242	0.4242	3,977,891	0.4371	0.4371	4,106,277	0.4371	0.4371

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Harrison	Madison Township of Harrison Co	Special Road and Bridge	4,029,389	0.3500	0.3500	3,977,891	0.3500	0.3500	4,106,277	0.3500	0.3500
	Marion Township of Harrison Co	General Revenue	4,332,833	0.0925	0.0925	4,164,676	0.0964	0.0964	4,401,076	0.0964	0.0964
		Road & Bridge	4,332,833	0.3803	0.3803	4,164,676	0.3964	0.3964	4,401,076	0.3964	0.3964
		Special Road and Bridge	4,332,833	0.3500	0.3500	4,164,676	0.3500	0.3500	4,401,076	0.3500	0.3500
	Sherman Township of Harrison Co	General Revenue	2,686,419	0.1000	0.1000	2,625,710	0.1000	0.1000	2,725,239	0.1000	0.1000
		Road & Bridge	2,686,419	0.4896	0.4896	2,625,710	0.5000	0.5000	2,725,239	0.5000	0.5000
		Special Road and Bridge	2,686,419	0.3500	0.3500	2,625,710	0.3500	0.3500	2,725,239	0.3500	0.3500
	Sugar Creek Township of Harrison Co	General Revenue	3,005,434	0.1000	0.1000	3,048,761	0.1000	0.1000	3,160,357	0.0993	0.0993
		Road & Bridge	3,005,434	0.3591	0.3591	3,048,761	0.3597	0.3597	3,160,357	0.3573	0.3573
		Special Road and Bridge	3,005,434	0.3500	0.3500 A	3,048,761	0.3500	0.3500	3,160,357	0.3477	0.3477
	Trail Creek Township of Harrison Co	General Revenue	3,976,497	0.1000	0.1000	2,654,191	0.1000	0.1000	3,222,383	0.0975	0.0975
		Road & Bridge	3,976,497	0.5000	0.5000	2,654,191	0.5000	0.5000	3,222,383	0.4877	0.4877
		Special Road and Bridge	3,976,497	0.3500	0.3500	2,654,191	0.3500	0.3500	3,222,383	0.3414	0.3414
	Union Township of Harrison Co	General Revenue	3,195,306	0.1000	0.1000	3,276,127	0.1000	0.1000	3,466,455	0.1000	0.1000
		Road & Bridge	3,195,306	0.4643	0.4643	3,276,127	0.4701	0.4701	3,466,455	0.4701	0.4701
		Special Road and Bridge	3,195,306	0.3500	0.3500	3,276,127	0.3500	0.3500	3,466,455	0.3500	0.3500
	Washington Township of Harrison Co	General Revenue	1,755,703	0.1000	0.1000	1,752,068	0.1000	0.1000	1,784,134	0.1000	0.1000
		Road & Bridge	1,755,703	0.4431	0.4431	1,752,068	0.4475	0.4475	1,784,134	0.4489	0.4489
		Special Road and Bridge	1,755,703	0.3500	0.3500	1,752,068	0.3500	0.3500	1,784,134	0.3500	0.3500
	White Oak Township of Harrison Co	General Revenue	3,527,470	0.1000	0.1000	3,426,781	0.1000	0.1000	3,488,778	0.1000	0.1000
		Road & Bridge	3,527,470	0.4198	0.4198	3,426,781	0.4366	0.4366	3,488,778	0.4382	0.4382
		Special Road and Bridge	3,527,470	0.3500	0.3500	3,426,781	0.3500	0.3500	3,488,778	0.3500	0.3500
	Ridgeway Fire Protection District	General Revenue	7,641,458	0.3000	0.3000	6,193,147	0.3000	0.3000	6,763,890	0.2988	0.2988
	Gilman City Fire Protection Dist	General Revenue	8,054,838	0.2860	0.2860	7,848,664	0.2984	0.2984	8,395,942	0.2864	0.2864
	New Hampton Fire Protection Dist	General Revenue	7,785,707	0.2861	0.2861	7,772,936	0.2901	0.2901	8,020,262	0.2901	0.2901
	North Harrison Fire Protection Dist	Fire	12,133,646	0.3000	0.3000	13,172,493	0.2852	0.2852	14,083,783	0.2852	0.2852
	Cainsville Fire Protection District	General Revenue	6,783,161	0.3000	0.3000 A	6,846,301	0.3000	0.3000	6,506,862	0.3000	0.3000
	Cainsville R-I School District	Operating Funds-Schools	4,551,129	5.4961	5.0061	4,636,185	5.5958	5.1058	4,802,734	5.6079	5.6079
	South Harrison Co R-II School Dist	Operating Funds-Schools	44,800,361	3.4186	3.4186	46,718,538	3.4660	3.4660	48,925,982	3.4237	3.4237
	North Harrison Co R-III School Dist	Operating Funds-Schools	12,222,421	4.1380	4.1380	12,458,130	4.1965	4.1965	13,450,153	4.3469	4.3469
	Gilman City R-IV School District	Operating Funds-Schools	7,699,068	4.6214	4.6214	7,725,546	4.7513	4.7513	8,048,843	4.8011	4.8011
	Ridgeway R-V School District	Operating Funds-Schools	6,867,870	5.1449	4.2400	5,643,360	5.5000	4.7724	6,212,060	5.4247	4.8034
	Harrison County	General Revenue	79,555,107	0.3529	0.3529	79,499,154	0.3573	0.3573	83,445,386	0.3555	0.3555
		Health	79,555,107	0.1400	0.1400	79,499,154	0.1400	0.1400	83,445,386	0.1393	0.1393
Henry	Windsor Ambulance District	General Revenue	37,306,228	0.2900	0.2900	37,584,194	0.2928	0.2928	38,709,252	0.2921	0.2921
	Bethlehem Spec Rd Dist #2 Henry Co	Road & Bridge	2,012,966	0.6096	0.6096	2,002,939	0.6100	0.6100	2,103,897	0.6082	0.6082
	Deerfield Creek SRD, Henry Co	Road & Bridge	2,979,807	0.7505	0.2000	2,956,034	0.7653	0.2000	3,238,826	0.7266	0.2000
	Fields Creek Sp Rd Dist #1 Henry Co	Road & Bridge	19,067,521	0.2323	0.2323	19,573,400	0.2424	0.2424	19,249,823	0.2495	0.2495
	Honey Creek Sp Rd Dist #1 Henry Co	Road & Bridge	1,726,539	0.3446	0.3446	1,673,957	0.3563	0.3563	1,743,595	0.3563	0.3563

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Henry	Montrose Spec Rd Dist Henry Co	Road & Bridge	2,861,596	0.2981	0.2800	2,854,238	0.3070	0.3070	3,080,611	0.2960	0.2960
	Mt Hope Spec Rd Dist Henry Co	Road & Bridge	581,672	0.4900	0.4900	1,062,056	0.4900	0.4900	1,067,703	0.4900	0.4900
	Osage Spec Rd Dist #1 Henry Co	Road & Bridge	3,929,698	0.3349	0.3349	4,010,239	0.3395	0.3395	4,264,220	0.3322	0.3000
	Shawnee Spec Rd Dist #1 Henry Co	Road & Bridge	3,187,544	0.4703	0.3500	3,182,404	0.4862	0.2500	3,437,789	0.4659	0.2500
	Wagner Spec Rd Dist Henry Co	Road & Bridge	501,460	0.4834	0.4834	500,067	0.5000	0.5000	544,148	0.4946	0.4946
	Windsor Spec Rd Dist Henry Co	Road & Bridge	26,499,822	0.2815	0.2815	26,064,210	0.2896	0.2896	27,307,147	0.2841	0.2841
	Clinton Country Club Spec Rd Dist	Special Road and Bridge	708,938	0.3500	0.3500	723,718	0.3500	0.3500	833,830	0.3499	0.3499
	City of Blairstown	General Revenue	637,470	0.9791	0.9791	596,125	1.0000	1.0000	602,324	1.0000	1.0000
		Streets	637,470	0.4907	0.4907	596,125	0.5000	0.5000	602,324	0.5000	0.5000
	Village of Brownington	General Revenue	384,852	0.6236	0.5000	351,496	0.6843	0.6843	392,154	0.6678	0.6678
	City of Calhoun	General Revenue	1,619,071	0.5689	0.5689	1,642,001	0.5814	0.5814	1,732,517	0.5657	0.5657
		Police	1,619,071	0.2500	0.2500 A	1,642,001	0.2500	0.2500	1,732,517	0.2432	0.2432
		Fire	1,619,071	0.2000	0.2000 A	1,642,001	0.2000	0.2000	1,732,517	0.1946	0.1946
	City of Clinton	General Revenue	93,385,966	0.5000	0.5000	95,877,649	0.5010	0.5010	102,225,979	0.4859	0.4859
		Parks & Recreation	93,385,966	0.1400	0.1400	95,877,649	0.1403	0.1403	102,225,979	0.1361	0.1361
	City of Deepwater	General Revenue	2,033,084	0.9130	0.9004	2,177,680	0.9279	0.9004	2,180,719	0.9279	0.9279
		Lights	2,033,084	0.1334	0.1315	2,177,680	0.1356	0.1315	2,180,719	0.1356	0.1356
		Cemetery	2,033,084	0.1000	0.1000	2,177,680	0.1000	0.1000	2,180,719	0.1000	0.1000
	City of Montrose	General Revenue	2,294,714	0.9548	0.9548 B	2,329,986	0.9648	0.9648	2,536,084	0.9262	0.9262
		Debt Service	2,294,714	0.6641	0.6641	2,329,986	0.5991	0.5991	2,536,084	0.4515	0.4515
	City of Urich	General Revenue	2,573,733	0.9522	0.9522	2,593,817	0.9666	0.9522	2,753,919	0.9387	0.9387
		Parks & Recreation	2,573,733	0.2938	0.2938	2,593,817	0.2983	0.2938	2,753,919	0.2897	0.2897
	City of Windsor	General Revenue	19,729,571	0.5900	0.5900	19,864,074	0.5981	0.5900	21,005,991	0.5817	0.5817
		Library	19,729,571	0.1200	0.1200	19,864,074	0.1200	0.1200	21,005,991	0.1167	0.1167
		Park	19,729,571	0.2300	0.2300	19,864,074	0.2332	0.2300	21,005,991	0.2268	0.2268
		Pool	19,729,571	0.1200	0.1200	19,864,074	0.1200	0.1200	21,005,991	0.1167	0.1167
		Recreation	19,729,571	0.0600	0.0600	19,864,074	0.0600	0.0600	21,005,991	0.0584	0.0584
	Henry County Library District	General Revenue	206,944,887	0.2000	0.2000	210,970,926	0.2000	0.2000	223,734,590	0.1955	0.1955
	Bear Creek Township of Henry Co	General Revenue	2,770,266	0.2000	0.2000	2,743,088	0.2000	0.2000	2,823,080	0.2000	0.2000
		Road & Bridge	2,770,266	0.3427	0.3427	2,743,088	0.3500	0.3500	2,823,080	0.3500	0.3500
		Special Road and Bridge	2,770,266	0.2600	0.2600	2,743,088	0.2600	0.2600 A	2,823,080	0.2600	0.2600
	Bethlehem Township of Henry County	General Revenue	8,037,325	0.1210	0.1210	7,970,405	0.1257	0.1210	8,647,650	0.1208	0.1208
		Road & Bridge	5,883,127	0.2665	0.2665	5,847,164	0.2804	0.2665	6,425,111	0.2659	0.2659
	Bogard Township of Henry Co	General Revenue	6,578,760	0.1733	0.1733	6,906,149	0.1761	0.1761	7,335,500	0.1741	0.1741
		Road & Bridge	6,578,760	0.3568	0.3568	6,906,149	0.3625	0.3625	7,335,500	0.3585	0.3585
		Special Road and Bridge	6,578,760	0.2500	0.2500	6,906,149	0.2500	0.2500 A	7,335,500	0.2472	0.2472
	Clinton Township of Henry Co	General Revenue	78,704,403	0.1403	0.1000	80,876,967	0.1405	0.1000	88,159,973	0.1334	0.1000
		Road & Bridge	78,704,403	0.2807	0.2000	80,876,967	0.2811	0.2000	88,159,973	0.2669	0.2000
	Davis Township of Henry Co	General Revenue	7,022,357	0.2000	0.0500	7,939,109	0.2000	0.0300	7,924,171	0.2000	0.0300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Henry	Davis Township of Henry Co	Road & Bridge	7,022,357	0.5000	0.4500	7,939,109	0.5000	0.5000	7,924,171	0.5000	0.5000
	Deepwater Township of Henry Co	General Revenue	5,912,523	0.1637	0.1637	5,846,156	0.1694	0.1694	6,145,222	0.1668	0.1668
		Road & Bridge	1,427,355	0.3855	0.3855	1,429,795	0.3961	0.3961	1,452,760	0.3961	0.3961
	Deer Creek Township of Henry Co	General Revenue	4,978,167	0.1507	0.1507	4,835,449	0.1560	0.1507	5,327,629	0.1540	0.1540
		Road & Bridge	3,452,299	0.4348	0.4348	3,309,077	0.4560	0.4348	3,662,230	0.4477	0.4477
	Fairview Township of Henry Co	General Revenue	5,602,419	0.1522	0.1400	5,791,559	0.1553	0.1400	6,011,384	0.1544	0.1400
		Road & Bridge	5,602,419	0.3247	0.3100	5,791,559	0.3313	0.3100	6,011,384	0.3294	0.3100
	Fields Creek Township of Henry Co	General Revenue	30,340,778	0.1305	0.1200	30,486,367	0.1361	0.1361	30,952,198	0.1361	0.1361
		Road & Bridge	9,251,612	0.3100	0.3000	8,879,889	0.3100	0.3100	9,420,450	0.3049	0.3049
	Honey Creek Township of Henry Co	General Revenue	2,820,340	0.1757	0.1500	2,730,062	0.1823	0.1500	2,860,480	0.1806	0.1500
		Road & Bridge	1,093,801	0.5000	0.1000	1,056,105	0.5000	0.1000	1,116,885	0.4923	0.1000
	Leesville Township of Henry Co	General Revenue	10,520,280	0.1304	0.1304	11,111,794	0.1304	0.1304	11,519,477	0.1299	0.1299
		Road & Bridge	10,520,280	0.2609	0.2609	11,111,794	0.2609	0.2609	11,519,477	0.2600	0.2600
	Osage Township of Henry Co	General Revenue	7,177,790	0.1313	0.0800	7,316,607	0.1326	0.0800	7,639,333	0.1308	0.0800
		Road & Bridge	3,248,092	0.2809	0.2800	3,306,368	0.2823	0.2800	3,388,073	0.2823	0.2800
	Shawnee Township of Henry Co	General Revenue	5,732,892	0.1630	0.0500	5,817,200	0.1666	0.0500	6,174,138	0.1617	0.0500
		Road & Bridge	2,545,348	0.4159	0.4100	2,634,796	0.4190	0.4100	2,736,349	0.4129	0.4100
	Springfield Township of Henry Co	General Revenue	2,826,601	0.1407	0.1407	2,900,217	0.1408	0.1408	3,073,678	0.1399	0.1399
		Road & Bridge	2,826,601	0.3216	0.3216	2,900,217	0.3218	0.3218	3,073,678	0.3197	0.3197
	Tebo Township of Henry Co	General Revenue	6,528,400	0.1729	0.1729	6,514,178	0.1779	0.1779	6,993,082	0.1753	0.1753
		Road & Bridge	6,528,400	0.3764	0.3764	6,514,178	0.3874	0.3874	6,993,082	0.3817	0.3817
		Special Road and Bridge	6,528,400	0.1800	0.1800	6,514,178	0.1800	0.1800 A	6,993,082	0.1774	0.1774
	Walker Township of Henry Co	General Revenue	3,973,005	0.2000	0.2000	4,156,223	0.1982	0.1982	4,430,105	0.1942	0.1942
		Road & Bridge	3,973,005	0.5000	0.5000	4,156,223	0.4954	0.4954	4,430,105	0.4855	0.4855
		Special Road and Bridge	3,973,005	0.1500	0.1500	4,156,223	0.1486	0.1486	4,430,105	0.1456	0.1456
	White Oak Township of Henry Co	General Revenue	5,874,510	0.1835	0.1835	5,897,769	0.1879	0.1879	6,276,172	0.1855	0.1855
		Road & Bridge	5,874,510	0.3874	0.3874	5,897,769	0.3966	0.3966	6,276,172	0.3914	0.3914
	Windsor Township of Henry Co	General Revenue	26,502,822	0.1407	0.1407	26,064,210	0.1448	0.1448	27,307,147	0.1420	0.1420
	Big Creek Township of Henry Co	General Revenue	4,076,602	0.1604	0.1604	4,179,607	0.1605	0.1605	4,366,511	0.1589	0.1589
		Road & Bridge	4,076,602	0.2607	0.2607	4,179,607	0.2609	0.2609	4,366,511	0.2583	0.2583
	Tightwad Fire Protection District	General Revenue	10,520,280	0.2987	0.2000	11,111,794	0.2987	0.2000	11,519,477	0.2976	0.1500
	Henry County R-I School District	Operating Funds-Schools	33,098,228	3.2428	2.7500	34,420,489	3.2380	2.7500	36,229,845	3.2527	2.7500
		Debt Service	33,098,228	0.5000	0.5000	34,420,489	0.5000	0.5000	36,229,845	0.5000	0.5000
	Shawnee R-III School District	Operating Funds-Schools	6,035,749	3.9932	3.8500 B	6,321,075	3.9932	3.8500	6,879,275	3.8487	3.8487
		Debt Service	6,035,749	0.6900	0.6900	6,321,075	0.6900	0.6900	6,879,275	0.6379	0.6379
	Calhoun R-VIII School District	Operating Funds-Schools	6,997,377	4.0127	3.6600	7,031,388	3.9685	3.6600	7,530,397	4.0201	3.6600
	Leesville R-IX School District	Operating Funds-Schools	9,946,333	3.0495	3.0495	10,538,608	3.0902	3.0902	10,930,338	3.1125	3.1125
	Davis R-XII School District	Operating Funds-Schools	9,712,154	3.5600	3.5600	10,730,811	3.5600	3.5600	10,964,194	3.5600	3.5600
	Montrose R-XIV School District	Operating Funds-Schools	7,518,755	4.4423	3.9297	7,681,759	4.3987	3.8247	8,031,994	4.4444	3.7861

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Henry	Clinton School District	Operating Funds-Schools	118,029,699	3.4091	3.3900	121,055,632	3.4292	3.3900	129,454,696	3.3145	3.3145
		Debt Service	118,029,699	0.4600	0.4600	121,055,632	0.2600	0.2600	**	**	**
	Henry County	General Revenue	225,981,240	0.2518	0.0100	230,083,116	0.2544	0.0100	243,967,222	0.2485	0.0215
		Health	225,981,240	0.1000	0.1000	230,083,116	0.1000	0.1000	243,967,222	0.0977	0.0977
Hickory	Village of Cross Timbers	General Revenue	678,760	0.4610	0.3500	687,554	0.4611	0.3500	679,911	0.4736	0.3500
	City of Hermitage	General Revenue	3,676,644	0.5161	0.5000	3,860,736	0.5166	0.5000	4,000,156	0.5166	0.5000
		Debt Service	3,676,644	0.3169	0.3169	3,860,736	0.2452	0.2452	**	**	**
		General Revenue	1,857,747	0.3646	0.3646	1,842,837	0.3735	0.3735	2,015,575	0.3630	0.3630
	City of Wheatland	General Revenue	1,708,855	0.3789	0.3789	1,764,256	0.3792	0.3792	1,824,967	0.3792	0.3792
	Hickory County Library District	General Revenue	71,293,759	0.1400	0.1400	73,636,028	0.1400	0.1400	78,177,321	0.1373	0.1373
	Hickory Co. R-I School District	Operating Funds-Schools	25,910,319	2.7500	2.7500 B	26,604,123	2.7500	2.7500 B	28,462,484	2.7500	2.7500 B
		Debt Service	25,910,319	0.8000	0.8000	26,604,123	0.8000	0.8000	28,462,484	0.8000	0.8000
	Wheatland R-II School District	Operating Funds-Schools	19,808,741	3.1543	3.1543	20,202,897	3.1403	3.1403	21,857,743	3.0867	3.0867
		Debt Service	19,808,741	0.3500	0.3500	20,202,897	0.3629	0.3629	21,857,743	0.4064	0.4064
	Weaubleau R-III School District	Operating Funds-Schools	15,148,014	2.7500	2.7500 B	15,475,493	2.7500	2.7500 B	16,207,531	2.7500	2.7500 B
		Debt Service	15,148,014	0.8400	0.8400	15,475,493	0.8400	0.8400	16,207,531	0.8234	0.8234
	Hermitage R-IV School District	Operating Funds-Schools	24,335,720	2.6000	2.6000 B	25,218,963	2.7500	2.7500 B	26,681,826	2.7500	2.7500 B
		Debt Service	24,335,720	0.5130	0.5130	25,218,963	0.5076	0.5076	26,681,826	0.5076	0.5076
	Hickory County	General Revenue	71,293,759	0.3400	0.1700	73,636,028	0.3400	0.1639	78,177,321	0.3334	0.1779
		Road & Bridge	71,293,759	0.2600	0.2600	73,636,028	0.2600	0.2594	78,177,321	0.2549	0.2549
		Health	71,293,759	0.0800	0.0800	73,636,028	0.0800	0.0800	78,177,321	0.0784	0.0784
Holt	Corning Special Road Dist Holt Co	Special Road District	**	**	**	2,265,629	0.3500	0.0000 A	2,272,606	0.3500	0.3500
		Special Road and Bridge	2,197,737	0.3500	0.3500	2,265,629	0.3500	0.3500	**	**	**
	South Union Twsp Indpt Sp Rd Holt	Special Road and Bridge	2,002,555	0.3500	0.3500 A	2,005,278	0.3500	0.3500	2,023,154	0.3500	0.3500
	Village of Bigelow	General Revenue	244,570	0.7327	0.5000	261,179	0.7321	0.5000	276,615	0.7239	0.7239
	Village of Corning	General Revenue	147,907	0.4246	0.4200	145,274	0.4323	0.4323	127,258	0.5000	0.5000
		Lights	147,907	0.2177	0.2100	145,274	0.2217	0.2217	127,258	0.2500	0.2500
	City of Craig	General Revenue	1,170,037	0.9926	0.9926	1,224,334	0.9926	0.9926	1,202,700	1.0000	1.0000
		Motor Fuel	1,170,037	0.4000	0.4000	1,224,334	0.4000	0.4000	1,202,700	0.4000	0.4000
		Debt Service	1,170,037	1.2493	1.2493	1,224,334	1.8102	1.8102	1,202,700	1.4161	1.4161
	City of Forest City	General Revenue	2,015,625	0.8933	0.8933	2,024,046	0.8956	0.8933	2,058,727	0.8956	0.8933
		Debt Service	2,015,625	0.3200	0.3200	2,024,046	0.3200	0.3200	2,058,727	0.1294	0.1294
	Village of Fortescue	General Revenue	237,729	0.7000	0.7000	238,770	0.6998	0.6998	270,306	0.7000	0.7000
	City of Maitland	General Revenue	1,587,149	0.9381	0.9381	1,681,505	0.9381	0.9381	1,696,633	0.9406	0.9406
		Lights	1,587,149	0.3500	0.3500	1,681,505	0.3500	0.3500	1,696,633	0.3500	0.3500
		Health	1,587,149	0.1500	0.1500	1,681,505	0.1500	0.1500	1,696,633	0.1500	0.1500
		General Revenue-temp	1,587,149	0.1400	0.1400 A	1,681,505	0.1400	0.1400	1,696,633	0.1400	0.1400
	City of Mound City	General Revenue	8,959,468	0.7111	0.7100	9,146,237	0.7111	0.7110	9,348,803	0.7111	0.7111
		Parks & Recreation	8,959,468	0.2540	0.2500	9,146,237	0.2540	0.2540	9,348,803	0.2540	0.2540

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Holt	City of Mound City	Library	8,959,468	0.2540	0.2500	9,146,237	0.2540	0.2540	9,348,803	0.2540	0.2540
		Health	8,959,468	0.1524	0.1500	9,146,237	0.1524	0.1524	9,348,803	0.1524	0.1524
		General Revenue-temp	8,959,468	0.3000	0.2700 A	9,146,237	0.3000	0.3000	9,348,803	0.3000	0.3000
		Debt Service	8,959,468	0.3000	0.3000	9,146,237	0.2821	0.2821	**	**	**
	City of Oregon	General Revenue	5,368,683	0.9335	1.0000 D	5,566,023	0.9335	1.0000 D	5,664,787	0.9335	1.0000 D
		Library	5,368,683	0.2409	0.2400	5,566,023	0.2409	0.2400	5,664,787	0.2409	0.2400
		Health	5,368,683	0.1706	0.1700	5,566,023	0.1706	0.1700	5,664,787	0.1706	0.1700
		Debt Service	5,368,683	0.8900	0.8900	5,566,023	0.8900	0.8900	5,664,787	0.8900	0.8900
	Village of Big Lake	General Revenue	2,876,515	0.2728	0.2728	3,065,563	0.2728	0.2728	3,213,260	0.2728	0.2728
		Health	2,876,515	0.1212	0.1212	3,065,563	0.1212	0.1212	3,213,260	0.1212	0.1212
	Mound City Rural Fire Prot Dist	General Revenue	22,614,086	0.2212	0.2212	23,270,410	0.2212	0.2212	24,056,069	0.2212	0.2212
	Southern Fire Protection District	General Revenue	25,429,294	0.2301	0.2301	26,414,689	0.2295	0.2295	26,800,993	0.2295	0.2295
	Northwest Holt Co Fire Prot Dist	General Revenue	8,396,233	0.4602	0.4602	8,610,419	0.4602	0.4602	8,557,990	0.4735	0.4735
	Craig R-III School District	Operating Funds-Schools	11,378,153	4.0849	4.0840	11,716,772	4.1544	4.1544	12,052,297	4.1530	4.1530
	Mound City R-2 School District	Operating Funds-Schools	19,950,627	3.3793	3.3793	20,286,061	3.3634	3.3634	20,804,644	4.0034 B	4.0034 B
	South Holt Co R-I School District	Operating Funds-Schools	21,563,701	3.3537	3.3537	22,020,259	3.3590	3.3590	22,609,511	3.2917	3.2917
		Debt Service	21,563,701	0.2850	0.2850	22,020,259	0.4116	0.4116	22,609,511	0.5051	0.5051
	Holt County	General Revenue	73,083,734	0.4309	0.3320	74,090,058	0.4309	0.3220	75,199,389	0.4309	0.3274
		Johnson Grass	73,083,734	0.0500	0.0500	74,090,058	0.0500	0.0300	75,199,389	0.0500	0.0300
		Road & Bridge	73,083,734	0.4309	0.4300	74,090,058	0.4309	0.4300	75,199,389	0.4309	0.4309
Howard	Howard County Ambulance District	General Revenue	83,714,480	0.2900	0.2900	86,094,500	0.2900	0.2900	89,371,726	0.2900	0.2900
	Moniteau Creek Watershed Sub Dist	General Revenue	12,521,664	0.2924	0.2924 D	12,862,149	0.2955	0.2955 D	14,082,744	0.2878	0.2878 D
	Armstrong Spec Rd Dist Howard Co	Special Road and Bridge	5,916,253	0.3500	0.3500 A	6,396,683	0.3396	0.3396	6,401,482	0.3400	0.3400
	Glasgow Spec Rd Dist #60 Howard Co	Special Road and Bridge	15,052,553	0.2300	0.2300 A	15,919,030	0.2255	0.2255	16,196,508	0.2255	0.2255
	City of Armstrong	General Revenue	1,278,176	0.9836	0.9836	1,415,036	0.9108	0.9108	1,384,188	0.9596	0.9596
	City of Fayette	General Revenue	12,884,657	0.5552	0.5552	13,316,058	0.5552	0.5552	13,887,708	0.5527	0.5527
	City of Franklin	General Revenue	480,992	0.9734	0.9300	445,000	1.0000	1.0000	469,084	1.0000	1.0000
	City of New Franklin	General Revenue	5,611,727	0.6266	0.6266	5,679,753	0.6266	0.6266	6,030,601	0.6215	0.6215
	City of Glasgow	General Revenue	9,204,756	0.5131	0.5131	9,385,055	0.5129	0.5129	9,461,448	0.5129	0.5129
		Parks & Recreation	9,204,756	0.2414	0.2414	9,385,055	0.2413	0.2413	9,461,448	0.2413	0.2413
		Library	9,204,756	0.2500	0.2500	9,385,055	0.2499	0.2499	9,461,448	0.2499	0.2499
		Debt Service	9,204,756	0.5500	0.5500	9,385,055	0.0000	0.0000	**	**	**
	Howard County Library	General Revenue	74,612,037	0.1000	0.1000	76,836,057	0.1000	0.1000	80,297,476	0.1000	0.1000
	Howard Co Fire Protection District	General Revenue	47,445,558	0.2900	0.2900	48,012,676	0.2938	0.2938	50,347,132	0.2938	0.2938
	Armstrong Fire Protection District	General Revenue	10,872,781	0.2000	0.2000	11,455,152	0.1949	0.1949	11,396,679	0.1971	0.1971
	Glasgow Fire Protection District	General Revenue	20,818,682	0.3000	0.3000	22,196,912	0.2904	0.2904	22,995,285	0.2884	0.2884
	New Franklin R-I School District	Operating Funds-Schools	17,637,893	3.3544	3.3544	18,025,392	3.3365	3.3300	19,264,586	3.3716	3.3300
		Debt Service	17,637,893	0.4711	0.4711	18,025,392	0.5400	0.5400	19,264,586	0.5400	0.5400
	Fayette R-III School District	Operating Funds-Schools	33,586,885	3.5000	3.5000	34,590,931	3.4738	3.4723	34,667,550	3.4861	3.4861

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Howard	Fayette R-III School District	Debt Service	33,586,885	0.6500	0.6500	34,590,931	0.6500	0.6500	34,667,550	0.6500	0.6500
	Howard Co R-II School District	Operating Funds-Schools	17,839,440	4.0427	3.2500 B	18,153,448	4.0427	3.3500	18,732,264	4.0216	3.6307
		Debt Service	17,839,440	0.3500	0.3500	18,153,448	0.2500	0.2500	18,732,264	0.1670	0.1670
	Howard County	General Revenue	83,714,480	0.4000	0.2477	86,094,500	0.4000	0.2563	89,371,726	0.4000	0.2587
		Road & Bridge	83,714,480	0.2700	0.2700	63,311,482	0.2882	0.2882	71,494,126	0.2723	0.2723
		Senate Bill 40	83,714,480	0.1000	0.0900	86,094,500	0.1000	0.0900	89,371,726	0.1000	0.0900
Howell	South Howell Co Ambulance District	General Revenue	213,866,429	0.1875	0.1875	217,144,130	0.1882	0.1882	222,539,085	0.1882	0.1882
	Willow Springs Ambulance District	General Revenue	43,713,741	0.2739	0.2700	47,076,626	0.2739	0.2700	47,798,566	0.2747	0.2700
	Mountain-View Summersville Amb Dis	General Revenue	54,349,921	0.1700	0.1700	53,621,112	0.1737	0.1737	56,034,017	0.1737	0.1737
	City of Mountain View	General Revenue	19,527,426	0.5213	0.0000	17,320,198	0.5935	0.0000	17,634,133	0.5945	0.0000
		Library	19,527,426	0.1303	0.0000	17,320,198	0.1483	0.0000	17,634,133	0.1485	0.0000
	City of West Plains	General Revenue	107,009,188	0.2650	0.2650	105,185,878	0.2725	0.2700	107,611,050	0.2725	0.2700
		Library	107,009,188	0.2159	0.2159	105,185,878	0.2221	0.2221	107,611,050	0.2221	0.2221
	City of Willow Springs	General Revenue	12,547,253	0.4752	0.4752	13,640,780	0.4793	0.4793	13,238,263	0.5109	0.5109
		Library	12,547,253	0.1517	0.1517	13,640,780	0.1530	0.1530	13,238,263	0.1631	0.1631
	Howell County Rural Fire Dist. #1	General Revenue	36,501,794	0.3000	0.2600	63,499,664	0.2585	0.2585	65,045,438	0.2585	0.2585
	Pomona Fire Protection District	General Revenue	11,753,322	0.2710	0.2700	13,198,659	0.2705	0.2705	13,799,910	0.2711	0.2711
	Howell Valley R-I School District	Operating Funds-Schools	15,954,920	3.2660	3.2600	16,373,780	3.2694	3.2600	16,536,210	3.2631	3.2600
	Mountain View-Birch Tree R-III SD	Operating Funds-Schools	48,039,280	2.7500	2.7500 B	46,990,207	2.7500	2.7500 B	48,353,092	2.7500	2.7500 B
	Willow Springs R-IV School District	Operating Funds-Schools	38,884,320	2.7500	2.7500 B	41,843,908	2.7500	2.7500 B	42,631,960	2.7500	2.7500 B
	Richards R-V School District	Operating Funds-Schools	22,074,930	2.7100	2.7100 B	23,501,388	2.7100	2.7100 B	24,325,170	2.7500	2.7500 B
	West Plains R-VII School District	Operating Funds-Schools	111,881,220	3.3655	2.7500	110,491,988	3.3738	2.7500	111,434,790	3.3881	2.7500
	Glenwood R-VIII School District	Operating Funds-Schools	14,538,020	2.7500	2.7500 B	15,122,031	2.7574	2.7500	15,484,430	2.7370	2.7370
		Operating Funds-Temp	14,538,020	0.2000	0.2000 A	15,122,031	0.2000	0.1000	15,484,430	0.2000	0.2000
		Debt Service	14,538,020	0.0500	0.0500	15,122,031	0.1500	0.1500	15,484,430	0.0830	0.0830
	Junction Hill C-12 School District	Operating Funds-Schools	10,686,460	2.9900	2.9900 B	11,156,150	3.0033	2.9900	11,669,380	3.0001	2.9900
	Fairview R-XI School District	Operating Funds-Schools	25,045,520	2.7000	2.7000 B	26,297,410	2.7000	2.7000 B	28,245,570	2.7000	2.7000 B
	Howell County	General Revenue	287,258,252	0.2500	0.0000	292,122,587	0.2508	0.0000	299,531,157	0.2508	0.0000
		Road & Bridge	287,258,252	0.1900	0.0000	292,122,587	0.1906	0.0000	299,531,157	0.1906	0.0000
		Senate Bill 40	287,258,252	0.0900	0.0500	292,122,587	0.0903	0.0500	299,531,157	0.0903	0.0500
		Health	**	**	**	**	**	**	299,531,157	0.1000	0.1000 A
Iron	Iron County Ambulance District	General Revenue	145,832,489	0.1500	0.1500	147,170,348	0.1500	0.1500	140,524,076	0.1500	0.1500
	Road District #1	Road & Bridge	145,832,489	0.2836	0.2836	147,170,348	0.2854	0.2854	140,524,076	0.3017	0.3017
	City of Annapolis	General Revenue	9,686,248	0.2100	0.2100	9,683,408	0.2107	0.2107	10,845,829	0.5500	0.5500 B
	City of Arcadia	General Revenue	3,820,930	0.5142	0.5142	3,900,810	0.5165	0.5165	3,946,657	0.5165	0.5165
	Village of Des Arc	General Revenue	619,139	0.3603	0.3603	598,467	0.3728	0.3728	600,486	0.3729	0.3729
	City of Ironton	General Revenue	10,808,013	0.5639	0.5639	10,594,670	0.5753	0.5753	10,668,762	0.5813	0.5813
		Parks & Recreation	10,808,013	0.1612	0.1612	10,594,670	0.1645	0.1645	10,668,762	0.1662	0.1662
	City of Pilot Knob	General Revenue	4,613,927	0.3851	0.3851	4,691,028	0.3863	0.3863	4,746,044	0.3989	0.3989

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Iron	City of Viburnum	General Revenue	15,198,692	1.0000	0.9400	15,490,418	1.0000	0.9400	8,515,847	1.0000	0.9400
		Parks & Recreation	15,198,692	0.2300	0.2000	15,490,418	0.2300	0.1900	8,515,847	0.2300	0.1900
		Solid Waste Landfill	15,198,692	0.1000	0.0700	15,490,418	0.1000	0.0700	8,515,847	0.1000	0.0700
		Health	15,198,692	0.2000	0.1900	15,490,418	0.2000	0.1800	8,515,847	0.2000	0.1800
		Debt Service	15,198,692	0.8500	0.8500	15,490,418	0.8700	0.8700	8,515,847	0.8700	0.8700
	Iron County Library District	General Revenue	145,832,489	0.1000	0.1000	147,170,348	0.1000	0.1000	140,524,076	0.1000	0.1000
	Quad County Fire Protection Dist	General Revenue	60,939,877	0.2000	0.2000	63,894,335	0.2000	0.2000	62,354,319	0.2000	0.2000
	Southern Iron County Fire Prot Dist	General Revenue	34,240,734	0.2500	0.2500 A	34,897,068	0.2500	0.2500	36,914,594	0.2448	0.2448
	South Iron Co R-I School District	Operating Funds-Schools	37,192,933	3.2000	2.7600	36,018,922	3.2000	2.8300	37,495,452	3.1828	2.8100
	Arcadia Valley R-II School District	Operating Funds-Schools	34,564,542	2.7500	2.7500 B	34,592,890	2.7500	2.7500 B	35,038,254	2.7500	2.7500 B
		Debt Service	34,564,542	0.4466	0.4466	34,592,890	0.3568	0.3568	35,038,254	0.4194	0.4194
	Bellevue R-III School District	Operating Funds-Schools	6,640,574	2.7500	2.7500 B	6,849,530	2.7500	2.7500 B	7,326,808	2.7500	2.7500 B
	Iron Co C-4 School District	Operating Funds-Schools	63,359,360	2.8000	2.8000	60,528,559	2.8000	2.7500	59,773,240	2.8000	2.8000
	Iron County	General Revenue	145,832,489	0.3992	0.2753	147,170,348	0.4017	0.3100	140,524,076	0.4246	0.3098
		Health	145,832,489	0.1000	0.1000	147,170,348	0.1000	0.1000	140,524,076	0.1000	0.1000
		Senate Bill 40	145,832,489	0.1000	0.1000	147,170,348	0.1000	0.1000	140,524,076	0.1000	0.1000
Jackson	Public Water Sup Dist 17 Jackson Co	General Revenue	68,633,806	0.0660	0.0660	77,630,903	0.0655	0.0655	49,202,939	0.0563	0.0563
	City of Blue Springs	General Revenue	524,819,981	0.6006	0.6000	544,607,843	0.6023	0.6023	607,576,964	0.5630	0.5630
		Debt Service	524,819,981	0.1500	0.1500	544,607,843	0.1500	0.1500	607,576,964	0.1500	0.1500
	City of Buckner	General Revenue	18,037,246	0.6006	0.6006	18,396,381	0.6069	0.6069	20,182,286	0.5747	0.5747
	City of Grain Valley	General Revenue	62,120,492	0.6571	0.6406	70,572,030	0.6557	0.6376	87,346,119	0.6066	0.5899
		Parks & Recreation	62,120,492	0.1373	0.1339	70,572,030	0.1370	0.1332	87,346,119	0.1267	0.1232
		Health	62,120,492	0.1570	0.0496	70,572,030	0.1567	0.0533	87,346,119	0.1450	0.0533
		Debt Service	62,120,492	0.9300	0.9300	70,572,030	0.9300	0.9300	87,346,119	0.9502	0.9502
	City of Grandview	General Revenue	229,844,558	1.0000	1.0000	224,651,407	1.0000	1.0000	241,854,514	0.9604	0.9604
		Parks & Recreation	229,844,558	0.1200	0.1200	224,651,407	0.1200	0.1200	241,854,514	0.1153	0.1153
		Debt Service	229,844,558	0.3800	0.3800	224,651,407	0.3800	0.3800	241,854,514	0.3800	0.3800
	City of Greenwood	General Revenue	41,024,963	0.4840	0.4839	42,829,063	0.4840	0.4840	47,176,977	0.4642	0.4638
		GR-Fire Temp	41,024,963	0.6750	0.6750	42,829,063	0.6750	0.6750	47,176,977	0.6474	0.6468
	City of Independence	General Revenue	786,157,367	0.5100	0.5100	822,272,178	0.5100	0.5100	923,882,650	0.4713	0.4713
		Indep. Sq. Spec. Benefit	5,194,764	0.4322	0.4322	4,741,180	0.4736	0.4736	6,020,925	0.3811	0.3811
		Public Health & Recreation	786,157,367	0.2400	0.2400	822,272,178	0.2400	0.2400	923,882,650	0.2218	0.2218
	City of Kansas City	General Revenue	5,503,021,519	0.6700	0.6700	5,460,339,388	0.6867	0.6800	5,821,000,929	0.6692	0.6692
		Museum	5,503,021,519	0.0200	0.0200	5,460,339,388	0.0200	0.0200	5,821,000,929	0.0195	0.0195
		Health	5,503,021,519	0.4900	0.4900	5,460,339,388	0.5000	0.5000	5,821,000,929	0.4872	0.4872
		Debt Service	5,503,021,519	0.1400	0.1400	5,460,339,388	0.1400	0.1400	5,821,000,929	0.1400	0.1400
	City of Lake Lotawana	General Revenue	31,183,215	0.3772	0.3770	31,335,192	0.4035	0.4035	38,303,776	0.3412	0.3412
	City of Lake Tapawingo	General Revenue	11,697,403	0.3837	0.3837	11,669,185	0.3871	0.3871	13,094,289	0.3585	0.3585
		Debt Service	11,697,403	0.4702	0.4702	11,669,185	0.4285	0.4285	13,094,289	0.4200	0.4200

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jackson	City of Levasy	General Revenue	1,030,282	0.9192	0.7815	997,760	0.9491	0.7815	1,038,832	0.9337	0.7815
	City of Lone Jack	General Revenue	6,044,213	0.8995	0.8995	6,998,874	0.8429	0.8429	7,624,332	0.8188	0.8188
		Debt Service	6,044,213	0.8000	0.8000	6,998,874	1.0000	1.0000	7,624,332	1.0032	1.0032
	City of Oak Grove	General Revenue	54,907,318	0.6599	0.6500	59,575,969	0.6586	0.6500	66,969,304	0.6316	0.6300
		Debt Service	54,907,318	0.2300	0.2300	59,575,969	0.2300	0.2300	66,969,304	0.2300	0.2300
	City of Raytown	General Revenue	281,632,580	0.3432	0.3432	284,415,144	0.3432	0.3432	306,888,718	0.3268	0.3268
		Parks & Recreation	281,632,580	0.1716	0.1716	284,415,144	0.1716	0.1716	306,888,718	0.1634	0.1634
	Village of Sibley	General Revenue	2,293,500	0.5000	0.3400	2,198,434	0.5000	0.3400	2,235,251	0.5000	0.5000
	City of Sugar Creek	General Revenue	42,495,869	0.9623	0.9623	43,916,714	0.9623	0.9623	46,835,076	0.9413	0.9413
		Health	42,495,869	0.1300	0.1300	43,916,714	0.1300	0.1300	46,835,076	0.1272	0.1272
	City of Lee's Summit	General Revenue	987,112,909	0.9600	0.9600	1,071,882,858	0.9600	0.9600	1,222,521,038	0.9057	0.9057
		Parks & Recreation	987,112,909	0.1700	0.1700	1,071,882,858	0.1700	0.1700	1,222,521,038	0.1604	0.1604
		Debt Service	987,112,909	0.4800	0.4800	1,071,882,858	0.4800	0.4800	1,222,521,038	0.4800	0.4800
	Village of River Bend	General Revenue	**	**	**	786,973	0.5000	0.5000 A	902,410	0.4918	0.4918
	Mid Continent Public Library	General Revenue	8,190,045,556	0.3400	0.3300	8,507,862,542	0.3400	0.3300	9,235,487,872	0.3289	0.3289
	Kansas City Public Library	General Revenue	2,712,577,186	0.5000	0.5000	2,614,989,953	0.5000	0.5000	2,753,944,542	0.4863	0.4863
	Central Jackson Co Fire Prot Dist	General Revenue	636,141,470	0.7500	0.7500	664,438,384	1.0981	1.0981 B	748,093,279	1.0254	1.0254
		Dispatch	636,141,470	0.0200	0.0200	664,438,384	0.0200	0.0200	748,093,279	0.0187	0.0187
		Debt Service	636,141,470	0.0900	0.0900	664,438,384	0.0900	0.0900	748,093,279	0.1047	0.1047
	Lone Jack Community Fire Prot Dist	General Revenue	40,602,425	0.5938	0.5938	42,200,818	0.5977	0.5938	47,058,415	0.5655	0.5655
	Prairie Township Fire Prot District	General Revenue	66,218,461	0.7100	0.7100	69,540,507	0.7100	0.7100	71,926,762	0.7351	0.7351
		Ambulance	**	**	**	**	**	**	71,926,762	0.3000	0.3000 A
	Raytown Fire Protection District	General Revenue	284,686,290	0.5330	0.5330	282,769,291	0.5386	0.5386	307,221,644	0.5092	0.5092
		Pension	284,686,290	0.0500	0.0500	282,769,291	0.0500	0.0500	307,221,644	0.0475	0.0475
	Lotawana Fire Protection District	General Revenue	46,376,127	0.5380	0.5380	47,016,182	0.6893	0.6880 B	53,291,930	0.6321	0.6321
		Ambulance	**	**	**	**	**	**	53,291,930	0.3000	0.3000 A
	Fort Osage Fire Protection District	General Revenue	112,631,931	0.8630	0.8630 B	116,528,616	0.8680	0.8680	125,135,142	0.8365	0.8365
		Ambulance	112,631,931	0.4851	0.4851	116,528,616	0.4879	0.4879	125,135,142	0.4702	0.4702
		Dispatch	112,631,931	0.0297	0.0297	116,528,616	0.0299	0.0299	125,135,142	0.0288	0.0288
	Inter City Fire Protection District	General Revenue	6,759,341	0.6092	0.6092 B	7,038,322	0.5975	0.5975	6,789,329	0.6151	0.6151
	Metropolitan Community College Dist	General Revenue	9,862,962,217	0.2304	0.2300	10,018,157,391	0.2304	0.2304	10,769,698,048	0.2233	0.2232
	Fort Osage R-I School District	Operating Funds-Schools	193,274,427	4.1035	3.6635	199,617,103	4.1171	3.7160	219,450,250	3.9145	3.6091
		Debt Service	193,274,427	0.7500	0.7500	199,617,103	0.7500	0.7500	219,450,250	0.7500	0.7500
	Blue Springs R-IV School District	Operating Funds-Schools	842,843,279	4.1963	3.6699	896,688,440	4.1940	3.6934	1,002,528,048	4.8684	4.4327 B
		Debt Service	842,843,279	0.9301	0.9301	896,688,440	0.9566	0.9566	1,002,528,048	0.9566	0.9566
	Grain Valley R-V School District	Operating Funds-Schools	111,421,063	3.1980	3.1980	123,129,207	3.1841	3.1841	144,426,561	2.9757	2.9757
		Debt Service	111,421,063	1.0420	1.0420	123,129,207	1.0578	1.0578	144,426,561	1.2662	1.2662
	Oak Grove R-VI School District	Operating Funds-Schools	83,177,337	3.8754	3.0621	89,256,521	3.8762	3.0809	99,048,560	3.7052	3.0052
		Debt Service	83,177,337	0.9400	0.9400	89,256,521	0.9400	0.9400	99,048,560	1.0060	1.0060

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jackson	Lee's Summit R-VII School District	Operating Funds-Schools	971,233,789	4.6706	4.3200	1,049,205,302	4.9170	4.5700 B	1,189,119,001	4.6400	4.4276
		Debt Service	971,233,789	1.0700	1.0700	1,049,205,302	1.0700	1.0700	1,189,119,001	1.0700	1.0700
	Hickman Mills C-1 School District	Operating Funds-Schools	399,480,769	4.3993	4.3993	396,616,105	4.4391	4.4391	405,577,776	4.4305	4.4305
		Debt Service	399,480,769	0.3100	0.3100	396,616,105	0.3100	0.3100	405,577,776	0.6800	0.6800
	Raytown C-2 School District	Operating Funds-Schools	545,652,250	4.0407	4.0407 B	554,347,804	4.0413	4.0413	594,409,872	3.8712	3.8712
		Debt Service	545,652,250	0.9400	0.9400	554,347,804	0.9400	0.9400	594,409,872	0.9600	0.9600
	Grandview C-4 School District	Operating Funds-Schools	330,901,239	4.9333	4.9300 B	328,156,266	4.9333	4.9300	374,806,323	4.6436	4.6400
		Debt Service	330,901,239	0.5000	0.5000	328,156,266	0.5000	0.5000	374,806,323	0.5000	0.5000
	Lone Jack C-6 School District	Operating Funds-Schools	27,128,187	2.9834	2.9834	28,627,322	2.9825	2.9825	32,066,958	3.3825	3.3825 B
		Debt Service	27,128,187	1.3671	1.3671	28,627,322	1.3675	1.3675	32,066,958	1.3675	1.3675
	Independence 30 School District	Operating Funds-Schools	638,090,560	4.2253	4.2100 B	648,175,277	4.2309	4.2309	704,137,494	4.4300	4.4300 B
		Debt Service	638,090,560	0.7600	0.7600	648,175,277	0.7591	0.7591	704,137,494	0.7600	0.7600
	Kansas City 33 School District	Operating Funds-Schools	2,631,687,746	2.7500	4.9500 F	2,529,420,308	2.7500	4.9500 F	2,666,269,179	2.7500	2.3046 F
		Desegregation Levy	**	**	**	**	**	**	2,666,269,179	2.6454	2.6454 A
	Center 58 School District	Operating Funds-Schools	368,176,385	4.3788	4.2690	363,351,063	4.4500	4.4500	375,619,213	4.4292	4.4292
		Debt Service	368,176,385	0.6500	0.6500	363,351,063	0.8600	0.8600	375,619,213	0.8600	0.8600
	Jackson County	General Revenue	7,313,582,131	0.2900	0.1800	7,383,498,399	0.2908	0.1800	7,983,821,336	0.2795	0.1800
		Parks & Recreation	7,313,582,131	0.1600	0.0900	7,383,498,399	0.1600	0.0900	7,983,821,336	0.1538	0.0900
		Road & Bridge	7,313,582,131	0.2900	0.1400	7,383,498,399	0.2908	0.1400	7,983,821,336	0.2795	0.1400
		Health	7,313,582,131	0.3100	0.1600	7,383,498,399	0.3109	0.1600	7,983,821,336	0.2988	0.1600
		Developmentally Disabled	7,313,582,131	0.1000	0.0800	7,383,498,399	0.1000	0.0800	7,983,821,336	0.0961	0.0800
		Mental Health	7,313,582,131	0.1330	0.1330	7,383,498,399	0.1330	0.1330	7,983,821,336	0.1278	0.1278
Jasper	Carl Junction Sp Rd Dist Jasper Co	Road & Bridge	62,370,472	0.2110	0.2110	63,147,781	0.2155	0.2100	65,281,572	0.2184	0.2150
	Cartersville Sp Road Dist Jasper Co	Road & Bridge	39,190,504	0.2950	0.2950	38,575,275	0.3022	0.3022	38,144,630	0.3071	0.3071
	Carthage Sp Rd Dist Jasper Co	Road & Bridge	248,579,531	0.2233	0.2500 D	243,333,632	0.2303	0.2500 D	246,681,396	0.2311	0.2400 D
	Jasper Spec Rd Dist Jasper Co	Road & Bridge	13,175,117	0.2726	0.2726	12,563,257	0.2884	0.2884	12,437,498	0.2940	0.2940
	La Russell Spec Rd Dist Jasper Co	Road & Bridge	5,705,628	0.3113	0.3113	6,000,911	0.3133	0.3100	17,819,042	0.3153	0.3153
	Sarcozie Spec Rd Dist Jasper Co	Road & Bridge	23,804,206	0.2184	0.2184	23,107,217	0.2304	0.2304	22,975,361	0.2337	0.2337
	Webb City Spec Rd Dist Jasper Co	Road & Bridge	93,475,178	0.1955	0.1955	94,384,958	0.2012	0.2045	96,692,348	0.2016	0.2016
	Joplin Road Dist Newton & Jasper Co	Road & Bridge	879,063,590	0.1978	0.1978	846,279,941	0.2079	0.2079	908,607,406	0.2026	0.2026
	City of Alba	General Revenue	3,250,428	0.5564	0.5564	3,259,887	0.5634	0.5675	3,297,347	0.5689	0.5689
		Parks & Recreation	3,250,428	0.1468	0.1468	3,259,887	0.1487	0.1498	3,297,347	0.1501	0.1501
	City of Asbury	General Revenue	1,425,605	0.4469	0.4469	3,427,281	0.4684	0.4684	3,484,097	0.4743	0.4743
	Village of Avilla	General Revenue	1,133,979	0.1575	0.1575	1,122,235	0.1613	0.1613	827,136	0.2000	0.2000
	City of Carl Junction	General Revenue	49,045,256	0.4873	0.4873	50,596,039	0.4977	0.5045	52,433,287	0.5059	0.5059
		Debt Service	49,045,256	0.4000	0.4000	50,596,039	0.2500	0.2500	52,433,287	0.2486	0.2486
	City of Cartersville	General Revenue	7,135,343	0.5234	0.5234	6,964,734	0.5411	0.5512	7,122,171	0.5411	0.5411
		Debt Service	7,135,343	0.5352	0.5352	6,964,734	0.5804	0.5804	**	**	**
	City of Carthage	General Revenue	95,445,312	0.3347	0.3347	91,553,439	0.3549	0.3549	93,065,385	0.3571	0.3564

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jasper	City of Carthage	Parks & Recreation	95,445,312	0.1445	0.1445	91,553,439	0.1532	0.1532	93,065,385	0.1541	0.1539
		Library	95,445,312	0.1674	0.1674	91,553,439	0.1775	0.1775	93,065,385	0.1785	0.1783
		Health	95,445,312	0.0761	0.0761	91,553,439	0.0807	0.0807	93,065,385	0.0812	0.0811
	City of Duenweg	General Revenue	4,496,741	0.7500	0.7500	5,779,188	0.7500	0.7500	5,682,563	0.7500	0.7500
	City of Jasper	General Revenue	7,189,131	0.6377	0.6377	6,886,675	0.6736	0.6700	6,681,399	0.6975	0.6975
	City of La Russell	General Revenue	642,131	0.2440	0.2000	644,000	0.2466	0.2000	595,750	0.2666	0.2000
	City of Neck City	General Revenue	723,688	0.2329	0.2329	783,852	0.2329	0.2329	804,420	0.2361	0.2361
	City of Oronogo	General Revenue	5,689,235	0.3400	0.3400	6,189,218	0.3458	0.3475	6,743,892	0.3420	0.3420
		Streets	5,689,235	0.1623	0.1623	6,189,218	0.1651	0.1659	6,743,892	0.1633	0.1633
	City of Purcell	General Revenue	1,987,242	0.2985	0.2985	1,946,234	0.3059	0.3059	1,926,351	0.3156	0.3156
	Village of Reeds	General Revenue	636,220	0.1811	0.1811	626,247	0.1937	0.1937	588,073	0.2084	0.2084
	City of Sarcoxie	General Revenue	8,754,032	0.5265	0.6800 D	8,724,240	0.5380	0.5380	8,514,934	0.5546	0.5546
		Parks & Recreation	8,754,032	0.1007	0.1300 D	8,724,240	0.1029	0.1029	8,514,934	0.1061	0.1061
		Health	8,754,032	0.1239	0.1600 D	8,724,240	0.1266	0.1266	8,514,934	0.1305	0.1305
	City of Waco	General Revenue	569,155	0.1992	0.1992	573,028	0.2024	0.2024	539,881	0.2154	0.2154
	City of Webb City	General Revenue	62,237,896	0.4122	0.4122	61,928,029	0.4247	0.4289	64,647,432	0.4247	0.4275 C
		Parks & Recreation	62,237,896	0.0933	0.0933	61,928,029	0.0962	0.0939	64,647,432	0.0962	0.0983 C
		Library	62,237,896	0.1322	0.1322	61,928,029	0.1363	0.1330	64,647,432	0.1363	0.1416 C
	City of Joplin	Parks & Recreation	443,425,961	0.0489	0.0407	434,496,295	0.0506	0.0423	453,136,818	0.0506	0.0506
		Library	426,696,751	0.1518	0.1474	434,496,295	0.1535	0.1525	453,136,818	0.1535	0.1535
		Health	443,425,961	0.0489	0.0407	434,496,295	0.0506	0.0423	453,136,818	0.0506	0.0506
		Garbage	443,425,961	0.0489	0.0245	434,496,295	0.0506	0.0261	453,136,818	0.0506	0.0262
	Carthage Fire Protection District	General Revenue	105,420,626	0.2673	0.2673	106,039,874	0.2715	0.2700	107,853,881	0.2715	0.2700
	Duenweg Fire Protection District	General Revenue	66,881,066	0.2670	0.2670	64,939,108	0.2804	0.2804	63,785,964	0.2888	0.2888
	Carl Junction Fire Protection Dist	General Revenue	165,974,752	0.2398	0.2398	128,413,880	0.3000	0.3000	162,677,056	0.2488	0.2488
	Oronogo Fire Protection District	General Revenue	17,604,131	0.3000	0.3000 B	18,209,776	0.3000	0.3000	20,520,667	0.2999	0.2999
	Central Jasper Co Fire Prot Dist	General Revenue	9,018,390	0.2313	0.2313	9,096,712	0.2337	0.2313	9,180,005	0.2337	0.2337
	Tri-Cities Fire Protection District	Fire	18,274,286	0.1171	0.1171	19,093,306	0.1179	0.1179	19,823,435	0.1179	0.1179
	Asbury Fire Protection District	General Revenue	7,765,402	0.2495	0.2495	8,287,317	0.2524	0.2524	9,249,001	0.2472	0.2472
	Carl Junction R-I School District	Operating Funds-Schools	167,535,880	2.7500	2.7500 B	165,129,950	2.7500	2.7500 B	167,714,950	2.7500	2.7500 B
		Debt Service	167,535,880	0.6100	0.6100	165,129,950	0.6100	0.6100	167,714,950	0.6100	0.6100
	Avilla R-XIII School District	Operating Funds-Schools	13,059,420	2.7708	2.7500	13,541,150	2.8238	2.7500	24,941,500	2.8844	2.7500
	Jasper County R-V School District	Operating Funds-Schools	30,669,628	3.1073	2.7500	29,741,470	3.3132	2.7500	29,125,000	3.4366	3.2100
	Sarcoxie R-II School District	Operating Funds-Schools	29,227,519	2.7500	2.7500 B	28,509,129	2.7500	2.7500 B	29,039,720	2.7500	2.7500 B
		Debt Service	29,227,519	0.5500	0.5500	28,509,129	0.5500	0.5500	29,039,720	0.5500	0.5500
	Carthage R-IX School District	Operating Funds-Schools	229,849,640	2.7500	2.7500 B	226,957,990	2.7500	2.7500 B	230,673,330	2.7547	2.7500
		Debt Service	229,849,640	0.5600	0.5600	226,957,990	0.5600	0.5600	230,673,330	0.4900	0.4900
	Webb City R-VII School District	Operating Funds-Schools	140,448,330	2.7500	2.7500 B	142,626,910	2.7500	2.7500 B	146,966,010	2.8500	2.8500 B
		Debt Service	140,448,330	0.5200	0.5200	142,626,910	0.5200	0.5200	146,966,010	0.4200	0.4200

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jasper	Joplin R-VIII School District	Operating Funds-Schools	707,947,842	2.7500	2.7500 B	711,945,935	2.7500	2.7500 B	735,437,587	2.7500	2.7500 B
		Debt Service	707,947,842	0.2100	0.2100	711,945,935	0.2100	0.2100	735,437,587	0.2100	0.2100
	Jasper County	General Revenue	1,237,566,067	0.2813	0.0825	1,234,823,525	0.2887	0.0886	1,281,352,077	0.2887	0.0830
		Common Road District	91,102,825	0.2197	0.2197	94,765,774	0.2247	0.2277	96,002,079	0.2280	0.2280
		Mental Health	1,237,566,067	0.0767	0.0767	1,234,823,525	0.0788	0.0804	1,281,352,077	0.0788	0.0788
		Senate Bill 40	1,237,566,067	0.0767	0.0767	1,234,823,525	0.0788	0.0804	1,281,352,077	0.0788	0.0788
Jefferson	Big River Ambulance District	General Revenue	205,646,834	0.4271	0.4271	209,329,541	0.4271	0.4271	212,351,443	0.4271	0.4271
	Joachim-Plattin Ambulance District	General Revenue	505,173,726	0.1800	0.1800	521,717,556	0.3300	0.3300 B	540,736,724	0.3300	0.3300
	No Jefferson Co Ambulance District	General Revenue	225,752,060	0.2947	0.2947	234,309,697	0.2947	0.2947	242,558,116	0.2947	0.2947
	Valle Ambulance District	General Revenue	250,424,932	0.2095	0.2095	257,049,106	0.2095	0.2095	262,826,891	0.3095	0.3095 B
	Rock Township Ambulance District	General Revenue	760,212,110	0.2246	0.2246	781,651,109	0.2246	0.2246	817,532,547	0.2244	0.2244
	Festus Spec Rd Dist Jefferson Co	Road & Bridge	298,294,826	0.1900	0.1900	305,881,131	0.1900	0.1900	322,388,300	0.1881	0.1881
	Hillsboro Spec Rd Dist Jefferson Co	Road & Bridge	15,303,394	0.1901	0.1901	15,179,982	0.1928	0.1928	15,889,441	0.1927	0.1927
	City of Arnold	General Revenue	254,831,489	0.4502	0.4500	256,893,444	0.4511	0.4511	258,994,625	0.4516	0.4516
	Village of Cedar Hill Lakes	General Revenue	1,414,984	0.2452	0.2452	1,476,545	0.2459	0.2459	1,682,426	0.5000	0.5000 B
	City of Crystal City	General Revenue	51,823,967	0.5275	0.5275	53,385,891	0.5275	0.5275	54,799,718	0.5275	0.5275
		Parks & Recreation	51,823,967	0.1393	0.1393	53,385,891	0.1393	0.1393	54,799,718	0.1393	0.1393
		Library	51,823,967	0.1393	0.1393	53,385,891	0.1393	0.1393	54,799,718	0.1393	0.1393
	City of De Soto	General Revenue	46,756,618	0.4609	0.4609	47,539,080	0.4611	0.4611	48,515,709	0.4611	0.4611
		Parks & Recreation	46,756,618	0.1177	0.1177	47,539,080	0.1177	0.1177	48,515,709	0.1177	0.1177
		Library	46,756,618	0.1961	0.1961	47,539,080	0.1962	0.1962	48,515,709	0.1962	0.1962
	City of Festus	General Revenue	89,207,960	0.4160	0.1400	93,002,226	0.4160	0.1500	98,344,079	0.4155	0.1500
		Parks & Recreation	89,207,960	0.1189	0.1100	93,002,226	0.1189	0.1100	98,344,079	0.1188	0.1100
		Library	89,207,960	0.1189	0.1100	93,002,226	0.1189	0.1100	98,344,079	0.1188	0.1100
		Health	89,207,960	0.0891	0.0800	93,002,226	0.0891	0.0800	98,344,079	0.0890	0.0800
	City of Herculaneum	General Revenue	43,198,536	0.7238	0.7238	43,732,563	0.7293	0.7293	49,091,435	0.6889	0.6889
		General Revenue-Temp	43,198,536	0.1400	0.1400	43,732,563	0.1400	0.1400	49,091,435	0.1322	0.1322
	City of Hillsboro	General Revenue	15,953,637	0.4900	0.4900	15,789,940	0.5018	0.5018	16,530,767	0.5009	0.5009
		Parks & Recreation	15,953,637	0.0900	0.0900	15,789,940	0.0900	0.0900	16,530,767	0.0898	0.0898
	City of Kimmswick	General Revenue	1,295,936	0.2825	0.0000	1,317,427	0.2907	0.0000	1,493,668	0.2877	0.0000
	City of Olympian Village	General Revenue	3,178,836	0.2467	0.2467	3,305,391	0.2467	0.2467	3,386,823	0.2467	0.2467
		Parks & Recreation	3,178,836	0.1283	0.1283	3,305,391	0.1283	0.1283	3,386,823	0.1283	0.1283
		Road	3,178,836	0.1283	0.1283	3,305,391	0.1283	0.1283	3,386,823	0.1283	0.1283
		Debt Service	3,178,836	1.5000	1.5000	3,305,391	1.5000	1.5000	3,386,823	1.5000	1.5000
	Village of Parkdale	General Revenue	1,203,365	0.0987	0.0987	1,251,142	0.0990	0.0987	1,275,975	0.0991	0.0987
	City of Pevely	General Revenue	60,341,665	0.8141	0.8141	61,830,077	0.8141	0.8141	66,384,637	0.7942	0.7942
		Debt Service	60,341,665	0.3457	0.3457	61,830,077	0.2731	0.2731	66,384,637	0.0000	0.0000
	Village of Scotsdale	General Revenue	1,805,373	0.3700	0.3700	1,853,652	0.3700	0.3700	2,075,620	0.3438	0.3438
	City of Byrnes Mill	General Revenue	17,381,100	0.4751	0.4751	18,125,291	0.4751	0.4751	20,689,589	0.4558	0.4558

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jefferson	Northwest Library Subdistrict	General Revenue	405,638,582	0.1973	0.1973	411,296,322	0.1993	0.1993	431,441,192	0.1983	0.1983
	Windsor-Fox Library Subdistrict	General Revenue	738,345,522	0.1855	0.1855	765,241,528	0.1855	0.1855	792,553,044	0.1855	0.1855
	Antonia Fire Protection District	General Revenue	119,432,740	0.6872	0.6872	124,174,502	0.9358	0.7691 B	129,315,811	0.9358	0.8524
		Pension	119,432,740	0.0491	0.0491	124,174,502	0.0490	0.0490	129,315,811	0.0490	0.0490
		Dispatch	119,432,740	0.0295	0.0295	124,174,502	0.0294	0.0294	129,315,811	0.0294	0.0294
		Debt Service	119,432,740	0.2300	0.2300	124,174,502	0.2300	0.2300	129,315,811	0.2300	0.2300
	Cedar Hill Fire Protection District	General Revenue	117,095,981	0.5853	0.5853	119,162,352	0.8700	0.8700 B	121,904,937	0.8700	0.8700
		Pension	117,095,981	0.0496	0.0496	119,162,352	0.0496	0.0496	121,904,937	0.0496	0.0496
		Debt Service	117,095,981	0.1300	0.1300	119,162,352	0.1300	0.1300	121,904,937	0.0788	0.0788
	Dunklin Fire Protection District	General Revenue	98,226,525	0.4200	0.4200	100,855,821	0.4200	0.4200	105,679,105	0.4191	0.4191
	Goldman Fire Protection District	General Revenue	41,755,622	0.4000	0.4000	43,166,313	0.5518	0.5518 B	43,356,498	0.6105	0.6105 B
		Dispatch	41,755,622	0.0500	0.0500	43,166,313	0.0500	0.0500	43,356,498	0.0500	0.0500
		Debt Service	41,755,622	0.0934	0.0934	**	**	**	**	**	**
	Hematite Fire Protection District	General Revenue	50,789,644	0.5100	0.5100	49,390,656	0.5100	0.5100	50,363,599	0.5100	0.5100
	High Ridge Fire Protection District	General Revenue	274,561,604	0.8171	0.8171	284,023,593	0.8171	0.8171	292,868,266	0.8171	0.8171
		Pension	274,561,604	0.0788	0.0788	284,023,593	0.0788	0.0788	292,868,266	0.0788	0.0788
		Dispatch	274,561,604	0.0492	0.0492	284,023,593	0.0492	0.0492	292,868,266	0.0492	0.0492
		Debt Service	274,561,604	0.1613	0.1613	284,023,593	0.1031	0.1031	292,868,266	0.1101	0.1101
	Hillsboro Fire Protection District	General Revenue	76,567,842	0.3601	0.3600	78,725,614	0.5101	0.5101 B	82,634,105	0.5601	0.5601 B
	Jefferson R7 Fire Prot Dist	General Revenue	103,809,255	0.2995	0.2995	111,473,562	0.3000	0.3000	109,332,586	0.3000	0.3000
	Rock Community Fire Prot Dist	General Revenue	511,716,242	0.8267	0.8267	525,763,237	0.8267	0.8267	537,086,978	0.8267	0.8267
		Pension	511,716,242	0.0486	0.0486	525,763,237	0.0686	0.0686 B	537,086,978	0.0886	0.0886 B
		Communications	511,716,242	0.0486	0.0486	525,763,237	0.0486	0.0486	537,086,978	0.0486	0.0486
	Shady Valley Fire Prot Dist	General Revenue	42,996,136	1.1400	1.1400	45,920,202	1.0956	1.0956	53,053,674	1.0499	1.0499
		Dispatch	42,996,136	0.0500	0.0500	45,920,202	0.0481	0.0481	53,053,674	0.0461	0.0461
	Springdale Fire Protection District	General Revenue	98,455,915	1.1021	1.1021 B	97,321,231	1.2163	1.2163 B	109,822,363	1.1965	1.1965 B
		Pension	98,455,915	0.0982	0.0982	97,321,231	0.1000	0.1000	109,822,363	0.0943	0.0943
		Dispatch	98,455,915	0.0294	0.0294	97,321,231	0.0300	0.0300	109,822,363	0.0283	0.0283
		Debt Service	98,455,915	0.3900	0.3900	97,321,231	0.3900	0.3900	109,822,363	0.4200	0.4200
	De Soto Rural Fire Protection Dist	General Revenue	135,071,457	0.3488	0.3488 B	139,671,375	0.3988	0.3988 B	140,902,597	0.4501	0.4488 B
		Debt Service	135,071,457	0.1576	0.1576	139,671,375	0.1286	0.1286	140,902,597	0.1286	0.1286
	Mapaville Fire Protection District	General Revenue	29,714,458	0.2970	0.2970	31,539,360	0.3970	0.3970 B	33,311,642	0.3970	0.3970
	Jefferson College	General Revenue	1,966,628,995	0.1783	0.1783	2,023,398,430	0.2983	0.2983 B	2,095,359,126	0.2983	0.2983
		Debt Service	1,966,628,995	0.0500	0.0500	2,023,398,430	0.0500	0.0500	2,095,359,126	0.0500	0.0500
	Northwest R-I School District	Operating Funds-Schools	376,662,781	3.4965	3.4965	383,673,423	3.5361	3.5361	405,252,550	3.5100	3.5100
		Debt Service	376,662,781	0.4500	0.4500	383,673,423	0.4500	0.4500	405,252,550	0.4500	0.4500
	Grandview R-II School District	Operating Funds-Schools	34,763,570	2.7500	2.7500 B	35,140,988	3.4500	3.4500 B	35,234,818	3.4501	3.4500
		Debt Service	34,763,570	1.3500	1.3500	35,140,988	1.3500	1.3500	35,234,818	1.3500	1.3500
	Hillsboro R-III School District	Operating Funds-Schools	153,351,750	3.4286	3.4286	159,605,361	3.4058	3.4058	167,284,462	3.4275	3.4203

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jefferson	Hillsboro R-III School District	Debt Service	153,351,750	0.6614	0.6614	159,605,361	0.6842	0.6842	167,284,462	0.6897	0.6897
	Dunklin R-V School District	Operating Funds-Schools	106,686,170	3.7113	3.1600	111,613,981	3.6762	3.1979	116,761,270	3.6582	3.6582
		Debt Service	106,686,170	0.5500	0.5500	111,613,981	0.5500	0.5500	116,761,270	0.5500	0.5500
	Festus R-VI School District	Operating Funds-Schools	146,992,687	2.9184	2.8500	149,336,697	2.9258	2.8700	158,943,288	2.9211	2.9200
		Debt Service	146,992,687	0.8100	0.8100	149,336,697	0.7900	0.7900	158,943,288	0.7900	0.7900
	Jefferson Co R-VII School District	Operating Funds-Schools	97,949,261	3.3496	3.2559	106,504,834	3.3553	3.2829	105,765,228	3.1353	3.1353
		Debt Service	97,949,261	0.3941	0.3941	106,504,834	0.3671	0.3671	105,765,228	0.4247	0.4247
	Sunrise R-IX School District	Operating Funds-Schools	21,303,929	3.1740	2.7500	22,018,081	3.1509	2.7500	22,275,784	3.1681	3.1681
		Debt Service	21,303,929	0.5000	0.5000	22,018,081	0.6500	0.6500	22,275,784	0.6500	0.6500
	Windsor C-1 School District	Operating Funds-Schools	141,985,747	3.2420	3.2420	149,073,114	3.2393	3.2393	155,917,437	3.2524	3.2524
		Debt Service	141,985,747	1.0000	1.0000	149,073,114	1.0000	1.0000	155,917,437	1.0000	1.0000
	Fox C-6 School District	Operating Funds-Schools	560,719,909	3.2202	3.2202	584,540,791	3.2294	3.2294	606,116,522	3.2493	3.2493
		Debt Service	560,719,909	0.2800	0.2800	584,540,791	0.2800	0.2800	606,116,522	0.2800	0.2800
	Crystal City 47 School District	Operating Funds-Schools	42,447,879	3.5471	3.3013	43,573,726	3.5491	3.4412	45,923,610	3.5507	3.5507
		Debt Service	42,447,879	0.7756	0.7756	43,573,726	0.8000	0.8000	45,923,610	0.8000	0.8000
	DeSoto 73 School District	Operating Funds-Schools	130,133,539	3.6926	2.8976	133,836,416	3.7000	2.9445	136,897,513	3.7079	3.7079
		Debt Service	130,133,539	0.1630	0.1630	133,836,416	0.2815	0.2815	136,897,513	0.3800	0.3800
	Jefferson County	General Revenue	1,998,168,397	0.1981	0.0000	2,054,734,294	0.1981	0.0000	2,127,612,076	0.1981	0.0000
		Parks & Recreation	1,998,168,397	0.0297	0.0297	2,054,734,294	0.0297	0.0297	2,127,612,076	0.0297	0.0297
		Road & Bridge	1,684,216,623	0.2253	0.1938	1,734,060,585	0.2253	0.1992	1,789,721,736	0.2253	0.2096
		Health	1,998,168,397	0.0792	0.0792	2,054,734,294	0.0792	0.0792	2,127,612,076	0.0792	0.0792
		Developmentally Disabled	1,998,168,397	0.0991	0.0991	2,054,734,294	0.0991	0.0991	2,127,612,076	0.0991	0.0991
		Mental Health	1,998,168,397	0.0991	0.0991	2,054,734,294	0.0991	0.0991	2,127,612,076	0.0991	0.0991
Johnson	Johnson County Ambulance District	General Revenue	**	**	**	389,316,806	0.3000	0.3000 A	401,225,199	0.3000	0.3000
	Western Missouri Medical Center	General Revenue	392,759,476	0.1497	0.1497	394,406,070	0.1520	0.1497	406,149,341	0.1523	0.1497
	South Fork of Blackwater Watershed	General Revenue	15,387,498	0.0786	0.0786	25,609,989	0.0786	0.0786	27,240,899	0.0786	0.0786
	City of Centerview	General Revenue	965,702	0.8213	0.8213	946,273	0.8443	0.8213	1,009,505	0.8384	0.8302
	City of Chilhowee	General Revenue	1,427,396	0.9772	0.9772	1,377,054	1.0000	1.0000	1,415,455	1.0000	1.0000
	City of Holden	General Revenue	15,923,477	0.6730	0.6730	15,683,239	0.6960	0.6960	15,780,175	0.7105	0.7105
		Library	15,923,477	0.1484	0.1484	15,683,239	0.1535	0.1535	15,780,175	0.1567	0.1567
		Debt Service	15,923,477	0.1044	0.1044	15,683,239	0.1053	0.1053	15,780,175	0.1186	0.1186
	City of Kingsville	General Revenue	5,489,096	0.6709	0.6709	5,470,465	0.6777	0.6777	5,342,522	0.7471	0.7471
	City of Knob Noster	General Revenue	14,390,897	0.6456	0.6456	14,395,702	0.6597	0.6597	15,270,497	0.6608	0.6608
		Fire	14,390,897	0.3000	0.3000 A	14,395,702	0.3000	0.3000	15,270,497	0.3000	0.3000
		Debt Service	14,390,897	0.2811	0.2811	**	**	**	**	**	**
	Village of La Tour	General Revenue	193,265	0.5000	0.5000	192,409	0.5000	0.5000	200,868	0.5000	0.5000
	City of Leeton	General Revenue	2,867,609	0.7860	0.7860	2,729,750	0.8257	0.8257	2,885,920	0.8257	0.8257
	City of Warrensburg	General Revenue	137,399,058	0.3500	0.3500	139,202,311	0.3522	0.3522	143,171,741	0.3540	0.3540
		Parks & Recreation	137,399,058	0.1900	0.1900	139,202,311	0.1912	0.1912	143,171,741	0.1922	0.1922

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Johnson	Trails Consolidated Library	General Revenue	655,252,997	0.2140	0.2140	661,574,816	0.2153	0.2153	682,947,419	0.2151	0.2146
	Fire District #2 of Johnson County	General Revenue	72,125,821	0.3653	0.3653	74,101,540	0.3688	0.3688	77,317,423	0.3700	0.3700
	Johnson County Fire Prot Dist	General Revenue	145,138,719	0.3590	0.3590 B	147,359,139	0.3600	0.3600	147,840,483	0.3600	0.3600
	Kingsville R-I School District	Operating Funds-Schools	16,079,215	3.2500	3.2500 B	16,975,469	3.2527	3.2500	18,367,229	3.2940	3.2500
		Debt Service	16,079,215	0.9433	0.9433	16,975,469	0.9433	0.9433	18,367,229	0.9433	0.9433
	Holden R-III School District	Operating Funds-Schools	59,626,943	3.6399	3.6334	62,531,913	3.6100	3.6100	66,207,507	3.7030	3.3100
		Debt Service	**	**	**	**	**	**	66,207,507	0.3000	0.3000
	Chilhowee R-IV School District	Operating Funds-Schools	6,766,560	4.0847	4.0800	6,949,030	3.9765	3.9765	7,137,060	4.1228	4.1228
		Debt Service	6,766,560	0.5000	0.5000	6,949,030	0.4400	0.4400	7,137,060	0.5000	0.5000
	Johnson Co R-VII School District	Operating Funds-Schools	23,795,669	2.7500	2.7500 B	24,687,573	2.7500	2.7500 B	26,003,278	2.7500	2.7500 B
		Debt Service	23,795,669	0.8000	0.8000	24,687,573	0.8000	0.8000	26,003,278	0.8000	0.8000
	Knob Noster R-VIII School District	Operating Funds-Schools	37,011,810	2.7500	2.7500 B	37,522,773	2.7500	2.7500 B	39,544,198	2.7500	2.7500 B
	Leeton R-X School District	Operating Funds-Schools	11,965,037	3.6845	3.6845	11,787,564	3.6618	3.6618	12,018,614	3.7313	3.7313
		Debt Service	11,965,037	0.2506	0.2506	11,787,564	0.3000	0.3000	12,018,614	0.3921	0.3921
	Warrensburg R-VI School District	Operating Funds-Schools	181,876,923	3.1504	3.1504	185,600,880	3.7002	3.7000 B	192,363,209	3.7322	3.7322
		Debt Service	181,876,923	0.7200	0.7200	185,600,880	0.7000	0.7000	192,363,209	0.6600	0.6600
	Johnson County	General Revenue	392,759,476	0.3194	0.0900	394,406,070	0.3243	0.0900	406,149,341	0.3249	0.0900
		Road & Bridge	392,759,476	0.2396	0.2300	394,406,070	0.2433	0.2300	406,149,341	0.2437	0.2300
		Health	392,759,476	0.0998	0.0998	394,406,070	0.1000	0.1000	406,149,341	0.1000	0.1000
		Senate Bill 40	392,759,476	0.1198	0.1198	394,406,070	0.1200	0.1200	406,149,341	0.1200	0.1200
Knox	Knox County Ambulance District	General Revenue	52,373,039	0.3500	0.3500	54,154,473	0.3500	0.3500	52,140,384	0.3500	0.3500
		Dispatch	52,373,039	0.0300	0.0300	54,154,473	0.0300	0.0300	52,140,384	0.0300	0.0300
	Knox County Nursing Home District	General Revenue	51,668,823	0.1500	0.1500	53,436,572	0.1500	0.1500	51,435,824	0.1500	0.1500
	City of Baring	General Revenue	817,036	0.7599	0.7599	825,382	0.7623	0.7600	761,434	0.8356	0.8356
	City of Edina	General Revenue	8,669,306	0.7400	0.7400	8,945,972	0.7585	0.7585	8,771,484	0.7767	0.7767
		Lights	8,669,306	0.1400	0.1400	8,945,972	0.1435	0.1435	8,771,484	0.1469	0.1469
	City of Hurdland	General Revenue	752,234	0.7344	0.7344	742,085	0.7459	0.7459	757,323	0.7496	0.7459
		Fire	752,234	0.2716	0.2500	742,085	0.2759	0.2759	757,323	0.2772	0.2759
		Debt Service	752,234	0.7484	0.7484	742,085	0.4658	0.4658	757,323	0.6743	0.6743
	City of Knox City	General Revenue	1,113,021	0.9771	0.9678	1,144,996	0.9770	0.9770	1,099,341	1.0000	0.9800
		Streets	1,113,021	0.1500	0.1500	1,144,996	0.1500	0.1500	1,099,341	0.1500	0.1500
		Debt Service	1,113,021	0.6622	0.6622	1,144,996	0.0000	0.0000	**	**	**
	Village of Newark	General Revenue	490,737	0.4624	0.4624	486,659	0.4662	0.4662	489,671	0.4796	0.4796
	Village of Novelty	General Revenue	651,607	1.0396	1.0396	649,415	1.0610	1.0610	556,192	1.2636	1.2636
	Knox County Library	General Revenue	52,373,039	0.1000	0.1000	54,154,473	0.1000	0.1000	52,140,383	0.1000	0.1000
	Knox Co R-I School District	Operating Funds-Schools	42,183,629	3.6701	3.6700	44,021,249	3.7000	3.7000	43,189,581	3.7000	3.7000
		Debt Service	42,183,629	0.0100	0.0100	44,021,249	0.0100	0.0100	43,189,581	0.0100	0.0100
	Knox County	General Revenue	52,373,039	0.4042	0.2553	54,154,473	0.4115	0.2800	52,140,384	0.4312	0.2700
		Road & Bridge	52,373,039	0.2931	0.2931	54,154,473	0.2984	0.2931	52,140,384	0.3127	0.2931

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			Assessed Value	Ceiling	Levied
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied			
Knox	Knox County	Special Road and Bridge	52,373,039	0.3500	0.3500	54,154,473	0.3500	0.3500	**	**	**
		Health	52,373,039	0.1000	0.1000	54,154,473	0.1000	0.1000	52,140,384	0.1000	0.1000
Laclede	Lebanon Spec Rd Dist #1 Laclede Co	Special Road and Bridge	180,970,341	0.2000	0.2000	184,390,873	0.2000	0.1000 A	183,209,910	0.2000	0.1500
		Rd & Bridge (County)	180,970,341	0.3300	0.3300	184,390,873	0.3343	0.3343	183,209,910	0.3411	0.3411
	Phillipsburg Spec Rd #3 Laclede Co	Road & Bridge	10,694,040	0.2646	0.2646	10,968,415	0.2646	0.2646	11,323,563	0.2646	0.2646
		Special Road and Bridge	10,694,040	0.2300	0.2300	10,968,415	0.2300	0.2300 A	11,323,563	0.2300	0.2300
	Laclede County Road District	Road & Bridge	95,053,248	0.2105	0.0000	97,117,353	0.2110	0.0000	99,620,229	0.2110	0.0000
	Conway Spec Road Dist #2 Laclede Co	Road & Bridge	8,289,647	0.2310	0.2310	8,583,540	0.2310	0.2310	8,723,008	0.2322	0.2322
		Special Road and Bridge	8,289,647	0.3500	0.3500	8,583,540	0.3500	0.3500	8,723,008	0.3500	0.3500
	City of Conway	General Revenue	3,381,513	0.0611	0.0000	3,497,120	0.0600	0.0000	3,529,392	0.0600	0.0000
	City of Lebanon	General Revenue	145,683,870	0.2459	0.2400	148,530,827	0.2496	0.2400	146,415,072	0.2565	0.2565
		Parks & Recreation	145,683,870	0.2459	0.2400	148,530,827	0.2496	0.2400	146,415,072	0.2565	0.2565
	Village of Phillipsburg	General Revenue	927,435	0.4251	0.4251	920,319	0.4351	0.4351	904,960	0.4566	0.4566
	Village of Evergreen	Building Maintenance	834,925	0.2714	0.2714	707,476	0.3000	0.3000 A	749,808	0.2893	0.2893
		Fire Equipment	834,925	0.2714	0.2714	707,476	0.3000	0.3000 A	749,808	0.2893	0.2893
		Fire Truck	834,925	0.2714	0.2714	**	**	**	**	**	**
		Fire Truck Maintenance	**	**	**	707,476	0.3000	0.3000 A	749,808	0.2893	0.2893
		Police Truck	834,925	0.2714	0.2714	707,476	0.3000	0.3000 A	749,808	0.2893	0.2893
		Police Truck #2	834,925	0.2714	0.2714	707,476	0.3000	0.3000 A	749,808	0.2893	0.2893
		Pumper Fire Truck	**	**	**	707,476	0.3000	0.3000 A	749,808	0.2893	0.2893
		Pumper Truck	834,925	0.2714	0.2714	**	**	**	**	**	**
	Lebanon-Laclede County Library	General Revenue	295,007,274	0.1301	0.1301	301,059,881	0.1312	0.1312	302,876,711	0.1326	0.1326
	Lebanon Rural Fire Protection Dist	General Revenue	78,675,685	0.1803	0.1800	80,744,180	0.1803	0.1800	82,598,176	0.1804	0.1800
	Bennett Spring Fire Protection Dist	General Revenue	7,374,695	0.2807	0.2807	7,240,425	0.2940	0.2940	7,723,042	0.2859	0.2859
	Lebanon Special Business District	General Revenue	3,648,540	0.6576	0.6500	3,646,610	0.6585	0.6500	3,510,790	0.6846	0.6800
	Laclede Co. R-I School District	Operating Funds-Schools	23,858,281	2.7500	2.7500 B	24,719,350	2.7500	2.7500 B	25,917,299	2.7500	2.7500 B
	Gasconade C-4 School District	Operating Funds-Schools	5,862,901	3.4798	3.0000	6,156,901	3.4842	3.0000	6,455,965	3.4941	3.1000
	Lebanon R-III School District	Operating Funds-Schools	217,231,068	2.5500	2.5500 B	222,238,996	2.5500	2.5500 B	222,573,430	2.7500	2.7500 B
		Debt Service	217,231,068	0.4700	0.4700	222,238,996	0.4700	0.4700	222,573,430	0.4700	0.4700
	Laclede Co C-5 School District	Operating Funds-Schools	20,724,346	2.7832	2.7500	20,955,348	2.8286	2.7500	21,392,835	3.0452	2.9500 B
	Laclede County	General Revenue	295,007,274	0.2902	0.0644	301,059,881	0.2926	0.0840	302,876,711	0.2957	0.0834
		Health	295,007,274	0.1000	0.1000	301,059,881	0.1000	0.1000	302,876,711	0.1000	0.1000
		Senate Bill 40	295,007,274	0.0650	0.0650	301,059,881	0.0655	0.0655	302,876,711	0.0662	0.0662
		Senate Bill 40-LEEP	295,007,274	0.0650	0.0600	301,059,881	0.0655	0.0600	302,876,711	0.0662	0.0625
Lafayette	Little Sni A Bar Watershed Sub Dist	General Revenue	4,334,638	0.0902	0.0902	4,536,479	0.0902	0.0902	4,864,699	0.0900	0.0859
	Tabo Creek Watershed Sub District	General Revenue	11,845,881	0.0829	0.0829	11,844,355	0.0832	0.0832	12,131,732	0.0832	0.0829
	Wellington Napoleon Sub District	General Revenue	3,513,373	0.0894	0.0894	3,566,417	0.0894	0.0894	3,579,658	0.0894	0.0894
	Alma Spec Road Dist Lafayette Co	Special Road and Bridge	8,098,303	0.3021	0.3021	8,665,064	0.2932	0.2932	8,898,124	0.3000	0.2932 A
	Corder Spec Rd Dist Lafayette Co	Special Road and Bridge	6,569,762	0.3000	0.3000 A	7,007,957	0.2898	0.2898	7,291,157	0.2898	0.2898

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lafayette	Concordia Spec Rd Dist Lafayette Co	Special Road and Bridge	34,011,666	0.3301	0.3301	34,310,732	0.3301	0.3301	35,441,912	0.3300	0.3300 A
	Dover Spec Rd Dist Lafayette Co	Special Road and Bridge	6,465,920	0.3425	0.3425	6,462,022	0.3473	0.3473	6,633,778	0.3475	0.3475
	Higginsville Road Dist Lafayette Co	Special Road and Bridge	43,297,287	0.1358	0.1358	44,366,419	0.1357	0.1357	45,920,573	0.1357	0.1357
	Mayview Spec Rd Dist Lafayette Co	Special Road and Bridge	10,055,749	0.2350	0.2350	10,362,427	0.2350	0.2350	10,573,331	0.2500	0.2500 A
	Odessa Spec Rd Dist Lafayette Co	Special Road and Bridge	81,193,008	0.2304	0.2304	83,191,877	0.2304	0.2304	86,248,788	0.2400	0.2400 A
	Waverly Spec Rd Dist Lafayette Co	Special Road and Bridge	11,936,531	0.2400	0.2400	12,259,291	0.2379	0.2379	12,407,327	0.2400	0.2400 A
	Wellington Napoleon Rd Lafayette Co	Special Road and Bridge	18,146,552	0.2611	0.2500	18,239,195	0.2659	0.2500	19,197,460	0.2000	0.2000 A
	City of Alma	General Revenue	2,851,665	0.5744	0.5744	2,944,679	0.5744	0.5744	3,071,775	0.5744	0.5744
		General Revenue-Temp	2,851,665	0.2635	0.2635	2,944,679	0.3000	0.3000 A	3,071,775	0.3000	0.3000
	Village of Aullville	General Revenue	515,492	0.3672	0.3672	507,399	0.3731	0.3731	570,561	0.3723	0.3723
	Village of Bates City	General Revenue	2,296,457	0.3077	0.3077	2,341,139	0.3077	0.3077	2,468,208	0.3077	0.3077
	City of Concordia	General Revenue	22,873,377	0.5252	0.5252	23,349,480	0.5252	0.5252	23,891,780	0.5252	0.5252
	City of Corder	General Revenue	2,168,685	0.6167	0.6167	2,215,707	0.6133	0.6133	2,292,427	0.6107	0.6107
		Parks & Recreation	2,168,685	0.1519	0.1519	2,215,707	0.1511	0.1511	2,292,427	0.1505	0.1505
	Village of Dover	General Revenue	565,330	0.2358	0.2358	536,049	0.2487	0.2487	559,452	0.2486	0.2486
	City of Higginsville	General Revenue	32,132,806	0.4429	0.4429	32,943,620	0.4412	0.4412	34,192,122	0.4412	0.4412
		Parks & Recreation	32,132,806	0.3525	0.3525	32,943,620	0.3511	0.3511	34,192,122	0.3511	0.3511
		Library	26,331,869	0.1805	0.1805	27,016,045	0.1805	0.1805	28,017,123	0.1805	0.1805
	City of Lexington	General Revenue	35,301,233	0.5508	0.5508	34,824,039	0.5630	0.5630	35,507,729	0.5630	0.5630
		Parks & Recreation	35,301,233	0.2797	0.2797	34,824,039	0.2859	0.2859	35,507,729	0.2859	0.2859
		Health	35,301,233	0.1493	0.1493	34,824,039	0.1526	0.1526	35,507,729	0.1526	0.1526
		Debt Service	35,301,233	0.0494	0.0494	34,824,039	0.0478	0.0478	35,507,729	0.0446	0.0446
	City of Mayview	General Revenue	1,060,216	0.6537	0.6537	1,125,971	0.6422	0.6422	1,121,893	0.6445	0.6445
	City of Napoleon	General Revenue	1,585,377	0.7786	0.7786	1,563,869	0.8343	0.8343	1,663,333	0.8343	0.8343
	City of Odessa	General Revenue	39,407,060	0.5257	0.5257	40,392,686	0.5257	0.5257	42,124,287	0.5257	0.5257
		Parks & Recreation	39,407,060	0.1389	0.1389	40,392,686	0.1389	0.1389	42,124,287	0.1389	0.1389
	City of Waverly	General Revenue	5,032,677	0.5318	0.5318	5,175,734	0.5278	0.5278	5,212,859	0.5286	0.5286
		Streets	5,032,677	0.2147	0.2147	5,175,734	0.2131	0.2131	5,212,859	0.2134	0.2134
	City of Wellington	General Revenue	5,587,936	0.4611	0.4611	5,560,230	0.4704	0.4704	5,701,038	0.4704	0.4704
	City of Lake Lafayette	General Revenue	1,720,942	1.0000	1.0000	1,755,990	1.0000	1.0000	1,816,481	1.0000	1.0000
	Corder Fire Protection District	General Revenue	11,394,199	0.3345	0.3345	11,795,914	0.3332	0.3332	12,084,237	0.3332	0.3332
	Sni Valley Fire Protection District	General Revenue	115,505,257	0.4999	0.4999	122,741,387	0.4999	0.4999	135,202,728	0.4814	0.4814
		Debt Service	115,505,257	0.0588	0.0588	122,741,387	0.0685	0.0685	135,202,728	0.0541	0.0541
	Concordia Fire Protection District	General Revenue	41,129,736	0.2845	0.2845	41,287,287	0.2852	0.2852	42,865,819	0.2852	0.2852
	Alma Fire Protection District	General Revenue	10,163,913	0.5406	0.5406	10,766,247	0.5265	0.5265	11,124,927	0.5265	0.5265
	Wellington-Napoleon Fire Prot Dist	General Revenue	21,097,228	0.2622	0.2622	21,163,641	0.2668	0.2668	22,160,033	0.2668	0.2668
		Ambulance	21,097,228	0.0874	0.0874	21,163,641	0.0889	0.0889	22,160,033	0.0889	0.0889
	Odessa Fire Protection District	General Revenue	77,839,765	0.4525	0.4525	79,865,722	0.4525	0.4525	82,691,105	0.4525	0.4525
	Wellington-Napoleon R-IX Reg Rec Ds	Parks & Recreation	22,231,302	0.1742	0.1742	22,542,335	0.1755	0.1755	23,779,803	0.1755	0.1755

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lafayette	Concordia R-II School District	Operating Funds-Schools	36,349,665	3.4090	3.3500	37,084,152	3.4299	3.4000	38,044,771	3.4081	3.4000
		Debt Service	36,349,665	0.4629	0.4629	37,084,152	0.4629	0.4629	38,044,771	0.4629	0.4629
	Lafayette Co C-1 School District	Operating Funds-Schools	50,486,239	3.2850	3.1613	51,156,094	3.3272	3.1613	53,033,603	3.3022	3.1613
		Debt Service	50,486,239	1.0000	1.0000	51,156,094	1.0000	1.0000	53,033,603	1.0000	1.0000
	Odessa R-VII School District	Operating Funds-Schools	97,962,530	2.9859	2.9800	100,676,553	3.7100	3.7100 B	104,724,991	3.8817	3.8800 B
		Debt Service	97,962,530	0.8300	0.8300	100,676,553	0.8300	0.8300	104,724,991	0.6600	0.6600
	Santa Fe R-X School District	Operating Funds-Schools	22,156,667	3.7500	3.3600	22,214,424	3.7500	3.5400	22,961,018	3.7287	3.5400
		Debt Service	22,156,667	0.3600	0.3600	22,214,424	0.1800	0.1800	22,961,018	0.1800	0.1800
	Wellington-Napoleon R-IX Sch Dist	Operating Funds-Schools	19,626,500	3.8316	3.1516	20,024,158	3.8447	3.1147	21,131,872	3.8193	3.7000
		Debt Service	19,626,500	0.7500	0.7500	20,024,158	0.7500	0.7500	21,131,872	0.7500	0.7500
	Lexington R-V School District	Operating Funds-Schools	45,544,783	3.4687	3.1800	45,356,700	3.5741	3.2737	46,086,521	3.5724	3.5724
		Debt Service	45,544,783	0.7300	0.7300	45,356,700	0.7309	0.7309	46,086,521	0.7300	0.7300
	Lafayette County	General Revenue	304,786,137	0.3003	0.1200	309,676,782	0.3003	0.1200	320,595,376	0.3003	0.1300
		Johnson Grass	304,786,137	0.0282	0.0282	309,676,782	0.0282	0.0001	320,595,376	0.0282	0.0001
		Road & Bridge	304,786,137	0.2252	0.2252	309,676,782	0.2252	0.2252	320,595,376	0.2252	0.2252
		Health	304,786,137	0.0750	0.0750	309,676,782	0.0750	0.0750	320,595,376	0.0750	0.0750
		Senate Bill 40	304,786,137	0.0657	0.0657	309,676,782	0.0657	0.0657	320,595,376	0.0657	0.0657
		2-W Common Road Dist	26,165,188	0.2561	0.2561	**	**	**	**	**	**
		I-E Common Road District	10,574,760	0.3239	0.3239	10,465,292	0.3320	0.3320	10,731,316	0.3320	0.3320
		2-W Common Rd District	**	**	**	**	**	**	28,871,694	0.3300	0.3300 A
Lawrence	Mt Vernon Ambulance District	General Revenue	105,695,526	0.1402	0.1402	106,348,111	0.1426	0.1402	108,136,669	0.1428	0.1402
	Lawrence County Nursing Home Dist	General Revenue	294,345,085	0.1101	0.1101	300,585,386	0.1102	0.1102	304,254,814	0.1111	0.1111
	Aurora Spec Road Dist Lawrence Co	Special Road and Bridge	75,025,735	0.1700	0.1700 A	77,330,984	0.1700	0.1700	75,709,836	0.1700	0.1700
	Buck Prairie Sp Rd Dist Lawrence Co	Special Road and Bridge	25,022,311	0.3100	0.3100	25,891,916	0.3100	0.3100 A	26,819,654	0.3100	0.3100
	Freistatt Spec Rd Dist Lawrence Co	Special Road and Bridge	6,493,178	0.3500	0.3500	6,395,263	0.3500	0.3500	6,447,959	0.3500	0.3500 A
	Greene Benefit Spec Rd Lawrence Co	Special Road and Bridge	5,538,839	0.2200	0.2200 A	6,454,098	0.2200	0.2200	6,755,194	0.2200	0.2200
	Midway Benefit Spec Rd Lawrence Co	Special Road and Bridge	1,579,614	0.2400	0.2400	1,475,450	0.2400	0.2400 A	1,596,118	0.2399	0.2399
	Miller Benefit Spec Rd Lawrence Co	Special Road and Bridge	13,114,900	0.1900	0.1900	14,015,693	0.1900	0.1900 A	14,296,477	0.1900	0.1900
	Mt Pleasant Benefit SRD Lawrence Co	Special Road and Bridge	3,502,582	0.2000	0.2000	3,564,933	0.2000	0.2000 A	3,599,871	0.2000	0.2000
	Mt Vernon Benefit Sp Rd Lawrence Co	Special Road and Bridge	69,929,288	0.1600	0.1600	69,008,279	0.1600	0.1600 A	70,024,288	0.1600	0.1600
	Pierce Benefit SRD Lawrence Co	Special Road and Bridge	17,219,569	0.1900	0.1900 A	17,819,089	0.1900	0.1900	17,828,677	0.1900	0.1900
	Red Oak Benefit Sp Rd Lawrence Co	Special Road and Bridge	3,854,705	0.2000	0.2000	3,968,666	0.2000	0.2000 A	4,120,165	0.2000	0.2000
	Verona Benefit SRD Lawrence Co	Special Road and Bridge	16,249,030	0.1900	0.1900	16,447,410	0.1900	0.1900 A	17,100,064	0.1900	0.1900
	Vineyard Benefit Sp Rd Lawrence Co	Special Road and Bridge	2,786,915	0.2200	0.2200 A	2,803,072	0.2200	0.2200	2,932,728	0.2191	0.2191
	City of Aurora	General Revenue	43,014,739	0.3671	0.3671	43,672,284	0.3671	0.3671	57,595,668	0.3781	0.3781
		Parks & Recreation	43,014,739	0.1428	0.1428	43,672,284	0.1428	0.1428	57,595,668	0.1471	0.1471
		Debt Service	43,014,739	0.1983	0.1983	43,672,284	0.1678	0.1678	57,595,668	0.2105	0.2105
	Village of Freistatt	General Revenue	884,939	0.2399	0.2399	857,205	0.2477	0.2477	842,124	0.2533	0.2533
	City of Marionville	General Revenue	9,042,280	0.6225	0.6200	9,217,490	0.6225	0.6225	12,498,293	0.6255	0.6255

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lawrence	City of Miller	General Revenue	3,669,334	0.5409	0.5409	3,700,749	1.0000	1.0000 B	3,771,825	1.0000	1.0000
	City of Pierce City	General Revenue	6,941,385	0.4600	0.4600	7,074,557	0.4600	0.4600	7,127,932	0.4679	0.4600
		Parks & Recreation	6,941,385	0.1200	0.1200	7,074,557	0.1200	0.1200	7,127,932	0.1200	0.1200
		Fire	6,941,385	0.1200	0.1200	7,074,557	0.1200	0.1200	7,127,932	0.1200	0.1200
	City of Stotts City	General Revenue	751,139	0.4411	0.4411	778,613	0.4406	0.4406	771,519	0.4502	0.4502
	City of Verona	General Revenue	4,161,361	0.6124	0.4669	4,608,309	0.6124	0.5400	4,941,502	0.6165	0.5400
	Miller R-II School District	Operating Funds-Schools	29,048,960	3.3172	2.7500	31,257,770	3.3111	2.7500	31,766,140	3.3503	2.7500
	Pierce City R-VI School District	Operating Funds-Schools	25,944,498	2.7500	2.7500 B	26,656,128	2.7500	2.7500 B	27,114,807	2.7500	2.7500 B
		Debt Service	25,944,498	0.6600	0.6600	26,656,128	0.6600	0.6600	27,114,807	0.6600	0.6600
	Marionville R-IX School District	Operating Funds-Schools	24,481,278	2.8843	2.7500	25,476,269	2.8878	2.7500	26,721,335	2.9289	2.7500
		Debt Service	24,481,278	0.5000	0.5000	25,476,269	0.5000	0.5000	26,721,335	0.5000	0.5000
	Mt. Vernon R-V School District	Operating Funds-Schools	74,045,830	2.7500	2.7500 B	74,254,310	2.7500	2.7500 B	75,180,020	2.7500	2.7500 B
		Debt Service	74,045,830	0.5700	0.5700	74,254,310	0.5700	0.5700	75,180,020	0.5700	0.5700
	Aurora R-VIII School District	Operating Funds-Schools	79,337,237	2.7500	2.7500 B	81,776,516	2.7500	2.7500 B	80,566,683	2.7500	2.7500 B
		Debt Service	79,337,237	0.5702	0.5702	81,776,516	0.5702	0.5702	80,566,683	0.5700	0.5700
	Verona R-VII School District	Operating Funds-Schools	14,715,691	3.3689	2.7500	14,956,293	3.3739	2.7500	15,755,477	3.3842	2.7500
		Debt Service	14,715,691	0.5264	0.5264	14,956,293	0.6239	0.6239	15,755,477	0.6590	0.6590
	Lawrence County	General Revenue	294,345,085	0.2903	0.0900	300,585,386	0.2907	0.0900	304,254,814	0.2930	0.0900
		Road & Bridge	294,345,085	0.2102	0.0700	300,585,386	0.2105	0.0700	304,254,814	0.2121	0.0700
		Developmentally Disabled	294,345,085	0.0901	0.0800	300,585,386	0.0902	0.0800	304,254,814	0.0909	0.0800
		Senior Services	294,345,085	0.0500	0.0500	300,585,386	0.0500	0.0500	304,254,814	0.0500	0.0500
		Common #1 Road Dist	21,008,885	0.2000	0.2000	**	**	**	**	**	**
		Common #2 Road Dist	8,744,980	0.2100	0.2100	**	**	**	**	**	**
		COMMON I ROAD DISTRICT	**	**	**	21,793,402	0.2000	0.2000 A	22,092,529	0.2000	0.2000
		COMMON II ROAD DISTRICT	**	**	**	8,730,444	0.2100	0.2100 A	9,012,379	0.2100	0.2100
Lewis	Lewis County Ambulance District	General Revenue	82,393,860	0.2500	0.2500	86,571,725	0.2500	0.2500	87,768,994	0.2500	0.2500
	Lewis County Nursing Home	General Revenue	82,393,860	0.1500	0.1500	86,571,725	0.1500	0.1500	87,768,994	0.1500	0.1500
	Buck & Doe Run Creeks Sub District	General Revenue	1,923,969	0.4000	0.4000	2,114,540	0.3716	0.3716	2,119,190	0.3716	0.3716
	Durgens Creek Watershed Sub Dist	General Revenue	2,097,845	0.3988	0.3988	2,137,105	0.4000	0.4000	2,192,185	0.4000	0.4000
	Troublesome Watershed Sub District	General Revenue	6,899,107	0.3986	0.3986	7,261,804	0.3986	0.3986	7,813,999	0.3939	0.3939
	Grassey Creek Watershed Sub Dist	General Revenue	4,508,045	0.4000	0.4000	4,607,145	0.4000	0.4000	4,856,285	0.4000	0.4000
	Canton Spec Rd Dist Lewis Co	Road & Bridge	20,368,934	0.2607	0.2500	21,018,061	0.2607	0.2500	22,450,992	0.2607	0.2500
	Dickerson Spec Road Dist Lewis Co	Road & Bridge	735,701	0.3214	0.3200	790,529	0.3240	0.3240	767,003	0.3500	0.3500
	La Grange Spec Rd Dist Lewis Co	Road & Bridge	13,149,711	0.3002	0.3000	16,557,396	0.3007	0.3000	15,683,457	0.3197	0.3000
	City of Canton	General Revenue	12,997,558	0.6850	0.6800	13,492,721	0.6850	0.6850	14,599,996	0.6850	0.6850
		Parks & Recreation	12,997,558	0.2000	0.2000	13,492,721	0.2000	0.2000	14,599,996	0.2000	0.2000
		Library	12,997,558	0.2500	0.2500	13,492,721	0.2500	0.2500	14,599,996	0.2500	0.2500
		Levee	12,997,558	0.2000	0.2000	13,492,721	0.2000	0.2000	14,599,996	0.2000	0.2000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lewis	City of Ewing	General Revenue	2,224,581	0.6360	0.6300	2,276,995	0.6360	0.6300	2,301,685	0.6360	0.6300
		Debt Service	2,224,581	0.2600	0.2600	**	**	**	**	**	**
	City of La Belle	General Revenue	3,395,997	0.7254	0.7200	3,453,995	0.7274	0.7200	3,493,185	0.7342	0.7300
		Streets	3,395,997	0.1000	0.1000 A	3,453,995	0.1000	0.1000	3,493,185	0.1000	0.1000
		Streets-Temp	3,395,997	0.3500	0.3500	3,453,995	0.3500	0.3500	3,493,185	0.3500	0.3500 A
	City of La Grange	General Revenue	7,809,107	0.5002	0.4900	11,294,323	0.5002	0.4900	10,372,861	0.5470	0.4900
		Streets	7,809,107	0.2779	0.2700	11,294,323	0.2779	0.2700	10,372,861	0.3000	0.2700
		Cemetery	7,809,107	0.1390	0.1300	11,294,323	0.1390	0.1300	10,372,861	0.1500	0.1300
	City of Lewistown	General Revenue	3,032,128	0.6068	0.6068	3,096,225	0.6090	0.6090	3,215,842	0.6121	0.6121
		Debt Service	3,032,128	0.4123	0.4123	3,096,225	0.4139	0.4139	3,215,842	0.3887	0.3887
	Village of Monticello	General Revenue	725,840	0.5501	0.5500	783,117	0.5536	0.5500	783,455	0.6150	0.6150
	Lewis County Library	General Revenue	69,370,531	0.1000	0.1000	73,054,364	0.1000	0.1000	73,156,788	0.1000	0.1000
	Canton R-V Fire Protection District	General Revenue	22,566,051	0.2418	0.2418	23,086,632	0.2423	0.2423	24,625,550	0.2423	0.2423
		Debt Service	22,566,051	0.0624	0.0624	23,086,632	0.0610	0.0610	24,625,550	0.1133	0.1133
	Ewing-Maywood R-4 Fire Prot Dist	General Revenue	15,458,392	0.4400	0.3900	16,196,449	0.4380	0.4380	16,962,467	0.4380	0.4380
	La Belle Fire Protection District	General Revenue	12,365,142	0.4300	0.2900	12,608,796	0.4300	0.3100	13,209,829	0.4300	0.3300
	Canton R-V School District	Operating Funds-Schools	23,979,070	2.7500	2.7500 B	24,657,901	2.7500	2.7500 B	26,236,951	2.7500	2.7500 B
		Debt Service	23,979,070	0.5500	0.5500	24,657,901	0.5500	0.5500	26,236,951	0.5500	0.5500
	Lewis Co C-1 School District	Operating Funds-Schools	49,332,388	3.1394	3.1394	53,124,133	3.1708	3.1708	53,957,446	3.2033	3.2033
	Lewis County	General Revenue	82,393,860	0.4021	0.2487	86,571,725	0.4021	0.2501	87,768,994	0.4057	0.2638
		Road & Bridge	48,139,510	0.2728	0.2728	48,205,740	0.2747	0.2747	48,867,543	0.2779	0.2779
		Special Road and Bridge	48,139,510	0.2100	0.2100 A	48,205,740	0.2100	0.2100	48,867,543	0.2100	0.2100
		Health	82,393,860	0.1000	0.1000	86,571,725	0.1000	0.1000	87,768,994	0.1000	0.1000
Lincoln	Lincoln County Ambulance	General Revenue	407,014,829	0.2800	0.2800	421,718,937	0.2800	0.2800	446,404,454	0.2800	0.2800
	City of Elsberry	General Revenue	10,802,826	0.5060	0.5060	10,989,078	0.5086	0.5086	11,525,582	0.5086	0.5086
		Cemetery	10,802,826	0.1518	0.1518	10,989,078	0.1526	0.1526	11,525,582	0.1526	0.1526
	City of Foley	General Revenue	755,660	0.6321	0.6321	757,246	0.6385	0.6385	759,026	0.6393	0.6393
	City of Hawk Point	General Revenue	2,826,490	0.3618	0.3618	2,808,188	0.3690	0.3690	2,929,496	0.3690	0.3690
	City of Moscow Mills	General Revenue	12,391,396	0.2343	0.2343	14,655,811	0.2385	0.2385	16,652,208	0.2385	0.2385
		GR-Waterworks	12,391,396	0.4590	0.4590	14,655,811	0.4671	0.4671	16,652,208	0.4671	0.4671
	City of Old Monroe	General Revenue	2,498,173	0.4209	0.4209	2,577,110	0.4229	0.4229	2,631,423	0.4229	0.4229
	Village of Silex	General Revenue	1,171,263	0.2510	0.2510	1,234,973	0.2531	0.2531	1,250,705	0.2568	0.2568
	City of Troy	General Revenue	128,471,203	0.3077	0.3077	127,085,074	0.3167	0.3167	128,226,678	0.3224	0.3224
	City of Winfield	General Revenue	4,476,456	0.4203	0.4203	5,017,471	0.4203	0.4203	5,845,975	0.4048	0.4048
	Village of Truxton	General Revenue	309,966	0.4827	0.4827	328,178	0.5000	0.4900	325,093	0.5000	0.5000
	Village of Chain of Rocks	General Revenue	605,390	0.4179	0.4179	648,350	0.4245	0.4245	646,100	0.4275	0.4275
	Village of Fountain 'N Lakes	General Revenue	173,270	0.5000	0.5000	196,810	0.4995	0.4995	363,160	0.5000	0.5000
	Winfield-Foley Fire Protection Dist	General Revenue	51,293,625	0.2559	0.2559	55,024,270	0.2559	0.2559	59,082,659	0.2541	0.2541
	Lincoln County Fire Protection Dist	General Revenue	239,716,066	0.3000	0.3000	247,435,375	0.3000	0.3000	260,944,136	0.3000	0.3000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Lincoln	Elsberry Fire Protection District	General Revenue	35,790,277	0.2954	0.2954	36,918,312	0.2954	0.2954	38,194,810	0.2954	0.2954
	Hawk Point Fire Protection District	General Revenue	**	**	**	**	**	**	36,602,299	0.3000	0.3000 A
	Old Monroe Fire Protection District	General Revenue	**	**	**	**	**	**	16,199,903	0.3000	0.3000 A
	Silex R-I School District	Operating Funds-Schools	19,443,771	3.2812	3.2600	20,313,004	3.2568	3.2568	21,471,089	3.2821	3.2821
		Debt Service	19,443,771	0.6600	0.6600	20,313,004	0.6600	0.6600	21,471,089	0.6600	0.6600
	Elsberry R-II School District	Operating Funds-Schools	29,868,610	2.7630	2.7500	31,228,115	2.7783	2.7500	32,896,678	2.7710	2.7500
		Debt Service	29,868,610	1.0500	1.0500	31,228,115	1.0500	1.0500	32,896,678	1.0500	1.0500
	Troy R-III School District	Operating Funds-Schools	251,977,283	3.0073	2.7500	260,069,502	2.9877	2.7500	276,722,376	2.9918	2.7500
		Debt Service	251,977,283	0.7400	0.7400	260,069,502	0.7400	0.7400	276,722,376	0.7400	0.7400
	Winfield R-IV School District	Operating Funds-Schools	54,974,739	3.3349	3.3000	58,033,926	3.3154	3.3000	63,515,589	3.2559	3.2500
		Debt Service	54,974,739	0.7500	0.7500	58,033,926	0.7500	0.7500	63,515,589	0.8000	0.8000
	Lincoln County	General Revenue	407,014,829	0.3400	0.1368	421,718,937	0.3400	0.1277	446,404,454	0.3400	0.1392
		Road & Bridge	407,014,829	0.2600	0.2600	421,718,937	0.2600	0.2600	446,404,454	0.2600	0.2600
		Health	407,014,829	0.2000	0.2000	421,718,937	0.2000	0.2000	446,404,454	0.2000	0.2000
		Hospital	407,014,829	0.1700	0.1700	421,718,937	0.1700	0.1700	446,404,454	0.1700	0.1700
		Senate Bill 40	407,014,829	0.1000	0.1000	421,718,937	0.1000	0.1000	446,404,454	0.1000	0.1000
		Debt Service	407,014,829	0.2300	0.2300	421,718,937	0.2200	0.2200	446,404,454	0.2100	0.2100
Linn	Linn County Ambulance District	General Revenue	118,040,330	0.2847	0.2847	118,766,423	0.2861	0.2861	120,042,765	0.2874	0.2874
	East Yellow Creek Watershed	General Revenue	7,000,300	0.3575	0.3575	7,106,090	0.3575	0.3575	7,280,270	0.3575	0.3575
	Marceline Spec Rd Dist Linn Co	General Revenue	17,852,622	0.0986	0.0986	18,087,548	0.0991	0.0991	18,860,146	0.0994	0.0991
		Road & Bridge	17,852,622	0.3406	0.3406	18,087,548	0.3424	0.3424	18,860,146	0.3435	0.3435
	Purdin Special Road Dist Linn Co	General Revenue	1,448,816	0.0997	0.0000	1,446,111	0.1000	0.0000	1,437,011	0.1000	0.0000
		Road & Bridge	1,448,816	0.4758	0.0000	1,446,111	0.4845	0.0000	1,437,011	0.4898	0.0000
		Special Road and Bridge	1,448,816	0.3489	0.0000	1,446,111	0.3500	0.0000	1,437,011	0.3500	0.0000 A
	City of Brookfield	General Revenue	36,389,442	0.6600	0.6600	36,754,772	0.6641	0.6600	36,423,875	0.6769	0.6769
		Parks & Recreation	36,389,442	0.1900	0.1900	36,754,772	0.1912	0.1900	36,423,875	0.1949	0.1949
		Library	36,389,442	0.3400	0.3400	36,754,772	0.3421	0.3400	36,423,875	0.3487	0.3487
		Cemetery	36,389,442	0.1000	0.1000	36,754,772	0.1000	0.1000	36,423,875	0.1000	0.1000
	City of Browning	General Revenue	822,625	0.9979	0.9979	812,696	1.0000	1.0000	805,619	1.0000	1.0000
	City of Bucklin	General Revenue	3,063,427	0.9749	0.9749	3,098,620	0.9761	0.9761	2,625,225	1.0000	1.0000
		Streets	3,063,427	0.4582	0.4582	3,098,620	0.4588	0.4588	2,625,225	0.5000	0.5000
		Streets-temp	**	**	**	**	**	**	2,625,225	0.6000	0.6000 A
	City of Laclede	General Revenue	1,898,707	0.7455	0.7455	1,954,662	0.7482	0.7482	1,932,076	0.7574	0.7574
		Cemetery	1,898,707	0.0875	0.0875	1,954,662	0.0878	0.0878	1,932,076	0.0889	0.0889
	City of Linneus	General Revenue	1,385,329	0.5048	0.5048	1,345,717	0.5318	0.5318	1,340,102	0.5378	0.5378
		Streets	1,385,329	0.3459	0.3459	1,345,717	0.3644	0.3644	1,340,102	0.3685	0.3685
	City of Marceline	General Revenue	17,444,877	0.4604	0.4604	17,674,989	0.4628	0.4628	18,450,980	0.4628	0.4628
		Library	17,444,877	0.2074	0.2074	17,674,989	0.2085	0.2085	18,450,980	0.2085	0.2085
		Debt Service	17,444,877	0.1916	0.1916	17,674,989	0.0000	0.0000	18,450,980	0.1193	0.1193

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Linn	City of Meadville	General Revenue	2,112,181	0.3740	0.3740	2,174,464	0.3750	0.3750	2,150,747	0.3801	0.3801
	City of Purdin	General Revenue	666,801	0.8294	0.8294	714,541	0.8473	0.8473	676,269	0.8952	0.8952
	Baker Township of Linn Co	General Revenue	3,167,597	0.0948	0.0948	3,024,188	0.0995	0.0995	3,042,144	0.1000	0.1000
		Road & Bridge	3,167,597	0.4742	0.4742	3,024,188	0.4976	0.4976	3,042,144	0.5000	0.5000
		Special Road and Bridge	3,167,597	0.3319	0.3319	3,024,188	0.3483	0.3483	3,042,144	0.3500	0.3500 A
	North Benton Township of Linn Co	General Revenue	1,604,024	0.1000	0.1000	1,772,220	0.0969	0.0969	1,779,118	0.0976	0.0976
		Road & Bridge	1,604,024	0.5000	0.5000	1,772,220	0.4842	0.4842	1,779,118	0.4879	0.4879
		Special Road and Bridge	1,604,024	0.3500	0.3500	1,772,220	0.3390	0.3390	1,779,118	0.3500	0.3500 A
	Brookfield Township of Linn Co	General Revenue	45,625,209	0.0989	0.0989	46,025,813	0.0995	0.0995	45,983,363	0.1000	0.1000
		Road & Bridge	45,625,209	0.3657	0.3657	46,025,813	0.3681	0.3681	45,983,363	0.3727	0.3727
	Bucklin Township of Linn Co	General Revenue	7,395,343	0.0959	0.0959	7,186,145	0.0995	0.0995	6,885,281	0.1000	0.1000
		Road & Bridge	7,395,343	0.4410	0.4410	7,186,145	0.4578	0.4578	6,885,281	0.4803	0.4803
		Special Road and Bridge	7,395,343	0.3355	0.3355	7,186,145	0.3483	0.3483	6,885,281	0.3500	0.3500 A
	Clay Township of Linn Co	General Revenue	3,266,132	0.1000	0.1000	3,491,011	0.0955	0.0955	3,290,508	0.1000	0.1000
		Road & Bridge	3,266,132	0.4955	0.4955	3,491,011	0.4732	0.4732	3,290,508	0.5000	0.5000
		Special Road and Bridge	3,266,132	0.3500	0.3500	3,491,011	0.3342	0.3342	3,290,508	0.3500	0.3500 A
	Enterprise Township of Linn Co	General Revenue	1,506,422	0.1000	0.1000	1,498,608	0.1000	0.1000	1,499,256	0.1000	0.1000
		Road & Bridge	1,506,422	0.4999	0.4999	1,498,608	0.5000	0.5000	1,499,256	0.5000	0.5000
		Special Road and Bridge	1,506,422	0.3500	0.3500	1,498,608	0.3500	0.3500	1,499,256	0.3500	0.3500 A
	Grantsville Township of Linn Co	General Revenue	2,662,843	0.0972	0.0972	2,744,570	0.0979	0.0979	2,779,088	0.0986	0.0986
		Road & Bridge	2,662,843	0.4863	0.4863	2,744,570	0.4897	0.4897	2,779,088	0.4934	0.4934
		Special Road and Bridge	2,662,843	0.3404	0.3404	2,744,570	0.3428	0.3428	2,779,088	0.3500	0.3500 A
	Jackson Township of Linn Co	General Revenue	2,642,419	0.1000	0.1000	2,648,512	0.1000	0.1000	2,662,485	0.1000	0.1000
		Road & Bridge	2,642,419	0.5000	0.5000	2,648,512	0.5000	0.5000	2,662,485	0.5000	0.5000
		Special Road and Bridge	2,642,419	0.3500	0.3500	2,648,512	0.3500	0.3500	2,662,485	0.3500	0.3500 A
	Jefferson Township of Linn Co	Debt Service	2,642,419	0.7399	0.7399	2,648,512	0.7353	0.7353	2,662,485	0.7315	0.7315
		General Revenue	8,026,910	0.0908	0.0908	8,194,080	0.0909	0.0909	7,965,632	0.0939	0.0939
		Road & Bridge	8,026,910	0.3542	0.3542	8,194,080	0.3545	0.3545	7,965,632	0.3663	0.3663
	Locust Creek Township of Linn Co	Special Road and Bridge	8,026,910	0.3179	0.3179	8,194,080	0.3182	0.3182	7,965,632	0.3500	0.3500 A
		Debt Service	8,026,910	0.3524	0.3524	8,194,080	0.1622	0.1622	7,965,632	0.0000	0.0000
		General Revenue	5,150,909	0.0951	0.0951	5,046,890	0.0978	0.0978	5,097,675	0.0981	0.0981
	Marceline Township of Linn Co	Road & Bridge	5,150,909	0.4665	0.4665	5,046,890	0.4798	0.4798	5,097,675	0.4815	0.4815
		Special Road and Bridge	5,150,909	0.3327	0.3327	5,046,890	0.3422	0.3422	5,097,675	0.3500	0.3500 A
		Debt Service	5,150,909	0.3165	0.3165	5,046,890	0.3405	0.3405	5,097,675	0.3341	0.3341
	North Salem Township of Linn Co	General Revenue	3,877,013	0.0964	0.0964	3,776,279	0.0993	0.0993	4,440,269	0.1000	0.1000
		Road & Bridge	3,877,013	0.4529	0.4529	3,776,279	0.4668	0.4668	4,440,269	0.4718	0.4718
		Special Road and Bridge	3,877,013	0.3373	0.3373	3,776,279	0.3476	0.3476	4,440,269	0.3500	0.3500 A
	North Salem Township of Linn Co	General Revenue	1,803,206	0.0990	0.0990	1,854,938	0.0997	0.0997	1,913,486	0.0997	0.0997
		Road & Bridge	1,803,206	0.4949	0.4949	1,854,938	0.4983	0.4983	1,913,486	0.4983	0.4983

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Linn	North Salem Township of Linn Co	Special Road and Bridge	1,803,206	0.3464	0.3464	1,854,938	0.3488	0.3488	1,913,486	0.3500	0.3500 A
	Parson Creek Township of Linn Co	General Revenue	6,566,415	0.0966	0.0966	6,682,702	0.0970	0.0970	6,723,758	0.0972	0.0972
		Road & Bridge	6,566,415	0.4529	0.4529	6,682,702	0.4550	0.4550	6,723,758	0.4558	0.4558
		Special Road and Bridge	6,566,415	0.3380	0.3380	6,682,702	0.3395	0.3395	6,723,758	0.3500	0.3500 A
	Yellow Creek Township of Linn Co	General Revenue	5,444,450	0.0953	0.0953	5,286,808	0.0988	0.0988	5,515,674	0.0999	0.0999
		Road & Bridge	5,444,450	0.3337	0.3337	5,286,808	0.3460	0.3460	5,515,674	0.3498	0.3498
		Special Road and Bridge	5,444,450	0.3337	0.3337	5,286,808	0.3460	0.3460	5,515,674	0.3500	0.3500 A
	Laclede Community Fire Prot Dist	General Revenue	8,026,910	0.2362	0.2362	8,194,080	0.2364	0.2364	8,133,503	0.2399	0.2399
	Linneus Fire Protection District	General Revenue	5,741,244	0.2725	0.2725	5,560,854	0.2848	0.2848	6,069,687	0.2948	0.2948
	Linn Co R-I School District	Operating Funds-Schools	13,432,511	4.1359	3.4259	13,574,444	4.2455	3.5273	13,822,528	4.2394	3.5865
	Bucklin R-II School District	Operating Funds-Schools	9,052,884	3.4390	3.4390	9,139,192	3.6897	3.6897	8,827,097	3.7500	3.7500
	Meadville R-IV School District	Operating Funds-Schools	11,503,782	4.8320	3.6600	11,556,915	4.7971	3.6600	11,780,925	4.8212	3.6600
		Debt Service	11,503,782	0.9200	0.9200	11,556,915	0.9200	0.9200	11,780,925	0.9200	0.9200
	Marceline R-V School District	Operating Funds-Schools	27,517,610	4.1881	3.2226	27,901,942	4.1798	3.2789	29,902,805	4.1451	3.3751
		Debt Service	27,517,610	0.7525	0.7525	27,901,942	0.7525	0.7525	29,902,805	0.7525	0.7525
	Brookfield R-III School District	Operating Funds-Schools	50,811,854	3.4260	3.0094	51,548,207	3.3889	2.9651	52,211,391	3.4014	3.0026
		Debt Service	50,811,854	0.3900	0.3900	51,548,207	0.3900	0.3900	52,211,391	0.3900	0.3900
	Linn County	General Revenue	118,040,330	0.3534	0.0725	118,766,423	0.3551	0.0650	120,042,765	0.3568	0.0725
		Health	118,040,330	0.2356	0.2000	118,766,423	0.2368	0.2000	120,042,765	0.2379	0.2000
		Senate Bill 40	118,040,330	0.1963	0.1963	118,766,423	0.1973	0.1973	120,042,765	0.1982	0.1982
Livingston	Livingston County Ambulance Dist	General Revenue	137,215,606	0.2873	0.2000	136,759,138	0.2906	0.2000	136,956,343	0.2932	0.2000
	Livingston County Nursing Home Dist	General Revenue	137,215,606	0.1460	0.1460	136,759,138	0.1477	0.1477	136,956,343	0.1490	0.1490
	City of Chillicothe	General Revenue	78,209,948	0.6182	0.6182	77,905,448	0.6256	0.6256	78,722,840	0.6256	0.6256
		Parks & Recreation	78,209,948	0.1738	0.1738	77,905,448	0.1759	0.1759	78,722,840	0.1759	0.1759
		Temp Gen Indus Imp	78,209,948	0.2704	0.0000	77,905,448	0.2737	0.0000	78,722,840	0.2737	0.0000
	City of Chula	General Revenue	792,006	1.0665	1.0665	785,407	1.0924	1.0924	759,250	1.1542	1.1542
	Village of Ludlow	General Revenue	825,699	0.6550	0.6550	788,791	0.6856	0.6856	631,993	0.8557	0.8557
	Village of Mooresville	General Revenue	531,954	0.5299	0.5299	513,936	0.5300	0.5300	504,033	0.5300	0.5300
	City of Wheeling	General Revenue	919,002	0.6074	0.6074	961,686	0.6168	0.6168	926,650	0.6438	0.6438
	Livingston County Memorial Library	General Revenue	137,215,606	0.2575	0.2575	136,759,138	0.2604	0.2604	136,956,343	0.2628	0.2628
	Blue Mound Township Livingston Co	General Revenue	4,317,121	0.1000	0.1000	4,391,503	0.1000	0.1000	4,381,944	0.1000	0.1000
		Road & Bridge	4,317,121	0.4600	0.4600	4,391,503	0.4618	0.4618	4,381,944	0.4684	0.4684
		Special Road and Bridge	4,317,121	0.3300	0.3300	4,391,503	0.3300	0.3300	4,381,944	0.3300	0.3300 A
	Chillicothe Township, Livingston Co	General Revenue	90,192,881	0.0956	0.0956	90,296,988	0.0966	0.0966	91,168,409	0.0966	0.0966
		Road & Bridge	90,192,881	0.2628	0.2628	90,296,988	0.2655	0.2655	91,168,409	0.2655	0.2655
	Cream Ridge Township, Livingston Co	General Revenue	5,187,589	0.1000	0.1000	5,089,433	0.1000	0.1000	5,064,642	0.1000	0.1000
		Road & Bridge	5,187,589	0.3879	0.3879	5,089,433	0.3984	0.3984	5,064,642	0.4087	0.4087
		Special Road and Bridge	5,187,589	0.2500	0.2500	5,089,433	0.2500	0.2500 A	5,064,642	0.2500	0.2500
	Grand River Township, Livingston Co	General Revenue	3,189,069	0.0900	0.0900	3,141,245	0.0914	0.0914	3,114,160	0.0943	0.0943

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Livingston	Grand River Township, Livingston Co	Road & Bridge	3,189,069	0.3700	0.3700	3,141,245	0.3756	0.3756	3,114,160	0.3874	0.3874
		Special Road and Bridge	3,189,069	0.3500	0.3500 A	3,141,245	0.3500	0.3500	3,114,160	0.3500	0.3500
	Green Township of Livingston Co	General Revenue	4,102,292	0.1000	0.1000	4,043,673	0.1000	0.1000	3,888,868	0.1000	0.1000
		Road & Bridge	4,102,292	0.4452	0.4452	4,043,673	0.4564	0.4564	3,888,868	0.4763	0.4763
	Jackson Township of Livingston Co	General Revenue	5,870,516	0.1000	0.1000	5,850,279	0.1000	0.1000	5,780,027	0.1000	0.1000
		Road & Bridge	5,870,516	0.2858	0.2858	5,850,279	0.2870	0.2870	5,780,027	0.2950	0.2950
		Special Road and Bridge	5,870,516	0.3400	0.3400	5,850,279	0.3400	0.3400	5,780,027	0.3400	0.3400 A
	Medicine Township of Livingston Co	General Revenue	1,573,788	0.1000	0.1000	1,565,647	0.1000	0.1000	1,617,751	0.1000	0.1000
		Road & Bridge	1,573,788	0.4100	0.4100	1,565,647	0.4133	0.4133	1,617,751	0.4133	0.4133
		Special Road and Bridge	1,573,788	0.3000	0.3000	1,565,647	0.3000	0.3000	1,617,751	0.3000	0.3000 A
	Monroe Township of Livingston Co	General Revenue	3,443,007	0.1000	0.1000	3,390,927	0.1000	0.1000	3,217,134	0.1000	0.1000
		Road & Bridge	3,443,007	0.4221	0.4221	3,390,927	0.4350	0.4350	3,217,134	0.4668	0.4668
		Special Road and Bridge	3,443,007	0.3500	0.3500 A	3,390,927	0.3500	0.3500	3,217,134	0.3500	0.3500
	Mooresville Township Livingston Co	General Revenue	3,006,730	0.1000	0.1000	2,741,954	0.1000	0.1000	2,688,035	0.1000	0.1000
		Road & Bridge	3,006,730	0.5000	0.5000	2,741,954	0.5000	0.5000	2,688,035	0.5000	0.5000
		Special Road and Bridge	3,006,730	0.3500	0.3500 A	2,741,954	0.3500	0.3500	2,688,035	0.3500	0.3500
	Rich Hill Township of Livingston Co	General Revenue	5,819,617	0.1000	0.1000	5,795,989	0.1000	0.1000	5,645,345	0.1000	0.1000
		Road & Bridge	5,819,617	0.4200	0.4200	5,795,989	0.4291	0.4291	5,645,345	0.4422	0.4422
		Special Road and Bridge	5,819,617	0.3400	0.3400	5,795,989	0.3400	0.3400	5,645,345	0.3400	0.3400
	Sampsel Township of Livingston Co	General Revenue	3,381,540	0.1000	0.1000	3,404,337	0.1000	0.1000	3,304,585	0.1000	0.1000
		Road & Bridge	3,381,540	0.4300	0.4300	3,404,337	0.4300	0.4300	3,304,585	0.4522	0.4522
		Special Road and Bridge	3,381,540	0.2500	0.2500	3,404,337	0.2500	0.2500 A	3,304,585	0.2500	0.2500
	Wheeling Township of Livingston Co	General Revenue	3,197,045	0.1000	0.1000	3,238,416	0.1000	0.1000	3,152,217	0.1000	0.1000
		Road & Bridge	3,197,045	0.4733	0.4733	3,238,416	0.4806	0.4806	3,152,217	0.4946	0.4946
		Special Road and Bridge	3,197,045	0.3500	0.3500 A	3,238,416	0.3500	0.3500	3,152,217	0.3500	0.3500
	Fairview Township of Livingston Co	General Revenue	3,934,411	0.1000	0.1000	3,908,527	0.1000	0.1000	3,933,226	0.1000	0.1000
		Road & Bridge	3,934,411	0.4100	0.4100	3,908,527	0.4184	0.4184	3,933,226	0.4209	0.4209
		Special Road and Bridge	3,934,411	0.3500	0.3500 A	3,908,527	0.3500	0.3500	3,933,226	0.3500	0.3500
	Green Township Fire District	General Revenue	4,102,292	0.3000	0.3000	4,043,673	0.3000	0.3000	3,888,868	0.3000	0.3000
	Mooresville Township Fire Prot Dist	General Revenue	3,006,730	0.3000	0.2900	2,741,954	0.3000	0.2900	2,688,035	0.3000	0.3000
	Livingston County Health Center	General Revenue	137,215,606	0.2378	0.2378	136,759,138	0.2405	0.2405	136,956,343	0.2427	0.2427
	Southwest Livingston Co R-I Sch Dis	Operating Funds-Schools	10,110,162	4.4700	4.4700	9,957,368	4.4700	4.4700	9,643,706	4.4700	4.4700
	Livingston Co R-III School Dist	Operating Funds-Schools	5,069,534	4.9129	4.2163	5,064,046	4.9960	4.3494	5,105,247	5.0985	4.4472
	Chillicothe R-II School District	Operating Funds-Schools	107,797,476	3.3660	3.3660	108,328,674	3.3775	2.9700	109,398,067	3.4140	3.2200
		Capital Projects	107,797,476	0.1157	0.1157	108,328,674	0.1167	0.0000	109,398,067	0.1167	0.0000
		Debt Service	**	**	**	108,328,674	0.5000	0.5000	109,398,067	0.4500	0.4500
	Livingston County	General Revenue	137,215,606	0.3170	0.0000	136,759,138	0.3206	0.0000	136,956,343	0.3235	0.0000
		Developmentally Disabled	137,215,606	0.0973	0.0973	136,759,138	0.0984	0.0984	136,956,343	0.0993	0.0993
Mc Donald	City of Anderson	General Revenue	8,471,941	0.2400	0.2400	8,575,157	0.2400	0.2400	9,411,956	0.2267	0.2267

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose							2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Mc Donald	City of Anderson	General Revenue-Temp	**	**	**	**	**	**	9,411,956	0.3500	0.3500 A
		Debt Service	8,471,941	0.4983	0.4983	8,575,157	0.3985	0.3985	**	**	**
	City of Goodman	General Revenue	6,393,245	0.4900	0.4900	5,755,844	0.5443	0.5443	6,132,797	0.5378	0.5378
	City of Lanagan	General Revenue	1,388,403	0.5723	0.5723	1,394,486	0.5723	0.5723	1,497,526	0.5588	0.5588
	City of Pineville	General Revenue	3,467,490	0.4767	0.4767	3,376,499	0.4936	0.4936	4,008,150	0.4625	0.4625
	City of Southwest City	General Revenue	11,416,696	0.6181	0.6181	12,260,049	0.6181	0.6181	12,982,835	0.6180	0.6180
		Debt Service	11,416,696	0.1425	0.1425	12,260,049	0.2871	0.2871	12,982,835	0.3055	0.3055
	McDonald County Library	General Revenue	151,308,122	0.1000	0.1000	152,782,368	0.1000	0.1000	163,698,265	0.0984	0.0984
	McDonald Co R-I School District	Operating Funds-Schools	114,607,249	2.8448	2.7500	118,402,044	2.8500	2.7500	128,038,434	2.7989	2.7500
		Debt Service	**	**	**	**	**	**	128,038,434	0.2500	0.2500
	McDonald County	Road & Bridge	151,444,051	0.2213	0.0000	152,912,378	0.2223	0.0000	163,741,680	0.2189	0.0000
		General Revenue-Temp	151,444,051	0.5000	0.3007	152,912,378	0.5000	0.2854	**	**	**
Macon	Macon County Ambulance District	General Revenue	136,367,754	0.1500	0.1500	138,857,657	0.1500	0.1500	141,808,660	0.1500	0.1500
	Samaritan Memorial Hospital	General Revenue	136,367,754	0.2000	0.2000	138,857,657	0.2000	0.2000	141,808,660	0.2000	0.2000
	La Plata Nursing Home District	General Revenue	29,925,477	0.1500	0.1500	30,618,389	0.1500	0.1500	30,618,185	0.1500	0.1500
	Macon County Nursing Home District	Maintenance	109,162,551	0.1500	0.1500	110,846,090	0.1500	0.1500	113,823,316	0.1500	0.1500
	Hudson Spec Rd Dist Macon Co	Road & Bridge	58,394,172	0.2900	0.2900	58,715,208	0.2921	0.2921	59,985,302	0.2922	0.2922
		Special Road and Bridge	58,394,172	0.2000	0.2000 A	58,715,208	0.2000	0.2000	59,985,302	0.2000	0.2000
	La Plata Spec Rd Dist Macon Co	Road & Bridge	10,763,557	0.3011	0.3011	11,109,259	0.3023	0.3023	11,064,965	0.3064	0.3023
		Special Road and Bridge	10,763,557	0.3400	0.3400	11,109,259	0.3413	0.3413	11,064,965	0.3459	0.3413
	City of Atlanta	General Revenue	1,516,221	1.3024	1.3024	1,547,732	1.3136	1.3024	1,558,742	1.3171	1.3171
	City of Bevier	General Revenue	2,626,092	0.7600	0.7600	2,550,020	0.7863	0.7863	2,604,042	0.7863	0.7863
		Lights	2,626,092	0.2700	0.2700	2,550,020	0.2793	0.2793	2,604,042	0.2793	0.2793
	City of Callao	General Revenue	908,129	0.9685	0.9685	921,603	0.9684	0.9684	921,863	0.9822	0.9822
		Debt Service	908,129	1.5358	1.5358	921,603	1.5359	1.5359	921,863	1.5019	1.5019
	City of Elmer	General Revenue	306,636	1.0000	0.9800	330,784	1.0000	1.0000	323,405	1.0000	1.0000
	City of Ethel	General Revenue	315,363	0.8397	0.8397	345,094	0.8500	0.8500	325,093	0.8500	0.8500
	City of La Plata	General Revenue	7,452,180	0.7923	0.7900	7,563,752	0.7933	0.7933	7,525,255	0.8018	0.8018
		Parks & Recreation	7,452,180	0.1814	0.1800	7,563,752	0.1816	0.1816	7,525,255	0.1836	0.1836
		Library	7,452,180	0.1814	0.1800	7,563,752	0.1816	0.1816	7,525,255	0.1836	0.1836
	City of Macon	General Revenue	46,117,808	0.6000	0.6000	45,939,968	0.6083	0.6083	46,790,384	0.6083	0.6083
		Library	46,117,808	0.2400	0.2400	45,939,968	0.2433	0.2433	46,790,384	0.2433	0.2433
	City of New Cambria	General Revenue	808,226	0.9747	0.9747	829,212	0.9747	0.9700	838,082	0.9747	0.9747
	Village of South Gifford	General Revenue	77,081	0.5000	0.5000	75,162	0.5000	0.5000	83,050	0.4992	0.4992
	Atlanta C-3 School District	Operating Funds-Schools	9,842,155	4.1882	3.3884	10,155,034	4.1677	3.3895	10,291,258	4.2293	3.4985
	Bevier C-4 School District	Operating Funds-Schools	8,094,605	4.2300	3.1900	8,167,050	4.2445	3.1766	8,620,624	4.2088	3.1789
	La Plata R-II School District	Operating Funds-Schools	16,469,501	3.3002	3.3002	16,961,918	3.4210	3.4210	17,295,208	3.5360	3.5360
		Debt Service	16,469,501	1.2300	1.2300	16,961,918	1.2300	1.2300	17,295,208	1.2300	1.2300
	Macon Co R-I School District	Operating Funds-Schools	71,339,532	3.5555	2.9595	72,195,442	3.5805	2.9684	73,763,341	3.5768	3.0032

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Macon	Callao C-8 School District	Operating Funds-Schools	4,117,493	4.6771	3.9700	4,208,698	4.6841	3.9379	5,870,390	4.8621	4.2421
	Macon Co R-IV School District	Operating Funds-Schools	8,037,028	4.7844	4.0787	8,261,793	4.7971	4.1056	8,385,729	4.7927	4.1227
	Macon County	General Revenue	136,367,754	0.4300	0.2100	138,857,657	0.4300	0.2369	141,808,660	0.4329	0.2236
		Common Road District	67,210,025	0.3200	0.3200	69,033,189	0.3200	0.3200	70,758,393	0.3239	0.3239
		Health	136,367,754	0.1500	0.1500	138,857,657	0.1500	0.1500	141,808,660	0.1500	0.1500
		Developmentally Disabled	136,367,754	0.1000	0.1000	138,857,657	0.1000	0.1000	141,808,660	0.1000	0.1000
		Special Road and Bridge	67,210,025	0.3500	0.3500	69,033,189	0.3500	0.3500	70,758,393	0.3500	0.3500 ^A
Madison	Village of Cobalt City	General Revenue	609,480	0.2302	0.2500 ^D	587,120	0.2390	0.2390	743,000	0.1974	0.1974
	City of Fredericktown	General Revenue	23,018,805	0.7600	0.7600	23,715,239	0.7604	0.7604	27,377,926	0.6749	0.6749
		Parks & Recreation	23,018,805	0.1317	0.1317	23,715,239	0.1318	0.1318	27,377,926	0.1170	0.1170
	Village of Junction City	General Revenue	1,340,750	0.2500	0.2500	1,476,830	0.2491	0.2491	1,651,250	0.2278	0.2278
	City of Marquand	General Revenue	1,215,285	0.6529	0.6529	1,084,514	0.7317	0.7317	1,042,367	0.7848	0.7848
	Marquand-Zion R-VI School District	Operating Funds-Schools	7,192,190	3.7217	3.0500	7,568,270	3.7485	3.0500	8,673,760	3.3999	3.3999
		Debt Service	7,192,190	0.3629	0.3629	7,568,270	0.5946	0.5946	8,673,760	0.5000	0.5000
	Fredericktown R-I School District	Operating Funds-Schools	59,989,130	2.7500	2.7500 ^B	62,290,690	2.7500	2.7500 ^B	71,366,460	3.2000	3.2000 ^B
	Madison County	General Revenue	79,224,937	0.4044	0.0900	81,535,737	0.4044	0.0900	91,920,151	0.3711	0.1600
		Library	79,224,937	0.1000	0.1000	81,535,737	0.1000	0.1000	91,920,151	0.0918	0.0918
		Road & Bridge	79,224,937	0.2903	0.2903	81,535,737	0.2903	0.2903	91,920,151	0.2664	0.2664
		Health	79,224,937	0.1000	0.1000	81,535,737	0.1000	0.1000	91,920,151	0.0918	0.0918
		Hospital	79,224,937	0.1970	0.1970	81,535,737	0.1970	0.1970	91,920,151	0.1808	0.1808
Maries		Senate Bill 40	79,224,937	0.1970	0.1874	81,535,737	0.1970	0.1970	91,920,151	0.1808	0.1808
	Maries-Osage Ambulance District	General Revenue	55,297,845	0.1900	0.1900	57,202,554	0.1901	0.1901	61,505,756	0.1901	0.1901
	Ozark Central Ambulance District	General Revenue	52,791,618	0.2708	0.2708	53,556,176	0.2708	0.2708	54,472,634	0.2708	0.2708
	Belle Special Road Dist No. 6	Road & Bridge	8,627,078	0.2426	0.2400	8,695,587	0.2451	0.2400	9,022,336	0.2451	0.2400
	Spec Rd Dist No 8, Maries County	Road & Bridge	5,718,288	0.2104	0.2100	5,972,184	0.2139	0.2100	5,828,307	0.2207	0.2207
	City of Vienna	General Revenue	5,694,096	0.5500	0.5500	5,933,909	0.5600	0.5600	5,775,342	0.5795	0.5795
		Debt Service	5,694,096	0.2200	0.2200	5,933,909	0.2000	0.2000	5,775,342	0.0404	0.0404
	City of Belle	General Revenue	8,697,000	0.7377	0.6600	8,764,276	0.7447	0.6600	9,090,626	0.7447	0.6600
		Parks & Recreation	8,697,000	0.1604	0.1400	8,764,276	0.1619	0.1619	9,090,626	0.1619	0.1619
	Maries County Library	General Revenue	81,294,466	0.1600	0.1600	83,163,660	0.1600	0.1600	87,079,524	0.1606	0.1606
	Maries Co R-I School District	Operating Funds-Schools	31,184,866	3.2009	3.0600	32,298,378	3.1527	3.0600	36,124,219	3.1472	3.0600
	Maries Co R-II School District	Operating Funds-Schools	38,678,009	3.3346	2.7500	40,468,017	3.3354	2.7500	41,987,768	3.3667	3.3600
	Maries County	General Revenue	81,294,466	0.4700	0.3200	83,163,660	0.4700	0.3300	87,079,524	0.4719	0.3500
		Road #1	36,849,465	0.2604	0.2600	36,226,078	0.2685	0.2685	40,115,783	0.2685	0.2685
		Road #2	31,438,819	0.2300	0.2300	33,658,829	0.2289	0.2289	33,521,637	0.2336	0.2336
Marion	Marion County Ambulance District	General Revenue	269,074,143	0.2302	0.2302	276,160,483	0.2328	0.2328	297,649,752	0.2322	0.2322
		Pension	**	**	**	276,160,483	0.0500	0.0500 ^A	297,649,752	0.0499	0.0499
	Marion Co Nursing Home District	General Revenue	262,239,417	0.1500	0.1500	271,963,282	0.1500	0.1500	290,206,400	0.1491	0.1491
	City of Hannibal	General Revenue	144,111,304	0.7315	0.7315	143,054,314	0.7667	0.7667	158,497,046	0.7375	0.7375

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Marion	City of Hannibal	Library	144,111,304	0.2867	0.2867	143,054,314	0.3000	0.3000	158,497,046	0.2886	0.2886
		Police & Fire	144,111,304	0.1285	0.1285	143,054,314	0.1347	0.1347	158,497,046	0.1296	0.1296
		Debt Service	144,111,304	0.3527	0.3527	143,054,314	0.1738	0.1738	158,497,046	0.0210	0.0210
	City of Palmyra	General Revenue	26,137,246	0.6496	0.6496	27,404,146	0.6496	0.6496	29,266,103	0.6272	0.6272
	Marion Co R-II School District	Operating Funds-Schools	8,196,485	4.4767	3.5400	8,426,635	4.5372	3.5400	8,653,605	4.6000	3.5500
		Debt Service	8,196,485	0.3400	0.3400	8,426,635	0.3400	0.3400	8,653,605	0.3300	0.3300
	Palmyra R-I School District	Operating Funds-Schools	90,731,545	2.7500	2.7500 B	93,262,600	2.7513	2.7500	100,315,020	2.7500	2.7500 B
		Debt Service	90,731,545	0.5800	0.5808 D	93,262,600	0.5800	0.5800	100,315,020	0.5800	0.5800
	Hannibal 60 School District	Operating Funds-Schools	184,156,256	3.4988	2.7962	193,683,702	3.5467	2.8687	216,089,406	3.3869	2.8121
		Debt Service	184,156,256	0.4600	0.4600	193,683,702	0.4600	0.4600	216,089,406	0.4600	0.4600
	Marion County	General Revenue	262,239,417	0.4406	0.0200	271,963,282	0.4458	0.0600	290,206,400	0.4431	0.0600
		Road & Bridge	262,239,417	0.3304	0.3100	271,963,282	0.3343	0.3200	290,206,400	0.3323	0.3170
		Health	262,239,417	0.1500	0.1500	271,963,282	0.1500	0.1500	290,206,400	0.1491	0.1491
		Senate Bill 40	262,239,417	0.1400	0.1400	271,963,282	0.1400	0.1400	290,206,400	0.1391	0.1391
Mercer	Mercer County Ambulance District	General Revenue	48,228,626	0.3300	0.3300	50,419,196	0.3300	0.3300	52,275,613	0.3300	0.3300
	City of Mercer	General Revenue	1,411,192	0.7197	0.7197	1,371,772	0.7405	0.7405	1,355,383	0.7527	0.7527
		Streets	1,411,192	0.4010	0.4010	1,371,772	0.4126	0.4126	1,355,383	0.4194	0.4194
	City of Princeton	General Revenue	6,741,321	0.8610	0.8610	7,066,956	0.8639	0.8639	7,775,466	0.8639	0.8639
		Band	6,741,321	0.1000	0.1000	7,066,956	0.1000	0.1000	7,775,466	0.1000	0.1000
	Village of South Lineville	General Revenue	243,350	0.3890	0.3890	268,241	0.3893	0.3893	276,280	0.3862	0.3862
	Mercer County Library	General Revenue	48,228,626	0.2000	0.2000	50,419,196	0.2000	0.2000	52,275,613	0.2000	0.2000
	Harrison Township of Mercer Co	General Revenue	2,534,008	0.1000	0.1000	2,423,022	0.1000	0.1000	2,471,006	0.1000	0.1000
		Road & Bridge	2,534,008	0.5000	0.5000	2,423,022	0.5000	0.5000	2,471,006	0.5000	0.5000
		Special Road and Bridge	2,534,008	0.3500	0.3500	2,423,022	0.3500	0.3500	2,471,006	0.3500	0.3500 A
	Lindley Township of Mercer Co	General Revenue	2,182,545	0.1000	0.1000	2,203,086	0.1000	0.1000	2,140,348	0.1000	0.1000
		Road & Bridge	2,182,545	0.5000	0.5000	2,203,086	0.5000	0.5000	2,140,348	0.5000	0.5000
		Special Road and Bridge	2,182,545	0.3500	0.3500	2,203,086	0.3500	0.3500	2,140,348	0.3500	0.3500 A
	Madison Township of Mercer Co	General Revenue	2,324,409	0.1000	0.1000	2,259,532	0.1000	0.1000	2,272,520	0.1000	0.1000
		Road & Bridge	2,324,409	0.5000	0.5000	2,259,532	0.5000	0.5000	2,272,520	0.5000	0.5000
		Special Road and Bridge	2,324,409	0.3500	0.3500	2,259,532	0.3500	0.3500	2,272,520	0.3500	0.3500 A
	Marion Township of Mercer Co	General Revenue	6,165,735	0.1000	0.1000	6,627,519	0.1000	0.1000	6,575,170	0.1000	0.1000
		Road & Bridge	6,165,735	0.4195	0.4195	6,627,519	0.4195	0.4195	6,575,170	0.4270	0.4270
		Special Road and Bridge	6,165,735	0.3500	0.3500	6,627,519	0.3500	0.3500	6,575,170	0.3500	0.3500 A
	Medicine Township of Mercer Co	General Revenue	2,529,648	0.1000	0.1000	2,680,315	0.1000	0.1000	2,683,755	0.1000	0.1000
		Road & Bridge	2,529,648	0.5000	0.5000	2,680,315	0.5000	0.5000	2,683,755	0.5000	0.5000
		Special Road and Bridge	2,529,648	0.3500	0.3500	2,680,315	0.3500	0.3500	2,683,755	0.3500	0.3500 A
	Morgan Township of Mercer Co	General Revenue	15,864,513	0.1000	0.1000	17,175,369	0.1000	0.1000	18,236,562	0.1000	0.1000
		Road & Bridge	15,864,513	0.3500	0.3500	17,175,369	0.3500	0.3500	18,236,562	0.3500	0.3500
	Ravanna Township of Mercer Co	General Revenue	7,167,035	0.1000	0.1000	7,590,722	0.1000	0.1000	7,617,808	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Mercer	Ravanna Township of Mercer Co	Road & Bridge	7,167,035	0.5000	0.5000	7,590,722	0.5000	0.5000	7,617,808	0.5000	0.5000
		Special Road and Bridge	7,167,035	0.3500	0.3500	7,590,722	0.3500	0.3500	7,617,808	0.3500	0.3500 A
	Somerset Township of Mercer Co	General Revenue	5,276,016	0.1000	0.1000	5,045,744	0.1000	0.1000	5,756,594	0.1000	0.1000
		Road & Bridge	5,276,016	0.5000	0.5000	5,045,744	0.5000	0.5000	5,756,594	0.5000	0.5000
		Special Road and Bridge	5,276,016	0.3500	0.3500	5,045,744	0.3500	0.3500	5,756,594	0.3500	0.3500 A
	Washington Township of Mercer Co	General Revenue	4,184,717	0.1000	0.1000	4,413,887	0.1000	0.1000	4,521,850	0.1000	0.1000
		Road & Bridge	4,184,717	0.4914	0.4914	4,413,887	0.4926	0.4926	4,521,850	0.4926	0.4926
		Special Road and Bridge	4,184,717	0.3500	0.3500	4,413,887	0.3500	0.3500	4,521,850	0.3500	0.3500 A
	Mercer County Fire Protection Dist	General Revenue	27,728,980	0.3000	0.3000	29,084,201	0.3000	0.3000	30,726,875	0.3000	0.3000
	Mercer Fire Protection District	General Revenue	12,839,758	0.3000	0.3000	13,104,963	0.3000	0.3000	13,147,125	0.3000	0.3000
	North Mercer Co R-III School Dist	Operating Funds-Schools	11,516,732	5.2500	4.8106	11,736,003	5.2500	4.4872	12,225,917	5.2302	4.6202
		Debt Service	11,516,732	0.3805	0.3805	11,736,003	0.3698	0.3698	12,225,917	0.5306	0.5306
	Princeton R-V School District	Operating Funds-Schools	28,107,567	4.5523	4.2523	29,756,174	4.5565	4.3137	29,881,124	4.5792	4.4192
	Mercer County	General Revenue	48,228,626	0.4000	0.2800	50,419,196	0.4000	0.2500	52,275,613	0.4000	0.2600
		Road & Bridge	48,228,626	0.1500	0.0000	50,419,196	0.1500	0.0000	52,275,613	0.1500	0.0000
		Health	48,228,626	0.1000	0.1000	50,419,196	0.3000	0.3000 B	52,275,613	0.3000	0.3000
Miller	Miller County Ambulance District	General Revenue	454,113,884	0.0948	0.0948	191,640,549	0.1500	0.1500	198,668,884	0.1500	0.1500
		General Revenue - Temp.	**	**	**	275,797,750	0.0311	0.0207	284,827,712	0.0938	0.1030 C
	Miller County Nursing Home District	General Revenue	276,256,669	0.1126	0.1126	276,763,499	0.1146	0.1146	281,739,723	0.1152	0.1152
		Debt Service	276,256,669	0.0357	0.0357	276,763,499	0.0425	0.0425	281,739,723	0.0600	0.0600
	Bagnell Spec Rd Dist Miller Co	Road & Bridge	67,438,164	0.1834	0.1834	69,316,867	0.1834	0.1834	68,617,201	0.1945	0.1945
	Eldon Special Road Dist Miller Co	Road & Bridge	73,348,133	0.2013	0.2013	70,909,243	0.2108	0.2108	74,177,738	0.2108	0.2108
	Kaiser Special Road Dist Miller Co	Road & Bridge	47,364,693	0.1800	0.1800	49,300,244	0.1807	0.1807	48,396,557	0.1856	0.1856
	City of Bagnell	General Revenue	467,336	0.4699	0.4699	485,841	0.4743	0.4743	461,070	0.5000	0.5000
	Village of Brumley	General Revenue	480,527	0.2815	0.2815	470,660	0.2940	0.2940	484,745	0.2941	0.2941
	City of Iberia	General Revenue	3,896,316	0.4603	0.1603	3,918,954	0.4689	0.1700	4,206,190	0.4680	0.1680
	Village of Olean	General Revenue	477,974	0.3159	0.3159	467,459	0.3230	0.3230	477,118	0.3263	0.3263
	Village of St Elizabeth	General Revenue	2,735,862	0.2104	0.2104	2,689,583	0.2172	0.2100	2,911,002	0.2307	0.2307
	Village of Tuscumbia	General Revenue	1,200,808	0.2944	0.2944	1,161,604	0.3043	0.3043	1,161,007	0.3090	0.3090
	City of Lake Ozark	General Revenue	50,778,567	0.2373	0.2373	51,412,731	0.2373	0.2373	47,430,123	0.2614	0.2614
	Miller County Library	General Revenue	271,191,819	0.1261	0.1261	276,280,301	0.1262	0.1262	281,739,723	0.1268	0.1268
	Lake Ozark Fire Protection District	General Revenue	256,055,316	0.2977	0.2800	271,730,101	0.2977	0.2977	285,305,961	0.2957	0.2957
		Ambulance	256,055,316	0.3000	0.5100 D	271,637,031	0.3000	0.2400	285,305,961	0.2980	0.2700
		Debt Service	256,055,316	0.0834	0.0834	271,637,031	0.0834	0.0834	285,305,961	0.0721	0.0721
	Brumley Fire Protection District	General Revenue	19,745,530	0.3000	0.3000 B	19,535,956	0.3000	0.3000	20,377,892	0.3000	0.3000
	Tuscumbia Fire Protection District	General Revenue	8,114,947	0.3000	0.3000 B	8,057,833	0.3000	0.3000	8,670,476	0.3000	0.3000
	Moreau Fire Protection Dist #2	General Revenue	76,635,290	0.2798	0.2798	77,003,487	0.2802	0.2802	78,991,825	0.2802	0.2802
	St. Elizabeth Fire Protection Dist	General Revenue	9,320,556	0.2927	0.2927	8,945,676	0.3000	0.3000	9,022,954	0.3000	0.3000
	Iberia Fire Protection District	General Revenue	21,759,683	0.3000	0.3000	22,235,088	0.3000	0.3000	23,884,113	0.2975	0.2975

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Miller	Welsh Special Road Dist Subdistrict	General Revenue	4,597,832	0.8774	0.0000	4,640,104	0.8774	0.0000	4,899,087	0.8728	0.0000
	Eldon R-I School District	Operating Funds-Schools	122,012,715	2.8016	2.7500	122,044,148	2.7821	2.7500	128,861,393	2.8737	2.7500
		Debt Service	122,012,715	0.5100	0.5100	122,044,148	0.5100	0.5100	128,861,393	0.5100	0.5100
	Miller Co R-III School District	Operating Funds-Schools	7,628,438	3.5779	3.0300	7,639,539	3.4869	3.1100	8,611,233	3.5673	3.1100
		Debt Service	7,628,438	0.1800	0.1800	7,639,539	0.1000	0.1000	8,611,233	0.1000	0.1000
	St. Elizabeth R-IV School District	Operating Funds-Schools	9,562,622	3.5146	3.2000	9,756,792	3.5104	3.2000	10,560,367	3.5678	3.2000
		Debt Service	9,562,622	0.1800	0.1800	9,756,792	0.1800	0.1800	10,560,367	0.1800	0.1800
	School of the Osage R-II Sch Dist	Operating Funds-Schools	303,392,692	2.6776	2.2100	328,104,820	2.6409	2.2500	340,879,976	2.6461	2.3000
		Debt Service	303,392,692	0.2700	0.2700	328,104,820	0.2500	0.2500	340,879,976	0.2200	0.2200
	Iberia R-V School District	Operating Funds-Schools	22,503,461	3.3099	3.0200 B	23,029,870	3.3081	3.0200	24,813,717	3.3991	3.0200
	Miller County	General Revenue	276,256,669	0.2560	0.0320	276,280,301	0.2609	0.0385	281,739,723	0.2621	0.0341
		Road & Bridge	88,063,034	0.2217	0.2217	86,230,671	0.2297	0.2297	90,496,615	0.2297	0.2297
		Health	276,256,669	0.1500	0.1500	276,280,301	0.1500	0.1500	281,739,723	0.1500	0.1500
		Developmentally Disabled	276,256,669	0.0819	0.0819	276,280,301	0.0835	0.0835	281,739,723	0.0839	0.0839
		Senior Services	276,256,669	0.0500	0.0500	276,280,301	0.0500	0.0500	281,739,723	0.0500	0.0500
Mississippi	Mississippi County Ambulance Dist	General Revenue	114,433,916	0.3000	0.2500	114,339,841	0.3000	0.2500	113,318,823	0.3000	0.2500
	City of Anniston	General Revenue	658,408	0.6414	0.6414	619,925	0.6812	0.6812	612,123	0.6899	0.6899
	City of Bertrand	General Revenue	2,710,005	0.5759	0.5759	2,741,782	0.5768	0.5768	2,748,885	0.5794	0.5794
	City of Charleston	General Revenue	24,132,704	0.7900	0.7000	24,076,810	0.7946	0.7000	24,123,321	0.7986	0.7000
		Parks & Recreation	24,132,704	0.2000	0.1800	24,076,810	0.2000	0.1800	24,123,321	0.2000	0.1800
	City of East Prairie	General Revenue	13,018,790	0.7600	0.7600	12,970,256	0.7663	0.7663	13,058,478	0.7770	0.7770
	Village of Wilson City	General Revenue	170,659	0.4091	0.4091	162,854	0.4286	0.4286	158,597	0.4401	0.4401
	City of Wyatt	General Revenue	1,617,702	0.6799	0.6799	1,584,578	0.6983	0.6983	1,522,283	0.7269	0.7269
	Mississippi County Library	General Revenue	114,433,916	0.2000	0.2000	114,339,841	0.2016	0.2016	113,318,823	0.2053	0.2053
	Mississippi (Scott) Fire Prot Dist	General Revenue	48,877,114	0.3000	0.1600	48,661,592	0.3000	0.1600	48,527,522	0.3000	0.1600
	Mississippi County Senate Bill 40	General Revenue	114,433,916	0.1200	0.1000	114,339,841	0.1210	0.1210	113,318,823	0.1232	0.1232
	East Prairie R-II School District	Operating Funds-Schools	41,480,481	2.8681	2.7500	41,515,770	2.8603	2.7500	42,041,380	2.8878	2.7500
		Debt Service	41,480,481	0.3500	0.3500	41,515,770	0.3500	0.3500	42,041,380	0.3500	0.3500
	Charleston R-I School District	Operating Funds-Schools	59,980,570	2.7500	2.7500 B	60,486,305	2.7500	2.7500 B	59,983,500	2.7500	2.7500 B
	Mississippi County	General Revenue	114,433,916	0.4600	0.2700	114,339,841	0.4637	0.2700	113,318,823	0.4721	0.2700
		Johnson Grass	114,433,916	0.0500	0.0300	114,339,841	0.0500	0.0500	113,318,823	0.0500	0.0500
		Road & Bridge	114,433,916	0.3500	0.3200	114,339,841	0.3500	0.3200	113,318,823	0.3500	0.3200
		Health	114,433,916	0.1000	0.1000	114,339,841	0.1000	0.1000	113,318,823	0.1000	0.1000
Moniteau	Mid Mo Ambulance District	General Revenue	344,023,906	0.1838	0.1838	349,825,941	0.1841	0.1838	358,518,447	0.1841	0.1838
	City of California	General Revenue	35,059,170	0.3829	0.3829	36,635,617	0.3824	0.3824	37,275,911	0.3824	0.3824
		Parks & Recreation	35,059,170	0.1511	0.1511	36,635,617	0.1509	0.1509	37,275,911	0.1509	0.1509
	City of Clarksburg	General Revenue	1,401,141	0.8935	0.8935	1,373,373	0.9159	0.9159	1,340,547	0.9451	0.9451
	City of Jamestown	General Revenue	2,368,205	0.8688	0.8688	2,364,094	0.8776	0.8776	2,446,558	0.8766	0.8766
	City of Lupus	General Revenue	178,315	0.9246	0.8272	180,171	0.9247	0.8300	206,831	0.9076	0.8300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Moniteau	City of Tipton	General Revenue	19,260,075	0.6422	0.6422	20,605,465	0.6598	0.6598	20,879,766	0.6598	0.6598
		Debt Service	19,260,075	0.3593	0.3593	20,605,465	0.3276	0.3276	20,879,766	0.3420	0.3420
	Moniteau Co Library Subdistrict Two	General Revenue	40,784,088	0.1170	0.1170	41,398,823	0.1200	0.1200	41,959,871	0.1200	0.1200
		General Revenue	33,898,025	0.2000	0.2000	34,466,348	0.2000	0.2000	35,150,033	0.2000	0.2000
	Fortuna Fire Protection District	General Revenue	21,970,664	0.2967	0.2951	22,748,042	0.2967	0.2967	23,934,106	0.2947	0.2945
	Tipton Rural Fire Protection Dist	Fire	10,767,784	0.2477	0.2477	10,629,916	0.2500	0.2500	10,916,908	0.2500	0.2500
	Jamestown Rural Fire Prot Dist	General Revenue	11,859,444	0.3000	0.3000	12,095,072	0.3000	0.3000	12,763,274	0.2949	0.2949
	Moniteau Co R-I School District	Operating Funds-Schools	58,131,998	2.7000	2.7000 B	60,742,948	2.7500	2.7500 B	63,335,208	2.7500	2.7500 B
		Debt Service	58,131,998	0.8200	0.8200	60,742,948	0.8200	0.8200	63,335,208	0.8200	0.8200
	High Point R-III School District	Operating Funds-Schools	6,302,775	3.4995	3.4995	6,646,322	3.5067	3.5067	6,975,390	3.5411	3.5411
	Moniteau Co R-V School District	Operating Funds-Schools	5,417,219	3.3283	2.7796	5,611,192	3.3135	2.7796	5,848,020	3.3160	2.8796
	Moniteau Co R-VI School District	Operating Funds-Schools	33,383,879	2.9260	2.9260	34,971,645	2.8999	2.8999	36,024,635	2.9622	2.9621
		Debt Service	**	**	**	34,971,645	0.8861	0.8861	36,024,635	0.8861	0.8861
	Moniteau Co C-1 School District	Operating Funds-Schools	9,811,566	4.0034	3.9425	9,983,384	3.9986	3.9900	10,695,118	3.9204	3.9200
		Debt Service	9,811,566	0.7100	0.7100	9,983,384	0.7100	0.7100	10,695,118	0.7800	0.7800
	Clarksburg C-2 School District	Operating Funds-Schools	4,730,606	3.4534	3.1900	4,866,185	3.3455	3.1900	5,054,222	3.3595	3.1900
	Moniteau County	General Revenue	132,808,839	0.3400	0.1670	136,874,031	0.3410	0.1808	140,758,551	0.3410	0.1837
		Common Road District	132,808,839	0.2500	0.2500	136,874,031	0.2507	0.2507	140,758,551	0.2507	0.2507
		Health	132,808,839	0.2400	0.1500	136,874,031	0.2407	0.1500	140,758,551	0.2407	0.1500
		Developmentally Disabled	132,808,839	0.1200	0.1200	136,874,031	0.1200	0.1200	140,758,551	0.1200	0.1200
Monroe	Monroe County Ambulance District	General Revenue	58,185,708	0.4200	0.4200	59,499,569	0.4200	0.4200	60,189,803	0.4200	0.4200
	Monroe City Ambulance District	General Revenue	65,927,088	0.2648	0.2648	67,103,563	0.2657	0.2657	68,565,732	0.2657	0.2657
	Monroe County Nursing Home District	General Revenue	68,932,172	0.1500	0.1500	69,648,692	0.1500	0.1500	70,337,676	0.1500	0.1500
	Madison Special Road Dist Monroe Co	Special Road and Bridge	7,750,959	0.3500	0.3500	7,750,502	0.3500	0.3500	7,582,676	0.3500	0.3500
	Monroe City Spec Rd Dist Monroe Co	Special Road and Bridge	25,167,787	0.3500	0.3500	25,997,571	0.3500	0.3500	25,069,830	0.3500	0.3500 A
	Village of Holliday	General Revenue	785,494	0.3332	0.2900	702,493	0.3725	0.2900	724,324	0.3757	0.2900
	City of Madison	General Revenue	2,687,333	0.6500	0.6500	2,704,016	0.6594	0.6500	2,730,959	0.6672	0.6500
	City of Paris	General Revenue	7,762,899	0.3305	0.3300	7,801,043	0.3335	0.3300	7,803,703	0.3342	0.3300
		Streets	7,762,899	0.1200	0.1200	7,801,043	0.1200	0.1200	7,803,703	0.1200	0.1200
		Fire	7,762,899	0.1400	0.1400	7,801,043	0.1400	0.1400	7,803,703	0.1400	0.1400
		Cemetery	7,762,899	0.2582	0.2500	7,801,043	0.2606	0.2600	7,803,703	0.2612	0.2600
		General Revenue	315,518	0.1893	0.1893	318,064	0.1936	0.1936	355,948	0.1801	0.1801
	City of Monroe City	General Revenue	25,150,976	0.5929	0.5900	26,199,555	0.5946	0.5900	25,992,844	0.6037	0.5900
		Library	25,150,976	0.2076	0.2000	26,199,555	0.2082	0.2000	25,992,844	0.2114	0.2000
	Monroe County Library	General Revenue	72,833,829	0.1602	0.1602	73,660,359	0.1609	0.1609	74,537,094	0.1618	0.1618
		Debt Service	72,833,829	0.0718	0.0718	73,660,359	0.0718	0.0718	74,537,094	0.1259	0.1259
	Paris Rural Fire Protection Dist	General Revenue	18,045,546	0.2500	0.2500	18,868,910	0.2500	0.2500	19,327,988	0.2500	0.2500
	Madison-West Monroe Fire Prot Dist	General Revenue	**	**	**	20,564,111	0.3000	0.3000 A	20,754,351	0.3000	0.3000
	Middle Grove C-1 School District	Operating Funds-Schools	2,961,700	3.6510	2.7500	3,106,823	4.0920	4.0000 B	3,215,076	4.0659	4.0659

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Monroe	Monroe City R-I School District	Operating Funds-Schools	53,747,205	3.5364	3.5364	55,434,245	4.0964	4.0964 ^B	57,604,857	4.0964	4.0964
	Holliday C-2 School District	Operating Funds-Schools	5,316,125	3.5226	3.5000	5,438,618	3.5804	3.5500	5,611,616	3.6446	3.6446
	Madison C-3 School District	Operating Funds-Schools	9,441,859	3.3828	3.3828	9,695,909	3.3381	3.3381	9,901,656	3.3451	3.3451
		Debt Service	9,441,859	0.6003	0.6003	9,695,909	0.6425	0.6425	9,901,656	0.6529	0.6529
	Paris R-II School District	Operating Funds-Schools	28,107,223	3.3942	3.0000	28,471,697	3.4769	3.0000	29,433,157	3.4700	3.1000
		Debt Service	28,107,223	0.4900	0.4900	28,471,697	0.4900	0.4900	29,433,157	0.4900	0.4900
	Monroe County	General Revenue	92,028,207	0.3752	0.2700	93,651,914	0.3776	0.2776	93,773,103	0.3829	0.2900
		Road & Bridge	92,028,207	0.2738	0.2738	93,651,914	0.2756	0.2756	93,773,103	0.2794	0.2794
		Health	92,028,207	0.1000	0.1000	93,651,914	0.1000	0.0900	93,773,103	0.1000	0.0900
		Senate Bill 40	92,028,207	0.1000	0.0900	93,651,914	0.1000	0.1000	93,773,103	0.1000	0.0900
Montgomery	Montgomery County Ambulance Dist	General Revenue	127,226,891	0.2476	0.2476	127,289,700	0.2526	0.2526	128,612,871	0.2551	0.2551
	Rhineland Bottom SRD Montgomery C	Special Road and Bridge	6,629,966	0.2264	0.2264	6,281,202	0.2432	0.2432	6,687,628	0.2500	0.2500 ^A
	Wellsville Road Dist Montgomery Co	Special Road and Bridge	17,370,755	0.1997	0.1997	17,314,763	0.2000	0.2000 ^A	16,648,302	0.2000	0.2000
	City of Bellflower	General Revenue	1,617,742	0.7809	0.7809	1,652,432	0.8032	0.8032	1,696,550	0.8116	0.8101
	City of High Hill	General Revenue	2,618,047	0.4420	0.3700	2,532,717	0.4664	0.3700	2,558,838	0.4636	0.3700
	City of Jonesburg	General Revenue	8,029,328	0.4727	0.4727	7,611,760	0.5013	0.4727	7,377,225	0.5214	0.5214
		Debt Service	8,029,328	0.3602	0.3602	7,611,760	0.4300	0.4300	7,377,225	0.4425	0.4425
	City of McKittrick	General Revenue	388,065	0.5647	0.5647	376,027	0.5838	0.5838	426,215	0.5736	0.5736
	City of Middletown	General Revenue	1,208,614	0.7867	0.7867	1,246,161	0.7872	0.7867	1,227,631	0.8258	0.7867
	City of Montgomery	General Revenue	26,094,257	0.5245	0.4100	26,838,336	0.5254	0.4200	27,253,662	0.5354	0.4350
		Library	26,094,257	0.3885	0.3885	26,838,336	0.3892	0.3892	27,253,662	0.3966	0.3965
	City of New Florence	General Revenue	4,794,644	0.6903	0.7000	5,135,520	0.7062	0.7288	5,090,902	0.7450	0.7664 ^C
	Village of Rhineland	General Revenue	1,960,248	0.8639	0.8600	1,974,326	0.8738	0.8400	2,033,969	0.8861	0.8200
	City of Wellsville	General Revenue	7,244,756	0.7300	0.7300	7,234,842	0.7369	0.7300	7,388,961	0.7353	0.7300
		Library	7,244,756	0.2000	0.2000	7,234,842	0.2019	0.2000	7,388,961	0.2015	0.2000
	Bellflower Volunteer Fire Prot Dist	General Revenue	10,347,793	0.2803	0.2500	10,632,720	0.2803	0.2500	10,928,410	0.2816	0.2500
	Jonesburg-High Hill Fire Prot Dist	General Revenue	29,035,976	0.2773	0.2500	29,396,251	0.2804	0.2500	30,642,821	0.2794	0.2500
	New Florence Fire Protection Dist	General Revenue	15,762,881	0.3000	0.3300	15,537,781	0.3000	0.3181	16,680,191	0.3000	0.3000
	Montgomery Volunteer Fire Prot Dist	General Revenue	50,377,188	0.2579	0.2579	51,312,581	0.2587	0.2587	51,662,866	0.2630	0.2630
	Wellsville-Middletown R-I Sch Dist	Operating Funds-Schools	22,833,313	3.1805	3.0500	23,322,559	3.1032	3.1000	23,340,992	3.3450	3.3450
		Debt Service	22,833,313	0.4600	0.4600	23,322,559	0.4600	0.4600	23,340,992	0.4600	0.4600
	Montgomery Co R-II School District	Operating Funds-Schools	81,719,703	3.3258	3.3258	82,654,231	3.3256	3.3256	85,350,086	3.3916	3.3916
		Debt Service	81,719,703	0.0200	0.0200	82,654,231	0.0200	0.0200	85,350,086	0.0300	0.0300
	Montgomery County	General Revenue	146,458,886	0.3806	0.2651	146,105,038	0.3891	0.2561	148,073,609	0.3918	0.2612
		Johnson Grass	146,458,886	0.0493	0.0000	146,105,038	0.0500	0.0000	148,073,609	0.0500	0.0000
		Road & Bridge	146,458,886	0.2805	0.2805	146,105,038	0.2868	0.2868	148,073,609	0.2888	0.2888
		Health	146,458,886	0.1478	0.1478	146,105,038	0.1500	0.1300	148,073,609	0.1500	0.1300
		Senate Bill 40	146,458,886	0.0985	0.0985	146,105,038	0.1000	0.1000	148,073,609	0.1000	0.1000
		Special Road and Bridge	122,458,163	0.2964	0.2964	122,509,103	0.3000	0.3000	124,737,674	0.3000	0.3000 ^A

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Morgan	Golden Age Nursing Home Health #1	General Revenue	66,154,793	0.2003	0.2003	66,085,520	0.2037	0.2037	67,854,045	0.2045	0.2045
	Good Shepherd Care Center	General Revenue	407,212,886	0.1592	0.1592	428,055,088	0.1602	0.1602	446,897,206	0.1602	0.1602
	Barnett Spec Road Dist #3 Morgan Co	Road & Bridge	8,587,376	0.2926	0.2926	8,799,839	0.2905	0.2905	8,778,228	0.2980	0.2980
	Gravois Spec Rd Dist #8 Morgan Co	Road & Bridge	110,802,153	0.1444	0.1444	118,967,988	0.1444	0.1444	121,126,834	0.1444	0.1444
		Special Road and Bridge	110,802,153	0.0903	0.0903	118,967,988	0.1000	0.1000 A	121,126,834	0.1000	0.1000
	Versailles Sp Rd Dist 4 Morgan Co	Road & Bridge	39,112,477	0.2218	0.2218	39,337,042	0.2232	0.2232	40,194,875	0.2232	0.2232
	City of Barnett	General Revenue	957,525	0.5646	0.5646	1,051,042	0.5687	0.5687	1,038,498	0.5828	0.5828
		Water	957,525	0.3637	0.3637	1,051,042	0.3664	0.3664	1,038,498	0.3755	0.3755
	City of Stover	General Revenue	6,262,802	0.5147	0.5147	6,407,177	0.5174	0.5174	6,463,060	0.5226	0.5226
	City of Syracuse	General Revenue	1,450,099	0.7306	0.7306	1,428,195	0.7458	0.7458	1,434,998	0.7525	0.7525
	City of Versailles	General Revenue	21,712,969	0.5691	0.5691	22,055,904	0.5713	0.5713	23,160,551	0.5713	0.5700
	Morgan County Library District	General Revenue	306,026,171	0.0824	0.0824	314,971,496	0.0826	0.0826	322,288,419	0.0827	0.0827
	Rocky Mount Fire Protection Dist	General Revenue	63,782,772	0.2538	0.2538	64,162,604	0.2547	0.2547	66,777,634	0.2547	0.2547
	Versailles Fire Protection Dist #4	General Revenue	27,305,749	0.4651	0.4651	27,818,582	0.4710	0.4710	28,364,846	0.4740	0.4740
	Gravois Fire Protection District	General Revenue	138,779,177	0.2608	0.2608	147,632,632	0.2608	0.2608	151,060,720	0.2608	0.2608
	Stover Rural Fire Protection Dist 6	General Revenue	24,743,307	0.2452	0.2452	25,101,719	0.2458	0.2458	26,124,373	0.2471	0.2471
	Morgan Co R-I School District	Operating Funds-Schools	49,970,116	2.4800	2.4800 B	51,392,000	2.4800	2.4800 B	54,350,715	2.4800	2.4800 B
		Debt Service	49,970,116	0.3800	0.3800	51,392,000	0.3800	0.3800	54,350,715	0.3800	0.3800
	Morgan Co R-II School District	Operating Funds-Schools	154,544,557	2.7500	2.7500 B	163,683,794	2.7500	2.7500 B	168,277,912	2.7500	2.7500 B
	Morgan County	General Revenue	306,026,171	0.2289	0.0757	314,971,496	0.2294	0.0962	322,288,419	0.2296	0.0897
		Johnson Grass	306,026,171	0.0458	0.0000	314,971,496	0.0459	0.0459	322,288,419	0.0459	0.0000
		Road & Bridge	146,351,682	0.1738	0.1738	147,038,320	0.1761	0.1761	151,505,594	0.1764	0.1764
		Health	306,026,171	0.0824	0.0824	314,971,496	0.0826	0.0826	322,288,419	0.0827	0.0827
		Senate Bill 40	306,026,171	0.0458	0.0458	314,971,496	0.0459	0.0458	322,288,419	0.0459	0.0458
		Senior Services	306,026,171	0.0458	0.0458	314,971,496	0.0459	0.0459	322,288,419	0.0459	0.0459
New Madrid	New Madrid County Ambulance Dist.	General Revenue	371,278,754	0.1500	0.1200	373,232,582	0.1500	0.1300	372,660,643	0.1500	0.1300
	City of Canalou	General Revenue	984,486	0.7161	0.7161	1,016,702	0.7264	0.7264	982,472	0.7522	0.7522
	Village of Catron	General Revenue	697,974	0.4404	0.4404	699,889	0.4444	0.4444	633,238	0.4920	0.4444
		Additional Gen.	697,974	0.2370	0.2370	699,889	0.2391	0.2391	633,238	0.2500	0.2391
	City of Gideon	General Revenue	4,917,423	0.5902	0.5902	4,830,335	0.6019	0.6019	4,838,658	0.6060	0.6060
		Parks & Recreation	4,917,423	0.1501	0.1501	4,830,335	0.1531	0.1531	4,838,658	0.1541	0.1541
	City of Howardville	General Revenue	921,770	0.6879	0.6800	953,458	1.0000	1.0000 B	1,004,265	1.0000	1.0000
		Parks & Recreation	921,770	0.2094	0.1900	**	**	**	**	**	**
		Library	921,770	0.2094	0.1900	**	**	**	**	**	**
		Health	921,770	0.2094	0.1900	**	**	**	**	**	**
	City of Lilbourn	General Revenue	6,573,519	0.5910	0.5910	6,563,253	0.5976	0.5910	6,518,777	0.6050	0.5976
		Parks & Recreation	6,573,519	0.1703	0.1703	6,563,253	0.1722	0.1722	6,518,777	0.1743	0.1743
		Library	6,573,519	0.1703	0.1703	6,563,253	0.1722	0.1722	6,518,777	0.1743	0.1743
		Health	6,573,519	0.1703	0.1703	6,563,253	0.1722	0.1722	6,518,777	0.1743	0.1743

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
New Madrid	City of Lilbourn	Debt Service	6,573,519	0.1461	0.1461	6,563,253	0.2298	0.2298	6,518,777	0.2362	0.2362
	City of Marston	General Revenue	4,593,772	0.5121	0.5121	4,721,410	0.5132	0.5132	4,638,155	0.5263	0.5263
	City of Matthews	General Revenue	5,587,935	0.5600	0.5600	5,449,896	0.5754	0.5600	6,481,679	0.5340	0.5340
	City of Morehouse	General Revenue	5,128,731	0.5400	0.5400	5,087,330	0.5564	0.5500	5,118,966	0.5576	0.5576
	City of New Madrid	General Revenue	20,459,873	0.5800	0.5800	20,697,494	0.5820	0.5800	21,365,146	0.5820	0.5800
		Additional Gen. Rev.	20,459,873	0.2100	0.2100	20,697,494	0.2107	0.2100	21,365,146	0.2107	0.2100
	Village of North Lilbourn	General Revenue	145,366	0.5000	0.5000	170,523	0.5000	0.5000	159,862	0.5000	0.5000
	City of Parma	General Revenue	3,688,728	0.6300	0.6300	3,732,786	0.6316	0.6316	3,756,318	0.6329	0.6329
	City of Portageville	General Revenue	27,687,989	0.5301	0.5301	28,118,395	0.5310	0.5310	27,756,094	0.5427	0.5310
		Parks & Recreation	27,687,989	0.1200	0.1200	28,118,395	0.1202	0.1202	27,756,094	0.1229	0.1202
		Health	27,687,989	0.1400	0.1400	28,118,395	0.1402	0.1402	27,756,094	0.1433	0.1402
		General Revenue	2,067,763	0.6800	0.6800	2,057,058	0.6910	0.6910	2,046,770	0.6970	0.6970
	Village of Tallapoosa	General Revenue	390,085	0.7782	0.7782	414,021	0.7800	0.7800	390,142	0.8353	0.8353
	New Madrid County Library	General Revenue	349,337,445	0.1100	0.1100	350,867,174	0.1101	0.1100	352,740,782	0.1101	0.1100
	Risco R-II School District	Operating Funds-Schools	8,628,759	4.6743	4.5800	8,647,355	4.5862	4.5800	8,686,085	4.5823	4.5800
	Portageville School District	Operating Funds-Schools	40,393,698	3.0130	2.7500	41,327,939	3.0543	2.7500	41,137,798	3.1392	2.7500
		Debt Service	40,393,698	0.2500	0.2500	41,327,939	0.2500	0.2500	41,137,798	0.2500	0.2500
	Gideon 37 School District	Operating Funds-Schools	11,679,342	3.4638	3.0200	11,623,225	3.5826	3.0200	11,657,932	3.5943	3.0200
	New Madrid Co R-I School District	Operating Funds-Schools	259,479,212	2.7500	2.1900 B	260,940,436	2.7500	2.2800 B	261,775,968	2.7500	2.5800 B
		Debt Service	259,479,212	0.1800	0.1800	260,940,436	0.2400	0.2400	261,775,968	0.1100	0.1100
	New Madrid County	General Revenue	371,278,754	0.3200	0.1326	373,232,582	0.3206	0.1304	372,660,643	0.3228	0.1473
		Johnson Grass	371,278,754	0.0300	0.0100	373,232,582	0.0301	0.0100	372,660,643	0.0303	0.0100
		Road & Bridge	371,278,754	0.2400	0.2400	373,232,582	0.2405	0.2400	372,660,643	0.2422	0.2422
		Health	371,278,754	0.0900	0.0900	373,232,582	0.0902	0.0900	372,660,643	0.0908	0.0900
		Senate Bill 40	371,278,754	0.0200	0.0200	373,232,582	0.0200	0.0200	372,660,643	0.0200	0.0200
		General Revenue	446,058,682	0.1890	0.1890	453,104,604	0.1890	0.1890	464,815,163	0.1890	0.1890
Newton	Newton County Ambulance District	General Revenue	446,058,682	0.1890	0.1890	453,104,604	0.1890	0.1890	464,815,163	0.1890	0.1890
	Lost Creek Watershed Sub District	General Revenue	19,288,910	0.3400	0.1500	19,876,220	0.3405	0.1500	22,771,790	0.3160	0.1500
	Diamond Special Road Dist Newton Co	Road & Bridge	21,512,223	0.3300	0.3300	22,024,371	0.3300	0.3300	23,472,311	0.3254	0.3254
		Special Road and Bridge	21,512,223	0.1700	0.1700	22,024,371	0.1700	0.1700	23,472,311	0.1676	0.1676
	Fairview Special Rd Dist Newton Co	Road & Bridge	7,687,379	0.2118	0.2118	8,028,564	0.2118	0.2118	8,150,956	0.2126	0.2126
		Special Road and Bridge	7,687,379	0.1540	0.1540	8,028,564	0.1540	0.1540	8,150,956	0.1546	0.1546
	Midway Special Rd Dist Newton Co	Road & Bridge	9,168,872	0.1938	0.1938	9,376,543	0.1938	0.1938	9,229,024	0.2002	0.2002
		Special Road and Bridge	9,168,872	0.1647	0.1647	9,376,543	0.1647	0.1647	9,229,024	0.1700	0.1700
	Neosho Special Rd Dist Newton Co	Road & Bridge	130,586,600	0.1900	0.1900	135,478,789	0.1900	0.1900	138,637,393	0.1900	0.1900
		Special Road and Bridge	130,586,600	0.1500	0.1500	135,478,789	0.1500	0.1500	138,637,393	0.1500	0.1500
	Seneca Special Rd Dist Newton Co	Road & Bridge	42,461,576	0.2000	0.2000	44,611,718	0.1997	0.1997	46,168,389	0.1997	0.1997
		Special Road and Bridge	42,461,576	0.1500	0.1500	44,611,718	0.1498	0.1498	46,168,389	0.1498	0.1498
	Stella Special Road Dist Newton Co	Road & Bridge	5,112,600	0.2027	0.2027	5,335,274	0.2027	0.2027	6,558,762	0.2027	0.2027
		Special Road and Bridge	5,112,600	0.1352	0.1352	5,335,274	0.1352	0.1352	6,558,762	0.1352	0.1352

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Newton	City of Diamond	General Revenue	4,401,332	0.2700	0.2700	4,446,751	0.2700	0.2700	5,019,764	0.2490	0.2490
	City of Fairview	General Revenue	1,518,638	0.3571	0.3571	1,556,489	0.3571	0.3571	1,636,015	0.3558	0.3558
		Streets	1,518,638	0.3125	0.3125	1,556,489	0.3125	0.3125	1,636,015	0.3114	0.3114
	City of Granby	General Revenue	10,696,868	0.3607	0.3600	9,815,711	0.3981	0.3981	7,749,359	0.3450	0.3450
		Cemetery	10,696,868	0.0704	0.0700	9,815,711	0.0777	0.0777	7,749,359	0.0673	0.0673
	Village of Leawood	General Revenue	6,387,736	0.2237	0.2237	6,518,467	0.2237	0.2237	6,752,915	0.2230	0.2230
	Village of Newtonia	General Revenue	876,708	0.1912	0.1912	894,646	0.1912	0.1912	902,920	0.1936	0.1936
	Village of Ritchey	General Revenue	288,719	0.5599	0.5599	293,269	0.5599	0.5599	328,989	0.5324	0.5324
	Village of Saginaw	General Revenue	3,066,364	0.2443	0.2200	3,087,666	0.2482	0.2200	3,090,041	0.2508	0.2000
	City of Seneca	General Revenue	12,840,665	0.4300	0.4300	13,635,223	0.4300	0.4300	13,930,687	0.4300	0.4300
		Parks & Recreation	12,840,665	0.0500	0.0500	13,635,223	0.0500	0.0500	13,930,687	0.0500	0.0500
	Village of Shoal Creek Drive	General Revenue	2,045,886	0.2076	0.2076	2,160,110	0.2138	0.2138	2,364,521	0.2064	0.2064
	Village of Silver Creek	General Revenue	6,757,886	0.1596	0.1500	6,841,596	0.1596	0.1500	7,030,433	0.1596	0.1500
	Village of Stella	General Revenue	982,274	0.4579	0.4579	1,066,217	0.4579	0.4579	2,129,295	0.4556	0.4556
	Village of Wentworth	General Revenue	654,071	0.2806	0.2800	693,874	0.2769	0.2769	709,514	0.2769	0.2769
	Village of Shoal Creek Estates	General Revenue	882,215	0.5003	0.5000 B	932,744	0.5003	0.5000	955,650	0.4991	0.4991
	Town of Loma Linda	General Revenue	7,733,890	0.5000	0.5000	7,900,620	0.5000	0.5000	8,143,690	0.5000	0.5000
		Sewer	7,733,890	0.5000	0.5000	7,900,620	0.5000	0.5000	8,143,690	0.5000	0.5000
		Public Health and Sewer	7,733,890	0.2000	0.2000	7,900,620	0.2000	0.2000	8,143,690	0.2000	0.2000
	City/Co Library of Neosho-Newton Co	General Revenue	455,873,321	0.0997	0.0997	473,626,525	0.0997	0.0997	488,282,769	0.0997	0.0997
	Neosho Area Fire Protection Dist	General Revenue	56,038,053	0.4100	0.4100	60,832,355	0.4071	0.4071	63,084,743	0.4071	0.4071
	Redings Mill Area Fire Prot Dist	General Revenue	119,742,737	0.3501	0.3501	123,461,491	0.3501	0.3501	123,240,922	0.3580	0.3580
		Debt Service	**	**	**	123,461,491	0.1151	0.1151	123,240,922	0.1075	0.1075
	Diamond Area Fire Protection Dist	General Revenue	26,016,577	0.2573	0.2573	26,254,350	0.2602	0.2602	27,824,059	0.2587	0.2587
	Seneca Area Fire Protection Dist	General Revenue	26,578,327	0.2800	0.2800	27,738,733	0.2786	0.2786	28,622,984	0.2786	0.2786
	East Newton Fire Protection Dist	General Revenue	15,680,547	0.2810	0.2810	16,122,706	0.2810	0.2810	16,418,133	0.2822	0.2822
	Crowder College	General Revenue	522,349,874	0.4000	0.4000	532,059,750	0.4000	0.4000	552,699,858	0.4000	0.4000
	East Newton Co R-VI School District	Operating Funds-Schools	48,717,334	2.7500	2.7500 B	48,820,425	2.7500	2.7500 B	51,538,340	2.7500	2.7500 B
		Debt Service	48,717,334	0.5500	0.5500	48,820,425	0.5500	0.5500	51,538,340	0.5500	0.5500
	Diamond R-IV School District	Operating Funds-Schools	40,043,353	2.7500	2.7500 B	41,937,299	2.7500	2.7500 B	44,854,977	2.7500	2.7500 B
		Debt Service	40,043,353	0.9900	0.9900	41,937,299	0.9900	0.9900	44,854,977	0.9900	0.9900
	Westview C-6 School District	Operating Funds-Schools	4,965,300	2.7500	2.7500 B	5,144,341	2.7500	2.7500 B	5,636,568	2.7500	2.7500 B
		Debt Service	4,965,300	0.2544	0.2544	5,144,341	0.0945	0.0945	5,636,568	0.1514	0.1514
	Seneca R-VII School District	Operating Funds-Schools	55,779,977	2.7500	2.7500 B	58,114,724	2.7500	2.7500 B	61,525,518	2.7500	2.7500 B
		Debt Service	55,779,977	0.0255	0.0255	**	**	**	**	**	**
	Neosho R-V School District	Operating Funds-Schools	202,798,148	2.7878	2.7500	203,773,795	2.8376	2.7500	207,950,329	2.8363	2.7500
	Newton County	Common Road District	90,948,990	0.2000	0.2000	85,487,594	0.2170	0.2170	88,914,418	0.2168	0.2168
		Health	527,056,713	0.0500	0.0500	537,041,653	0.0500	0.0500	555,101,759	0.0500	0.0500
		Mental Health	527,056,713	0.0800	0.0700	537,041,653	0.0800	0.0800	555,101,759	0.0800	0.0800

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Newton	Newton County	County Fair	527,056,713	0.0100	0.0100	537,041,653	0.0100	0.0100	555,101,759	0.0100	0.0100
Nodaway	Hoover Frankum Watershed Sub Dist	General Revenue	1,190,163	0.3825	0.3800	1,187,016	0.3835	0.3800	1,186,682	0.3836	0.3800
	Mozingo Creek Watershed Sub Dist	General Revenue	11,716,197	0.0000	0.0000	0	0.0000	0.0000	12,003,061	0.0000	0.0000
	102 River Tributaries Sub District	General Revenue	8,352,972	0.2342	0.1000	8,546,946	0.2326	0.1000	8,521,103	0.2333	0.1000
	Lorain Spec Rd Dist Nodaway Co	Road & Bridge	438,110	0.3500	0.3500 A	448,960	0.3500	0.3500	442,420	0.3500	0.3500
	City of Arkoe	General Revenue	240,229	0.9840	0.9840	254,065	0.9741	0.9741	255,986	0.9743	0.9743
	City of Barnard	General Revenue	770,225	0.7539	0.7539	801,526	0.7644	0.7644	784,148	0.7894	0.7894
		Streets	770,225	1.0000	1.0000 B	801,526	1.0000	1.0000	784,148	1.0000	1.0000 A
	City of Burlington Junction	General Revenue	2,266,117	0.8840	0.8800	2,422,603	0.8818	0.8818	2,493,546	0.8818	0.8818
		Streets	2,266,117	0.3000	0.3000	2,422,603	0.2992	0.2992	2,493,546	0.2992	0.2992
		general revenue-temp	**	**	**	**	**	**	2,493,546	0.3500	0.0000 A
		Debt Service	2,266,117	0.5140	0.5140	**	**	**	**	**	**
	City of Clearmont	General Revenue	740,276	0.7721	0.7500	742,729	0.7722	0.7500	772,164	0.7721	0.7721
	Village of Clyde	General Revenue	243,637	0.5000	0.5000	264,077	0.4970	0.4970	284,878	0.4979	0.4979
	City of Conception Junction	General Revenue	734,246	1.0000	1.0000	779,138	1.0000	1.0000	767,910	1.0000	1.0000
	City of Elmo	General Revenue	587,479	1.0000	1.0000	566,566	1.0000	1.0000	555,474	1.0000	1.0000
		Streets	587,479	0.4332	0.4330	566,566	0.4500	0.4500 A	555,474	0.4500	0.4500
	City of Graham	General Revenue	701,378	0.9514	0.9514	744,327	0.9514	0.9514	754,062	0.9640	0.9640
		Streets	701,378	1.1400	1.1400 A	744,327	1.1400	1.1400 A	754,062	1.1400	1.1400
	Village of Guilford	General Revenue	316,393	2.0000	2.0000	313,960	2.0000	2.0000	344,113	2.0000	2.0000
		Streets	316,393	0.5000	0.5000	313,960	0.5000	0.5000	344,113	0.5000	0.5000
	City of Hopkins	General Revenue	2,284,509	0.3731	0.3731	2,361,125	0.3731	0.3731	2,430,181	0.3731	0.3731
		Lights	2,284,509	0.1963	0.1963	2,361,125	0.1963	0.1963	2,430,181	0.1963	0.1963
		Streets	2,284,509	0.1963	0.1963	2,361,125	0.1963	0.1963	2,430,181	0.1963	0.1963
		General Rev-Temp	2,284,509	0.2000	0.2000	2,361,125	0.2000	0.2000	2,430,181	0.2000	0.2000
		Street Improvements	**	**	**	2,361,125	0.7500	0.7500 A	2,430,181	0.7500	0.7500
		Streets-Temp	2,284,509	0.7364	0.7364	**	**	**	**	**	**
	City of Maryville	General Revenue	102,578,839	0.3125	0.3125	105,829,348	0.3125	0.3125	108,108,607	0.3126	0.3126
		Parks & Recreation	102,578,839	0.3125	0.3125	105,829,348	0.3125	0.3125	108,108,607	0.3126	0.3126
		Library	102,578,839	0.1412	0.1412	105,829,348	0.1412	0.1412	108,108,607	0.1412	0.1412
		Debt Service	102,578,839	0.1350	0.1350	105,829,348	0.1450	0.1450	108,108,607	0.1450	0.1450
	City of Parnell	General Revenue	450,435	1.0000	1.0000	484,588	0.9865	0.9865	477,367	1.0000	1.0000
		Parks & Recreation	450,435	0.4000	0.4000	484,588	0.3947	0.3947	477,367	0.4000	0.3980
		General Revenue-Temp	450,435	0.3000	0.3000 A	484,588	0.2960	0.2960	477,367	0.3000	0.2987
		Debt Service	450,435	2.1166	2.1166	484,588	0.0000	0.0000	**	**	**
	Village of Pickering	General Revenue	581,142	0.7566	0.7566	632,386	0.7493	0.7493	657,911	0.7492	0.7492
		Streets-Temp	581,142	1.0000	1.0000	632,386	0.9904	0.9904	**	**	**
	Village of Quitman	General Revenue	126,506	2.0000	1.9000	140,769	1.9031	1.9031	149,011	1.9031	1.9031
	City of Ravenwood	General Revenue	2,187,751	0.7285	0.7285	2,225,714	0.7417	0.7417	2,231,526	0.7447	0.7447

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			Assessed Value	Ceiling	Levied
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied			
Nodaway	City of Ravenwood	Streets-Temp	2,187,751	0.7489	0.7489	2,225,714	0.7500	0.7500	**	**	**
		Streets	**	**	**	**	**	**	2,231,526	0.7500	0.7500 A
	City of Skidmore	General Revenue	1,241,050	0.9637	0.9637	1,294,235	0.9637	0.9637	1,242,349	1.0000	1.0000
		Streets	1,241,050	1.0000	1.0000 A	1,294,235	1.0000	1.0000	1,242,349	1.0000	1.0000
	Atchison Township of Nodaway Co	General Revenue	4,608,005	0.0500	0.0500	4,750,737	0.0500	0.0500	4,782,682	0.0500	0.0500
		Road & Bridge	4,608,005	0.5000	0.5000	4,750,737	0.5000	0.5000	4,782,682	0.5000	0.5000
		Special Road and Bridge	4,608,005	0.3500	0.3500 A	4,750,737	0.3500	0.3500	4,782,682	0.3500	0.3500
		Debt Service	4,608,005	0.8433	0.8433	4,750,737	0.8175	0.8175	4,782,682	0.6721	0.6721
	Grant Township of Nodaway Co	General Revenue	5,231,649	0.0500	0.0500	5,846,779	0.0500	0.0500	5,522,685	0.0500	0.0500
		Road & Bridge	5,231,649	0.5000	0.5000	5,846,779	0.5000	0.5000	5,522,685	0.5000	0.5000
		Special Road and Bridge	5,231,649	0.3500	0.3500 A	5,846,779	0.3500	0.3500	5,522,685	0.3500	0.3500
	Green Township of Nodaway Co	General Revenue	4,023,897	0.0500	0.0500	4,117,207	0.0500	0.0500	4,152,666	0.0500	0.0500
		Road & Bridge	4,023,897	0.5000	0.5000	4,117,207	0.5000	0.0500	4,152,666	0.5000	0.5000
		Special Road and Bridge	4,023,897	0.3500	0.3500 A	4,117,207	0.3500	0.3500	4,152,666	0.3500	0.3500
		Debt Service	4,023,897	1.1398	1.1398	4,117,207	0.0000	0.0000	4,152,666	1.4574	1.4574
	Hopkins Township of Nodaway Co	General Revenue	5,658,385	0.0500	0.0500	5,824,116	0.0500	0.0500	5,929,773	0.0500	0.0500
		Road & Bridge	5,658,385	0.5000	0.5000	5,824,116	0.5000	0.5000	5,929,773	0.5000	0.5000
		Special Road and Bridge	5,658,385	0.3500	0.3500 A	5,824,116	0.3500	0.3500	5,929,773	0.3500	0.3500
	Hughes Township of Nodaway Co	General Revenue	6,549,846	0.0500	0.0500	6,730,707	0.0500	0.0500	7,049,773	0.0500	0.0500
		Road & Bridge	6,549,846	0.5000	0.5000	6,730,707	0.5000	0.5000	7,049,773	0.5000	0.5000
		Special Road and Bridge	6,549,846	0.3500	0.3500 A	6,730,707	0.3500	0.3500	7,049,773	0.3500	0.3500
		Debt Service	**	**	**	**	**	**	7,049,773	1.0194	1.0194
	Independence Township of Nodaway C	General Revenue	3,792,386	0.0500	0.0500	3,948,432	0.0500	0.0500	3,898,816	0.0500	0.0500
		Road & Bridge	3,792,386	0.5000	0.5000	3,948,432	0.5000	0.5000	3,898,816	0.5000	0.5000
		Special Road and Bridge	3,792,386	0.3500	0.3500 A	3,948,432	0.3500	0.3500	3,898,816	0.3500	0.3500
		Debt Service	3,792,386	0.7845	0.7845	3,948,432	0.9149	0.9149	3,898,816	0.4668	0.4668
	Jackson Township of Nodaway Co	General Revenue	8,902,989	0.0500	0.0500	8,980,547	0.0500	0.0500	9,648,662	0.0500	0.0500
		Road & Bridge	8,902,989	0.5000	0.5000	8,980,547	0.5000	0.5000	9,648,662	0.5000	0.5000
		Special Road and Bridge	8,902,989	0.3500	0.3500	8,980,547	0.3500	0.3500	9,648,662	0.3500	0.3500 A
		Debt Service	8,902,989	0.6097	0.6097	8,980,547	0.4878	0.4878	9,648,662	0.3439	0.3439
	Jefferson Township of Nodaway Co	General Revenue	5,376,261	0.0500	0.0500	5,406,432	0.0500	0.0500	5,544,098	0.0500	0.0500
		Road & Bridge	5,376,261	0.5000	0.5000	5,406,432	0.5000	0.5000	5,544,098	0.5000	0.5000
		Special Road and Bridge	5,376,261	0.3500	0.3500 A	5,406,432	0.3500	0.3500	5,544,098	0.3500	0.3500
	Lincoln Township of Nodaway Co	General Revenue	4,890,627	0.0500	0.0500	4,972,364	0.0500	0.0500	4,959,976	0.0500	0.0500
		Road & Bridge	4,890,627	0.5000	0.5000	4,972,364	0.5000	0.5000	4,959,976	0.5000	0.5000
		Special Road and Bridge	4,890,627	0.3500	0.3500	4,972,364	0.3500	0.3500	4,959,976	0.3500	0.3500 A
		Debt Service	4,890,627	1.0932	1.0932	4,972,364	1.0342	1.0342	**	**	**
	Monroe Township of Nodaway Co	General Revenue	4,069,986	0.0500	0.0500	4,168,831	0.0500	0.0500	4,156,207	0.0500	0.0500
		Road & Bridge	4,069,986	0.4621	0.4621	4,168,831	0.4621	0.4621	4,156,207	0.4645	0.4645

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Nodaway	Monroe Township of Nodaway Co	Special Road and Bridge	4,069,986	0.3500	0.3500 A	4,168,831	0.3500	0.3500	4,156,207	0.3500	0.3500
		Debt Service	4,069,986	1.0120	1.0120	4,168,831	0.8889	0.8889	4,156,207	0.6260	0.6260
	Nodaway Township of Nodaway Co	General Revenue	6,508,064	0.0500	0.0500	6,863,358	0.0498	0.0498	7,142,025	0.0498	0.0498
		Road & Bridge	6,508,064	0.4848	0.4800	6,863,358	0.4828	0.4828	7,142,025	0.4828	0.4828
		Special Road and Bridge	6,508,064	0.3500	0.3500	6,863,358	0.3485	0.3485	7,142,025	0.3500	0.3500 A
		Debt Service	6,508,064	0.8595	0.8595	6,863,358	0.5464	0.5464	**	**	**
	Polk Township of Nodaway Co	General Revenue	156,330,523	0.0500	0.0500	158,951,328	0.0500	0.0500	168,579,943	0.0500	0.0500
		Road & Bridge	156,330,523	0.2605	0.2605	158,951,328	0.2605	0.2605	168,579,943	0.2605	0.2605
	Union Township of Nodaway Co	General Revenue	4,517,667	0.0500	0.0500	4,668,455	0.0500	0.0500	4,850,605	0.0500	0.0500
		Road & Bridge	4,517,667	0.5000	0.5000	4,668,455	0.5000	0.5000	4,850,605	0.5000	0.5000
		Special Road and Bridge	4,517,667	0.3500	0.3500	4,668,455	0.3500	0.3500	4,850,605	0.3500	0.3500 A
		Debt Service	4,517,667	0.7633	0.7633	4,668,455	0.5945	0.5945	4,850,605	0.3366	0.3366
	Washington Township of Nodaway Co	General Revenue	3,922,070	0.0500	0.0500	3,767,434	0.0500	0.0500	3,927,595	0.0500	0.0500
		Road & Bridge	3,922,070	0.5000	0.5000	3,767,434	0.5000	0.5000	3,927,595	0.5000	0.5000
		Special Road and Bridge	3,922,070	0.3500	0.3500 A	3,767,434	0.3500	0.3500	3,927,595	0.3500	0.3500
	White Cloud Township of Nodaway Co	General Revenue	5,999,856	0.0500	0.0500	6,266,452	0.0500	0.0500	5,615,542	0.0500	0.0500
		Road & Bridge	5,999,856	0.4292	0.4200	6,266,452	0.4292	0.4292	5,615,542	0.4913	0.4200
		Special Road and Bridge	5,999,856	0.3500	0.3500	6,266,452	0.3500	0.3500	5,615,542	0.3500	0.3500 A
		Debt Service	5,999,856	0.7580	0.7580	6,266,452	0.8002	0.8002	**	**	**
	Barnard Fire Protection District	General Revenue	8,529,841	0.2000	0.2000	9,429,566	0.2000	0.2000	9,223,301	0.2000	0.2000
	Graham Fire Protection District	General Revenue	6,751,929	0.1000	0.1000	6,935,366	0.1000	0.1000	7,108,997	0.1000	0.1000
	Hopkins Fire Protection District	General Revenue	7,872,861	0.1300	0.1100	8,140,109	0.1300	0.1300	8,304,085	0.1300	0.1300
	Polk Fire Protection District	General Revenue	54,665,254	0.0500	0.0500	53,942,710	0.0500	0.0500	61,560,424	0.0500	0.0500
	Clearmont Fire Protection District	General Revenue	4,286,916	0.3000	0.3000	4,407,325	0.3000	0.3000	4,403,986	0.3000	0.3000
	Skidmore Fire Protection District	General Revenue	6,589,058	0.2100	0.2100	6,687,775	0.2100	0.2100	6,687,068	0.2100	0.2100
	West Nodaway Fire Protection Dist	General Revenue	10,143,879	0.3000	0.2800	10,550,593	0.2977	0.2800	10,846,335	0.2977	0.2800
	Jackson Township Fire Prot Dist	General Revenue	8,903,378	0.0000	0.0000	8,983,365	0.0000	0.0000	9,660,397	0.0000	0.0000
		Fire	8,903,378	0.3000	0.2500	8,983,365	0.3000	0.2500	9,660,397	0.3000	0.3000
	Union Township Fire Protection Dist	General Revenue	3,434,492	0.2904	0.2904	3,559,076	0.2890	0.2890	3,690,811	0.2890	0.2890
	Elmo Fire Protection District	General Revenue	3,635,980	0.2976	0.2976	3,638,878	0.2976	0.2976	3,485,993	0.3000	0.3000
	Parnell Fire Protection District	General Revenue	4,031,438	0.2700	0.2700	4,138,360	0.2700	0.2700	4,100,229	0.2757	0.2757
	Nodaway-Holt R-VII School District	Operating Funds-Schools	18,114,547	3.7011	3.7011	18,326,600	3.7500	3.7500	18,329,548	3.7500	3.7500
		Operating Funds-Temps	18,114,547	0.9000	0.9000	18,326,600	0.9000	0.9000	18,329,548	0.9000	0.9000
	West Nodaway Co R-I School District	Operating Funds-Schools	16,642,760	3.6972	3.2530	16,994,510	3.6564	3.2007	17,250,320	3.6398	3.2156
		Debt Service	16,642,760	0.7000	0.7000	16,994,510	0.7000	0.7000	17,250,320	0.7000	0.7000
	Northeast Nodaway Co R-V Sch Dist	Operating Funds-Schools	10,267,190	4.6100	4.6100	10,464,120	4.6100	4.6100	11,046,504	4.6100	4.6100
	Jefferson C-123 School District	Operating Funds-Schools	5,341,020	5.4573	4.3378	5,436,540	5.4518	4.3031	5,607,070	6.2245	5.2222 B
		Operating Funds-Temp	5,341,020	0.7500	0.7500	5,436,540	0.7500	0.7500	**	**	**
		Debt Service	5,341,020	0.6235	0.6235	5,436,540	0.5535	0.5535	5,607,070	0.4624	0.4624

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Nodaway	North Nodaway Co R-VI School Dist	Operating Funds-Schools	11,185,550	4.4087	4.1800	11,472,570	4.4402	4.2300	11,694,790	4.4000	4.3300
		Debt Service	11,185,550	0.4300	0.4300	11,472,570	0.3800	0.3800	11,694,790	0.3800	0.3800
	Maryville R-II School District	Operating Funds-Schools	152,458,285	3.9435	3.6070 B	154,786,918	3.9435	3.6250	164,395,916	3.9395	3.6695
		Debt Service	152,458,285	0.5533	0.5533	154,786,918	0.4643	0.4643	164,395,916	0.4643	0.4643
	South Nodaway Co R-IV School Dist	Operating Funds-Schools	8,055,190	5.5033	4.5368	8,849,300	5.5317	4.5453	8,859,160	5.5500	5.2446
		Debt Service	8,055,190	0.6072	0.6072	8,849,300	0.4007	0.4007	8,859,160	0.6282	0.6282
	Nodaway County	General Revenue	230,368,131	0.3500	0.0000	235,263,174	0.3500	0.0000	246,637,728	0.3500	0.0000
		Health	230,368,131	0.0500	0.0500	235,263,174	0.0500	0.0500	246,637,728	0.0500	0.0500
		Ambulance	230,368,131	0.1800	0.1800	235,263,174	0.1800	0.1800	246,637,728	0.1800	0.1800
		Senate Bill 40	230,368,131	0.0500	0.0500	235,263,174	0.0500	0.0500	246,637,728	0.0500	0.0500
		Senior Services	230,368,131	0.0500	0.0500	235,263,174	0.0500	0.0500	246,637,728	0.0500	0.0500
		General Revenue	65,920,974	0.1400	0.1400	67,914,973	0.1400	0.1400	69,762,480	0.1400	0.1400
Oregon	Thayer Spec Rd Dist Oregon Co	Road & Bridge	25,211,088	0.2100	0.2100	25,899,304	0.2107	0.2100	26,371,392	0.2107	0.2107
	City of Alton	General Revenue	3,794,636	0.5200	0.5200	3,889,214	0.5200	0.5200	3,930,681	0.5200	0.5200
	City of Koshkonong	General Revenue	702,396	0.7317	0.7317	680,410	0.7553	0.7553	667,789	0.7744	0.7744
	City of Thayer	General Revenue	12,520,825	0.4319	0.4300	12,582,161	0.4382	0.4300	12,697,802	0.4382	0.4382
	Oregon County Library District	General Revenue	65,920,974	0.1900	0.1900	67,914,973	0.1900	0.1900	69,762,480	0.1900	0.1900
	Couch R-I School District	Operating Funds-Schools	7,200,319	2.7500	2.7500 B	7,394,211	2.7500	2.7500 B	7,629,729	2.7500	2.7500 B
		Debt Service	7,200,319	0.6500	0.6500	7,394,211	0.6100	0.6100	7,629,729	0.6100	0.6100
	Thayer R-II School District	Operating Funds-Schools	21,445,100	2.7500	2.7500 B	22,035,656	2.7500	2.7500 B	22,450,809	2.7500	2.7500 B
		Debt Service	**	**	**	**	**	**	22,450,809	0.9200	0.9200
	Oregon-Howell R-III School District	Operating Funds-Schools	9,017,763	2.7500	2.7500 B	9,140,144	2.7500	2.7500 B	9,788,683	2.7500	2.7500 B
		Debt Service	9,017,763	0.8000	0.8000	9,140,144	0.8000	0.8000	9,788,683	0.8000	0.8000
	Alton R-IV School District	Operating Funds-Schools	23,788,080	2.7500	2.7500 B	24,405,968	2.7500	2.7500 B	25,242,251	2.7500	2.7500 B
	Oregon County	General Revenue	65,920,974	0.3400	0.0800	67,914,973	0.3400	0.0800	69,762,480	0.3400	0.0800
		Common Road District	40,709,885	0.2600	0.2500	42,015,667	0.2600	0.2500	43,391,088	0.2600	0.2500
		Health	65,920,974	0.1000	0.1000	67,914,973	0.1000	0.1000	69,762,480	0.1000	0.1000
		Senate Bill 40	65,920,974	0.1000	0.1000	67,914,973	0.1000	0.1000	69,762,480	0.1000	0.1000
		Senior Services	65,920,974	0.0500	0.0500	67,914,973	0.0500	0.0500	69,762,480	0.0500	0.0500
		General Revenue	95,065,808	0.2900	0.2900	102,239,122	0.2929	0.2929	97,971,221	0.3000	0.2900
Osage	Osage Ambulance District	General Revenue	95,065,808	0.2900	0.2900	102,239,122	0.2929	0.2929	97,971,221	0.3000	0.2900
	Chamois Spec Rd Dist Osage Co	Road & Bridge	4,830,991	0.3300	0.3300	4,786,127	0.3341	0.3341	4,689,586	0.3415	0.3415
	Linn City Spec Rd Dist Osage Co	Road & Bridge	13,562,484	0.2400	0.2400	13,573,385	0.2426	0.2426	13,865,433	0.2426	0.2426
	Starke Spec Rd Dist Osage Co	Road & Bridge	772,495	0.3500	0.3500	800,331	0.3500	0.3500	772,081	0.3500	0.3000
	Westphalia Spec Rd Dist Osage Co	Road & Bridge	3,008,244	0.2305	0.2305	3,138,396	0.2305	0.2305	3,282,495	0.2280	0.2280
		Special Road and Bridge	3,008,244	0.1800	0.1800	3,138,396	0.1800	0.1800	3,282,495	0.1800	0.1800 A
	Village of Argyle	General Revenue	1,055,464	0.3340	0.2900	1,043,923	0.3400	0.2900	1,048,797	0.3412	0.2900
		Debt Service	**	**	**	1,043,923	0.0000	0.0000	**	**	**
	City of Chamois	General Revenue	2,527,979	0.5871	0.5871	2,620,364	0.5901	0.5901	2,596,670	0.5965	0.5965
	City of Linn	General Revenue	13,498,237	0.5100	0.5100	13,512,369	0.5155	0.5155	13,801,143	0.5155	0.5155

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Osage	City of Linn	Parks & Recreation	13,498,237	0.0500	0.0500	13,512,369	0.0500	0.0500	13,801,143	0.0500	0.0500
		Debt Service	13,498,237	0.9785	0.9785	13,512,369	0.9199	0.9199	13,801,143	0.9641	0.9641
	City of Meta	General Revenue	2,947,616	0.5000	0.4300	2,925,360	0.5038	0.4300	3,010,755	0.5008	0.4300
		General Revenue	138,915,246	0.1700	0.1700	140,829,661	0.1708	0.1708	145,100,642	0.1708	0.1708
	Chamois Fire Protection District	General Revenue	8,134,296	0.3000	0.3000	9,009,380	0.3000	0.3000	9,395,446	0.2968	0.2968
	Meta Fire & Rescue Fire Prot Dist	General Revenue	8,495,770	0.3000	0.2800 A	9,305,381	0.3000	0.2800	9,801,287	0.3000	0.2800
	Linn Fire Protection District	General Revenue	**	**	**	53,016,632	0.3000	0.1962 A	61,886,918	0.2770	0.2062
	Osage Co R-I School District	Operating Funds-Schools	10,214,103	4.2162	3.4162	10,578,401	4.0809	3.4309	11,189,590	4.2827	3.4309
	Osage Co R-II School District	Operating Funds-Schools	38,891,298	2.8077	2.8077	40,418,352	2.7500	2.7500 B	43,222,522	2.8246	2.8246
		Debt Service	38,891,298	0.3900	0.3900	40,418,352	0.3900	0.3900	43,222,522	0.3900	0.3900
	Osage Co R-III School District	Operating Funds-Schools	53,171,466	2.6900	2.6900 B	55,780,962	2.6900	2.6900 B	59,875,475	2.6900	2.6900 B
		Debt Service	53,171,466	0.4200	0.4200	55,780,962	0.4200	0.4200	59,875,475	0.4200	0.4200
	Osage County	General Revenue	138,915,246	0.3100	0.1732	140,829,661	0.3115	0.1524	145,100,642	0.3115	0.1744
		Common Road District	112,543,405	0.2056	0.2056	117,183,477	0.2110	0.2056	121,068,002	0.2110	0.2110
		Developmentally Disabled	138,915,246	0.1000	0.1000	140,829,661	0.1000	0.1000	145,100,642	0.1000	0.1000
Ozark	Village of Bakersfield	General Revenue	963,151	0.2508	0.2400	940,536	0.2610	0.2610	994,881	0.2610	0.2610
		Health	963,151	0.1253	0.1253	940,536	0.1304	0.1304	994,881	0.1303	0.1303
	City of Gainesville	General Revenue	6,561,395	0.4700	0.4700	6,633,460	0.4700	0.4700	6,736,479	0.4700	0.4700
	City of Theodosia	General Revenue	2,401,620	0.3669	0.3669	2,439,345	0.3689	0.3689	2,668,762	0.3619	0.3619
	Thornfield R-I School District	Operating Funds-Schools	4,294,938	2.8555	2.8555	4,501,539	2.7500	2.7500 B	4,639,681	2.7500	2.7500 B
		Debt Service	4,294,938	0.5721	0.5721	4,501,539	0.5397	0.5397	4,639,681	0.5397	0.5397
	Bakersfield R-IV School District	Operating Funds-Schools	8,208,126	3.7500	3.5300	8,418,462	3.7431	3.4831	8,899,614	3.6711	3.3211
		Debt Service	8,208,126	0.2200	0.2200	8,418,462	0.2600	0.2600	8,899,614	0.3500	0.3500
	Gainesville R-V School District	Operating Funds-Schools	30,818,745	2.7500	2.7500 B	31,266,550	2.7500	2.7500 B	32,570,573	2.7500	2.7500 B
		Debt Service	30,818,745	0.5800	0.5800	31,266,550	0.5800	0.5800	32,570,573	0.5800	0.5800
	Dora R-III School District	Operating Funds-Schools	10,101,381	2.7500	2.7500 B	10,148,883	2.7500	2.7500 B	10,462,175	2.7500	2.7500 B
		Debt Service	10,101,381	0.1800	0.1800	10,148,883	0.2300	0.2300	10,462,175	0.2300	0.2300
	Lutie R-VI School District	Operating Funds-Schools	12,442,228	3.1793	3.1793	12,917,775	3.1772	3.1772	13,518,929	3.1793	3.1793
		Debt Service	12,442,228	0.1613	0.1613	12,917,775	0.4900	0.4900	13,518,929	0.4900	0.4900
	Ozark County	General Revenue	70,827,038	0.3353	0.1694	72,806,532	0.3353	0.1693	75,853,758	0.3349	0.1750
		Road & Bridge	70,827,038	0.2540	0.2500	72,806,532	0.2540	0.2500	75,853,758	0.2537	0.2500
		Health	70,827,038	0.1000	0.1000	72,806,532	0.1000	0.1000	75,853,758	0.0999	0.0999
		Ambulance	70,827,038	0.1321	0.1321	72,806,532	0.1321	0.1321	75,853,758	0.1319	0.1319
Pemiscot	City of Bragg City	General Revenue	502,243	0.4901	0.4900	474,528	0.5000	0.0000	514,057	0.5000	0.5000
	City of Caruthersville	General Revenue	42,088,503	0.5049	0.5000	39,839,431	0.5357	0.5000	40,273,659	0.5440	0.5400
		Sewer	42,088,503	0.1717	0.1700	39,839,431	0.1822	0.1700	40,273,659	0.1850	0.1700
		Library	42,088,503	0.1000	0.1000	39,839,431	0.1000	0.1000	40,273,659	0.1000	0.1000
		Health	42,088,503	0.1515	0.1500	39,839,431	0.1607	0.1500	40,273,659	0.1632	0.1500
		Cemetery	42,088,503	0.0500	0.0500	39,839,431	0.0500	0.0500	40,273,659	0.0500	0.0500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Pemiscot	Town of Cooter	General Revenue	2,050,816	0.9926	0.9600	2,582,253	1.0000	0.9600	2,538,428	1.0000	0.9600
	City of Hayti	General Revenue	17,582,975	0.5108	0.5100	17,882,356	0.5166	0.5100	18,060,317	0.5223	0.5223
		Parks & Recreation	17,582,975	0.2303	0.2300	17,882,356	0.2329	0.2300	18,060,317	0.2355	0.2355
		Library	17,582,975	0.1703	0.1700	17,882,356	0.1722	0.1700	18,060,317	0.1741	0.1741
		Health	17,582,975	0.1402	0.1400	17,882,356	0.1418	0.1400	18,060,317	0.1434	0.1434
		Cemetery	17,582,975	0.0500	0.0500	17,882,356	0.0500	0.0500	18,060,317	0.0500	0.0500
	City of Hayti Heights	General Revenue	945,042	0.6242	0.6200	950,758	0.6483	0.6400	1,024,148	0.6484	0.6484
		Health	945,042	0.1873	0.1800	950,758	0.1945	0.1900	1,024,148	0.1945	0.1945
	Village of Holland	General Revenue	1,206,528	0.4793	0.4700	1,229,420	0.4828	0.4828	1,224,210	0.4852	0.4852
	City of Homestown	General Revenue	203,710	0.5889	0.5800	175,110	0.6000	0.6000	181,000	0.6000	0.6000
	City of Steele	General Revenue	9,409,030	0.5226	0.5200	9,578,302	0.5226	0.5226	10,092,135	0.5226	0.5226
		Parks & Recreation	9,409,030	0.1508	0.1500	9,578,302	0.1508	0.1508	10,092,135	0.1508	0.1508
		Library	9,409,030	0.1508	0.1500	9,578,302	0.1508	0.1508	10,092,135	0.1508	0.1508
		Health	9,409,030	0.1508	0.1500	9,578,302	0.1508	0.1508	10,092,135	0.1508	0.1508
	Village of Wardell	General Revenue	1,087,592	0.6409	0.6400	1,091,901	0.6509	0.6500	1,170,490	0.6532	0.6532
		Health	1,087,592	0.1000	0.1000	1,091,901	0.1000	0.1000	1,170,490	0.1000	0.1000
	Village of North Wardell	General Revenue	339,730	0.2599	0.2500	316,780	0.2787	0.2787	349,880	0.2820	0.2820
		Health	339,730	0.1664	0.1600	316,780	0.1784	0.1784	349,880	0.1804	0.1804
	North Pemiscot Co R-I School Dist	Operating Funds-Schools	14,746,863	3.5000	2.8500	14,764,390	3.5000	2.8500	15,339,400	3.5000	2.8500
	Hayti R-II School District	Operating Funds-Schools	21,494,360	3.3847	3.3800	21,548,002	3.4831	3.2800	21,798,342	3.5309	3.2800
	Pemiscot Co R-III School District	Operating Funds-Schools	7,713,525	3.6360	3.0500	7,054,475	4.0000	3.4500	7,766,070	3.9951	3.9951
	Cooter R-IV School District	Operating Funds-Schools	4,942,250	3.6591	3.3100	5,436,320	3.6958	3.3100	5,873,252	3.7500	3.3100
	South Pemiscot Co R-V School Dist	Operating Funds-Schools	21,295,061	3.0768	2.7500	20,536,367	3.2324	2.7500	21,281,234	3.2635	2.7500
	Pemiscot Co C-7 School District	Operating Funds-Schools	8,867,890	3.6761	2.8500	9,021,301	3.6854	2.8500	9,337,270	3.6935	2.8500
	Caruthersville 18 School District	Operating Funds-Schools	42,688,515	3.3631	2.7500	40,428,975	3.5790	2.8500	40,744,019	3.5889	3.0000
		Debt Service	42,688,515	0.2800	0.2800	40,428,975	0.3000	0.3000	40,744,019	0.3200	0.3200
	Pemiscot Co Special School District	Operating Funds-Schools	153,071,314	0.4540	0.4500	148,772,382	0.4714	0.4700	150,654,352	0.4739	0.4700
		Debt Service	**	**	**	**	**	**	150,654,352	0.0300	0.0300
	Pemiscot County	General Revenue	154,383,137	0.3800	0.1900	149,950,992	0.3948	0.2014	151,617,416	0.3970	0.2150
		Johnson Grass	154,383,137	0.0500	0.0500	149,950,992	0.0500	0.0500	151,617,416	0.0500	0.0500
		Road & Bridge	154,383,137	0.2800	0.2800	149,950,992	0.2909	0.2909	151,617,416	0.2925	0.2925
		Health	154,383,137	0.1000	0.1000	149,950,992	0.1000	0.1000	151,617,416	0.1000	0.1000
		Hospital	154,383,137	0.3600	0.3600	149,950,992	0.3740	0.3740	151,617,416	0.3761	0.3761
		Senate Bill 40	154,383,137	0.1000	0.1000	149,950,992	0.1000	0.1000	151,617,416	0.1000	0.1000
Perry	City of Altenburg	General Revenue	3,271,621	0.5000	0.5000	3,263,860	0.5081	0.5081	3,551,913	0.5035	0.5035
		Debt Service	3,271,621	0.1778	0.1778	3,263,860	0.2145	0.2145	3,551,913	0.2818	0.2818
	City of Frohna	General Revenue	4,559,133	0.5400	0.5400	4,326,256	0.5711	0.5711	4,350,768	0.5711	0.5711
		Debt Service	4,559,133	0.2446	0.2446	4,326,256	0.1640	0.1640	4,350,768	0.2032	0.2032
	Village of Longtown	General Revenue	522,496	0.3404	0.3000	526,491	0.3406	0.3000	597,696	0.3106	0.3106

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Perry	City of Perryville	General Revenue	117,250,161	0.4125	0.3400	110,492,536	0.4408	0.3400	107,564,620	0.4577	0.3600
		Parks & Recreation	117,250,161	0.1481	0.1100	110,492,536	0.1583	0.1100	107,564,620	0.1644	0.1100
		Debt Service	117,250,161	0.2500	0.2500	110,492,536	0.2500	0.2500	107,564,620	0.2500	0.2500
	Perry County Library District	General Revenue	233,671,040	0.0912	0.0912	229,382,735	0.0902	0.0902	230,063,689	0.0911	0.0911
	Perry Co 32 School District	Operating Funds-Schools	197,663,607	2.7000	2.7000 B	195,413,788	3.2411	3.2400 B	197,043,277	3.2411	3.2400
	Altenburg 48 School District	Operating Funds-Schools	11,337,548	3.0595	3.0595	11,639,952	3.0034	3.0030	12,274,064	3.0078	3.0000
	Perry County	General Revenue	233,671,040	0.4356	0.1800	229,382,735	0.4307	0.1800	230,063,689	0.4349	0.1800
		Road & Bridge	233,671,040	0.3140	0.3000	229,382,735	0.3105	0.3000	230,063,689	0.3135	0.3000
		Health	233,671,040	0.1823	0.1823	229,382,735	0.1803	0.1803	230,063,689	0.1820	0.1820
		Hospital	233,671,040	0.0912	0.0912	229,382,735	0.0902	0.0902	230,063,689	0.0911	0.0911
		Mental Health	233,671,040	0.0912	0.0912	229,382,735	0.0902	0.0902	230,063,689	0.0911	0.0911
		Senate Bill 40	233,671,040	0.0912	0.0912	229,382,735	0.0902	0.0902	230,063,689	0.0911	0.0911
		General Revenue	2,199,712	0.8691	0.8691	2,327,372	0.8691	0.8691	2,146,511	0.9572	0.9572
		Debt Service	2,199,712	0.6615	0.6615	2,327,372	0.6564	0.6564	2,146,511	0.6685	0.6685
Pettis	City of Green Ridge	General Revenue	841,507	1.0000	1.0000	897,649	1.0000	1.0000	954,451	0.9787	0.9787
		Debt Service	782,684	0.3972	0.3972	811,519	0.3990	0.3990	821,720	0.4001	0.4001
	City of Houstonia	General Revenue	782,684	0.2961	0.2961	811,519	0.2975	0.2975	821,720	0.2983	0.2983
		General Revenue-Temp	4,940,920	0.8131	0.8131	5,008,927	0.8399	0.8399	5,056,602	0.8399	0.8399
	City of La Monte	Parks & Recreation	4,940,920	0.0395	0.0395	5,008,927	0.0400	0.0400	5,056,602	0.0400	0.0400
		General Revenue	190,435,851	0.4412	0.4412	187,831,205	0.4523	0.4412	195,614,158	0.4513	0.4513
	City of Sedalia	Parks & Recreation	190,435,851	0.3069	0.1369	187,831,205	0.3146	0.1369	195,614,158	0.3139	0.1369
		Library	165,282,716	0.2095	0.2095	160,679,221	0.2171	0.2112	167,615,552	0.2154	0.2154
		Police	190,435,851	0.0863	0.0863	187,831,205	0.0885	0.0863	195,614,158	0.0883	0.0883
		Fire	190,435,851	0.0480	0.0480	187,831,205	0.0492	0.0480	195,614,158	0.0491	0.0491
	City of Smithton	General Revenue	2,997,550	0.8601	0.8601	2,988,447	0.8768	0.8768	3,447,275	0.8151	0.8151
		Debt Service	2,997,550	0.0000	0.0000	2,988,447	0.0556	0.0556	3,447,275	0.0000	0.0000
	Boonslick Regional Library	General Revenue	550,094,071	0.1400	0.1400	591,086,598	0.1400	0.1400	614,861,904	0.1400	0.1400
	Pettis County Fire Prot Dist #1	General Revenue	153,169,035	0.2772	0.2772	165,907,301	0.2772	0.2772	177,479,156	0.2772	0.2772
	Sedalia Special Business District	General Revenue	3,819,289	0.8112	0.8108	3,794,877	0.8171	0.8171	3,835,246	0.8171	0.8143
	State Fair Community College	General Revenue	575,650,436	0.4087	0.4087	601,238,270	0.4087	0.4087	627,677,974	0.4087	0.4087
	Pettis Co R-V School District	Operating Funds-Schools	16,563,242	3.3132	3.3100	17,539,941	3.2497	3.2497	17,900,345	3.2885	3.2885
		Debt Service	16,563,242	0.3700	0.3700	17,539,941	0.4303	0.4303	17,900,345	0.4303	0.4303
	La Monte R-IV School District	Operating Funds-Schools	12,999,040	3.3099	2.9500	13,689,595	3.2519	2.9500	14,374,748	3.2935	2.9500
		Debt Service	12,999,040	0.5600	0.5600	13,689,595	0.5600	0.5600	14,374,748	0.7000	0.7000
	Smithton R-VI School District	Operating Funds-Schools	25,761,435	2.8506	2.8493	26,935,660	2.8414	2.8414	28,210,447	2.8756	2.8756
		Debt Service	25,761,435	0.4000	0.4000	26,935,660	0.4000	0.4000	28,210,447	0.3800	0.3800
	Green Ridge R-VIII School District	Operating Funds-Schools	14,894,585	3.2423	3.2423	15,968,167	3.2214	3.2214	16,209,506	3.5144	3.5144 B
		Debt Service	14,894,585	0.3549	0.3549	15,968,167	0.3786	0.3786	16,209,506	0.3756	0.3756
	Pettis Co R-XII School District	Operating Funds-Schools	49,962,176	2.9396	2.8300	55,513,137	2.9343	2.9300	65,061,665	2.9385	2.9300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Pettis	Sedalia 200 School District	Operating Funds-Schools	245,622,762	2.5300	2.3400	252,340,020	2.5246	2.3400	262,485,254	3.1500	3.1500 B
		Op. Funds-Cap. Imp.	245,622,762	0.4126	0.4100	252,340,020	0.4137	0.4100	262,485,254	0.4097	0.0000
	Pettis County	General Revenue	416,311,096	0.3914	0.0000	429,390,716	0.3927	0.0200	449,877,808	0.3927	0.0284
		Johnson Grass	416,311,096	0.0489	0.0000	429,390,716	0.0491	0.0100	449,877,808	0.0491	0.0050
		Road & Bridge	416,311,096	0.2837	0.2837	429,390,716	0.2846	0.2846	449,877,808	0.2846	0.2846
		Health	416,311,096	0.0881	0.0881	429,390,716	0.0884	0.0881	449,877,808	0.0884	0.0881
		Developmentally Disabled	416,311,096	0.0881	0.0881	429,390,716	0.0884	0.0884	449,877,808	0.0884	0.0884
Phelps	St James Ambulance District	General Revenue	62,522,908	0.1483	0.1483	76,457,601	0.1475	0.1475	71,109,310	0.1612	0.1612
	City of Doolittle	General Revenue	3,296,382	0.4622	0.4622	3,277,060	0.4649	0.4649	3,344,186	0.4649	0.4649
	City of Newburg	General Revenue	1,331,248	0.6150	0.6150	1,258,834	0.6629	0.6629	1,231,299	0.6920	0.6920
		Library	1,331,248	0.2000	0.2000	1,258,834	0.2000	0.2000	1,231,299	0.2000	0.2000
	City of Rolla	General Revenue	146,871,528	0.6574	0.6574	151,847,830	0.6574	0.6574	153,676,027	0.6596	0.6596
		Parks & Recreation	146,871,528	0.1668	0.1668	151,847,830	0.1668	0.1668	153,676,027	0.1674	0.1674
		Library	146,871,528	0.2747	0.2747	151,847,830	0.2747	0.2747	153,676,027	0.2756	0.2756
	City of St James	General Revenue	23,461,053	0.5669	0.5669	18,706,097	0.5669	0.5669	19,396,237	0.5669	0.5669
		Parks & Recreation	23,461,053	0.0880	0.0880	18,706,097	0.0880	0.0880	19,396,237	0.0880	0.0880
	City of Edgar Springs	General Revenue	794,508	0.6482	0.6482	787,429	0.6660	0.6660	826,004	0.6660	0.6660
		Debt Service	794,508	0.5590	0.5590	787,429	0.5373	0.5373	826,004	0.4625	0.4625
	St. James R-I School District	Operating Funds-Schools	57,742,619	2.7855	2.7500	71,711,633	2.7759	2.7500	66,334,479	2.7668	2.7500
		Debt Service	57,742,619	0.5300	0.5300	71,711,633	0.5300	0.5300	66,334,479	0.5300	0.5300
	Newburg R-II School District	Operating Funds-Schools	14,311,729	2.9128	2.9128	14,799,716	2.9300	2.9300	15,184,506	2.9266	2.9266
		Debt Service	14,311,729	0.3400	0.3400	14,799,716	0.3200	0.3200	15,184,506	0.3234	0.3234
	Rolla 31 School District	Operating Funds-Schools	218,652,433	3.0958	2.4960 B	226,434,354	3.2954	2.6454 B	232,812,476	3.4959	2.9251 B
		Operating Funds Temp	218,652,433	0.6012	0.6012	226,434,354	0.6010	0.6010	232,812,476	0.6010	0.6010
		Debt Service	218,652,433	0.3228	0.3228	226,434,354	0.3299	0.3299	232,812,476	0.3299	0.3299
	Phelps Co R-III School District	Operating Funds-Schools	8,643,952	2.7500	2.7500 B	9,101,244	2.7500	2.7500 B	9,423,874	2.7500	2.7500 B
		Debt Service	8,643,952	0.4000	0.4000	9,101,244	0.4000	0.4000	9,423,874	0.4000	0.4000
	Phelps County	General Revenue	309,966,067	0.3445	0.1739	331,599,422	0.3445	0.1700	332,779,669	0.3499	0.1751
		Road & Bridge	309,966,067	0.2461	0.0735	331,599,422	0.2461	0.0777	332,779,669	0.2500	0.0999
		Developmentally Disabled	309,966,067	0.0886	0.0886	331,599,422	0.0886	0.0886	332,779,669	0.0900	0.0900
Pike	Village of Annada	General Revenue	209,053	0.5506	0.5506	212,698	0.5506	0.5506	205,686	0.5693	0.5693
	City of Bowling Green	General Revenue	21,985,935	0.6109	0.6109	23,197,690	0.6109	0.6109	22,261,474	0.6467	0.6467
		Parks & Recreation	21,985,935	0.1000	0.0000	23,197,690	0.1000	0.0000	22,261,474	0.1000	0.0000
		Library	21,985,935	0.1903	0.1903	23,197,690	0.1903	0.1903	22,261,474	0.2000	0.2000
		Cemetery	21,985,935	0.1000	0.1000	23,197,690	0.1000	0.1000	22,261,474	0.1000	0.1000
		Debt Service	21,985,935	0.2783	0.2783	23,197,690	0.6642	0.6642	22,261,474	0.0395	0.0395
		General Revenue	2,674,801	0.7448	0.7400	2,748,488	0.7448	0.7400	2,725,676	0.7578	0.7500
	City of Clarksville	Debt Service	2,674,801	0.3600	0.3600	2,748,488	0.3100	0.3100	2,725,676	0.2800	0.2800
		General Revenue	1,142,859	0.8900	0.8900	1,188,909	0.8900	0.8900	1,224,752	0.8992	0.8992

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Pike	Village of Eolia	General Revenue	1,834,204	0.4273	0.4200	1,861,641	0.4367	0.4273	1,902,012	0.4412	0.4200
	City of Frankford	General Revenue	1,524,967	0.9526	0.9526	1,560,724	0.9782	0.9782	1,567,049	0.9904	0.9904
	City of Louisiana	General Revenue	27,608,492	0.7308	0.7300	28,711,585	0.7308	0.7300	29,014,666	0.7310	0.7308
		Library	27,608,492	0.1000	0.1000	28,711,585	0.1000	0.1000	29,014,666	0.1000	0.1000
	Buffalo Township Fire Prot Dist	General Revenue	29,736,298	0.1518	0.1518	29,889,865	0.3028	0.3028	30,149,483	0.3028	0.3028
	Pike County Senate Bill 40	General Revenue	191,920,753	0.1802	0.1802	194,508,053	0.1811	0.1811	184,344,198	0.1936	0.1936
	Bowling Green R-I School District	Operating Funds-Schools	62,612,451	3.4410	3.2400	64,933,272	3.3956	3.2400	66,058,656	3.4447	3.4447
	Pike Co R-III School District	Operating Funds-Schools	42,134,456	3.2452	3.2452	42,389,915	3.2571	3.2571	32,469,748	3.7500	3.4400
		Debt Service	42,134,456	0.5700	0.5700	42,389,915	0.7629	0.7629	32,469,748	0.6900	0.6900
	Boncl R-X School District	Operating Funds-Schools	8,056,201	4.8545	3.8500	8,460,737	4.8751	3.8500	8,701,660	4.8574	3.8500
	Louisiana R-II School District	Operating Funds-Schools	37,639,179	3.0833	3.0833	38,677,073	3.0753	3.0753	39,582,024	3.3993	3.2993
		Debt Service	37,639,179	0.5700	0.5700	38,677,073	0.6700	0.6700	39,582,024	0.5700	0.5700
	Pike County	General Revenue	191,920,753	0.4004	0.2504	194,508,053	0.4024	0.2441	184,344,198	0.4301	0.2717
		Road & Bridge	191,920,753	0.2903	0.2903	194,508,053	0.2917	0.2917	184,344,198	0.3118	0.3118
		Health	191,920,753	0.2500	0.1600	194,508,053	0.2500	0.1600	184,344,198	0.2500	0.1600
		Hospital	191,920,753	0.2200	0.2200	194,508,053	0.2200	0.2200	184,344,198	0.2200	0.2200
Platte	Northland Ambulance District No. 1	General Revenue	255,300,176	0.3000	0.3166	263,956,300	0.3000	0.3000	301,073,656	0.2886	0.2886
	Platte Co Drainage Ditch Dist 1	General Revenue	1,740,583	0.1000	0.1000	1,701,218	0.1000	0.1000	1,893,119	0.0928	0.0928
	Farley Special Road Dist, Platte Co	Road & Bridge	12,302,327	0.3100	0.3100	11,933,572	0.3209	0.3209	13,219,219	0.3011	0.3011
		Special Road and Bridge	12,302,327	0.3500	0.3500	11,933,572	0.3500	0.3500	13,219,219	0.3284	0.3284
	Parkville Spec Road Dist Platte Co	Road & Bridge	431,822,156	0.2708	0.2708	456,867,781	0.2708	0.2708	491,321,051	0.2653	0.2653
	Platte City Spec Rd Dist Platte Co	Road & Bridge	590,919,387	0.2844	0.2200	609,835,349	0.2866	0.2400	639,042,195	0.2866	0.2400
	Weston Spec Rd Dist Platte Co	Road & Bridge	35,983,301	0.2727	0.2700	35,929,877	0.2758	0.2700	40,642,677	0.2563	0.2563
		Special Road and Bridge	35,983,301	0.3500	0.3500	35,929,877	0.3500	0.3500	40,642,677	0.3253	0.3253
	City of Camden Point	General Revenue	3,832,684	0.8477	0.8477	3,824,363	0.8538	0.8538	4,395,707	0.7693	0.7693
	City of Dearborn	General Revenue	3,280,621	0.5910	0.5910	3,576,405	0.5910	0.5910	4,259,158	0.5126	0.5126
	City of Edgerton	General Revenue	3,420,250	0.7900	0.7900	3,392,167	0.8162	0.8162	3,992,760	0.7491	0.7491
	Village of Farley	General Revenue	1,922,784	0.4626	0.4626	2,069,008	0.4593	0.4593	2,382,547	0.4362	0.4362
	Village of Ferrelview	General Revenue	1,905,560	0.5197	0.5197	1,860,012	0.5324	0.5197	2,086,881	0.5194	0.5194
	Village of Iatan	General Revenue	186,783	0.4984	0.4984	195,625	0.5000	0.5000	199,062	0.4998	0.4998
	City of Platte City	General Revenue	45,710,814	0.5990	0.5000	41,173,290	0.5968	0.5200	44,952,630	0.5878	0.5600
		Debt Service	45,710,814	0.5000	0.5000	41,173,290	0.5000	0.5000	44,952,630	0.5000	0.5000
	City of Platte Woods	General Revenue	8,415,578	0.5116	0.5116	7,955,957	0.5412	0.5400	7,829,873	0.5526	0.5526
		Debt Service	8,415,578	0.2660	0.2660	7,955,957	0.2700	0.2700	**	**	**
	City of Tracy	General Revenue	1,376,986	0.8007	0.8000	1,299,761	0.8483	0.8483	1,602,614	0.7879	0.7879
		Debt Service	**	**	**	1,299,761	1.7443	1.7443	1,602,614	1.6567	1.6567
	City of Weatherby Lake	General Revenue	31,879,005	0.7835	0.7830	32,016,134	0.7849	0.7849	32,871,898	0.7849	0.7849
		Parks & Recreation	31,879,005	0.2310	0.2308	32,016,134	0.2314	0.2314	32,871,898	0.2314	0.2314
		Debt Service	31,879,005	0.1582	0.1582	32,016,134	1.2296	1.2015	32,871,898	0.1146	0.1146

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Platte	City of Weston	General Revenue	14,332,983	0.5379	0.5379	14,111,951	0.5463	0.5463	14,832,011	0.5359	0.5359
		Parks & Recreation	14,332,983	0.1000	0.1000	14,111,951	0.1000	0.1000	14,832,011	0.0981	0.0981
		Lights	14,332,983	0.1522	0.1522	14,111,951	0.1546	0.1546	14,832,011	0.1516	0.1516
	City of Lake Waukomis	General Revenue	11,008,594	0.8989	0.8968	11,172,677	0.8989	0.8989	12,110,355	0.8567	0.8567
		General Revenue-Temp	11,008,594	0.7000	0.7000	11,172,677	0.7000	0.7000	12,110,355	1.2422	1.2422 A
	City of Parkville	General Revenue	90,259,671	0.4944	0.4944	106,788,912	0.4944	0.4944	120,089,246	0.4853	0.4853
		Debt Service	90,259,671	0.1108	0.1108	106,788,912	0.0988	0.0988	120,089,246	0.0929	0.0929
	City of Northmoor	General Revenue	4,745,622	0.3250	0.0000	4,815,504	0.3250	0.0000	4,956,466	0.3250	0.0000
	Town of Ridgely	General Revenue	389,157	0.3561	0.3561	446,186	0.3580	0.3580	859,915	0.3118	0.3118
	City of Houston Lake	General Revenue	1,751,681	1.0000	1.0000	1,752,269	1.0000	1.0000	1,949,204	0.9188	0.9188
		Streets-Temp	1,751,681	0.2500	0.2500	1,752,269	0.2500	0.2500	**	**	**
		Streets	**	**	**	**	**	**	1,949,204	0.2500	0.2500 A
	Central Platte Fire Protection Dist	General Revenue	94,814,760	0.3500	0.3500	102,445,458	0.3500	0.3500	114,792,177	0.3351	0.3351
		Debt Service	94,814,760	0.1800	0.1800	102,445,458	0.2000	0.2000	114,792,177	0.2000	0.2000
	Southern Platte Fire Prot Dist	General Revenue	226,041,444	0.6946	0.6946	248,933,719	0.6946	0.6946	278,514,821	0.6726	0.6726
		Debt Service	226,041,444	0.1107	0.1107	248,933,719	0.1218	0.1218	278,514,821	0.0973	0.0973
	Weatherby Lake Fire Protection Dist	General Revenue	31,879,005	0.9100	0.8200 B	32,016,134	0.9100	0.8200	32,871,916	0.9100	0.8300
	West Platte Fire Protection Dist	General Revenue	47,172,816	0.3900	0.3900	47,753,829	0.3900	0.3900	51,327,325	0.3746	0.3746
		Ambulance	47,172,816	0.3900	0.3900	47,753,829	0.3900	0.3900	51,327,325	0.3746	0.3746
	Camden Point Fire Protection Dist	General Revenue	12,772,002	0.5500	0.5500	12,667,851	0.5500	0.5500	15,474,151	0.4733	0.4733
	Smithville Area Fire Prot Dist	General Revenue	135,197,300	0.2894	0.2894	141,405,694	0.2916	0.2894	159,734,722	0.2784	0.2784
	Edgerton-Trimble Fire Prot Dist	General Revenue	19,851,881	0.3000	0.3000	21,177,640	0.5500	0.5500 B	25,243,054	0.5111	0.5111
	Dearborn Area Fire Protection Dist	General Revenue	18,142,847	0.5369	0.5369	18,224,116	0.5414	0.5414	24,144,893	0.5007	0.5007
	North Platte Co R-I School District	Operating Funds-Schools	32,293,710	3.9000	3.9000	33,513,694	3.9440	3.9440 B	40,508,971	3.4762	3.4762
		Operating Funds-Temp	32,293,710	0.3500	0.3500	33,513,694	0.3500	0.3500	40,508,971	0.3043	0.3043
	West Platte Co R-II School District	Operating Funds-Schools	51,214,265	3.6023	3.6023	53,054,050	3.5575	3.5575	58,885,612	3.3838	3.3838
		Debt Service	51,214,265	0.7377	0.7377	53,054,050	0.8567	0.8567	58,885,612	0.8560	0.8560
	Platte Co R-III School District	Operating Funds-Schools	235,138,253	3.7181	3.4216	250,858,046	3.7514	3.4492	281,587,238	3.6321	3.3769
		Debt Service	235,138,253	0.6700	0.6700	250,858,046	0.6700	0.6700	281,587,238	0.6700	0.6700
	Park Hill R-V School District	Operating Funds-Schools	852,327,815	4.3370	4.3370	895,335,522	4.9970	4.9970 B	952,786,698	4.9970	4.9970
		Debt Service	852,327,815	0.6562	0.6562	895,335,522	0.6562	0.6562	952,786,698	0.6562	0.6562
	Platte County	General Revenue	1,239,664,833	0.3404	0.1200	1,289,806,341	0.3408	0.1000	1,387,032,700	0.3332	0.1000
		Road & Bridge	178,087,741	0.2616	0.2616	178,112,803	0.2724	0.2724	204,262,230	0.2521	0.2521
		Health	1,239,664,833	0.0800	0.0800	1,289,806,341	0.0800	0.0800	1,387,032,700	0.0782	0.0782
		Mental Health	1,239,664,833	0.1000	0.1000	1,289,806,341	0.1000	0.1000	1,387,032,700	0.0978	0.0978
		Senate Bill 40	1,239,664,833	0.1300	0.1300	1,289,806,341	0.1300	0.1300	1,387,032,700	0.1271	0.1271
		Senior Services	1,239,664,833	0.0500	0.0500	1,289,806,341	0.0500	0.0500	1,387,032,700	0.0489	0.0489
		Debt Service	1,239,664,833	0.0000	0.0000	1,289,806,341	0.0000	0.0000	1,387,032,700	0.0000	0.0000
		Road & Bridge	1,646,867	0.3500	0.3500	1,671,098	0.3500	0.3500	1,766,301	0.3500	0.3500
Polk	Blue Mound Spec Rd Dist Polk Co	Road & Bridge	1,646,867	0.3500	0.3500	1,671,098	0.3500	0.3500	1,766,301	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Polk	Bolivar Spec Rd Dist Polk Co	Road & Bridge	70,441,842	0.1966	0.1966	72,579,799	0.1966	0.1966	75,268,523	0.1966	0.1966
	Flemington Spec Rd Dist Polk Co	Road & Bridge	1,309,674	0.3326	0.3326	1,303,531	0.3373	0.3373	575,068	0.3500	0.3500
	Humansville Spec Rd Dist Polk Co	Road & Bridge	8,406,785	0.2601	0.2601	8,673,236	0.2601	0.2601	9,170,312	0.2601	0.2601
		Special Road and Bridge	8,406,785	0.4500	0.4500	8,673,236	0.4500	0.4500	**	**	**
	Providence Spec Rd Dist Polk Co	Road & Bridge	1,205,228	0.2254	0.2254	1,404,714	0.2240	0.2240	3,043,199	0.2240	0.2240
	Rock Prairie Spec Road Dist Polk Co	Road & Bridge	1,350,893	0.2133	0.2133	1,440,540	0.2151	0.2151	1,489,111	0.2153	0.2153
	Southwest Special Rd Dist Polk Co	Road & Bridge	966,142	0.3300	0.3300	932,149	0.3420	0.3420	930,040	0.3490	0.3490
		Special Road and Bridge	966,142	0.2099	0.2099	932,149	0.2176	0.2176	**	**	**
	Polk County Road District	Road & Bridge	104,240,668	0.2669	0.2669	108,366,203	0.2669	0.2669	117,317,574	0.2669	0.2669
	Village of Aldrich	General Revenue	394,501	0.3302	0.3302	379,277	0.3435	0.3435	423,532	0.3435	0.3435
	City of Bolivar	General Revenue	67,726,937	0.4524	0.0000	69,458,706	0.4537	0.0000	72,528,118	0.4537	0.0000
		Parks & Recreation	67,726,937	0.0885	0.0000	69,458,706	0.0888	0.0000	72,528,118	0.0888	0.0000
	City of Fair Play	General Revenue	1,733,187	0.9200	0.9200	1,721,988	0.9442	0.9400	1,771,518	0.9507	0.9500
		Debt Service	1,733,187	0.3200	0.3200	1,721,988	0.1500	0.1500	**	**	**
	City of Humansville	General Revenue	3,978,278	0.6000	0.6000	4,040,718	0.6000	0.6000	4,303,369	0.5942	0.5942
	City of Morrisville	General Revenue	1,165,888	0.5299	0.5299	1,168,958	0.5436	0.5436	1,236,916	0.5436	0.5436
	Polk County Library District	General Revenue	191,584,628	0.0897	0.0897	198,428,089	0.0897	0.0897	210,314,918	0.0897	0.0897
	Bolivar R-I School District	Operating Funds-Schools	102,857,650	2.3148	2.3148 B	106,533,390	2.3148	2.3148 B	112,044,300	2.3148	2.3148 B
		Building - Temp	102,857,650	0.4352	0.4352	106,533,390	0.4352	0.4352	112,044,300	0.4352	0.4352
		Debt Service	102,857,650	0.4500	0.4500	106,533,390	0.8377	0.4500	112,044,300	0.4500	0.4500
	Fair Play R-II School District	Operating Funds-Schools	11,565,840	3.0624	2.7500	11,576,040	3.1531	2.7500	12,464,130	3.1642	3.1642
		Debt Service	11,351,560	0.9800	0.9800	11,576,040	0.9800	0.9800	12,464,130	0.5658	0.5658
	Halfway R-III School District	Operating Funds-Schools	12,422,050	3.3124	3.2000	12,944,590	3.3342	3.3000	13,532,030	3.3432	3.3000
	Humansville R-IV School District	Operating Funds-Schools	14,756,359	2.7666	2.7666	15,291,929	2.7859	2.7700	16,219,523	2.7821	2.7700
		Debt Service	14,756,359	0.3816	0.3816	15,291,929	0.4400	0.4400	16,219,523	0.4400	0.4400
	Marion C. Early R-V School District	Operating Funds-Schools	20,360,950	3.2565	2.8100	21,151,000	3.2965	2.8100	22,435,080	3.2739	2.8100
		Debt Service	20,360,950	0.5500	0.5500	21,151,000	0.5500	0.5500	22,435,080	0.5500	0.5500
	Pleasant Hope R-VI School District	Operating Funds-Schools	26,267,220	2.4317	2.4317	27,530,130	2.4458	2.4458	30,090,760	2.4355	2.4355
		Capital Improvements	26,267,220	0.6525	0.6525	27,530,130	0.6557	0.6557	30,090,760	0.6557	0.6557
		Debt Service	26,267,220	0.6000	0.6000	27,530,130	0.6000	0.6000	30,090,760	0.6000	0.6000
	Polk County	General Revenue	191,584,628	0.3190	0.3190	198,428,089	0.3190	0.3190	210,314,918	0.3190	0.3190
		Health	191,584,628	0.0897	0.0897	198,428,089	0.0897	0.0897	210,314,918	0.0897	0.0897
		Senate Bill 40	191,584,628	0.0897	0.0200	198,428,089	0.0897	0.0200	210,314,918	0.0897	0.0200
Pulaski	Dixon Ambulance District	General Revenue	41,855,861	0.2866	0.2866	42,347,922	0.2885	0.2885	43,046,526	0.2906	0.2906
	Pulaski County Ambulance District	General Revenue	166,649,660	0.3000	0.3000	181,794,412	0.2931	0.2931	189,499,431	0.2947	0.2947
	City of Crocker	General Revenue	5,444,558	0.5745	0.5745	5,662,025	0.5762	0.5762	5,724,182	0.5879	0.5879
		Parks & Recreation	5,444,558	0.1713	0.1713	5,662,025	0.1718	0.1718	5,724,182	0.1753	0.1753
	City of Dixon	General Revenue	9,144,871	0.4700	0.4700	9,356,162	0.4713	0.4700	9,393,283	0.4770	0.4770
		Library	9,144,871	0.0500	0.0500	9,356,162	0.0500	0.0500	9,393,283	0.0500	0.0500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Pulaski	City of Dixon	Debt Service	9,144,871	0.5800	0.5800	9,356,162	0.5800	0.5800	9,393,283	0.5800	0.5800
	City of St Robert	General Revenue	30,228,001	0.3766	0.3766	37,759,051	0.3490	0.3490	40,770,272	0.3530	0.3530
	City of Waynesville	General Revenue	22,147,248	0.7455	0.7455	25,717,998	0.6572	0.6572	25,957,777	0.6615	0.6615
	City of Richland	General Revenue	9,249,449	0.6416	0.6416	9,352,928	0.6501	0.6400	9,562,596	0.6538	0.6400
	Pulaski County Library	General Revenue	182,059,768	0.1504	0.1504	197,706,229	0.1476	0.1476	205,489,030	0.1486	0.1486
	Hazeltree Fire Protection District	General Revenue	12,226,407	0.2924	0.2924	12,417,578	0.2963	0.2963	12,980,900	0.2988	0.2988
	Crocker Fire Protection District	General Revenue	16,529,546	0.2824	0.2824	16,768,741	0.2824	0.2824	16,933,442	0.2840	0.2840
	Waynesville Rural Fire Prot Dist	General Revenue	59,806,920	0.2795	0.2795	62,714,141	0.2796	0.2796	64,595,297	0.2834	0.2834
	Dixon Rural Fire Protection Dist	General Revenue	42,487,430	0.2758	0.2758	44,825,442	0.2740	0.2740	48,041,230	0.2749	0.2740
	Swedeborg R-III School District	Operating Funds-Schools	2,837,190	2.7606	2.7875 D	2,938,370	2.7644	2.7644	2,984,570	2.7938	2.7500
		Operating Funds-Temp	**	**	**	**	**	**	2,984,570	0.3500	0.3500 A
	Pulaski Co R-IV School District	Operating Funds-Schools	19,583,827	2.8137	2.8137	19,894,822	2.8269	2.8269	20,798,920	2.8393	2.8393
		Operating Funds-Temp	**	**	**	**	**	**	20,798,920	0.2500	0.2500 A
	Laquey R-V School District	Operating Funds-Schools	16,637,290	2.6300	2.6300 B	17,212,530	2.6306	2.6306 B	17,862,860	2.7500	2.7500 B
		Debt Service	**	**	**	17,212,530	0.2205	0.2205	17,862,860	0.2205	0.2205
	Waynesville R-VI School District	Operating Funds-Schools	98,471,770	2.7075	2.7075 B	112,197,325	2.7075	2.7075 B	118,463,497	2.7500	2.7500 B
	Dixon R-I School District	Operating Funds-Schools	35,707,835	2.7500	2.7500 B	36,584,978	2.7500	2.7500 B	37,802,028	2.7500	2.7500 B
		Debt Service	35,707,835	0.2800	0.2800	36,584,978	0.2700	0.2700	37,802,028	0.2700	0.2700
	Crocker R-II School District	Operating Funds-Schools	16,787,367	2.9160	2.7500	17,087,155	2.9349	2.7500	17,401,475	2.9635	2.7500
		Debt Service	16,787,367	0.8900	0.8900	17,087,155	0.8900	0.8900	17,401,475	0.8900	0.8900
	Pulaski County	General Revenue	191,134,609	0.3006	0.0000	207,000,734	0.2955	0.0000	214,882,313	0.2975	0.0000
		Road & Bridge	191,134,609	0.2205	0.2000	207,000,734	0.2168	0.1976	214,882,313	0.2183	0.1608
		Health	191,134,609	0.0802	0.0802	207,000,734	0.0788	0.0788	214,882,313	0.0793	0.0793
		Senate Bill 40	191,134,609	0.0802	0.0802	207,000,734	0.0788	0.0788	214,882,313	0.0793	0.0793
		Senior Services	191,134,609	0.0500	0.0500	207,000,734	0.0492	0.0492	214,882,313	0.0495	0.0495
Putnam	Putnam County Ambulance District	General Revenue	50,090,400	0.4000	0.4000	51,346,423	0.4000	0.4000	53,139,982	0.4000	0.4000
	Putnam County Care Center	General Revenue	50,090,400	0.1500	0.1500	51,346,423	0.1500	0.1500	53,139,982	0.1500	0.1500
	Unionville Spec Road Dist Putnam Co	Road & Bridge	9,487,158	0.3119	0.3119	9,513,527	0.3151	0.3151	9,692,417	0.3151	0.3151
		Special Road and Bridge	9,487,158	0.3500	0.3500	9,513,527	0.3500	0.3500 A	9,692,417	0.3500	0.3500
	Lake Thunderhead Spec Rd District	Road & Bridge	6,156,060	0.4801	0.4801	6,554,772	0.4831	0.4831	7,896,273	0.4293	0.4293
		Special Road and Bridge	6,156,060	0.3500	0.3500 A	6,554,772	0.3500	0.3500	7,896,273	0.3110	0.3110
	Village of Livonia	General Revenue	257,466	0.4797	0.4797	260,720	0.4798	0.4798	259,248	0.4889	0.4889
	Village of Lucerne	General Revenue	1,350,120	0.4278	0.4278	1,334,194	0.4329	0.4329	1,351,490	0.4341	0.4341
	Village of Powersville	General Revenue	302,468	0.4818	0.4818	314,345	0.5000	0.5000	277,853	0.5000	0.5000
	City of Unionville	General Revenue	9,108,159	0.9450	0.9450	9,151,413	0.9538	0.9538	9,283,421	0.9538	0.9538
		Parks & Recreation	9,108,159	0.1910	0.1910	9,151,413	0.1928	0.1928	9,283,421	0.1928	0.1928
		Fire	9,108,159	0.1910	0.1910	9,151,413	0.1928	0.1928	9,283,421	0.1928	0.1928
	Village of Worthington	General Revenue	110,966	0.5000	0.5000	116,495	0.5000	0.5000	110,125	0.5000	0.5000
	Elm Township of Putnam Co	Road & Bridge	4,172,105	0.4200	0.4200	4,277,764	0.4201	0.4201	4,500,420	0.4123	0.4123

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Putnam	Elm Township of Putnam Co	Special Road and Bridge	4,172,105	0.3500	0.3500	4,277,764	0.3500	0.3500	4,500,420	0.3500	0.3500 A
	Grant Township of Putnam Co	Road & Bridge	1,463,006	0.4544	0.4544	1,448,079	0.4606	0.4606	1,498,881	0.4606	0.4606
		Special Road and Bridge	1,463,006	0.3500	0.3500 A	1,448,079	0.3500	0.3500	1,498,881	0.3500	0.3500
	Jackson Township of Putnam Co	Road & Bridge	2,050,314	0.5000	0.5000	2,100,095	0.5000	0.5000	2,137,889	0.5000	0.5000
		Special Road and Bridge	2,050,314	0.3500	0.3500	2,100,095	0.3500	0.3500	2,137,889	0.3500	0.3500 A
	Liberty Township of Putnam Co	Road & Bridge	2,290,655	0.5000	0.5000	2,231,264	0.5000	0.5000	2,234,134	0.5000	0.5000
		Special Road and Bridge	2,290,655	0.3500	0.3500 A	2,231,264	0.3500	0.3500	2,234,134	0.3500	0.3500
	Lincoln Township of Putnam Co	Road & Bridge	4,309,217	0.5000	0.5000	4,364,731	0.5000	0.5000	4,275,595	0.5000	0.5000
		Special Road and Bridge	4,309,217	0.3500	0.3500 A	4,364,731	0.3500	0.3500	4,275,595	0.3500	0.3500
	Medicine Township of Putnam Co	Road & Bridge	6,969,493	0.4959	0.4959	6,952,538	0.5000	0.5000	6,902,555	0.5000	0.5000
		Special Road and Bridge	6,969,493	0.3500	0.3500 A	6,952,538	0.3500	0.3500	6,902,555	0.3500	0.3500
	Richland Township of Putnam Co	Road & Bridge	2,290,390	0.4817	0.4817	2,273,898	0.4891	0.4891	2,417,179	0.4800	0.4800
		Special Road and Bridge	2,290,390	0.3500	0.3500 A	2,273,898	0.3500	0.3500	2,417,179	0.3435	0.3435
	Sherman Township of Putnam Co	Road & Bridge	1,667,804	0.4941	0.4941	1,729,819	0.4947	0.4947	1,766,221	0.4947	0.4947
		Special Road and Bridge	1,667,804	0.3500	0.3500 A	1,729,819	0.3500	0.3500	1,766,221	0.3500	0.3500
	Union Township of Putnam Co	Road & Bridge	3,591,408	0.4900	0.4900	3,619,992	0.5000	0.5000	3,683,872	0.5000	0.5000
		Special Road and Bridge	3,591,408	0.3430	0.3430	3,619,992	0.3500	0.3500	3,683,872	0.3500	0.3500 A
	Wilson Township of Putnam Co	Road & Bridge	3,034,160	0.5000	0.5000	3,151,099	0.5000	0.5000	3,198,282	0.5000	0.5000
		Special Road and Bridge	3,034,160	0.3500	0.3500 A	3,151,099	0.3500	0.3500	3,198,282	0.3500	0.3500
	York Township of Putnam Co	Road & Bridge	2,627,389	0.5000	0.5000	3,045,691	0.5000	0.5000	3,029,939	0.5000	0.5000
		Special Road and Bridge	2,627,389	0.3500	0.3500 A	3,045,691	0.3500	0.3500	3,029,939	0.3500	0.3500
		Debt Service	**	**	**	3,045,691	0.8706	0.8706	3,029,939	0.5218	0.5218
	Elm Township Fire Protection Dist	General Revenue	4,172,105	0.3000	0.3000	4,277,764	0.3000	0.3000	4,500,420	0.2945	0.2900
	Liberty Fire Protection District	General Revenue	2,290,655	0.3000	0.3000	2,231,264	0.3000	0.3000	2,234,134	0.3000	0.3000
	Grant Township Fire Protection Dist	General Revenue	**	**	**	1,448,079	0.3000	0.3000 A	1,498,881	0.3000	0.3000
	Putnam Co R-I School District	Operating Funds-Schools	46,158,855	3.4235	3.2700	47,396,673	3.4776	3.3500	49,139,179	3.4938	3.3800
		Debt Service	46,158,855	0.3700	0.3700	47,396,673	0.3700	0.3700	49,139,179	0.3700	0.3700
	Putnam County	General Revenue	50,090,400	0.5000	0.5000	51,346,423	0.5000	0.5000	53,139,982	0.5000	0.5000
		Library	50,090,400	0.1500	0.1500	51,346,423	0.1500	0.1500	53,139,982	0.1500	0.1500
		Health	50,090,400	0.1600	0.1600	51,346,423	0.3000	0.3000 B	53,139,982	0.3000	0.3000
		Hospital	50,090,400	0.5000	0.5000	51,346,423	0.5000	0.5000	53,139,982	0.5000	0.5000
		Senior Services	**	**	**	**	**	**	53,139,982	0.0500	0.0500 A
Ralls	Ralls County Ambulance District #3	General Revenue	90,002,097	0.1800	0.1600	97,703,662	0.1800	0.1600	101,542,300	0.1800	0.1600
	City of Center	General Revenue	3,606,172	0.7348	0.7348	3,849,685	0.7374	0.7348	3,927,303	0.7433	0.7348
		Fire	3,606,172	0.1959	0.1959	3,849,685	0.1966	0.1959	3,927,303	0.1981	0.1959
	City of New London	General Revenue	5,606,412	0.4614	0.4600	5,806,625	0.4656	0.4656	5,986,029	0.4676	0.4676
	City of Perry	General Revenue	4,860,775	0.5408	0.5408	5,394,620	0.5408	0.5408	5,664,817	0.5408	0.5408
		Fire	4,860,775	0.0960	0.0960	5,394,620	0.0960	0.0960	5,664,817	0.0960	0.0960
	Ralls County Public Library	General Revenue	104,465,542	0.1296	0.1296	111,534,691	0.1300	0.1296	111,842,903	0.1300	0.1296

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Ralls	Hannibal Rural Fire Protection Dist	General Revenue	49,145,979	0.1454	0.1500 D	55,643,762	0.1443	0.1443	54,967,948	0.1488	0.1488
	Ralls Co R-II School District	Operating Funds-Schools	44,302,943	2.7500	2.7500 B	47,669,670	2.7500	2.7500 B	51,592,832	2.7500	2.7500 B
		Debt Service	44,302,943	0.7100	0.7100	47,669,670	0.7100	0.7100	51,592,832	0.7100	0.7100
	Ralls County	General Revenue	125,865,284	0.3600	0.2300	130,984,869	0.3772	0.2300	140,067,818	0.3772	0.2300
		Road & Bridge	125,865,284	0.2700	0.2700	130,984,869	0.2829	0.2700	140,067,818	0.2829	0.2700
		Health	125,865,284	0.1000	0.1000	130,984,869	0.1000	0.1000	140,067,818	0.1000	0.1000
Randolph	Randolph County Ambulance District	General Revenue	280,976,872	0.1900	0.1800	283,694,279	0.1900	0.1900	285,513,655	0.1900	0.1900
	Moberly Spec Rd Dist Randolph Co	Special Road and Bridge	127,378,152	0.0900	0.0900	128,397,783	0.0900	0.0900	137,399,095	0.0898	0.0898
	Village of Cairo	General Revenue	1,256,678	0.5000	0.5000	1,231,817	0.5000	0.5000	1,308,473	0.4955	0.4955
		General Revenue-Temp	1,256,678	0.2099	0.2099	1,231,817	0.2100	0.2100	1,308,473	0.2081	0.2081
	City of Clark	General Revenue	1,191,925	0.9968	0.9968	1,600,494	0.9968	0.9968	1,320,724	1.0000	1.0000
	City of Clifton Hill	General Revenue	593,944	0.7500	0.7500	558,406	0.7500	0.7500	611,221	0.7500	0.7500
	City of Higbee	General Revenue	2,098,707	0.8800	0.8500	2,132,077	0.8811	0.8500	2,175,734	0.8811	0.8614
		Parks & Recreation	2,098,707	0.1500	0.1000	2,132,077	0.1500	0.1000	2,175,734	0.1500	0.1048
		Debt Service	2,098,707	0.8500	0.8500	2,132,077	0.7500	0.7500	2,175,734	0.7217	0.7217
	City of Huntsville	General Revenue	7,113,794	0.7300	0.7300	7,146,100	0.7361	0.7361	7,968,606	0.7302	0.7302
		Parks & Recreation	7,113,794	0.1000	0.1000	7,146,100	0.1000	0.1000	7,968,606	0.0992	0.0992
		Fire	7,113,794	0.1900	0.1900	7,146,100	0.1916	0.1916	7,968,606	0.1901	0.1901
		Cemetery	7,113,794	0.1800	0.1800	7,146,100	0.1815	0.1815	7,968,606	0.1800	0.1800
	Village of Jacksonville	General Revenue	362,891	0.4920	0.4920	365,147	0.5000	0.5000	372,318	0.5000	0.5000
		Parks & Recreation	362,891	0.3935	0.3935	365,147	0.4000	0.4000	372,318	0.4000	0.4000
		General Revenue-Temp	362,891	0.2954	0.2954	**	**	**	**	**	**
	City of Moberly	General Revenue	100,003,284	0.6900	0.6900	101,071,441	0.6938	0.6938	109,397,673	0.6886	0.6886
		Parks & Recreation	100,003,284	0.3200	0.3200	101,071,441	0.3218	0.3218	109,397,673	0.3194	0.3194
	Village of Renick	General Revenue	797,514	0.5000	0.5000	817,340	0.5000	0.5000	814,909	0.5000	0.5000
	Randolph County Library	General Revenue	280,976,872	0.1700	0.1700	283,694,279	0.1700	0.1700	285,513,655	0.1700	0.1700
		Debt Service	280,976,872	0.1300	0.1300	283,694,279	0.0654	0.0654	**	**	**
	Higbee Fire Protection District	General Revenue	12,328,286	0.2500	0.2500	12,833,795	0.2500	0.2500	13,157,140	0.2500	0.2500
	Moberly Area Jr. College	General Revenue	126,127,889	0.3321	0.3321	126,904,916	0.3350	0.3350	136,451,237	0.3347	0.3347
	Northeast Randolph Co R-IV Sch Dist	Operating Funds-Schools	13,095,385	3.5196	3.5196	13,371,970	3.4321	3.4321	14,515,930	3.4625	3.4625
		Debt Service	13,095,385	0.0995	0.0995	13,371,970	0.8700	0.8700	14,515,930	0.8700	0.8700
	Renick R-V School District	Operating Funds-Schools	7,749,333	4.2962	3.7200	8,397,343	4.3898	3.9700	8,569,491	4.4510	4.0000
	Higbee R-VIII School District	Operating Funds-Schools	6,623,679	3.5042	3.5042	6,763,015	3.6216	3.5042	7,490,812	3.5074	3.5074
		Debt Service	6,623,679	0.9733	0.9733	6,763,015	1.0380	1.0380	7,490,812	0.8153	0.8153
	Westran R-I School District	Operating Funds-Schools	102,799,724	3.7500	3.5500	103,525,342	3.7500	3.5500	95,291,205	3.7500	3.7500
	Moberly School District	Operating Funds-Schools	111,174,414	3.4016	3.3500	113,669,897	3.3784	3.3500	123,175,516	3.4198	3.4000
		Debt Service	111,174,414	0.7000	0.7000	113,669,897	0.7000	0.7000	123,175,516	0.5800	0.5800
	Randolph County	General Revenue	280,976,872	0.3603	0.1500	283,694,279	0.3605	0.1400	285,513,655	0.3719	0.1713
		Road & Bridge	280,976,872	0.2780	0.2780	283,694,279	0.2781	0.2781	285,513,655	0.2869	0.2869

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			Assessed Value	Ceiling	Levied
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied			
Randolph	Randolph County	Common Road District	153,598,720	0.1400	0.1400	155,296,496	0.1400	0.1400	**	**	**
		Health	280,976,872	0.1500	0.1500	283,694,279	0.1500	0.1500	285,513,655	0.1500	0.1500
Ray	Ray County Ambulance District	General Revenue	221,300,149	0.1410	0.1410	228,819,159	0.1420	0.1420	223,835,300	0.2974	0.2974 B
	Shirkey Leisure Acres Nursing Home	General Revenue	220,227,458	0.1409	0.1409	227,712,283	0.1419	0.1419	233,838,749	0.1419	0.1419
	Camden Special Road Dist Ray Co	Road & Bridge	7,868,544	0.3386	0.3386	7,654,760	0.3491	0.3491	7,725,248	0.3500	0.3500
		Special Road and Bridge	7,868,544	0.2322	0.2322	7,654,760	0.2394	0.2394	7,725,248	0.2399	0.2399
	Hardin Spec Rd Dist Ray Co	Road & Bridge	10,404,664	0.3319	0.3319	10,701,170	0.3452	0.3452	10,432,572	0.3500	0.3500
	Henrietta Spec Rd Dist Ray Co	Road & Bridge	5,311,831	0.3500	0.3500	4,956,506	0.3500	0.3500	4,630,739	0.3500	0.3500
	Lawson Special Road Dist Ray Co	Road & Bridge	25,762,609	0.2484	0.2484	26,546,918	0.2484	0.2484	27,901,549	0.2481	0.2481
		Special Road and Bridge	25,762,609	0.2641	0.2641	26,546,918	0.2641	0.2641	27,901,549	0.2638	0.2638
	Orrick Spec Rd Dist Ray Co	Road & Bridge	14,009,747	0.3405	0.3405	13,996,792	0.3489	0.3489	12,868,709	0.3500	0.3500
	Richmond Spec Rd Dist Ray Co	Road & Bridge	67,821,493	0.2367	0.2367	71,104,977	0.2399	0.2399	68,511,184	0.2523	0.2523
	Ray County Special Road District	Road & Bridge	87,421,780	0.2464	0.2464	91,136,005	0.2464	0.2464	94,165,591	0.2464	0.2464
		Special Road and Bridge	87,421,780	0.2275	0.2275	**	**	**	**	**	**
	City of Camden	General Revenue	1,219,427	0.5855	0.5855	1,236,326	0.5926	0.5926	1,189,439	0.6159	0.6159
		Streets	1,219,427	1.3219	1.3219	1,236,326	1.3378	1.3378	1,189,439	1.3906	1.3906
		Fire	1,219,427	0.1500	0.1500 A	1,236,326	0.1500	0.1500	1,189,439	0.1500	0.1500
	Village of Elmira	General Revenue	363,612	0.4680	0.4680	363,866	0.4743	0.4743	383,241	0.4743	0.4743
	City of Hardin	General Revenue	4,091,602	1.0000	1.0000 B	4,716,353	1.0000	1.0000	4,735,806	1.0000	1.0000
	City of Henrietta	General Revenue	2,985,381	0.7945	0.7945	2,772,261	0.8878	0.8878	2,559,129	0.9625	0.8878
		Streets	2,985,381	0.3000	0.3000 A	2,772,261	0.3000	0.3000	2,559,129	0.3000	0.3000
		Fire	2,985,381	0.3000	0.3000 A	2,772,261	0.3000	0.3000	2,559,129	0.3000	0.3000
	City of Orrick	General Revenue	5,660,347	0.6153	0.6153	5,716,295	0.6223	0.6223	5,785,383	0.6223	0.6223
		Debt Service	5,660,347	0.2895	0.2895	5,716,295	0.2497	0.2497	5,785,383	0.2433	0.2433
	Village of Rayville	General Revenue	692,604	0.5616	0.5616	**	**	**	**	**	**
		Streets	692,604	0.4752	0.4752	**	**	**	**	**	**
		Fire	692,604	0.1902	0.1902	**	**	**	**	**	**
		General Revenue	**	**	**	675,933	0.7500	0.7500 A	682,919	0.7500	0.7500
		Streets	**	**	**	675,933	0.4000	0.4000 A	682,919	0.4000	0.4000
		Fire	**	**	**	675,933	0.2000	0.2000 A	**	**	**
	City of Richmond	General Revenue	47,156,108	0.5881	0.5881	49,655,217	0.5926	0.5926	50,653,854	0.5926	0.5926
		Parks & Recreation	47,156,108	0.1470	0.1470	49,655,217	0.1481	0.1481	50,653,854	0.1481	0.1481
		Debt Service	47,156,108	0.6998	0.6998	49,655,217	0.4253	0.4253	50,653,854	0.1888	0.1888
	City of Wood Heights	General Revenue	6,489,623	0.3445	0.3445	6,709,290	0.3447	0.3447	6,920,100	0.3447	0.3447
		Debt Service	6,489,623	0.7305	0.7305	6,709,290	0.5267	0.5267	6,920,100	0.3092	0.3092
	City of Homestead Village	General Revenue	871,118	0.4859	0.4859 B	876,293	0.4871	0.4871	903,059	0.4871	0.4871
	City of Crystal Lakes	General Revenue	3,368,786	1.0000	1.0000 B	3,511,803	1.0000	1.0000	3,617,190	1.0000	1.0000
		Streets	**	**	**	3,511,803	0.3000	0.3000 A	3,617,190	0.3000	0.3000
		General Revenue-Roads	3,368,786	0.3857	0.0000	**	**	**	**	**	**

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Ray	City of Lawson	General Revenue	19,108,171	0.6477	0.4300	19,337,620	0.6477	0.4400	20,868,215	0.6348	0.4400
		Debt Service	19,108,171	0.8800	0.8800	19,337,620	0.9800	0.9800	20,868,215	0.9700	0.9700
	Ray County Free Library District	General Revenue	221,300,149	0.1035	0.1035	228,819,159	0.1043	0.1043	234,921,624	0.1043	0.1043
	Orrick Fire Protection District	General Revenue	23,167,219	0.2884	0.2884	23,398,936	0.2938	0.2938	23,746,558	0.2938	0.2938
	Wood Heights Fire Protection Dist	General Revenue	33,994,152	0.2602	0.2602	35,387,452	0.2602	0.2602	36,230,708	0.2602	0.2602
	Lawson Community Fire & Rescue Dist	General Revenue	58,837,419	0.2774	0.2774	61,470,238	0.2774	0.2774	65,958,907	0.2747	0.2747
		Ambulance	**	**	**	61,470,238	0.3000	0.3000	65,958,907	0.2971	0.2971
	Hardin Fire Protection District	General Revenue	13,751,365	0.1541	0.1541	14,301,938	0.1560	0.1560	14,096,061	0.1584	0.1584
	Stet Fire Protection District	Fire	9,742,385	0.1800	0.1800	9,659,334	0.1800	0.1800	9,990,789	0.1800	0.1800
	Stet R-XV School District	Operating Funds-Schools	6,159,214	5.5479	5.0282	6,184,834	5.4922	5.0325	6,196,123	5.5278	4.9778
	Lawson R-XIV School District	Operating Funds-Schools	48,963,543	3.2712	3.2712	51,029,769	3.2834	3.2834	54,916,506	3.2960	3.2960
		Debt Service	48,963,543	0.9500	0.9500	51,029,769	0.9500	0.9500	54,916,506	0.9500	0.9500
	Orrick R-XI School District	Operating Funds-Schools	17,222,587	3.8083	3.3000	17,889,852	3.8002	3.3000	18,454,470	3.8250	3.3000
		Debt Service	17,222,587	0.2000	0.2000	17,889,852	0.4500	0.4500	18,454,470	0.4500	0.4500
	Hardin-Central C-2 School District	Operating Funds-Schools	10,370,890	4.7864	4.1195	11,041,188	4.7913	4.1113	10,980,956	4.8203	4.8203
	Richmond R-XVI School District	Operating Funds-Schools	82,378,305	3.0119	2.9997	87,062,007	3.0136	3.0100	89,305,128	3.7507	3.2239
		Debt Service	82,378,305	0.6839	0.6839	87,062,007	0.6839	0.6839	89,305,128	0.4700	0.4700
	Ray County	General Revenue	221,300,149	0.3854	0.0000	228,819,159	0.3882	0.0000	234,921,624	0.3882	0.0000
		Health	221,300,149	0.0940	0.0940	228,819,159	0.0947	0.0947	234,921,624	0.0947	0.0947
		Hospital	221,300,149	0.1692	0.1692	228,819,159	0.1704	0.1704	234,921,624	0.1704	0.1704
		Mental Health	221,300,149	0.0941	0.0941	228,819,159	0.0948	0.0948	234,921,624	0.0948	0.0948
		Senate Bill 40	221,300,149	0.1692	0.1692	228,819,159	0.1704	0.1704	234,921,624	0.1704	0.1704
		Noxious Weed	221,300,149	0.0470	0.0000	228,819,159	0.0473	0.0473	234,921,624	0.0473	0.0000
Reynolds	Reynolds County Ambulance District	General Revenue	101,648,355	0.1398	0.1200	97,723,706	0.1462	0.1200	98,169,533	0.1465	0.1200
	City of Bunker	General Revenue	1,537,061	0.4649	0.4600	1,535,215	0.4690	0.4600	1,726,357	0.4650	0.4650
	City of Centerville	General Revenue	907,231	0.4895	0.3500	901,290	0.5006	0.3500	907,794	0.5036	0.3500
	Reynolds County Library District	General Revenue	100,142,585	0.1826	0.1200	96,144,491	0.1913	0.1200	96,655,453	0.1916	0.1200
	Garwood Fire Protection District	General Revenue	2,100,043	0.3000	0.3000	2,195,133	0.3000	0.3000	2,232,542	0.3000	0.3000
	Centerville R-I School District	Operating Funds-Schools	5,198,192	2.7500	2.7500	5,306,432	3.7500	3.7500	5,243,943	3.8207	3.7500
	Southern Reynolds Co R-II Sch Dist	Operating Funds-Schools	31,887,387	3.7000	3.0700	30,658,224	3.7000	3.0300	30,833,291	3.7000	3.0300
		Debt Service	31,887,387	0.4500	0.4500	30,658,224	0.4500	0.4500	30,833,291	0.6500	0.6500
	Bunker R-III School District	Operating Funds-Schools	32,002,137	3.2800	2.7500	29,531,345	3.2800	2.7500	29,542,064	3.2800	2.7500
	Lesterville R-IV School District	Operating Funds-Schools	23,601,679	3.4270	3.1600	23,493,962	3.5101	3.1600	23,713,691	3.5434	3.1600
	Reynolds County	General Revenue	100,142,585	0.3651	0.2850	96,144,491	0.3824	0.2500	96,655,453	0.3829	0.2200
		Road & Bridge	100,142,585	0.2685	0.1600	96,144,491	0.2812	0.1600	96,655,453	0.2816	0.1600
		Health	100,142,585	0.1000	0.1000	96,144,491	0.1000	0.1000	96,655,453	0.1000	0.1000
		Hospital	100,142,585	0.1500	0.1100	96,144,491	0.1500	0.1100	96,655,453	0.1500	0.1100
		Senate Bill 40	100,142,585	0.1000	0.1000	96,144,491	0.1000	0.1000	96,655,453	0.1000	0.1000
		Senior Services	100,142,585	0.0300	0.0300	96,144,491	0.0300	0.0300	96,655,453	0.0300	0.0300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Ripley	Ripley County Ambulance District	General Revenue	56,624,958	0.2966	0.1500	57,441,951	0.2982	0.1200	58,600,451	0.2995	0.1200
	Ripley County Memorial Hospital	General Revenue	68,173,049	0.2983	0.2983	68,970,666	0.2995	0.2995	70,517,346	0.3000	0.3000
	Fourche Creek Watershed Sub Dist	General Revenue	3,080,000	0.1561	0.1500	3,109,890	0.1561	0.1000	3,162,490	0.1561	0.1561
	Bennett Special Road Dist Ripley Co	Road & Bridge	352,395	0.1904	0.1700	356,757	0.1903	0.1700	348,503	0.1972	0.1700
	Current River Sp Rd Dist Ripley Co	Road & Bridge	487,927	0.2232	0.2232	508,761	0.2233	0.2233	539,774	0.2315	0.2315
	Doniphan Spec Rd Dist Ripley Co	Road & Bridge	32,344,266	0.2266	0.2266	32,988,699	0.2278	0.2278	33,588,659	0.2278	0.2278
		Special Road and Bridge	32,344,266	0.1478	0.1478	32,988,699	0.1486	0.1486	33,588,659	0.1500	0.1500 A
	Fairdealing Spec Rd Dist Ripley Co	Road & Bridge	3,361,587	0.2000	0.2000	3,375,394	0.2000	0.2000	3,496,116	0.2023	0.2023
	Flatwoods Spec Rd Dist Ripley Co	Road & Bridge	1,605,823	0.3499	0.3499	1,682,409	0.3499	0.3499	1,698,924	0.3500	0.3500
	Jordan Spec Rd Dist Ripley Co	Road & Bridge	6,742,674	0.1900	0.1900	6,648,286	0.1938	0.1938	6,661,566	0.1988	0.1988
	Little Black Spec Rd Dist Ripley Co	Road & Bridge	1,115,921	0.3500	0.3500	1,171,343	0.3500	0.3500	1,210,938	0.3500	0.3500
	Logan Creek Spec Rd Dist Ripley Co	Road & Bridge	3,090,693	0.2002	0.2002	3,101,934	0.2031	0.2031	3,291,903	0.2048	0.2048
	Mabrey Bay Spec Rd Dist Ripley Co	Road & Bridge	169,631	0.2157	0.2157	172,055	0.2157	0.2157	171,714	0.2161	0.2161
	Naylor Spec Rd Dist Ripley Co	Road & Bridge	5,134,615	0.2910	0.2910	5,056,738	0.2957	0.2957	5,214,335	0.2957	0.2957
		Special Road and Bridge	5,134,615	0.5000	0.5000 A	5,056,738	0.5000	0.5000	5,214,335	0.5000	0.5000
	Oxly Spec Rd Dist Ripley Co	Road & Bridge	2,144,925	0.3390	0.3390	2,173,673	0.3390	0.3390	2,201,181	0.3390	0.3390
	Pine Bardley Spec Rd Dist Ripley Co	Road & Bridge	2,171,725	0.1800	0.1800	2,165,996	0.1822	0.1822	2,265,927	0.1822	0.1822
	Ponder Gatewood Road Dist Ripley Co	Road & Bridge	4,364,597	0.1601	0.1601	4,475,393	0.1601	0.1601	4,616,382	0.1616	0.1601
		Road & Bridge-Temp	4,364,597	0.3399	0.3399 A	4,475,393	0.3399	0.3399	4,616,382	0.3399	0.3399
	Poynor Spec Rd Dist Ripley Co	Road & Bridge	1,645,641	0.1700	0.1700	1,620,026	0.1743	0.1743	1,664,994	0.1809	0.1809
	Pratt Spec Rd Dist Ripley Co	Road & Bridge	309,439	0.2298	0.2298	324,057	0.2298	0.2298	339,938	0.2334	0.2334
	Purman Spec Rd Dist Ripley Co	Road & Bridge	1,947,246	0.1600	0.1600	1,940,186	0.1617	0.1617	1,988,186	0.1642	0.1642
		Special Road and Bridge	1,947,246	0.3000	0.3000 A	1,940,186	0.3000	0.3000	1,988,186	0.3000	0.3000
	Running Water Sp Rd Dist Ripley Co	Road & Bridge	327,549	0.2100	0.1800	328,720	0.2104	0.1800	330,897	0.2139	0.1800
	Tucker Bay Spec Rd Dist Ripley Co	Road & Bridge	220,986	0.1701	0.1500	220,408	0.1706	0.1500	219,138	0.1716	0.1500
	Wolfe Creek Spec Rd Dist Ripley Co	Road & Bridge	635,412	0.2904	0.2904	659,830	0.2903	0.2903	668,271	0.2902	0.2902
	City of Doniphan	General Revenue	13,378,742	0.3986	0.3986	13,496,192	0.3994	0.3994	13,522,468	0.4003	0.4003
	City of Naylor	General Revenue	1,927,175	0.6710	0.6710	1,880,246	0.6877	0.6877	1,888,330	0.7022	0.7022
	Doniphan-Ripley County Library	General Revenue	68,173,049	0.1790	0.1790	68,970,666	0.1797	0.1797	70,517,346	0.1804	0.1804
		Debt Service	**	**	**	68,970,666	0.0300	0.0300	70,517,346	0.0300	0.0300
	Naylor R-II School District	Operating Funds-Schools	7,945,084	2.7500	2.7500 B	7,973,441	2.7500	2.7500 B	8,249,954	3.2500	3.2500 B
	Doniphan R-I School District	Operating Funds-Schools	47,686,707	2.7500	2.7500 B	48,600,375	2.7500	2.7500 B	50,066,515	2.7500	2.7500 B
	Ripley Co R-IV School District	Operating Funds-Schools	4,058,285	2.8347	2.7500	4,156,033	2.8155	2.7500	4,279,490	2.8457	2.7500
	Ripley Co R-III School District	Operating Funds-Schools	3,707,600	2.7500	2.7500 B	3,816,674	2.7500	2.7500 B	3,965,067	2.7500	2.7500 B
		Debt Service	3,707,600	0.1700	0.1700	3,816,674	0.1000	0.1000	3,965,067	0.1000	0.1000
	Ripley County	General Revenue	68,173,049	0.3082	0.3082	68,970,666	0.3095	0.3082	70,517,346	0.3107	0.3107
		Health	68,173,049	0.1491	0.1491	68,970,666	0.1497	0.1497	70,517,346	0.1500	0.1500
		Senate Bill 40	68,173,049	0.0994	0.0994	68,970,666	0.0998	0.0998	70,517,346	0.1000	0.1000
		Senior Services	68,173,049	0.0497	0.0497	68,970,666	0.0499	0.0499	70,517,346	0.0500	0.0500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Charles	St Charles County Ambulance Dist	General Revenue	4,262,901,800	0.1438	0.1438	4,487,464,689	0.1438	0.1438	5,089,802,765	0.1335	0.1335
		Debt Service	**	**	**	4,487,464,689	0.0200	0.0200	5,089,802,765	0.0200	0.0200
	Town of Augusta	General Revenue	4,456,387	0.2205	0.2200	4,294,599	0.2310	0.2310	4,835,714	0.2148	0.2148
		Lights	4,456,387	0.1103	0.1100	4,294,599	0.1155	0.1155	4,835,714	0.1074	0.1074
	City of Lake St Louis	General Revenue	152,731,660	0.8083	0.8083	162,968,797	0.8068	0.8068	189,060,934	0.7476	0.7476
		Debt Service	152,731,660	0.3994	0.3994	162,968,797	0.3994	0.3994	189,060,934	0.3994	0.3994
	City of O'Fallon	General Revenue	765,019,871	0.4135	0.4135	850,556,668	0.4066	0.4050	991,657,722	0.3770	0.3750
		Parks & Recreation	765,019,871	0.1504	0.1500	850,556,668	0.1479	0.1450	991,657,722	0.1371	0.1350
		Debt Service	765,019,871	0.3300	0.3300	850,556,668	0.3300	0.3300	991,657,722	0.3300	0.3300
	City of Portage Des Sioux	General Revenue	3,250,663	0.8218	0.8218	3,288,382	0.8218	0.8218	3,721,902	0.7673	0.7673
		Debt Service	**	**	**	3,288,382	0.2889	0.2889	3,721,902	0.3067	0.3067
	City of St Charles	General Revenue	811,478,252	0.5998	0.5998	838,322,646	0.6003	0.5998	938,588,024	0.5663	0.5650
		Parks & Recreation	811,478,252	0.2709	0.2709	838,322,646	0.2711	0.2709	938,588,024	0.2557	0.2550
		Debt Service	811,478,252	0.1000	0.1000	838,322,646	0.1000	0.1000	938,588,024	0.1500	0.1500
	City of St Peters	General Revenue	732,958,217	0.6418	0.6400	744,021,148	0.6434	0.6400	845,567,062	0.5905	0.5890
		Debt Service	732,958,217	0.2600	0.2600	744,021,148	0.2600	0.2600	845,567,062	0.2610	0.2610
	City of Wentzville	General Revenue	252,839,988	0.9935	0.9822	288,797,170	0.9901	0.9822	333,701,792	0.9425	0.9425
		Parks & Recreation	252,839,988	0.0894	0.0884	288,797,170	0.0891	0.0884	333,701,792	0.0848	0.0848
	City of St Paul	General Revenue	24,020,832	0.1998	0.1998	21,144,765	0.2389	0.2389	24,655,853	0.2148	0.2148
	Town of Weldon Springs Heights	General Revenue	1,791,278	0.3605	0.3605	1,760,325	0.5000	0.5000 B	1,903,038	0.4747	0.4747
	City of New Melle	General Revenue	**	**	**	**	**	**	8,102,285	0.2500	0.2500 A
	City of Cottleville	General Revenue	33,534,561	0.4100	0.4100	35,562,131	0.4100	0.4100	40,508,234	0.3757	0.3757
	Town of Dardenne Prairie	General Revenue	80,037,469	0.1653	0.1653	97,823,095	0.1570	0.1570	129,177,343	0.1385	0.1385
	St Charles City-County Library	General Revenue	4,262,901,800	0.2391	0.2387	4,487,464,689	0.2391	0.2387	5,089,802,765	0.2221	0.2221
	Cottleville Com Fire Prot District	General Revenue	707,933,322	0.5456	0.5456	738,064,434	0.5456	0.5456	836,899,034	0.5069	0.5069
		Pension	707,933,322	0.0957	0.0767	738,064,434	0.0957	0.0765	836,899,034	0.0889	0.0706
		Debt Service	**	**	**	738,064,434	0.1200	0.1200	836,899,034	0.0800	0.0800
	Lake St Louis Fire Prot District	General Revenue	163,724,308	0.4371	0.4371	170,093,684	0.4371	0.4371	188,606,975	0.4134	0.4134
		Pension	163,724,308	0.0285	0.0285	170,093,684	0.0285	0.0285	188,606,975	0.0270	0.0270
	O'Fallon Fire Protection District	General Revenue	766,609,879	0.6488	0.6488	829,249,751	0.6439	0.6439	965,795,029	0.5913	0.5913
		Pension	766,609,879	0.0470	0.0470	829,249,751	0.0466	0.0466	965,795,029	0.0428	0.0428
	Wentzville Fire Protection Dist 13	General Revenue	490,560,303	0.5440	0.5440 B	565,763,003	0.5370	0.5370	665,946,138	0.5017	0.5017
	Augusta Fire Protection District	General Revenue	29,153,446	0.2773	0.2773	29,640,529	0.2780	0.2780	32,860,447	0.2612	0.2612
	New Melle Fire Protection District	General Revenue	116,460,780	0.3297	0.3297	121,707,556	0.3297	0.3297	134,517,214	0.5625	0.5625 B
	Orchard Farm Fire Protection Dist	General Revenue	23,450,641	0.3000	0.3000	23,500,563	0.3000	0.3000	24,305,696	0.2988	0.2988
	Central County Fire and Rescue	General Revenue	1,119,655,411	0.5646	0.5646	1,133,661,601	0.5646	0.5646	1,264,854,807	0.5230	0.5230
		Pension	1,119,655,411	0.0487	0.0487	1,133,661,601	0.0487	0.0487	1,264,854,807	0.0451	0.0451
		Debt Service	1,119,655,411	0.0986	0.0986	1,133,661,601	0.0986	0.0986	1,264,854,807	0.0581	0.0581
	West Alton Fire Protection District	Fire	21,374,435	0.2901	0.2000	26,349,802	0.3000	0.2000	22,175,218	0.3000	0.2000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Charles	St. Charles Co. Community College	General Revenue	4,065,645,636	0.1673	0.1673	4,461,801,356	0.1635	0.1635	5,061,586,802	0.1518	0.1518
		Debt Service	4,065,645,636	0.0800	0.0800	4,461,801,356	0.0800	0.0800	5,061,586,802	0.0800	0.0800
	Fort Zumwalt R-II School District	Operating Funds-Schools	1,245,010,547	3.3534	3.3534	1,324,205,345	3.3538	3.3538	1,523,771,513	3.5538	3.5538 B
		Debt Service	1,245,010,547	0.9000	0.9000	1,324,205,345	0.9000	0.9000	1,523,771,513	0.7000	0.7000
	Francis Howell R-III School Dist	Operating Funds-Schools	1,413,001,482	3.7618	3.7618	1,452,763,743	3.7607	3.7607	1,645,958,172	3.7307	3.7307 B
		Debt Service	1,413,001,482	0.9313	0.9313	1,452,763,743	0.9313	0.9313	1,645,958,172	0.6713	0.6713
	Wentzville R-IV School District	Operating Funds-Schools	644,093,584	3.6583	3.6187	718,141,784	3.5946	3.5946	839,323,764	3.5315	3.5618 C
		Debt Service	644,093,584	0.6200	0.6200	718,141,784	0.6200	0.6200	839,323,764	0.6200	0.6200
	St Charles R-VI School District	Operating Funds-Schools	653,102,614	3.6086	3.6086	668,828,015	3.6199	3.6199	757,637,618	3.4052	3.4052
		Debt Service	653,102,614	0.6614	0.6614	668,828,015	0.6501	0.6501	757,637,618	1.1648	1.1648
	St Charles Co R-V School District	Operating Funds-Schools	150,276,757	3.7648	3.5240	161,713,281	3.7916	3.5769	168,700,397	3.6944	3.4502
		Debt Service	150,276,757	0.6760	0.6760	161,713,281	0.4698	0.4698	168,700,397	0.7121	0.7121
	St. Charles County	General Revenue	4,262,901,800	0.2582	0.0080	4,487,464,689	0.2582	0.0075	5,098,450,569	0.2398	0.0050
		Johnson Grass	4,262,901,800	0.0478	0.0000	4,487,464,689	0.0478	0.0000	5,098,450,569	0.0444	0.0000
		Road & Bridge	4,262,901,800	0.2487	0.2400	4,487,464,689	0.2487	0.2400	5,098,450,569	0.2309	0.2250
		Senate Bill 40	4,262,901,800	0.1530	0.1530	4,487,464,689	0.1530	0.1530	5,089,802,765	0.1422	0.1422
		Dispatch	4,262,901,800	0.0478	0.0477	4,487,464,689	0.0478	0.0475	5,098,450,569	0.0444	0.0444
		Debt Service	4,262,901,800	0.0013	0.0013	**	**	**	**	**	**
St. Clair	Ellett Memorial Hospital District	General Revenue	29,561,962	0.4850	0.4850	29,610,852	0.4930	0.4930	30,206,965	0.4930	0.4930
	Chloe Spec Rd Dist St Clair Co	Special Road and Bridge	1,975,806	0.2900	0.2900	1,860,225	0.2900	0.2900	1,927,500	0.2900	0.2900 A
	Collins Spec Rd Dist St Clair Co	Special Road and Bridge	4,962,293	0.2800	0.2800	5,129,594	0.2800	0.2800 A	5,277,989	0.2800	0.2800
	Hillsdale Spec Rd Dist St Clair Co	Special Road and Bridge	1,160,324	0.3500	0.3500 A	1,263,047	0.3500	0.3500	1,304,329	0.3500	0.3500
	Lowry City Sp Rd Dist St Clair Co	Special Road and Bridge	3,223,366	0.3200	0.3200	3,181,272	0.3200	0.3200	3,217,817	0.3200	0.3200 A
	Osceola Spec Rd Dist St Clair Co	Special Road and Bridge	11,662,690	0.3100	0.3100	11,507,010	0.3100	0.3100	12,096,670	0.3100	0.3100 A
	Vista Spec Rd Dist St Clair Co	Special Road and Bridge	2,571,243	0.5000	0.5000	2,576,139	0.5000	0.5000	2,601,331	0.5000	0.5000
		General Revenue	6,815,749	0.6108	0.6108	6,685,776	0.6300	0.6300	6,775,712	0.6326	0.6326
		Parks & Recreation	6,815,749	0.3448	0.3448	6,685,776	0.3557	0.3557	6,775,712	0.3571	0.3571
	City of Appleton City	Library	6,815,749	0.2168	0.2168	6,685,776	0.2236	0.2236	6,775,712	0.2245	0.2245
		Police & Fire	6,815,749	0.1871	0.1871	6,685,776	0.1930	0.1930	6,775,712	0.1938	0.1938
		General Revenue	3,237,306	0.5901	0.5901	3,185,412	0.6075	0.6075	3,223,551	0.6088	0.6088
	City of Lowry City	Lights	3,237,306	0.1831	0.1831	3,185,412	0.1885	0.1885	3,223,551	0.1889	0.1889
		Health	3,237,306	0.1526	0.0000	3,185,412	0.1571	0.0000	3,223,551	0.1574	0.0000
		General Revenue	4,576,318	0.6553	0.6500	4,362,349	0.6929	0.6900	4,446,082	0.6953	0.6900
	City of Osceola	Parks & Recreation	4,576,318	0.0993	0.0900	4,362,349	0.1000	0.1000	4,446,082	0.1000	0.1000
		General Revenue	539,333	0.3920	0.3600	545,811	0.4012	0.3600	529,954	0.4169	0.4169
	St Clair County Library	General Revenue	68,572,151	0.1913	0.1800	69,979,162	0.1934	0.1800	71,660,831	0.1934	0.1800
	Iconium Fire Protection District	General Revenue	7,214,568	0.0000	0.1500 D	7,462,879	0.3000	0.1500 B	7,787,994	0.3000	0.1500
	Appleton City R-II School District	Operating Funds-Schools	18,429,631	3.2262	3.2262	18,695,389	3.3030	3.3030	19,082,542	3.3297	3.3297
	Roscoe C-1 School District	Operating Funds-Schools	4,985,480	2.8848	2.8847	5,193,860	2.9614	2.9614	5,416,124	2.9843	2.9843

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Clair	Roscoe C-1 School District	Debt Service	4,985,480	0.4871	0.4871	5,193,860	0.3759	0.3759	5,416,124	0.4144	0.4144
	Lakeland R-III School District	Operating Funds-Schools	21,093,972	2.7500	2.7500 B	21,716,700	3.1500	3.1500 B	22,421,520	3.1469	3.1469
		Debt Service	21,093,972	0.8200	0.8200	21,716,700	0.4200	0.4200	22,421,520	0.6200	0.6200
	Osceola School District	Operating Funds-Schools	20,364,602	2.2138	2.2138	21,266,216	2.3173	2.3173	21,682,234	2.3674	2.3674
		Building-Temp.	20,364,602	0.9000	0.9000	21,266,216	0.9008	0.9008	21,682,234	0.9113	0.9113
	St. Clair County	General Revenue	75,387,900	0.4834	0.3158	76,664,938	0.4889	0.3298	78,436,544	0.4889	0.3276
		Road & Bridge	75,387,900	0.2820	0.2820	76,664,938	0.2852	0.2852	78,436,544	0.2852	0.2852
		Health	75,387,900	0.2100	0.2100	76,664,938	0.2100	0.2100	78,436,544	0.2100	0.2100
		Common Road District	39,284,315	0.3200	0.3200	40,836,458	0.3200	0.3200	41,587,720	0.3200	0.3200 A
St. Francois	Flat River Sp Rd #2 St Francois Co	Road & Bridge	23,433,033	0.2201	0.2201	23,765,200	0.2215	0.2215	23,902,424	0.2232	0.2232
	City of Bismarck	General Revenue	7,520,651	0.4975	0.4900	7,618,965	0.5007	0.4900	7,635,444	0.5069	0.4900
		Health	7,520,651	0.1566	0.1500	7,618,965	0.1576	0.1500	7,635,444	0.1595	0.1500
	City of Desloge	General Revenue	23,647,190	0.4758	0.4758	24,445,055	0.4758	0.4758	26,607,657	0.4648	0.4648
		Debt Service	23,647,190	0.1383	0.1383	24,445,055	0.2237	0.2237	26,607,657	0.1978	0.1978
	City of Farmington	General Revenue	118,055,181	0.4449	0.4200	122,150,947	0.4449	0.4200	127,482,165	0.4449	0.4200
		Debt Service	118,055,181	0.0600	0.0600	122,150,947	0.0600	0.0600	127,482,165	0.0600	0.0600
	City of Leadington	General Revenue	4,061,195	0.3910	0.2900	3,940,528	0.4051	0.2900	5,106,305	0.3487	0.2900
	City of Leadwood	General Revenue	4,254,177	0.7501	0.7501	4,196,009	0.7654	0.7654	3,950,880	0.8215	0.8215
		Debt Service	4,254,177	1.5499	1.5499	4,196,009	1.5080	1.5080	3,950,880	1.2357	1.2357
	City of Iron Mountain Lake	General Revenue	2,448,564	0.6895	0.6895	2,467,632	0.7027	0.7027	2,434,056	0.7212	0.7212
		Debt Service	**	**	**	2,467,632	0.9890	0.9890	2,434,056	2.0200	2.0200
	City of Park Hills	General Revenue	34,541,950	0.6662	0.6662	48,846,334	0.6731	0.6731	35,472,795	0.6840	0.6840
	Leadwood Fire Protection District	General Revenue	11,254,917	0.5165	0.5165	11,390,643	0.5228	0.5228	11,400,994	0.5375	0.5375
	Doe Run Fire Protection District	General Revenue	34,034,950	0.3012	0.3012	33,400,236	0.3155	0.3155	33,747,641	0.3188	0.3188
	Mineral Area College	General Revenue	558,129,561	0.3362	0.3362	573,718,088	0.3375	0.3373	602,602,617	0.3357	0.3357
		Debt Service	558,129,561	0.0836	0.0836	573,718,088	0.1300	0.1300	602,602,617	0.1300	0.1300
	Bismarck R-V School District	Operating Funds-Schools	17,683,408	3.4313	2.9000	18,755,761	3.4674	3.1000	19,252,082	3.4999	3.1000
		Debt Service	17,546,668	0.7500	0.7500	18,755,761	0.6500	0.6500	19,252,082	0.6500	0.6500
	Farmington R-VII School District	Operating Funds-Schools	199,744,876	2.9563	2.9563	207,333,104	2.9903	2.9903	217,335,472	3.0002	3.0002
		Debt Service	199,744,876	0.6200	0.6200	207,333,104	0.6200	0.6200	217,335,472	0.6200	0.6200
	North St. Francois Co R-I Sch Dist	Operating Funds-Schools	111,918,217	3.4049	2.8000	116,301,219	3.4819	3.0900	118,979,783	3.4927	3.0900
		Debt Service	111,918,217	0.6700	0.6700	116,301,219	0.6700	0.6700	118,979,783	0.6700	0.6700
	Central R-III School District	Operating Funds-Schools	63,083,720	3.3317	2.7717	65,010,797	3.3502	3.1000	67,202,884	3.3733	3.3000
		Debt Service	63,083,720	0.9176	0.9176	64,712,117	0.8583	0.8583	67,202,884	0.7583	0.7583
	West St Francois Co R-IV Sch Dist	Operating Funds-Schools	30,230,236	3.2376	3.0700	30,471,894	3.2036	3.1200	31,035,010	3.2661	3.1200
		Debt Service	30,230,236	0.9800	0.9800	30,471,894	0.9300	0.9300	31,035,010	0.9300	0.9300
	St. Francois County	General Revenue	462,888,970	0.3292	0.0000	475,473,255	0.3315	0.0000	487,510,827	0.3315	0.0000
		Road & Bridge	462,888,970	0.2378	0.2100	451,708,056	0.2493	0.2290	463,608,403	0.2493	0.2226
		Health	462,888,970	0.0915	0.0915	475,473,255	0.0921	0.0921	487,510,827	0.0921	0.0921

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

			2001			2002			2003			
County	Political Subdivision	Purpose	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	
St. Francois	St. Francois County	Ambulance	462,888,970	0.1372	0.1372	475,473,255	0.1381	0.1381	487,510,827	0.1381	0.1381	
		Developmentally Disabled	462,888,970	0.0915	0.0915	475,473,255	0.0921	0.0921	487,510,827	0.0921	0.0921	
Ste. Genevieve	City of Bloomsdale	General Revenue	5,035,798	0.3200	0.3200	5,142,571	0.3200	0.3200	5,164,730	0.3243	0.3243	
	City of St Mary	General Revenue	2,990,833	0.9278	0.9278	2,922,839	0.9502	0.9502	3,085,322	0.9297	0.9297	
	City of Ste Genevieve	General Revenue	43,860,032	0.5000	0.5000	44,342,072	0.5006	0.5000	45,892,736	0.4979	0.4979	
		Parks & Recreation	43,860,032	0.1300	0.1300	44,342,072	0.1301	0.1300	45,892,736	0.1294	0.1294	
		Band	43,860,032	0.0800	0.0700	44,342,072	0.0801	0.0700	45,892,736	0.0797	0.0797	
		Cemetery	43,860,032	0.0500	0.0400	44,342,072	0.0500	0.0400	45,892,736	0.0497	0.0497	
		Debt Service	43,860,032	0.0400	0.0400	44,342,072	0.0600	0.0600	45,892,736	0.0089	0.0089	
		Ste. Genevieve County Library	General Revenue	252,193,677	0.1000	0.1000	249,283,360	0.1000	0.1000	263,169,721	0.1000	0.1000
		Ste. Genevieve Co R-II School Dist	Operating Funds-Schools	199,989,353	2.9914	2.9405	201,543,949	3.0000	3.0675	213,871,107	3.0000	3.0667 c
			Debt Service	204,814,958	0.2600	0.2600	201,543,949	0.2600	0.2600	213,871,107	0.2600	0.2600
	Ste. Genevieve County	General Revenue	247,368,072	0.3700	0.1800	249,283,360	0.3726	0.2488	263,169,721	0.3726	0.2722	
		Road & Bridge	247,368,072	0.2800	0.2600	249,283,360	0.2819	0.2700	263,169,721	0.2819	0.2819	
		Health	252,193,677	0.1000	0.1000	249,283,360	0.1000	0.1000	263,169,721	0.1000	0.1000	
		Hospital	252,193,677	0.1616	0.1616	249,283,360	0.1712	0.1748	263,169,721	0.1712	0.1801 c	
		Ambulance	252,193,677	0.1313	0.1313	249,283,360	0.1410	0.1679	263,169,721	0.1410	0.1410	
		Mental Health	252,193,677	0.1000	0.1000	249,283,360	0.1000	0.1000	263,169,721	0.1000	0.1000	
		Senate Bill 40	252,193,677	0.1000	0.0700	249,283,360	0.1000	0.0700	263,169,721	0.1000	0.0700	
		Senior Services	252,193,677	0.0500	0.0400	249,283,360	0.0500	0.0300	263,169,721	0.0500	0.0300	
		City of Bella Villa	General Revenue	6,815,619	0.3001	0.0000	6,748	0.5500	0.0000	See Appendix VI		
		City of Bellefontaine Neighbors	General Revenue	79,486,764	0.2309	0.1500	78,828,592	0.2329	0.1500	See Appendix VI		
Village of Bellerive Acres	General Revenue	3,675,221	0.6641	0.6640	3,638,849	0.6707	0.6700	See Appendix VI				
Village of Bel Nor	General Revenue	16,181,572	0.2918	0.2910	16,101,360	0.2933	0.2930	See Appendix VI				
	Debt Service	16,181,572	0.5000	0.5000	16,101,360	0.5000	0.5000	See Appendix VI				
Village of Bel Ridge	General Revenue	14,729,071	0.3308	0.3300	14,731,111	0.3308	0.3300	See Appendix VI				
City of Berkeley	General Revenue	180,030,783	0.7833	0.7100	185,147,106	0.7860	0.7860	See Appendix VI				
	Pension	180,030,783	0.1077	0.0900	185,147,106	0.1081	0.1080	See Appendix VI				
	Debt Service	180,030,783	0.2150	0.2150	185,147,106	0.2090	0.2090	See Appendix VI				
	City of Beverly Hills	General Revenue	3,957,462	0.2282	0.2280	0	0.0000	0.2280 d	See Appendix VI			
City of Breckenridge Hills	General Revenue	24,270,195	0.2906	0.2000	24,105,765	0.2927	0.2000	See Appendix VI				
City of Brentwood	General Revenue	208,515,515	0.2003	0.1800	208,408,464	0.2070	0.0000	See Appendix VI				
	Library	208,515,515	0.1730	0.1700	208,408,464	0.1788	0.1780	See Appendix VI				
	Pension	208,515,515	0.2276	0.2270	208,408,464	0.2353	0.2350	See Appendix VI				
	Debt Service	208,515,515	0.0300	0.0300	208,408,464	0.0000	0.0000	See Appendix VI				
	City of Bridgeton	General Revenue	361,257,649	0.2191	0.1600	336,282,215	0.2387	0.1600	See Appendix VI			
	Village of Calverton Park	General Revenue	9,340,235	0.2981	0.2000	9,354,714	0.2982	0.2000	See Appendix VI			
City of Charlack	General Revenue	8,459,209	0.2574	0.2300	8,496,939	0.2574	0.2570	See Appendix VI				
City of Clarkson Valley	General Revenue	87,915,479	0.1361	0.1360	86,272,159	0.1394	0.1390	See Appendix VI				

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			Assessed Value	Ceiling	Levied
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied			
St. Louis	City of Clayton	General Revenue	670,488,561	0.6720	0.5700	669,446,959	0.6875	0.5800	See Appendix VI		
		Debt Service	670,488,561	0.0740	0.0740	669,446,959	0.0760	0.0760	See Appendix VI		
	City of Cool Valley	General Revenue	13,127,815	0.1513	0.1510	12,023,994	0.1652	0.1650	See Appendix VI		
	City of Country Club Hills	General Revenue	6,560,077	0.6670	0.6670	6,405,725	0.6831	0.6830	See Appendix VI		
		Parks & Recreation	6,560,077	0.3049	0.3040	6,405,725	0.3123	0.3120	See Appendix VI		
		Health	6,560,077	0.1715	0.1710	6,405,725	0.1756	0.1750	See Appendix VI		
	Village of Country Life Acres	General Revenue	5,538,325	0.4075	0.4070	5,416,084	0.4167	0.4160	See Appendix VI		
	City of Crestwood	General Revenue	235,452,064	0.2693	0.2500	237,716,595	0.2698	0.2500	See Appendix VI		
	City of Creve Coeur	General Revenue	584,165,841	0.0899	0.0700	582,451,229	0.0916	0.0700	See Appendix VI		
	City of Crystal Lake Park	General Revenue	12,458,935	0.7734	0.7690	12,431,346	0.7764	0.7700	See Appendix VI		
	City of Dellwood	General Revenue	37,865,115	0.2196	0.1700	37,454,594	0.2221	0.2200	See Appendix VI		
	City of Des Peres	General Revenue	213,940,002	0.2401	0.0000	221,343,320	0.2403	0.0000	See Appendix VI		
		Debt Service	213,940,002	0.0000	0.0000	221,343,320	0.0000	0.0000	See Appendix VI		
	City of Edmundson	General Revenue	23,758,611	0.3421	0.1900	24,978,616	0.3422	0.3400	See Appendix VI		
	City of Ellisville	General Revenue	195,711,167	0.4104	0.1500	200,084,512	0.4104	0.1500	See Appendix VI		
	City of Eureka	General Revenue	143,487,068	0.4853	0.3900	149,674,710	0.4908	0.3900	See Appendix VI		
	City of Ferguson	General Revenue	177,724,424	0.4419	0.4410	177,808,204	0.4419	0.4410	See Appendix VI		
		Parks & Recreation	177,724,424	0.1877	0.1870	177,808,204	0.1877	0.1870	See Appendix VI		
	City of Flordell Hills	General Revenue	3,124,896	0.5723	0.4900	3,287,351	0.5527	0.5500	See Appendix VI		
	City of Florissant	General Revenue	445,966,027	0.1180	0.0000	445,926,500	0.1188	0.0000	See Appendix VI		
	City of Frontenac	General Revenue	169,390,038	0.5454	0.5400	168,480,871	0.5524	0.5400	See Appendix VI		
	City of Glendale	General Revenue	112,799,303	0.5091	0.4490	111,885,967	0.5144	0.5140	See Appendix VI		
		Pension	112,799,303	0.0982	0.0600	111,885,967	0.0992	0.0600	See Appendix VI		
	Town of Grantwood Village	General Revenue	19,874,887	0.2449	0.2440	19,648,000	0.2471	0.2460	See Appendix VI		
	City of Greendale	General Revenue	4,420,595	0.6000	0.6000	4,405,823	0.6000	0.6000	See Appendix VI		
	Village of Hanley Hills	General Revenue	10,549,875	0.3676	0.3300	10,960,571	0.3690	0.3600	See Appendix VI		
	City of Hazelwood	General Revenue	457,085,532	0.4002	0.3100	449,489,628	0.4146	0.4100	See Appendix VI		
	Village of Hillsdale	General Revenue	7,102,373	0.5000	0.5000	7,650,067	0.5000	0.5000	See Appendix VI		
	City of Huntleigh	General Revenue	27,076,585	0.3223	0.0800	26,887,748	0.3253	0.1000	See Appendix VI		
	City of Jennings	General Revenue	80,071,454	1.0000	1.0000	79,004,353	1.0000	1.0000	See Appendix VI		
Pension		80,071,454	0.1850	0.1800	79,004,353	0.1850	0.1800	See Appendix VI			
City of Kinloch	General Revenue	3,273,783	1.0000	0.7000	3,105,289	1.0000	0.7000	See Appendix VI			
City of Kirkwood	Parks & Recreation	484,475,273	0.1865	0.1300	500,561,245	0.1877	0.1300	See Appendix VI			
	Library	478,137,324	0.2232	0.2230	481,550,356	0.2232	0.2230	See Appendix VI			
	Pension	484,475,273	0.1678	0.1670	500,561,245	0.1689	0.1680	See Appendix VI			
	Debt Service	484,475,273	0.2970	0.2970	500,561,245	0.2870	0.2870	See Appendix VI			
City of Ladue	General Revenue	496,659,346	0.4496	0.4490	495,199,803	0.4560	0.4520	See Appendix VI			
City of Lakeshire	General Revenue	10,911,295	0.0925	0.0900	10,787,021	0.0936	0.0900	See Appendix VI			
Village of Mackenzie	General Revenue	1,411,291	0.1821	0.1800	1,392,750	0.1845	0.1800	See Appendix VI			

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			Assessed Value	Ceiling	Levied
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied			
St. Louis	City of Manchester	General Revenue	252,762,259	0.3781	0.0500	259,573,397	0.3784	0.0500	See Appendix VI		
	City of Maplewood	General Revenue	93,132,030	0.5272	0.5270	91,532,370	0.5380	0.5380	See Appendix VI		
		Pension	93,132,030	0.2281	0.2280	91,532,370	0.2328	0.2320	See Appendix VI		
		Capital Projects-Temp	93,132,030	0.2493	0.1600	91,532,370	0.2544	0.2540	See Appendix VI		
	Village of Marlborough	General Revenue	21,488,560	0.1053	0.1100 D	20,746,153	0.1091	0.1000	See Appendix VI		
	City of Normandy	General Revenue	27,587,979	0.3961	0.3900	27,020,806	0.4000	0.3900	See Appendix VI		
	City of Northwoods	General Revenue	24,700,596	0.4010	0.3600	24,314,020	0.4074	0.3600	See Appendix VI		
	Village of Norwood Court	General Revenue	4,376,624	0.2987	0.0000	4,335,531	0.3017	0.0000	See Appendix VI		
	City of Oakland	General Revenue	20,547,469	0.2402	0.2400	20,609,473	0.2404	0.2400	See Appendix VI		
	City of Olivette	General Revenue	170,515,557	0.4481	0.4480	174,682,450	0.7517	0.7490	See Appendix VI		
		Parks & Recreation	170,515,557	0.1006	0.1000	**	**	**	See Appendix VI		
		Health	170,515,557	0.1006	0.1000	**	**	**	See Appendix VI		
		Pension	170,515,557	0.1555	0.1550	174,682,450	0.1558	0.1550	See Appendix VI		
		Storm Water	170,515,557	0.1006	0.1000	**	**	**	See Appendix VI		
	City of Overland	General Revenue	189,440,685	0.0955	0.0600	191,340,030	0.0963	0.0950	See Appendix VI		
		Pension	189,440,685	0.1433	0.1430	191,340,030	0.1444	0.1430	See Appendix VI		
	City of Pagedale	General Revenue	26,846,079	0.2636	0.2630	27,819,707	0.2678	0.2670	See Appendix VI		
	City of Pasadena Hills	General Revenue	10,930,597	0.2968	0.2960	10,935,938	0.2968	0.2900	See Appendix VI		
	Village of Pasadena Park	General Revenue	4,025,995	0.3017	0.3010	4,034,065	0.3017	0.3010	See Appendix VI		
	City of Pine Lawn	General Revenue	15,230,208	0.2577	0.2570	14,927,061	0.2629	0.2620	See Appendix VI		
	City of Richmond Heights	General Revenue	254,337,375	0.5984	0.2900	252,788,820	0.6025	0.2900	See Appendix VI		
		Library	254,337,375	0.2057	0.2100 D	252,788,820	0.2071	0.2010	See Appendix VI		
		Pension	254,337,375	0.3460	0.3200	252,788,820	0.3484	0.3200	See Appendix VI		
	Village of Riverview	General Revenue	16,222,356	0.2899	0.2890	16,035,594	0.2933	0.2890	See Appendix VI		
	City of Rock Hill	General Revenue	66,541,984	0.3219	0.3190	66,400,408	0.3237	0.3230	See Appendix VI		
		Library	67,654,555	0.3231	0.3220	66,555,658	0.3296	0.3290	See Appendix VI		
		Debt Service	**	**	**	66,400,408	0.3500	0.3500	See Appendix VI		
	City of St Ann	General Revenue	110,141,737	0.1692	0.1600	137,351,867	0.1711	0.1600	See Appendix VI		
	City of St George	General Revenue	11,364,101	0.1370	0.1200	11,199,128	0.1390	0.1390	See Appendix VI		
	City of St John	General Revenue	50,268,574	0.3833	0.3830	50,133,291	0.3844	0.3840	See Appendix VI		
	City of Shrewsbury	General Revenue	98,111,426	0.4269	0.3000	97,868,477	0.4298	0.3500	See Appendix VI		
		Debt Service	98,111,426	0.7000	0.7000	97,868,477	0.6500	0.6500	See Appendix VI		
	City of Sunset Hills	General Revenue	276,595,193	0.0839	0.0600	274,022,416	0.0852	0.0600	See Appendix VI		
	Village of Sycamore Hills	General Revenue	4,941,401	0.2520	0.2500	4,897,093	0.2544	0.2500	See Appendix VI		
		Health	4,941,401	0.1171	0.1000	4,897,093	0.1182	0.1000	See Appendix VI		
	City of Town and Country	General Revenue	603,043,732	0.5441	0.0000	610,707,613	0.5457	0.0000	See Appendix VI		
		Dispatch	603,043,732	0.0289	0.0000	610,707,613	0.0290	0.0000	See Appendix VI		
	Village of Twin Oaks	General Revenue	7,560,155	0.3993	0.0000	7,548,537	0.3999	0.0000	See Appendix VI		
	City of University City	General Revenue	437,580,238	0.6637	0.6600	434,590,177	0.6711	0.6710	See Appendix VI		

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			Assessed Value	Ceiling	Levied
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied			
St. Louis	City of University City	Library	437,580,238	0.2893	0.2890	434,590,177	0.2925	0.2920	See Appendix VI		
		Pension	437,580,238	0.1872	0.0000	434,590,177	0.1893	0.0000	See Appendix VI		
	Village of Uplands Park	General Revenue	2,258,079	0.3902	0.3200	2,255,026	0.3907	0.3200	See Appendix VI		
	City of Valley Park	General Revenue	72,447,533	0.6578	0.5800	71,480,532	0.6690	0.5700	See Appendix VI		
	City of Velda City	General Revenue	6,089,748	0.3683	0.3400	5,964,883	0.3760	0.3400	See Appendix VI		
		Debt Service	6,089,748	0.6900	0.6900	5,964,883	0.6900	0.6900	See Appendix VI		
	Village of Velda Village Hills	General Revenue	5,127,786	0.3605	0.3600	5,062,453	0.3652	0.3600	See Appendix VI		
	City of Vinita Park	General Revenue	40,423,342	0.2166	0.2150	40,687,652	0.2238	0.2230	See Appendix VI		
	Village of Vinita Terrace	General Revenue	1,900,228	0.0479	0.0370	2,241,433	0.0413	0.0410	See Appendix VI		
		Health	1,900,228	0.1535	0.1190	2,241,433	0.1322	0.1320	See Appendix VI		
	City of Warson Woods	General Revenue	49,875,950	0.4369	0.0000	49,179,706	0.4465	0.0000	See Appendix VI		
		Debt Service	49,875,950	0.4400	0.4400	49,179,706	0.4290	0.4290	See Appendix VI		
	City of Webster Groves	General Revenue	374,289,378	0.2766	0.2700	372,774,581	0.2787	0.2780	See Appendix VI		
		Library	374,289,378	0.1776	0.1700	372,774,581	0.1789	0.1780	See Appendix VI		
		Streets	374,289,378	0.1784	0.1700	372,774,581	0.1797	0.1790	See Appendix VI		
		Pension	374,289,378	0.1427	0.1300	372,774,581	0.1438	0.1430	See Appendix VI		
		Debt Service	374,289,378	0.7000	0.7000	372,774,581	0.6590	0.6590	See Appendix VI		
		City of Wellston	General Revenue	15,218,024	0.6000	0.6000	14,508,220	0.6000	0.6000	See Appendix VI	
	Village of Westwood	General Revenue	11,929,535	0.0717	0.0700	12,311,665	0.0707	0.0700	See Appendix VI		
	City of Winchester	General Revenue	15,835,970	0.2198	0.2180	15,944,429	0.2228	0.2220	See Appendix VI		
	City of Woodson Terrace	General Revenue	55,049,327	0.2300	0.2200	56,871,981	0.2318	0.2200	See Appendix VI		
	City of Chesterfield	Debt Service	1,235,443,696	0.0600	0.0600	1,237,598,782	0.0600	0.0600	See Appendix VI		
	Ferguson Municipal Pub Library Dist	General Revenue	178,577,994	0.2162	0.2160	178,359,774	0.2165	0.2160	See Appendix VI		
	Maplewood Public Library	General Revenue	98,255,670	0.2348	0.2340	95,710,710	0.2417	0.2410	See Appendix VI		
	St Louis County Library	General Revenue	15,848,228,958	0.1729	0.1400	15,838,511,376	0.1763	0.1400	See Appendix VI		
	Valley Park Community Library	General Revenue	42,980,701	0.1577	0.1570	41,851,620	0.1624	0.1620	See Appendix VI		
	Affton Fire Protection District	General Revenue	380,507,475	0.6061	0.6060	401,009,922	0.7949	0.7930 ^B	See Appendix VI		
		Ambulance	380,507,475	0.1889	0.1880	401,009,922	0.1823	0.1810	See Appendix VI		
		Pension	380,507,475	0.0661	0.0660	401,009,922	0.0638	0.0630	See Appendix VI		
		Dispatch	380,507,475	0.0283	0.0280	401,009,922	0.0273	0.0270	See Appendix VI		
Metro West Fire Protection District		General Revenue	1,269,100,580	0.5546	0.5540	1,286,952,001	0.5576	0.5570	See Appendix VI		
	Ambulance	1,269,100,580	0.2860	0.2860	1,286,952,001	0.2875	0.2870	See Appendix VI			
	Pension	1,269,100,580	0.1049	0.1040	1,286,952,001	0.1055	0.1050	See Appendix VI			
	Dispatch	1,269,100,580	0.0286	0.0280	1,286,952,001	0.0488	0.0480 ^B	See Appendix VI			
	Black Jack Fire Protection District	General Revenue	466,380,254	0.7446	0.7440	470,692,856	0.7446	0.7440	See Appendix VI		
	Pension	466,380,254	0.0993	0.0990	470,692,856	0.0993	0.0990	See Appendix VI			
	NCCFA System	466,380,254	0.0496	0.0400	470,692,856	0.0496	0.0400	See Appendix VI			
	Debt Service	**	**	**	470,692,856	0.2250	0.2250	See Appendix VI			
Chesterfield Fire Prot District	General Revenue	1,503,693,223	0.5172	0.5170	1,531,084,795	0.5174	0.5170	See Appendix VI			

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			Assessed Value	Ceiling	Levied
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied			
St. Louis	Chesterfield Fire Prot District	Ambulance	1,503,693,223	0.3160	0.3160	1,531,084,795	0.3161	0.3160	See Appendix VI		
		Pension	1,503,693,223	0.0958	0.0950	1,531,084,795	0.0958	0.0950	See Appendix VI		
		Dispatch	1,503,693,223	0.0487	0.0400 B	1,531,084,795	0.0487	0.0380	See Appendix VI		
		Debt Service	1,503,693,223	0.0270	0.0270	1,531,084,795	0.0130	0.0130	See Appendix VI		
	Community Fire Protection District	General Revenue	489,105,553	0.9618	0.9610	476,867,214	0.9930	0.9920	See Appendix VI		
		Ambulance	489,105,553	0.2404	0.2400	476,867,214	0.2482	0.2480	See Appendix VI		
		Pension	489,105,553	0.0962	0.0960	476,867,214	0.0993	0.0990	See Appendix VI		
		Dispatch	489,105,553	0.0289	0.0280	476,867,214	0.0298	0.0290	See Appendix VI		
		Debt Service	**	**	**	476,867,214	0.2500	0.2500	See Appendix VI		
	Creve Coeur Fire Protection Dist	General Revenue	1,093,955,886	0.5836	0.5830	1,080,577,381	0.5952	0.5950	See Appendix VI		
		Ambulance	1,093,955,886	0.2071	0.2070	1,080,577,381	0.2112	0.2110	See Appendix VI		
		Pension	1,093,955,886	0.1411	0.1410	1,080,577,381	0.1439	0.1430	See Appendix VI		
		Dispatch	1,093,955,886	0.0470	0.0470	1,080,577,381	0.0479	0.0470	See Appendix VI		
	Eureka Fire Protection District	General Revenue	229,674,521	0.7152	0.7150	236,484,232	0.7162	0.7160	See Appendix VI		
		Ambulance	229,674,521	0.2881	0.2880	236,484,232	0.2885	0.2880	See Appendix VI		
		Pension	229,674,521	0.0961	0.0960	236,484,232	0.0962	0.0960	See Appendix VI		
		Dispatch	229,674,521	0.0288	0.0280	236,484,232	0.0288	0.0280	See Appendix VI		
		Debt Service	229,674,521	0.1500	0.1500	236,484,232	0.1500	0.1500	See Appendix VI		
	Fenton Fire Protection District	General Revenue	860,186,918	0.4316	0.3800	883,740,052	0.4365	0.3800	See Appendix VI		
		Ambulance	860,186,918	0.3000	0.2300	883,740,052	0.3000	0.2300	See Appendix VI		
		Pension	860,186,918	0.1000	0.1000	883,740,052	0.1000	0.1000	See Appendix VI		
		Dispatch	860,186,918	0.0500	0.0300	883,740,052	0.0500	0.0300	See Appendix VI		
	Florissant Valley Fire Prot Dist	General Revenue	674,709,666	0.6900	0.6900 B	675,233,378	0.6926	0.6920	See Appendix VI		
		Ambulance	674,709,666	0.1484	0.1480	675,233,378	0.1490	0.1480	See Appendix VI		
		Pension	674,709,666	0.0989	0.0980	675,233,378	0.0993	0.0990	See Appendix VI		
		Dispatch	674,709,666	0.0495	0.0300	675,233,378	0.0497	0.0400	See Appendix VI		
		Debt Service	**	**	**	675,233,378	0.1700	0.1700	See Appendix VI		
	Kinloch Fire Protection District	General Revenue	3,440,033	0.9000	0.8600 B	3,184,987	0.9000	0.9000	See Appendix VI		
		Dispatch	3,440,033	0.0261	0.0400 D	3,184,987	0.0282	0.0000	See Appendix VI		
	Lemay Fire Protection District	General Revenue	145,285,165	0.9630	0.9600	145,358,375	0.9642	0.9600	See Appendix VI		
Ambulance		145,285,165	0.2237	0.2200	145,358,375	0.2240	0.2200	See Appendix VI			
Pension		145,285,165	0.0973	0.1000 D	145,358,375	0.0974	0.0900	See Appendix VI			
Central Alarm Fund		145,285,165	0.0486	0.0300	145,358,375	0.0487	0.0400	See Appendix VI			
Debt Service		145,285,165	0.0900	0.0900	145,358,375	0.0900	0.0900	See Appendix VI			
West County EMS & Fire Prot Dist	General Revenue	560,524,663	0.4551	0.4460	557,884,307	0.4588	0.4580	See Appendix VI			
	Ambulance	560,524,663	0.1935	0.1890	557,884,307	0.1951	0.1950	See Appendix VI			
	Pension	560,524,663	0.0967	0.0700	557,884,307	0.0975	0.0800	See Appendix VI			
	Dispatch	560,524,663	0.0490	0.0400 B	557,884,307	0.0494	0.0490	See Appendix VI			
	Debt Service	560,524,663	0.1800	0.1800	557,884,307	0.1800	0.1800	See Appendix VI			

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			Assessed Value	Ceiling	Levied	
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied				
St. Louis	Maryland Heights Fire Prot Dist	General Revenue	565,731,143	0.7807	0.7800	548,608,654	0.8000	0.8000			See Appendix VI	
		Ambulance	565,731,143	0.1079	0.1070	548,608,654	0.1121	0.1120			See Appendix VI	
		Pension	565,731,143	0.1269	0.1260	548,608,654	0.1300	0.1300			See Appendix VI	
		Dispatch	565,731,143	0.0488	0.0480	548,608,654	0.0500	0.0500			See Appendix VI	
		Debt Service	565,731,143	0.0080	0.0080	**	**	**			See Appendix VI	
	Mehlville Fire Protection District	General Revenue	1,718,814,882	0.5650	0.5650	1,738,865,598	0.5652	0.5650			See Appendix VI	
		Ambulance	1,718,814,882	0.2203	0.2200	1,738,865,598	0.2203	0.2200			See Appendix VI	
		Pension	1,718,814,882	0.0958	0.0950	1,738,865,598	0.0958	0.0950			See Appendix VI	
		Alarm Fund	1,718,814,882	0.0479	0.0400	1,738,865,598	0.0479	0.0400			See Appendix VI	
	Moline Fire Protection District	General Revenue	112,698,637	1.1991	1.1990	111,911,430	1.2079	1.2080	D		See Appendix VI	
		Pension	112,698,637	0.1439	0.1430	111,911,430	0.1450	0.1450			See Appendix VI	
		Dispatch	112,698,637	0.0288	0.0280	111,911,430	0.0290	0.0290			See Appendix VI	
		Debt Service	112,698,637	0.0600	0.0600	111,911,430	0.0520	0.0520			See Appendix VI	
	Normandy Fire Protection District	General Revenue	166,152,684	1.0000	1.0000	165,318,666	1.5078	1.5000	B		See Appendix VI	
		Ambulance	166,152,684	0.3000	0.3000	165,318,666	0.3000	0.3000			See Appendix VI	
		Pension	166,152,684	0.1000	0.1000	165,318,666	0.1000	0.1000			See Appendix VI	
		Dispatch	166,152,684	0.0500	0.0400	165,318,666	0.0500	0.0400			See Appendix VI	
		Debt Service	166,152,684	0.0400	0.0400	165,318,666	0.0800	0.0800			See Appendix VI	
		Pattonville-Bridgeton Terr Fire Dis	General Revenue	677,010,051	0.7106	0.7100	670,256,615	0.9834	0.9830	B		See Appendix VI
			Ambulance	677,010,051	0.2369	0.2360	670,256,615	0.2445	0.2440			See Appendix VI
			Pension	677,010,051	0.1455	0.1450	670,256,615	0.1500	0.1500			See Appendix VI
	Dispatch		677,010,051	0.0485	0.0400	670,256,615	0.0500	0.0400			See Appendix VI	
		Debt Service	677,010,051	0.0370	0.0370	670,256,615	0.0370	0.0370			See Appendix VI	
		Riverview Fire Protection District	General Revenue	130,542,349	1.2044	1.2040	129,831,013	1.4612	1.4600	B		See Appendix VI
			Pension	130,542,349	0.1060	0.1060	129,831,013	0.2500	0.2500	B		See Appendix VI
			Dispatch	130,542,349	0.0482	0.0400	129,831,013	0.0485	0.0400			See Appendix VI
	Debt Service		130,542,349	0.1500	0.1500	129,831,013	0.1500	0.1500			See Appendix VI	
	Robertson Fire Protection District	General Revenue	329,060,308	0.7784	0.7780	304,887,912	0.8580	0.8570			See Appendix VI	
		Ambulance	329,060,308	0.5422	0.3900	304,887,912	0.5500	0.4220			See Appendix VI	
		Pension	329,060,308	0.1972	0.1970	304,887,912	0.2000	0.2000			See Appendix VI	
Dispatch		329,060,308	0.0493	0.0400	304,887,912	0.0500	0.0400			See Appendix VI		
	Debt Service	329,060,308	0.1500	0.1500	304,887,912	0.1000	0.1000			See Appendix VI		
	Spanish Lake Fire Protection Dist	General Revenue	154,616,651	1.2180	1.2180	155,053,053	1.2200	1.2200			See Appendix VI	
		Pension	154,616,651	0.1462	0.1460	155,053,053	0.1464	0.1460			See Appendix VI	
		Dispatch	154,616,651	0.0487	0.0390	155,053,053	0.0488	0.0480			See Appendix VI	
Debt Service		154,616,651	0.1950	0.1950	155,053,053	0.2670	0.2670			See Appendix VI		
Valley Park Fire Protection Dist	General Revenue	180,834,597	0.6426	0.6400	179,302,212	0.6535	0.6400			See Appendix VI		
	Ambulance	180,834,597	0.2937	0.2900	179,302,212	0.2987	0.2900			See Appendix VI		
	Pension	180,834,597	0.0979	0.0979	179,302,212	0.0996	0.0991			See Appendix VI		

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			Assessed Value	Ceiling	Levied
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied			
St. Louis	Valley Park Fire Protection Dist	Dispatch	180,834,597	0.0294	0.0294	179,302,212	0.0299	0.0299	See Appendix VI		
		Debt Service	180,834,597	0.0387	0.0387	179,302,212	0.0400	0.0400	See Appendix VI		
	Mid-County Fire Protection District	General Revenue	124,925,450	1.3500	1.3500	122,761,798	1.3500	1.3500	See Appendix VI		
		Ambulance	124,925,450	0.1500	0.1500	122,761,798	0.1500	0.1500	See Appendix VI		
		Pension	124,925,450	0.1000	0.1000	122,761,798	0.1000	0.1000	See Appendix VI		
		Dispatch	124,925,450	0.0300	0.0300	122,761,798	0.0300	0.0300	See Appendix VI		
		Debt Service	**	**	**	122,761,798	0.4200	0.4200	See Appendix VI		
	West Overland Fire Protection Dist	General Revenue	166,122,054	0.7081	0.7040	164,965,134	0.7100	0.7100	See Appendix VI		
		Ambulance	166,122,054	0.2500	0.2500	164,965,134	0.2500	0.2500	See Appendix VI		
		Pension	166,122,054	0.1500	0.1500	164,965,134	0.1500	0.1500	See Appendix VI		
		Dispatch	166,122,054	0.0500	0.0500	164,965,134	0.0500	0.0500	See Appendix VI		
	Metropolitan Sewer Dist St Louis Co	General Revenue -Gen. Adm	20,803,652,828	0.0191	0.0190	20,811,206,404	0.0193	0.0190	See Appendix VI		
		General Revenue -Storm	12,278,689,675	0.0668	0.0500	12,287,474,332	0.0674	0.0500	See Appendix VI		
	Black Creek - St. Louis County	General Revenue	1,170,940,623	0.0907	0.0600	1,150,001,966	0.0940	0.0600	See Appendix VI		
	Black Jack-Dellwood - St. Louis Co.	General Revenue	218,328,960	0.0963	0.0600	215,040,597	0.0980	0.0600	See Appendix VI		
	Clayton Central - St. Louis County	General Revenue	322,671,035	0.0835	0.0600	311,361,682	0.0894	0.0600	See Appendix VI		
	Coldwater Creek - St. Louis County	General Revenue	1,868,391,212	0.1000	0.0700	1,876,779,111	0.1000	0.0700	See Appendix VI		
	Creve Coeur-Frontenac St. Louis Co	General Revenue	459,832,901	0.0743	0.0500	455,200,134	0.0756	0.0500	See Appendix VI		
	Deer Creek - St. Louis County	General Revenue	3,013,699,581	0.0910	0.0600	2,981,121,731	0.0930	0.0600	See Appendix VI		
	Fountain Creek - St. Louis County	General Revenue	111,227,041	0.1394	0.1000	111,533,508	0.1398	0.1000	See Appendix VI		
	Gravois Creek - St. Louis County	General Revenue	1,294,300,304	0.0850	0.0600	1,300,087,578	0.0856	0.0600	See Appendix VI		
	Loretta-Joplin - St. Louis County	General Revenue	20,470,935	0.0901	0.0600	20,435,647	0.0903	0.0600	See Appendix VI		
	Maline Creek - St. Louis County	General Revenue	571,156,188	0.0983	0.0700	567,173,150	0.0997	0.0700	See Appendix VI		
	Marlborough - St. Louis County	General Revenue	51,550,056	0.0570	0.0400	51,147,609	0.0575	0.0400	See Appendix VI		
	Meramec River Basin - St. Louis Co.	General Revenue	2,610,568,727	0.0951	0.0700	2,640,261,436	0.0965	0.0700	See Appendix VI		
	Miss. River Subdist - St. Louis Co.	Debt Service	10,070,438,908	0.0200	0.0200	**	**	**	See Appendix VI		
	Mo. River-Bonfils - St. Louis Co.	General Revenue	774,632,887	0.0943	0.0700	737,555,017	0.1000	0.0700	See Appendix VI		
	North Affton - St. Louis County	General Revenue	60,628,053	0.0843	0.0600	60,236,766	0.0851	0.0600	See Appendix VI		
	Paddock Creek - St. Louis County	General Revenue	133,124,669	0.0984	0.0600	132,591,205	0.0990	0.0600	See Appendix VI		
	Seminary Branch RDP - St. Louis Co	General Revenue	259,432,505	0.0745	0.0600	255,298,832	0.0758	0.0600	See Appendix VI		
	Shrewsbury Branch RDP - St Louis Co	General Revenue	21,812,078	0.0754	0.0600	21,564,021	0.0774	0.0600	See Appendix VI		
	Sugar Creek - St. Louis County	General Revenue	248,184,325	0.0661	0.0700 D	255,473,499	0.0661	0.0620	See Appendix VI		
Univ City Branch RDP - St. Louis Co	General Revenue	759,613,480	0.0921	0.0700	755,835,430	0.0934	0.0700	See Appendix VI			
Upper Paddock Creek - St. Louis Co.	General Revenue	29,720,223	0.0904	0.0600	29,686,168	0.0908	0.0600	See Appendix VI			
Watkins Creek - St. Louis County	General Revenue	149,627,257	0.0968	0.0600	147,869,746	0.0987	0.0600	See Appendix VI			
Wedgewood Creek - St. Louis County	General Revenue	38,101,478	0.1000	0.0600	37,656,523	0.1000	0.0600	See Appendix VI			
Wellston - St. Louis County	General Revenue	38,369,273	0.1000	0.0800	38,078,855	0.1000	0.0800	See Appendix VI			
Hancock Street Light Dist St Louis	General Revenue	52,597,825	0.1988	0.1700	51,691,872	0.2000	0.1700	See Appendix VI			
Wheaton Cook Lyndhurst Light Dist	General Revenue	7,267,960	0.1986	0.1150	0	0.0000	0.1150 D	See Appendix VI			

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			Assessed Value	Ceiling	Levied
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied			
St. Louis	Castle Point Street Light District	General Revenue	7,686,930	0.1657	0.1400	7,717,929	0.1664	0.1660	See Appendix VI		
	Glasgow Village Street Light Dist	General Revenue	23,253,331	0.1489	0.1480	22,962,557	0.1508	0.1500	See Appendix VI		
	Elmwood Park Street Light District	General Revenue	2,476,035	0.4000	0.4000 A	2,173,180	0.4000	0.1000	See Appendix VI		
	Metro Zoological Park & Museum Dist	Art Museum	21,046,615,291	0.0771	0.0610	21,123,352,083	0.0777	0.0610	See Appendix VI		
		Botanical Garden	21,046,615,291	0.0385	0.0310	21,123,352,083	0.0388	0.0310	See Appendix VI		
		Museum of Mo. History	21,046,615,291	0.0385	0.0380	21,123,352,083	0.0388	0.0380	See Appendix VI		
		Museum of Nat. History	21,046,615,291	0.0385	0.0310	21,123,352,083	0.0388	0.0310	See Appendix VI		
		Zoological Park	21,046,615,291	0.0771	0.0610	21,123,352,083	0.0777	0.0610	See Appendix VI		
		General Revenue	250,612,470	0.1241	0.0490	255,632,380	0.1266	0.0490	See Appendix VI		
		Maplewood Special Business District	General Revenue	10,669,680	0.4465	0.4460	9,597,820	0.4964	0.4960	See Appendix VI	
	University City Spec Bus Dist BD57	General Revenue	3,497,820	0.7040	0.7000	3,568,970	0.7037	0.7030	See Appendix VI		
	Webster Groves-Old Webster Bus Dist	General Revenue	7,539,140	0.4213	0.2600	7,661,790	0.4309	0.2900	See Appendix VI		
	Webster Groves-Old Orchard Bus Dist	General Revenue	3,903,530	0.8500	0.3600	3,937,530	0.8500	0.3600	See Appendix VI		
	Kirkwood Special Business District	General Revenue	17,786,410	0.4676	0.4670	20,631,800	0.4809	0.4800	See Appendix VI		
	Jennings Special Business District	General Revenue	1,976,940	0.5191	0.1700	1,999,370	0.5191	0.1700	See Appendix VI		
	Productive Living Board	General Revenue	17,938,372,451	0.0861	0.0850	17,948,893,642	0.0873	0.0850	See Appendix VI		
	Parkview Gardens Spec Bus Dist BD39	General Revenue	8,243,060	0.7717	0.7700	7,971,680	0.7980	0.7980	See Appendix VI		
	Robinwood West Community Imp Dist	General Revenue	11,516,260	0.8878	0.7500	11,512,600	0.8881	0.8500	See Appendix VI		
	Hazelwood R-I School District	Operating Funds-Schools	1,626,395,397	4.2391	4.2390	1,593,886,617	4.3537	4.3530	See Appendix VI		
		Debt Service	1,626,395,397	0.3200	0.3200	1,593,886,617	0.3900	0.3900	See Appendix VI		
	Ferguson-Florissant R-II Sch Dist	Operating Funds-Schools	898,140,963	4.7244	4.7150	906,921,292	4.7400	4.7400	See Appendix VI		
		Debt Service	898,140,963	0.3000	0.3000	906,921,292	0.3000	0.3000	See Appendix VI		
	Pattonville R-III School District	Operating Funds-Schools	1,218,319,025	3.6217	3.4530	1,202,493,481	3.7267	3.5560	See Appendix VI		
		Debt Service	1,218,319,025	0.4900	0.4900	1,202,493,481	0.4900	0.4900	See Appendix VI		
	Rockwood R-VI School District	Operating Funds-Schools	2,445,314,993	3.6712	3.6710	2,496,253,961	3.6892	3.6890	See Appendix VI		
		Debt Service	2,445,314,993	0.7500	0.7500	2,496,253,961	0.7500	0.7500	See Appendix VI		
	Kirkwood R-VII School District	Operating Funds-Schools	817,849,714	3.5049	3.5030	843,843,263	3.4994	3.4990	See Appendix VI		
		Debt Service	817,849,714	0.4430	0.4430	843,843,263	0.2450	0.2450	See Appendix VI		
	Lindbergh R-VIII School District	Operating Funds-Schools	945,160,196	2.9101	2.5100	961,282,183	2.9262	2.4930	See Appendix VI		
		Debt Service	945,160,196	0.2600	0.2600	961,282,183	0.2800	0.2800	See Appendix VI		
	Mehlville R-IX School District	Operating Funds-Schools	1,260,960,913	3.6022	3.6020 B	1,275,464,074	3.6215	3.6210	See Appendix VI		
		Debt Service	1,260,960,913	0.3400	0.3400	1,275,464,074	0.3400	0.3400	See Appendix VI		
	Parkway C-2 School District	Operating Funds-Schools	3,414,841,904	3.2152	3.2150	3,396,892,410	3.2712	3.2710	See Appendix VI		
Debt Service		3,414,841,904	0.2400	0.2400	3,396,892,410	0.2400	0.2400	See Appendix VI			
Aftton 101 School District	Operating Funds-Schools	322,956,999	4.1045	4.1040	319,653,568	4.1450	4.1440	See Appendix VI			
Bayless School District	Operating Funds-Schools	121,023,182	3.5000	3.5000 B	121,405,193	3.5059	3.5000	See Appendix VI			
	Debt Service	121,023,182	0.6300	0.6300	121,405,193	0.6300	0.6300	See Appendix VI			
Brentwood School District	Operating Funds-Schools	219,956,813	2.7028	2.5420	219,062,870	2.7950	2.7430	See Appendix VI			
	Debt Service	219,956,813	0.2000	0.2000	219,062,870	0.2020	0.2020	See Appendix VI			

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			Assessed Value	Ceiling	Levied
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied			
St. Louis	Clayton School District	Operating Funds-Schools	788,240,524	2.7471	2.5380	788,081,946	2.8226	2.7150	See Appendix VI		
		Debt Service	788,240,524	0.4000	0.4000	788,081,946	0.3600	0.3600	See Appendix VI		
	Hancock Place School District	Operating Funds-Schools	51,050,028	4.3000	3.3900	51,099,735	4.2683	4.2683	See Appendix VI		
		Debt Service	51,050,028	0.4300	0.4300	51,099,735	0.7527	0.7527	See Appendix VI		
	Jennings School District	Operating Funds-Schools	92,094,724	4.3215	4.3210	91,151,608	4.3377	4.3372	See Appendix VI		
		Debt Service	92,094,724	1.0800	1.0800	91,151,608	1.0738	1.0738	See Appendix VI		
	Ladue School District	Operating Funds-Schools	1,098,642,180	2.6000	2.6000 B	1,100,142,423	2.7500	2.7500 B	See Appendix VI		
		Debt Service	1,098,642,180	0.4500	0.4500	1,100,142,423	0.4500	0.4500	See Appendix VI		
	Maplewood-Richmond Heights Sch Dis	Operating Funds-Schools	177,686,604	3.8120	3.8120 B	175,705,220	3.8630	3.8630	See Appendix VI		
		Debt Service	177,686,604	0.8790	0.8790	175,705,220	0.8280	0.8280	See Appendix VI		
	Normandy School District	Operating Funds-Schools	215,825,145	4.6377	4.3020	218,239,966	4.6600	4.3030	See Appendix VI		
		Debt Service	215,825,145	0.7980	0.7980	218,239,966	0.8240	0.8240	See Appendix VI		
	Ritenour School District	Operating Funds-Schools	485,984,825	3.7144	3.7140	474,667,248	3.7580	3.7580	See Appendix VI		
		Debt Service	485,984,825	0.8900	0.8900	474,667,248	0.8900	0.8900	See Appendix VI		
	Riverview Gardens School District	Operating Funds-Schools	230,028,990	3.9131	3.9131	228,530,896	4.1350	4.1350 B	See Appendix VI		
		Debt Service	230,028,990	1.8269	1.8269	228,530,896	1.6050	1.6050	See Appendix VI		
	University City School District	Operating Funds-Schools	441,595,560	4.2880	4.2664 B	440,425,484	4.3202	4.3200	See Appendix VI		
		Debt Service	441,595,560	0.7236	0.7236	440,425,484	0.7380	0.7380	See Appendix VI		
	Valley Park School District	Operating Funds-Schools	119,893,495	4.5105	4.5100 B	118,645,520	4.5967	4.5960	See Appendix VI		
		Debt Service	119,893,495	0.4400	0.4400	118,645,520	0.4840	0.4840	See Appendix VI		
	Webster Groves School District	Operating Funds-Schools	524,024,312	4.0512	4.0500	521,124,489	4.0804	4.0800	See Appendix VI		
		Debt Service	524,024,312	0.5600	0.5600	521,124,489	0.5640	0.5640	See Appendix VI		
	Wellston School District	Operating Funds-Schools	19,517,597	5.6700	5.6700	20,341,479	5.6700	5.6700	See Appendix VI		
Special Sch Dist of St. Louis Co	Operating Funds-Schools	17,960,367,929	0.8365	0.8350 B	17,971,518,376	0.8462	0.8490	See Appendix VI			
St. Louis County	General Revenue	17,938,372,451	0.2697	0.1900	17,948,893,642	0.2733	0.1900	See Appendix VI			
	Parks & Recreation	17,938,372,451	0.0670	0.0350	17,948,893,642	0.0679	0.0350	See Appendix VI			
	Road & Bridge	17,938,372,451	0.1723	0.1050	17,948,893,642	0.1746	0.1050	See Appendix VI			
	Health	17,938,372,451	0.2311	0.1650	17,948,893,642	0.2342	0.1650	See Appendix VI			
	Debt Service	17,938,372,451	0.0850	0.0850	17,948,893,642	0.0850	0.0850	See Appendix VI			
Saline	Saline Co Ambulance Dist No 3	General Revenue	138,258,651	0.2273	0.2100	140,632,184	0.2273	0.2100	156,461,807	0.2131	0.2131
	Slater Ambulance District No 1	General Revenue	30,097,283	0.3700	0.3700	33,159,948	0.3638	0.3638	33,909,783	0.3638	0.3638
	Sweet Springs Ambulance District	General Revenue	36,410,406	0.3000	0.3000	37,710,134	0.4479	0.4479 B	40,743,388	0.4339	0.4339
	Blackburn Elmwood Sp Rd Saline Co	Road & Bridge	4,620,765	0.3386	0.3386	5,003,420	0.3247	0.3247	5,226,660	0.3178	0.3178
		Special Road and Bridge	4,620,765	0.3600	0.3600	5,003,420	0.3600	0.3600 A	5,226,660	0.3524	0.3524
		Debt Service	4,620,765	0.6041	0.6041	5,003,420	0.5720	0.5720	5,226,660	0.5284	0.5284
	Gilliam Spec Rd Dist Saline Co	Road & Bridge	5,038,670	0.3443	0.3443	6,000,869	0.3172	0.3172	6,321,761	0.3086	0.3086
		Special Road and Bridge	5,038,670	0.3200	0.3200	6,000,869	0.2948	0.2948	6,321,761	0.2868	0.2868
	Grand Pass Spec Road Dist Saline Co	Road & Bridge	2,932,584	0.3202	0.3202	3,089,209	0.3113	0.3113	3,463,265	0.2953	0.2953
		Special Road and Bridge	2,932,584	0.3600	0.3600	3,089,209	0.3500	0.3500	3,463,265	0.3600	0.3600 A

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Saline	Marshall Spec Rd Dist Saline Co	Road & Bridge	98,640,571	0.2900	0.2900	98,997,241	0.2916	0.2916	112,654,126	0.2703	0.2703
	Slater Spec Rd Dist Saline Co	Road & Bridge	19,956,771	0.3136	0.3136	21,992,092	0.3109	0.3108	21,752,313	0.3143	0.3143
		Special Road and Bridge	19,956,771	0.3527	0.3527	21,992,092	0.3600	0.3600	21,752,313	0.3600	0.3600
	Sweet Springs Sp Rd Dist Saline Co	Road & Bridge	16,036,218	0.3201	0.3201	16,273,742	0.3201	0.3201	17,932,022	0.2991	0.2991
		Special Road and Bridge	16,036,218	0.3000	0.3000	16,273,742	0.3000	0.3000	17,932,022	0.2803	0.2803
	Malta Bend Spec Rd Dist Saline Co	Road & Bridge	8,556,576	0.3337	0.3337	8,516,153	0.3353	0.3353	9,401,772	0.3104	0.3104
		Special Road and Bridge	8,556,576	0.3200	0.3200	8,516,153	0.3200	0.3200	9,401,772	0.2963	0.2963
	Village of Arrow Rock	General Revenue	592,442	0.6700	0.6700	681,733	0.6481	0.6481	817,856	0.5521	0.5521
	City of Blackburn	General Revenue	1,357,027	0.5962	0.5900	1,364,962	0.5962	0.5962	1,536,246	0.5498	0.5498
		Lights	1,357,027	0.1213	0.1200	1,364,962	0.1213	0.1213	1,536,246	0.1118	0.1118
		General Revenue-Temp	1,357,027	0.2900	0.2900	1,364,962	0.2900	0.2900	1,536,246	0.2674	0.2674
	City of Gilliam	General Revenue	659,488	0.7500	0.7500	861,035	0.7213	0.7213	893,375	0.7213	0.7213
		Lights	659,488	0.4000	0.4000	861,035	0.3847	0.3847	893,375	0.3846	0.3846
	Village of Grand Pass	General Revenue	391,000	0.4109	0.4109	332,620	0.4831	0.4831	371,271	0.4435	0.4435
		General Revenue-Temp	391,000	0.1000	0.1000	**	**	**	**	**	**
	City of Malta Bend	General Revenue	1,090,107	0.8657	0.8657	1,123,386	0.8596	0.8596	1,260,705	0.7828	0.7828
	City of Marshall	General Revenue	85,276,068	0.7405	0.7405	84,690,916	0.7456	0.7456	98,227,776	0.6855	0.6855
		Parks & Recreation	85,276,068	0.3202	0.3202	84,690,916	0.3224	0.3224	98,227,776	0.2964	0.2964
		Library	85,276,068	0.1901	0.1901	84,690,916	0.1914	0.1914	98,227,776	0.1760	0.1760
		Band	85,276,068	0.0500	0.0500	84,690,916	0.0500	0.0500	98,227,776	0.0460	0.0460
	City of Miami	General Revenue	858,854	0.5000	0.5000	902,616	0.4970	0.4970	964,741	0.4767	0.4767
		Streets	858,854	0.6500	0.6500	902,616	0.6461	0.6461	964,741	0.6197	0.6197
	Village of Mount Leonard	General Revenue	240,814	1.0000	1.0000	261,592	0.9428	0.9428	268,855	0.9373	0.9373
	City of Nelson	General Revenue	679,777	0.8785	0.8785	681,733	0.8799	0.8799	710,993	0.8623	0.8623
	City of Slater	General Revenue	10,947,606	0.6737	0.6737	12,178,723	0.6743	0.6743	11,918,627	0.6890	0.6890
		Parks & Recreation	10,947,606	0.1895	0.1895	12,178,723	0.1897	0.1897	11,918,627	0.1938	0.1938
		Library	10,947,606	0.2105	0.2105	12,178,723	0.2107	0.2107	11,918,627	0.2153	0.2153
		Debt Service	10,947,606	0.2970	0.2970	12,178,723	0.2335	0.2335	**	**	**
	City of Sweet Springs	General Revenue	8,427,851	0.7784	0.7784	8,522,549	0.7784	0.7784	9,321,428	0.7297	0.7286
		Parks & Recreation	8,427,851	0.3700	0.3700	8,522,549	0.3700	0.3700	9,321,428	0.3468	0.3463
		Library	8,427,851	0.2224	0.2224	8,522,549	0.2224	0.2224	9,321,428	0.2085	0.2082
		Debt Service	8,427,851	0.1933	0.1933	8,522,549	0.1407	0.1407	9,321,428	0.2000	0.2000
	City of Emma	General Revenue	1,600,636	0.5000	0.0000	1,654,261	0.4957	0.0000	1,651,220	0.5000	0.0000
	Malta Bend Fire Protection District	General Revenue	8,758,468	0.3000	0.3000	9,132,502	0.2923	0.2923	9,705,099	0.2811	0.2811
	Miami R-I School District	Operating Funds-Schools	6,846,049	3.7700	3.7700	6,818,315	3.7700	3.7700	7,413,540	3.4291	3.4291
	Orearville R-IV School District	Operating Funds-Schools	4,283,959	4.2722	4.2700	4,314,399	4.2156	4.2156	4,702,882	3.8507	3.8507
		Debt Service	**	**	**	4,314,399	0.8500	0.8500	4,702,882	0.8500	0.8500
	Malta Bend R-V School District	Operating Funds-Schools	7,339,510	4.4411	4.2500	7,380,325	4.5049	4.3500	7,723,524	4.3639	4.3639
		Debt Service	7,339,510	0.8500	0.8500	7,380,325	0.7500	0.7500	7,723,524	0.7500	0.7500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Saline	Hardeman R-X School District	Operating Funds-Schools	4,941,719	4.2310	3.8000	5,040,647	4.2008	3.8400	5,617,633	3.8465	3.8465
		Debt Service	4,941,719	1.1000	1.1000	5,040,647	1.0600	1.0600	5,617,633	0.9621	0.9621
	Gilliam C-4 School District	Operating Funds-Schools	2,123,526	4.3917	4.2500	2,307,137	4.4472	4.4000	2,422,682	4.2296	4.2296
	Marshall School District	Operating Funds-Schools	102,485,540	3.2872	3.1300	103,063,293	3.3056	3.1900	116,578,834	3.0419	3.0190
		Debt Service	102,485,540	0.3600	0.3600	103,063,293	0.3600	0.3600	116,578,834	0.3171	0.3171
	Slater School District	Operating Funds-Schools	15,959,085	3.7688	3.7600	15,971,191	3.8606	3.8600	15,902,268	3.7084	3.7084
		Debt Service	15,959,085	0.6000	0.6000	15,971,191	0.5400	0.5400	15,902,268	0.5400	0.5400
	Sweet Springs R-VII School District	Operating Funds-Schools	18,845,862	3.5722	3.2700	19,161,739	3.4920	3.3055	21,134,633	3.3933	3.3100
		Debt Service	18,845,862	0.6900	0.6900	19,161,739	0.6445	0.6445	21,134,633	0.6400	0.6400
	Saline County	General Revenue	196,722,213	0.4212	0.1800	205,093,292	0.4209	0.2131	222,573,435	0.3991	0.2062
		Common Road District	40,940,055	0.3031	0.3031	42,985,143	0.3005	0.3005	45,816,516	0.2901	0.2901
		Senate Bill 40	196,722,213	0.0700	0.0700	205,093,292	0.0700	0.0700	222,573,435	0.0664	0.0664
		Special Road and Bridge	40,940,055	0.3600	0.3600	42,985,143	0.3569	0.3569	45,816,516	0.3600	0.3600 A
Schuyler	Schuyler County Ambulance District	General Revenue	34,569,031	0.3000	0.3000	34,837,953	0.3000	0.3000	35,233,864	0.3000	0.3000
	Schuyler County Nursing Home Dist	General Revenue	34,569,031	0.1500	0.1500	34,837,953	0.1500	0.1500	35,233,864	0.1500	0.1500
	Glenwood Chariton SRD 4 Schuyler Co	Road & Bridge	3,778,200	0.3500	0.3500	3,905,840	0.3500	0.3500	4,697,519	0.3221	0.3221
		Special Road and Bridge	3,778,200	0.3600	0.3600	3,905,840	0.3600	0.3600	4,697,519	0.3313	0.3313
	City of Downing	General Revenue	1,672,467	0.9600	0.9600	1,643,373	0.9777	0.9600	1,618,338	1.0000	0.9600
	Village of Glenwood	General Revenue	974,197	0.4621	0.4621	963,854	0.4642	0.4642	989,064	0.4642	0.4642
		Debt Service	974,197	0.3900	0.3900	963,854	0.3780	0.3780	989,064	0.4100	0.4100
	City of Greentop	General Revenue	1,712,318	1.0087	1.0087	1,757,363	1.0290	1.0290	2,166,239	0.9216	0.9216
	City of Lancaster	General Revenue	5,083,429	0.8135	0.8100	4,840,486	0.8426	0.8400	4,953,916	0.8449	0.8400
		Parks & Recreation	5,083,429	0.1808	0.1800	4,840,486	0.1873	0.1800	4,953,916	0.1878	0.1800
	City of Queen City	General Revenue	3,099,809	0.8188	0.8188	3,084,380	0.8333	0.8333	3,203,139	0.8333	0.8333
	Schuyler County Library	General Revenue	34,569,031	0.1500	0.1500 B	34,837,953	0.1500	0.1500	35,233,864	0.1500	0.1500
	Schuyler Co R-I School District	Operating Funds-Schools	28,501,770	3.4300	2.7500	29,144,119	3.2648	2.7500	29,107,580	3.4300	2.7500
		Debt Service	28,501,770	0.7700	0.7700	29,144,119	0.7700	0.7700	29,107,580	0.7700	0.7700
	Schuyler County	General Revenue	34,569,031	0.5000	0.2900	34,837,953	0.5000	0.2900	35,233,864	0.5000	0.2900
		Common Road District	34,569,031	0.4516	0.4516	30,932,113	0.4866	0.4866	30,536,345	0.5000	0.5000
		Special Road and Bridge	34,569,031	0.2433	0.2433	30,932,113	0.2600	0.2600	30,536,345	0.2600	0.2600
		Health	34,569,031	0.1500	0.1500	34,837,953	0.1500	0.1500	35,233,864	0.1500	0.1500
		Senior Services	34,569,031	0.0500	0.0500	34,837,953	0.0500	0.0500	35,233,864	0.0500	0.0500
Scotland	Scotland County Ambulance District	General Revenue	45,299,148	0.2500	0.2500	45,975,655	0.2500	0.2500	46,202,658	0.2500	0.2500
	Scotland County Memorial Hosp Dist	General Revenue	45,299,148	0.4923	0.4923	45,975,655	0.4945	0.4945	46,202,658	0.4977	0.4977
	Scotland County Nursing Home Dist	General Revenue	45,299,148	0.1500	0.1500	45,975,655	0.1500	0.1500	46,202,658	0.3000	0.3000 B
	Bear Creek Watershed Subdistrict	General Revenue	970,445	0.4000	0.4000	993,385	0.4000	0.4000	994,117	0.4000	0.4000
	Village of Arbela	General Revenue	173,895	0.5000	0.5000	170,296	0.5000	0.5000	119,221	0.5000	0.5000
	Village of Granger	General Revenue	284,323	0.7345	0.6400	296,997	0.7493	0.6400	232,421	0.8000	0.6400
	City of Memphis	General Revenue	12,387,662	0.2805	0.2700	12,555,272	0.2819	0.2700	12,675,141	0.2824	0.2700

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Scotland	City of Memphis	Streets	12,387,662	0.3506	0.3400	12,555,272	0.3524	0.3400	12,675,141	0.3530	0.3400
		Fire	12,387,662	0.1603	0.1300	12,555,272	0.1611	0.1300	12,675,141	0.1614	0.1300
		Cemetery	12,387,662	0.1000	0.1000	12,555,272	0.1000	0.1000	12,675,141	0.1000	0.1000
		Swimming Pool	12,387,662	0.1703	0.1600	12,555,272	0.1712	0.1600	12,675,141	0.1715	0.1600
	Village of Rutledge	General Revenue	370,429	0.4106	0.4106	364,845	0.4169	0.4169	370,747	0.4237	0.4237
	City of South Gorin	General Revenue	544,559	0.8000	0.8000	563,057	0.8000	0.8000	551,929	0.8000	0.8000
		Fire	544,559	0.2000	0.2000	563,057	0.2000	0.2000	551,929	0.2000	0.2000
	Scotland County Library District	General Revenue	45,299,148	0.1900	0.1900	45,975,655	0.1900	0.1900	46,202,658	0.1900	0.1900
	Gorin R-III School District	Operating Funds-Schools	2,931,328	5.0485	4.1483	2,985,614	5.0433	4.1932	3,053,968	4.9801	4.0823
	Scotland Co R-I School District	Operating Funds-Schools	36,275,233	3.6900	3.0083	37,071,244	3.6900	3.1600	37,811,175	3.6900	3.3600
	Scotland County	General Revenue	45,299,148	0.4923	0.4923	45,975,655	0.4945	0.4945	46,202,658	0.4977	0.4977
		Road & Bridge	45,299,148	0.3415	0.3415	45,975,655	0.3430	0.3430	46,202,658	0.3452	0.3452
		Special Road and Bridge	45,299,148	0.3100	0.3100	45,975,655	0.3100	0.3100	46,202,658	0.3100	0.3100
		Health	45,299,148	0.1500	0.1500	45,975,655	0.1500	0.1500	46,202,658	0.1500	0.1500
Scott	Southern Scott Co Ambulance Dist	General Revenue	201,564,452	0.2990	0.2500	201,852,670	0.3000	0.2500	203,746,284	0.3000	0.2500
	North Scott Co Ambulance District	General Revenue	144,001,028	0.3000	0.3000	142,241,647	0.3000	0.3000	144,729,434	0.3000	0.3000
	Public Water Sup Dist #1 Scott Co	Debt Service	5,129,606	0.2371	0.2371	**	**	**	**	**	**
	Illmo Special Road Dist Scott Co	Road & Bridge	46,884,660	0.2932	0.2900	47,009,546	0.2955	0.2955	48,032,725	0.3015	0.3015
	Sikeston Special Road Dist Scott Co	Road & Bridge	171,689,792	0.1789	0.1400	172,490,324	0.1797	0.1400	173,888,537	0.1800	0.1400
	City of Benton	General Revenue	4,776,389	0.5808	0.5800	4,779,136	0.5853	0.5853	4,945,222	0.5859	0.5859
		Parks & Recreation	4,776,389	0.1803	0.1800	4,779,136	0.1817	0.1817	4,945,222	0.1819	0.1819
	Village of Blodgett	General Revenue	1,183,101	0.3397	0.2800	1,136,470	0.3631	0.2800	1,093,581	0.3791	0.2800
	City of Chaffee	General Revenue	15,940,564	0.7500	0.7500	15,721,514	0.7650	0.7650	15,822,458	0.7679	0.7679
		Parks & Recreation	15,940,564	0.1600	0.1600	15,721,514	0.1632	0.1632	15,822,458	0.1638	0.1638
		Library	15,940,564	0.1600	0.1600	15,721,514	0.1632	0.1632	15,822,458	0.1638	0.1638
	Village of Commerce	General Revenue	631,559	0.5000	0.5000	584,649	0.5000	0.5000	565,759	0.5000	0.5000
	Village of Diehlstadt	General Revenue	508,950	0.3100	0.3000	464,300	0.3411	0.3100	463,980	0.3425	0.3300
	Village of Haywood City	General Revenue	442,510	0.4609	0.2900	455,576	0.4754	0.2900	450,836	0.4839	0.2900
	Village of Kelso	General Revenue	5,021,071	0.4825	0.4825	4,536,018	0.5000	0.5000	4,725,995	0.5000	0.5000
		Fire	5,021,071	0.1280	0.1280	4,536,018	0.1300	0.1300	4,725,995	0.1300	0.1300
	City of Miner	General Revenue	18,836,697	0.2931	0.1900	18,956,265	0.2939	0.1900	19,347,831	0.2967	0.1900
	City of Morley	General Revenue	3,418,940	0.5802	0.5500	3,305,764	0.6075	0.6075	3,359,408	0.6079	0.6079
	City of Oran	General Revenue	6,855,499	0.5959	0.5959	6,612,577	0.6241	0.6241	6,643,862	0.6270	0.6270
		Parks & Recreation	6,855,499	0.1788	0.1788	6,612,577	0.1873	0.1873	6,643,862	0.1882	0.1882
	City of Scott City	General Revenue	34,946,368	0.4310	0.4200	34,146,792	0.4475	0.4475	37,015,229	0.4500	0.4500
		Parks & Recreation	34,946,368	0.1540	0.1500	34,146,792	0.1599	0.1599	37,015,229	0.1608	0.1608
		Cemetery	34,946,368	0.0500	0.0500	34,146,792	0.0500	0.0500	37,015,229	0.0500	0.0500
		Debt Service	34,946,368	0.6500	0.6500	34,146,792	0.4900	0.4900	37,015,229	0.2886	0.2886
	Village of Vanduser	General Revenue	1,070,857	0.3260	0.3260	1,071,755	0.3331	0.3331	1,026,316	0.3478	0.3331

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Scott	Village of Vanduser	Fire	1,070,857	0.1000	0.1000	1,071,755	0.1000	0.1000	1,026,316	0.1000	0.1000
	City of Sikeston	General Revenue	161,675,020	0.5500	0.5500	163,740,872	0.5503	0.5503	164,764,029	0.5530	0.5530
		Parks & Recreation	161,675,020	0.1600	0.1600	163,740,872	0.1601	0.1601	164,764,029	0.1609	0.1609
		Library	161,675,020	0.1600	0.1600	163,740,872	0.1601	0.1601	164,764,029	0.1609	0.1609
		General Revenue	218,474,532	0.0948	0.0948	216,883,985	0.0965	0.0965	221,211,815	0.0968	0.0968
	Sikeston Fire Protection District	General Revenue	38,036,850	0.3000	0.1200	38,096,353	0.3000	0.1100	38,176,981	0.3000	0.1100
	NBC Fire Protection District	General Revenue	33,335,969	0.3000	0.3000	33,408,516	0.3000	0.3000	33,734,468	0.3000	0.3000
	Scott County Rural Fire Prot Dist	General Revenue	31,173,731	0.3000	0.3000	30,461,316	0.3000	0.3000	31,425,499	0.3000	0.3000
	Oran Fire Protection District	General Revenue	12,544,229	0.2994	0.2994	12,269,551	0.3000	0.3000	12,484,103	0.4019	0.4019 B
	Scott City R-I School District	Operating Funds-Schools	42,856,205	2.8266	2.7500	43,004,865	2.8081	2.7500	44,351,415	2.8961	2.7500
		Debt Service	42,856,205	0.4600	0.4600	43,004,865	0.4900	0.4900	44,351,415	0.4900	0.4900
	Chaffee R-II School District	Operating Funds-Schools	19,899,420	2.8112	2.8112	19,760,965	2.8494	2.8494	20,205,273	2.8706	2.8494
		Debt Service	19,899,420	0.8451	0.8451	19,760,965	0.8500	0.8500	20,205,273	0.8500	0.8500
	Scott Co R-IV School District	Operating Funds-Schools	39,167,450	2.7500	2.7500 B	39,077,060	2.7500	2.7500 B	40,218,940	2.7500	2.7500 B
		Debt Service	39,167,450	0.4200	0.4200	39,077,060	0.4200	0.4200	40,218,940	0.4200	0.4200
	Scott Co R-V School District	Operating Funds-Schools	12,513,020	3.1026	2.8500	12,374,870	3.1723	2.8500	12,598,660	3.1734	3.1700
		Debt Service	12,513,020	1.1900	1.1900	12,374,870	1.1900	1.1900	12,598,660	0.7200	0.7200
	Sikeston R-VI School District	Operating Funds-Schools	183,035,787	3.3561	2.9250	185,721,278	3.3619	3.0250	187,420,363	3.3983	3.0750
		Debt Service	183,035,787	0.3250	0.3250	185,721,278	0.2250	0.2250	187,420,363	0.1750	0.1750
	Kelso C-7 School District	Operating Funds-Schools	18,336,000	2.7500	2.7500 B	17,875,840	2.8038	2.8038	18,310,150	2.8259	2.8259
	Oran R-III School District	Operating Funds-Schools	15,397,400	3.4698	3.3200 B	15,218,010	3.5361	3.3200	15,636,810	3.5509	3.3200
		Debt Service	15,397,400	0.1800	0.1800	15,218,010	0.1800	0.1800	15,636,810	0.1800	0.1800
	Scott County	General Revenue	345,565,481	0.3700	0.0900	344,094,316	0.3751	0.1000	348,475,717	0.3760	0.1000
		Johnson Grass	345,565,481	0.0100	0.0100	344,094,316	0.0100	0.0100	348,475,717	0.0100	0.0100
		Common Road District	126,991,031	0.2900	0.2900	124,594,447	0.2989	0.2989	126,554,455	0.2992	0.2992
		Health	345,565,481	0.1000	0.1000	344,094,316	0.1000	0.1000	348,475,717	0.1000	0.1000
		Senate Bill 40	345,565,481	0.1000	0.0400	344,094,316	0.1000	0.0400	348,475,717	0.1000	0.0400
		General Revenue	42,919,861	0.1308	0.1308	44,519,434	0.1281	0.1281	44,889,618	0.1281	0.1281
		General Revenue	3,101,527	0.3962	0.3962	3,364,248	0.3722	0.3722	3,284,199	0.3883	0.3883
Shannon	City of Birch Tree	General Revenue	0	0.0000	0.0000	6,101,807	0.0000	0.0000	6,031,118	0.0000	0.0000
	City of Winona	General Revenue	2,179,130	0.3000	0.3000 A	2,730,560	0.3000	0.3000	2,813,600	0.3000	0.3000
	Timber Community Fire Prot Dist	Operating Funds-Schools	12,357,058	2.7500	2.7500 B	12,973,962	2.7500	2.7500 B	13,159,112	2.7500	2.7500 B
	Eminence R-I School District	Operating Funds-Schools	14,541,645	2.7500	2.7500 B	14,921,575	2.7500	2.7500 B	15,213,475	2.7500	2.7500 B
		Debt Service	14,541,645	0.6900	0.6900	14,921,575	0.6900	0.6900	15,213,475	0.6900	0.6900
	Shannon County	General Revenue	53,656,909	0.3125	0.0500	56,250,724	0.3046	0.0500	56,968,890	0.3046	0.1100
		Road & Bridge	53,656,909	0.2419	0.2419	56,250,724	0.2358	0.2358	56,968,890	0.2358	0.2358
		Health	53,656,909	0.1000	0.1000	56,250,724	0.0975	0.0975	56,968,890	0.0975	0.0975
		Senate Bill 40	53,656,909	0.1000	0.1000	56,250,724	0.0975	0.0975	56,968,890	0.0975	0.0975
		Senior Services	53,656,909	0.0500	0.0500	56,250,724	0.0487	0.0487	56,968,890	0.0487	0.0487

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Shelby	Salt River Ambulance District	General Revenue	66,921,706	0.2500	0.2500	67,960,723	0.2500	0.2500	68,779,151	0.2500	0.2500
	Clarence Nursing Home District	General Revenue	18,125,102	0.2200	0.2200	18,428,320	0.2200	0.2200	18,711,604	0.2200	0.2200
	Salt River Nursing Home District	General Revenue	58,204,936	0.1500	0.1500	59,163,175	0.1500	0.1500	59,910,054	0.1500	0.1500
	Shelbina Special Rd Dist Shelby Co	Road & Bridge	20,008,801	0.4700	0.4700	20,018,771	0.4700	0.4700	19,864,524	0.4700	0.4700
	Village of Bethel	General Revenue	504,341	0.7500	0.7500	522,412	0.7500	0.7500	537,512	0.7500	0.7500
		Lights	504,341	0.2500	0.2500	522,412	0.2500	0.2500	537,512	0.2500	0.2500
	City of Clarence	General Revenue	4,921,073	0.8886	0.8886	4,647,998	0.9435	0.9435	4,617,202	0.9578	0.9578
		Library	4,921,073	0.1000	0.1000	4,647,998	0.1000	0.1000	4,617,202	0.1000	0.1000
		Streets	4,921,073	0.2000	0.2000	4,647,998	0.2000	0.2000	4,617,202	0.2000	0.2000
		General Revenue	925,530	0.8007	0.8007	869,621	0.8586	0.8000	898,225	0.8683	0.8000
	Village of Leonard	General Revenue	515,089	0.4999	0.4600	539,139	0.5000	0.4600	534,860	0.5000	0.4600
	City of Shelbyna	General Revenue	15,500,470	0.7520	0.7500	15,385,621	0.7619	0.7600	15,207,676	0.7877	0.7800
		Library	15,500,470	0.2206	0.2200	15,385,621	0.2235	0.2200	15,207,676	0.2311	0.2200
	City of Shelbyville	General Revenue	3,233,747	0.8034	0.8034	3,104,469	0.8430	0.8430	3,098,841	0.8473	0.8473
		Gen Rev-Temp	**	**	**	3,104,469	0.3000	0.3000 A	3,098,841	0.3000	0.3000
		General Revenue-Temp	3,233,747	0.3000	0.3000	**	**	**	**	**	**
	Shelbina Fire Protection District	General Revenue	33,608,989	0.2125	0.2125	34,058,729	0.2128	0.2128	34,212,971	0.2158	0.2158
	Shelby Co C-1 School District	Operating Funds-Schools	21,956,940	3.9346	3.4600	22,712,514	3.9550	3.4700	23,647,459	3.9484	3.4900
		Debt Service	21,956,940	0.3300	0.3300	22,712,514	0.3300	0.3300	23,647,459	0.3300	0.3300
	Shelby Co R-IV School District	Operating Funds-Schools	44,979,717	3.3657	3.2800	45,326,153	3.3700	3.3700	45,896,174	3.3700	3.3700
		Operating Funds-Temp	44,979,717	0.3800	0.3800	45,326,153	0.3800	0.3800	45,896,174	0.3800	0.3800
	Shelby County	General Revenue	70,796,262	0.4600	0.3000	71,824,374	0.4613	0.3000	72,663,804	0.4660	0.3000
		Road & Bridge	50,787,463	0.3500	0.3500	51,806,388	0.3500	0.3500	50,282,029	0.3500	0.3500
		Health	70,796,262	0.2500	0.2500	71,824,374	0.2500	0.2500	72,663,804	0.2500	0.2500
Stoddard	Stoddard County Ambulance District	General Revenue	299,094,591	0.2000	0.2000	309,902,112	0.2002	0.2002	313,280,837	0.2004	0.2004
	Bluff Spec Rd Dist Stoddard Co	Johnson Grass	8,261,139	0.0500	0.0500	8,361,495	0.0500	0.0500	8,573,857	0.0500	0.0500
		Road & Bridge	8,261,139	0.1447	0.1400	8,361,495	0.1460	0.1460	8,573,857	0.1460	0.1460
		Special Road and Bridge	8,261,139	0.3500	0.3500	8,361,495	0.3500	0.3500 A	8,573,857	0.3500	0.3500
	Crowder Zeta Sp Rd Dist Stoddard Co	Johnson Grass	2,747,706	0.0500	0.0500	2,757,252	0.0500	0.0500	2,762,489	0.0500	0.0500
		Road & Bridge	2,747,706	0.2704	0.2704	2,757,252	0.2763	0.2763	2,762,489	0.2763	0.2763
	Dudley Spec Rd Dist Stoddard Co	Johnson Grass	9,756,162	0.0500	0.0500	10,089,388	0.0500	0.0500	11,104,805	0.0500	0.0500
		Road & Bridge	9,756,162	0.2605	0.2605	10,089,388	0.2608	0.2608	11,104,805	0.2618	0.2618
		Special Road and Bridge	9,756,162	0.2500	0.2500	10,089,388	0.2500	0.2500	11,104,805	0.2500	0.2500 A
	Essex Spec Rd Dist Stoddard Co	Johnson Grass	12,277,882	0.0500	0.0500	12,274,702	0.0500	0.0500	12,470,285	0.0500	0.0500
		Road & Bridge	12,277,882	0.2400	0.2400	12,274,702	0.2416	0.2400	12,470,285	0.2416	0.2416
		Special Road and Bridge	12,277,882	0.3500	0.3500 A	12,274,702	0.3500	0.3500	12,470,285	0.3500	0.3500
	Gray Ridge Spec Rd Dist Stoddard Co	Road & Bridge	7,843,803	0.2940	0.2940	8,278,057	0.2946	0.2946	7,926,289	0.3079	0.3079
	Lavalle Spec Road Dist Stoddard Co	Road & Bridge	2,367,369	0.3357	0.3357	2,273,547	0.3499	0.3499	2,320,160	0.3500	0.3500
	City of Bell City	General Revenue	1,865,891	0.6815	0.6815	1,874,804	0.6828	0.6828	1,931,386	0.6828	0.6828

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Stoddard	City of Bernie	General Revenue	11,566,490	0.4798	0.4798	12,261,164	0.4842	0.4842	12,231,732	0.4897	0.4897
		Parks & Recreation	11,566,490	0.0900	0.0900	12,261,164	0.0900	0.0900	12,231,732	0.0900	0.0900
	City of Bloomfield	General Revenue	9,145,379	0.4800	0.4800	9,380,498	0.4800	0.4800	9,459,454	0.4804	0.4800
		Library	9,145,379	0.1400	0.1400	9,380,498	0.1400	0.1400	9,459,454	0.1401	0.1400
		Debt Service	9,145,379	0.3064	0.3064	9,380,498	0.2115	0.2115	9,459,454	0.1853	0.1853
	City of Dexter	General Revenue	71,225,423	0.4972	0.4972	75,002,183	0.4972	0.4972	77,232,112	0.4972	0.4972
		Parks & Recreation	71,225,423	0.1392	0.0000	75,002,183	0.1392	0.0000	**	**	**
		Library	71,225,423	0.1392	0.1392	75,002,183	0.1392	0.1392	77,232,112	0.1392	0.1392
	City of Dudley	General Revenue	3,182,161	0.5314	0.5314	3,333,503	0.5376	0.5376	4,279,885	0.5376	0.5376
	City of Essex	General Revenue	2,687,931	0.3900	0.3900	2,681,690	0.3923	0.3923	2,844,126	0.3940	0.3940
		Debt Service	**	**	**	2,681,690	0.0000	0.0000	**	**	**
	City of Puxico	General Revenue	5,204,426	0.4852	0.4852	5,345,889	0.4852	0.4852	5,531,818	0.4873	0.4873
		Parks & Recreation	5,204,426	0.2079	0.2079	5,345,889	0.2079	0.2079	5,531,818	0.2088	0.2088
		Library	5,204,426	0.0693	0.0693	5,345,889	0.0693	0.0693	5,531,818	0.0696	0.0696
		Health	5,204,426	0.0990	0.0990	5,345,889	0.0990	0.0990	5,531,818	0.0994	0.0994
		Cemetery	5,204,426	0.0990	0.0990	5,345,889	0.0990	0.0990	5,531,818	0.0994	0.0994
	Village of Pendermon	General Revenue	154,450	0.3632	0.3632	144,629	0.3879	0.3879	140,586	0.3990	0.3990
	Castor Township of Stoddard Co	General Revenue	41,712,226	0.0700	0.0700	43,198,904	0.0700	0.0700	43,858,391	0.0700	0.0700
		Road & Bridge	33,451,087	0.2200	0.2200	34,837,409	0.2200	0.2200	35,284,534	0.2210	0.2200
	Duck Creek Township of Stoddard Co	General Revenue	30,843,412	0.1000	0.1000	31,793,417	0.1000	0.1000	33,082,827	0.1000	0.1000
		Johnson Grass	30,843,412	0.0400	0.0400	21,704,029	0.0500	0.0500	21,978,022	0.0500	0.0500
		Road & Bridge	21,087,250	0.2500	0.2500	21,704,029	0.2500	0.2500	21,978,022	0.2518	0.2500
		Special Road and Bridge	21,087,250	0.3500	0.3500	21,704,029	0.3500	0.3500	21,978,022	0.3500	0.3500
	Elk Township of Stoddard Co	General Revenue	11,810,860	0.1000	0.1000	11,706,303	0.1000	0.1000	11,619,807	0.1000	0.1000
		Road & Bridge	9,443,491	0.3000	0.3000	9,432,757	0.3054	0.3054	9,299,647	0.3102	0.3102
		Special Road and Bridge	**	**	**	**	**	**	9,299,647	0.3500	0.3500 ^A
	Liberty Township of Stoddard Co	General Revenue	145,387,737	0.0800	0.0700	151,783,302	0.0800	0.0700	153,228,687	0.0800	0.0700
		Johnson Grass	145,387,737	0.0500	0.0500	151,783,302	0.0500	0.0500	153,228,687	0.0500	0.0500
		Road & Bridge	145,387,737	0.3500	0.0800	151,783,302	0.3500	0.0800	153,228,687	0.3500	0.0800
		Special Road and Bridge	145,387,737	0.3500	0.3500	151,783,302	0.3500	0.3500	153,228,687	0.3500	0.3500
	New Lisbon Township of Stoddard Co	General Revenue	8,200,432	0.0800	0.0800	8,395,449	0.0800	0.0800	8,435,124	0.0809	0.0809
		Johnson Grass	8,200,432	0.0500	0.0500	8,395,449	0.0500	0.0500	8,435,124	0.0500	0.0500
		Road & Bridge	8,200,432	0.2300	0.2300	8,395,449	0.2300	0.2300	8,435,124	0.2325	0.2325
		Special Road and Bridge	8,200,432	0.3500	0.3500 ^A	8,395,449	0.3500	0.3500	8,435,124	0.3500	0.3500
	Pike Township of Stoddard Co	General Revenue	39,389,399	0.0900	0.0900	40,806,304	0.0900	0.0900	40,989,842	0.0905	0.0905
		Johnson Grass	39,389,399	0.0400	0.0400	38,049,052	0.0426	0.0400	38,227,353	0.0429	0.0429
		Road & Bridge	36,641,693	0.2300	0.2300	38,049,052	0.2300	0.2300	38,227,353	0.2314	0.2314
	Richland Township of Stoddard Co	General Revenue	21,750,525	0.0800	0.0800	22,218,431	0.0805	0.0805	22,066,159	0.0813	0.0813
		Road & Bridge	1,628,837	0.3446	0.3446	1,665,672	0.3500	0.3500	1,669,585	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Stoddard	Richland R-I School District	Operating Funds-Schools	18,716,423	4.0008	3.0600	19,269,318	4.0121	3.1500	19,148,139	4.0874	3.1000
		Debt Service	18,716,423	0.3300	0.3300	19,269,318	0.3300	0.3300	19,148,139	0.3300	0.3300
	Bell City R-II School District	Operating Funds-Schools	17,460,948	3.2629	2.7500	17,933,057	3.2780	2.7500	17,862,183	3.3409	3.1500
		Debt Service	17,460,948	0.3221	0.3221	17,933,057	0.3975	0.3975	**	**	**
	Advance R-IV School District	Operating Funds-Schools	22,801,285	2.7500	2.7500 B	23,777,406	2.7500	2.7500 B	24,373,764	2.7500	2.7500 B
		Debt Service	22,801,285	0.4300	0.4300	23,777,406	0.4300	0.4300	24,373,764	0.4300	0.4300
	Puxico R-VIII School District	Operating Funds-Schools	29,797,724	2.7500	2.7500 B	30,652,627	2.7500	2.7500 B	31,645,954	2.7500	2.7500 B
	Bloomfield R-XIV School District	Operating Funds-Schools	31,836,476	2.7888	2.7500	33,031,240	2.7785	2.7500	33,665,071	2.7932	2.7500
	Dexter R-XI School District	Operating Funds-Schools	121,176,115	2.7500	2.7500 B	127,422,352	2.7500	2.7500 B	130,237,379	2.7500	2.7500 B
		Debt Service	121,176,115	0.5700	0.5700	127,422,352	0.5700	0.5700	130,237,379	0.5700	0.5700
	Bernie R-XIII School District	Operating Funds-Schools	25,968,818	2.7689	2.7689	27,000,183	2.7787	2.7787	26,853,320	2.8213	2.8213
		Debt Service	25,968,818	0.3000	0.3000	27,000,183	0.3000	0.3000	26,853,320	0.3000	0.3000
	Stoddard County	General Revenue	299,094,591	0.2500	0.1400	309,902,112	0.2502	0.0700	313,280,837	0.2505	0.0000
		Johnson Grass	299,094,591	0.0500	0.0000	309,902,112	0.0500	0.0000	313,280,837	0.0500	0.0000
		Health	299,094,591	0.1000	0.1000	309,902,112	0.1000	0.1000	313,280,837	0.1000	0.1000
		Senate Bill 40	299,094,591	0.0800	0.0800	309,902,112	0.0801	0.0800	313,280,837	0.0802	0.0800
Stone	City of Crane	General Revenue	5,506,510	0.5335	0.5200	5,662,434	0.5335	0.5335	5,771,922	0.5335	0.5335
		Parks & Recreation	5,506,510	0.1310	0.1200	5,662,434	0.1310	0.1310	5,771,922	0.1310	0.1310
		Library	5,506,510	0.1310	0.0000	5,662,434	0.1310	0.0000	5,771,922	0.1310	0.0000
		Debt Service	5,506,510	0.3279	0.3279	5,662,434	0.2977	0.2977	5,771,922	0.3630	0.3630
	City of Galena	General Revenue	2,110,133	0.4957	0.4957	2,152,828	0.5061	0.5061	2,115,531	0.5174	0.5174
	City of Hurley	General Revenue	540,521	0.6213	0.6213	571,081	0.6035	0.6035	542,893	0.6434	0.6434
	City of Kimberling City	General Revenue	31,673,920	0.4486	0.4486	31,638,473	0.4547	0.4547	32,681,557	0.4553	0.4553
	City of Reeds Spring	General Revenue	2,705,169	0.6748	0.6748	2,696,070	0.6779	0.6779	2,844,915	0.6666	0.6666
	Village of McCord Bend	General Revenue	809,701	0.4996	0.4996	872,558	0.5000	0.5000	835,820	0.5000	0.5000
	Stone County Library	General Revenue	326,983,001	0.0701	0.0701	337,141,134	0.0702	0.0702	351,143,618	0.0702	0.0702
	Southern Stone Co Fire Prot Dist	General Revenue	260,919,641	0.2700	0.2700	266,675,068	0.2713	0.2713	277,887,081	0.2713	0.1900
	Hurley Fire Protection District	General Revenue	8,989,169	0.3286	0.3286	9,527,085	0.3286	0.3286	10,554,286	0.3204	0.3204
	North Stone-Northeast Barry FPD	General Revenue	19,390,300	0.2932	0.2932	20,717,515	0.2925	0.2925	21,491,840	0.2925	0.2925
	Hurley R-I School District	Operating Funds-Schools	6,684,586	3.5217	3.5217	7,020,757	3.5419	3.5419	7,279,065	3.9700	3.9700 B
		Debt Service	6,684,586	0.5902	0.5902	7,020,757	0.3204	0.3204	7,279,065	0.5802	0.5802
	Galena R-II School District	Operating Funds-Schools	18,163,787	3.2400	3.2400 B	19,642,853	3.2417	3.2417	20,076,846	3.2142	3.2142
		Debt Service	18,163,787	0.5248	0.5248	19,642,853	0.5248	0.5248	20,076,846	0.5322	0.5322
	Crane R-III School District	Operating Funds-Schools	16,652,001	3.2100	3.2100	17,118,099	3.2030	3.2030	17,783,721	3.1794	3.1794
	Reeds Spring R-IV School District	Operating Funds-Schools	200,539,523	2.7500	2.7500 B	205,451,581	2.7500	2.7500 B	214,205,514	2.7500	2.7500 B
		Debt Service	200,539,523	0.7100	0.7100	205,451,581	0.7100	0.7100	214,205,514	0.7100	0.7100
	Blue Eye R-V School District	Operating Funds-Schools	57,493,714	3.1000	3.1000 B	58,417,873	3.1243	3.1000	61,102,374	3.1183	3.1000
		Debt Service	57,493,714	0.8000	0.8000	58,417,873	0.8000	0.8000	61,102,374	0.8000	0.8000
	Stone County	General Revenue	326,983,001	0.2907	0.1300	337,141,134	0.2912	0.1300	351,143,618	0.2912	0.1300

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Stone	Stone County	Road & Bridge	326,983,001	0.2105	0.0000	337,141,134	0.2109	0.0000	351,143,618	0.2109	0.0000
		Health	326,983,001	0.0802	0.0802	337,141,134	0.0803	0.0803	351,143,618	0.0803	0.0803
		Senior Services	326,983,001	0.0493	0.0493	337,141,134	0.0494	0.0494	351,143,618	0.0494	0.0494
Sullivan	Sullivan County Ambulance District	General Revenue	64,883,399	0.3000	0.3000	66,050,455	0.5013	0.5013 ^B	67,232,594	0.5013	0.5013
	Locust Creek Watershed Subdistrict	General Revenue	19,225,996	0.3800	0.3800	19,583,795	0.3835	0.3835	19,801,267	0.3858	0.3858
	Harris Spec Rd Dist Sullivan Co	Road & Bridge	433,800	0.3500	0.3500	412,640	0.3500	0.3500	414,639	0.3500	0.3500
	Milan Special Road Dist Sullivan Co	Road & Bridge	11,408,770	0.2809	0.2809	11,166,670	0.2892	0.2892	11,195,805	0.2927	0.2927
	West Buchanan Road Dist Sullivan Co	Road & Bridge	2,185,382	0.3500	0.3500	2,072,398	0.3500	0.3500	2,203,297	0.3500	0.3500
		Special Road and Bridge	2,185,382	0.3500	0.3500	2,072,398	0.3500	0.3500	2,203,297	0.3500	0.3500 ^A
	City of Green Castle	General Revenue	890,848	0.5322	0.5322	896,521	0.5414	0.5414	895,784	0.5451	0.5141
		Debt Service	890,848	0.9595	0.9595	896,521	1.2345	1.2345	895,784	1.2802	1.2802
	City of Green City	General Revenue	3,888,722	0.4651	0.4600	3,979,395	0.4665	0.4665	3,930,268	0.5035	0.5035
		Lights	3,888,722	0.1719	0.1700	3,979,395	0.1724	0.1724	3,930,268	0.1800	0.1800
		Fire	3,888,722	0.2831	0.2800	3,979,395	0.2839	0.2839	3,930,268	0.3064	0.3064
	City of Harris	General Revenue	176,796	0.9000	0.9000	167,264	0.9000	0.9000	166,485	0.9000	0.9000
	Village of Humphreys	General Revenue	240,454	0.6684	0.6684	253,921	0.6712	0.6712	232,980	0.7500	0.7500
		Parks & Recreation	240,454	0.4958	0.4958	253,921	0.4979	0.4979	232,980	0.5000	0.5000
		Lights	240,454	1.2932	0.7000	253,921	1.2989	0.1000	232,980	1.4524	0.0100
		Streets	240,454	0.8627	0.0500	253,921	0.8662	0.0100	232,980	0.9684	0.0100
	City of Milan	General Revenue	11,359,434	0.6525	0.6400	11,130,804	0.6710	0.6700	11,135,554	0.6807	0.6800
		Park	11,359,434	0.1000	0.0900	11,130,804	0.1000	0.1000	11,135,554	0.1000	0.1000
		Recreation	11,359,434	0.0500	0.0500	11,130,804	0.0500	0.0500	11,135,554	0.0500	0.0500
	Village of Newtown	General Revenue	680,295	2.2057	1.7000	732,621	2.2754	1.7000	689,551	2.4475	1.7320
		Debt Service	680,295	0.4777	0.4777	732,621	0.4163	0.4163	689,551	0.3843	0.3843
	Village of Osgood	General Revenue	88,756	1.1603	1.1600	83,371	1.2354	1.2300	95,336	1.2453	1.2300
		General Revenue-temp	88,756	0.3000	0.3000 ^A	83,371	0.3000	0.3000	95,336	0.3000	0.3000
	Sullivan County Library	General Revenue	64,883,399	0.1000	0.1000	66,050,455	0.1000	0.1000	67,232,594	0.1000	0.1000
	Bowman Township of Sullivan Co	General Revenue	5,500,661	0.1000	0.1000	5,503,926	0.1000	0.1000	5,474,113	0.1000	0.1000
		Road & Bridge	5,500,661	0.5000	0.5000	5,503,926	0.5000	0.5000	5,474,113	0.5000	0.5000
		Special Road and Bridge	5,500,661	0.3500	0.3500 ^A	5,503,926	0.3500	0.3500	5,474,113	0.3500	0.3500
	Buchanan Township of Sullivan Co	General Revenue	3,351,577	0.1000	0.1000	3,149,101	0.1000	0.1000	3,282,695	0.1000	0.1000
		Road & Bridge	3,351,577	0.5000	0.5000	3,149,101	0.5000	0.5000	3,282,695	0.5000	0.5000
		Special Road and Bridge	3,351,577	0.3500	0.3500 ^A	3,149,101	0.3500	0.3500	3,282,695	0.3500	0.3500
	Clay Township of Sullivan Co	General Revenue	4,890,873	0.1000	0.1000	4,928,119	0.1000	0.1000	4,985,465	0.1000	0.1000
		Road & Bridge	4,890,873	0.5000	0.5000	4,928,119	0.5000	0.5000	4,985,465	0.5000	0.5000
		Special Road and Bridge	4,890,873	0.3500	0.3500	4,928,119	0.3500	0.3500	4,985,465	0.3500	0.3500 ^A
	Duncan Township of Sullivan Co	General Revenue	3,280,147	0.1000	0.1000	3,410,520	0.1000	0.1000	3,339,730	0.1000	0.1000
		Road & Bridge	3,280,147	0.4746	0.4746	3,410,520	0.4760	0.4760	3,339,730	0.4922	0.4760
		Special Road and Bridge	3,280,147	0.3500	0.3500	3,410,520	0.3500	0.3500	3,339,730	0.3500	0.3500 ^A

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Sullivan	Jackson Township of Sullivan Co	General Revenue	4,032,214	0.1000	0.1000	4,071,705	0.1000	0.1000	4,060,793	0.1000	0.1000
		Road & Bridge	4,032,214	0.4700	0.4700	4,071,705	0.4734	0.4734	4,060,793	0.4780	0.4780
		Special Road and Bridge	4,032,214	0.3500	0.3500 A	4,071,705	0.3500	0.3500	4,060,793	0.3500	0.3500
	Liberty Township of Sullivan Co	General Revenue	2,694,319	0.1000	0.1000	2,670,037	0.1000	0.1000	2,684,877	0.1000	0.1000
		Road & Bridge	2,694,319	0.4994	0.4994	2,670,037	0.5000	0.5000	2,684,877	0.5000	0.5000
		Special Road and Bridge	2,694,319	0.3500	0.3500	2,670,037	0.3500	0.3500	2,684,877	0.3500	0.3500
	Morris Township of Sullivan Co	General Revenue	2,260,309	0.1000	0.1000	2,265,846	0.1000	0.1000	2,332,440	0.1000	0.1000
		Road & Bridge	2,260,309	0.5000	0.5000	2,265,846	0.5000	0.5000	2,332,440	0.5000	0.5000
		Special Road and Bridge	2,260,309	0.3500	0.3500 A	2,265,846	0.3500	0.3500	2,332,440	0.3500	0.3500
	Penn Township of Sullivan Co	General Revenue	8,953,156	0.1000	0.1000	9,252,878	0.1000	0.1000	9,255,217	0.1000	0.1000
		Road & Bridge	8,953,156	0.3904	0.3904	9,252,878	0.3929	0.3929	9,255,217	0.3958	0.3958
	Pleasant Hill Township, Sullivan Co	General Revenue	3,423,149	0.1000	0.1000	3,442,188	0.1000	0.1000	3,544,949	0.1000	0.1000
		Road & Bridge	3,423,149	0.5000	0.5000	3,442,188	0.5000	0.5000	3,544,949	0.5000	0.5000
		Special Road and Bridge	3,423,149	0.3500	0.3500	3,442,188	0.3500	0.3500	3,544,949	0.3500	0.3500 A
	Polk Township of Sullivan Co	General Revenue	21,595,966	0.1000	0.1000	22,271,014	0.1000	0.1000	23,086,565	0.1000	0.1000
		Road & Bridge	21,595,966	0.5000	0.5000	22,271,014	0.5000	0.5000	23,086,565	0.5000	0.5000
		Special Road and Bridge	21,595,966	0.3500	0.3500	22,271,014	0.3500	0.3500	23,086,565	0.3500	0.3500
	Taylor Township of Sullivan Co	General Revenue	1,541,373	0.1000	0.1000	1,524,006	0.1000	0.1000	1,482,161	0.1000	0.1000
		Road & Bridge	1,541,373	0.5000	0.5000	1,524,006	0.5000	0.5000	1,482,161	0.5000	0.5000
		Special Road and Bridge	1,541,373	0.3500	0.3500	1,524,006	0.3500	0.3500	1,482,161	0.3500	0.3500 A
	Union Township of Sullivan Co	General Revenue	3,456,175	0.1000	0.1000	3,593,203	0.1000	0.1000	3,717,965	0.1000	0.1000
		Road & Bridge	3,456,175	0.5000	0.5000	3,593,203	0.5000	0.5000	3,717,965	0.5000	0.5000
		Special Road and Bridge	3,456,175	0.3500	0.3500	3,593,203	0.3500	0.3500	3,717,965	0.3500	0.3500 A
	Medicine Creek Fire Protection Dist	General Revenue	19,882,689	0.3000	0.3000	20,333,337	0.3000	0.3000	20,394,335	0.3000	0.3000
	Galt Fire Protection District	General Revenue	11,122,339	0.3000	0.3000	11,216,146	0.3000	0.3000	11,513,227	0.3000	0.3000
	Green City R-I School District	Operating Funds-Schools	15,917,359	4.4237	3.6837	16,358,029	4.4361	3.8179	16,709,072	4.4626	3.8209
		Debt Service	15,917,359	0.5800	0.5800	16,358,029	0.5800	0.5800	16,709,072	0.5800	0.5800
	Milan C-2 School District	Operating Funds-Schools	31,324,953	3.6435	2.8787	32,126,682	3.6395	2.9149	33,123,592	3.6841	3.1000
	Newtown-Harris R-III School Dist	Operating Funds-Schools	8,618,252	6.9500	5.0000	8,738,893	6.6869	5.0000	8,948,912	6.7267	5.0000
Taney	Sullivan County	General Revenue	64,883,399	0.4000	0.2200	66,050,455	0.4000	0.2300	67,232,594	0.4000	0.2575
		Health	64,883,399	0.1000	0.1000	66,050,455	0.2504	0.2504 B	67,232,594	0.2504	0.2504
		Hospital	64,883,399	0.4300	0.4300	66,050,455	0.4300	0.4300	67,232,594	0.4300	0.4300
	Taney County Ambulance District	General Revenue	644,018,945	0.2009	0.2009	667,591,021	0.2009	0.2009	683,264,086	0.2009	0.0000
	City of Branson	General Revenue	333,358,086	0.4842	0.4842	342,750,965	0.4842	0.4842	346,522,817	0.4853	0.4851
	City of Forsyth	General Revenue	17,318,944	0.5321	0.5300	17,658,929	0.5344	0.5344	17,979,655	0.5344	0.5344
		Debt Service	17,318,944	0.4500	0.4500	17,658,929	0.3500	0.3500	17,979,655	0.3500	0.3500
	City of Hollister	General Revenue	29,888,626	0.5523	0.2800	33,233,646	0.5523	0.2700	35,016,215	0.5496	0.5400
		Debt Service	29,888,626	0.1064	0.1064	33,233,646	0.1200	0.1200	35,016,215	0.1800	0.1800
	City of Rockaway Beach	General Revenue	5,041,421	0.6754	0.6754	5,221,514	0.6830	0.6830	5,243,976	0.6837	0.6837

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Taney	City of Rockaway Beach	Debt Service	5,041,421	1.2530	1.2530	5,221,514	0.6781	0.6781	5,243,976	0.6696	0.6696
	Village of Table Rock	General Revenue	2,001,913	0.4137	0.4137	1,967,964	0.4307	0.4137	1,990,254	0.4307	0.4137
	Village of Merriam Woods	General Revenue	4,999,178	0.4970	0.4970	5,210,866	0.4970	0.4970	5,298,320	0.4974	0.4974
		Debt Service	4,999,178	0.4392	0.4392	5,210,866	0.5382	0.5382	5,298,320	0.4730	0.4730
	Village of Bull Creek	General Revenue	444,955	0.4945	0.4900	465,809	0.5000	0.4945	418,100	0.5000	0.4945
	Western Taney Co Fire Prot Dist	General Revenue	197,513,877	0.3883	0.3883	205,947,167	0.3889	0.3889	211,010,919	0.3896	0.3896
	Central Taney County Fire Prot Dist	General Revenue	49,975,104	0.3100	0.3100	52,064,097	0.4100	0.4100 B	53,781,509	0.4100	0.4100
	Bradleyville R-I School District	Operating Funds-Schools	**	**	**	6,044,807	3.4938	3.3500	6,060,607	3.6124	3.4000
		Debt Service	**	**	**	6,044,807	0.3500	0.3500	6,060,607	0.3000	0.3000
	Taneyville R-II School District	Operating Funds-Schools	6,980,181	3.3762	3.3700	7,288,619	3.3802	3.3800	7,643,129	3.3429	3.3429
		Debt Service	6,980,181	0.9500	0.9500	7,288,619	0.9400	0.9400	7,643,129	0.8273	0.8273
	Forsyth R-III School District	Operating Funds-Schools	53,126,839	2.7500	2.7500 B	54,282,410	2.7500	2.7500 B	55,779,688	2.7500	2.7500 B
		Debt Service	53,126,839	0.6000	0.6000	54,282,410	0.6300	0.6300	55,779,688	0.6700	0.6700
	Branson R-IV School District	Operating Funds-Schools	447,316,199	2.7500	2.5800 B	458,077,085	2.7500	2.6700 B	463,938,621	2.7500	2.7500 B
		Debt Service	447,316,199	0.7000	0.7000	458,077,085	0.7000	0.7000	463,938,621	0.7000	0.7000
	Hollister R-V School District	Operating Funds-Schools	84,079,434	3.7277	3.3400	91,121,429	3.7113	3.3900	96,513,201	3.6616	3.3900
		Debt Service	84,079,434	0.6500	0.6500	91,121,429	0.6000	0.6000	96,513,201	0.8500	0.8500
	Kirbyville R-VI School District	Operating Funds-Schools	22,041,630	3.1038	3.1000	23,609,775	3.0870	3.0800	24,771,711	3.0662	3.0662
		Debt Service	22,041,630	0.9000	0.9000	23,609,775	0.9000	0.9000	24,771,711	0.9000	0.9000
	Mark Twain R-VIII School District	Operating Funds-Schools	4,360,678	3.1449	3.1449	4,525,417	3.1374	3.1374	4,626,082	3.1337	3.1323
	Taney County	General Revenue	644,018,945	0.2611	0.0000	667,591,021	0.2611	0.0000	683,264,086	0.2611	0.0000
		Road & Bridge	644,018,945	0.2009	0.0000	667,591,021	0.2009	0.0000	683,264,086	0.2009	0.0000
		Health	644,018,945	0.0904	0.0904	667,591,021	0.1404	0.1400 B	683,264,086	0.1404	0.1404
		Developmentally Disabled	644,018,945	0.0904	0.0900	667,591,021	0.0904	0.0904	683,264,086	0.0904	0.0904
Texas	City of Cabool	General Revenue	13,302,714	0.7326	0.7326	14,299,040	0.7379	0.7379	14,140,472	0.7506	0.7506
	City of Houston	General Revenue	14,971,958	0.3374	0.3374	15,336,332	0.3381	0.3381	17,456,752	0.3409	0.3409
		Debt Service	14,971,958	0.3941	0.3941	15,336,332	0.1819	0.1819	17,456,752	0.2881	0.2881
	City of Licking	General Revenue	9,235,953	0.4009	0.4009	9,262,278	0.4025	0.4025	9,092,111	0.4198	0.4198
		Debt Service	9,235,953	0.2198	0.2198	9,262,278	0.1922	0.1922	9,092,111	0.1716	0.1716
	Village of Raymondville	General Revenue	1,623,964	0.3543	0.3543	1,664,214	0.3543	0.3543	1,686,042	0.3543	0.3543
	City of Summersville	General Revenue	2,334,106	0.6065	0.6065	2,274,041	0.6365	0.6365	2,340,659	0.6365	0.6365
		Debt Service	2,334,106	0.7537	0.7537	2,274,041	0.9935	0.9935	2,340,659	0.9225	0.9225
	Texas County Library District	General Revenue	139,521,188	0.1000	0.1000	141,663,427	0.1000	0.1000	146,654,992	0.1000	0.1000
	Boone Township of Texas Co	General Revenue	1,281,181	0.1000	0.0500	1,325,595	0.1000	0.0500	1,442,156	0.1000	0.0750
		Road & Bridge	1,281,181	0.2782	0.2103	1,325,595	0.2836	0.2103	1,442,156	0.2835	0.2469
	Burdine Township of Texas Co	General Revenue	21,350,670	0.0911	0.0911	22,618,070	0.0913	0.0913	22,911,874	0.0913	0.0913
		Road & Bridge	21,350,670	0.3037	0.3037	22,618,070	0.3045	0.3045	22,911,874	0.3045	0.3045
	Carroll Township of Texas Co	General Revenue	5,602,993	0.1000	0.1000	5,594,820	0.1000	0.1000	5,886,461	0.0991	0.0991
		Road & Bridge	5,602,993	0.3400	0.3400	5,594,820	0.3480	0.3480	5,886,461	0.3448	0.3448

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Texas	Cass Township of Texas Co	General Revenue	6,837,519	0.1000	0.1000	7,144,686	0.1000	0.1000	7,434,231	0.1000	0.1000
		Road & Bridge	6,837,519	0.3336	0.3336	7,144,686	0.3336	0.3336	7,434,231	0.3336	0.3336
	Clinton Township of Texas Co	General Revenue	10,627,480	0.1000	0.1000	11,307,905	0.1000	0.1000	11,341,548	0.1000	0.1000
		Road & Bridge	10,627,480	0.5000	0.5000	11,307,905	0.5000	0.5000	11,341,548	0.5000	0.5000
	Current Township of Texas Co	General Revenue	1,358,838	0.1000	0.1000	1,416,220	0.0986	0.0986	1,524,528	0.0956	0.0956
		Road & Bridge	1,358,838	0.3036	0.3036	1,416,220	0.2993	0.2993	1,524,528	0.2903	0.2903
	Date Township of Texas Co	General Revenue	2,658,998	0.0903	0.0903	2,730,169	0.0914	0.0914	2,902,161	0.0892	0.0892
		Road & Bridge	2,658,998	0.2810	0.2810	2,730,169	0.2845	0.2845	2,902,161	0.2777	0.2777
	Jackson Township of Texas Co	General Revenue	6,059,544	0.1000	0.1000	6,345,656	0.1000	0.1000	6,640,605	0.1000	0.1000
		Road & Bridge	6,059,544	0.3553	0.3553	6,345,656	0.3553	0.3553	6,640,605	0.3553	0.3553
	Lynch Township of Texas Co	General Revenue	7,274,235	0.1000	0.1000	7,412,769	0.1000	0.1000	7,765,792	0.1000	0.1000
		Road & Bridge	7,274,235	0.3058	0.3058	7,412,769	0.3058	0.3058	7,765,792	0.3058	0.3058
	Morris Township of Texas Co	General Revenue	5,044,769	0.1000	0.1000	5,177,901	0.1000	0.1000	5,436,210	0.1000	0.1000
		Road & Bridge	5,044,769	0.3193	0.3193	5,177,901	0.3193	0.3193	5,436,210	0.3193	0.3193
	Ozark Township of Texas Co	General Revenue	3,324,275	0.1000	0.1000	3,496,878	0.0993	0.0993	3,294,396	0.1000	0.1000
		Road & Bridge	3,324,275	0.3255	0.3255	3,496,878	0.3232	0.3232	3,294,396	0.3431	0.3431
	Pierce Township of Texas Co	General Revenue	2,667,014	0.1000	0.1000	2,830,755	0.0984	0.0984	2,943,377	0.0981	0.0981
		Road & Bridge	2,667,014	0.3225	0.3225	2,830,755	0.3175	0.3175	2,943,377	0.3167	0.3167
	Piney Township of Texas Co	General Revenue	28,543,668	0.1000	0.1000	29,429,139	0.1000	0.1000	31,816,391	0.1000	0.1000
		Road & Bridge	28,543,668	0.3112	0.3112	29,429,139	0.3112	0.3112	31,816,391	0.3116	0.3116
	Roubidoux Township of Texas Co	General Revenue	8,297,760	0.1000	0.1000	8,490,831	0.1000	0.1000	8,694,331	0.1000	0.1000
		Road & Bridge	8,297,760	0.2978	0.2978	8,490,831	0.2987	0.2987	8,694,331	0.2987	0.2987
	Sargent Township of Texas Co	General Revenue	2,250,061	0.0700	0.0700	2,266,497	0.0700	0.0700	2,357,393	0.0700	0.0700
		Road & Bridge	2,250,061	0.2800	0.2800	2,266,497	0.2800	0.2800	2,357,393	0.2800	0.2800
	Sherrill Township of Texas Co	General Revenue	22,819,709	0.0903	0.0903	20,386,782	0.1000	0.1000	20,459,017	0.1000	0.1000
		Road & Bridge	22,819,709	0.2980	0.2980	20,386,782	0.3392	0.3392	20,459,017	0.3437	0.3437
	Upton Township of Texas Co	General Revenue	3,915,695	0.1000	0.1000	4,069,557	0.1000	0.1000	4,173,084	0.1000	0.1000
		Road & Bridge	3,915,695	0.3066	0.3066	4,069,557	0.3085	0.3085	4,173,084	0.3094	0.3094
	Success R-VI School District	Operating Funds-Schools	4,902,920	2.7500	2.7500 B	5,017,674	2.7500	2.7500 B	5,287,015	2.7500	2.7500 B
	Houston R-I School District	Operating Funds-Schools	34,218,421	2.8038	2.8038	35,325,695	2.8457	2.8457	38,166,265	2.8383	2.8383
		Debt Service	34,218,421	0.9020	0.9020	35,325,695	0.8512	0.8512	38,166,265	0.7929	0.7929
	Summersville R-II School District	Operating Funds-Schools	17,032,572	2.9889	2.9889	17,884,953	2.9892	2.9892	18,281,443	3.0000	3.0000
	Licking R-VIII School District	Operating Funds-Schools	24,412,508	2.7500	2.7504 D	24,798,284	2.7500	2.7500 B	25,198,863	2.7500	2.7500 B
	Cabool R-IV School District	Operating Funds-Schools	30,259,864	2.7500	2.7500 B	32,065,993	2.7500	2.7500 B	32,715,944	2.7500	2.7500 B
	Plato R-V School District	Operating Funds-Schools	16,459,394	2.9745	2.9745 D	17,939,324	2.9680	2.9680	18,727,676	2.9580	2.9580
	Raymondville R-VII School District	Operating Funds-Schools	5,422,760	3.0645	2.9500	5,656,067	3.0941	2.9500	5,900,471	3.1290	2.9500
		Debt Service	5,422,760	0.7200	0.7200	5,656,067	0.7200	0.7200	5,900,471	0.7200	0.7200
	Texas County	General Revenue	139,521,188	0.2702	0.0000	141,663,427	0.2753	0.0000	146,654,992	0.2753	0.0000
		Health	139,521,188	0.1000	0.1000	141,663,427	0.1000	0.1000	146,654,992	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Texas	Texas County	Senate Bill 40	139,521,188	0.1000	0.1000	141,663,427	0.1000	0.1000	146,654,992	0.1000	0.1000
Vernon	Vernon County Ambulance District	General Revenue	205,268,632	0.1400	0.1400	200,558,412	0.1451	0.1451	201,566,512	0.1455	0.1455
	City of Bronaugh	General Revenue	874,568	0.1222	0.1200	873,176	0.1250	0.1200	940,360	0.1248	0.1200
		Streets	874,568	0.2750	0.2700	873,176	0.2812	0.2700	940,360	0.2809	0.2700
	Village of Deerfield	General Revenue	466,842	0.3500	0.3500	475,783	0.3500	0.3500	457,816	0.3500	0.3500
	Village of Harwood	General Revenue	268,880	0.9386	0.9386	260,917	0.9708	0.9708	263,245	0.9710	0.9710
	City of Metz	General Revenue	410,378	0.5742	0.5742	369,721	0.6000	0.6000	447,143	0.5608	0.5608
	Village of Milo	General Revenue	244,085	0.7229	0.7000	240,550	0.7500	0.7000	242,776	0.7500	0.7500
	Village of Moundville	General Revenue	532,878	0.3494	0.3200	544,105	0.3645	0.3200	518,304	0.3853	0.3853
		Parks & Recreation	532,878	0.1965	0.1800	544,105	0.2000	0.1800	518,304	0.2000	0.2000
	City of Nevada	General Revenue	93,876,150	0.5433	0.5433	90,020,658	0.5742	0.5433	88,173,555	0.5875	0.5433
		Parks & Recreation	93,876,150	0.1776	0.0000	90,020,658	0.1877	0.0000	88,173,555	0.1921	0.0000
		Library	93,876,150	0.1776	0.1776	90,020,658	0.1877	0.1776	88,173,555	0.1921	0.1921
	City of Richards	General Revenue	408,535	0.4105	0.3900	405,337	0.4452	0.3900	370,002	0.5000	0.3900
		Streets	408,535	0.2259	0.2000	405,337	0.2450	0.2000	370,002	0.2500	0.2000
	City of Schell City	General Revenue	1,075,265	0.6281	0.6281	1,044,097	0.6720	0.6720	1,061,846	0.6720	0.6720
	City of Sheldon	General Revenue	2,299,716	0.5020	0.5000	2,247,785	0.5162	0.5162	2,276,099	0.5201	0.5201
		Streets	2,299,716	0.1607	0.1600	2,247,785	0.1653	0.1653	2,276,099	0.1666	0.1666
	Village of Stotesbury	General Revenue	59,030	0.3500	0.3500	44,049	0.3500	0.3500	41,376	0.3500	0.3500
		Lights	59,030	0.1000	0.1000	44,049	0.1000	0.1000	41,376	0.1000	0.1000
		Streets	59,030	0.0500	0.0500	44,049	0.0500	0.0500	41,376	0.0500	0.0500
	City of Walker	General Revenue	1,397,621	0.4448	0.4448	1,367,684	0.4677	0.4677	1,500,957	0.4614	0.4614
		Lights	1,397,621	0.0500	0.0500	1,367,684	0.0500	0.0500	1,500,957	0.0493	0.0493
		Streets	1,397,621	0.1138	0.1138	1,367,684	0.1196	0.1196	1,500,957	0.1180	0.1180
	Bacon Township of Vernon Co	General Revenue	4,374,512	0.1000	0.1000	4,317,210	0.1000	0.1000	4,556,778	0.0993	0.0993
		Road & Bridge	4,374,512	0.3526	0.3526	4,317,210	0.3633	0.3633	4,556,778	0.3607	0.3607
		Special Road and Bridge	4,374,512	0.1700	0.1700 A	4,317,210	0.1700	0.1700	4,556,778	0.1700	0.1700 A
	Badger Township of Vernon Co	General Revenue	3,923,856	0.0916	0.0916	4,178,948	0.0933	0.0916	4,218,760	0.0933	0.0916
		Road & Bridge	3,923,856	0.3358	0.3358	4,178,948	0.3421	0.3358	4,218,760	0.3421	0.3358
		Special Road and Bridge	3,923,856	0.3400	0.3400 A	4,178,948	0.3400	0.3400	4,218,760	0.3400	0.3400
	Blue Mound Township of Vernon Co	General Revenue	2,822,029	0.1000	0.1000	3,036,012	0.0997	0.0997	3,216,188	0.0979	0.0979
		Road & Bridge	2,822,029	0.2600	0.2600	3,036,012	0.2593	0.2593	3,216,188	0.2545	0.2545
		Special Road and Bridge	2,822,029	0.1900	0.1900 A	3,036,012	0.1895	0.1895	3,216,188	0.1860	0.1860
	Center Township of Vernon Co	General Revenue	107,625,639	0.0916	0.0916	103,142,422	0.0964	0.0964	103,584,793	0.0964	0.0964
		Road & Bridge	107,625,639	0.2850	0.2850	103,142,422	0.2999	0.2999	103,584,793	0.2999	0.2999
	Clear Creek Township of Vernon Co	General Revenue	4,246,558	0.0908	0.0908	4,380,690	0.0908	0.0908	4,848,846	0.0908	0.0908
		Road & Bridge	4,246,558	0.3229	0.3229	4,380,690	0.3229	0.3229	4,848,846	0.3229	0.3229
	Coal Township of Vernon Co	General Revenue	3,944,769	0.1000	0.1000	3,527,438	0.1000	0.1000	3,259,150	0.1000	0.1000
		Road & Bridge	3,944,769	0.2951	0.2951	3,527,438	0.3342	0.3342	3,259,150	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Vernon	Deerfield Township of Vernon Co	General Revenue	7,433,731	0.0900	0.0900	7,652,802	0.0916	0.0916	7,676,789	0.0925	0.0925
		Road & Bridge	7,433,731	0.3500	0.3500	7,652,802	0.3500	0.3500	7,676,789	0.3500	0.3500
		Special Road and Bridge	7,433,731	0.3500	0.3500 A	7,652,802	0.3500	0.3500	7,676,789	0.3500	0.3500
	Dover Township of Vernon Co	General Revenue	3,955,838	0.1000	0.1000	3,931,128	0.1000	0.1000	4,113,066	0.0996	0.0996
		Road & Bridge	3,955,838	0.3500	0.2700	3,931,128	0.3500	0.2700	4,113,066	0.3487	0.3487
		Special Road and Bridge	3,955,838	0.3500	0.3500	3,931,128	0.3500	0.3500 A	4,113,066	0.3487	0.3487
	Drywood Township of Vernon Co	General Revenue	8,669,363	0.1000	0.1000	8,621,429	0.1000	0.1000	9,225,577	0.0999	0.0999
		Road & Bridge	8,669,363	0.2702	0.2702	8,621,429	0.2772	0.2772	9,225,577	0.2769	0.2769
		Special Road and Bridge	8,669,363	0.2400	0.2400	8,621,429	0.2400	0.2400	9,225,577	0.2400	0.2400 A
	Harrison Township of Vernon Co	General Revenue	4,276,500	0.1000	0.1000	3,686,642	0.1000	0.1000	3,647,767	0.1000	0.1000
		Road & Bridge	4,276,500	0.3500	0.3500	3,686,642	0.3500	0.3500	3,647,767	0.3500	0.3500
		Special Road and Bridge	4,276,500	0.3500	0.3500 A	3,686,642	0.3500	0.3500	3,647,767	0.3500	0.3500
	Henry Township of Vernon Co	General Revenue	3,691,422	0.1000	0.1000	3,201,216	0.1000	0.1000	3,143,558	0.1000	0.1000
		Road & Bridge	3,691,422	0.3500	0.3500	3,201,216	0.3500	0.3500	3,143,558	0.3500	0.3500
		Special Road and Bridge	3,691,422	0.3500	0.3500 A	3,201,216	0.3500	0.3500	3,143,558	0.3500	0.3500
	Lake Township of Vernon Co	General Revenue	2,493,025	0.1000	0.1000	2,414,645	0.1000	0.1000	2,440,327	0.1000	0.1000
		Road & Bridge	2,493,025	0.5000	0.5000	2,414,645	0.5000	0.5000	2,440,327	0.5000	0.5000
		Special Road and Bridge	2,493,025	0.3500	0.3500	2,414,645	0.3500	0.3500 A	2,440,327	0.3500	0.3500 A
	Metz Township of Vernon Co	General Revenue	3,280,498	0.1000	0.1000	3,482,470	0.1000	0.1000	3,682,848	0.0991	0.0991
		Road & Bridge	3,280,498	0.3217	0.3217	3,482,470	0.3250	0.3250	3,682,848	0.3220	0.3220
		Special Road and Bridge	3,280,498	0.3500	0.3500	3,482,470	0.3500	0.3500	3,682,848	0.3500	0.3500 A
	Montevallo Township of Vernon Co	General Revenue	4,134,686	0.1000	0.1000	4,296,760	0.1000	0.1000	3,575,682	0.1000	0.1000
		Road & Bridge	4,134,686	0.3500	0.3500	4,296,760	0.3500	0.3500	3,575,682	0.3500	0.3500
		Special Road and Bridge	4,134,686	0.2500	0.2500 A	4,296,760	0.2500	0.2500	3,575,682	0.2500	0.2500 A
	Moundville Township of Vernon Co	General Revenue	5,539,165	0.1000	0.1000	5,595,302	0.1000	0.1000	5,634,750	0.1000	0.1000
		Road & Bridge	5,539,165	0.3417	0.3417	5,595,302	0.3465	0.3465	5,634,750	0.3490	0.3490
		Special Road and Bridge	5,539,165	0.2400	0.2400 A	5,595,302	0.2400	0.2400	5,634,750	0.2400	0.2400
	Osage Township of Vernon Co	General Revenue	3,849,168	0.1000	0.1000	3,700,498	0.1000	0.1000	4,035,148	0.0989	0.0989
		Road & Bridge	3,849,168	0.3500	0.3500	3,700,498	0.3500	0.3500	4,035,148	0.3461	0.3461
		Special Road and Bridge	3,849,168	0.2500	0.2500	3,700,498	0.2500	0.2500	4,035,148	0.2472	0.2472
	Richland Township of Vernon Co	General Revenue	3,079,924	0.1000	0.1000	2,823,313	0.1000	0.1000	2,645,391	0.1000	0.1000
		Road & Bridge	3,079,924	0.3500	0.3500	2,823,313	0.3500	0.3500	2,645,391	0.3500	0.3500
		Special Road and Bridge	3,079,924	0.3500	0.3500 A	2,823,313	0.3500	0.3500	2,645,391	0.3500	0.3500
	Virgil Township of Vernon Co	General Revenue	2,928,513	0.0800	0.0800	2,972,767	0.0808	0.0808	3,172,475	0.0808	0.0808
		Road & Bridge	2,928,513	0.2900	0.2900	2,972,767	0.2929	0.2929	3,172,475	0.2929	0.2929
	Walker Township of Vernon Co	General Revenue	4,918,759	0.0905	0.0900	5,005,687	0.0931	0.0931	5,519,688	0.0921	0.0921
		Road & Bridge	4,918,759	0.3015	0.3000	5,005,687	0.3101	0.3101	5,519,688	0.3067	0.3067
		Special Road and Bridge	4,918,759	0.3500	0.3500 A	5,005,687	0.3500	0.3500	5,519,688	0.3461	0.3461
	Washington Township of Vernon Co	General Revenue	20,080,677	0.1000	0.1000	20,591,033	0.1000	0.1000	19,368,931	0.1000	0.1000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Vernon	Washington Township of Vernon Co	Road & Bridge	20,080,677	0.3500	0.3500	20,591,033	0.3500	0.3500	19,368,931	0.3500	0.3500
		Special Road and Bridge	20,080,677	0.3000	0.3000 A	20,591,033	0.3000	0.3000	19,368,931	0.3000	0.3000
	Nevada R-V School District	Operating Funds-Schools	144,781,529	2.9724	2.9700	142,610,680	3.0896	3.0500	142,085,118	3.1729	3.1700
		Operating Funds-Temp	144,781,529	0.1400	0.1300	142,610,680	0.1400	0.1400	142,085,118	0.1400	0.1400
		Debt Service	144,781,529	0.1800	0.1800	142,610,680	0.1800	0.1800	142,085,118	0.1600	0.1600
	Bronaugh R-VII School District	Operating Funds-Schools	9,588,504	3.3917	3.3917	9,710,333	3.4374	3.4374	9,989,592	3.5478	3.5478
		Debt Service	9,588,504	0.2478	0.2478	9,710,333	0.3086	0.3086	9,989,592	0.0310	0.0310
	Sheldon R-VIII School District	Operating Funds-Schools	8,090,038	3.9823	2.9800	8,089,418	4.1440	3.1800	8,466,278	4.1272	3.2800
		Debt Service	8,090,038	0.6900	0.6900	8,089,418	0.4900	0.4900	8,466,278	0.3900	0.3900
	Northeast Vernon County R-I	Operating Funds-Schools	13,169,793	3.9549	3.2500	13,873,687	3.9378	3.3100	14,285,419	4.0920	3.3500
		Debt Service	13,169,793	0.1000	0.1000	13,873,687	0.0400	0.0400	**	**	**
	Vernon County	General Revenue	205,268,632	0.3300	0.1496	200,558,412	0.3421	0.1330	201,566,512	0.3430	0.1633
		Health	205,268,632	0.1000	0.1000	200,558,412	0.1000	0.1000	201,566,512	0.1000	0.1000
Warren	Marthasville Community Amb Dist	General Revenue	60,909,209	0.1578	0.1578	63,055,649	0.1586	0.1586	67,545,317	0.1564	0.1564
		Ambulance	60,909,209	0.1380	0.1380	63,055,649	0.1387	0.1387	67,545,317	0.1368	0.1368
	Warren County Ambulance District	General Revenue	262,755,549	0.2296	0.2296	273,603,258	0.3500	0.3500 B	291,523,456	0.3475	0.3475
	City of Marthasville	General Revenue	6,980,265	0.5687	0.5687	7,453,091	0.5687	0.5687	7,836,437	0.5669	0.5669
		Lights	6,980,265	0.1297	0.1297	7,453,091	0.1297	0.1297	7,836,437	0.1293	0.1293
	City of Truesdale	General Revenue	14,214,420	0.4893	0.4893	14,506,678	0.4928	0.4928	13,776,883	0.5203	0.5203
		Debt Service	14,214,420	0.1416	0.1416	14,506,678	0.2582	0.2582	13,776,883	0.1980	0.1980
	City of Warrenton	General Revenue	61,105,180	0.2692	0.2692	63,430,778	0.2695	0.2695	67,528,027	0.2690	0.2690
		Parks & Recreation	61,105,180	0.1595	0.1595	63,430,778	0.1597	0.1597	67,528,027	0.1594	0.1594
	City of Wright City	General Revenue	20,299,921	0.5285	0.5285	20,800,336	0.5388	0.5388	23,932,827	0.5192	0.5192
		Parks & Recreation	20,299,921	0.0997	0.0997	20,800,336	0.1000	0.1000	23,932,827	0.0964	0.0964
		Lights	20,299,921	0.1994	0.1994	20,800,336	0.2000	0.2000	23,932,827	0.1927	0.1927
		Debt Service	20,299,921	0.2829	0.2829	20,800,336	0.2578	0.2578	23,932,827	0.1456	0.1456
	Village of Innsbrook	General Revenue	29,052,633	0.1447	0.1447	28,844,356	0.1500	0.1500	31,498,312	0.1465	0.1465
	Village of Pendleton	General Revenue	**	**	**	313,328	0.5000	0.5000 A	291,315	0.5000	0.5000
	Warren County Library District	General Revenue	328,085,133	0.0696	0.0696	340,911,699	0.0698	0.0698	363,355,231	0.0691	0.0691
		Library	328,085,133	0.0397	0.0397	340,911,699	0.0398	0.0398	363,355,231	0.0394	0.0394
	Wright City Fire Protection Dist	General Revenue	107,177,631	0.2800	0.2800	113,766,934	0.2800	0.2800	123,057,179	0.4258	0.4258 B
	Marthasville Fire Protection Dist	General Revenue	47,822,308	0.2621	0.2621	48,766,919	0.4160	0.4160 B	51,151,720	0.4144	0.4082
	Warrenton Fire Protection District	General Revenue	152,475,036	0.4497	0.4497 B	158,534,915	0.4497	0.4497	168,085,074	0.4474	0.4474
	Wright City R-II School District	Operating Funds-Schools	100,177,505	3.2995	3.2995	106,529,970	3.2697	3.2697	115,583,010	3.2436	3.2436
		Debt Service	100,177,505	0.0906	0.0906	106,529,970	0.6800	0.6800	115,583,010	0.6800	0.6800
	Warren Co R-III School District	Operating Funds-Schools	160,465,141	3.0079	3.0079	167,868,994	2.9808	2.9808	179,289,324	2.9714	2.9714
		Debt Service	160,465,141	0.4324	0.4324	167,868,994	0.4595	0.4595	179,289,324	0.4689	0.4689
	Warren County	General Revenue	328,085,133	0.2484	0.0937	340,911,699	0.2491	0.0734	363,355,231	0.2466	0.1035
		Road & Bridge	328,085,133	0.1789	0.1789	340,911,699	0.1794	0.1794	363,355,231	0.1776	0.1776

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Warren	Warren County	Developmentally Disabled	328,085,133	0.1888	0.1200	340,911,699	0.1893	0.1200	363,355,231	0.1874	0.1600
Washington	Washington County Ambulance Dist	General Revenue	159,340,347	0.2404	0.2404	155,532,849	0.2499	0.2499	159,651,829	0.2500	0.2500
	Village of Caledonia	General Revenue	986,082	0.1476	0.1476	960,255	0.1515	0.1515	955,485	0.1532	0.1532
	City of Irondale	General Revenue	1,584,925	0.4844	0.4844	1,600,645	0.4844	0.4840	1,557,952	0.5122	0.5122
	Village of Mineral Point	General Revenue	891,375	0.2585	0.2585	834,456	0.2761	0.2761	825,244	0.2818	0.2818
	City of Potosi	General Revenue	18,580,598	0.5768	0.5768	17,738,147	0.6080	0.6009	19,718,899	0.6080	0.6080
	Washington County Library District	General Revenue	159,340,347	0.1903	0.1903	155,532,849	0.1978	0.1978	159,651,829	0.2000	0.2000
	Potosi Fire Protection District	General Revenue	104,041,149	0.2900	0.2900	101,544,613	0.3000	0.3000	105,700,376	0.3000	0.3000
	Richwoods Fire Protection District	General Revenue	8,432,116	0.3000	0.3000	8,467,345	0.3000	0.3000	9,113,038	0.2957	0.2957
	Irondale Fire Protection District	General Revenue	6,643,807	0.5000	0.5000	6,669,310	0.5000	0.5000	6,927,292	0.5000	0.5000
	Caledonia Fire Protection District	General Revenue	**	**	**	**	**	**	3,356,238	0.4000	0.4000 A
	Kingston K-14 School District	Operating Funds-Schools	21,477,177	2.7500	2.7500 B	18,104,819	3.0832	2.7500	18,963,510	3.2557	2.9000
		Debt Service	21,477,177	0.8400	0.8400	18,104,819	0.8400	0.8400	18,963,510	0.8400	0.8400
	Potosi R-III School District	Operating Funds-Schools	56,577,759	2.7500	2.7500 B	57,854,873	2.7500	2.7500 B	60,369,314	2.7500	2.7500 B
		Debt Service	56,577,759	0.5000	0.5000	57,854,873	0.5000	0.5000	60,369,314	0.5000	0.5000
	Richwoods R-VII School District	Operating Funds-Schools	6,001,364	3.9283	2.7500	6,430,652	3.8348	3.2500	7,180,579	3.7916	3.2500
	Valley R-VI School District	Operating Funds-Schools	15,896,472	3.9779	3.9600	15,812,550	3.9906	3.9900	16,007,390	4.1600	4.1600
	Washington County	General Revenue	159,340,347	0.3707	0.1800	155,532,849	0.3854	0.1800	159,651,829	0.3901	0.1900
		Road & Bridge	159,340,347	0.2605	0.2600	155,532,849	0.2708	0.2685	159,651,829	0.2741	0.2741
		Health	159,340,347	0.1500	0.1500	155,532,849	0.1500	0.1500	159,651,829	0.1500	0.1500
		Hospital	159,340,347	0.1903	0.1903	155,532,849	0.1978	0.1962	159,651,829	0.2000	0.2000
		Senate Bill 40	159,340,347	0.1903	0.1903	155,532,849	0.1978	0.1700	159,651,829	0.2000	0.1700
		Senior Services	159,340,347	0.0500	0.0500	155,532,849	0.0500	0.0500	159,651,829	0.0500	0.0500
Wayne	East Wayne County Ambulance Dist	General Revenue	42,266,620	0.3000	0.3000	43,959,567	0.3000	0.3000	44,970,440	0.3000	0.3000
	Clearwater Ambulance District	General Revenue	**	**	**	51,693,481	0.3000	0.3000 A	51,940,863	0.3000	0.3000
	Village of Mill Spring	General Revenue	483,935	0.5517	0.4500	437,791	0.6107	0.4500	431,235	0.6204	0.4500
	City of Piedmont	General Revenue	14,192,344	0.2609	0.2200	14,826,938	0.2643	0.2200	14,776,120	0.2674	0.2200
		Lights	14,192,344	0.1706	0.1300	14,826,938	0.1729	0.1300	14,776,120	0.1749	0.1300
		Library	14,192,344	0.1104	0.1000	14,826,938	0.1119	0.1000	14,776,120	0.1132	0.1000
		Cemetery	14,192,344	0.0500	0.0300	14,826,938	0.0500	0.0300	14,776,120	0.0500	0.0300
	Clearwater Fire Protection District	General Revenue	36,226,337	0.3000	0.3000	36,372,153	0.3000	0.3000	36,952,635	0.3000	0.3000
	Greenville R-II School District	Operating Funds-Schools	28,239,669	2.7500	2.7500 B	29,507,098	2.7500	2.7500 B	30,384,245	2.7500	2.7500 B
		Debt Service	28,239,669	0.3600	0.3600	29,507,098	0.3600	0.3600	30,384,245	0.3600	0.3600
	Clearwater R-I School District	Operating Funds-Schools	50,383,968	2.7500	2.7500 B	51,186,274	2.7500	2.7500 B	51,868,882	2.7500	2.7500 B
		Debt Service	50,383,968	0.3319	0.3319	51,186,274	0.3642	0.3642	51,868,882	0.3423	0.3423
	Wayne County	General Revenue	96,011,754	0.3000	0.1600	98,235,077	0.3003	0.1600	99,771,164	0.3003	0.1600
		Road & Bridge	96,011,754	0.2300	0.1100	98,235,077	0.2302	0.1100	99,771,164	0.2302	0.1100
		Health	96,011,754	0.1000	0.1000	98,235,077	0.1000	0.1000	99,771,164	0.1000	0.1000
		Senate Bill 40	96,011,754	0.0900	0.0800	98,235,077	0.0901	0.0800	99,771,164	0.0901	0.0800

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Webster	Village of Diggins	General Revenue	1,557,636	0.2100	0.2100	1,591,554	0.2100	0.2100	1,625,319	0.2100	0.2100
	City of Fordland	General Revenue	3,573,378	0.3918	0.3918	3,640,233	0.3928	0.3928	3,628,686	0.4038	0.4038
	City of Marshfield	Parks & Recreation	48,424,481	0.1108	0.1000	50,495,626	0.1108	0.1000	50,509,671	0.1143	0.1000
		Cemetery	48,424,481	0.1310	0.1000	50,495,626	0.1310	0.1000	50,509,671	0.1351	0.1000
		Debt Service	**	**	**	**	**	**	50,509,671	0.2500	0.2500
	City of Niangua	General Revenue	1,465,683	0.2581	0.2581	1,465,000	0.2608	0.2608	1,482,007	0.2645	0.2645
	City of Rogersville	General Revenue	11,559,136	0.3300	0.3300	12,294,569	0.3300	0.3300	13,632,763	0.3300	0.3220
		Debt Service	11,559,136	0.9900	0.9900	12,294,569	0.9900	0.9900	13,632,763	0.5400	0.5400
		General Revenue	11,657,045	0.3622	0.3600	12,154,969	0.3630	0.3600	12,124,434	0.3650	0.3600
	City of Seymour	Parks & Recreation	11,657,045	0.0805	0.0800	12,154,969	0.0807	0.0800	12,124,434	0.0811	0.0800
		Library	11,657,045	0.0604	0.0600	12,154,969	0.0605	0.0600	12,124,434	0.0608	0.0600
		Cemetery Fund	11,657,045	0.0503	0.0500	12,154,969	0.0504	0.0500	12,124,434	0.0507	0.0500
		General Revenue	211,829,073	0.1200	0.1200	222,069,741	0.1200	0.1200	231,927,871	0.1200	0.1200
	Southern Webster Co Fire Prot Dist	General Revenue	44,983,315	0.2800	0.2800	47,615,701	0.2833	0.2833	49,789,056	0.2833	0.2833
	Niangua R-V School District	Operating Funds-Schools	10,064,159	2.7500	2.7500 B	10,462,076	2.7500	2.7500 B	10,541,077	3.1000	3.1000 B
	Fordland R-III School District	Operating Funds-Schools	20,205,145	2.7500	2.7500 B	21,305,669	2.7500	2.7500 B	23,160,429	2.7500	2.7500 B
		Debt Service	20,205,145	1.1800	1.1800	21,305,669	0.7900	0.7900	23,160,429	0.7900	0.7900
	Marshfield R-I School District	Operating Funds-Schools	111,764,778	2.4000	2.4000 B	116,797,126	2.4000	2.4000 B	123,513,699	2.6500	2.6500 B
		Debt Service	111,764,778	0.5500	0.5500	116,797,126	0.5500	0.5500	123,513,699	0.4000	0.4000
	Seymour R-II School District	Operating Funds-Schools	29,484,376	2.7500	2.7500 B	31,108,756	2.7500	2.7500 B	31,536,714	2.7500	2.7500 B
	Webster County	General Revenue	223,570,698	0.2700	0.0340	234,317,280	0.2700	0.0522	244,133,225	0.2700	0.0477
		Road & Bridge	223,570,698	0.1900	0.1900	234,317,280	0.1900	0.1900	244,133,225	0.1900	0.1900
		Health	223,570,698	0.1400	0.1400	234,317,280	0.1400	0.1400	244,133,225	0.1400	0.1400
		Senate Bill 40	223,570,698	0.0800	0.0800	234,317,280	0.0800	0.0800	244,133,225	0.0800	0.0800
		General Revenue	21,387,230	0.3000	0.1500	22,252,980	0.3000	0.1500	22,540,790	0.3000	0.1500
Worth	Worth County Ambulance District	General Revenue	21,387,230	0.3000	0.1500	22,252,980	0.3000	0.1500	22,540,790	0.3000	0.1500
	Platte River Tributaries Sub Dist	General Revenue	577,830	0.3999	0.3999	577,830	0.3999	0.3999	577,840	0.3999	0.3999
	Village of Allendale	General Revenue	388,650	0.3596	0.3596	462,650	0.3598	0.3598	442,670	0.3783	0.3783
		Gen Revenue-Temp	**	**	**	462,650	0.2000	0.0000 A	442,670	0.2000	0.2000
		General Revenue-Temp	388,650	0.2000	0.2000	462,650	0.2000	0.2000	**	**	**
	Village of Denver	General Revenue	193,600	0.4553	0.4553	200,050	0.4474	0.4474	188,972	0.4747	0.4474
	City of Grant City	General Revenue	3,794,250	0.9934	0.9900	4,056,260	0.9934	0.9934	4,139,790	0.9934	0.9934
		Health	3,794,250	0.1800	0.1800	4,056,260	0.1800	0.1800	4,139,790	0.1800	0.1800
		Special Fund	3,794,250	0.3000	0.3000	4,056,260	0.3000	0.3000	4,139,790	0.3000	0.3000
		General Revenue	794,180	0.9711	0.9711	778,980	0.9900	0.9900	814,755	0.9906	0.9906
	City of Sheridan	Fire	794,180	0.1999	0.1999	778,980	0.2000	0.2000	**	**	**
		Fire-Temp	**	**	**	778,980	0.2000	0.2000 A	814,755	0.2000	0.2000
	Village of Worth	General Revenue	196,020	0.5000	0.5000	191,820	0.5000	0.5000	208,290	0.5000	0.5000
	Worth Co R-III School District	Operating Funds-Schools	18,617,630	3.4485	3.4200	19,491,550	3.4491	3.4491	19,714,520	3.4536	3.4536
	Worth County	General Revenue	21,387,230	0.5000	0.3700	22,252,980	0.5000	0.5000	22,540,790	0.5000	0.5000

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Worth	Worth County	Library	21,387,230	0.1000	0.1000	22,252,980	0.1000	0.1000	22,540,790	0.1000	0.1000
		Road & Bridge	21,387,230	0.5000	0.5000	22,252,980	0.5000	0.5000	22,540,790	0.5000	0.5000
		Special Road and Bridge	21,387,230	0.3300	0.3300	22,252,980	0.3300	0.3300	**	**	**
		Senior Services	21,387,230	0.0500	0.0500	22,252,980	0.0500	0.0500	22,540,790	0.0500	0.0500
		General Revenue - Temp	21,387,230	0.3500	0.3500	22,252,980	0.3500	0.2200	**	**	**
		Spec Rd & Bridge-Temp	**	**	**	22,252,980	0.3300	0.0000	22,540,790	0.3300	0.3300
		General Revenue-Temp	**	**	**	**	**	**	22,540,790	0.3500	0.3500
Wright	Mountain Grove Special Road Dist	Road & Bridge	39,621,688	0.2507	0.2507	40,234,627	0.2507	0.0000	40,666,086	0.2515	0.0000
	City of Hartville	General Revenue	3,262,250	0.4935	0.4935	3,476,070	0.4986	0.4986	3,450,294	0.5045	0.5045
	City of Mansfield	General Revenue	8,069,972	0.4668	0.4668	8,195,702	0.4719	0.4719	8,170,647	0.4778	0.4778
		Streets	8,069,972	0.1421	0.1421	8,195,702	0.1436	0.1436	8,170,647	0.1454	0.1454
		Cemetery	8,069,972	0.1000	0.1000	8,195,702	0.1000	0.1000	8,170,647	0.1000	0.1000
	City of Mountain Grove	General Revenue	32,832,774	0.4500	0.4500	33,149,249	0.4500	0.4500	33,633,733	0.4516	0.4516
		Parks & Recreation	32,832,774	0.0600	0.0600	33,149,249	0.0600	0.0600	33,633,733	0.0602	0.0602
	City of Norwood	General Revenue	2,503,379	0.3799	0.3799	2,380,811	0.4040	0.4040	2,453,642	0.4040	0.4040
		Water	2,503,379	0.6058	0.6058	2,380,811	0.6443	0.6443	2,453,642	0.6443	0.6443
	Wright County Library	General Revenue	116,868,060	0.1417	0.1417	120,374,053	0.1417	0.1417	121,115,876	0.1431	0.1431
	Norwood R-I School District	Operating Funds-Schools	10,052,902	3.2585	3.2585	10,665,750	3.3051	3.3051	10,935,989	3.3051	3.3051
	Hartville R-II School District	Operating Funds-Schools	23,474,191	2.7500	2.7500	24,815,172	2.7500	2.7500	24,878,055	2.7500	2.7500
		Debt Service	23,474,191	0.4800	0.4800	24,815,172	0.4800	0.4800	24,878,055	0.4800	0.4800
	Mountain Grove R-III School Dist	Operating Funds-Schools	62,358,821	2.7500	2.7500	63,821,929	2.7500	2.7500	64,925,982	2.7500	2.7500
	Mansfield R-IV School District	Operating Funds-Schools	22,905,299	2.7500	2.7500	23,686,387	2.7500	2.7500	23,773,274	2.7500	2.7500
		Debt Service	22,905,299	0.8000	0.8000	23,686,387	0.8000	0.8000	23,773,274	0.8000	0.8000
	Manes R-V School District	Operating Funds-Schools	3,552,053	3.0000	3.0000	3,552,053	3.0143	3.0000	3,665,274	3.0566	3.0566
	Wright County	General Revenue	116,868,060	0.3137	0.0394	120,374,053	0.3137	0.0415	121,115,876	0.3169	0.0280
		Health	116,868,060	0.0810	0.0810	120,374,053	0.0810	0.0810	121,115,876	0.0818	0.0818
		Developmentally Disabled	116,868,060	0.0810	0.0810	120,374,053	0.0810	0.0810	121,115,876	0.0818	0.0818
St. Louis City	St Louis Public Libraries	General Revenue	3,194,150,598	0.5595	0.5595	3,236,780,276	0.5600	0.5600	3,433,205,486	0.5446	0.5446
	Baden Market Centre Spec Bus Dist	General Revenue	1,083,750	0.8500	0.8500	1,074,550	0.8500	0.8500	1,207,570	0.7730	0.7730
	Cherokee Station Special Bus Dist	General Revenue	2,006,600	0.8500	0.8500	1,947,400	0.8500	0.8500	2,128,500	0.7948	0.7948
	St. Louis Downtown Business Dist	General Revenue	4,854,800	0.4000	0.4000	5,861,300	0.4000	0.4000	6,265,400	0.3939	0.3939
	Kingsway Center Special Bus Dist	General Revenue	1,210,240	0.8500	0.8500	1,327,890	0.8500	0.8500	1,355,490	0.8500	0.8500
	Locust Central Business District	General Revenue	18,380,820	0.8500	0.7900	18,668,120	0.8500	0.7900	31,295,080	0.6052	0.6052
	South Grand Square Spec Bus Dist	General Revenue	2,044,110	0.5867	0.0000	2,072,510	0.5867	0.0000	0	0.0000	0.0000
	Central West End South SBD	General Revenue	10,491,370	0.8500	0.8500	10,622,500	0.8500	0.8500	11,423,950	0.8078	0.8078
	Central West End North SBD	General Revenue	30,098,520	0.8500	0.8500	30,254,710	0.8500	0.8500	33,933,700	0.7808	0.7808
	Soulard Special Business District	General Revenue	22,580,730	0.3500	0.3500	22,715,680	0.3500	0.3500	27,566,270	0.2960	0.2960
	Downtown Parks Business District	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
	Waterman/Lake Special Business Dist	General Revenue	2,698,260	0.7100	0.7100	1,970,430	0.8500	0.8500	2,199,270	0.7783	0.7783

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS NOT USING HB 1150

County	Political Subdivision	Purpose	2001			2002			2003		
			Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis City	Westminister/Lake Special Bus Dist	General Revenue	4,127,110	0.8000	0.8000	4,093,650	0.8065	0.8065	5,049,250	0.6682	0.6682
	Washington Place Special Bus Dist	General Revenue	1,862,710	0.7933	0.7933	1,862,710	0.7933	0.7933	2,727,250	0.5537	0.5537
	East Loop/Parkview Gardens SBD	General Revenue	837,130	0.8500	0.8500	725,630	0.8500	0.8500	3,895,120	0.8500	0.8500
	Cathedral Square Special Bus Dist	General Revenue	10,216,510	0.8500	0.8500	10,218,490	0.8500	0.8500	12,404,350	0.7156	0.7156
	Central West End Southeast SBD	General Revenue	6,808,920	0.8500	0.8500	7,329,400	0.8500	0.8500	8,801,120	0.7268	0.7268
	Cherokee-Lemp Special Business Dist	General Revenue	1,209,400	0.8500	0.8500	1,212,400	0.8500	0.8500	1,469,950	0.7165	0.7165
	Gardenside Special Business Dist	General Revenue	**	**	**	7,307,560	0.8500	0.8500 ^A	7,950,170	0.7985	0.7985
	St. Louis Community College	General Revenue	21,386,690,602	0.2309	0.2300	21,444,717,930	0.2327	0.2320	22,295,596,918	0.2312	0.2312
	St. Louis City School District	Operating Funds-Schools	3,099,455,615	3.7500	3.7500	3,161,745,493	3.7500	3.7500	3,332,578,940	3.6427	3.6400
		Debt Service	3,099,455,615	0.5500	0.5500	3,161,745,493	0.5500	0.5500	3,332,578,940	0.5500	0.5500
	City of St. Louis	Parks & Recreation	2,889,591,748	0.0199	0.0199	2,931,158,517	0.0200	0.0200	3,127,845,861	0.0194	0.0194
		Health	2,889,591,748	0.0199	0.0199	2,931,158,517	0.0200	0.0200	3,127,845,861	0.0194	0.0194
		Hospital	2,889,591,748	0.0996	0.0996	2,931,158,517	0.1000	0.1000	3,127,845,861	0.0968	0.0968
		Developmentally Disabled	3,194,150,598	0.1499	0.1499	3,236,780,276	0.1500	0.1500	3,433,205,486	0.1459	0.1459
		Mental Health	3,194,150,598	0.0899	0.0899	3,236,780,276	0.0900	0.0900	3,433,205,486	0.0875	0.0875
		County Purposes	2,889,591,748	0.3485	0.3485	2,931,158,517	0.3500	0.3500	3,127,845,861	0.3386	0.3386
		General Revenue No. 1	3,194,150,598	0.1599	0.1599	3,236,780,276	0.1600	0.1600	3,433,205,486	0.1556	0.1556
		General Revenue No. 2	2,889,591,748	0.8000	0.8000	2,931,158,517	0.8074	0.8074	3,127,845,861	0.7812	0.7812
		Debt Service	3,194,150,598	0.1513	0.1513	3,236,780,276	0.1513	0.1513	3,433,205,486	0.1513	0.1513

LEGEND:

** Levy did not exist in the given year or was not certified due to insufficient substantiating data.

A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy, see Appendix VIII.

B A voter approved increase to an existing levy, see Appendix IX.

C Levy includes a recoupment rate authorized by state law.

D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Results - Table 1.1.

E The ballot passed by Christian County Senior Services stated, ".05 cents" and was levied as 5 cents in 2001. In 2002, the tax rate ceiling was revised to reflect the amount of \$.0005 allowed by the ballot language.

F Article X, Section 11(g) of the Missouri Constitution allows the school board of the Kansas City 33 School District to set its tax levy at a rate that is lower than the court-ordered rate for the 1995 tax year (which was \$4.96). The rate so established may be changed from year to year by the school board of the district.

NOTE:

All rates in the levied column represent the rate extended and certified to the State Auditor's Office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation that the property tax is levied against.

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS USING HB1150

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
St. Louis													
City of Bella Villa	General Revenue	5,352,680	0.2960	0.0000	0	0.0000	0.0000	464,463	0.3040	0.0000	1,189,466	0.3080	0.0000
City of Bellefontaine Neighbors	General Revenue	53,085,750	0.2290	0.1500	5,310	0.2450	0.1500	9,639,594	0.2480	0.1500	16,213,317	0.2360	0.1500
Village of Bellerive Acres	General Revenue	3,130,650	0.6180	0.6180	0	0.0000	0.0000	150,180	0.7090	0.7090	592,709	0.7670	0.7670
Village of Bel Nor	General Revenue	13,900,718	0.2810	0.2810	0	0.0000	0.0000	291,930	0.2930	0.2930	2,854,950	0.2930	0.2930
	Debt Service	17,047,598	0.5270	0.5270	17,047,598	0.5270	0.5270	17,047,598	0.5270	0.5270	17,047,598	0.5270	0.5270
Village of Bel Ridge	General Revenue	8,312,520	0.3300	0.3300	0	0.0000	0.0000	6,777,514	0.3300	0.3300	0	0.0000	0.0000
City of Berkeley	General Revenue	34,591,600	0.7780	0.7780	11,660	1.0000	1.0000	94,918,911	0.7700	0.7700	50,639,843	0.9080	0.9080
	Pension	34,591,600	0.1100	0.1100	11,660	0.1100	0.1100	94,918,911	0.1100	0.1100	50,639,843	0.1100	0.1100
	Debt Service	180,162,014	0.1490	0.1490	180,162,014	0.1490	0.1490	180,162,014	0.1490	0.1490	180,162,014	0.1490	0.1490
City of Beverly Hills	General Revenue	2,095,370	0.2200	0.2160	0	0.0000	0.0000	1,069,834	0.2290	0.2250	955,180	0.2320	0.2280
City of Breckenridge Hills	General Revenue	16,900,200	0.2830	0.2000	0	0.0000	0.0000	8,582,015	0.2840	0.2000	0	0.0000	0.0000
City of Brentwood	General Revenue	102,368,890	0.2030	0.0000	0	0.0000	0.0000	69,967,760	0.2130	0.2130	40,458,316	0.2070	0.2070
	Library	102,368,890	0.1750	0.1750	0	0.0000	0.0000	69,967,760	0.1840	0.1840	40,458,316	0.1790	0.1790
	Pension	102,368,890	0.2310	0.2310	0	0.0000	0.0000	69,967,760	0.2420	0.2420	40,458,316	0.2350	0.2350
	Debt Service	212,794,966	0.0000	0.0000	212,794,966	0.0000	0.0000	212,794,966	0.0000	0.0000	212,794,966	0.0000	0.0000
	General Revenue	98,327,050	0.2470	0.1600	124,630	0.2500	0.1600	241,047,785	0.2410	0.2330	0	0.0000	0.0000
Village of Calverton Park	General Revenue	7,526,030	0.2860	0.2000	0	0.0000	0.0000	417,253	0.2930	0.2000	2,012,311	0.2980	0.2000
City of Charlack	General Revenue	5,384,370	0.2490	0.2490	0	0.0000	0.0000	1,708,123	0.2570	0.2540	2,163,858	0.2570	0.2570
City of Clarkson Valley	General Revenue	74,197,980	0.1340	0.1340	5,640	0.1420	0.1420	5,069,160	0.1390	0.1390	11,040,094	0.1530	0.1530
City of Clayton	General Revenue	316,609,430	0.6620	0.5810	0	0.0000	0.0000	303,760,131	0.6870	0.5810	83,255,192	0.7000	0.5810
	Debt Service	703,624,753	0.0710	0.0710	703,624,753	0.0710	0.0710	703,624,753	0.0710	0.0710	703,624,753	0.0710	0.0710
City of Cool Valley	General Revenue	5,286,560	0.1610	0.1610	0	0.0000	0.0000	4,341,029	0.1650	0.1650	3,467,380	0.1650	0.1650
City of Country Club Hills	General Revenue	4,155,530	0.7050	0.6830	0	0.0000	0.0000	782,260	0.6730	0.6730	1,294,198	0.7390	0.6830
	Parks & Recreation	4,155,530	0.3220	0.3120	0	0.0000	0.0000	782,260	0.3080	0.3080	1,294,198	0.3380	0.3120
	Health	4,155,530	0.1810	0.1750	0	0.0000	0.0000	782,260	0.1740	0.1740	1,294,198	0.1900	0.1750
Village of Country Life Acres	General Revenue	5,835,620	0.3590	0.3590	0	0.0000	0.0000	64,743	0.4430	0.4430	427,358	0.4280	0.4280
City of Crestwood	General Revenue	133,883,830	0.2610	0.2500	150	0.0000	0.0000	78,259,695	0.2700	0.2500	34,587,938	0.2790	0.2500
City of Creve Coeur	General Revenue	352,307,330	0.0900	0.0700	8,410	0.0950	0.0700	268,356,680	0.0930	0.0700	0	0.0000	0.0000
City of Crystal Lake Park	General Revenue	10,905,170	0.7790	0.7700	0	0.0000	0.0000	48,440	0.7820	0.7700	1,442,395	0.8080	0.7700
City of Dellwood	General Revenue	22,539,370	0.2210	0.2200	0	0.0000	0.0000	6,190,700	0.2490	0.2400	8,025,581	0.2350	0.0000
City of Des Peres	General Revenue	158,538,480	0.2390	0.0000	157,180	0.3690	0.0000	70,040,080	0.2500	0.0000	0	0.0000	0.0000
	Debt Service	228,735,740	0.0000	0.0000	228,735,740	0.0000	0.0000	228,735,740	0.0000	0.0000	228,735,740	0.0000	0.0000
City of Edmundson	General Revenue	3,079,570	0.3880	0.3400	0	0.0000	0.0000	19,456,500	0.3880	0.3400	0	0.0000	0.0000
City of Ellisville	General Revenue	103,666,730	0.4030	0.1500	44,690	0.6500	0.1500	69,805,565	0.4170	0.1500	33,904,382	0.4170	0.0000
City of Eureka	General Revenue	98,621,470	0.4690	0.3730	213,880	0.6500	0.3730	32,318,279	0.4910	0.3900	33,372,348	0.4910	0.3900
City of Ferguson	General Revenue	96,765,640	0.4370	0.4370	7,220	0.4500	0.4410	39,681,524	0.4460	0.4460	41,681,723	0.4500	0.4500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS USING HB1150

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Ferguson	Parks & Recreation	96,765,640	0.1830	0.1830	7,220	0.2000	0.1870	39,681,524	0.1900	0.1890	41,681,723	0.1980	0.1970
City of Flordell Hills	General Revenue	2,737,600	0.5140	0.5140	0	0.0000	0.0000	832,981	0.5400	0.5400	0	0.0000	0.0000
City of Florissant	General Revenue	289,049,560	0.1140	0.0000	29,150	0.1300	0.0000	98,238,957	0.1190	0.0000	96,596,250	0.1200	0.0000
City of Frontenac	General Revenue	129,508,400	0.5340	0.5340	0	0.0000	0.0000	29,454,974	0.5700	0.5700	19,123,320	0.5530	0.5530
City of Glendale	General Revenue	97,623,620	0.5030	0.5030	0	0.0000	0.0000	4,636,478	0.4600	0.4600	15,283,036	0.5190	0.5190
	Pension	97,623,620	0.0970	0.0970	0	0.0000	0.0000	4,636,478	0.0900	0.0900	15,283,036	0.1000	0.1000
Town of Grantwood Village	General Revenue	16,690,010	0.2410	0.2390	92,080	0.2460	0.2450	847,391	0.2260	0.2220	2,770,966	0.2610	0.2590
City of Greendale	General Revenue	4,277,350	0.5940	0.5940	0	0.0000	0.0000	186,170	0.5530	0.5530	0	0.0000	0.0000
Village of Hanley Hills	General Revenue	7,362,890	0.3880	0.3880	0	0.0000	0.0000	591,061	0.1670	0.1670	2,441,768	0.4500	0.4500
City of Hazelwood	General Revenue	153,226,230	0.7670	0.7500	188,360	0.7780	0.7500	179,840,148	0.7700	0.7500	120,137,917	0.7780	0.7500
Village of Hillsdale	General Revenue	1,451,370	0.5000	0.5000	0	0.0000	0.0000	2,336,291	0.5000	0.5000	3,713,573	0.5000	0.5000
City of Huntleigh	General Revenue	25,362,640	0.3250	0.2000	9,640	0.1900	0.1900	385,041	0.3370	0.2000	1,980,670	0.3280	0.2000
City of Jennings	General Revenue	52,216,080	0.9700	0.9700	0	0.0000	0.0000	14,464,782	1.0000	1.0000	16,532,658	1.0000	1.0000
	Pension	52,216,080	0.1800	0.1800	0	0.0000	0.0000	14,464,782	0.1850	0.1800	16,532,658	0.1850	0.1800
City of Kinloch	General Revenue	936,400	1.0000	0.7500	0	0.0000	0.0000	1,177,151	1.0000	0.7500	686,589	1.0000	0.7500
City of Kirkwood	Parks & Recreation	370,160,990	0.1860	0.1330	130	0.0000	0.0000	68,302,073	0.1890	0.1330	75,532,170	0.2000	0.1330
	Library	367,831,920	0.2150	0.2150	130	0.0000	0.0000	66,795,123	0.2120	0.2120	73,166,900	0.2350	0.2350
	Pension	370,160,990	0.1670	0.1610	130	0.0000	0.0000	68,302,073	0.1680	0.1580	75,532,170	0.1820	0.1790
	Debt Service	513,995,363	0.2800	0.2800	513,995,363	0.2800	0.2800	513,995,363	0.2800	0.2800	513,995,363	0.2800	0.2800
City of Ladue	General Revenue	437,922,270	0.4490	0.4490	1,990	1.0000	1.0000	36,034,477	0.4530	0.4530	52,185,885	0.4560	0.4560
City of Lakeshire	General Revenue	11,250,830	0.0900	0.0900	0	0.0000	0.0000	171,231	0.0980	0.0900	0	0.0000	0.0000
Village of Mackenzie	General Revenue	1,203,290	0.1720	0.1720	0	0.0000	0.0000	43,189	0.1950	0.1950	268,334	0.1850	0.1850
City of Manchester	General Revenue	189,939,350	0.3720	0.0500	400	0.6100	0.0500	37,213,918	0.3140	0.0500	43,267,790	0.4100	0.0500
	Debt Service	270,421,458	0.2000	0.2000	270,421,458	0.2000	0.2000	270,421,458	0.2000	0.2000	270,421,458	0.2000	0.2000
City of Maplewood	General Revenue	50,607,520	0.4830	0.4830	0	0.0000	0.0000	28,607,360	0.5310	0.5310	18,874,773	0.5670	0.5670
	Pension	50,607,520	0.2090	0.2090	0	0.0000	0.0000	28,607,360	0.2300	0.2300	18,874,773	0.2450	0.2450
	Capital Projects-Temp	50,607,520	0.2280	0.2280	0	0.0000	0.0000	28,607,360	0.2510	0.2510	18,874,773	0.2680	0.2680
Village of Marlborough	General Revenue	10,819,110	0.1030	0.1000	0	0.0000	0.0000	6,683,010	0.1100	0.1000	4,450,594	0.1110	0.1000
City of Normandy	General Revenue	16,067,560	0.4000	0.4000	0	0.0000	0.0000	3,259,000	0.4000	0.4000	5,535,725	0.4000	0.4000
City of Northwoods	General Revenue	17,898,750	0.3700	0.3600	0	0.0000	0.0000	2,442,893	0.3830	0.3600	6,155,649	0.4150	0.3600
Village of Norwood Court	General Revenue	2,963,820	0.3040	0.0000	0	0.0000	0.0000	211,080	0.3500	0.0000	967,565	0.3450	0.0000
City of Oakland	General Revenue	17,019,060	0.2230	0.2230	0	0.0000	0.0000	1,612,960	0.2390	0.2390	3,031,337	0.2370	0.2370
City of Olivette	General Revenue	105,111,970	0.7190	0.7190	0	0.0000	0.0000	47,888,013	0.7340	0.7340	32,713,683	0.7790	0.7790
	Pension	105,111,970	0.1490	0.1490	0	0.0000	0.0000	47,888,013	0.1520	0.1520	32,713,683	0.1620	0.1620
City of Overland	General Revenue	82,384,090	0.0930	0.0750	0	0.0000	0.0000	71,747,652	0.0970	0.0970	41,226,608	0.0970	0.0750
	Pension	82,384,090	0.1400	0.1400	0	0.0000	0.0000	71,747,652	0.1450	0.1450	41,226,608	0.1460	0.1460
City of Pagedale	General Revenue	8,290,180	0.2890	0.2890	0	0.0000	0.0000	10,395,619	0.2760	0.2760	6,404,875	0.3500	0.3500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS USING HB1150

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Pasadena Hills	General Revenue	9,220,800	0.2950	0.2950	0	0.0000	0.0000	45,040	0.3800	0.3800	1,875,740	0.3100	0.3100
Village of Pasadena Park	General Revenue	3,460,650	0.2930	0.2930	0	0.0000	0.0000	17,830	0.3090	0.3090	802,748	0.3090	0.3090
City of Pine Lawn	General Revenue	9,610,870	0.2580	0.2580	0	0.0000	0.0000	2,616,640	0.2580	0.2580	3,523,926	0.2580	0.2580
City of Richmond Heights	General Revenue	135,341,680	0.5520	0.2900	0	0.0000	0.0000	103,689,220	0.5900	0.2900	34,123,513	0.6030	0.2900
	Library	135,341,680	0.1900	0.1900	0	0.0000	0.0000	103,689,220	0.2030	0.2030	34,123,513	0.2070	0.2070
	Pension	135,341,680	0.3190	0.3190	0	0.0000	0.0000	103,689,220	0.3410	0.3200	34,123,513	0.3480	0.3200
Village of Riverview	General Revenue	11,051,790	0.2930	0.2930	0	0.0000	0.0000	1,801,241	0.2990	0.2930	3,000,471	0.3120	0.2930
City of Rock Hill	General Revenue	42,435,510	0.3100	0.3100	0	0.0000	0.0000	15,440,171	0.3060	0.3060	11,797,140	0.3540	0.3540
	Library	42,435,510	0.3170	0.3170	0	0.0000	0.0000	15,440,171	0.3130	0.3130	11,797,140	0.3600	0.3600
	Debt Service	69,672,821	0.5110	0.5110	69,672,821	0.5110	0.5110	69,672,821	0.5110	0.5110	69,672,821	0.5110	0.5110
City of St Ann	General Revenue	67,591,310	0.1660	0.1600	0	0.0000	0.0000	46,226,630	0.1730	0.1600	24,251,721	0.1930	0.0000
City of St George	General Revenue	9,627,185	0.1350	0.1350	0	0.0000	0.0000	147,500	0.0000	0.0000	2,121,714	0.1390	0.1390
City of St John	General Revenue	31,154,140	0.3660	0.3660	0	0.0000	0.0000	7,908,280	0.3580	0.3580	11,729,827	0.4490	0.4490
City of Shrewsbury	General Revenue	61,396,810	0.4100	0.3900	0	0.0000	0.0000	25,053,767	0.3930	0.3900	18,576,107	0.4370	0.3900
	Debt Service	105,026,684	0.6100	0.6100	105,026,684	0.6100	0.6100	105,026,684	0.6100	0.6100	105,026,684	0.6100	0.6100
City of Sunset Hills	General Revenue	155,150,510	0.0840	0.0600	234,620	0.1000	0.0600	84,274,020	0.0850	0.0600	43,130,612	0.0900	0.0600
Village of Sycamore Hills	General Revenue	3,749,510	0.2490	0.2490	0	0.0000	0.0000	393,994	0.2170	0.2170	1,036,014	0.2560	0.2560
	Health	3,749,510	0.1160	0.1160	0	0.0000	0.0000	393,994	0.1010	0.1010	1,036,014	0.1190	0.1190
City of Town and Country	General Revenue	344,305,470	0.5370	0.0000	60,270	0.9000	0.0000	185,830,255	0.5480	0.0000	97,975,516	0.5790	0.0000
	Dispatch	344,305,470	0.0290	0.0000	60,270	0.0300	0.0000	185,830,255	0.0290	0.0000	97,975,516	0.0300	0.0000
Village of Twin Oaks	General Revenue	4,309,160	0.3990	0.0000	0	0.0000	0.0000	3,414,082	0.4000	0.2000	0	0.0000	0.0000
City of University City	General Revenue	348,636,070	0.6590	0.6480	0	0.0000	0.0000	37,574,270	0.6710	0.6590	63,785,416	0.6980	0.6860
	Library	348,636,070	0.2870	0.2810	0	0.0000	0.0000	37,574,270	0.2920	0.2850	63,785,416	0.3040	0.2990
	Pension	348,636,070	0.1860	0.0000	0	0.0000	0.0000	37,574,270	0.1890	0.0000	63,785,416	0.1970	0.0000
Village of Uplands Park	General Revenue	1,677,970	0.3820	0.3200	0	0.0000	0.0000	60,034	0.5000	0.3200	609,271	0.3910	0.3200
City of Valley Park	General Revenue	47,970,440	0.6310	0.5700	7,100	0.0000	0.0000	10,267,660	0.6890	0.5700	16,997,580	0.6850	0.5700
City of Velda City	General Revenue	4,530,470	0.3700	0.3400	0	0.0000	0.0000	180,520	0.4040	0.3400	1,459,393	0.3820	0.3400
	Debt Service	6,170,383	0.6900	0.6900	6,170,383	0.6900	0.6900	6,170,383	0.6900	0.6900	6,170,383	0.6900	0.6900
Village of Velda Village Hills	General Revenue	3,745,590	0.3520	0.3560	0	0.0000	0.0000	209,061	0.3870	0.3920	1,296,847	0.3780	0.3830
City of Vinita Park	General Revenue	6,275,920	0.2190	0.2190	0	0.0000	0.0000	23,513,470	0.2320	0.2320	10,221,686	0.2290	0.2290
Village of Vinita Terrace	General Revenue	1,352,640	0.0400	0.0400	0	0.0000	0.0000	829,565	0.0470	0.0470	0	0.0000	0.0000
	Health	1,352,640	0.1270	0.1270	0	0.0000	0.0000	829,565	0.1500	0.1320	0	0.0000	0.0000
City of Warson Woods	General Revenue	39,738,460	0.4270	0.4270	0	0.0000	0.0000	6,476,629	0.4470	0.4470	6,253,822	0.4470	0.4470
	Debt Service	52,468,911	0.0000	0.0000	52,468,911	0.0000	0.0000	52,468,911	0.0000	0.0000	52,468,911	0.0000	0.0000
City of Webster Groves	General Revenue	302,800,100	0.2700	0.2700	0	0.0000	0.0000	34,286,314	0.2790	0.2790	54,319,778	0.2800	0.2800
	Library	302,800,100	0.1740	0.1740	0	0.0000	0.0000	34,286,314	0.1790	0.1790	55,374,878	0.1790	0.1790
	Streets	302,800,100	0.1740	0.1740	0	0.0000	0.0000	34,286,314	0.1800	0.1800	54,319,778	0.1810	0.1810

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS USING HB1150

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
City of Webster Groves	Pension	302,800,100	0.1400	0.1400	0	0.0000	0.0000	34,286,314	0.1440	0.1440	54,319,778	0.1450	0.1450
	Debt Service	391,406,192	0.6570	0.6570	391,406,192	0.6570	0.6570	391,406,192	0.6570	0.6570	391,406,192	0.6570	0.6570
City of Wellston	General Revenue	3,753,620	0.6000	0.6000	0	0.0000	0.0000	6,921,225	0.5850	0.6000	5,135,611	0.6000	0.6000
Village of Westwood	General Revenue	13,377,400	0.0600	0.0600	0	0.0000	0.0000	1,478,526	0.0710	0.0710	0	0.0000	0.0000
City of Winchester	General Revenue	12,244,980	0.2010	0.2010	0	0.0000	0.0000	2,037,020	0.2230	0.2230	2,741,913	0.2610	0.2610
City of Woodson Terrace	General Revenue	18,554,839	0.2190	0.2200	0	0.0000	0.0000	17,423,600	0.2300	0.2200	21,159,950	0.2510	0.2200
City of Chesterfield	Debt Service	1,274,868,880	0.0600	0.0600	1,274,868,880	0.0600	0.0600	1,274,868,880	0.0600	0.0600	1,274,868,880	0.0600	0.0600
Ferguson Municipal Pub Library Dist	General Revenue	96,765,640	0.2160	0.2160	7,220	0.0000	0.0000	39,681,524	0.2190	0.2190	41,919,953	0.2200	0.2200
Maplewood Public Library	General Revenue	50,647,520	0.2190	0.2190	0	0.0000	0.0000	28,607,360	0.2260	0.2260	26,571,253	0.2420	0.2420
St Louis County Library	General Revenue	8,872,086,270	0.1730	0.1400	7,399,710	0.2000	0.1400	3,953,437,344	0.1780	0.1400	3,506,835,008	0.1850	0.1400
Valley Park Community Library	General Revenue	20,318,800	0.1700	0.1700	1,510	0.1700	0.1700	6,853,620	0.1700	0.1700	12,667,426	0.1700	0.1700
Affton Fire Protection District	General Revenue	292,759,220	0.7590	0.7590	720	0.7940	0.7940	51,326,749	0.7890	0.7890	81,648,991	0.7940	0.7940
	Ambulance	292,759,220	0.1740	0.1740	720	0.2000	0.2000	51,326,749	0.1810	0.1810	81,648,991	0.1820	0.1820
	Pension	292,759,220	0.0610	0.0610	720	0.0700	0.0700	51,326,749	0.0630	0.0630	81,648,991	0.0640	0.0640
	Dispatch	292,759,220	0.0260	0.0260	720	0.0000	0.0000	51,326,749	0.0270	0.0270	81,648,991	0.0270	0.0270
Metro West Fire Protection District	General Revenue	981,783,520	0.5390	0.5390	1,228,890	0.6500	0.6500	153,237,993	0.5740	0.5740	218,002,781	0.5610	0.5610
	Ambulance	981,783,520	0.2780	0.2780	1,228,890	0.3000	0.3000	153,237,993	0.2960	0.2960	218,002,781	0.2890	0.2890
	Pension	981,783,520	0.1020	0.1020	1,228,890	0.1100	0.1100	153,237,993	0.1090	0.1090	218,002,781	0.1060	0.1060
	Dispatch	981,783,520	0.0470	0.0470	1,228,890	0.0480	0.0480	153,237,993	0.0480	0.0480	218,002,781	0.0480	0.0480
	Debt Service	1,354,253,184	0.1010	0.1010	1,354,253,184	0.1010	0.1010	1,354,253,184	0.1010	0.1010	1,354,253,184	0.1010	0.1010
Black Jack Fire Protection District	General Revenue	337,906,670	0.7410	0.7410	220,370	0.7500	0.7500	45,243,250	0.7500	0.7500	95,734,157	0.7500	0.7500
	Pension	337,906,670	0.0990	0.0990	220,370	0.1000	0.1000	45,243,250	0.1000	0.1000	95,734,157	0.1000	0.1000
	NCCFA System	337,906,670	0.0490	0.0400	220,370	0.0500	0.0400	45,243,250	0.0500	0.0400	95,734,157	0.0500	0.0400
	Debt Service	479,104,447	0.2250	0.2250	479,104,447	0.2250	0.2250	479,104,447	0.2250	0.2250	479,104,447	0.2250	0.2250
Chesterfield Fire Prot District	General Revenue	1,044,698,480	0.5030	0.5030	2,222,710	0.7000	0.7000	257,032,000	0.5390	0.5390	288,197,590	0.5470	0.5470
	Ambulance	1,044,698,480	0.3090	0.3090	2,222,710	0.3300	0.3300	257,032,000	0.3290	0.3290	288,197,590	0.3300	0.3300
	Pension	1,044,698,480	0.0940	0.0940	2,222,710	0.1000	0.1000	257,032,000	0.1000	0.1000	288,197,590	0.1000	0.1000
	Dispatch	1,044,698,480	0.0480	0.0480	2,222,710	0.0500	0.0500	257,032,000	0.0500	0.0500	288,197,590	0.0500	0.0500
	Debt Service	1,592,150,780	0.0970	0.0970	1,592,150,780	0.0970	0.0970	1,592,150,780	0.0970	0.0970	1,592,150,780	0.0970	0.0970
Community Fire Protection District	General Revenue	212,377,170	1.0000	1.0000	0	0.0000	0.0000	139,960,820	1.0000	1.0000	128,334,830	1.0000	1.0000
	Ambulance	212,377,170	0.2500	0.2500	0	0.0000	0.0000	139,960,820	0.2500	0.2500	128,334,830	0.2500	0.2500
	Pension	212,377,170	0.1000	0.1000	0	0.0000	0.0000	139,960,820	0.1000	0.1000	128,334,830	0.1000	0.1000
	Dispatch	212,377,170	0.0300	0.0300	0	0.0000	0.0000	139,960,820	0.0300	0.0300	128,334,830	0.0300	0.0300
	Debt Service	480,672,820	0.2500	0.2500	480,672,820	0.2500	0.2500	480,672,820	0.2500	0.2500	480,672,820	0.2500	0.2500
Creve Coeur Fire Protection Dist	General Revenue	527,033,400	0.5670	0.5670	4,180	0.6460	0.6460	362,632,893	0.6040	0.6040	221,947,743	0.6300	0.6300
	Ambulance	527,033,400	0.2010	0.2010	4,180	0.2390	0.2390	362,632,893	0.2140	0.2140	221,947,743	0.2240	0.2240
	Pension	527,033,400	0.1380	0.1380	4,180	0.1500	0.1500	362,632,893	0.1460	0.1460	221,947,743	0.1500	0.1500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS USING HB1150

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Creve Coeur Fire Protection Dist	Dispatch	527,033,400	0.0460	0.0460	4,180	0.0480	0.0480	362,632,893	0.0490	0.0490	221,947,743	0.0500	0.0500
Eureka Fire Protection District	General Revenue	160,828,300	0.6860	0.6860	1,338,890	0.7500	0.7500	42,351,287	0.7170	0.7170	52,410,982	0.7170	0.7170
	Ambulance	160,828,300	0.2760	0.2760	1,338,890	0.3000	0.3000	42,351,287	0.2890	0.2890	52,410,982	0.2890	0.2890
	Pension	160,828,300	0.0920	0.0920	1,338,890	0.1000	0.1000	42,351,287	0.0960	0.0960	52,410,982	0.0960	0.0960
	Dispatch	160,828,300	0.0280	0.0280	1,338,890	0.0300	0.0300	42,351,287	0.0290	0.0290	52,410,982	0.0290	0.0290
	Debt Service	256,929,459	0.1500	0.1500	256,929,459	0.1500	0.1500	256,929,459	0.1500	0.1500	256,929,459	0.1500	0.1500
Fenton Fire Protection District	General Revenue	293,743,340	0.4050	0.4050	252,650	0.6500	0.4050	236,339,140	0.4430	0.4430	327,054,645	0.5120	0.5120
	Ambulance	293,743,340	0.3000	0.2300	252,650	0.3000	0.2300	236,339,140	0.3000	0.2800	327,054,645	0.3000	0.3000
	Pension	293,743,340	0.1000	0.1000	252,650	0.1000	0.1000	236,339,140	0.1000	0.1000	327,054,645	0.1000	0.1000
	Dispatch	293,743,340	0.0500	0.0350	252,650	0.0500	0.0350	236,339,140	0.0500	0.0350	327,054,645	0.0500	0.0350
Florissant Valley Fire Prot Dist	General Revenue	433,923,150	0.6770	0.6770	182,900	0.7500	0.7500	128,779,944	0.6940	0.6940	139,257,520	0.7170	0.7170
	Ambulance	433,923,150	0.1470	0.1470	182,900	0.1500	0.1500	128,779,944	0.1490	0.1490	139,257,520	0.1500	0.1500
	Pension	433,923,150	0.0980	0.0980	182,900	0.1000	0.1000	128,779,944	0.0990	0.0990	139,257,520	0.1000	0.1000
	Dispatch	433,923,150	0.0490	0.0490	182,900	0.0500	0.0500	128,779,944	0.0500	0.0500	139,257,520	0.0500	0.0500
	Debt Service	702,143,514	0.0770	0.0770	702,143,514	0.0770	0.0770	702,143,514	0.0770	0.0770	702,143,514	0.0770	0.0770
Kinloch Fire Protection District	General Revenue	936,400	0.9000	0.8600	0	0.0000	0.0000	1,170,735	0.9000	0.8600	778,751	0.9000	0.8600
	Dispatch	936,400	0.0300	0.0400	0	0.0000	0.0000	1,170,735	0.0300	0.0400	778,751	0.0300	0.0400
Lemay Fire Protection District	General Revenue	94,703,760	0.9680	0.9680	180	0.9900	0.9900	20,544,140	0.9900	0.9900	31,857,351	0.9900	0.9900
	Ambulance	94,703,760	0.2200	0.2200	180	0.3000	0.3000	20,544,140	0.2240	0.2240	31,857,351	0.2490	0.2490
	Pension	94,703,760	0.0980	0.0980	180	0.1000	0.1000	20,544,140	0.1000	0.1000	31,857,351	0.1000	0.1000
	Central Alarm Fund	94,703,760	0.0490	0.0490	180	0.0500	0.0500	20,544,140	0.0500	0.0500	31,857,351	0.0500	0.0500
	Debt Service	147,105,431	0.1120	0.1120	147,105,431	0.1120	0.1120	147,105,431	0.1120	0.1120	147,105,431	0.1120	0.1120
West County EMS & Fire Prot Dist	General Revenue	403,282,290	0.4420	0.4420	259,500	0.4680	0.4680	82,363,060	0.4560	0.4560	112,452,527	0.4570	0.4570
	Ambulance	403,282,290	0.1880	0.1880	259,500	0.1990	0.1990	82,363,060	0.1940	0.1940	112,452,527	0.1940	0.1940
	Pension	403,282,290	0.0940	0.0800	259,500	0.0990	0.0800	82,363,060	0.0970	0.0800	112,452,527	0.0970	0.0800
	Dispatch	403,282,290	0.0480	0.0480	259,500	0.0500	0.0500	82,363,060	0.0490	0.0490	112,452,527	0.0490	0.0490
	Debt Service	598,357,377	0.1700	0.1700	598,357,377	0.1700	0.1700	598,357,377	0.1700	0.1700	598,357,377	0.1700	0.1700
Maryland Heights Fire Prot Dist	General Revenue	182,836,940	0.7840	0.7840	5,730	0.8000	0.8000	236,777,421	0.7770	0.7770	151,131,557	0.8000	0.8000
	Ambulance	182,836,940	0.1110	0.1090	5,730	0.1500	0.1500	236,777,421	0.1090	0.1070	151,131,557	0.1180	0.1160
	Pension	182,836,940	0.1270	0.1270	5,730	0.1300	0.1300	236,777,421	0.1260	0.1260	151,131,557	0.1300	0.1300
	Dispatch	182,836,940	0.0490	0.0490	5,730	0.0500	0.0500	236,777,421	0.0490	0.0490	151,131,557	0.0500	0.0500
Mehlville Fire Protection District	General Revenue	1,201,223,310	0.5440	0.5440	873,740	0.7500	0.7500	314,202,526	0.5650	0.5650	325,632,952	0.5670	0.5670
	Ambulance	1,201,223,310	0.2120	0.2120	873,740	0.3000	0.3000	314,202,526	0.2200	0.2200	325,632,952	0.2210	0.2210
	Pension	1,201,223,310	0.0920	0.0920	873,740	0.1000	0.1000	314,202,526	0.0960	0.0960	325,632,952	0.0960	0.0960
	Alarm Fund	1,201,223,310	0.0460	0.0460	873,740	0.0500	0.0500	314,202,526	0.0480	0.0480	325,632,952	0.0480	0.0480
Moline Fire Protection District	General Revenue	74,418,160	1.2013	1.2012	0	0.0000	0.0000	14,817,789	1.1898	1.1883	22,949,235	1.2410	1.2410
	Pension	74,418,160	0.1440	0.1440	0	0.0000	0.0000	14,817,789	0.1430	0.1430	22,949,235	0.1490	0.1490

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS USING HB1150

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Moline Fire Protection District	Dispatch	74,418,160	0.0290	0.0290	0	0.0000	0.0000	14,817,789	0.0290	0.0290	22,949,235	0.0300	0.0300
	Debt Service	112,185,184	0.0500	0.0500	112,185,184	0.0500	0.0500	112,185,184	0.0500	0.0500	112,185,184	0.0500	0.0500
Normandy Fire Protection District	General Revenue	107,979,800	1.5078	1.5000	12,590	1.5078	1.5000	22,523,691	1.5078	1.5000	37,974,427	1.5078	1.5000
	Ambulance	107,979,800	0.3000	0.3000	12,590	0.3000	0.3000	22,523,691	0.3000	0.3000	37,974,427	0.3000	0.3000
	Pension	107,979,800	0.1000	0.1000	12,590	0.1000	0.1000	22,523,691	0.1000	0.1000	37,974,427	0.1000	0.1000
	Dispatch	107,979,800	0.0500	0.0400	12,590	0.0500	0.0400	22,523,691	0.0500	0.0400	37,974,427	0.0500	0.0400
	Debt Service	168,490,508	0.0400	0.0400	168,490,508	0.0400	0.0400	168,490,508	0.0400	0.0400	168,490,508	0.0400	0.0400
	General Revenue	104,706,200	0.9830	0.9830	345,140	0.9830	0.9830	379,198,610	0.9830	0.9830	183,838,441	0.9830	0.9830
Pattonville-Bridgeton Terr Fire Dis	Ambulance	104,706,200	0.2390	0.2390	345,140	0.2500	0.2500	379,198,610	0.2490	0.2490	183,838,441	0.2500	0.2500
	Pension	104,706,200	0.1500	0.1500	345,140	0.1500	0.1500	379,198,610	0.1500	0.1500	183,838,441	0.1500	0.1500
	Dispatch	104,706,200	0.0500	0.0400	345,140	0.0500	0.0400	379,198,610	0.0500	0.0400	183,838,441	0.0500	0.0400
	Debt Service	668,088,391	0.0000	0.0000	668,088,391	0.0000	0.0000	668,088,391	0.0000	0.0000	668,088,391	0.0000	0.0000
	General Revenue	85,425,140	1.4612	1.4612	10,040	1.4612	1.4612	14,850,654	1.4612	1.4612	27,907,159	1.4612	1.4612
Riverview Fire Protection District	Pension	85,425,140	0.2500	0.2500	10,040	0.2500	0.2500	14,850,654	0.2500	0.2500	27,907,159	0.2500	0.2500
	Dispatch	85,425,140	0.0490	0.0400	10,040	0.0500	0.0400	14,850,654	0.0500	0.0400	27,907,159	0.0500	0.0400
	Debt Service	128,192,993	0.1520	0.1520	128,192,993	0.1520	0.1520	128,192,993	0.1520	0.1520	128,192,993	0.1520	0.1520
	General Revenue	39,417,750	0.8900	0.8900	205,840	0.8900	0.8900	146,624,050	0.8900	0.8900	99,590,989	0.8900	0.8900
Robertson Fire Protection District	Ambulance	39,417,750	0.5500	0.4250	205,840	0.5500	0.4250	146,624,050	0.5500	0.4250	99,590,989	0.5500	0.4250
	Pension	39,417,750	0.2000	0.2000	205,840	0.2000	0.2000	146,624,050	0.2000	0.2000	99,590,989	0.2000	0.2000
	Dispatch	39,417,750	0.0500	0.0400	205,840	0.0500	0.0400	146,624,050	0.0500	0.0400	99,590,989	0.0500	0.0400
	Debt Service	285,838,629	0.1000	0.1000	285,838,629	0.1000	0.1000	285,838,629	0.1000	0.1000	285,838,629	0.1000	0.1000
	General Revenue	108,456,650	1.2206	1.2206	103,790	1.2323	1.2323	16,320,920	1.2500	1.2500	32,021,858	1.2500	1.2500
Spanish Lake Fire Protection Dist	Pension	108,456,650	0.1470	0.1470	103,790	0.1500	0.1500	16,320,920	0.1500	0.1500	32,021,858	0.1500	0.1500
	Dispatch	108,456,650	0.0490	0.0490	103,790	0.0500	0.0500	16,320,920	0.0500	0.0500	32,021,858	0.0500	0.0500
	Debt Service	156,903,218	0.3460	0.3460	156,903,218	0.3460	0.3460	156,903,218	0.3460	0.3460	156,903,218	0.3460	0.3460
	General Revenue	108,802,280	0.6550	0.6550	110,120	0.6600	0.6550	30,819,800	0.6600	0.6550	47,813,296	0.6600	0.6550
Valley Park Fire Protection Dist	Ambulance	108,802,280	0.2980	0.2977	110,120	0.3000	0.2977	30,819,800	0.3000	0.2977	47,813,296	0.3000	0.2977
	Pension	108,802,280	0.0990	0.0990	110,120	0.1000	0.0990	30,819,800	0.1000	0.0990	47,813,296	0.1000	0.0990
	Dispatch	108,802,280	0.0300	0.0300	110,120	0.0300	0.0300	30,819,800	0.0300	0.0300	47,813,296	0.0300	0.0300
	Debt Service	187,545,496	0.0390	0.0390	187,545,496	0.0390	0.0390	187,545,496	0.0390	0.0390	187,545,496	0.0390	0.0390
	General Revenue	33,655,050	1.3500	1.3500	0	0.0000	0.0000	40,112,370	1.3500	1.3500	44,353,484	1.3500	1.3500
Mid-County Fire Protection District	Ambulance	33,655,050	0.1500	0.1500	0	0.0000	0.0000	40,112,370	0.1500	0.1500	44,353,484	0.1500	0.1500
	Pension	33,655,050	0.1000	0.1000	0	0.0000	0.0000	40,112,370	0.1000	0.1000	44,353,484	0.1000	0.1000
	Dispatch	33,655,050	0.0300	0.0300	0	0.0000	0.0000	40,112,370	0.0300	0.0300	44,353,484	0.0300	0.0300
	Debt Service	118,120,904	0.3730	0.3730	118,120,904	0.3730	0.3730	118,120,904	0.3730	0.3730	118,120,904	0.3730	0.3730
	General Revenue	42,936,290	0.7100	0.7100	0	0.0000	0.0000	87,014,348	0.7100	0.7100	37,030,459	0.7100	0.7100
West Overland Fire Protection Dist	Ambulance	42,936,290	0.2500	0.2500	0	0.0000	0.0000	87,014,348	0.2500	0.2500	37,030,459	0.2500	0.2500

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS USING HB1150

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
West Overland Fire Protection Dist	Pension	42,936,290	0.1500	0.1500	0	0.0000	0.0000	87,014,348	0.1500	0.1500	37,030,459	0.1500	0.1500
	Dispatch	42,936,290	0.0500	0.0500	0	0.0000	0.0000	87,014,348	0.0500	0.0500	37,030,459	0.0500	0.0500
	Debt Service	166,981,097	0.2700	0.2700	166,981,097	0.2700	0.2700	166,981,097	0.2700	0.2700	166,981,097	0.2700	0.2700
Metropolitan Sewer Dist St Louis Co	General Revenue -Gen.	11,250,065,080	0.0190	0.0190	5,113,690	0.0200	0.0190	5,391,110,670	0.0190	0.0190	5,130,217,034	0.0190	0.0190
	General Revenue -Storm	6,416,687,280	0.0650	0.0500	617,410	0.0700	0.0500	3,315,843,744	0.0680	0.0500	3,154,690,470	0.0680	0.0500
Black Creek - St. Louis County	General Revenue	562,659,760	0.0920	0.0600	0	0.0000	0.0000	470,380,421	0.0950	0.0600	170,708,475	0.0950	0.0600
Black Jack-Dellwood - St. Louis Co.	General Revenue	122,802,190	0.0970	0.0600	4,310	0.1000	0.0600	50,814,258	0.1000	0.0600	47,008,294	0.0980	0.0600
Clayton Central - St. Louis County	General Revenue	15,373,850	0.0730	0.0600	0	0.0000	0.0000	257,998,672	0.0910	0.0600	42,514,416	0.0900	0.0600
Coldwater Creek - St. Louis County	General Revenue	800,711,560	0.1000	0.0700	58,350	0.1000	0.0700	474,841,667	0.1000	0.0700	603,204,179	0.1000	0.0700
Creve Coeur-Frontenac St. Louis Co	General Revenue	249,341,750	0.0740	0.0500	0	0.0000	0.0000	148,943,809	0.0760	0.0500	75,297,976	0.0760	0.0500
Deer Creek - St. Louis County	General Revenue	1,903,824,860	0.0900	0.0600	158,680	0.1000	0.0600	781,565,671	0.0930	0.0600	465,374,149	0.0930	0.0600
Fountain Creek - St. Louis County	General Revenue	74,112,820	0.1380	0.1000	0	0.0000	0.0000	17,660,410	0.1420	0.1000	25,543,598	0.1400	0.1000
Gravois Creek - St. Louis County	General Revenue	784,126,150	0.0830	0.0600	341,470	0.0840	0.0600	338,422,102	0.0860	0.0600	249,810,602	0.0860	0.0600
Loretta-Joplin - St. Louis County	General Revenue	15,192,340	0.0870	0.0600	0	0.0000	0.0000	1,716,139	0.0880	0.0600	5,072,178	0.0900	0.0600
Maline Creek - St. Louis County	General Revenue	314,289,060	0.1000	0.0700	34,750	0.1000	0.0700	120,950,588	0.1000	0.0700	140,412,713	0.1000	0.0700
Marlborough - St. Louis County	General Revenue	33,314,050	0.0560	0.0400	0	0.0000	0.0000	11,554,355	0.0600	0.0400	9,806,194	0.0580	0.0400
Meramec River Basin - St. Louis Co.	General Revenue	1,529,770,450	0.0950	0.0700	1,026,070	0.1000	0.0700	531,894,008	0.0970	0.0700	652,923,325	0.1000	0.0700
Mo. River-Bonfils - St. Louis Co.	General Revenue	118,505,980	0.1000	0.0700	126,360	0.1000	0.0700	400,113,197	0.1000	0.0700	213,710,888	0.1000	0.0700
North Affton - St. Louis County	General Revenue	49,576,670	0.0810	0.0600	0	0.0000	0.0000	3,964,600	0.0830	0.0600	11,296,893	0.0850	0.0600
Paddock Creek - St. Louis County	General Revenue	84,445,410	0.0990	0.0600	2,360	0.1000	0.0600	23,729,149	0.1000	0.0600	26,630,746	0.0990	0.0600
Seminary Branch RDP - St. Louis Co	General Revenue	182,904,360	0.0730	0.0600	0	0.0000	0.0000	39,730,614	0.0760	0.0600	50,571,398	0.0760	0.0600
Shrewsbury Branch RDP - St Louis C	General Revenue	15,262,090	0.0750	0.0600	0	0.0000	0.0000	3,162,910	0.0760	0.0600	4,238,406	0.0780	0.0600
Sugar Creek - St. Louis County	General Revenue	203,182,540	0.0630	0.0630	130	0.0000	0.0000	32,176,175	0.1000	0.0660	53,170,556	0.0690	0.0660
Univ City Branch RDP - St. Louis Co	General Revenue	370,219,150	0.0920	0.0700	0	0.0000	0.0000	227,265,483	0.0930	0.0700	186,401,507	0.0940	0.0700
Upper Paddock Creek - St. Louis Co.	General Revenue	20,057,620	0.0890	0.0600	1,170	0.1000	0.0600	4,793,507	0.0910	0.0600	6,571,687	0.0910	0.0600
Watkins Creek - St. Louis County	General Revenue	91,846,260	0.0970	0.0600	11,610	0.1000	0.0600	27,848,287	0.1000	0.0600	36,670,239	0.0990	0.0600
Wedgewood Creek - St. Louis County	General Revenue	18,707,370	0.0970	0.0600	0	0.0000	0.0000	13,028,654	0.1000	0.0600	7,779,464	0.1000	0.0600
Wellston - St. Louis County	General Revenue	11,969,920	0.1000	0.0800	0	0.0000	0.0000	10,396,611	0.1000	0.0800	15,131,367	0.1000	0.0800
Hancock Street Light Dist St Louis	General Revenue	32,018,870	0.1940	0.1700	0	0.0000	0.0000	8,903,600	0.1960	0.1700	13,357,180	0.2000	0.1700
Wheaton Cook Lyndhurst Light Dist	General Revenue	4,993,570	0.1990	0.1140	0	0.0000	0.0000	1,013,330	0.2000	0.1110	1,316,219	0.2000	0.1250
Castle Point Street Light District	General Revenue	6,252,620	0.1610	0.1610	0	0.0000	0.0000	185,870	0.1780	0.1780	1,509,459	0.1850	0.1850
Glasgow Village Street Light Dist	General Revenue	17,458,350	0.1580	0.1580	0	0.0000	0.0000	495,820	0.0620	0.0620	4,224,605	0.1580	0.1580
Elmwood Park Street Light District	General Revenue	1,574,970	0.4000	0.0000	0	0.0000	0.0000	95,930	0.3990	0.0000	414,400	0.4000	0.0000
Metro Zoological Park & Museum Di	Art Museum	11,498,762,690	0.0760	0.0620	7,426,490	0.0800	0.0620	5,476,728,837	0.0780	0.0620	5,030,320,338	0.0790	0.0620
	Botanical Garden	11,498,762,690	0.0380	0.0320	7,426,490	0.0400	0.0320	5,476,728,837	0.0390	0.0320	5,030,320,338	0.0400	0.0320
	Museum of Mo. History	11,498,762,690	0.0380	0.0380	7,426,490	0.0400	0.0380	5,476,728,837	0.0390	0.0380	5,030,320,338	0.0400	0.0380
	Museum of Nat. History	11,498,762,690	0.0380	0.0320	7,426,490	0.0400	0.0320	5,476,728,837	0.0390	0.0320	5,030,320,338	0.0400	0.0320

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS USING HB1150

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Metro Zoological Park & Museum Di	Zoological Park	11,498,762,690	0.0760	0.0620	7,426,490	0.0800	0.0620	5,476,728,837	0.0780	0.0620	5,030,320,338	0.0790	0.0620
Clayton Special Business District	General Revenue	6,824,290	0.0780	0.0470	0	0.0000	0.0000	253,834,640	0.1280	0.0470	0	0.0000	0.0000
Maplewood Special Business District	General Revenue	228,200	0.4930	0.4930	0	0.0000	0.0000	9,734,990	0.4890	0.4890	0	0.0000	0.0000
University City Spec Bus Dist BD57	General Revenue	624,980	0.6780	0.6780	0	0.0000	0.0000	3,596,990	0.5960	0.5960	0	0.0000	0.0000
Webster Groves-Old Webster Bus Dis	General Revenue	231,780	0.4060	0.2900	0	0.0000	0.0000	7,389,890	0.4350	0.2900	0	0.0000	0.0000
Webster Groves-Old Orchard Bus Dis	General Revenue	53,260	0.8500	0.3600	0	0.0000	0.0000	3,861,760	0.8500	0.3600	0	0.0000	0.0000
Kirkwood Special Business District	General Revenue	0	0.0000	0.0000	0	0.0000	0.0000	20,428,980	0.4800	0.4800	0	0.0000	0.0000
Jennings Special Business District	General Revenue	35,480	0.5270	0.1700	0	0.0000	0.0000	2,000,230	0.5190	0.1700	0	0.0000	0.0000
Productive Living Board	General Revenue	10,331,097,270	0.0860	0.0850	7,426,490	0.0900	0.0850	4,364,871,875	0.0880	0.0850	3,876,637,234	0.0900	0.0850
Parkview Gardens Spec Bus Dist BD3	General Revenue	6,620,210	0.8010	0.7860	0	0.0000	0.0000	1,528,640	0.8500	0.8500	0	0.0000	0.0000
Crossroads Special Business Dist	General Revenue	0	0.8500	0.0000	A 0	0.8500	0.0000	A 2,352,610	0.8500	0.0000	A 0	0.8500	0.0000
Robinwood West Community Imp Dis	General Revenue	11,659,840	0.8880	0.8500	0	0.0000	0.0000	0	0.0000	0.0000	0	0.0000	0.0000
Hazelwood R-I School District	Operating Funds-Schools	767,789,800	4.3004	4.3004	711,840	4.5700	4.5700	414,647,960	4.4477	4.4477	454,816,357	4.4250	4.4250
	Debt Service	1,637,965,957	0.3900	0.3900	1,637,965,957	0.3900	0.3900	1,637,965,957	0.3900	0.3900	1,637,965,957	0.3900	0.3900
Ferguson-Florissant R-II Sch Dist	Operating Funds-Schools	364,581,310	4.7400	4.7400	26,770	4.7400	4.7400	259,724,530	4.7400	4.7400	272,799,371	4.7400	4.7400
	Debt Service	897,131,981	0.3000	0.3000	897,131,981	0.3000	0.3000	897,131,981	0.3000	0.3000	897,131,981	0.3000	0.3000
Pattonville R-III School District	Operating Funds-Schools	339,877,760	3.5720	3.4020	195,200	4.1100	0.3940	569,849,430	3.7288	3.5588	316,184,807	3.8998	3.7298
	Debt Service	1,226,107,197	0.4900	0.4900	1,226,107,197	0.4900	0.4900	1,226,107,197	0.4900	0.4900	1,226,107,197	0.4900	0.4900
Rockwood R-VI School District	Operating Funds-Schools	1,567,723,400	3.5211	3.5211	3,549,710	4.1400	3.6886	356,743,450	3.7908	3.7908	638,280,191	4.0404	4.0404
	Debt Service	2,566,296,751	0.7500	0.7500	2,566,296,751	0.7500	0.7500	2,566,296,751	0.7500	0.7500	2,566,296,751	0.7500	0.7500
Kirkwood R-VII School District	Operating Funds-Schools	605,084,030	3.3828	3.3820	156,820	5.1500	5.1500	153,800,120	3.9780	3.9780	146,192,481	3.5032	3.5030
	Debt Service	905,233,451	0.3680	0.3680	905,233,451	0.3680	0.3680	905,233,451	0.3680	0.3680	905,233,451	0.3680	0.3680
Lindbergh R-VIII School District	Operating Funds-Schools	595,573,270	2.8551	2.5249	517,930	4.1500	3.8831	236,845,370	2.9475	2.5842	167,470,011	3.0269	2.7062
	Debt Service	1,000,406,581	0.3800	0.3800	1,000,406,581	0.3800	0.3800	1,000,406,581	0.3800	0.3800	1,000,406,581	0.3800	0.3800
Mehlville R-IX School District	Operating Funds-Schools	910,444,100	3.4829	3.4829	525,070	3.7500	3.7500	198,909,400	3.6281	3.6281	250,064,092	3.6503	3.6503
	Debt Service	1,359,942,662	0.3400	0.3400	1,359,942,662	0.3400	0.3400	1,359,942,662	0.3400	0.3400	1,359,942,662	0.3400	0.3400
Parkway C-2 School District	Operating Funds-Schools	2,055,696,300	3.2108	3.2108	1,764,850	3.4376	3.4376	861,282,500	3.3115	3.3115	607,313,793	3.3517	3.3517
	Debt Service	3,526,057,443	0.2400	0.2400	3,526,057,443	0.2400	0.2400	3,526,057,443	0.2400	0.2400	3,526,057,443	0.2400	0.2400
Aftton 101 School District	Operating Funds-Schools	217,982,430	3.9552	3.9552	0	0.0000	0.0000	55,937,580	4.0147	4.0147	67,110,881	4.1531	4.1531
Bayless School District	Operating Funds-Schools	94,705,540	3.3294	3.3294	0	0.0000	0.0000	10,253,810	3.4221	3.4221	23,601,544	3.6975	3.6975
	Debt Service	128,560,894	0.6300	0.6300	128,560,894	0.6300	0.6300	128,560,894	0.6300	0.6300	128,560,894	0.6300	0.6300
Brentwood School District	Operating Funds-Schools	107,156,840	3.3456	3.3356	0	0.6000	0.0000	72,294,313	3.4730	3.4630	48,478,819	3.3969	3.3869
	Debt Service	227,929,972	0.2020	0.2020	227,929,972	0.2020	0.2020	227,929,972	0.2020	0.2020	227,929,972	0.2020	0.2020
Clayton School District	Operating Funds-Schools	346,522,430	3.3474	3.2615	0	0.6500	0.0000	381,578,690	3.4753	3.3894	101,105,071	3.4748	3.3889
	Debt Service	829,206,191	0.3600	0.3600	829,206,191	0.3600	0.3600	829,206,191	0.3600	0.3600	829,206,191	0.3600	0.3600
Hancock Place School District	Operating Funds-Schools	31,313,340	4.2139	4.1690	1,610	4.2857	4.2857	9,091,200	4.3000	4.2965	12,857,012	4.3000	4.3000
	Debt Service	53,263,162	0.9490	0.9490	53,263,162	0.9490	0.9490	53,263,162	0.9490	0.9490	53,263,162	0.9490	0.9490

LISTING OF TAX RATES FOR LOCAL GOVERNMENTS USING HB1150

Political Subdivision	Purpose	Residential Real Estate			Agricultural Real Estate			Commercial Real Estate			Personal Property Real Estate		
		Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied	Assessed Value	Ceiling	Levied
Jennings School District	Operating Funds-Schools	58,145,550	4.1828	4.1828	0	0.0000	0.0000	13,715,520	4.3323	4.3323	23,535,464	4.8034	4.8034
	Debt Service	95,396,534	0.6280	0.6280	95,396,534	0.6280	0.6280	95,396,534	0.6280	0.6280	95,396,534	0.6280	0.6280
Ladue School District	Operating Funds-Schools	833,581,830	2.7500	2.7500	1,990	2.7500	2.7500	177,172,340	2.7500	2.7500	155,268,963	2.7500	2.7500
	Debt Service	1,166,025,123	0.4500	0.4500	1,166,025,123	0.4500	0.4500	1,166,025,123	0.4500	0.4500	1,166,025,123	0.4500	0.4500
Maplewood-Richmond Heights Sch D	Operating Funds-Schools	119,732,570	3.5543	3.5543	0	0.0000	0.0000	32,584,130	3.8715	3.8715	38,205,137	3.8636	3.8636
	Debt Service	190,521,837	0.8280	0.8280	190,521,837	0.8280	0.8280	190,521,837	0.8280	0.8280	190,521,837	0.8280	0.8280
Normandy School District	Operating Funds-Schools	133,412,910	4.6600	4.2854	12,590	4.6600	4.2854	30,115,010	4.6600	4.2854	54,084,941	4.6600	4.2854
	Debt Service	217,625,451	0.8240	0.8240	217,625,451	0.8240	0.8240	217,625,451	0.8240	0.8240	217,625,451	0.8240	0.8240
Ritenour School District	Operating Funds-Schools	205,086,790	3.6560	3.6560	0	0.0000	0.0000	152,957,090	3.6812	3.6812	134,701,971	3.8692	3.8692
	Debt Service	492,745,851	0.8900	0.8900	492,745,851	0.8900	0.8900	492,745,851	0.8900	0.8900	492,745,851	0.8900	0.8900
Riverview Gardens School District	Operating Funds-Schools	158,835,430	4.1562	4.1562	8,650	4.3500	4.3500	19,913,700	4.0885	4.0885	47,164,044	4.3500	4.3500
	Debt Service	225,921,824	1.5493	1.5493	225,921,824	1.5493	1.5493	225,921,824	1.5493	1.5493	225,921,824	1.5493	1.5493
University City School District	Operating Funds-Schools	350,198,260	4.1864	4.1864	0	0.0000	0.0000	39,772,340	4.2709	4.2709	71,286,170	4.5371	4.5371
	Debt Service	461,256,770	0.7380	0.7380	461,256,770	0.7380	0.7380	461,256,770	0.7380	0.7380	461,256,770	0.7380	0.7380
Valley Park School District	Operating Funds-Schools	64,597,740	4.5371	4.5371	7,740	4.6500	4.6500	24,315,920	4.6500	4.6500	32,997,901	4.6500	4.6500
	Debt Service	121,919,301	0.4270	0.4270	121,919,301	0.4270	0.4270	121,919,301	0.4270	0.4270	121,919,301	0.4270	0.4270
Webster Groves School District	Operating Funds-Schools	411,503,210	3.9403	3.9403	0	0.0000	0.0000	55,301,590	4.0593	4.0593	81,094,364	4.2089	4.2089
	Debt Service	547,899,164	0.5600	0.5600	547,899,164	0.5600	0.5600	547,899,164	0.5600	0.5600	547,899,164	0.5600	0.5600
Wellston School District	Operating Funds-Schools	3,908,220	5.6700	5.6700	0	0.0000	0.0000	4,854,190	5.6700	5.6700	9,530,206	5.6700	5.6700
Special Sch Dist of St. Louis Co	Operating Funds-Schools	10,348,038,070	0.8330	0.8330	7,600,590	0.8640	0.8640	4,366,415,602	0.8530	0.8530	3,881,465,336	0.8640	0.8640
St. Louis County	General Revenue	10,331,097,270	0.2670	0.1900	7,426,490	0.3500	0.1900	4,364,830,815	0.2760	0.1900	3,876,637,234	0.2840	0.1900
	Parks & Recreation	10,331,097,270	0.0670	0.0350	7,426,490	0.0700	0.0350	4,364,830,815	0.0690	0.0350	3,876,637,234	0.0700	0.0350
	Road & Bridge	10,331,097,270	0.1710	0.1050	7,426,490	0.1800	0.1050	4,364,830,815	0.1760	0.1050	3,876,637,234	0.1800	0.1050
	Health	10,331,097,270	0.2290	0.1650	7,426,490	0.3000	0.1650	4,364,830,815	0.2360	0.1650	3,876,637,234	0.2430	0.1650
	Debt Service	18,579,991,809	0.0850	0.0850	18,579,991,809	0.0850	0.0850	18,579,991,809	0.0850	0.0850	18,579,991,809	0.0850	0.0850

LEGEND:

A A new voter approved tax rate, newly formed district, or a levy voted to replace an expired levy, see Appendix VIII.

B A voter approved increase to an existing levy, see Appendix IX.

C Levy includes a recoupment rate authorized by state law.

D Levied a tax rate in excess of the legally permissible tax levy as provided by state law, see Results - Table 1.1.

NOTE:

All rates in the levied column represent the rate extended and certified to the State Auditor's Office by both taxing authority and the county or counties in which the tax rate is levied.

Assessed Value column presents only the assessed valuation that the property tax is levied against.

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Adair	City of Kirksville	135,235,910	0.1845	249,510
	Adair Co. R-I School District	11,309,326	0.2815	31,836
	Kirksville R-III School District	168,382,959	0.8100	1,363,902
	Adair Co. R-II School District	9,568,695	0.6900	66,024
Andrew	City of Fillmore	745,796	0.5229	3,900
	City of Savannah	37,879,104	0.2034	77,046
	Avenue City R-IX School District	11,238,960	0.9500	106,770
Atchison	City of Tarkio	11,414,929	0.4480	51,139
	City of Westboro	792,761	1.7515	13,885
	Fairfax R-III School District	13,098,364	0.5182	67,876
Audrain	Community R-VI School District	23,264,407	0.4500	104,690
	Mexico 59 School District	154,248,056	0.5000	771,240
Barry	City of Seligman	2,934,512	0.1150	3,375
	City of Washburn	2,147,757	0.4447	9,551
	Wheaton R-III School District	13,695,748	0.5300	72,587
	Southwest Barry Co R-V School Dis	24,099,274	0.5115	123,268
	Cassville R-IV School District	113,623,434	0.5200	590,842
	Purdy R-II School District	19,801,260	0.6899	136,609
	Shell Knob 78 School District	40,001,686	0.3600	144,006
	Monett R-I School District	111,733,487	0.5600	625,708
Barton	City of Mindenmines	1,115,546	1.1175	12,466
	Liberal R-II School District	23,550,460	0.3850	90,669
	Golden City R-III School District	14,892,200	0.3022	45,004
	Lamar R-I School District	83,456,070	0.5000	417,280
Bates	Ballard R-II School District	7,373,018	0.7500	55,298
	Adrian R-III School District	27,981,013	0.3800	106,328
	Rich Hill R-IV School District	18,339,461	0.9279	170,172
	Hume R-VIII School District	6,492,334	0.5000	32,462
	Butler R-V School District	62,810,584	0.0200	12,562
	Lincoln R-II School District	28,859,269	0.4300	124,095
Benton	Warsaw R-IX School District	99,893,945	0.4500	449,523
	Cole Camp R-I School District	36,559,323	0.5900	215,700
	Meadow Heights R-II School Distric	25,094,370	0.3500	87,830
Bollinger				
Boone	City of Ashland	22,949,870	0.4400	100,979
	City of Centralia	33,877,325	0.0900	30,490
	City of Hallsville	7,849,946	0.2900	22,765
	City of Sturgeon	5,392,848	0.0000	0
	Columbia Public Library	567,084,364	0.3200	1,814,670
	Boone County Fire Prot Dist	393,897,392	0.2084	820,882
	Southern Boone Co Fire Prot Dist	77,799,602	0.1995	155,210
	Southern Boone Co. R-I School Dist	64,850,765	1.2800	830,090
	Boone Co. R-IV School District	46,413,664	0.7484	347,360
	Sturgeon R-V School District	23,611,095	1.2700	299,861
	Centralia R-VI School District	66,907,291	0.4700	314,464
	Harrisburg R-VIII School District	23,609,226	1.1500	271,506
	Columbia 93 School District	1,391,062,352	0.8019	11,154,929
	Mid-Buchanan Co R-V School Dist	40,299,048	0.8150	328,437
	Buchanan County R-IV School Dist	14,433,336	0.6800	98,147
	St. Joseph School District	809,115,091	0.3154	2,551,949
	Poplar Bluff R-I School District	281,854,454	0.1400	394,596
	Twin Rivers R-X School District	42,067,097	0.1900	79,927
Caldwell	City of Hamilton	11,077,633	0.5319	58,922

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Caldwell	City of Kidder	1,620,241	0.8172	13,241
	City of Polo	3,390,049	0.2900	9,831
	Hamilton R-II School District	26,967,585	0.5125	138,209
	Polo R-VII School District	16,770,202	0.5620	94,249
	Mirabile C-1 School District	3,213,560	0.1525	4,901
	Braymer C-4 School District	14,419,264	0.7618	109,846
Callaway	City of New Bloomfield	4,029,239	0.8800	35,457
	North Callaway Co R-I School Dist	65,742,513	0.5600	368,158
	New Bloomfield R-III School Dist	31,680,813	1.0250	324,728
	Fulton 58 School District	130,462,493	0.5800	756,682
Camden	Osage Beach Fire Protection Dist	300,803,243	0.0974	292,982
	Sunrise Beach Fire Protection Dist	190,430,133	0.0914	174,053
	Mid County Fire Protection District	176,288,397	0.2561	451,475
	Camdenton R-III School District	689,592,947	0.2500	1,723,982
	Macks Creek R-V School District	20,100,840	0.7500	150,756
Cape Girardeau	City of Cape Girardeau	417,925,364	0.1000	417,925
	Jackson R-II School District	270,393,377	0.5600	1,514,203
	Delta R-V School District	16,832,416	0.3500	58,913
	Oak Ridge R-VI School District	16,320,937	0.9000	146,888
	Cape Girardeau 63 School District	434,601,012	0.5600	2,433,766
Carroll	City of Hale	1,972,333	0.4170	8,225
	Hale R-I School District	6,469,494	0.6723	43,494
	Norborne R-VIII School District	12,110,770	0.2600	31,488
Carter	City of Grandin	746,683	0.2747	2,051
Cass	City of Belton	185,177,003	0.2657	492,015
	City of Drexel	8,252,838	0.3800	31,361
	City of East Lynne	1,628,613	1.8551	30,212
	City of Lake Winnebago	23,177,025	0.5728	132,758
	City of Pleasant Hill	64,358,212	0.1086	69,893
	City of Raymore	154,884,894	0.7100	1,099,683
	City of Lake Annette	823,270	2.1794	17,942
	South Metropolitan Fire Prot Dist	219,648,223	0.1525	334,964
	West Peculiar Fire Protection Dist	79,698,456	0.1611	128,394
	Cass Co R-V School District	23,827,614	0.7000	166,793
	Strasburg C-3 School District	9,417,194	1.2768	120,239
	Raymore-Peculiar R-II School Dist	303,533,943	1.2900	3,915,588
	Sherwood Cass R-VIII School Dist	41,795,753	1.0000	417,958
	East Lynne 40 School District	10,627,177	0.1376	14,623
	Pleasant Hill R-III School District	103,481,206	1.0481	1,084,587
	Harrisonville R-IX School District	161,381,801	0.8700	1,404,022
	Drexel R-IV School District	15,355,669	0.9000	138,201
	Midway R-I School District	34,086,792	0.3800	129,530
	Belton 124 School District	237,387,305	1.2800	3,038,558
Cedar	El Dorado Springs R-II School Dist	63,872,950	0.4900	312,977
Chariton	Northwestern R-I School District	11,187,161	0.9900	110,753
	Brunswick R-II School District	13,487,517	0.3900	52,601
Christian	City of Ozark	94,350,865	0.0614	57,931
	City of Fremont Hills	12,257,273	0.4114	50,426
	Nixa Fire Protection District	220,319,499	0.0808	178,018
	Chadwick R-I School District	7,963,521	1.8201	144,944
	Nixa R-II School District	220,008,712	1.0666	2,346,613
	Sparta R-III School District	21,998,192	0.7073	155,593

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Christian	Billings R-IV School District	20,308,074	0.4400	89,356
	Clever R-V School District	28,066,621	0.2276	63,880
	Ozark R-VI School District	213,196,148	0.9000	1,918,765
	Spokane R-VII School District	29,631,033	1.1468	339,809
Clark	Clark Co. R-I School District	47,845,972	0.7500	358,845
Clay	City of Avondale	4,034,889	0.7281	29,378
	Village of Claycomo	154,889,433	0.1882	291,502
	City of Kearney	89,300,315	0.0400	35,720
	Kearney R-I School District	228,132,891	1.1500	2,623,528
	Smithville R-II School District	137,998,868	0.9600	1,324,789
	Excelsior Springs 40 School Dist	169,131,807	0.7700	1,302,315
	Liberty 53 School District	508,099,248	0.9900	5,030,183
	North Kansas City 74 School Dist	1,766,875,977	0.7900	13,958,320
Clinton	City of Lathrop	16,076,650	0.5358	86,139
	City of Trimble	4,738,534	1.1500	54,493
	Cameron R-I School District	85,840,017	0.4800	412,032
	Lathrop R-II School District	43,638,629	0.2434	106,216
	Clinton County R-III School Dist	54,728,636	1.0000	547,286
	City of Lohman	1,797,393	0.3678	6,611
	Cole Co R-I School District	37,807,372	0.8800	332,705
	Cole Co R-II School District	60,814,220	0.6100	370,967
	Cole Co. R-V School District	45,555,123	0.7000	318,886
	Jefferson City School District	936,524,947	0.2470	2,313,217
Cooper	City of Blackwater	986,657	0.7601	7,500
	Cooper Co. R-IV School District	6,743,012	0.6630	44,706
	Prairie Home R-V School District	8,651,508	0.4683	40,515
	Otterville R-VI School District	10,039,529	0.6684	67,104
	Pilot Grove C-4 School District	13,050,517	0.6300	82,218
	Boonville R-I School District	98,373,175	0.4300	423,005
	Crawford Co R-I School District	43,060,440	0.7961	342,804
	Crawford Co R-II School District	79,571,973	0.6100	485,389
Dade	Good Shepherd Nursing Home Dist	20,461,185	0.3652	74,724
	Lockwood R-I School District	21,352,268	0.5500	117,437
	Everton R-III School District	7,115,605	0.7000	49,809
	Greenfield R-IV School District	26,835,277	0.9000	241,517
Dallas	City of Urbana	2,376,320	0.0227	539
Daviess	Daviess County Special Rd Dist #1	10,086,245	0.6731	67,891
	Monroe Township of Daviess Co	2,120,551	0.6064	12,859
	Pattonsburg R-II School District	9,645,407	0.3840	37,038
	Winston R- VI School District	12,173,295	0.1838	22,375
De Kalb	City of Clarksdale	1,348,076	1.4046	18,935
	City of Union Star	1,853,016	0.4560	8,450
	Osborn R-O School District	7,594,819	0.2400	18,228
	Stewartsville C-2 School District	10,447,658	0.4154	43,400
Dent	Salem R-80 School District	51,607,960	0.6800	350,934
Dunklin	City of Cardwell	2,831,039	0.4056	11,483
	Campbell R-II School District	53,572,695	0.6200	332,151
	Holcomb R-III School District	17,498,742	0.4900	85,744
	Senath-Hornersville C-8 School Dist	37,975,490	0.0100	3,798
	Kennett 39 School District	82,141,065	0.3235	265,726
	City of St Clair	47,939,843	0.2799	134,184
	Boles Fire Protection District	215,994,350	0.2573	555,753

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Franklin	Pacific Fire Protection District	169,293,030	0.0920	155,750
	East Central College	1,166,766,628	0.0905	1,055,924
	Franklin Co R-II School District	16,888,017	0.6652	112,339
	Meramec Valley R-III School Dist	240,216,794	0.6900	1,657,496
	Union R-XI School District	198,970,083	0.6800	1,352,997
	Lonedell R-XIV School District	26,105,896	0.3500	91,371
	Spring Bluff R-XV School District	16,449,785	0.6568	108,042
	St. Clair R-XIII School District	109,738,289	0.6200	680,377
	Sullivan C-2 School District	111,068,202	0.9700	1,077,362
	Washington School District	512,958,864	0.1853	950,513
Gasconade	City of Bland	3,292,347	0.5251	17,288
	Gasconade Co R-II School District	114,733,609	0.8700	998,182
	Gasconade County R-I School Dist	85,724,258	0.7500	642,932
Gentry	Gentry County Library Dist	51,054,856	0.1000	51,055
	King City R-I School District	19,506,188	0.5100	99,482
	Stanberry R-II School District	17,472,199	0.1000	17,472
Greene	City of Battlefield	26,136,680	0.3197	83,559
	City of Fair Grove	9,446,229	0.6331	59,804
	Willard R-II School District	200,590,630	0.9400	1,885,552
	Republic R-III School District	168,026,036	0.6500	1,092,169
	Ash Grove R-IV School District	37,281,040	0.5000	186,405
	Strafford R-VI School District	114,359,524	0.7000	800,517
	Greene Co R-VIII School District	130,897,235	0.7900	1,034,088
	Springfield R-XII School District	2,350,599,750	0.3300	7,756,979
	Fair Grove R-X School District	41,365,240	0.2500	103,413
	City of Spickard	1,063,859	1.0528	11,200
Grundy	Marion Township of Grundy Co	3,505,576	0.2654	9,304
	Grundy Co R-V School District	10,466,283	1.2490	130,724
	Spickard R-II School District	3,550,477	0.6459	22,933
	Trenton R-IX School District	65,559,668	0.9900	649,041
Harrison	City of Cainsville	1,549,831	0.2973	4,608
Henry	City of Montrose	2,536,084	0.4515	11,450
	Henry County R-I School District	36,229,845	0.5000	181,149
	Shawnee R-III School District	6,879,275	0.6379	43,883
Hickory	Hickory Co. R-I School District	28,462,484	0.8000	227,700
	Wheatland R-II School District	21,857,743	0.4064	88,830
	Weaubleau R-III School District	16,207,531	0.8234	133,453
	Hermitage R-IV School District	26,681,826	0.5076	135,437
Holt	City of Craig	1,202,700	1.4161	17,031
	City of Forest City	2,058,727	0.1294	2,664
	City of Oregon	5,664,787	0.8900	50,417
	South Holt Co R-I School District	22,609,511	0.5051	114,201
Howard	New Franklin R-I School District	19,264,586	0.5400	104,029
	Fayette R-III School District	34,667,550	0.6500	225,339
	Howard Co R-II School District	18,732,264	0.1670	31,283
Howell	Glenwood R-VIII School District	15,484,430	0.0830	12,852
Iron	City of Viburnum	8,515,847	0.8700	74,088
	Arcadia Valley R-II School District	35,038,254	0.4194	146,950
Jackson	City of Blue Springs	607,576,964	0.1500	911,365
	City of Grain Valley	87,346,119	0.9502	829,963
	City of Grandview	241,854,514	0.3800	919,047
	City of Kansas City	5,821,000,929	0.1400	8,149,401

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	
		Valuation	Levied	Revenue
Jackson	City of Lake Tapawingo	13,094,289	0.4200	54,996
	City of Lone Jack	7,624,332	1.0032	76,487
	City of Oak Grove	66,969,304	0.2300	154,029
	City of Lee's Summit	1,222,521,038	0.4800	5,868,101
	Central Jackson Co Fire Prot Dist	748,093,279	0.1047	783,254
	Fort Osage R-I School District	219,450,250	0.7500	1,645,877
	Blue Springs R-IV School District	1,002,528,048	0.9566	9,590,183
	Grain Valley R-V School District	144,426,561	1.2662	1,828,729
	Oak Grove R-VI School District	99,048,560	1.0060	996,429
	Lee's Summit R-VII School District	1,189,119,001	1.0700	12,723,573
	Hickman Mills C-1 School District	405,577,776	0.6800	2,757,929
	Raytown C-2 School District	594,409,872	0.9600	5,706,335
	Grandview C-4 School District	374,806,323	0.5000	1,874,032
	Lone Jack C-6 School District	32,066,958	1.3675	438,516
	Independence 30 School District	704,137,494	0.7600	5,351,445
	Center 58 School District	375,619,213	0.8600	3,230,325
Jasper	City of Carl Junction	52,433,287	0.2486	130,349
	Carl Junction R-I School District	167,714,950	0.6100	1,023,061
	Sarcozie R-II School District	29,039,720	0.5500	159,718
	Carthage R-IX School District	230,673,330	0.4900	1,130,299
	Webb City R-VII School District	146,966,010	0.4200	617,257
	Joplin R-VIII School District	735,437,587	0.2100	1,544,419
Jefferson	City of Olympian Village	3,386,823	1.5000	50,802
	City of Pevely	66,384,637	0.0000	0
	Antonia Fire Protection District	129,315,811	0.2300	297,426
	Cedar Hill Fire Protection District	121,904,937	0.0788	96,061
	High Ridge Fire Protection District	292,868,266	0.1101	322,448
	Springdale Fire Protection District	109,822,363	0.4200	461,254
	De Soto Rural Fire Protection Dist	140,902,597	0.1286	181,201
	Jefferson College	2,095,359,126	0.0500	1,047,680
	Northwest R-I School District	405,252,550	0.4500	1,823,636
	Grandview R-II School District	35,234,818	1.3500	475,670
	Hillsboro R-III School District	167,284,462	0.6897	1,153,761
	Dunklin R-V School District	116,761,270	0.5500	642,187
	Festus R-VI School District	158,943,288	0.7900	1,255,652
	Jefferson Co R-VII School District	105,765,228	0.4247	449,185
	Sunrise R-IX School District	22,275,784	0.6500	144,793
	Windsor C-1 School District	155,917,437	1.0000	1,559,174
	Fox C-6 School District	606,116,522	0.2800	1,697,126
	Crystal City 47 School District	45,923,610	0.8000	367,389
	DeSoto 73 School District	136,897,513	0.3800	520,211
Johnson	City of Holden	15,780,175	0.1186	18,715
	Kingsville R-I School District	18,367,229	0.9433	173,258
	Holden R-III School District	66,207,507	0.3000	198,623
	Chilhowee R-IV School District	7,137,060	0.5000	35,685
	Johnson Co R-VII School District	26,003,278	0.8000	208,026
	Leeton R-X School District	12,018,614	0.3921	47,125
	Warrensburg R-VI School District	192,363,209	0.6600	1,269,597
Knox	City of Hurdland	757,323	0.6743	5,107
	Knox Co R-I School District	43,189,581	0.0100	4,319
Laclede	Lebanon R-III School District	222,573,430	0.4700	1,046,095
Lafayette	City of Lexington	35,507,729	0.0446	15,836

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Lafayette	Sni Valley Fire Protection District	135,202,728	0.0541	73,145
	Concordia R-II School District	38,044,771	0.4629	176,109
	Lafayette Co C-1 School District	53,033,603	1.0000	530,336
	Odessa R-VII School District	104,724,991	0.6600	691,185
	Santa Fe R-X School District	22,961,018	0.1800	41,330
	Wellington-Napoleon R-IX Sch Dist	21,131,872	0.7500	158,489
	Lexington R-V School District	46,086,521	0.7300	336,432
Lawrence	City of Aurora	57,595,668	0.2105	121,239
	Pierce City R-VI School District	27,114,807	0.6600	178,958
	Marionville R-IX School District	26,721,335	0.5000	133,607
	Mt. Vernon R-V School District	75,180,020	0.5700	428,526
	Aurora R-VIII School District	80,566,683	0.5700	459,230
	Verona R-VII School District	15,755,477	0.6590	103,829
Lewis	City of Lewistown	3,215,842	0.3887	12,500
	Canton R-V Fire Protection District	24,625,550	0.1133	27,901
	Canton R-V School District	26,236,951	0.5500	144,303
Lincoln	Silex R-I School District	21,471,089	0.6600	141,709
	Elsberry R-II School District	32,896,678	1.0500	345,415
	Troy R-III School District	276,722,376	0.7400	2,047,746
	Winfield R-IV School District	63,515,589	0.8000	508,125
	Lincoln County	446,404,454	0.2100	937,449
Linn	City of Marceline	18,450,980	0.1193	22,012
	Jackson Township of Linn Co	2,662,485	0.7315	19,476
	Jefferson Township of Linn Co	7,965,632	0.0000	0
	Locust Creek Township of Linn Co	5,097,675	0.3341	17,031
	Meadville R-IV School District	11,780,925	0.9200	108,385
	Marceline R-V School District	29,902,805	0.7525	225,019
	Brookfield R-III School District	52,211,391	0.3900	203,624
Livingston	Chillicothe R-II School District	109,398,067	0.4500	492,291
Macon	City of Callao	921,863	1.5019	13,845
	La Plata R-II School District	17,295,208	1.2300	212,731
Madison	Marquand-Zion R-VI School District	8,673,760	0.5000	43,369
Maries	City of Vienna	5,775,342	0.0404	2,333
Marion	City of Hannibal	158,497,046	0.0210	33,284
	Marion Co R-II School District	8,653,605	0.3300	28,557
	Palmyra R-I School District	100,315,020	0.5800	581,827
	Hannibal 60 School District	216,089,406	0.4600	994,011
Mc Donald	City of Southwest City	12,982,835	0.3055	39,663
	McDonald Co R-I School District	128,038,434	0.2500	320,096
Mercer	North Mercer Co R-III School Dist	12,225,917	0.5306	64,871
Miller	Miller County Nursing Home Distric	281,739,723	0.0600	169,044
	Lake Ozark Fire Protection District	285,305,961	0.0721	205,706
	Eldon R-I School District	128,861,393	0.5100	657,193
	Miller Co R-III School District	8,611,233	0.1000	8,611
	St. Elizabeth R-IV School District	10,560,367	0.1800	19,009
Mississippi	School of the Osage R-II Sch Dist	340,879,976	0.2200	749,936
	East Prairie R-II School District	42,041,380	0.3500	147,145
	City of Tipton	20,879,766	0.3420	71,409
Moniteau	Moniteau Co R-I School District	63,335,208	0.8200	519,349
	Moniteau Co R-VI School District	36,024,635	0.8861	319,214
	Moniteau Co C-1 School District	10,695,118	0.7800	83,422
Monroe	Monroe County Library	74,537,094	0.1259	93,842

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Monroe	Madison C-3 School District	9,901,656	0.6529	64,648
	Paris R-II School District	29,433,157	0.4900	144,222
Montgomery	City of Jonesburg	7,377,225	0.4425	32,644
	Wellsville-Middletown R-I Sch Dist	23,340,992	0.4600	107,369
	Montgomery Co R-II School District	85,350,086	0.0300	25,605
Morgan	Morgan Co R-I School District	54,350,715	0.3800	206,533
New Madrid	City of Lilbourn	6,518,777	0.2362	15,397
	Portageville School District	41,137,798	0.2500	102,844
	New Madrid Co R-I School District	261,775,968	0.1100	287,954
Newton	Redings Mill Area Fire Prot Dist	123,240,922	0.1075	132,484
	East Newton Co R-VI School Distric	51,538,340	0.5500	283,461
	Diamond R-IV School District	44,854,977	0.9900	444,064
	Westview C-6 School District	5,636,568	0.1514	8,534
Nodaway	City of Maryville	108,108,607	0.1450	156,757
	Atchison Township of Nodaway Co	4,782,682	0.6721	32,144
	Green Township of Nodaway Co	4,152,666	1.4574	60,521
	Hughes Township of Nodaway Co	7,049,773	1.0194	71,865
	Independence Township of Nodaway	3,898,816	0.4668	18,200
	Jackson Township of Nodaway Co	9,648,662	0.3439	33,182
	Monroe Township of Nodaway Co	4,156,207	0.6260	26,018
	Union Township of Nodaway Co	4,850,605	0.3366	16,327
	West Nodaway Co R-I School Distri	17,250,320	0.7000	120,752
	Jefferson C-123 School District	5,607,070	0.4624	25,927
	North Nodaway Co R-VI School Dis	11,694,790	0.3800	44,440
	Maryville R-II School District	164,395,916	0.4643	763,290
	South Nodaway Co R-IV School Dis	8,859,160	0.6282	55,653
Oregon	Couch R-I School District	7,629,729	0.6100	46,541
	Thayer R-II School District	22,450,809	0.9200	206,547
	Oregon-Howell R-III School District	9,788,683	0.8000	78,309
Osage	City of Linn	13,801,143	0.9641	133,057
	Osage Co R-II School District	43,222,522	0.3900	168,568
	Osage Co R-III School District	59,875,475	0.4200	251,477
Ozark	Thornfield R-I School District	4,639,681	0.5397	25,040
	Bakersfield R-IV School District	8,899,614	0.3500	31,149
	Gainesville R-V School District	32,570,573	0.5800	188,909
	Dora R-III School District	10,462,175	0.2300	24,063
	Lutie R-VI School District	13,518,929	0.4900	66,243
Pemiscot	Caruthersville 18 School District	40,744,019	0.3200	130,381
	Pemiscot Co Special School District	150,654,352	0.0300	45,196
Perry	City of Altenburg	3,551,913	0.2818	10,009
	City of Frohna	4,350,768	0.2032	8,841
	City of Perryville	107,564,620	0.2500	268,912
Pettis	City of Green Ridge	2,146,511	0.6685	14,349
	City of Smithton	3,447,275	0.0000	0
	Pettis Co R-V School District	17,900,345	0.4303	77,025
	La Monte R-IV School District	14,374,748	0.7000	100,623
	Smithton R-VI School District	28,210,447	0.3800	107,200
	Green Ridge R-VIII School District	16,209,506	0.3756	60,883
Phelps	City of Edgar Springs	826,004	0.4625	3,820
	St. James R-I School District	66,334,479	0.5300	351,573
	Newburg R-II School District	15,184,506	0.3234	49,107
	Rolla 31 School District	232,812,476	0.3299	768,048

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Phelps	Phelps Co R-III School District	9,423,874	0.4000	37,695
Pike	City of Bowling Green	22,261,474	0.0395	8,793
	City of Clarksville	2,725,676	0.2800	7,632
	Pike Co R-III School District	32,469,748	0.6900	224,041
	Louisiana R-II School District	39,582,024	0.5700	225,618
	City of Platte City	44,952,630	0.5000	224,763
Platte	City of Tracy	1,602,614	1.6567	26,551
	City of Weatherby Lake	32,871,898	0.1146	37,671
	City of Parkville	120,089,246	0.0929	111,563
	Central Platte Fire Protection Dist	114,792,177	0.2000	229,584
	Southern Platte Fire Prot Dist	278,514,821	0.0973	270,995
	West Platte Co R-II School District	58,885,612	0.8560	504,061
	Platte Co R-III School District	281,587,238	0.6700	1,886,634
	Park Hill R-V School District	952,786,698	0.6562	6,252,186
	Platte County	1,387,032,700	0.0000	0
	Bolivar R-I School District	112,044,300	0.4500	504,199
	Fair Play R-II School District	12,464,130	0.5658	70,522
	Humansville R-IV School District	16,219,523	0.4400	71,366
	Marion C. Early R-V School District	22,435,080	0.5500	123,393
	Pleasant Hope R-VI School District	30,090,760	0.6000	180,545
Pulaski	City of Dixon	9,393,283	0.5800	54,481
	Laquey R-V School District	17,862,860	0.2205	39,388
	Dixon R-I School District	37,802,028	0.2700	102,065
	Crocker R-II School District	17,401,475	0.8900	154,873
Putnam	York Township of Putnam Co	3,029,939	0.5218	15,810
	Putnam Co R-I School District	49,139,179	0.3700	181,815
Ralls	Ralls Co R-II School District	51,592,832	0.7100	366,309
Randolph	City of Higbee	2,175,734	0.7217	15,702
	Northeast Randolph Co R-IV Sch Di	14,515,930	0.8700	126,289
	Higbee R-VIII School District	7,490,812	0.8153	61,073
	Moberly School District	123,175,516	0.5800	714,418
Ray	City of Orrick	5,785,383	0.2433	14,076
	City of Richmond	50,653,854	0.1888	95,634
	City of Wood Heights	6,920,100	0.3092	21,397
	City of Lawson	20,868,215	0.9700	202,422
	Lawson R-XIV School District	54,916,506	0.9500	521,707
	Orrick R-XI School District	18,454,470	0.4500	83,045
	Richmond R-XVI School District	89,305,128	0.4700	419,734
	Southern Reynolds Co R-II Sch Dist	30,833,291	0.6500	200,416
Reynolds	Doniphan-Ripley County Library	70,517,346	0.0300	21,155
Ripley	Ripley Co R-III School District	3,965,067	0.1000	3,965
Saline	Blackburn Elmwood Sp Rd Saline C	5,226,660	0.5284	27,618
	City of Sweet Springs	9,321,428	0.2000	18,643
	Orearville R-IV School District	4,702,882	0.8500	39,974
	Malta Bend R-V School District	7,723,524	0.7500	57,926
	Hardeman R-X School District	5,617,633	0.9621	54,047
	Marshall School District	116,578,834	0.3171	369,671
	Slater School District	15,902,268	0.5400	85,872
	Sweet Springs R-VII School District	21,134,633	0.6400	135,262
	Village of Glenwood	989,064	0.4100	4,055
	Schuyler Co R-I School District	29,107,580	0.7700	224,128
Scott	City of Scott City	37,015,229	0.2886	106,826

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	
		Valuation	Levied	Revenue
Scott	Scott City R-I School District	44,351,415	0.4900	217,322
	Chaffee R-II School District	20,205,273	0.8500	171,745
	Scott Co R-IV School District	40,218,940	0.4200	168,920
	Scott Co R-V School District	12,598,660	0.7200	90,710
	Sikeston R-VI School District	187,420,363	0.1750	327,986
	Oran R-III School District	15,636,810	0.1800	28,146
Shannon	Eminence R-I School District	15,213,475	0.6900	104,973
Shelby	Shelby Co C-1 School District	23,647,459	0.3300	78,037
St. Charles	St Charles County Ambulance Dist	5,089,802,765	0.0200	1,017,961
	City of Lake St Louis	189,060,934	0.3994	755,109
	City of O'Fallon	991,657,722	0.3300	3,272,470
	City of Portage Des Sioux	3,721,902	0.3067	11,415
	City of St Charles	938,588,024	0.1500	1,407,882
	City of St Peters	845,567,062	0.2610	2,206,930
	Cottleville Com Fire Prot District	836,899,034	0.0800	669,519
	Central County Fire and Rescue	1,264,854,807	0.0581	734,881
	St. Charles Co. Community College	5,061,586,802	0.0800	4,049,269
	Fort Zumwalt R-II School District	1,523,771,513	0.7000	10,666,401
	Francis Howell R-III School Dist	1,645,958,172	0.6713	11,049,317
	Wentzville R-IV School District	839,323,764	0.6200	5,203,807
	St Charles R-VI School District	757,637,618	1.1648	8,824,963
	St Charles Co R-V School District	168,700,397	0.7121	1,201,316
	Roscoe C-1 School District	5,416,124	0.4144	22,444
	Lakeland R-III School District	22,421,520	0.6200	139,013
	City of Desloge	26,607,657	0.1978	52,630
	City of Farmington	127,482,165	0.0600	76,489
St. Francois	City of Leadwood	3,950,880	1.2357	48,821
	City of Iron Mountain Lake	2,434,056	2.0200	49,168
	Mineral Area College	602,602,617	0.1300	783,383
	Bismarck R-V School District	19,252,082	0.6500	125,139
	Farmington R-VII School District	217,335,472	0.6200	1,347,480
	North St. Francois Co R-I Sch Dist	118,979,783	0.6700	797,165
	Central R-III School District	67,202,884	0.7583	509,599
	West St Francois Co R-IV Sch Dist	31,035,010	0.9300	288,626
	Village of Bel Nor	17,047,598	0.5270	89,841
	City of Berkeley	180,162,014	0.1490	268,441
St. Louis	City of Brentwood	212,794,966	0.0000	0
	City of Clayton	703,624,753	0.0710	499,574
	City of Des Peres	228,735,740	0.0000	0
	City of Kirkwood	513,995,363	0.2800	1,439,187
	City of Manchester	270,421,458	0.2000	540,843
	City of Rock Hill	69,672,821	0.5110	356,028
	City of Shrewsbury	105,026,684	0.6100	640,663
	City of Velda City	6,170,383	0.6900	42,576
	City of Warson Woods	52,468,911	0.0000	0
	City of Webster Groves	391,406,192	0.6570	2,571,539
	City of Chesterfield	1,274,868,880	0.0600	764,921
	Metro West Fire Protection District	1,354,253,184	0.1010	1,367,796
	Black Jack Fire Protection District	479,104,447	0.2250	1,077,985
	Chesterfield Fire Prot District	1,592,150,780	0.0970	1,544,386
	Community Fire Protection District	480,672,820	0.2500	1,201,682
	Eureka Fire Protection District	256,929,459	0.1500	385,394

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
St. Louis	Florissant Valley Fire Prot Dist	702,143,514	0.0770	540,651
	Lemay Fire Protection District	147,105,431	0.1120	164,758
	West County EMS & Fire Prot Dist	598,357,377	0.1700	1,017,208
	Moline Fire Protection District	112,185,184	0.0500	56,093
	Normandy Fire Protection District	168,490,508	0.0400	67,396
	Pattonville-Bridgeton Terr Fire Dis	668,088,391	0.0000	0
	Riverview Fire Protection District	128,192,993	0.1520	194,853
	Robertson Fire Protection District	285,838,629	0.1000	285,839
	Spanish Lake Fire Protection Dist	156,903,218	0.3460	542,885
	Valley Park Fire Protection Dist	187,545,496	0.0390	73,143
	Mid-County Fire Protection District	118,120,904	0.3730	440,591
	West Overland Fire Protection Dist	166,981,097	0.2700	450,849
	Hazelwood R-I School District	1,637,965,957	0.3900	6,388,067
	Ferguson-Florissant R-II Sch Dist	897,131,981	0.3000	2,691,396
	Pattonville R-III School District	1,226,107,197	0.4900	6,007,925
	Rockwood R-VI School District	2,566,296,751	0.7500	19,247,226
	Kirkwood R-VII School District	905,233,451	0.3680	3,331,259
	Lindbergh R-VIII School District	1,000,406,581	0.3800	3,801,545
	Mehlville R-IX School District	1,359,942,662	0.3400	4,623,805
	Parkway C-2 School District	3,526,057,443	0.2400	8,462,538
	Bayless School District	128,560,894	0.6300	809,934
	Brentwood School District	227,929,972	0.2020	460,419
	Clayton School District	829,206,191	0.3600	2,985,142
	Hancock Place School District	53,263,162	0.9490	505,467
	Jennings School District	95,396,534	0.6280	599,090
	Ladue School District	1,166,025,123	0.4500	5,247,113
	Maplewood-Richmond Heights Sch	190,521,837	0.8280	1,577,521
	Normandy School District	217,625,451	0.8240	1,793,234
	Ritenour School District	492,745,851	0.8900	4,385,438
	Riverview Gardens School District	225,921,824	1.5493	3,500,207
	University City School District	461,256,770	0.7380	3,404,075
	Valley Park School District	121,919,301	0.4270	520,595
	Webster Groves School District	547,899,164	0.5600	3,068,235
	St. Louis County	18,579,991,809	0.0850	15,792,993
St. Louis City	St. Louis City School District	3,332,578,940	0.5500	18,329,184
	City of St. Louis	3,433,205,486	0.1513	5,194,440
Ste. Genevieve	City of Ste Genevieve	45,892,736	0.0089	4,084
	Ste. Genevieve Co R-II School Dist	213,871,107	0.2600	556,065
Stoddard	City of Bloomfield	9,459,454	0.1853	17,528
	Richland R-I School District	19,148,139	0.3300	63,189
	Advance R-IV School District	24,373,764	0.4300	104,807
	Dexter R-XI School District	130,237,379	0.5700	742,353
	Bernie R-XIII School District	26,853,320	0.3000	80,560
Stone	City of Crane	5,771,922	0.3630	20,952
	Hurley R-I School District	7,279,065	0.5802	42,233
	Galena R-II School District	20,076,846	0.5322	106,849
	Reeds Spring R-IV School District	214,205,514	0.7100	1,520,859
	Blue Eye R-V School District	61,102,374	0.8000	488,819
Sullivan	City of Green Castle	895,784	1.2802	11,468
	Village of Newtown	689,551	0.3843	2,650
	Green City R-I School District	16,709,072	0.5800	96,913
Taney	City of Forsyth	17,979,655	0.3500	62,929

LISTING OF DEBT SERVICE LEVIES

County	Name of Political Subdivision	Assessed	Actual Rate	Revenue
		Valuation	Levied	
Taney	City of Hollister	35,016,215	0.1800	63,029
	City of Rockaway Beach	5,243,976	0.6696	35,114
	Village of Merriam Woods	5,298,320	0.4730	25,061
	Bradleyville R-I School District	6,060,607	0.3000	18,182
	Taneyville R-II School District	7,643,129	0.8273	63,232
	Forsyth R-III School District	55,779,688	0.6700	373,724
	Branson R-IV School District	463,938,621	0.7000	3,247,570
	Hollister R-V School District	96,513,201	0.8500	820,362
	Kirbyville R-VI School District	24,771,711	0.9000	222,945
Texas	City of Houston	17,456,752	0.2881	50,293
	City of Licking	9,092,111	0.1716	15,602
	City of Summersville	2,340,659	0.9225	21,593
	Houston R-I School District	38,166,265	0.7929	302,620
	Raymondville R-VII School District	5,900,471	0.7200	42,483
Vernon	Nevada R-V School District	142,085,118	0.1600	227,336
	Bronaugh R-VII School District	9,989,592	0.0310	3,097
	Sheldon R-VIII School District	8,466,278	0.3900	33,018
Warren	City of Truesdale	13,776,883	0.1980	27,278
	City of Wright City	23,932,827	0.1456	34,846
	Wright City R-II School District	115,583,010	0.6800	785,964
	Warren Co R-III School District	179,289,324	0.4689	840,688
Washington	Kingston K-14 School District	18,963,510	0.8400	159,293
	Potosi R-III School District	60,369,314	0.5000	301,847
Wayne	Greenville R-II School District	30,384,245	0.3600	109,383
	Clearwater R-I School District	51,868,882	0.3423	177,547
Webster	City of Marshfield	50,509,671	0.2500	126,274
	City of Rogersville	13,632,763	0.5400	73,617
	Fordland R-III School District	23,160,429	0.7900	182,967
	Marshfield R-I School District	123,513,699	0.4000	494,055
Wright	Hartville R-II School District	24,878,055	0.4800	119,415
	Mansfield R-IV School District	23,773,274	0.8000	190,186
Total Revenue Generated from Debt Service Levies				<u>\$441,075,036</u>

NOTE:

Assessed value column presents only the assessed valuation that the property tax is levied against.

The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100.

LISTING OF RECENT VOTER APPROVED LEVIES

County	Subdivision	Purpose	Assessed	Actual Rate		Expiration
			Valuation	Levied	Revenue	
Atchison	Tarkio Spec Road Dist Atchison Co	Special Road and Bridge	17,334,925	0.3500	60,672	2006
	General Road District	Special Road and Bridge	53,129,422	0.3500	185,953	2006
Audrain	Saling Spec Rd Dist #2 Audrain Co	Special Road and Bridge	5,950,188	0.3500	20,826	2006
Barton	Newport Township of Barton County	Special Road and Bridge	3,358,112	0.1000	3,358	2006
Bates	South Hudson Sp Rd Dist Bates Co	Special Road and Bridge	952,126	0.2200	2,095	2006
	Deepwater Township of Bates County	Special Road and Bridge	3,075,786	0.3500	10,765	2006
	East Boone Township of Bates Co	Special Road and Bridge	5,067,416	0.3500	17,736	2006
	Mound Township of Bates County	Special Road and Bridge	8,803,460	0.1900	16,727	2006
	Pleasant Gap Township of Bates Co	Special Road and Bridge	3,721,884	0.3500	13,027	2006
	Summit Township of Bates County	Special Road and Bridge	3,540,543	0.3500	12,392	2006
	West Point Township of Bates Co	Special Road and Bridge	5,542,033	0.2200	12,192	2006
	Shawnee Township of Bates County	Special Road and Bridge	3,128,946	0.3500	10,951	2006
	Cole Camp & Rural Fire Prot Dist	General Revenue	22,238,824	0.2800	62,269	
	Grant Township of Caldwell County	Special Road and Bridge	11,996,217	0.2400	28,791	2006
Benton	Hamilton Rural Fire Protection Dist	General Revenue	2,041,213	0.2000	4,082	
Caldwell	Camden Ambulance District	General Revenue	378,972,128	0.3000	1,136,916	
Carroll	Cherry Valley Twsp of Carroll Co	Special Road and Bridge	1,109,120	0.3500	3,882	2006
	Eugene Township of Carroll Co	Special Road and Bridge	6,299,715	0.3500	22,049	2006
	Hill Township of Carroll Co	Special Road and Bridge	3,480,950	0.3500	12,183	2006
	Hurricane Township of Carroll Co	Special Road and Bridge	6,321,169	0.3500	22,124	2006
	Prairie Township of Carroll Co	Special Road and Bridge	3,386,667	0.3500	11,853	2006
	Ridge Township of Carroll Co	Special Road and Bridge	5,636,906	0.3500	19,729	2006
	Sugartree Township of Carroll Co	Special Road and Bridge	1,675,418	0.3500	5,864	2006
	Village of Riverview Estates	General Revenue	99,170	0.5000	496	
Cass	Bee Branch Township of Chariton Co	Special Road and Bridge	3,550,335	0.3500	12,426	2006
	Bowling Green Township, Chariton Co	Special Road and Bridge	4,277,763	0.3368	14,408	2006
	Cockrell Township of Chariton Co	Special Road and Bridge	2,547,709	0.3500	8,917	2006
	Keytesville Township of Chariton Co	Special Road and Bridge	10,024,373	0.3436	34,444	2006
	Salisbury Township of Chariton Co	Special Road and Bridge	28,687,238	0.1495	42,887	2006
	Yellow Creek Twsp of Chariton Co	Special Road and Bridge	4,500,857	0.3477	15,649	2006
Clinton	Plattsburg Spec Rd Dist Clinton Co	Special Road and Bridge	31,069,622	0.3500	108,744	2006
	Clinton County	Special Road and Bridge	119,932,508	0.3500	419,764	2006
Cole	Russellville-Lohman Fire Prot Dist	General Revenue	34,415,229	0.3000	103,246	
Dade	Cedar Township of Dade Co	Special Road and Bridge	3,783,698	0.1300	4,919	2006
	Pilgrim Township of Dade Co	Special Road and Bridge	1,620,039	0.2300	3,726	2006
	Polk Township of Dade Co	Special Road and Bridge	4,743,471	0.3300	15,653	2006
	Rock Prairie Township of Dade Co	Special Road and Bridge	8,106,719	0.2300	18,645	2006
Daviess	Colfax Township of Daviess Co	Special Road and Bridge	4,273,449	0.2500	10,684	2006
	Grand River Township of Daviess Co	Special Road and Bridge	3,297,092	0.3500	11,540	2006
	Jackson Township of Daviess Co	Special Road and Bridge	3,415,469	0.3500	11,954	2006
	Jefferson Township of Daviess Co	Special Road and Bridge	3,671,094	0.3500	12,849	2006
	Lincoln Township of Daviess Co	Special Road and Bridge	3,522,292	0.2000	7,045	2006
	Marion Township of Daviess Co	Special Road and Bridge	3,310,975	0.3500	11,588	2006
	Monroe Township of Daviess Co	Special Road and Bridge	2,120,551	0.3500	7,422	2006
	Village of Weatherby	general revenu - temp (2)	433,827	0.0000	0	2006
De Kalb	Adams Township of DeKalb Co	Special Road and Bridge	5,669,491	0.1400	7,937	2006
Gentry	Jackson Township of Gentry Co	Other	11,644,100	0.2500	29,110	2006
	Miller Township of Gentry Co	Special Road and Bridge	7,856,753	0.3500	27,499	2006
	Gentry County	General Revenue-Temp	63,558,282	0.1900	120,761	2006
Grundy	Franklin Township of Grundy Co	Special Road and Bridge	3,655,680	0.3500	12,795	2006
	Jackson Township of Grundy Co	Special Road and Bridge	3,082,022	0.3500	10,787	2006
	Jefferson Township of Grundy Co	Special Road and Bridge	4,582,255	0.3500	16,038	2006

LISTING OF RECENT VOTER APPROVED LEVIES

County	Subdivision	Purpose	Assessed	Actual Rate		Expiration
			Valuation	Levied	Revenue	
Grundy	Madison Township of Grundy Co	Special Road and Bridge	6,057,778	0.3500	21,202	2006
	Marion Township of Grundy Co	Special Road and Bridge	3,505,576	0.3500	12,270	2006
	Myers Township of Grundy County	Special Road and Bridge	1,763,717	0.3500	6,173	2003
	Wilson Township of Grundy Co	Special Road and Bridge	3,391,064	0.3500	11,869	2006
	Washington Township of Grundy Co	Special Road and Bridge	1,110,305	0.0000	0	2006
Harrison	City of Cainsville	General Revenue-Temp	1,549,831	0.3000	4,649	2006
Howell	Howell County	Health	299,531,157	0.1000	299,531	
Jackson	Prairie Township Fire Prot District	Ambulance	71,926,762	0.3000	215,780	
	Lotawana Fire Protection District	Ambulance	53,291,930	0.3000	159,876	
Lafayette	Alma Spec Road Dist Lafayette Co	Special Road and Bridge	8,898,124	0.2932	26,089	2006
	Concordia Spec Rd Dist Lafayette Co	Special Road and Bridge	35,441,912	0.3300	116,958	2006
	Mayview Spec Rd Dist Lafayette Co	Special Road and Bridge	10,573,331	0.2500	26,433	2006
	Odessa Spec Rd Dist Lafayette Co	Special Road and Bridge	86,248,788	0.2400	206,997	2006
	Waverly Spec Rd Dist Lafayette Co	Special Road and Bridge	12,407,327	0.2400	29,778	2006
	Wellington Napoleon Rd Lafayette Co	Special Road and Bridge	19,197,460	0.2000	38,395	2006
	Lafayette County	2-W Common Rd District	28,871,694	0.3300	95,277	2006
Lawrence	Freistatt Spec Rd Dist Lawrence Co	Special Road and Bridge	6,447,959	0.3500	22,568	2006
Lewis	City of La Belle	Streets-Temp	3,493,185	0.3500	12,226	2006
Lincoln	Hawk Point Fire Protection District	General Revenue	36,602,299	0.3000	109,807	
	Old Monroe Fire Protection District	General Revenue	16,199,903	0.3000	48,600	
Linn	Purdin Special Road Dist Linn Co	Special Road and Bridge	1,437,011	0.0000	0	2006
	City of Bucklin	Streets-temp	2,625,225	0.6000	15,751	2006
	Baker Township of Linn Co	Special Road and Bridge	3,042,144	0.3500	10,648	2006
	North Benton Township of Linn Co	Special Road and Bridge	1,779,118	0.3500	6,227	2006
	Bucklin Township of Linn Co	Special Road and Bridge	6,885,281	0.3500	24,098	2006
	Clay Township of Linn Co	Special Road and Bridge	3,290,508	0.3500	11,517	2006
	Enterprise Township of Linn Co	Special Road and Bridge	1,499,256	0.3500	5,247	2006
	Grantsville Township of Linn Co	Special Road and Bridge	2,779,088	0.3500	9,727	2006
	Jackson Township of Linn Co	Special Road and Bridge	2,662,485	0.3500	9,319	2006
	Jefferson Township of Linn Co	Special Road and Bridge	7,965,632	0.3500	27,880	2006
	Locust Creek Township of Linn Co	Special Road and Bridge	5,097,675	0.3500	17,842	2006
	Marceline Township of Linn Co	Special Road and Bridge	4,440,269	0.3500	15,541	2006
	North Salem Township of Linn Co	Special Road and Bridge	1,913,486	0.3500	6,697	2006
	Parson Creek Township of Linn Co	Special Road and Bridge	6,723,758	0.3500	23,533	2006
	Yellow Creek Township of Linn Co	Special Road and Bridge	5,515,674	0.3500	19,305	2006
Livingston	Blue Mound Township Livingston Co	Special Road and Bridge	4,381,944	0.3300	14,460	2006
	Jackson Township of Livingston Co	Special Road and Bridge	5,780,027	0.3400	19,652	2006
	Medicine Township of Livingston Co	Special Road and Bridge	1,617,751	0.3000	4,853	2006
Mc Donald	City of Anderson	General Revenue-Temp	9,411,956	0.3500	32,942	2007
Macon	Macon County	Special Road and Bridge	70,758,393	0.3500	247,654	2006
Mercer	Harrison Township of Mercer Co	Special Road and Bridge	2,471,006	0.3500	8,649	2006
	Lindley Township of Mercer Co	Special Road and Bridge	2,140,348	0.3500	7,491	2006
	Madison Township of Mercer Co	Special Road and Bridge	2,272,520	0.3500	7,954	2006
	Marion Township of Mercer Co	Special Road and Bridge	6,575,170	0.3500	23,013	2006
	Medicine Township of Mercer Co	Special Road and Bridge	2,683,755	0.3500	9,393	2006
	Ravanna Township of Mercer Co	Special Road and Bridge	7,617,808	0.3500	26,662	2006
	Somerset Township of Mercer Co	Special Road and Bridge	5,756,594	0.3500	20,148	2006
	Washington Township of Mercer Co	Special Road and Bridge	4,521,850	0.3500	15,826	2006
Monroe	Monroe City Spec Rd Dist Monroe Co	Special Road and Bridge	25,069,830	0.3500	87,744	2006
Montgomery	Rhineland Bottom SRD Montgomery C	Special Road and Bridge	6,687,628	0.2500	16,719	2006
	Montgomery County	Special Road and Bridge	124,737,674	0.3000	374,213	2006
Nodaway	City of Barnard	Streets	784,148	1.0000	7,841	2004

LISTING OF RECENT VOTER APPROVED LEVIES

County	Subdivision	Purpose	Assessed	Actual Rate		Expiration
			Valuation	Levied	Revenue	
Nodaway	City of Burlington Junction	general revenue-temp	2,493,546	0.0000	0	2006
	City of Ravenwood	Streets	2,231,526	0.7500	16,736	2005
	Jackson Township of Nodaway Co	Special Road and Bridge	9,648,662	0.3500	33,770	2006
	Lincoln Township of Nodaway Co	Special Road and Bridge	4,959,976	0.3500	17,360	2006
	Nodaway Township of Nodaway Co	Special Road and Bridge	7,142,025	0.3500	24,997	2006
	Union Township of Nodaway Co	Special Road and Bridge	4,850,605	0.3500	16,977	2006
	White Cloud Township of Nodaway Co	Special Road and Bridge	5,615,542	0.3500	19,654	2006
Osage	Westphalia Spec Rd Dist Osage Co	Special Road and Bridge	3,282,495	0.1800	5,908	2006
Platte	City of Lake Waukomis	General Revenue-Temp	12,110,355	1.2422	150,435	2005
	City of Houston Lake	Streets	1,949,204	0.2500	4,873	2006
Pulaski	Swedeberg R-III School District	Operating Funds-Temp	2,984,570	0.3500	10,446	2005
	Pulaski Co R-IV School District	Operating Funds-Temp	20,798,920	0.2500	51,997	2005
Putnam	Elm Township of Putnam Co	Special Road and Bridge	4,500,420	0.3500	15,751	2006
	Jackson Township of Putnam Co	Special Road and Bridge	2,137,889	0.3500	7,483	2006
	Union Township of Putnam Co	Special Road and Bridge	3,683,872	0.3500	12,894	2006
	Putnam County	Senior Services	53,139,982	0.0500	26,570	
Ripley	Doniphan Spec Rd Dist Ripley Co	Special Road and Bridge	33,588,659	0.1500	50,383	2005
St. Charles	City of New Melle	General Revenue	8,102,285	0.2500	20,256	
St. Clair	Chloe Spec Rd Dist St Clair Co	Special Road and Bridge	1,927,500	0.2900	5,590	2006
	Lowry City Sp Rd Dist St Clair Co	Special Road and Bridge	3,217,817	0.3200	10,297	2006
	Osceola Spec Rd Dist St Clair Co	Special Road and Bridge	12,096,670	0.3100	37,500	2006
	St. Clair County	Common Road District	41,587,720	0.3200	133,081	2006
St. Louis	Crossroads Special Business Dist	General Revenue	2,352,610	0.0000	0	
Saline	Grand Pass Spec Road Dist Saline Co	Special Road and Bridge	3,463,265	0.3600	12,468	2006
	Saline County	Special Road and Bridge	45,816,516	0.3600	164,939	2006
Stoddard	Dudley Spec Rd Dist Stoddard Co	Special Road and Bridge	11,104,805	0.2500	27,762	2006
	Elk Township of Stoddard Co	Special Road and Bridge	9,299,647	0.3500	32,549	2006
Sullivan	West Buchanan Road Dist Sullivan Co	Special Road and Bridge	2,203,297	0.3500	7,712	2006
	Clay Township of Sullivan Co	Special Road and Bridge	4,985,465	0.3500	17,449	2006
	Duncan Township of Sullivan Co	Special Road and Bridge	3,339,730	0.3500	11,689	2006
	Pleasant Hill Township, Sullivan Co	Special Road and Bridge	3,544,949	0.3500	12,407	2006
	Taylor Township of Sullivan Co	Special Road and Bridge	1,482,161	0.3500	5,188	2006
	Union Township of Sullivan Co	Special Road and Bridge	3,717,965	0.3500	13,013	2006
Vernon	Bacon Township of Vernon Co	Special Road and Bridge	4,556,778	0.1700	7,747	2004
	Drywood Township of Vernon Co	Special Road and Bridge	9,225,577	0.2400	22,141	2006
	Lake Township of Vernon Co	Special Road and Bridge	2,440,327	0.3500	8,541	2004
	Metz Township of Vernon Co	Special Road and Bridge	3,682,848	0.3500	12,890	2004
	Montevallo Township of Vernon Co	Special Road and Bridge	3,575,682	0.2500	8,939	2004
Washington	Caledonia Fire Protection District	General Revenue	3,356,238	0.4000	13,425	
Worth	Worth County	General Revenue-Temp	22,540,790	0.3500	78,893	2006
Total Revenue Generated from New Levies					<u>\$6,522,103</u>	

NOTE:

The tax rate listed above were approved by voters at an election held after 2002 tax cut rate were set and, thus, 2003 was the first year the additional voter approved rates were levied.

Assessed valuation column presents only the assessed valuation that the property is levied against.

The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100.

LISTING OF VOTERS APPROVED INCREASES TO EXISTING LEVIES

County	Subdivision	Purpose	Assessed Valuation	Actual Rate Increase	Revenue
Andrew	Rosendale Fire District	General Revenue	9,324,012	0.1034	9,641
	Fillmore Fire Protection District	General Revenue	6,053,186	0.1719	10,405
Boone	Columbia 93 School District	Operating Funds-Schools	1,391,062,352	0.1900	2,643,018
Buchanan	Maxwell Heights Fire Prot Dist	General Revenue	14,448,374	0.1500	21,673
Callaway	North Callaway Co R-I School Dist	Operating Funds-Schools	65,742,513	0.2203	144,831
	Fulton 58 School District	Operating Funds-Schools	130,462,493	0.2000	260,925
Cass	Raymore-Peculiar R-II School Dist	Operating Funds-Schools	303,533,943	0.6962	2,113,203
Christian	Billings R-IV School District	Operating Funds-Schools	20,308,074	0.2445	49,653
	Ozark R-VI School District	Operating Funds-Schools	213,196,148	0.8680	1,850,543
Clay	Clay County	Parks & Recreation	2,893,004,354	0.0000	0
	Clay County	General Revenue	2,893,004,354	0.0000	0
	Clay County	Road & Bridge	2,893,004,354	0.0000	0
Cole	Jefferson City School District	Operating Funds-Schools	936,524,947	0.2900	2,715,922
Cooper	City of Prairie Home	General Revenue	1,281,470	0.5209	6,675
Crawford	Crawford Co R-I School District	Operating Funds-Schools	43,060,440	0.5000	215,302
Dallas	Dallas Co R-I School District	Operating Funds-Schools	86,368,136	0.7340	633,942
Franklin	Boles Fire Protection District	General Revenue	215,994,350	0.3012	650,575
Holt	Mound City R-2 School District	Operating Funds-Schools	20,804,644	0.6255	130,133
Iron	City of Annapolis	General Revenue	10,845,829	0.3577	38,796
Jackson	Blue Springs R-IV School District	Operating Funds-Schools	1,002,528,048	0.9400	9,423,764
	Lone Jack C-6 School District	Operating Funds-Schools	32,066,958	0.5568	178,549
	Independence 30 School District	Operating Funds-Schools	704,137,494	0.4056	2,855,982
Jasper	Webb City R-VII School District	Operating Funds-Schools	146,966,010	0.6095	895,758
Jefferson	Valle Ambulance District	General Revenue	262,826,891	0.1000	262,827
	Village of Cedar Hill Lakes	General Revenue	1,682,426	0.2534	4,263
	Goldman Fire Protection District	General Revenue	43,356,498	0.0500	21,678
	Hillsboro Fire Protection District	General Revenue	82,634,105	0.0500	41,317
	Rock Community Fire Prot Dist	Pension	537,086,978	0.0200	107,417
	Springdale Fire Protection District	General Revenue	109,822,363	0.0500	54,911
	De Soto Rural Fire Protection Dist	General Revenue	140,902,597	0.0500	70,451
Laclede	Laclede Co C-5 School District	Operating Funds-Schools	21,392,835	0.2000	42,786
Lafayette	Odessa R-VII School District	Operating Funds-Schools	104,724,991	0.1700	178,032
Madison	Fredericktown R-I School District	Operating Funds-Schools	71,366,460	0.9980	712,237
Nodaway	Jefferson C-123 School District	Operating Funds-Schools	5,607,070	0.7500	42,053
Pettis	Green Ridge R-VIII School District	Operating Funds-Schools	16,209,506	0.2900	47,008
	Sedalia 200 School District	Operating Funds-Schools	262,485,254	0.6163	1,617,697
Phelps	Rolla 31 School District	Operating Funds-Schools	232,812,476	0.2000	465,625
Pike	Louisiana R-II School District	Operating Funds-Schools	39,582,024	0.3000	118,746
Ray	Ray County Ambulance District	General Revenue	223,835,300	0.1500	335,753
	Richmond R-XVI School District	Operating Funds-Schools	89,305,128	0.6800	607,275
Ripley	Naylor R-II School District	Operating Funds-Schools	8,199,484	0.7549	61,898

LISTING OF VOTERS APPROVED INCREASES TO EXISTING LEVIES

County	Subdivision	Purpose	Assessed Valuation	Actual Rate Increase	Revenue
Scotland	Scotland County Nursing Home Dist	General Revenue	46,202,658	0.1500	69,304
Scott	Oran Fire Protection District	General Revenue	12,484,103	0.1000	12,484
St. Charles	New Melle Fire Protection District	General Revenue	134,517,214	0.2500	336,293
	Fort Zumwalt R-II School District	Operating Funds-Schools	1,523,771,513	0.4586	6,988,016
	Francis Howell R-III School Dist	Operating Funds-Schools	1,645,958,172	0.2600	4,279,491
St. Louis	City of Hazelwood	General Revenue	453,392,655	0.3400	1,541,535
	Brentwood School District	Operating Funds-Schools	227,929,972	0.6000	1,367,580
	Clayton School District	Operating Funds-Schools	829,206,191	0.6500	5,389,840
Stone	Hurley R-I School District	Operating Funds-Schools	7,279,065	0.4368	31,795
Warren	Wright City Fire Protection Dist	General Revenue	123,057,179	0.1500	184,586
Webster	Niangua R-V School District	Operating Funds-Schools	10,541,077	1.2931	136,307
Total Revenue Generated from Voter Approved Increases					<u>\$49,978,495</u>

NOTE:

The tax rates listed above were approved by voters at an election held after 2002 tax cut rate were set and, thus, 2003 was the first year the additional voter approved increases to an existing tax were levied.

Assessed value column presents only the assessed valuation that the property tax is levied against.

The revenue generated is computed by multiplying the tax rate by the assessed valuation and dividing by 100.

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Adair	Adair Co. R-I School District	Full	04 / 1994	
	Kirksville R-III School District	Full	08 / 1993	
	Adair Co. R-II School District	Full	04 / 1994	
Andrew	North Andrew Co. R-VI School Dist	Full	10 / 1993	
	Avenue City R-IX School District	Full	04 / 1996	
	Savannah R-III School District	Full	02 / 2000	
Atchison	Rock Port R-II School District	Full	06 / 1995	
	Fairfax R-III School District	Full	08 / 1994	
Audrain	Community R-VI School District	Full	04 / 1994	
	Van-Far R-I School District	Full	04 / 1997	
Barry	Wheaton R-III School District	Partial	02 / 1994	Waived to allow \$2.7500
	Southwest Barry Co R-V School Dist	Partial	02 / 1994	Waived to allow \$2.7500
	Exeter R-VI School District	Full	08 / 2001	
	Cassville R-IV School District	Partial	02 / 1994	Waived to allow \$2.7500
	Purdy R-II School District	Full	08 / 1993	
	Monett R-I School District	Partial	02 / 1994	Waived to allow \$2.7500
Barton	Liberal R-II School District	Full	04 / 1996	
	Golden City R-III School District	Full	02 / 1994	
	Lamar R-I School District	Full	04 / 2001	
Bates	Miami R-I School District	Full	04 / 1996	
	Ballard R-II School District	Full	04 / 1998	
	Adrian R-III School District	Full	02 / 1994	
	Hume R-VIII School District	Full	04 / 1995	
	Hudson R-IX School District	Full	08 / 1993	
	Butler R-V School District	Full	02 / 1994	
Benton	Lincoln R-II School District	Full	02 / 1994	
	Warsaw R-IX School District	Full	02 / 1994	
	Cole Camp R-I School District	Partial	02 / 1994	Waived to allow \$2.7500
Bollinger	Meadow Heights R-II School District	Full	10 / 1993	
	Leopold R-III School District	Partial	04 / 1997	Waived to allow \$2.9500
	Zalma R-V School District	Partial	04 / 1994	Waived to allow \$2.7500
	Woodland R-IV School District	Full	10 / 1993	
Boone	Southern Boone Co. R-I School Dist	Full	04 / 1995	
	Boone Co. R-IV School District	Full	04 / 1995	
	Centralia R-VI School District	Full	04 / 2002	
	Harrisburg R-VIII School District	Partial	04 / 1997	Waived \$0.6500 of rollback
Buchanan	East Buchanan Co. C-1 School Dist	Full	04 / 2001	
	Mid-Buchanan Co R-V School Dist	Full	04 / 1997	
	Buchanan County R-IV School Dist	Full	04 / 1997	
Butler	Neelyville R-IV School District	Full	10 / 1993	
	Poplar Bluff R-I School District	Full	02 / 1994	
	Twin Rivers R-X School District	Full	10 / 1993	
Caldwell	Hamilton R-II School District	Full	04 / 1995	
	Cowgill R-VI School District	Full	08 / 1994	
	Polo R-VII School District	Full	04 / 1997	
	Mirabile C-1 School District	Full	08 / 1994	
	Kingston 42 School District	Full	06 / 1995	
Callaway	North Callaway Co R-I School Dist	Full	04 / 2003	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Callaway	New Bloomfield R-III School Dist	Full	08 / 1993	
	Fulton 58 School District	Full	06 / 1996	
Camden	Camden Co. R-II School District	Partial	04 / 1994	Waived to allow \$2.7500
	Camdenton R-III School District	Full	04 / 1999	
	Macks Creek R-V School District	Full	04 / 2002	
Cape Girardeau	Jackson R-II School District	Partial	10 / 1993	Waived to allow \$2.7500
	Delta R-V School District	Full	04 / 2000	
	Oak Ridge R-VI School District	Partial	10 / 1993	Waived to allow \$2.7500
	Cape Girardeau 63 School District	Full	04 / 1997	
Carroll	Tina-Avalon R-II School District	Full	08 / 1998	
	Bosworth R-V School District	Full	04 / 1997	
	Carrollton R-VII School District	Full	04 / 1998	
	Norborne R-VIII School District	Full	06 / 1995	
Carter	East Carter Co R-II School District	Full	10 / 1993	
	Van Buren R-I School District	Partial	10 / 1993	Waived to allow \$2.7500
Cass	Cass Co R-V School District	Full	04 / 1998	
	Strasburg C-3 School District	Full	04 / 1996	
	Raymore-Peculiar R-II School Dist	Full	04 / 1995	
	Sherwood Cass R-VIII School Dist	Partial	04 / 2000	Waived to allow \$3.0000
	Pleasant Hill R-III School District	Full	06 / 1994	
	Harrisonville R-IX School District	Full	11 / 2001	
	Drexel R-IV School District	Full	04 / 1996	
	Belton 124 School District	Full	04 / 2000	
Cedar	Stockton R-I School District	Full	02 / 1994	
	El Dorado Springs R-II School Dist	Partial	04 / 1994	Waived to allow \$2.7500
Chariton	Northwestern R-I School District	Full	02 / 1997	
	Keytesville R-III School District	Full	04 / 1994	
	Salisbury R-IV School District	Partial	06 / 1999	Waived to allow \$3.4500
Christian	Chadwick R-I School District	Full	08 / 1993	
	Nixa R-II School District	Full	08 / 1998	
	Sparta R-III School District	Full	08 / 1993	
	Billings R-IV School District	Full	08 / 1999	
	Clever R-V School District	Full	04 / 1997	
	Ozark R-VI School District	Full	08 / 1993	
	Spokane R-VII School District	Full	02 / 1994	
Clark	Wyaconda C-1 School District	Full	04 / 1995	
	Revere C-3 School District	Full	04 / 1997	
	Luray 33 School District	Full	08 / 1999	
	Clark Co. R-I School District	Partial	04 / 1994	Waived to allow \$2.7500
Clay	Smithville R-II School District	Full	04 / 1997	
	Excelsior Springs 40 School Dist	Full	08 / 2002	
	Liberty 53 School District	Full	10 / 1994	
	North Kansas City 74 School Dist	Full	04 / 1994	
Clinton	Cameron R-I School District	Full	08 / 1997	
	Lathrop R-II School District	Full	08 / 2002	
	Clinton County R-III School Dist	Partial	10 / 1993	Waived 1/2 of rollback
Cole	Cole Co R-II School District	Full	04 / 1996	
	Cole Co. R-V School District	Partial	08 / 2000	Waived to allow \$2.9500

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Cooper	Blackwater R-II School District	Full	04 / 1996	
	Cooper Co. R-IV School District	Full	04 / 1996	
	Prairie Home R-V School District	Full	04 / 1996	
	Otterville R-VI School District	Full	08 / 1995	
	Pilot Grove C-4 School District	Full	08 / 1995	
	Boonville R-I School District	Full	08 / 1996	
Crawford	Crawford Co R-I School District	Full	04 / 2003	
	Crawford Co R-II School District	Partial	02 / 1994	Waived to allow \$2.7500
	Steelville R-III School District	Full	06 / 1996	
Dade	Lockwood R-I School District	Full	11 / 1995	
	Everton R-III School District	Full	11 / 1994	
	Greenfield R-IV School District	Full	11 / 1993	
Dallas	Dallas Co R-I School District	Full	04 / 1994	
Daviess	Pattonsburg R-II School District	Full	03 / 1996	
	Winston R-VI School District	Full	04 / 1996	
	North Daviess R-III School District	Full	04 / 1998	
	Gallatin R-V School District	Full	04 / 1996	
	Tri-County R-VII School District	Full	08 / 1996	
De Kalb	Osborn R-O School District	Full	08 / 1997	
	Maysville R-I School District	Full	04 / 1994	
	Union Star R-II School District	Full	04 / 2003	
Dent	Salem R-80 School District	Full	02 / 1994	
	Oak Hill R-I School District	Full	08 / 1993	
	Green Forest R-II School District	Full	11 / 1993	
	Dent-Phelps R-III School District	Full	08 / 1993	
	North Wood R-IV School District	Full	08 / 1993	
Douglas	Skyline R-II School District	Partial	08 / 1993	Waived to allow \$2.7500
	Plainview R-VIII School District	Full	11 / 1993	
	Ava R-I School District	Full	11 / 1993	
Dunklin	Malden R-I School District	Full	04 / 1995	
	Campbell R-II School District	Full	08 / 1993	
	Holcomb R-III School District	Full	08 / 1993	
	Clarkton C-4 School District	Full	08 / 1993	
	Senath-Hornersville C-8 School Dist	Full	08 / 1993	
	Southland C-9 School District	Full	08 / 1993	
	Kennett 39 School District	Full	10 / 1993	
	Franklin Co R-II School District	Full	11 / 1999	
Franklin	Meramec Valley R-III School Dist	Partial	02 / 1994	Waived to allow \$2.7500
	Union R-XI School District	Partial	04 / 2003	Waived to allow \$2.79
	Lonedell R-XIV School District	Full	02 / 1994	
	Spring Bluff R-XV School District	Full	11 / 1993	
	Franklin County R-XVI School Dist	Full	04 / 1994	
	St. Clair R-XIII School District	Full	02 / 1994	
	Sullivan C-2 School District	Full	11 / 1993	
	New Haven School District	Full	04 / 1995	
	Washington School District	Full	11 / 1995	
	Gasconade Co R-II School District	Partial	04 / 2001	Waived to allow \$2.9800
Gasconade	Gasconade County R-I School Dist	Full	08 / 1995	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Gentry	Stanberry R-II School District	Full	06 / 1997	
	Albany R-III School District	Full	02 / 1994	
Greene	Willard R-II School District	Partial	02 / 1994	Waived to allow \$2.7500
	Republic R-III School District	Partial	02 / 1994	Waived to allow \$2.7500
	Ash Grove R-IV School District	Partial	02 / 1994	Waived to allow \$2.7500
	Walnut Grove R-V School District	Full	02 / 1994	
	Strafford R-VI School District	Partial	02 / 1994	Waived to allow \$2.7500
	Greene Co R-VIII School District	Full	08 / 1993	
	Springfield R-XII School District	Full	04 / 1996	
	Fair Grove R-X School District	Partial	02 / 1994	Waived to allow \$2.7500
Grundy	Grundy Co R-V School District	Full	08 / 2001	
	Spickard R-II School District	Full	04 / 1999	
	Pleasant View R-VI School District	Full	11 / 1997	
	Laredo R-VII School District	Full	06 / 2000	
Harrison	Cainsville R-I School District	Full	08 / 2003	
	South Harrison Co R-II School Dist	Full	08 / 1998	
	North Harrison Co R-III School Dist	Full	02 / 1994	
	Gilman City R-IV School District	Full	08 / 1999	
Henry	Henry County R-I School District	Partial	02 / 1994	Waived to allow \$2.7500
	Shawnee R-III School District	Full	04 / 1994	
	Calhoun R-VIII School District	Full	06 / 1995	
	Leesville R-IX School District	Full	08 / 1993	
	Davis R-XII School District	Full	04 / 1995	
	Clinton School District	Full	11 / 1993	
Hickory	Hickory Co. R-I School District	Full	02 / 1994	
	Wheatland R-II School District	Full	11 / 1993	
	Weaubleau R-III School District	Full	02 / 1994	
	Hermitage R-IV School District	Full	04 / 1994	
Holt	Craig R-III School District	Full	04 / 1996	
	Mound City R-2 School District	Full	04 / 1998	
	South Holt Co R-I School District	Full	04 / 2001	
Howard	New Franklin R-I School District	Full	06 / 1995	
	Fayette R-III School District	Full	08 / 1999	
	Howard Co R-II School District	Partial	08 / 2000	Waived \$0.2500 of rollback
Howell	Howell Valley R-I School District	Full	11 / 1995	
	Mountain View-Birch Tree R-III SD	Partial	04 / 1994	Waived to allow \$2.7500
	Willow Springs R-IV School District	Full	04 / 1994	
	Richards R-V School District	Partial	08 / 1993	Waived to allow \$2.7500
	Glenwood R-VIII School District	Partial	08 / 1993	Waived to allow \$2.7500
	Junction Hill C-12 School District	Full	02 / 2001	
	Fairview R-XI School District	Partial	08 / 1993	Waived to allow \$2.7500
Iron	Arcadia Valley R-II School District	Partial	10 / 1993	Waived to allow \$2.7500
	Bellevue R-III School District	Full	10 / 1993	
	Iron Co C-4 School District	Full	04 / 1995	
Jackson	Fort Osage R-I School District	Partial	04 / 1996	Waived \$0.5000 of rollback
	Grain Valley R-V School District	Full	04 / 1994	
	Lee's Summit R-VII School District	Partial	04 / 1996	Waived \$0.2000 of rollback (voted for 13 years through 6-30-09)

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Jackson	Hickman Mills C-1 School District	Full	04 / 1995	
	Raytown C-2 School District	Full	06 / 1994	
	Grandview C-4 School District	Full	08 / 1999	
	Lone Jack C-6 School District	Full	04 / 1996	
	Independence 30 School District	Full	10 / 1994	
	Center 58 School District	Full	08 / 2000	
Jasper	Carl Junction R-I School District	Full	04 / 1997	
	Avilla R-XIII School District	Partial	04 / 1994	Waived to allow \$2.7500
	Jasper County R-V School District	Partial	04 / 1995	Waived to allow \$3.2100
	Sarcoie R-II School District	Partial	02 / 1994	Waived to allow \$2.7500
	Carthage R-IX School District	Partial	02 / 1994	Waived to allow \$2.7500
	Webb City R-VII School District	Full	02 / 1994	
Jefferson	Joplin R-VIII School District	Full	06 / 1998	
	Northwest R-I School District	Full	04 / 1995	Waived through 6-30-15
	Grandview R-II School District	Full	11 / 1993	
	Hillsboro R-III School District	Full	04 / 1998	Expires 2017
	Dunklin R-V School District	Full	04 / 2003	
	Festus R-VI School District	Full	11 / 1998	
	Jefferson Co R-VII School District	Full	08 / 1998	
	Sunrise R-IX School District	Full	8 / 2003	
	Windsor C-1 School District	Full	04 / 1997	
	Fox C-6 School District	Full	02 / 1995	
	Crystal City 47 School District	Full	04 / 2001	
	DeSoto 73 School District	Full	11 / 2002	
	Kingsville R-I School District	Full	04 / 1994	
	Holden R-III School District	Full	02 / 1996	
Johnson	Chilhowee R-IV School District	Full	04 / 1996	
	Johnson Co R-VII School District	Full	04 / 1994	
	Knob Noster R-VIII School District	Full	02 / 1994	
	Leeton R-X School District	Full	04 / 1997	
	Warrensburg R-VI School District	Full	04 / 1999	
Knox	Knox Co R-I School District	Full	08 / 1995	
Laclede	Laclede Co. R-I School District	Partial	08 / 1993	Waived to allow \$2.7500
	Gasconade C-4 School District	Full	08 / 1993	
	Lebanon R-III School District	Partial	08 / 1993	Waived to allow \$2.7500
	Laclede Co C-5 School District	Full	04 / 1994	
Lafayette	Concordia R-II School District	Full	06 / 1996	
	Lafayette Co C-1 School District	Full	02 / 1998	
	Odessa R-VII School District	Full	11 / 1993	
	Santa Fe R-X School District	Full	04 / 2001	
	Wellington-Napoleon R-IX Sch Dist	Full	11 / 2002	
	Lexington R-V School District	Full	08 / 2003	
Lawrence	Pierce City R-VI School District	Partial	02 / 1994	Waived to allow \$2.7500
	Marionville R-IX School District	Partial	02 / 1994	Waived to allow \$2.7500
	Mt. Vernon R-V School District	Full	02 / 1995	
	Aurora R-VIII School District	Partial	02 / 1994	Waived to allow \$2.7500
	Verona R-VII School District	Partial	03 / 1994	Waived to allow \$2.7500
Lewis	Canton R-V School District	Full	04 / 1994	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Lewis	Lewis Co C-1 School District	Full	02 / 1994	
Lincoln	Silex R-I School District	Full	04 / 1994	
	Elsberry R-II School District	Full	04 / 1994	
	Winfield R-IV School District	Full	04 / 1998	
Linn	Bucklin R-II School District	Full	08 / 1993	
	Brookfield R-III School District	Partial	02 / 1990	Waived \$0.3500 of rollback
Livingston	Southwest Livingston Co R-I Sch Dis	Full	11 / 1999	
	Chillicothe R-II School District	Full	04 / 1998	
Mc Donald	McDonald Co R-I School District	Partial	02 / 1994	Waived to allow \$2.7500
Macon	La Plata R-II School District	Full	08 / 1996	
	Macon Co R-I School District	Partial	04 / 1994	Waived to allow \$2.7500
Madison	Marquand-Zion R-VI School District	Full	06 / 2003	
	Fredericktown R-I School District	Full	10 / 1993	
Maries	Maries Co R-I School District	Full	06 / 1995	
	Maries Co R-II School District	Full	04 / 1999	
Marion	Marion Co R-II School District	Full	04 / 1995	
	Palmyra R-I School District	Partial	04 / 1994	Waived up to \$2.7500
Mercer	Princeton R-V School District	Partial	04 / 2001	Waived \$0.2500 of rollback
Miller	Eldon R-I School District	Partial	04 / 1994	Waived to allow \$2.7500
	Miller Co R-III School District	Full	04 / 1995	
	St. Elizabeth R-IV School District	Full	08 / 1993	
	Iberia R-V School District	Full	02 / 2001	
Mississippi	East Prairie R-II School District	Partial	10 / 1993	Waived to allow \$2.7500
	Charleston R-I School District	Full	10 / 1993	
Moniteau	Moniteau Co R-I School District	Full	02 / 1994	
	High Point R-III School District	Full	04 / 1994	
	Moniteau Co R-V School District	Full	06 / 2002	
	Moniteau Co R-VI School District	Full	04 / 1994	
	Moniteau Co C-1 School District	Full	04 / 1997	
	Clarksburg C-2 School District	Full	08 / 1996	
Monroe	Middle Grove C-1 School District	Full	08 / 2002	
	Monroe City R-I School District	Full	11 / 1994	
	Holliday C-2 School District	Full	08 / 1993	
	Madison C-3 School District	Full	08 / 1996	
	Paris R-II School District	Full	04 / 1998	
Montgomery	Wellsville-Middletown R-I Sch Dist	Full	04 / 1996	
	Montgomery Co R-II School District	Full	04 / 1999	
Morgan	Morgan Co R-I School District	Full	02 / 1994	
	Morgan Co R-II School District	Full	11 / 1993	
New Madrid	Risco R-II School District	Full	08 / 1996	
	Portageville School District	Partial	10 / 1993	Waived to allow \$2.7500
	Gideon 37 School District	Full	04 / 1996	
	New Madrid Co R-I School District	Full	11 / 1996	
Newton	East Newton Co R-VI School District	Full	02 / 1994	
	Diamond R-IV School District	Full	02 / 1994	
	Westview C-6 School District	Partial	02 / 1994	Waived to allow \$2.75
	Seneca R-VII School District	Partial	02 / 1994	Waived to allow \$2.7500
	Neosho R-V School District	Partial	02 / 1994	Waived to allow \$2.7500

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Nodaway	Nodaway-Holt R-VII School District	Full	04 / 1998	
	Northeast Nodaway Co R-V Sch Dist	Full	10 / 1995	
	North Nodaway Co R-VI School Dist	Full	04 / 1998	
	South Nodaway Co R-IV School Dist	Full	08 / 2003	
Oregon	Couch R-I School District	Full	08 / 1993	
	Thayer R-II School District	Full	10 / 1993	
	Oregon-Howell R-III School District	Partial	04 / 1994	Waived to allow \$2.7500
	Alton R-IV School District	Full	10 / 1993	
Osage	Osage Co R-I School District	Full	04 / 2003	
	Osage Co R-II School District	Full	02 / 1994	
	Osage Co R-III School District	Full	02 / 1994	
Ozark	Thornfield R-I School District	Full	02 / 1994	
	Bakersfield R-IV School District	Full	04 / 1998	
	Gainesville R-V School District	Full	04 / 1994	
	Dora R-III School District	Partial	04 / 1994	Waived to allow \$2.7500
	Lutie R-VI School District	Full	04 / 1995	
Pemiscot	North Pemiscot Co R-I School Dist	Full	08 / 1996	
	Hayti R-II School District	Full	10 / 1993	
	Pemiscot Co R-III School District	Full	08 / 1996	
	Cooter R-IV School District	Full	08 / 1993	
	South Pemiscot Co R-V School Dist	Full	10 / 1993	
	Pemiscot Co C-7 School District	Full	08 / 1996	
	Caruthersville 18 School District	Full	08 / 1993	
Perry	Perry Co 32 School District	Full	11 / 2001	
	Altenburg 48 School District	Full	04 / 1996	
Pettis	Pettis Co R-V School District	Full	04 / 1996	
	La Monte R-IV School District	Full	04 / 1996	
	Smithton R-VI School District	Full	04 / 2000	
	Green Ridge R-VIII School District	Full	08 / 1996	
	Pettis Co R-XII School District	Full	04 / 1994	
	Sedalia 200 School District	Full	04 / 2003	
	St. James R-I School District	Partial	04 / 1994	Waived to allow \$2.7500
Phelps	Newburg R-II School District	Full	08 / 1993	
	Phelps Co R-III School District	Full	08 / 1993	
	Bowling Green R-I School District	Full	06 / 1995	
Pike	Pike Co R-III School District	Full	04 / 1994	
	Louisiana R-II School District	Full	08 / 1995	
	North Platte Co R-I School District	Full	06 / 1996	Expires in 2012
Platte	West Platte Co R-II School District	Full	08 / 2000	
	Park Hill R-V School District	Full	06 / 1994	
	Bolivar R-I School District	Partial	10 / 1993	Waived to allow \$2.7500
	Fair Play R-II School District	Full	08 / 1994	
Polk	Halfway R-III School District	Full	06 / 1999	
	Humansville R-IV School District	Full	08 / 1993	
	Marion C. Early R-V School District	Partial	08 / 1993	Waived to allow \$2.8100
	Pleasant Hope R-VI School District	Full	04 / 1994	
	Swedeborg R-III School District	Full	10 / 1993	
Pulaski	Pulaski Co R-IV School District	Full	08 / 1993	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Pulaski	Laquey R-V School District	Full	08 / 1993	
	Waynesville R-VI School District	Full	06 / 1994	
	Dixon R-I School District	Full	11 / 1993	
	Crocker R-II School District	Full	08 / 1993	
Putnam	Putnam Co R-I School District	Full	02 / 1994	
Ralls	Ralls Co R-II School District	Partial	04 / 1994	Waived to allow \$2.7500
Randolph	Northeast Randolph Co R-IV Sch Dist	Full	06 / 2000	
	Renick R-V School District	Full	04 / 2003	
	Higbee R-VIII School District	Full	04 / 1998	
	Moberly School District	Full	04 / 1999	
Ray	Lawson R-XIV School District	Full	04 / 1998	
	Orrick R-XI School District	Partial	04 / 2001	Waived to allow \$3.3000
	Hardin-Central C-2 School District	Full	04 / 2003	
	Richmond R-XVI School District	Full	08 / 2001	
Reynolds	Centerville R-I School District	Full	11 / 2001	
	Lesterville R-IV School District	Full	08 / 1993	
Ripley	Naylor R-II School District	Full	10 / 1993	
	Doniphan R-I School District	Full	04 / 1994	
	Ripley Co R-IV School District	Partial	04 / 1994	Waived to allow \$2.7500
	Ripley Co R-III School District	Full	04 / 1994	
St. Charles	Fort Zumwalt R-II School District	Full	04 / 2001	
	Francis Howell R-III School Dist	Full	04 / 1995	
	Wentzville R-IV School District	Full	04 / 1997	
	St Charles R-VI School District	Full	08 / 1998	
St. Clair	Appleton City R-II School District	Full	10 / 1993	
	Roscoe C-1 School District	Full	02 / 1994	
	Lakeland R-III School District	Full	02 / 1994	
	Osceola School District	Full	02 / 1994	
St. Francois	Bismarck R-V School District	Full	04 / 2000	
	Farmington R-VII School District	Full	06 / 1995	
	North St. Francois Co R-I Sch Dist	Full	08 / 2000	
	Central R-III School District	Full	11 / 1995	
	West St Francois Co R-IV Sch Dist	Full	11 / 1998	
Ste. Genevieve	Ste. Genevieve Co R-II School Dist	Full	04 / 1999	
St. Louis	Hazelwood R-I School District	Full	11 / 1997	
	Ferguson-Florissant R-II Sch Dist	Full	02 / 1997	
	Rockwood R-VI School District	Full	02 / 1994	
	Kirkwood R-VII School District	Full	06 / 1998	
	Mehlville R-IX School District	Full	04 / 1998	
	Parkway C-2 School District	Full	11 / 1995	
	Afton 101 School District	Full	04 / 1998	
	Bayless School District	Full	04 / 1994	
	Hancock Place School District	Full	06 / 2002	
	Jennings School District	Full	02 / 1998	
	Maplewood-Richmond Heights Sch Dist	Full	04 / 1998	
	Normandy School District	Partial	06 / 1991	Waived \$0.6000 of rollback
	Ritenour School District	Full	11 / 1998	
	Riverview Gardens School District	Full	04 / 1994	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
St. Louis	University City School District	Full	04 / 1996	
	Valley Park School District	Full	11 / 1994	
	Webster Groves School District	Full	06 / 1994	
	Wellston School District	Full	08 / 1997	
Saline	Miami R-I School District	Full	08 / 1995	
	Oreaville R-IV School District	Full	04 / 1997	
	Malta Bend R-V School District	Full	04 / 1997	
	Hardeman R-X School District	Full	04 / 1998	
	Gilliam C-4 School District	Full	04 / 1995	
	Marshall School District	Full	04 / 1996	
	Slater School District	Full	04 / 1995	
	Sweet Springs R-VII School District	Full	04 / 1996	
Schuyler	Schuyler Co R-I School District	Partial	04 / 1994	Waived to allow \$2.7500
Scotland	Scotland Co R-I School District	Full	04 / 2002	
Scott	Scott City R-I School District	Full	10 / 1993	
	Chaffee R-II School District	Full	10 / 1993	
	Scott Co R-IV School District	Full	10 / 1993	
	Scott Co R-V School District	Full	10 / 1993	
	Sikeston R-VI School District	Full	10 / 1993	
	Kelso C-7 School District	Full	10 / 1993	
	Oran R-III School District	Full	10 / 1993	
Shannon	Winona R-III School District	Partial	04 / 1994	Waived to allow \$2.7500
	Eminence R-I School District	Partial	04 / 1994	Waived to allow \$2.7500
Shelby	Shelby Co C-1 School District	Full	04 / 1995	
	Shelby Co R-IV School District	Full	06 / 2001	
Stoddard	Bell City R-II School District	Full	08 / 2003	
	Advance R-IV School District	Partial	10 / 1993	Waived to allow \$2.7500
	Puxico R-VIII School District	Full	10 / 1993	
	Bloomfield R-XIV School District	Partial	10 / 1993	Waived to allow \$2.7500
	Dexter R-XI School District	Full	10 / 1993	
	Bernie R-XIII School District	Full	10 / 1993	
Stone	Hurley R-I School District	Full	02 / 1994	
	Galena R-II School District	Full	08 / 1993	
	Crane R-III School District	Full	02 / 1994	
	Blue Eye R-V School District	Full	04 / 2001	
Sullivan	Milan C-2 School District	Full	04 / 2003	
Taney	Bradleyville R-I School District	Full	02 / 1994	
	Taneyville R-II School District	Full	02 / 1994	
	Forsyth R-III School District	Full	02 / 1994	
	Hollister R-V School District	Full	02 / 1998	
	Kirbyville R-VI School District	Full	02 / 1994	
	Mark Twain R-VIII School District	Full	02 / 1994	
Texas	Success R-VI School District	Full	11 / 1993	
	Houston R-I School District	Full	11 / 1993	
	Summersville R-II School District	Full	11 / 1993	
	Licking R-VIII School District	Full	11 / 1993	
	Cabool R-IV School District	Full	11 / 1993	
	Plato R-V School District	Full	10 / 1993	

LISTING OF SCHOOLS WITH FULL OR PARTIAL SALES TAX ROLLBACK WAIVERS

County	Political Subdivision	Waiver Type	Election Date	Comments
Texas	Raymondville R-VII School District	Full	11 / 1993	
Vernon	Nevada R-V School District	Full	06 / 1999	Expires in 2009
	Bronaugh R-VII School District	Full	04 / 1998	
	Sheldon R-VIII School District	Full	04 / 1997	
	Northeast Vernon County R-I	Full	03 / 1996	
	Wright City R-II School District	Full	04 / 1998	Expires in 2005
Warren	Warren Co R-III School District	Full	04 / 1995	
	Kingston K-14 School District	Full	04 / 1998	
Washington	Potosi R-III School District	Partial	10 / 1993	Waived to allow \$2.7500
	Richwoods R-VII School District	Partial	06 / 2002	Waived to allow \$3.2500
	Valley R-VI School District	Full	08 / 1997	
	Greenville R-II School District	Full	04 / 1994	
Wayne	Clearwater R-I School District	Full	10 / 1993	
	Niangua R-V School District	Full	11 / 1993	
Webster	Fordland R-III School District	Partial	08 / 1993	Waived to allow \$2.7500
	Marshfield R-I School District	Full	08 / 1993	
	Seymour R-II School District	Partial	02 / 1994	Waived to allow \$2.7500
	Worth Co R-III School District	Full	04 / 1997	
Worth	Norwood R-I School District	Full	11 / 1993	
Wright	Hartville R-II School District	Full	11 / 1993	
	Mountain Grove R-III School Dist	Full	11 / 1993	
	Mansfield R-IV School District	Full	11 / 1993	
	Manes R-V School District	Full	11 / 1993	
	St. Louis City School District	Full	06 / 1994	

NOTE:

All school districts listed above have a voter approval for either a full or partial. If a school district is not included on this list, then the school district does not have a voter approved proposition C waiver.

A partial waiver allows a school district to partially waive its required proposition C (sales tax) reduction to the extent necessary to collect \$2.7500 or waive the amount stated on the ballot. A full waiver allows a school district to reduce its required proposition C reduction to \$0.0000 and levy up to its calculated tax rate ceiling.

MISSOURI



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

On the cover:

On June 20, 1955, the flowering dogwood became Missouri's official tree. The tree is small in size, rarely growing over 40 feet in height or 18 inches in diameter. The dogwood sprouts tiny, greenish-yellow flowers in clusters, with each flower surrounded by four white petals. The oval leaves are olive green above and covered with silvery hairs underneath. In the fall, the upper part of the leaves turn scarlet or orange and bright red fruits grow on the tree.

Source:

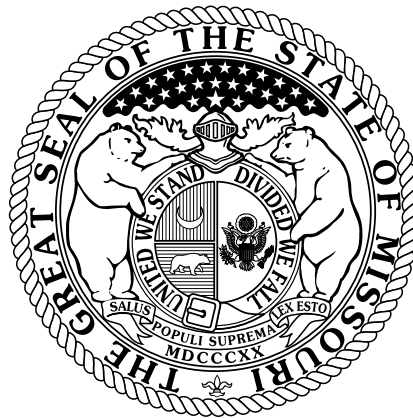
State of Missouri Official Manual

STATE OF MISSOURI

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

Fiscal Year Ended June 30, 2002



BOB HOLDEN

Governor

JACQUELYN D. WHITE

Commissioner

Office of Administration

JAMES A. CARDER

Director

Division of Accounting

STATE OF MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2002

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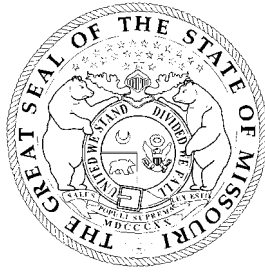
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*The **Introductory Section** includes material to familiarize the reader with the organizational structure of the State, the nature and scope of services the State provides, and a summary of the financial activities of the State and the factors which influence these activities.*

Bob Holden
Governor



Jacquelyn D. White
Commissioner

State of Missouri
OFFICE OF ADMINISTRATION
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James A. Carder
Director
Division of Accounting

March 31, 2003

The Honorable Bob Holden
Governor
State of Missouri
State Capitol
Jefferson City, Missouri 65101

Dear Governor Holden:

In accordance with generally accepted accounting principles, I submit to you the Comprehensive Annual Financial Report of the State of Missouri for the fiscal year 2002. This report was prepared by the Office of Administration, Division of Accounting, whose management is responsible for its contents. The report is prepared to show the financial position and operating results of the State. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to gain a reasonable understanding of the State's financial activities have been included.

Method of Presentation

The report is divided into an Introductory Section, a Financial Section, and a Statistical Section. The Introductory Section contains the transmittal letter, the State organizational chart, and a list of principal officials. The Financial Section is composed of the Auditor's Opinion, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Statistical Section provides various financial, economic, and demographic data about the State.

PROFILE OF THE GOVERNMENT

This report includes funds of various departments, agencies, and other organizational units for which the State is financially accountable. The following criteria were considered in determining financial accountability: appointment of a governing body, ability to impose the State's will on the organization or the organization can provide specific financial benefits to, or impose specific financial burdens on, the primary government. The following organizations are considered component units and are included in the State's reporting entity:

- Board of Public Buildings
- Conservation Employees' Insurance Plan
- Transportation Self-Insurance Plan
- Missouri Consolidated Health Care Plan
- Highway and Transportation Employees' and Highway Patrol Insurance Plan
- Missouri State Employees' Retirement System
- Highway and Transportation Employees' and Highway Patrol Retirement System
- Missouri State Public Employees' Deferred Compensation Commission
- State Colleges and Universities
- Development Finance Board
- Agricultural and Small Business Development Authority
- Fulton 54 Transportation Corporation
- Missouri Transportation Finance Corporation
- Missouri Highway 179 Transportation Corporation
- Springfield, MO State Highway Improvement Corporation
- Wentzville Parkway Transportation Corporation

The State provides a range of services in the areas of agriculture, education, health and social services, transportation systems, public safety, law enforcement, judicial systems, economic development, conservation and natural resources, labor relations, and general administration.

The State operates on a legally adopted budget in order to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. If appropriations are not sufficient for a fiscal year, supplemental amounts are requested during the next legislative session by the same process that original appropriations are requested. Budgetary control is maintained at the departmental level. Expenditures cannot exceed the appropriation amounts at the individual appropriation level. Also, the Governor has the authority to reduce the allotments of appropriations in any fund if it appears that the revenue estimate will not be met. Unexpended appropriations lapse at the end of each appropriation year, unless reappropriated to the following appropriation year.

MAJOR INITIATIVES

Balancing Missouri's budget in fiscal year 2002 was achieved through sound financial management. A conservative consensus revenue estimate was agreed to by the Governor and General Assembly. However, the estimate was revised in July 2001, December 2001, and April 2002 as the effect of the recession, the terrorist attacks, and the falling stock market on the state's revenue collections became clear. Personal income trends indicate that Missouri can expect relatively slow growth during fiscal year 2003. In future years, Missouri will focus on controlling the growth of mandatory programs through various cost-effective alternatives and revenue enhancements. Major funding priorities include education, health care, correctional facilities, and economic development.

FINANCIAL INFORMATION

The State's financial statements have been prepared using the new financial reporting model set forth by the Governmental Accounting Standards Board Statement No. 34. This is explained further in the Management's Discussion and Analysis (MD&A) in this report. Other necessary disclosures are included in the notes to the financial statements.

The State's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit.

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve part of the appropriation, is employed for purposes of budgetary control and contract compliance. Encumbrances at year end do not constitute expenditures or liabilities.

Tax Limitation

Article X, Sections 16–24 of the Constitution of Missouri (the "Tax Limitation Amendment"), imposes a limit on the amount of taxes which may be imposed by the General Assembly in any fiscal year. This limit is tied to total State revenues for fiscal year 1981, as defined in the Tax Limitation Amendment and adjusted annually, in accordance with the formula set forth in the amendment which is tied to increases in the personal income of Missouri for certain designated periods. If the revenue limit is exceeded by 1% or more in any fiscal year, the excess revenue will be refunded pro-rata based on the liability reported on State income tax returns. If the excess revenue collected is less than 1% of the revenue limit, the excess revenue shall be transferred to the General Revenue Fund. The revenue limit can be exceeded by a constitutional amendment duly adopted by the people or if the General Assembly approves by a two-thirds vote an emergency declaration by the Governor.

Strong economic growth resulted in revenues above the total state revenue limit in fiscal years 1995 through 1999. The State has refunded to Missouri income taxpayers the entire \$972.7 million in excess revenue for those years.

The Missouri Merchants and Manufacturer's Association filed a lawsuit to obtain a judicial determination of certain issues relative to this calculation. The lawsuit (Missouri Merchants and Manufacturer's Association et al v. State of Missouri Case No. 99-CV-323530) was remanded with instructions to the Circuit Court of Cole County after an appeal to the Missouri Supreme Court. The Cole County Circuit Court ruled that the State owed an additional \$6 million of Article X refunds, which have been paid to income taxpayers in fiscal year 2003.

The Missouri Merchants and Manufacturer's Association has filed an additional lawsuit to obtain a judicial determination of certain issues relative to this calculation. The lawsuit (Missouri Merchants and Manufacturer's Association et al v. State of Missouri, Case No. 00-CV-325457) has been dismissed.

Proprietary Operations

The State has several significant proprietary entities which contribute a vital part of governmental services. The Board of Public Buildings operates and maintains certain State buildings. The State Lottery Commission oversees the lottery operations and controls. The Department of Labor and Industrial Relations pays benefits based on the Unemployment Compensation Law. The Development Finance Board is authorized to make loans for projects that benefit the economy or infrastructure of the State and its political subdivisions. Transportation Corporations promote and develop public transportation facilities and systems by new and alternative means.

Pension Plans

The State has two retirement systems, the Missouri State Employees' Retirement System (MOSERS) and the Highway and Transportation Employees' and Highway Patrol Retirement System (HEHPRS). Total assets of MOSERS and HEHPRS at June 30, 2002, were \$6,376,858,000 and \$1,274,071,000, respectively. The net pension obligation for MOSERS at June 30, 2002, was \$94,148,000. There was no net pension obligation for HEHPRS at June 30, 2002. The State sponsors the Missouri State Employees' Deferred Compensation Incentive Plan which had total assets of \$75,579,000 at June 30, 2002.

Debt Administration

The amount of general obligation debt that can be issued by the State is limited to the amount approved by popular vote plus the amount of \$1 million. The State's general obligation debt limit at June 30, 2002, was \$1,776,000,000 of which \$381,505,760 was unissued. The general obligation debt position of the State at June 30, 2002, was as follows:

General obligation bonded debt (net of amount available in governmental funds)	\$ 865,710,000
Debt per capita for general obligation debt	\$ 153.20

During fiscal year 2002, \$55,155,000 of the bonds were retired and no new bonds were issued. At year end, the total general obligation debt outstanding was \$923,795,000 and the interest rate range was 4.0-7.5%.

The State's general obligation bond issues received triple "A" ratings from Moody's Investors Service, Inc., Standard & Poor's Ratings Group, and Fitch IBCA, Inc.

Cash Management

During the year, cash from the various State funds is invested by the State Treasurer. Most of these funds' cash balances are pooled for investment purposes. The State also invests its "float" which increases the earning power. Cash was invested in time deposits with maturities ranging from 30 to 1,096 days, in U.S. Treasury and federal agency securities with maturities ranging from 1 to 1,826 days, in repurchase agreements with maturities ranging from 1 to 90 days and in commercial paper with maturities ranging from 1 to 90 days. At June 30, 2002, these investments consisted of:

	<u>Amount</u>	<u>Interest Rates</u>	<u>Market Value</u>
Time Deposits	\$ 367,178,643	1.6 – 6.5%	\$ 367,178,643
Treasurer and Agency Securities	1,438,709,395	1.67 – 7.125%	1,445,791,733
Repurchase Agreements	527,329,300	1.96%	527,329,300
Commercial Paper	694,144,370	1.8 – 1.84%	694,040,248

The average yield on maturing investments during the year was 3.127% and the amount of interest earned was \$91,460,657.

The State attempts to minimize credit and market risks while maintaining a competitive yield on its investments. Approximately 84% of investments held by the State and subject to categorization at June 30, 2002, are classified in the lowest risk category as defined by the Governmental Accounting Standards Board. All deposits invested by the State Treasurer are either insured by federal depository insurance or collateralized.

Risk Management

The State currently assumes substantially all risks associated with:

- Claims of State employees for unemployment compensation benefits
- Claims of covered employees for Workers' Compensation Fund and Second Injury Fund benefits
- Claims of State employees, covered under the Conservation Employees' Insurance Plan and the Highway and Transportation Employees' and Highway Patrol Insurance Plan, for medical insurance
- Liability claims against the State or its agencies for the dangerous conditions of property and operation of motor vehicle and watercraft
- Liability claims actionable under the law that parties may file against the State, its officials, employees, or appointees

The State maintains the Legal Expense Fund which purchases insurance coverage for:

- Aircraft liability and hull insurance
- Faithful performance employee bond

The State purchases insurance coverage through various funds for:

- Group life insurance
- Long-term disability insurance
- Medical insurance

OTHER INFORMATION

Independent Audit

An annual audit of the general purpose financial statements is completed each year by the State of Missouri Auditor's Office. The State Auditor conducts the audit in accordance with generally accepted government auditing standards, and her opinion has been included in this report. The State Auditor conducts a "Single Audit" of all Federal funds.

Acknowledgements

We wish to express our sincere appreciation to the staff of the various State agencies and other organizational units, who provided necessary financial information. The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by technical and management personnel within the State Auditor's Office, the State Treasurer's Office, Office of Administration, and numerous other State agencies. We would like to convey a special thanks to the State Printing Center for their dedicated efforts in assisting us in the preparation of this report.

Sincerely,

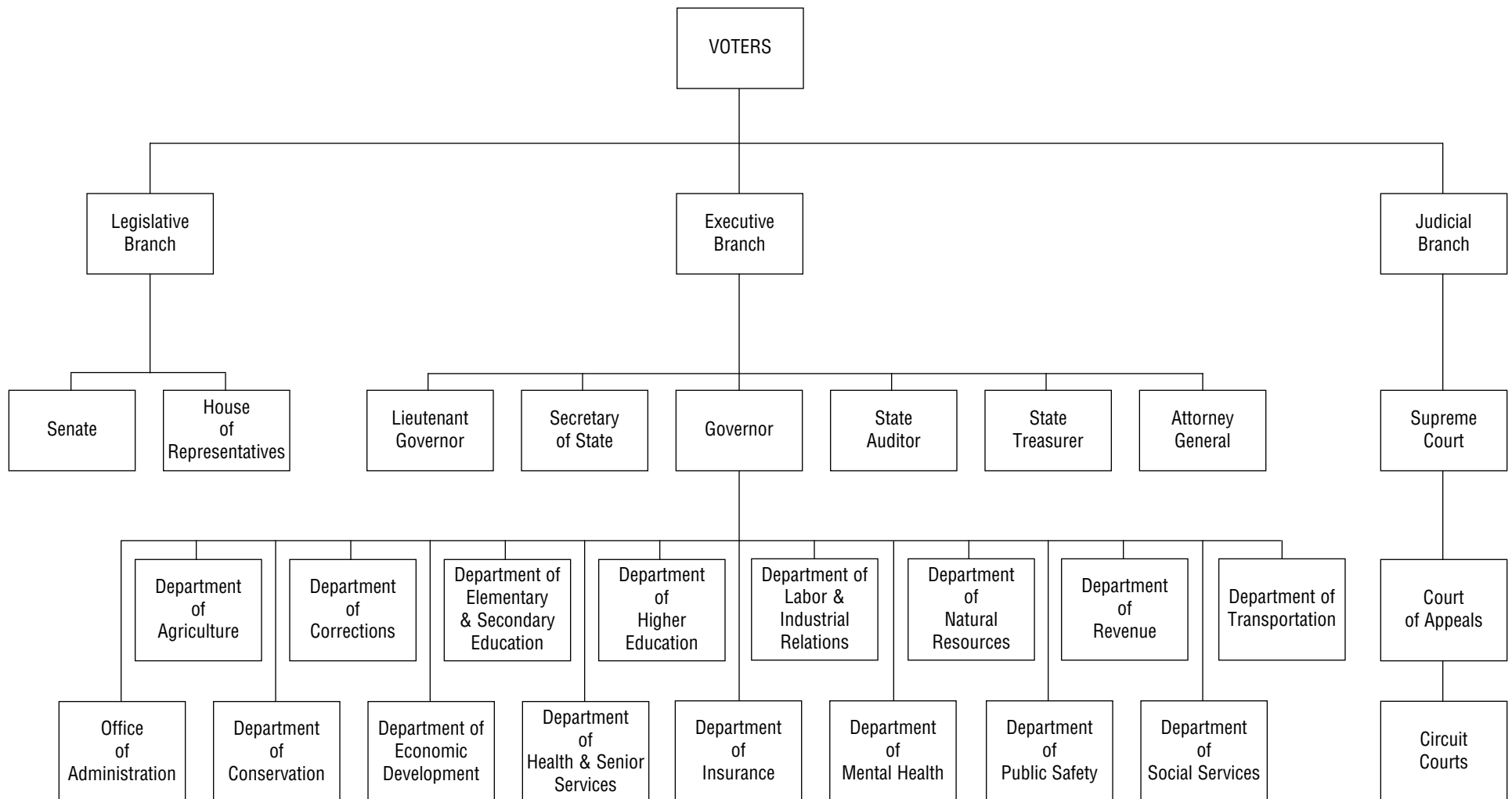
A handwritten signature in black ink, appearing to read "James A. Carder", written in a cursive style.

James A. Carder, Director
Division of Accounting

STATE OF MISSOURI

ORGANIZATIONAL CHART

June 30, 2002



STATE OF MISSOURI
PRINCIPAL STATE OFFICIALS
as of June 30, 2002

EXECUTIVE

Bob Holden
Governor

Joe Maxwell
Lieutenant Governor

Matt Blunt
Secretary of State

Claire McCaskill
State Auditor

Nancy Farmer
State Treasurer

Jeremiah W. (Jay) Nixon
Attorney General

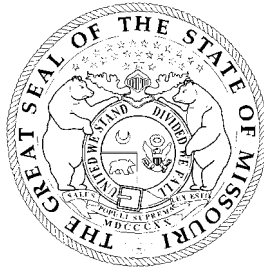
LEGISLATIVE

Peter Kinder
President Pro Tem of the Senate

Jim Kreider
Speaker of the House of Representatives

JUDICIAL

Stephen N. Limbaugh, Jr.
Chief Justice of the Supreme Court



*The **Financial Section** includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, and Combining and Individual Fund Statements and Schedules for Non-Major Funds.*



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT

Honorable Bob Holden, Governor
and
Members of the General Assembly

We have audited the accompanying financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2002, which collectively comprise the state's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the state's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Missouri Department of Transportation, the Consolidated Health Care Plan, the State Employees' Insurance Plan, the Transportation Employees' and Highway Patrol Insurance Plan, and the Transportation Self-Insurance Plan, which represent 80 percent and 14 percent of the assets and operating revenues, respectively, of the governmental activities. We did not audit the State Lottery, which represent 24 percent and 65 percent of the assets and operating revenues of the business-type activities. We did not audit the component units. We did not audit the pension trust funds and the Public Employees' Deferred Compensation Plan, which represent 94 percent and 83 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

We were not allowed access to tax returns and related source documents for income taxes. Access was denied by the Director of Revenue based on her interpretation of the decision rendered by the Missouri Supreme Court in the case of Director of Revenue v. State Auditor 511 S.W.2d 779 (Mo. 1974). Approximately 27 percent of governmental activity revenues are from

this source. We were unable to satisfy ourselves by appropriate audit tests or other means as to the income tax revenue beyond the amounts recorded.

In our opinion, based on our audit and the reports of other auditors, and except for the effects of such adjustments, if any, as might have been necessary had we been allowed access to tax returns and related source documents for income taxes, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the state of Missouri implemented the following Governmental Accounting Standards Board statements: Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Number 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*; Number 37, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments: Omnibus*; Number 38, *Certain Financial Statement Note Disclosures*; and Number 39, *Determining Whether Certain Obligations are Component Units*.

In accordance with *Government Auditing Standards*, our report on our consideration of the state of Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants is issued under separate cover in the Single Audit Report. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

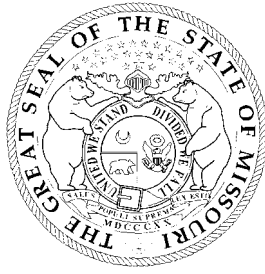
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, and except for the effects, if any, of the matter discussed in paragraph three, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information in the introductory section and statistical section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

March 21, 2003 (fieldwork completion date)



The Management's Discussion and Analysis provides a narrative overview and analysis of the financial activities of the State.

Management's Discussion and Analysis

The following is a discussion and analysis of the State of Missouri's (the State's), financial activities for the fiscal year ended June 30, 2002. Readers are encouraged to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

HIGHLIGHTS

Highlights of fiscal year 2002 include:

- continued full funding for the school foundation formula for local schools with significant new resources;
- investments in early childhood initiatives;
- investments in operating costs for new prisons and the fight against illegal drugs;
- start up funding for a prescription drug plan for the elderly;
- an intensive core budget review resulting in \$197 million in core cuts or redirections in fiscal year 2002.

In fiscal year 2002 Missouri invested a total of \$60 million in its capital assets with appropriations for construction and maintenance projects throughout the State. Missouri also invested \$1.625 billion in road and bridge construction and maintenance as part of a long-range plan to improve highways using additional State gasoline tax revenues and matching federal dollars.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section serves as an introduction to the State's basic financial statements. The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements:

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the State's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is received. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

Governmental Activities are primarily supported by taxes and intergovernmental revenues. They include general government, education, natural and economic resources, transportation and law enforcement, and human services.

Business-Type Activities are intended to recover all or a significant portion of their costs through user fees and charges. They include constructing and operating State park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, and the operation of Unemployment Compensation and the State Lottery.

Discretely Presented Component Units are operations for which the State has financial accountability, but are legally separate. They include colleges and universities, the Development Finance Board, Agricultural and Small Business Development Authority, and various highway transportation corporations.

Fund financial statements:

A *fund* is a group of related accounts that is used to keep track of specific activities or objectives. Some funds are required by law, while others are established internally to maintain control over a particular activity. All of the funds of the State can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of current financial resources, as well as on balances that can be converted to cash and the balances left at year-end that are available for future spending. Such information may be useful in evaluating a government's financing requirements in the near future.

Governmental funds include the General Fund and special revenue, capital project, debt service, and permanent funds. Of these, the General Fund, Public Education, Conservation and Environmental Protection, Transportation and Law Enforcement, and the State Road Fund are shown as major funds and presented in separate columns. Data from other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

In order for the user to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements, a reconciliation to facilitate this comparison between governmental funds and governmental activities is provided on the page immediately following each governmental fund financial statement.

Proprietary funds. The State maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The State uses enterprise funds to account for activities that provide supplies and services to the general public. These include constructing and operating State park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, and the operation of the State Lottery. Internal service funds report activities that provide supplies and services for the State's other programs and activities. The State uses internal service funds to account for insurance and health-care plans, as well as administrative services for other State agencies, such as fleet management and data processing and telecommunication services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the State Lottery and the Unemployment Compensation fund, which are considered major enterprise funds. All internal service funds are combined into a single column in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including a budgetary comparison schedule.

The combining statements referred to earlier concerning non-major governmental funds and internal service funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The State completed fiscal year 2002 with a balanced budget. Net general revenue collections in fiscal year 2002 were \$6,211 million, 2.8% lower than fiscal year 2001 collections. Net general revenue collections growth was lower than originally estimated.

STATEMENT OF NET ASSETS

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current and Other Assets	\$ 5,089,185	\$ 547,594	\$ 5,636,779
Capital Assets, Net	26,693,780	35,123	26,728,903
<i>Total Assets</i>	31,782,965	582,717	32,365,682
LIABILITIES:			
Long-Term Liabilities Outstanding	2,682,910	82,430	2,765,340
Other Liabilities	1,371,835	150,872	1,522,707
<i>Total Liabilities</i>	4,054,745	233,302	4,288,047
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	26,458,387	35,095	26,493,482
Restricted	998,145	358,666	1,356,811
Unrestricted	271,688	(44,346)	227,342
<i>Total Net Assets</i>	\$ 27,728,220	\$ 349,415	\$ 28,077,635

STATEMENT OF ACTIVITIES

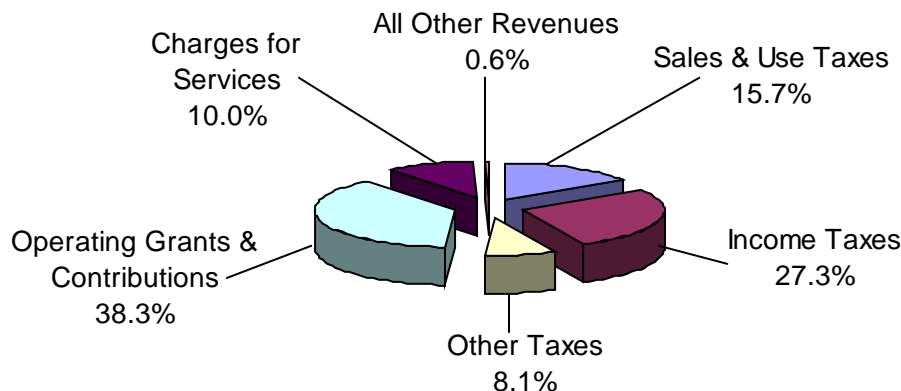
	Governmental Activities	Business-Type Activities	Total
REVENUES:			
Program Revenues:			
Charges for Services	\$ 1,683,603	\$ 638,264	\$ 2,321,867
Operating Grants and Contributions	6,441,518	524,808	6,966,326
Capital Grants and Contributions	7,722	---	7,722
General Revenues:			
Sales and Use Taxes	2,650,692	---	2,650,692
Income Taxes	4,587,867	---	4,587,867
Other Taxes	1,370,431	---	1,370,431
Other Revenues	95,585	24,764	120,349
<i>Total Revenues</i>	16,837,418	1,187,836	18,025,254
EXPENSES:			
General Government	908,592	---	908,592
Education	4,550,990	---	4,550,990
Natural and Economic	574,717	---	574,717
Transportation and Law Enforcement	1,915,697	---	1,915,697
Human Services	8,093,493	---	8,093,493
State Lottery	---	433,287	433,287
Unemployment Compensation	---	642,045	642,045
All Other Expenses	719,892	78,542	798,434
<i>Total Expenses</i>	16,763,381	1,153,874	17,917,255
Increase in Net Assets before Contributions and Transfers	74,037	33,962	107,999
<i>Transfers</i>	(597,350)	(156,012)	(753,362)
Change in Net Assets	(523,313)	(122,050)	(645,363)
<i>Net Assets—July 1, 2001</i>	28,251,533	471,465	28,722,998
<i>Net Assets—June 30, 2002</i>	\$ 27,728,220	\$ 349,415	\$ 28,077,635

Governmental Activities:

Governmental activities decreased the State's net assets by \$523 million due to a decrease in revenue from taxes and increased spending in education and human services, including Medicaid. Income taxes decreased by about \$41 million, and corporate franchise taxes decreased by \$51 million. The reduction in income tax collections was due to the slowdown of the national economy and a reduction in the capital gains income for individuals.

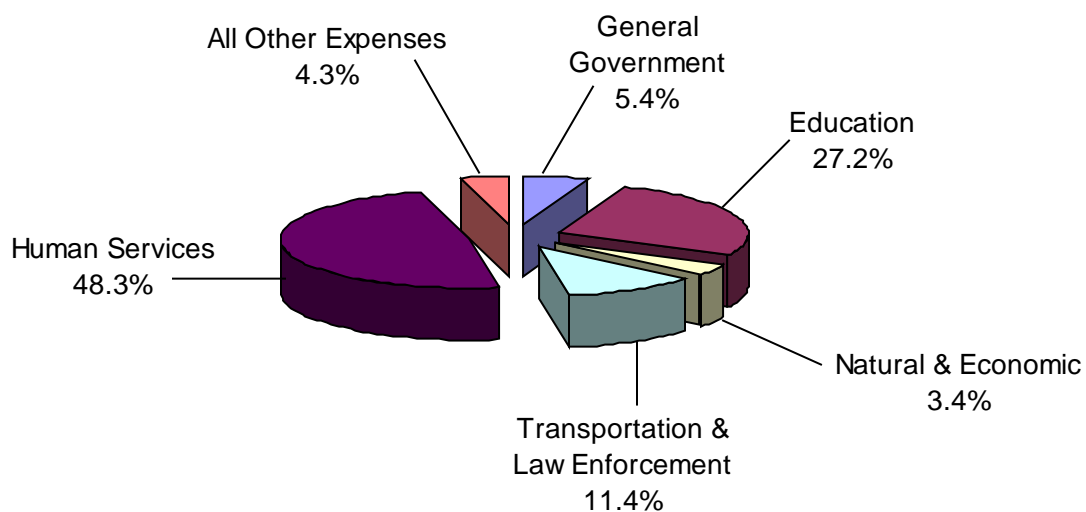
The following chart depicts revenues of the governmental activities for the fiscal year:

Revenues by Source



The following chart depicts expenses of the governmental activities for the fiscal year:

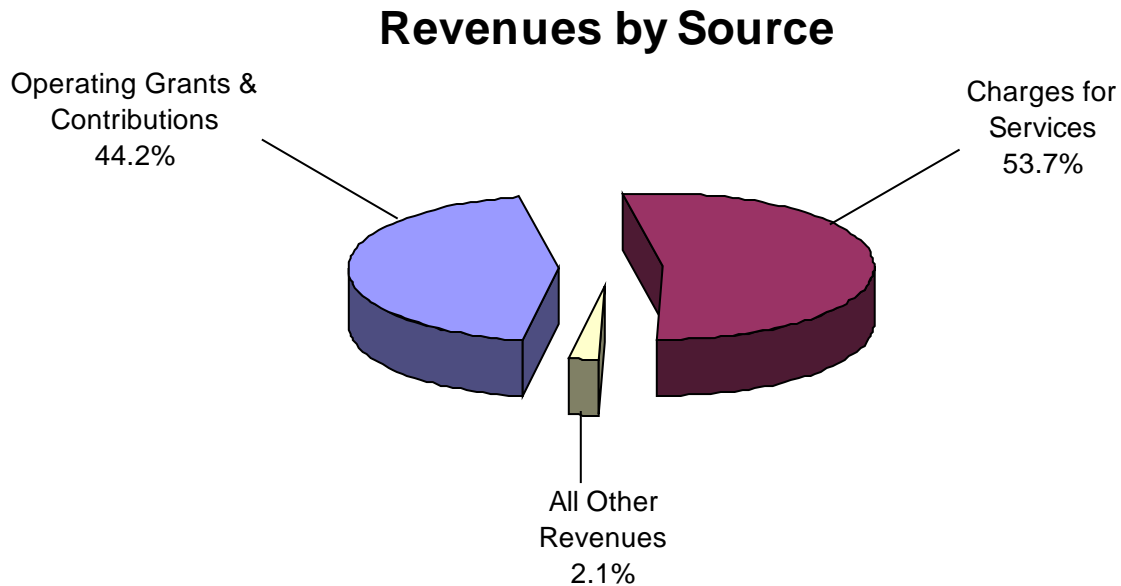
Expenses by Function



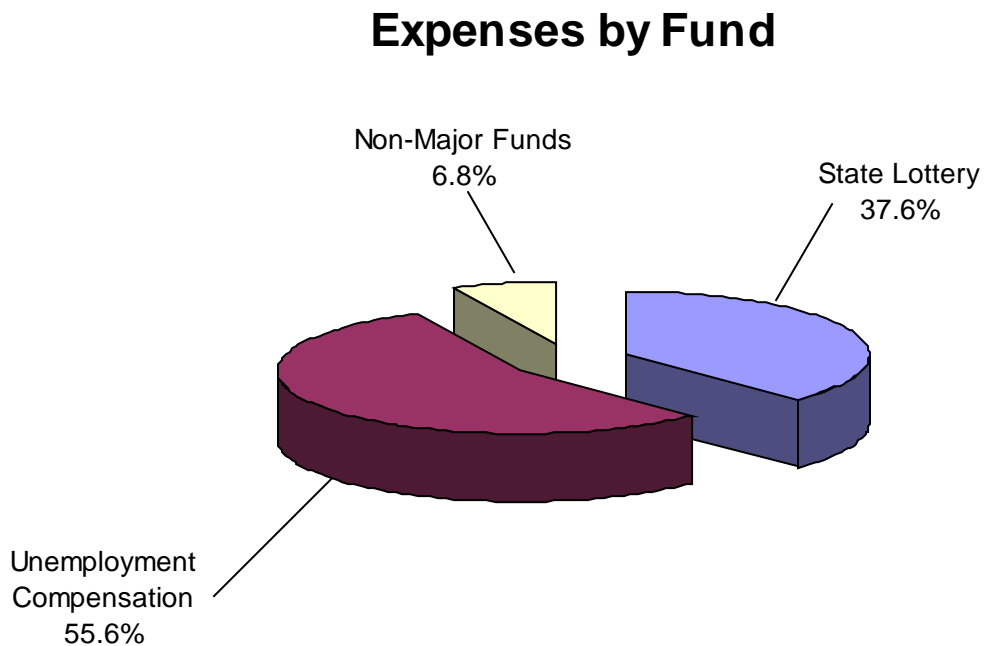
Business-Type Activities

Net assets of the business-type activities decreased by \$122 million during the fiscal year. Factors contributing to these results include increased spending for unemployment compensation and a decline in revenues from services.

The following chart depicts revenues of the business-type activities for the fiscal year:



The following chart depicts expenses of the business-type activities for the fiscal year:



FINANCIAL ANALYSIS OF THE STATE'S FUNDS

The State uses fund accounting to ensure and demonstrate compliance with statutory requirements for financial reporting.

As of the end of fiscal year 2002, the State's governmental funds reported combined ending fund balances of \$3.39 billion, an increase of \$203 million over fiscal year 2001. Approximately 67% of this amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) for budget reserve, 2) to pay debt service, 3) for loans receivable, and 4) for a variety of other restricted purposes.

The general fund is the chief operating fund of the State. At the end of fiscal year 2002, unreserved fund balance of the general fund was \$621 million, while total fund balance reached \$1.19 billion. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represent 6% of the total general fund expenditures, while total fund balance represents 12% of that same amount.

The fund balance of the general fund increased by \$203 million during fiscal year 2002. Total revenues for the general fund increased \$541 million. A key factor was an increase in Federal contributions revenue of \$472 million from fiscal year 2001. Of this increase, \$358 million can be attributed to the Title XIX Medicaid portion of the general fund. Total general fund expenditures increased by \$326 million. This is the result of an increase in Human Services expenditures of \$350 million and an increase in Education expenditures of \$67 million, while other expenditure categories decreased. The rate at which expenditures increased was limited through the Governor's use of withholdings as needed to match the revised revenue estimates and maintain a balanced budget.

Other fund balances for governmental funds are as follows:

Fund	Amount
Special Revenue	\$ 1,475,840
Debt Service	110,288
Capital Projects	571,597
Permanent	36,237

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget is the first complete appropriated budget that is truly agreed to and finally passed, and signed by the Governor. The final budget includes emergency and supplemental appropriations, transfers, and increases to appropriations.

The difference in the original budget and the final budget for the general fund was an increase of \$450,039. This is summarized as follows:

- ♦ Refunds increased by \$48,341,
- ♦ Medicaid Supply Pool increased by \$93,000,
- ♦ Federal Reimbursement and Nursing Home Federal Reimbursement increased by \$117,075,
- ♦ Distribution Pass-Through increased by \$22,700,
- ♦ SEMA grant increased by \$20,700,
- ♦ Other miscellaneous increases.

Refer to the Notes to RSI, Budgetary Reporting, for more information on budgetary variances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The State's investment in capital assets for its governmental and business type activities as of June 30, 2002, amounts to \$26,728,903 (net of accumulated depreciation). This investment in capital assets includes construction in progress, infrastructure in progress, land, land improvements, buildings and improvements, equipment, and infrastructure. The total increase in the State's investment in capital assets for the current fiscal year was 1.05%.

	Governmental Activities	Business Activities	Total
Construction in Progress	\$ 637,191	\$ 2,817	\$ 640,008
Infrastructure in Progress	2,287,153	---	2,287,153
Land	2,258,148	10,098	2,268,246
Land Improvements	76,331	3,115	79,446
Buildings and Improvements	1,844,548	16,082	1,860,630
Equipment	1,135,894	41,401	1,177,295
Infrastructure	36,046,230	---	36,046,230
Total	\$ 44,285,495	\$ 73,513	\$ 44,359,008

Additional information on capital assets can be found in *Note 5* of this report.

Long-term debt. At the end of fiscal year 2002, the State had total bonded debt outstanding of \$2.8 billion. Of this amount, \$924 million comprises debt backed by the full faith and credit of the government.

	Governmental Activities	Component Units	Total
General Obligation Bonds	\$ 923,795	\$ ---	\$ 923,795
Other Bonds	1,054,415	832,711	1,887,126
Total	\$ 1,978,210	\$ 832,711	\$ 2,810,921

Additional information on long-term debt can be found in *Notes 10 and 11* of this report.

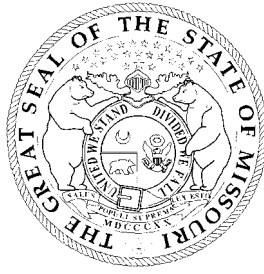
ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The fiscal year 2003 budget is conservatively based upon the General Revenue Fund's collections of \$6 billion, net of refunds.

As a major manufacturing, financial, and agricultural state, Missouri's economic health is tied closely to that of the nation. The economic outlook is for a slowly growing economy in fiscal year 2003. Missouri's personal income, which directly impacts individual income tax and sales tax, rose at a 3.5% rate during calendar year 2001. Missouri's employment stood at 2,853,193 at the end of June 2002. At the end of June 2002, the state unemployment rate was 5.5% compared to 4.3% at the end of June 2001. The national rate was 5.9% at June 30, 2002.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of Administration, Division of Accounting, P.O. Box 809, Jefferson City, MO 65102.



*The **Basic Financial Statements** include the Government-Wide Financial Statements, the Governmental Fund Financial Statements, the Proprietary Fund Financial Statements, the Fiduciary Fund Financial Statements, the Component Unit Financial Statements and the accompanying notes to the statements.*

STATE OF MISSOURI
COMBINED STATEMENT OF NET ASSETS
June 30, 2002
(In Thousands of Dollars)

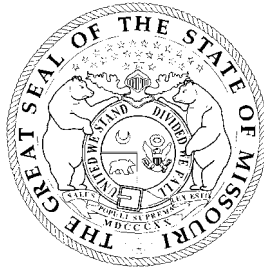
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and Cash Equivalents (Note 3)	\$ 2,846,529	\$ 359,943	\$ 3,206,472	\$ 366,451
Investments (Note 3)	76,606	90,822	167,428	1,151,829
Receivables, Net	1,862,255	95,105	1,957,360	390,118
Due from Other Funds (Note 13)	19,543	---	19,543	---
Due from Component Units (Note 13)	4,937	---	4,937	---
Internal Balances	60	(60)	---	---
Inventory	61,871	1,479	63,350	35,161
Advance to Primary Government (Note 13)	---	---	---	69,005
Deposits and Prepaid Expenses	177	190	367	11,078
Restricted Assets:				
Cash and Cash Equivalents (Note 3)	214,702	---	214,702	80,310
Investments (Note 3)	---	---	---	45,499
Receivables	1	---	1	---
Deferred Costs and Other Assets	2,504	---	2,504	16,234
Assets Held for Resale	---	115	115	---
Capital Assets, Net (Note 5)	26,693,780	35,123	26,728,903	2,570,676
Total Assets	31,782,965	582,717	32,365,682	4,736,361
Liabilities				
Bank Overdraft (Note 3)	6	---	6	---
Payables	1,105,650	141,577	1,247,227	305,281
Securities Lending Collateral (Note 3)	---	---	---	56,974
Due to Other Funds (Note 13)	23,072	8,680	31,752	---
Due to Primary Government (Note 13)	---	---	---	4,937
Deferred Revenue	131,959	615	132,574	98,250
Advance from Other Funds (Note 13)	111,148	---	111,148	---
Long-Term Liabilities (Note 10):				
Due within one year	277,656	11,814	289,470	46,904
Due in more than one year	2,405,254	70,616	2,475,870	843,511
Total Liabilities	4,054,745	233,302	4,288,047	1,355,857
Net Assets				
Invested in Capital Assets, Net of Related Debt	26,458,387	35,095	26,493,482	1,857,202
Restricted for:				
Budget Reserve	471,048	---	471,048	---
Debt Service	110,288	---	110,288	---
Loans Receivable	380,572	---	380,572	---
Unemployment Compensation	---	348,368	348,368	---
Permanent Trusts:				
Expendable	110	---	110	---
Non-Expendable	36,127	---	36,127	---
Colleges and Universities	---	---	---	830,159
Other Purposes	---	10,298	10,298	4,953
Unrestricted	271,688	(44,346)	227,342	688,190
Total Net Assets	\$ 27,728,220	\$ 349,415	\$ 28,077,635	\$ 3,380,504

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government:								
Governmental Activities:								
General Government	\$ 908,592	\$ 705,154	\$ 30,865	\$ ---	\$ (172,573)	\$ ---	\$ (172,573)	\$ ---
Education	4,550,990	1,771	749,205	---	(3,800,014)	---	(3,800,014)	---
Natural and Economic	574,717	251,740	297,498	---	(25,479)	---	(25,479)	---
Transportation and Law Enforcement	1,915,697	122,922	988,874	---	(803,901)	---	(803,901)	---
Human Services	8,093,493	601,769	4,375,076	7,722	(3,108,926)	---	(3,108,926)	---
Intergovernmental	586,698	---	---	---	(586,698)	---	(586,698)	---
Interest on Debt	133,194	247	---	---	(132,947)	---	(132,947)	---
Total Governmental Activities	16,763,381	1,683,603	6,441,518	7,722	(8,630,538)	---	(8,630,538)	---
Business-Type Activities:								
State Lottery Fund	433,287	592,473	---	---	---	159,186	159,186	---
Unemployment Compensation Fund	642,045	---	506,053	---	---	(135,992)	(135,992)	---
Non-Major Funds	78,542	45,791	18,755	---	---	(13,996)	(13,996)	---
Total Business-Type Activities	1,153,874	638,264	524,808	---	---	9,198	9,198	---
Total Primary Government	\$ 17,917,255	\$ 2,321,867	\$ 6,966,326	\$ 7,722	(8,630,538)	9,198	(8,621,340)	---
Component Units:								
Colleges and Universities	\$ 2,380,248	\$ 1,191,372	\$ 413,642	\$ 38,212	---	---	---	(737,022)
Non-Major Component Units	5,180	3,361	1,276	---	---	---	---	(543)
Total Component Units	\$ 2,385,428	\$ 1,194,733	\$ 414,918	\$ 38,212	---	---	---	(737,565)
General Revenues:								
Taxes:								
Sales and Use					2,650,692	---	2,650,692	---
Individual Income					4,169,479	---	4,169,479	---
Corporate Income					418,388	---	418,388	---
County Foreign Insurance					149,908	---	149,908	---
Alcoholic Beverage					24,561	---	24,561	---
Corporate Franchise					19,480	---	19,480	---
Inheritance					127,888	---	127,888	---
Miscellaneous Taxes					1,048,594	---	1,048,594	---
Grants and Contributions not Restricted to Specific Programs					1,931	---	1,931	23,092
Unrestricted Investment Earnings					98,626	24,572	123,198	29,159
Gain (Loss) on Sale of Capital Assets					(4,972)	192	(4,780)	(792)
Transfers					(597,350)	(156,012)	(753,362)	753,362
Total General Revenues and Transfers					8,107,225	(131,248)	7,975,977	804,821
Change in Net Assets					(523,313)	(122,050)	(645,363)	67,256
Net Assets - Beginning (Note 15)					28,251,533	471,465	28,722,998	3,313,248
Net Assets - Ending					\$ 27,728,220	\$ 349,415	\$ 28,077,635	\$ 3,380,504

The notes to the financial statements are an integral part of this statement.



*The **Governmental Funds** focus on current financial resources.*

Governmental Fund Financial Statements

Major Funds

General Fund – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

See the General Fund Combining Statements presented after Required Supplementary Information (RSI) for listings of all funds included in the General Fund.

Major Special Revenue Fund Categories:

Public Education – Provide general and special education needs of the State and other related areas such as library services and student loans.

Conservation and Environmental Protection – Provides for the preservation of the State's wildlife and environment.

Transportation and Law Enforcement – Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

The State has numerous individual Special Revenue Funds, therefore, the funds have been combined into specific functional areas. See the following pages for a listing of the individual funds which make up our Major Special Revenue Fund categories.

Major Capital Projects Fund:

State Road – Accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

Non-Major Funds

Non-Major Governmental Funds are presented in the Combining and Individual Fund Statements and Schedules for non-major funds after Required Supplementary Information (RSI).

Special Revenue – Public Education: Provides general and special education needs of the State and other related areas such as library services and student loans.

Marguerite Ross Barnett Scholarship – Accounts for money refunded from scholarships to be reissued.

School District Bond – Accounts for moneys to be used by the Missouri Health and Educational Facilities Authority for the issuance of school district bonds.

Missouri Student Grant Program Gift – Accounts for moneys received from private sources to be used for student grants.

School Building Revolving – Accounts for moneys transferred from the Gaming Proceeds for Education Fund to be used for loans to school districts for specific capital improvement projects.

Gaming Proceeds for Education – Accounts for proceeds of taxes paid and interest earned from taxes paid on the gross receipts of excursion boat gambling to be used for education.

Outstanding Schools Trust – Accounts for moneys to be used to revise the mechanism which distributes basic state aid to schools and for various education programs.

Bingo Proceeds for Education – Accounts for fees and taxes collected relating to bingo to be used for education.

Lottery Proceeds – Accounts for the net proceeds from the State Lottery to be used for public institutions of elementary, secondary and higher education.

Missouri Community College Job Training Program – Accounts for moneys to be used for the New Jobs Training Program administered by the Department of Economic Development.

Professional and Practical Nursing Student Loan and Nurse Loan Repayment – Moneys will be used to make student loans to nursing students and for the repayment of principal and interest for students who work in specified areas of nursing.

Video Instructional Development and Educational Opportunity – Accounts for sales tax revenues on rental of sound or picture transcriptions and used for instructional television programming.

Missouri Job Development – Accounts for moneys from any source and used for vocational training or retraining.

State School Money – Accounts for funds distributed to public school districts.

Department of Social Services Educational Improvement – Accounts for moneys from the Department of Elementary and Secondary Education and is used for school foundation money for children placed in Division of Youth Services' custody.

State Seminary Money – Accounts for interest earnings to be spent for maintenance of the State university.

State Guaranty Student Loan – Accounts for funds from any source to assist students in financing their education.

Excellence in Education – Accounts for moneys to be spent for education programs.

Missouri Prospective Teachers Loan – Accounts for funds from any source to assist students in financing their education to become teachers.

Fair Share – Accounts for additional tax on cigarettes for distribution to schools.

School District Trust – Accounts for sales tax moneys to be distributed to the public school districts of the State.

GEAR UP Scholarship – Accounts for moneys to be used for awarding scholarships who meet the requirements of the GEAR UP for Education Program.

Library Networking – Accounts for bequests received to be used for library networking expenses.

Student Grant – Accounts for moneys used to provide financial aid to eligible students.

Academic Scholarship – Accounts for moneys to be used to provide scholarships based on academic ability.

Bridge Scholarship – Accounts for moneys transferred from General Revenue to fund scholarships of up to \$1,500 for eligible students who demonstrate financial need.

U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Recall Account – Accounts for Federal recalled reserve funds. The Coordinating Board for Higher Education will transfer an amount equal to 20% of the total recalled reserve to this fund. These funds cannot be withdrawn without the U.S. Department of Education's written approval.

U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Interest Account – Accounts for moneys earned on and transferred from the U.S. Department of Education P.L. 105-33 Recall Account Fund. The moneys are used for the sole purpose of performing default reduction activities applicable to the Title IV student loan programs.

Advantage Missouri Trust – Accounts for moneys to provide loans and loan forgiveness programs.

Missouri College Guarantee – Accounts for moneys transferred from the Gaming Commission Fund to be used by the Coordinating Board for Higher Education for awarding scholarships to eligible students.

Early Childhood Development Education and Care – Accounts for moneys transferred from the Gaming Commission Fund to be used for programs that prepare children for kindergarten.

Kids Chance Scholarship – Accounts for moneys transferred from the Workers' Compensation Fund to be used for children of job injured workers.

Guaranty Agency Operating – Accounts for moneys transferred from the State Guaranty Student Loan Fund to be used for administrative purposes.

Federal Student Loan Reserve – To account for moneys to pay lender claims.

Secretary of State – Wolfner State Library – Accounts for moneys to be used to ensure library services to the eligible blind and physically handicapped residents of the State.

Special Revenue – Conservation and Environmental Protection: Provides for the preservation of the State's wildlife and environment.

Missouri Air Emission Reduction – Accounts for fees collected under the Emissions Inspections Program.

Natural Resources Protection – Accounts for moneys collected for examinations, applications, certifications and inspections used for the purpose of protecting the air, water and land resources of the State.

Natural Resources Protection – Water Pollution Permit Fee Subaccount – Accounts for moneys to be used for the protection of State water.

Solid Waste Management – Scrap Tire Subaccount – Accounts for moneys to be used for the protection of the State's public health and safety in regards to the disposition of scrap tires.

Solid Waste Management – Accounts for moneys used to promote the development of markets for recovered materials and other activities to protect the environment.

Metallic Minerals Waste Management – Accounts for moneys collected from any forfeiture of a financial assurance instrument, civil penalties collected and administrative penalties collected for the safe disposal of waste from metallic minerals.

Natural Resources Protection – Air Pollution Asbestos Fee Subaccount – Accounts for moneys to be used to administer requirements relating to asbestos abatement projects that protect public health and the environment.

Underground Storage Tank Regulation Program – Accounts for fees collected for registration of underground storage tanks and used for costs related to their regulation.

Chemical Emergency Preparedness – Accounts for moneys provided to the Missouri Response Commission and Department of Natural Resources for expenses of the commission.

Natural Resources Protection – Air Pollution Permit Fee Subaccount – Accounts for moneys to be used to protect the air, water and land resources of the State.

Water and Wastewater Loan Revolving – Accounts for loans and loan repayments under the Wastewater Loan Program.

Conservation Commission – Accounts for fees and a special sales tax used to administer laws and regulations pertaining to forestry and wildlife resources.

Parks Sales Tax – Accounts for sales tax moneys spent to control, manage and regulate State parks.

Soil and Water Sales Tax – Accounts for sales tax moneys used for the conservation and management of the soil and water resources of the State.

Water and Wastewater Loan – Accounts for moneys from any source received for wastewater construction loans.

Groundwater Protection – Accounts for fees collected for permits and is used for the administration and enforcement of water well drillers' laws.

Energy Set-Aside Program – Accounts for moneys appropriated and any gifts, grants and bequests. These moneys are loaned to public school districts to implement energy conservation projects.

State Land Survey Program – Accounts for fees collected from State recorders and used for land survey programs.

Petroleum Violation Escrow – Accounts for fines collected from petroleum companies for petroleum violations and is used for energy programs.

Hazardous Waste – Accounts for moneys from fees and permits and from any other source for hazardous waste management and cleanup.

Safe Drinking Water – Accounts for fees and grants from any source for the administration of safe drinking water laws.

Coal Mine Land Reclamation – Accounts for fees assessed on the amount of coal processed and is used to restore the land.

Hazardous Waste Remedial – Accounts for moneys from fees, penalties and from any other source for administering hazardous waste services.

Missouri Air Pollution Control – Accounts for fees collected from automobile emissions inspection stations and is used for air pollution control programs.

Meramec-Onondaga State Parks – Accounts for proceeds from the sale of this land by the federal government and is used for the support and maintenance of these parks by the State.

Oil and Gas Remedial – Accounts for the proceeds from the sale of illegal oil products and used for costs of administering these laws.

Concentrated Animal Feeding Operation Indemnity – Accounts for moneys to be used to close concentrated animal feeding operation waste water lagoons.

Missouri Alternative Fuel Vehicle Loan – Accounts for moneys to be used to issue loans to political subdivisions in order to purchase new vehicles capable of using alternative fuels.

Petroleum Violation Escrow Interest Subaccount – Accounts for interest earnings to be used for administrative costs of energy programs.

Dry-Cleaning Environmental Response Trust – Accounts for moneys received from surcharges, fees, gifts, bequests, donations and moneys recovered by the State to be used to protect human health and natural resources.

Mined Land Reclamation – Accounts for fees, forfeiture of bonds, penalties and gifts and used for the administration and enforcement of these laws.

Babler State Park – Accounts for assets donated, bequeathed, or devised to the State for the benefit of the Doctor Edmund A. Babler Memorial State Park used solely for the maintenance and development of this park.

Special Revenue – Transportation and Law Enforcement: Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

Peace Officer Standards and Training Commission – Accounts for fees assessed as court costs to be used for training peace officers or other law enforcement employees.

Transportation Department Grade Crossing Safety Account – Accounts for moneys to be used to improve safety at the crossings of public roads with railroad tracks.

Highway Patrol Inspection – Accounts for fees collected for certificates of inspection and approval used by the State Highway Patrol for administration and enforcement of the various motor vehicle inspection programs.

Firing Range Fee – Accounts for fees collected from law enforcement agencies for use of the firing range operated by the Department of Public Safety to be used for its operations.

Highway Department – Accounts for fees paid by highway users to operate the Highway Commission and the Department of Transportation. Also used to administer and enforce State motor vehicle laws or traffic regulations.

Railroad Expense – Accounts for assessments used to administer and enforce railroad regulations.

Motor Fuel Tax – Accounts for motor fuel taxes to be distributed to other governments and to the Department of Transportation Funds.

Highway Patrol Academy – Accounts for fees charged for the training of peace officers and is used solely for the maintenance and operation of the Highway Patrol Academy.

State Transportation – Accounts for moneys from sales taxes and other sources to be used for State transportation purposes other than construction or maintenance of roads.

Highway Patrol's Motor Vehicle and Aircraft Revolving – Accounts for proceeds from government agencies to be used solely for the purchase of Highway Patrol vehicles or aircraft.

Light Rail Safety – Accounts for moneys to be used for paying the costs of enforcing the rules relating to the safe operation, maintenance and use of light rail, and the construction of light rail-highway crossings.

State Transportation Assistance Revolving – Accounts for moneys to be used for loans for the development of transportation of elderly or handicapped persons or the purchase of rolling stock for transit purpose.

Aviation Trust – Accounts for fuel taxes not refunded to the users of fuel used in aircraft engines. These moneys are used as matching funds for the preventive maintenance of runways, taxiways, aprons and safety-related items.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2002
(In Thousands of Dollars)**

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road	Non-Major Funds	Totals June 30, 2002
ASSETS							
Cash and Cash Equivalents (Note 3)	\$ 1,028,997	\$ 296,128	\$ 370,485	\$ 64,267	\$ 510,638	\$ 492,167	\$ 2,762,682
Investments (Note 3)	5,295	1,457	336	164	---	45,938	53,190
Accounts Receivable, Net	1,179,401	53,947	17,429	95,723	92,238	16,773	1,455,511
Interest Receivable	7,206	1,270	1,848	381	2,632	1,917	15,254
Due from Other Funds (Note 13)	---	8,260	---	---	2,508	---	10,768
Due from Component Units (Note 13)	---	---	4,937	---	---	---	4,937
Inventory	18,252	68	989	4,319	27,469	203	51,300
Loans Receivable	---	---	376,930	2,592	---	1,050	380,572
Restricted Assets:							
Cash and Cash Equivalents (Note 3)	8,789	---	---	---	43,976	---	52,765
Receivables	1	---	---	---	---	---	1
Total Assets	\$ 2,247,941	\$ 361,130	\$ 772,954	\$ 167,446	\$ 679,461	\$ 558,048	\$ 4,786,980
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 644,892	\$ 43,400	\$ 1,912	\$ 4,090	\$ 139,651	\$ 3,254	\$ 837,199
Accrued Payroll	55,736	562	4,349	17,980	---	2,646	81,273
Due to Other Funds (Note 13)	19,344	125	992	1,425	---	748	22,634
Deferred Revenue	289,051	16,298	7,737	577	29,424	4,099	347,186
Advance from Other Funds (Note 13)	45,345	---	---	---	---	---	45,345
Advance from Component Units (Note 13)	---	---	---	---	65,803	---	65,803
Matured Bonds Payable	---	---	---	---	---	5	5
Payable from Restricted Assets	44	---	---	---	---	---	44
Total Liabilities	1,054,412	60,385	14,990	24,072	234,878	10,752	1,399,489
Fund Balances:							
Reserved for:							
Budget Reserve	471,048	---	---	---	---	---	471,048
Inventory	18,252	68	989	4,319	27,469	203	51,300
Future Distribution	83,078	---	---	---	---	---	83,078
Taxes	439	---	---	---	---	---	439
Debt Service	---	---	---	---	---	110,288	110,288
Loans Receivable	---	---	376,930	2,592	---	1,050	380,572
Trust Principal	---	---	---	---	---	36,127	36,127
Unreserved, Reported In:							
General Fund	620,712	---	---	---	---	---	620,712
Special Revenue Funds	---	300,677	380,045	136,463	---	272,504	1,089,689
Capital Projects Funds	---	---	---	---	417,114	127,014	544,128
Permanent Funds	---	---	---	---	---	110	110
Total Fund Balances	1,193,529	300,745	757,964	143,374	444,583	547,296	3,387,491
Total Liabilities and Fund Balances	\$ 2,247,941	\$ 361,130	\$ 772,954	\$ 167,446	\$ 679,461	\$ 558,048	\$ 4,786,980

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
For the Year Ended June 30, 2002
(In Thousands of Dollars)**

Total Fund Balances – Governmental Funds	\$	3,387,491
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Amounts reported for governmental activities in the statement of activities are different because:

Capital assets used in governmental activities are not financial resources and they are not reported in the funds. These assets consist of (Note 5):

Construction in Progress	624,633	
Infrastructure in Progress	2,287,153	
Land	2,249,532	
Land Improvements	73,472	
Buildings and Improvements	1,603,648	
Equipment	1,057,062	
Infrastructure	36,046,230	
Accumulated Depreciation	(17,416,613)	
		26,525,117

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds (Note 1).		241,742
---	--	---------

Bonds issued by the State have associated cost that are paid from current available financial resources in the funds. However, these costs are deferred on the statement of net assets.		2,504
---	--	-------

Refunds for taxes and other revenues that are not payable in the current period are not reported in the funds.		(69,591)
--	--	----------

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of (Notes 10 and 11):

Due to Other Entities	(20,151)	
General Obligation and Revenue Bonds	(1,978,210)	
Capital Leases	(229,674)	
Compensated Absences	(153,788)	
Claims and Judgements	(280,293)	
Accrued Interest on Bonds	(30,201)	
Unamortized Bond Premium	(11,891)	
		(2,704,208)

Internal Service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		345,165
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Net Assets of Governmental Activities	\$	27,728,220
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The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road	Non-Major Funds	Totals June 30, 2002
Revenues:							
Taxes	\$ 6,747,449	\$ 971,066	\$ 161,315	\$ 681,216	\$ 139,603	\$ 95,172	\$ 8,795,821
Licenses, Fees and Permits	65,145	372	69,182	172,157	95,987	141,083	543,926
Sales	1,442	14	8,517	4,877	---	1,238	16,088
Leases and Rentals	425	---	111	196	---	---	732
Services	151,998	---	---	---	---	234	152,232
Contributions and Intergovernmental	5,509,418	37,240	66,881	331	809,268	12,699	6,435,837
Investment Earnings:							
Net Decrease in the Fair Value of Investments	---	---	---	---	---	(3,281)	(3,281)
Interest	54,767	10,971	11,063	3,247	12,146	14,006	106,200
Penalties and Unclaimed Properties	2,250	904	808	400	---	15,589	19,951
Cost Reimbursement/ Miscellaneous	499,531	34,551	3,138	424	54,592	191,615	783,851
Total Revenues	13,032,425	1,055,118	321,015	862,848	1,111,596	468,355	16,851,357
Expenditures:							
Current:							
General Government	442,673	46	1,393	56,025	---	21,714	521,851
Education	1,090,274	3,448,006	---	1,127	---	5,536	4,544,943
Natural and Economic Resources	233,735	16,294	126,000	4,533	---	155,632	536,194
Transportation and Law Enforcement	130,802	---	312	459,467	245,101	26,108	861,790
Human Services	7,817,092	20,636	204	---	---	150,091	7,988,023
Capital Outlay:							
Current Expenditures	106,943	2,828	27,588	12,073	1,080,025	32,424	1,261,881
Capital Lease Purchases	12,421	---	---	175	34,295	208	47,099
Debt Service:							
Principal	22,078	---	17	284	6,610	55,442	84,431
Interest	32,340	---	44	55	18,892	50,908	102,239
Arbitrage Rebates	---	---	---	---	102	---	102
Bond Issuance Costs	32	---	---	---	2,472	---	2,504
Intergovernmental	184,534	386	90,338	193,055	81,381	21,958	571,652
Total Expenditures	10,072,924	3,488,196	245,896	726,794	1,468,878	520,021	16,522,709
Excess Revenues (Expenditures)	2,959,501	(2,433,078)	75,119	136,054	(357,282)	(51,666)	328,648
Other Financing Sources (Uses):							
Proceeds from Capital Leases	12,421	---	---	175	34,295	208	47,099
Proceeds from General Obligation/Other Bonds	---	---	---	---	403,000	---	403,000
Proceeds from Fixed Asset Sale	---	---	---	---	6,935	---	6,935
Bond Premium	---	---	---	---	11,891	---	11,891
Operating Transfers In (Note 14)	272,831	2,417,999	9,043	8,979	165,250	137,683	3,011,785
Operating Transfers Out (Note 14)	(2,370,741)	(3,173)	(6,922)	(168,839)	---	(305,620)	(2,855,295)
Operating Transfers Out to Component Units (Note 14)	(674,135)	(79,261)	---	---	---	---	(753,396)
Total Other Financing Sources (Uses)	(2,759,624)	2,335,565	2,121	(159,685)	621,371	(167,729)	(127,981)
Excess Revenues and Other Sources (Expenditures and Other Uses)	199,877	(97,513)	77,240	(23,631)	264,089	(219,395)	200,667
Fund Balances – Beginning (Note 15)	990,412	398,269	680,954	167,610	180,494	766,630	3,184,369
Increase (Decrease) in Reserve for Inventory	3,240	(11)	(230)	(605)	---	61	2,455
Fund Balances – Ending	\$ 1,193,529	\$ 300,745	\$ 757,964	\$ 143,374	\$ 444,583	\$ 547,296	\$ 3,387,491

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES IN
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2002
(In Thousands of Dollars)**

Net Change in Fund Balances – Total Governmental Funds	\$	200,667
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Amounts reported for governmental activities in the statement of activities are different because:

Inventories, which are recorded under the purchases method for governmental fund reporting, are reported under the consumption approach on the Statement of Activities. As a result of this change, the Increase in Reserve for Inventories on the fund statement has been reclassified as a functional expense on the government-wide statement.

2,455

Governmental funds report capital outlays as expenditures. In the statement of activities, however, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays \$1,297,461 exceeds depreciation \$1,113,371 in the current period (Note 5).

184,090

Only the gain (loss) on the sale is reported in the statement of activities, whereas in the governmental funds, the proceeds from the sale increases financial resources. The change in net assets differs from the change in fund balance by the cost of the item sold.

(11,567)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(193,229)

Proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. In governmental funds, repayment of principal is an expenditure, but the repayment reduces long-term liabilities in the statement of net assets (Notes 6 and 11).

Bonds Issued	(403,000)	
Bond Premiums and Issuance Costs	(9,387)	
Bond Principal Payments	68,785	
Capital Leases Issued	(47,099)	
Capital Lease Payments	15,646	
	15,646	

(375,055)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (Notes 10 and 11).

Net Increase in Accrued Interest	(30,201)	
Decrease in Due to Other Entities	575	
Decrease in Compensated Absences	4,517	
Claims and Judgements	(280,293)	
	(280,293)	

(305,402)

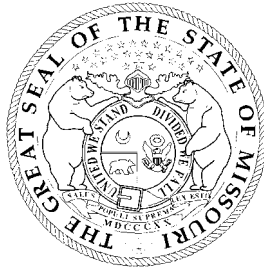
Internal Service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue and expense of certain Internal Service funds are reported with governmental activities.

(25,272)

Change in Net Assets of Governmental Activities

\$ (523,313)

The notes to the financial statements are an integral part of this statement.



*The **Proprietary Funds** focus on economic resources and are operated in a manner similar to private business enterprises.*

Proprietary Fund Financial Statements

Major Funds

State Lottery – Accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

Unemployment Compensation – Accounts for contributions and payments collected under the provisions of the “Unemployment Compensation Law” to pay benefits.

Non-Major Funds

Non-Major Enterprise Funds and all Internal Service Funds are presented in our combining non-major fund financial statements after Required Supplementary Information (RSI).

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2002
(In Thousands of Dollars)

	Business-Type Activities – Enterprise Funds				
	Major			Totals	Governmental
	State Lottery Fund	Unemployment Compensation	Non-Major Funds	June 30, 2002	Activities – Internal Service
ASSETS					
Current Assets:					
Cash and Cash Equivalents (Note 3)	\$ 16,806	\$ 297,728	\$ 45,409	\$ 359,943	\$ 83,847
Investments (Note 3)	10,130	---	---	10,130	23,416
Accounts Receivable, Net	23,816	67,752	3,106	94,674	10,636
Interest Receivable	84	---	202	286	282
Due from Other Funds (Note 13)	---	---	---	---	8,804
Inventories	---	---	1,479	1,479	10,571
Prepaid Items	109	---	81	190	177
Loans Receivable	---	---	145	145	---
Non-Current Assets:					
Restricted Cash and Cash Equivalents (Note 3)	---	---	---	---	161,937
Investments and Assets Held for Resale	80,692	---	115	80,807	---
Capital Assets (Note 5):					
Construction in Progress	---	---	2,817	2,817	12,558
Land	353	---	9,745	10,098	8,616
Land Improvements	---	---	3,115	3,115	2,859
Buildings	4,292	---	11,790	16,082	240,900
Equipment	15,904	---	25,497	41,401	78,832
Less Accumulated Depreciation (Note 5)	(14,636)	---	(23,754)	(38,390)	(175,102)
Total Capital Assets (Net of Accumulated Depreciation)	5,913	---	29,210	35,123	168,663
Total Assets	137,550	365,480	79,747	582,777	468,333
LIABILITIES					
Current Liabilities:					
Bank Overdraft (Note 3)	---	---	---	---	6
Accounts Payable	32,378	17,112	90,783	140,273	85,769
Accrued Payroll	273	---	1,031	1,304	1,564
Due to Other Funds (Note 13)	8,345	---	335	8,680	467
Deferred Revenue	---	---	615	615	26,519
Grand Prize Winner Liability (Note 10)	10,198	---	---	10,198	---
Obligations under Lease Purchase (Note 10)	---	---	1	1	2,130
Compensated Absences (Note 10)	465	---	1,150	1,615	2,739
Non-Current Liabilities:					
Grand Prize Winner Liability (Note 10)	70,326	---	---	70,326	---
Obligations under Lease Purchase (Note 10)	---	---	27	27	3,589
Compensated Absences (Note 10)	76	---	187	263	445
Total Liabilities	122,061	17,112	94,129	233,302	123,228
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	5,913	---	29,182	35,095	162,944
Restricted for:					
Unemployment Compensation	---	348,368	---	348,368	---
Other Purposes	10,298	---	---	10,298	---
Unrestricted	(722)	---	(43,564)	(44,286)	182,161
Total Net Assets	\$ 15,489	\$ 348,368	\$ (14,382)	\$ 349,475	\$ 345,105
Total Net Assets Reported Above				\$ 349,475	
Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds				(60)	
Net Assets of Business-Type Activities				\$ 349,415	

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Business-Type Activities – Enterprise Funds				
	Major			Totals	Governmental
	State Lottery Fund	Unemployment Compensation	Non-Major Funds	June 30, 2002	Activities – Internal Service
Operating Revenues:					
Employer Contributions	\$ ---	\$ 273,635	\$ ---	\$ 273,635	\$ 307,108
Employee Contributions	---	---	---	---	125,619
Licenses, Fees and Permits	284	---	24,379	24,663	243
Sales	585,189	---	5,857	591,046	24,284
Leases and Rentals	---	---	2,914	2,914	16,970
Charges for Services	---	---	12,367	12,367	108,788
Cost Reimbursement/Miscellaneous	331	---	544	875	7,273
Total Operating Revenues	<u>585,804</u>	<u>273,635</u>	<u>46,061</u>	<u>905,500</u>	<u>590,285</u>
Operating Expenses:					
Cost of Goods Sold	13,290	---	923	14,213	12,234
Personal Service	8,395	---	33,016	41,411	51,229
Operations	46,573	---	14,919	61,492	89,328
Prizes Expense	353,075	---	---	353,075	---
Inventories	---	---	3,888	3,888	1,658
Specific Programs	---	---	21,382	21,382	6,681
Insurance Benefits	---	---	---	---	437,987
Unemployment Benefits	---	642,045	---	642,045	---
Depreciation	1,810	---	3,654	5,464	11,302
Other Charges	10,122	---	633	10,755	2,067
Total Operating Expenses	<u>433,265</u>	<u>642,045</u>	<u>78,415</u>	<u>1,153,725</u>	<u>612,486</u>
Operating Income (Loss)	<u>152,539</u>	<u>(368,410)</u>	<u>(32,354)</u>	<u>(248,225)</u>	<u>(22,201)</u>
Non-Operating Revenues (Expenses):					
Contributions and Intergovernmental	---	232,418	18,755	251,173	15
Interest Expense	---	---	(3)	(3)	(653)
Investment Earnings:					
Net Increase in the Fair Value of Investments	2,061	---	---	2,061	34
Interest	674	20,277	1,560	22,511	2,363
Penalties and Unclaimed Properties	---	---	1	1	1
Disposal of Fixed Assets	107	---	85	192	(340)
Miscellaneous Revenues	6,669	---	8	6,677	---
Total Non-Operating Revenues (Expenses)	<u>9,511</u>	<u>252,695</u>	<u>20,406</u>	<u>282,612</u>	<u>1,420</u>
Income (Loss) Before Transfers	<u>162,050</u>	<u>(115,715)</u>	<u>(11,948)</u>	<u>34,387</u>	<u>(20,781)</u>
Operating Transfers In	---	---	7,820	7,820	---
Operating Transfers Out	<u>(161,190)</u>	<u>---</u>	<u>(3,007)</u>	<u>(164,197)</u>	<u>(5,019)</u>
Change in Net Assets	860	(115,715)	(7,135)	(121,990)	(25,800)
Total Net Assets – Beginning (Note 15)	14,629	464,083	(7,247)	471,465	370,913
Residual Equity Transfers Out (Note 17)	---	---	---	---	(8)
Total Net Assets – Ending	<u>\$ 15,489</u>	<u>\$ 348,368</u>	<u>\$ (14,382)</u>	<u>\$ 349,475</u>	<u>\$ 345,105</u>
Total Net Change in Net Assets Reported Above				\$ (121,990)	
Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds				(60)	
Change in Net Assets of Business-Type Activities				<u>\$ (122,050)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Business-Type Activities – Enterprise Funds				
	Major			Totals	Governmental
	State Lottery Fund	Unemployment Compensation	Non-Major Funds	June 30, 2002	Activities – Internal Service
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 584,975	\$ ---	\$ 48,842	\$ 633,817	\$ 606,634
Receipts from Interfund Services Provided	1,071	---	---	1,071	---
Receipts from Employer Contributions	---	268,480	---	268,480	---
Payments to Suppliers	(13,162)	---	(19,961)	(33,123)	(529,920)
Payments to Employees	(8,397)	---	(33,483)	(41,880)	(51,177)
Payments Made for Program Expense	(399,648)	---	(16,984)	(416,632)	(6,650)
Payments for Unemployment Benefits	---	(635,575)	---	(635,575)	---
Other Receipts (Payments)	(10,122)	---	(888)	(11,010)	3,924
Net Cash Provided (Used) by Operating Activities	154,717	(367,095)	(22,474)	(234,852)	22,811
Cash Flows from Non-Capital Operating Activities:					
Due to/from Other Funds	---	---	(49)	(49)	36
Contributions and Intergovernmental	---	232,418	18,755	251,173	15
Transfers to/from Other Funds	(161,190)	---	4,813	(156,377)	(5,019)
Other Receipts	6,669	---	37	6,706	---
Net Cash Provided (Used) by Non-Capital Operating Activities	(154,521)	232,418	23,556	101,453	(4,968)
Cash Flows from Capital and Related Financing Activities:					
Interest Expense	---	---	(3)	(3)	(653)
Purchases and Construction of Capital Assets	(590)	---	(4,961)	(5,551)	(17,351)
Capital Lease Downpayment/Obligations	---	---	(2)	(2)	(3,272)
Disposal of Capital Assets	116	---	103	219	(340)
Net Cash Used by Capital and Related Financing Activities	(474)	---	(4,863)	(5,337)	(21,616)
Cash Flows from Investing Activities:					
Proceeds from Investment Maturities	659	---	---	659	501,369
Purchase of Investments	---	---	---	---	(501,232)
Interest and Dividends Received	756	20,277	1,788	22,821	2,420
Other Receipts	---	---	9	9	1
Net Cash Provided by Investing Activities	1,415	20,277	1,797	23,489	2,558
Net Increase (Decrease) in Cash	1,137	(114,400)	(1,984)	(115,247)	(1,215)
Cash and Cash Equivalents, Beginning of Year	15,669	412,128	47,393	475,190	246,993
Cash and Cash Equivalents, End of Year	\$ 16,806	\$ 297,728	\$ 45,409	\$ 359,943	\$ 245,778

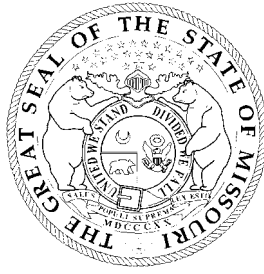
Reconciliation of Operating Income of Net Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ 152,539	\$ (368,410)	\$ (32,354)	\$ (248,225)	\$ (22,201)
Depreciation Expense	1,810	---	3,654	5,464	11,302
Changes in Assets and Liabilities:					
Accounts Receivable	(829)	(5,155)	2,523	(3,461)	5,621
Due from Other Funds	---	---	---	---	4,135
Inventories	---	---	(301)	(301)	1,725
Prepaid Items	159	---	(27)	132	(141)
Accounts Payable	(31)	6,470	4,075	10,514	7,904
Accrued Payroll	(11)	---	(162)	(173)	462
Due to Other Funds	1,071	---	---	1,071	---
Deferred Revenue	---	---	424	424	14,443
Compensated Absences Payable	9	---	(306)	(297)	(439)
Net Cash Provided (Used) by Operating Activities	\$ 154,717	\$ (367,095)	\$ (22,474)	\$ (234,852)	\$ 22,811

Non-Cash Financing Activities:

During fiscal year 2002, the fair value of investments increased by \$2,061,000 for the State Lottery Fund.
During fiscal year 2002, the fair value of investments increased by \$34,000 for the Transportation Self-Insurance Plan.
During fiscal year 2002, the Office of Administration Revolving Fund transferred fully depreciated equipment of \$8,000 to the General Fund.
During fiscal year 2002, the Office of Administration Revolving Fund entered into lease/purchase agreements for \$4,334,000.

The notes to the financial statements are an integral part of this statement.



*The **Fiduciary Funds** account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.*

Individual fund financial statements for Pension Trust Funds, Agency Funds, and Private-Purpose Trust Funds are presented after Required Supplementary Information (RSI).

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2002
(In Thousands of Dollars)

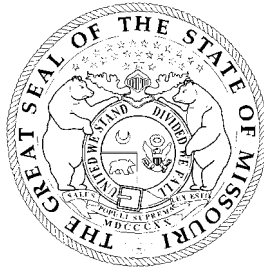
	Pension Trust Funds	Private- Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents (Note 3)	\$ 378,844	\$ 14,422	\$ 73,136
Receivables:			
Interest Receivable	33,197	46	361
Accounts Receivable	72,296	---	138,111
Due from Other Funds (Note 13)	8,948	---	23,492
Advance to Other Funds (Note 13)	---	45,345	---
Investments at Fair Value (Note 3)	6,219,682	786,385	253,211
Invested Securities Lending Collateral (Note 3)	1,008,874	---	---
Prepaid Expenses	73	---	---
Capital Assets:			
Land	351	---	---
Buildings	3,871	---	---
Equipment	2,142	18	---
Accumulated Depreciation	(1,770)	(10)	---
Total Capital Assets, Net	<u>4,594</u>	<u>8</u>	<u>---</u>
Total Assets	<u>7,726,508</u>	<u>846,206</u>	<u>\$ 488,311</u>
LIABILITIES			
Accounts Payable	309,918	980	\$ 22
Securities Lending Collateral (Note 3)	1,010,180	---	---
Due to Other Entities	---	---	394,913
Due to Individuals	---	---	69,943
Due to Other Funds (Note 13)	---	---	20,231
Advance from Component Units (Note 13)	---	---	3,202
Escheats/Unclaimed Property	---	50,122	---
Compensated Absences	311	---	---
Total Liabilities	<u>1,320,409</u>	<u>51,102</u>	<u>\$ 488,311</u>
Net Assets Held in Trust for Pension Benefits and Other Purposes	<u>\$ 6,406,099</u>	<u>\$ 795,104</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Pension Trust Funds	Private- Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 329,075	\$ ---
Plan Member	4,553	65,781
Other	49	---
Investment Earnings:		
Net Decrease in the Fair Value of Investments	(545,570)	(63,743)
Interest and Dividends	117,363	20,584
Securities Lending Income	31,509	---
Total Investment Earnings	(396,698)	(43,159)
Less Investment Expenses:		
Investment Activity Expense	(15,685)	---
Securities Lending Expense	(30,570)	---
Total Investment Expense	(46,255)	---
Net Investment Earnings	(442,953)	(43,159)
Unclaimed Property	---	16,225
Cost Reimbursement/Miscellaneous Income	451	11,051
 Total Additions	 (108,825)	 49,898
Deductions:		
Benefits	421,288	---
Administrative Expenses	6,748	879
Program Distributions	---	50,513
Service Transfer Payments	28	---
Depreciation	421	10
Transfers Out	---	16,071
 Total Deductions	 428,485	 67,473
 Change in Net Assets	 (537,310)	 (17,575)
Net Assets held in Trust – Beginning of Year (Note 15)	6,943,409	812,679
Net Assets held in Trust – End of Year	\$ 6,406,099	\$ 795,104

The notes to the financial statements are an integral part of this statement.



*The **Component Units** account for all transactions relating to legally separate entities which for reporting purposes are a part of the State.*

Component Unit Financial Statements

Major

Colleges and Universities

Non-Major

Non-Major proprietary component unit statements are found in the combining fund financial statements after Required Supplementary Information (RSI).

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2002
(In Thousands of Dollars)

	Colleges and Universities	Non-Major	Totals June 30, 2002
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3)	\$ 353,304	\$ 13,147	\$ 366,451
Investments (Note 3)	57,624	13,945	71,569
Receivables, Net	231,547	32,784	264,331
Inventory	35,161	---	35,161
Deposits and Prepaid Expenses	11,073	5	11,078
Noncurrent Assets:			
Investments (Note 3)	1,080,260	---	1,080,260
Receivables, Net	89,249	36,538	125,787
Advance to Primary Government (Note 13)	---	69,005	69,005
Restricted Assets (Note 3):			
Cash and Cash Equivalents	27,599	52,711	80,310
Investments	18,852	26,647	45,499
Deferred Costs and Other Assets	16,003	231	16,234
Capital Assets, Net of Accumulated Depreciation (Note 5)	2,550,178	20,498	2,570,676
Total Assets	<u>4,470,850</u>	<u>265,511</u>	<u>4,736,361</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	240,064	1,120	241,184
Securities Lending Collateral (Note 3)	56,974	---	56,974
Due to Primary Government (Note 13)	---	457	457
Deferred Revenue	57,702	4,304	62,006
Deposits	1,349	---	1,349
Funds Held for Others	49,891	---	49,891
Compensated Absences	11,629	---	11,629
Capital Lease Obligations	2,311	---	2,311
Bonds and Notes Payable (Note 11)	23,169	9,795	32,964
Noncurrent Liabilities:			
Accounts Payable and Accrued Liabilities	12,857	---	12,857
Due to Primary Government (Note 13)	---	4,480	4,480
Deferred Revenue	275	35,969	36,244
Compensated Absences	6,214	---	6,214
Capital Lease Obligations	14,746	---	14,746
Bonds and Notes Payable (Note 11)	737,686	84,865	822,551
Total Liabilities	<u>1,214,867</u>	<u>140,990</u>	<u>1,355,857</u>
NET ASSETS			
Invested in Capital Assets, Net	1,836,704	20,498	1,857,202
Restricted for:			
Non-Expendable	581,934	---	581,934
Expendable	248,225	---	248,225
Other Purposes	---	4,953	4,953
Unrestricted	589,120	99,070	688,190
Total Net Assets	<u>\$ 3,255,983</u>	<u>\$ 124,521</u>	<u>\$ 3,380,504</u>

Interfund Eliminations:

Advances between Non-Major Component Units of \$2,870 have been eliminated.

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Colleges and Universities	Non-Major	Totals June 30, 2002
Revenues:			
Operating Revenues:			
Licenses, Fees and Permits	\$ ---	\$ 1,247	\$ 1,247
Student Tuition and Fees (Net of Scholarship Allow.)	383,056	---	383,056
Federal Appropriations, Grants and Contracts	169,096	---	169,096
State Grants and Contracts	58,902	---	58,902
Private Gifts, Grants and Contracts	55,590	---	55,590
Interest Revenue	1,174	4,043	5,217
Sales and Services of Educational Departments	30,041	---	30,041
Auxiliary Enterprises	710,923	---	710,923
Leases and Rentals	---	89	89
Cost Reimbursement/Miscellaneous	57,339	2,025	59,364
Total Operating Revenues	<u>1,466,121</u>	<u>7,404</u>	<u>1,473,525</u>
Expenses:			
Operating Expenses:			
Personal Services	1,502,303	519	1,502,822
Operations	---	334	334
Specific Programs	---	1,425	1,425
Scholarships and Fellowships	61,171	---	61,171
Utilities	23,357	---	23,357
Supplies and Other Services	579,005	---	579,005
Contracted Services	24,014	---	24,014
Interest Expense	---	2,778	2,778
Depreciation and Amortization	125,633	106	125,739
Miscellaneous	28,081	18	28,099
Total Operating Expenses	<u>2,343,564</u>	<u>5,180</u>	<u>2,348,744</u>
Operating Income (Loss)	<u>(877,443)</u>	<u>2,224</u>	<u>(875,219)</u>
Non-Operating Revenues (Expenses):			
Federal Appropriations, Grants and Contracts	62,642	---	62,642
State Grants and Contracts	12,170	---	12,170
Private Gifts, Grants and Contracts	55,242	---	55,242
Contributions and Intergovernmental	---	1,276	1,276
Investment Earnings:			
Increase in Fair Value of Investments	---	20	20
Interest/Investment and Endowment Income	22,330	1,592	23,922
Interest Expense	(28,927)	---	(28,927)
Miscellaneous Revenues	6,879	---	6,879
Total Non-Operating Revenues (Expenses)	<u>130,336</u>	<u>2,888</u>	<u>133,224</u>
Income (Loss) Before Other Revenues (Expenses)			
Or Gains (Losses)	(747,107)	5,112	(741,995)
Capital Gifts and Grants	38,212	---	38,212
Private Gifts	23,092	---	23,092
Additions to Endowments	3,134	---	3,134
Disposal of Fixed Assets	(792)	---	(792)
Loss of State Capital Appropriations	(7,757)	---	(7,757)
Operating Transfers In	753,396	---	753,396
Operating Transfers Out	---	(34)	(34)
Change in Net Assets	<u>62,178</u>	<u>5,078</u>	<u>67,256</u>
Net Assets – Beginning of Year (Note 15)	<u>3,193,805</u>	<u>119,443</u>	<u>3,313,248</u>
Net Assets – End of Year	<u>\$ 3,255,983</u>	<u>\$ 124,521</u>	<u>\$ 3,380,504</u>

The notes to the financial statements are an integral part of this statement.



The Notes to the Financial Statements provide a summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

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- Note 2 – Reporting Changes and Classifications
- Note 3 – Deposits, Investments and Securities Lending Program
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- Note 7 – Retirement Systems
- Note 8 – Other Postemployment Benefits
- Note 9 – Missouri State Public Employees' Deferred Compensation Plan
- Note 10 – Changes in Long-Term Liabilities
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- Note 12 – Defeased Debt
- Note 13 – Interfund Assets and Liabilities
- Note 14 – Interfund Transfers
- Note 15 – Restatements
- Note 16 – Fund Deficit
- Note 17 – Residual Equity Transfer
- Note 18 – Related Party Transactions
- Note 19 – Commitments
- Note 20 – Contingencies
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STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies

A. Financial Statements and Reporting Entity

The accompanying financial statements of the State of Missouri and its component units have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The State has elected to not follow the Financial Accounting Standards Board's pronouncements issued after November 30, 1989 for proprietary activities.

The financial statements include the departments, agencies, boards, commissions and other organizational units over which the State has financial accountability. In addition to the Legislative, Executive and Judicial agencies, the following organizations are included in these financial statements:

Primary Government (Blended):

Board of Public Buildings – The Board was created by State law and its governing body is made up of the Governor, the Lieutenant Governor and the Attorney General. Its purpose is to provide State buildings by issuing revenue bonds and to supervise the operations of these facilities. All construction contracts must be approved by the Division of Design and Construction and its projects must be approved by the General Assembly. The Board can require State agencies to occupy its projects. The General Assembly appropriates to the Board, on behalf of the State agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves and pay the costs of operations. Copies of the Board of Public Buildings' financial statements can be requested from:

Office of Administration
Deputy Commissioner's Office
P.O. Box 809
Jefferson City, Missouri 65102

Conservation Employees' Insurance Plan – The Plan provides health and life insurance coverage to eligible employees and retirees of the Missouri Department of Conservation. The Plan is administered by a board of trustees. Copies of the Plan's financial statements can be requested from:

Missouri Department of Conservation
P.O. Box 180
Jefferson City, Missouri 65110

Transportation Self-Insurance Plan – The Plan provides fleet vehicle liability, workers' compensation and general liability. The Plan is administered by the Office of Risk Management, which is a Division of the Missouri Department of Transportation. Copies of the financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Missouri Consolidated Health Care Plan (MCHCP) – The Plan was created by State law to provide medical benefits to its members and is administered by a board of trustees. The board consists of two members of the Senate, two members of the House, six members appointed by the Governor, the Director of the Department of Health and Human Services, the Director of the Department of Insurance and the Commissioner of Administration. The management of MCHCP is the responsibility of the Executive Director who is appointed by the board. Copies of the Plan's financial statements can be requested from:

Missouri Consolidated Health Care Plan
P.O. Box 104355
832 Weathered Rock Court
Jefferson City, Missouri 65110-4355

Highway and Transportation Employees' and Highway Patrol Insurance Plan – The Plan provides health and life insurance coverage to eligible employees, retirees and their dependents of the Missouri Department of Transportation and the Missouri State Highway Patrol. The Plan is administered by a board of trustees. Copies of the Plan's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

Missouri State Employees' Retirement System (MOSERS) – The System was created by State law and provides retirement, survivor, disability and life insurance to its members and is administered by a board of trustees. The board consists of two members of the Senate, two members of the House, two members appointed by the Governor, three members elected by the System's members, the State Treasurer and the Commissioner of Administration. The management of MOSERS is the responsibility of the Executive Director who is appointed by the board. Copies of the System's financial statements can be requested from:

Missouri State Employees' Retirement System
P.O. Box 209
907 Wildwood
Jefferson City, Missouri 65102-0209

Highway and Transportation Employees' and Highway Patrol Retirement System – The System provides retirement, death and disability benefits to qualified employees of the Missouri Highways and Transportation Commission (includes employees of the Department of Transportation), and uniformed and non-uniformed members of the State Highway Patrol. The System is administered by a board of trustees consisting of three members of the Missouri Highways and Transportation Commission, the director of the Missouri Department of Transportation, the superintendent of the State Highway Patrol, one member of the Senate, one member of the House, one member elected by MoDOT employees, one member elected by Patrol employees, and one retired member elected by retirees of the system. Copies of the System's financial statements can be requested from:

Missouri Highway and Transportation Employees'
and Highway Patrol Retirement System
P.O. Box 1930
Jefferson City, Missouri 65102-1930

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Missouri State Public Employees' Deferred Compensation Commission – The Commission consists of one member of the House of Representatives, one member of the Senate and three other members appointed by the Governor with the advice and consent of the Senate. The Commission offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under this Plan, employees are permitted to defer a portion of their current salary until future years. This Plan's fiscal year ends December 31, therefore, financial statements for its reporting period ending December 31, 2001, have been included in this report. In addition, the Commission offers eligible employees the opportunity to participate in the Missouri State Employees' Deferred Compensation Incentive Plan. Under this Plan, the State contributes \$25 per month on behalf of any employee who contributes at least that amount to the Missouri State Public Employees' Deferred Compensation Plan and who has been an employee of the State for at least one year. Copies of financial statements for both Plans can be requested from:

PEBSCO – A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

Component Units (Discretely Presented):

Major

Colleges and Universities – The Coordinating Board for Higher Education has certain responsibilities for these institutions and they receive State support. Following are the public colleges and universities included in the financial statements:

Central Missouri State University
213 Administration Building
Warrensburg, Missouri 64093

Northwest Missouri State University
105 Administration Building
800 University Drive
Maryville, Missouri 64468-6001

Harris-Stowe State College
3026 Laclede Avenue
St. Louis, Missouri 63103

Southeast Missouri State University
One University Plaza, Mail Stop 3000
Cape Girardeau, Missouri 63701

Lincoln University
207 Young Hall
Jefferson City, Missouri 65101

Southwest Missouri State University
901 South National, Room 119
Springfield, Missouri 65804

Linn State Technical College
1 Technology Drive
Linn, Missouri 65051

Truman State University
McClain Hall, Room 105
Kirksville, Missouri 63501

Missouri Southern State College
3950 East Newman Road
Joplin, Missouri 64801-1595

University of Missouri-Columbia
118 University Hall
Columbia, Missouri 65211

Missouri Western State College
4525 Downs Drive
St. Joseph, Missouri 64507

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Non-Major

Development Finance Board – The Board was created by State law to promote economic development of the State and is assigned to the Department of Economic Development. The Governor, with the approval of the Senate, appoints nine board members. The Lieutenant Governor and the Directors of the Department of Economic Development and the Department of Agriculture serve as ex-officio members. The Board provides loans and loan guarantees for the benefit of businesses operating in Missouri and loans, low-interest loans, or grants to State agencies and local governments for public infrastructure improvements. The State appropriates money to the Board for the purpose of making loan guarantees. Copies of the Board's financial statements can be requested from:

Missouri Development Finance Board
Harry S Truman State Office Building, Room 680
301 West High Street
Jefferson City, Missouri 65101

Agricultural and Small Business Development Authority – The Authority was created by State law and is authorized to issue bonds to finance agricultural and small business development loans for property acquisitions/renovations and pollution control facilities throughout the State. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. If for any reason, the Authority ceases to exist, all rights and properties of the Authority will pass to the State. Copies of the Authority's financial statements can be requested from:

Missouri Agricultural and Small
Business Development Authority
P.O. Box 630
1616 Missouri Boulevard
Jefferson City, Missouri 65102

Fulton 54 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost for the acquisition and construction of an overpass at the intersection of Route HH and U.S. Highway 54. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Missouri Transportation Finance Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Nonprofit Corporation Law. The Corporation is financed by federal highway and transit dollars, plus State and local matching funds. It is authorized to issue revenue bonds. The Corporation provides loans to finance projects approved by the Missouri Highways and Transportation Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

Missouri Highway 179 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost of paving, grading, constructing, expanding, improving, or financing any facility constituting a "project" under the Missouri Transportation Corporation Act. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

Springfield, MO State Highway Improvement Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost of paving, grading, constructing, expanding, improving, or financing any facility constituting a "project" under the Missouri Transportation Corporation Act. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Wentzville Parkway Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation has issued bonds to finance the expansion and reconstruction of the Pearce Boulevard Interchange. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements:

The Statement of Net Assets and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The **Statement of Net Assets** presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.
- **Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation. Net assets restricted by enabling legislation are subject to change by a majority vote of the Legislative Assembly.
- **Unrestricted net assets** consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Certain indirect costs are included in the direct expenses reported for individual functions. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Fund Financial Statements:

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. For governmental and proprietary funds financial statements, the emphasis is on major individual governmental and enterprise fund categories, with each displayed in a separate column. All remaining governmental and enterprise fund categories are aggregated and reported as non-major funds. Internal service fund categories are also aggregated and reported in a separate column on the proprietary funds financial statements.

C. Basis of Presentation

The State's financial practices are based upon fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and fund balances, and changes therein.

The accompanying financial statements are structured into three categories of funds and component units:

Primary Government:

Governmental Funds include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Funds. These funds account for the revenues and expenditures, capital outlay, and certain debt service of the State.

Proprietary Funds include Enterprise Funds and Internal Service Funds. These funds account for the cost of certain services provided by the State, presenting the assets and liabilities associated with the service on the Statement of Changes in Net Assets, and presenting the revenues, expenses and net income on the Statement of Revenues, Expenses, and Changes in Net Assets.

Fiduciary Funds include Pension Trust Funds, Private-Purpose Trust Funds, and Agency Funds. These funds account for assets held by the State in a trustee capacity or as an agent for individuals, other governments and other funds.

Component Units:

Major

College and University Funds account for moneys from federal and state grants, debt proceeds, gifts and contributions, state appropriations, investments, and endowments. Assets and liabilities are accounted for on the Statement of Changes in Net Assets. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Net Assets.

Non-Major

Development Finance Board accounts for moneys from bond proceeds, gifts and grants to make loans for industrial development.

Agricultural and Small Business Development Authority accounts for moneys from bond proceeds, gifts, and grants to make loans for property acquisitions/renovations and pollution control facilities.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Fulton 54 Transportation Corporation accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Missouri Transportation Finance Corporation accounts for moneys from federal, State or local sources and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

Missouri Highway 179 Transportation Corporation accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Springfield, MO State Highway Improvement Corporation accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Wentzville Parkway Transportation Corporation accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

D. Measurement Focus and Basis of Accounting

Measurement Focus:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary, Pension Trust, and Private-Purpose Trust Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, assets and liabilities associated with the operation of these funds are included on the statement of net assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus.

Component units are accounted for on a flow of economic resources measurement focus.

Government-Wide Financial Statements:

The government-wide financial statements are presented using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred. Fiduciary Funds have been excluded from the government-wide financial statements because by definition, the resources of these funds cannot be used to support government operations. Generally, interfund transactions have also been eliminated. Some interfund transactions, such as the exchange of services, were not eliminated because doing so would mistakenly understate both expenses of the buyer and revenues of the seller.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Fund Financial Statements:

Governmental Funds are presented on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. Material revenues susceptible to accrual include federal grants, income tax and sales tax. Expenditures are recognized when the related fund liability is incurred except for the following:

- Principal and interest on general long-term debt is recorded as an expenditure when due.
- Compensated absences (accumulated vacation and compensatory time) and sick pay are recorded as expenditures when paid.
- Inventories are reported as expenditures when purchased, except for the State Road Fund, which updates inventory perpetually under the consumption method.

Proprietary, Pension Trust, Private-Purpose Trust, and Agency Funds are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

Component units are presented on the accrual basis of accounting with the following exception in regard to colleges and universities. Revenues and related expenditures in connection with the summer sessions in progress at June 30 are deferred at that date.

The State reports the following major funds:

General Fund – accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

Public Education – provides general and special education needs of the State and other related areas such as library services and student loans.

Conservation and Environmental Protection – provides for the preservation of the State's wildlife and environment.

Transportation and Law Enforcement – provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

State Road – accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

State Lottery – accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

Unemployment Compensation – accounts for contributions and payments collected under the provisions of the "Unemployment Compensation Law" to pay benefits.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

The State also reports the following non-major fund types:

Governmental – accounts for current financial resources of the government. Governmental Funds include Special Revenue Funds which are established for a specific function, Debt Service Funds which accumulate resources for the payment of long-term debt principal and interest, and Capital Projects Funds which accumulate resources for the acquisition of capital assets.

Proprietary – accounts for operations that are funded through fees or a cost reimbursement basis. Proprietary Funds include Enterprise Funds which sell products and services to external parties and Internal Service Funds which sell products and services to other government agencies.

Fiduciary – accounts for assets held by the State in a trustee or agent capacity. Examples of such assets include Missouri State Employees' Retirement System, social security contributions, and unclaimed property.

E. Budgets

The State's annual budget is prepared principally on the cash basis and represents departmental appropriations recommended by the Governor and passed by the General Assembly prior to the beginning of the fiscal year. Appropriations can only be amended through the normal appropriation process which requires approval of the General Assembly and the Governor. Certain estimated original appropriation amounts may be increased as necessary. If supplemental appropriations are required for an appropriation year, they are enacted during the next General Assembly by the same process used for original appropriations. During the year supplemental appropriations of \$174,828,913 were required, 80% for Human Services, 10% for Transportation and Law Enforcement, 5% for Education and the remainder for other functions. Estimated appropriations were increased by \$2,522,121,367.

Budgetary control is maintained at the individual appropriation level since expenditures cannot exceed the appropriation amounts. Also, the Governor has the authority to reduce the allotments of appropriations in any fund if it appears that revenues for the fiscal year will fall below estimated revenues. Unexpended appropriations lapse at the end of each appropriation year. Certain appropriations referred to as "reappropriations" represent the continuation of a prior year's program or project which requires additional time for completion. Reappropriations to fiscal year 2002 totaled \$978,249,839.

F. Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include bank accounts, petty cash and all investments with an original maturity of three months or less such as certificates of deposit, money market certificates and repurchase agreements. Cash balances of most State funds are pooled and invested by the State Treasurer.

G. Investments

These are long-term investments which are expected to be held to maturity and redeemed at face value. The majority are investments of the Pension Trust Funds and are stated at fair value. The remainder belong to the General, various Special Revenue, Enterprise, Internal Service, Private-Purpose Trust, and Agency Funds and are stated at fair value. The Missouri State Public Employees' Deferred Compensation Plan's investments are reported in units of fixed and variable annuities at fair value.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

H. Receivables

Receivables include primarily federal revenue amounts, accrued interest on investments and taxes receivable. Receivables are reported net of allowances for uncollectibles of \$1,156,262,817, where applicable.

I. Interfund Receivables/Payables

The State makes various transactions between funds or between primary government and component units to distribute interest earnings, finance operations, provide services, service debt and for capital outlay. These receivables at June 30 are classified as "due from other funds" or "due from primary government/component units" on the balance sheet. Payables are classified as "due to other funds" or "due to primary government/component units" on the balance sheet.

J. Advances to Other Funds

Long-term interfund receivables are reported as advances in all funds.

K. Inventories

Inventories in the Governmental Funds consist of expendable supplies held for consumption, the cost of which is recorded as an expenditure at the time of purchase, except for the State Road Fund, which updates inventory perpetually under the consumption method. Reserves of fund balance have been established for the inventory balances. Inventories in the Proprietary Funds consist of both expendable supplies held for consumption and the cost of goods held for resale, the cost of which is recorded as an expense as they are used. Inventories are valued at cost using various methods such as moving average, weighted average and first-in, first-out.

L. Deferred Charges

Deferred charges represent issuance costs on bonds and are amortized over the life of the related issue.

M. Restricted Assets

These moneys are restricted by applicable bond indentures for revenue bonds.

N. Capital Assets

Capital assets, which include construction in progress, infrastructure in progress, land, land improvements, buildings, equipment, and infrastructure assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. The estimate of historical cost was based on current appraised value indexed to the date of acquisition. Donated capital assets are reported at estimated fair value at the time received. Capital assets acquired through lease agreements are capitalized at the inception of the agreement (see *Note 5 and 6*).

Infrastructure assets (including highways, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items) are capitalized. Interest costs incurred during construction of fixed assets are not capitalized. Infrastructure constructed prior to July 1, 2001, has been recorded at an estimated value of \$35,522,736,290. The estimated historical cost for years 1909–2001 was based on the current average cost per lane mile for roadways and per square foot for bridges.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

The capitalization threshold for all fixed assets is as follows: land improvements, \$15,000; buildings and improvements, \$15,000; and equipment, \$1,000. No dollar threshold is set for land or infrastructure.

Capital assets are depreciated using the straight-line method of depreciation over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, equipment – 5 years, and infrastructure 12 to 50 years. Construction in progress, infrastructure in progress, and land are not depreciated.

Most works of art and historical treasures are not capitalized or depreciated. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, and monuments and other art throughout the capital grounds. Assets that were previously capitalized continue to be reported in the government-wide financial statements.

Component Units fixed assets are stated at cost and are depreciated for the full year using the straight-line method of depreciation over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, and equipment – 5 years.

O. Deferred Revenues

Primary Government

Deferred revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met for governmental funds, which use the modified accrual basis of accounting on the fund financial statements. Therefore, such amounts are reported within the governmental fund financial statements as receivables and offset by a deferred revenue account. These amounts include \$187,686,000 within the General Fund, \$22,734,000 within the Major Special Revenue Funds, \$27,224,000 within the State Road Fund, and \$4,098,000 within Non-Major Governmental Funds. Such amounts have been deemed to be measurable but not available. For the State of Missouri, the availability period is 60 days.

Deferred revenues also include amounts collected in advance of the year in which earned. The State has reported as such deferred revenues the amount of \$101,365,000 within the General Fund, \$1,878,000 within Major Special Revenue Funds, \$2,200,000 within the State Road Fund, \$1,000 within the Non-Major Governmental Funds, \$615,000 within the Non-Major Enterprise Funds, and \$26,519,000 within the Internal Service Funds.

Component Units

Deferred revenue amounts collected in advance of the year in which earned are reported in the amount of \$57,977,000 within the College and University Funds and \$40,273,000 within the Non-Major Component Units.

P. Long-Term Debt

Long-term liabilities that will be financed from Governmental Funds are not reported on the fund financial statements. However, the long-term liabilities are reported on the government-wide financial statements. The reconciliation between fund financial statements and government-wide financial statements includes a line item for governmental funds long-term liabilities. These long-term liabilities include the following:

1. Outstanding principal for general obligation debt is included. The expenditure and any related liability for payment of principal and interest for general obligation debt are recorded in the Debt Service Funds when paid (see *Note 11*).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

2. Outstanding principal for revenue bonds issued by the Board of Public Buildings, bonds issued by the Regional Convention and Sports Complex Authority, and transportation revenue bonds issued by the Fulton 54 Transportation Corporation, the Missouri Highway 179 Transportation Corporation, the Springfield, MO State Highway Improvement Corporation, and the Wentzville Parkway Transportation Corporation. The expenditure and any related liability for payment of principal and interest for these bonds are recorded in the appropriate governmental funds when paid (see *Note 11*).
3. The net pension obligation of the Missouri State Employees' Retirement System is included and will be paid from the General Revenue Fund and the Special Revenue Funds. The net pension obligation is the portion of the actuarially determined contributions not made plus interest on the balance of underfunded/overfunded contributions of prior years (see *Note 7*).
4. Compensated absences include accumulated unpaid vacation and compensatory time accruals and additional amounts for salary-related payments associated with the payment of vacation and compensatory time. These amounts are not accrued in the Governmental Funds but are recorded as expenditures when paid (see *Note 10*).

Vacation leave is accumulated at a rate of 10 to 14 hours a month depending on the number of years of employment. Accumulated vacation leave cannot exceed the number of vacation hours earned in a two year period. Compensatory time is accumulated as earned by an individual employee.

Sick leave is accumulated at a rate of 10 hours per month with no limit to the amount which can be accumulated. Accumulated sick leave is not paid upon employee termination and does not represent a liability of the State.

The expenditures for all compensated absences are made primarily from the General Fund, Special Revenue Funds and a Capital Projects Fund.

5. Obligations under lease/purchases reported include the present value of net minimum future lease payments, which will be paid from the General Fund, various Special Revenue funds, the State Road Fund, as well as Enterprise Funds and Internal Service Funds (see *Note 6*).
6. Claims and judgements include estimates of the risk of loss related to tort liability, general liability, motor vehicle liability, contractor liability, injuries to employees and desegregation. Claims liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Expenditures are recorded in the fund from which the liability is paid. This is included with payables on the combined balance sheet (see *Note 10*).

Long-term liabilities of all Proprietary, Pension Trust, and Private-Purpose Trust Funds are accounted for in the respective funds.

Q. Net Assets/Fund Balance

The difference between fund assets and liabilities is reported as "Net Assets" on the government-wide, proprietary, and fiduciary fund statements, and "Fund Balance" on the governmental fund financial statements. A description of "Restricted Net Assets" is presented in Part B of this note.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

On the governmental statements, “reserves” represent those portions of fund balance not available for expenditure or legally segregated for a specific future use. Following is a list of reserves used by the State of Missouri and a description of each:

Reserved for Budget Reserve – An account which includes \$471,048,306 in the Budget Reserve Fund used to meet the cash flow requirements and program funding requirements of the State.

Reserved for Inventory – An account used to segregate a portion of fund balance to indicate that inventory does not represent available, spendable resources even though it is a component of assets.

Reserved for Future Distribution – An account used to segregate a portion of fund balance for the specific future use of other entities.

Reserved for Taxes – An account used to segregate a portion of fund balance for taxes received for which payment was made under protest and for bonds filed by license holders for security against default of payment of tax liabilities.

Reserved for Debt Service – An account used to segregate a portion of fund balance for debt service resources legally restricted to the payment of general long-term debt principal and interest amounts maturing in future years.

Reserved for Loans Receivable – An account used to segregate portions of fund balance and retained earnings to indicate that the long-term portion of loans receivable does not represent available, spendable resources even though it is a component of assets, or to meet requirements of loan agreements.

Reserved for Trust Principal – An account used to segregate a portion of fund balance to indicate the principal amount of Permanent Funds that are legally restricted for a specific future purpose.

R. Revenues

The revenues of the General Fund include federal grants and contributions of \$5,484,716,000. Revenues for all funds are reported net of refunds of \$1,408,165,000.

S. Interfund Transactions

During the fiscal year the State incurs various transactions between funds, including expenditures and transfers of resources to distribute interest earnings, finance operations, provide services, construct assets and service debt. Interfund transactions basically consist of these two types:

1. Transactions that would be treated as revenues, expenditures or expenses if they involved organizations external to the State are similarly treated when involving other funds of the State. Major transactions that fall into this category include payments to Internal Service Funds from other funds for services rendered and to Agency Funds for contributions for employee benefits.
2. Transfers from funds receiving revenues to funds through which the resources are to be expended and operating subsidies are classified as operating transfers (see *Note 14*).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

T. Expenditures and Expenses

Expenditures and expenses are reported net of revenue overcollections of \$1,159,734,000 and \$161,000, respectively. Expenditures and expenses are reported net of overpayments to vendors, individuals, school districts and for cost reimbursements of \$247,520,000 and \$749,000, respectively.

U. Property Taxes

Presently there is a State property tax of three cents on each hundred dollars assessed valuation on all real estate and personal property. The tax collected is deposited into the Blind Pension Fund.

The property taxes in Missouri are levied by October 31 of each year on assessed valuation as of January 1 of that year. Property taxes are due and payable by December 31 and penalties on unpaid taxes are imposed after that date. Assessed values are established by each county assessor's office and are calculated as a percent of market value except for agricultural land which is calculated on productive capability. The percentage for real property varies according to use: residential at 19%, commercial at 32% and agricultural at 12%. Personal property is assessed according to type with the majority at 33 1/3% of market value.

Note 2 – Reporting Changes and Reclassifications

The State of Missouri implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ended June 30, 2002:

- Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*,
- Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*,
- Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*,
- Statement No. 38, *Certain Financial Statement Note Disclosures*, (with the exception of paragraph 12 "Short-Term Debt" and paragraph 13 "Disaggregation of Receivable and Payable Balances" which are not required to be implemented until the fiscal year ended June 30, 2003),
- Statement No. 39, *Determining Whether Certain Obligations are Component Units*.

Statement 34, as amended by Statement 37, represents a significant change to the financial reporting model used by the State. Some of the changes include the addition of government-wide financial statements, which summarize information for governmental activities, business-type activities, and discretely presented component units. These statements are prepared under the full accrual basis of accounting, as opposed to the modified accrual basis of accounting used in the governmental fund financial statements. Infrastructure assets (mainly roads and bridges) are now reported as capital assets on the Government-Wide Statement of Net Assets. These assets were not previously required to be included in the financial statements. Assets previously reported in the General Fixed Asset Account Group are now reported as a reconciling item between the governmental fund financial statements and the government-wide financial statements. Liabilities previously reported in the General Long-Term Debt Account Group are similar reconciling items.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 2 – Reporting Changes and Reclassifications (cont.)

An additional requirement of Statement 34 is to report “major” funds separately on the governmental, enterprise, and component unit financial statements. The General operating fund of the government is always a major fund. Other funds are evaluated based on these criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that fund are at least 10% of the total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the fund are at least 5% of the total for all governmental, enterprise, and component units combined.

It is only necessary for a fund to meet the criteria in one category (assets, liabilities, revenues, expenditures/expenses) to qualify as a major fund. For Missouri, this includes the following fund categories: Public Education, Conservation and Environmental Protection, State Lottery, and Unemployment Compensation. In addition, any other governmental, enterprise, or component unit fund that the government’s officials believe is particularly important to financial statement users may be reported as a major fund. For Missouri, this includes the Transportation and Law Enforcement Fund category as well as the State Road Fund.

Statement 35 creates new financial reporting standards for public colleges and universities within the reporting guidelines of Statement 34. All of the State’s public colleges and universities have adopted Statement 35. The State of Missouri’s public colleges and universities have been combined together as a Major component unit of the State.

Statement 38 modifies, establishes, and rescinds certain financial statement disclosure requirements to be put in effect when Statement 34 is implemented.

Statement 39 amends Statement 14, *The Financial Reporting Entity*. Statement 39 establishes guidelines for reporting certain organizations as component units of the primary government. Organizations for which the primary government is not financially accountable may be reported as component units because of the nature and significance of their relationship with the primary government.

As a result of these standards, fund reclassifications and adjustments to fund equities reported in the prior financial statements were required. See *Note 15 – Restatements* for the amount of the restatements due to fund reclassifications. The majority of the fund reclassifications were due to the implementation of GASB 34. The following table is a summary of all State funds that were reclassified during fiscal year 2002:

Fund Name	Fiscal Year 2001	Fiscal Year 2002
Utilecare Stabilization	General Fund	Special Revenue
Mental Health Interagency Payments	General Fund	Internal Service
Department of Revenue Information	Special Revenue	Enterprise
Board of Public Buildings*	Enterprise	Internal Service
Confederate Memorial Park	Non-Expendable Trust	Permanent
State Public School	Non-Expendable Trust	Permanent
Smith Memorial Endowment Trust	Non-Expendable Trust	Permanent
Missouri Investment Trust	Non-Expendable Trust	Permanent
Handicapped Children’s Trust	Expendable Trust	Special Revenue
Missouri National Guard Trust	Expendable Trust	Special Revenue
Agriculture Development	Expendable Trust	Special Revenue

*This fund is now included with State Facility Maintenance and Operations as an Internal Service Fund.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 2 – Reporting Changes and Reclassifications (cont.)

<u>Fund Name</u>	<u>Fiscal Year 2001</u>	<u>Fiscal Year 2002</u>
Babler State Park	Expendable Trust	Special Revenue
School for Blind	Expendable Trust	Special Revenue
School for Deaf	Expendable Trust	Special Revenue
Institution Gift Trust	Expendable Trust	Special Revenue
Crippled Children	Expendable Trust	Special Revenue
Unemployment Compensation	Expendable Trust	Enterprise
Petroleum Storage Tank Insurance	Expendable Trust	Enterprise
Unclaimed Property	Expendable Trust	Private-Purpose Trust
Alternative Care Trust	Expendable Trust	Private-Purpose Trust
Johnson-Travis Memorial Trust	Expendable Trust	Private-Purpose Trust
Missouri State Public Employees' Deferred Compensation Plan	Expendable Trust	Private-Purpose Trust

Note 3 – Deposits, Investments and Securities Lending Program

The State Treasurer maintains a cash and short-term investment pool that is used by substantially all State funds. These funds do not include accrued interest. Certain organizational units are authorized to administer assets designated to their organization in a manner similar to the deposit and investment activities of the State as a whole. Summarized below is the portfolio that represents the "Cash and Cash Equivalents", "Investments", "Restricted Assets – Cash and Cash Equivalents", "Restricted Assets – Investment" and "Bank Overdraft" as reported at June 30, 2002.

A. Deposits

Primary Government

At June 30, 2002, the reported amount of the primary government's deposits was \$1,414,238,000 and the bank balance was \$1,492,286,000. Of the bank amount, \$1,194,558,000 was insured or collateralized with securities held by the State or its agent in the State's name, \$297,728,000 was collateralized with securities held by the counterparty's trust department or agent in the State's name.

Fiduciary

At June 30, 2002, the reported amount of the deposits of the Fiduciary Funds was \$81,214,000 and the bank balance was \$90,682,000. All of the bank amount was insured or collateralized with securities held by the entity or its agent in the entity's name.

Component Units

At June 30, 2002, the reported amount of the deposits of the Component Units was \$470,061,000 and the bank balance was \$472,733,000. Of the bank amount, \$389,177,000 was insured or collateralized with securities held by the Component Units or its agent in the Component Units' name, \$77,635,000 was collateralized with securities held by the counterparty's trust department or agent in the Component Units' name, and \$5,921,000 was uninsured and uncollateralized with securities held by the counterparty, trust department or agent not in the Component Units' name.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

B. Investments

Statutes authorize the State Treasurer to invest in U.S. Treasury or Agency securities maturing within three years or in repurchase agreements maturing within ninety days secured by U.S. Treasury or Agency securities of any maturity. The Internal Service Funds, the Agency and Pension Trust Funds, and the Component Units, in accordance with statutory authority, invest primarily in U.S. Government securities, repurchase agreements, preferred and common stocks, bonds, real estate, and fixed income securities. There have been no violations of these investment restrictions during fiscal year 2002.

The following table (in thousands of dollars) provides information about the credit risks associated with the State's investments. The investments include certain short-term cash equivalents, various long-term items, and restricted assets. Category 1 includes investments that are insured or registered, or for which securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments, for which securities are held by the counterparty or by its trust department or agent but not in the State's name. The State's ratings for these investments from Fitch IBCA, Incorporated and Standard and Poor's is rating group AAA and from Moody's Investors Services is rating group Aaa.

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Reported Amount</u>	<u>Fair Value</u>
All Fund Types except Fiduciary Funds and Component Units:					
U.S. Government Securities	\$ 1,604,536	\$ ---	\$ ---	\$ 1,604,536	\$ 1,612,823
Repurchase Agreements	<u>568,216</u>	<u>1,606</u>	<u>---</u>	<u>569,822</u>	<u>569,822</u>
Subtotal	<u>2,172,752</u>	<u>1,606</u>	<u>---</u>	<u>2,174,358</u>	<u>2,182,645</u>
Fiduciary Funds:					
U.S. Government Securities	369,255	---	277,781	647,036	647,036
Repurchase Agreements	252,242	2,284	---	254,526	254,526
Stocks	1,409,155	---	753,882	2,163,037	2,163,037
Bonds	538,690	---	109,619	648,309	648,309
International Equities	866,048	---	---	866,048	866,048
International Corp. Bonds	38,323	---	---	38,323	38,323
Short-Term Securities	---	---	53,408	53,408	53,408
Debentures	<u>---</u>	<u>---</u>	<u>32,316</u>	<u>32,316</u>	<u>32,316</u>
Subtotal	<u>3,473,713</u>	<u>2,284</u>	<u>1,227,006</u>	<u>4,703,003</u>	<u>4,703,003</u>
Investments Not Subject to Categorization:					
Short-Term Investment Fund				383,864	383,864
Real Estate				403,968	403,968
Investments Made With Another Party				978,593	978,593
Deferred Compensation				861,467	861,467
Foreign Securities				19,428	19,428
EAFE Index Fund				294,028	294,028
Venture Capital Limited Partnership				<u>115</u>	<u>115</u>
Subtotal				<u>7,644,466</u>	<u>7,644,466</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

	Category 1	Category 2	Category 3	Reported Amount	Fair Value
Component Units:					
U.S. Government Securities	475,705	43,215	10,867	529,787	509,041
Repurchase Agreements	---	17,412	---	17,412	17,412
Stocks	350,450	---	---	350,450	350,499
Bonds	215,866	---	---	215,866	214,619
Other	29,817	---	---	29,817	29,817
Subtotal	<u>1,071,838</u>	<u>60,627</u>	<u>10,867</u>	1,143,332	1,121,388
Investments Not Subject to Categorization:					
Money Market				1,687	1,687
Real Estate				<u>29,009</u>	<u>29,009</u>
Subtotal				<u>1,174,028</u>	<u>1,152,084</u>
Total Investments Subject to Categorization	<u>\$ 6,718,303</u>	<u>\$ 64,517</u>	<u>\$ 1,237,873</u>		
Total Investments				<u>\$ 10,992,852</u>	<u>\$ 10,979,195</u>

C. Securities Lending Program

Missouri State Employees' Retirement System:

The Missouri State Employees' Retirement System's (MOSERS) Board of Trustees' policies permits the Pension Trust Funds to participate in securities lending programs. Lehman Brothers, who acts as the exclusive borrower of the domestic equity securities and Credit Suisse/First Boston, who manages the lending of fixed income and international securities, manage the programs. Certain securities of the Pension Trust Funds are loaned to participating brokers who provide collateral in the form of cash, U.S. Treasury or Government Agency securities, or letters of credit issued by approved banks. Collateral must be provided in the amount of 102% for domestic loans and 105% for international loans. There are no restrictions on the amount of the loans that can be made. The Custodian (Bankers Trust Company) provides for full indemnification to the Pension Trust Funds for any losses that might occur in the program due to broker default, insufficiency of collateral, or operations risk associated with corporate actions and income collection. Full indemnification and daily monitoring of securities that are on loan ensure proper collateralization levels and mitigate counterparty risk.

The majority of the security loans are open loans and can be terminated on demand by either MOSERS or the borrower. Cash collateral is invested in short-term investment funds. The cash collateral investments of the Lehman Brothers and Credit Suisse program each had a weighted average maturity of 25 days as of June 30, 2002.

Investment income derived from the domestic loans and international equity lending programs are subject to minimum guarantees.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

Missouri Highway and Transportation Employees' and Highway Patrol Retirement System:

In accordance with the policies set by the Board of Trustees, the Missouri Highway and Transportation Employees' and Highway Patrol Retirement System (the System), lends its securities to broker-dealers and banks pursuant to a form of loan agreement. The System's custodial bank is authorized to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral.

During the fiscal year, the System lent securities and received cash, securities insured or guaranteed by the U.S. government or its agencies, and irrevocable bank letters of credit as collateral. The System did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (1) in the case of loaned securities denominated in dollars or whose primary trading market was located in the United States, 102% of the market value of the loaned securities; and (2) in the case of loaned securities not denominated in U.S. dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities.

The System did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made on its behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the year.

The System and borrowers maintained the right to terminate all securities lending transactions on demand. The collateral held and the market value of securities on loan for the System were unavailable as of the System's report date.

At June 30, 2002 and 2001, the System earned \$98,402 and \$80,671, respectively, on the securities lending program.

University of Missouri System:

The University participates in a securities lending program to augment income. The program is administered by the University's custodial agent bank, which lends certain securities for a predetermined period of time, to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. government securities, defined letters of credit or other collateral approved by the University. Loans of domestic securities are initially collateralized at 102% of the fair value of securities lent. Loans of international securities are initially collateralized at 105% of the fair value of securities lent. The University has minimized its exposure to credit risk from borrower default by having the custodial agent bank determine daily that required collateral meets 100% of the market value of securities on loan for domestic securities lent and 105% for international securities lent. The University continues to receive interest and dividends during the loan period as well as a fee from the borrower. At June 30, 2002, the University has no credit risk exposure since the collateral held exceeds the value of the securities lent. The University is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

In addition, at June 30, 2002, letters of credit and security collateral, not meeting the criteria for inclusion on the Combined Statement of Net Assets, totaled \$4,064,000. At June 30, 2002, the aggregate fair value of the securities lent was \$206,882,000 and the aggregate fair value of the collateral received was \$215,803,000.

Note 4 – Federal Surplus Commodities Inventory

The federal surplus commodities inventory for the Department of Social Services and the Department of Health and Senior Services were \$226,999 and \$2,176,906, respectively, as of June 30, 2002. This inventory is not considered to be an asset of the State and is not included in the financial statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2002, was as follows (in thousands of dollars):

	Balance July 1, 2001	Increases	Decreases	Adjustments and Reclassifications	Balance June 30, 2002
Governmental Activities:					
Capital Assets not being Depreciated:					
Construction in Progress	\$ 584,475	\$ 339,856	\$ (35,931)	\$ (251,209)	\$ 637,191
Infrastructure in Progress	1,772,460	1,029,063	(514,370)	---	2,287,153
Land.....	2,267,731	33,543	(708)	(42,418)	2,258,148
Total Capital Assets not being Depreciated	4,624,666	1,402,462	(551,009)	(293,627)	5,182,492
Capital Assets being Depreciated:					
Land Improvements.....	72,232	9,832	(12,624)	6,891	76,331
Buildings and Improvements	1,643,800	282,741	(5,689)	(76,304)	1,844,548
Equipment	996,434	555,825	(192,064)	(224,301)	1,135,894
Infrastructure	35,522,736	527,244	(3,750)	---	36,046,230
Total Capital Assets being Depreciated.....	38,235,202	1,375,642	(214,127)	(293,714)	39,103,003
Less Accumulated Depreciation for:					
Land Improvements.....	39,059	3,502	(1,439)	19	41,141
Buildings and Improvements	636,631	60,683	(152,126)	111,659	656,847
Equipment	677,283	106,278	(58,734)	(3,586)	721,241
Infrastructure	15,222,025	954,211	(3,750)	---	16,172,486
Total Accumulated Depreciation.....	16,574,998	1,124,674	(216,049)	108,092	17,591,715
Total Capital Assets being Depreciated, Net	21,660,204	250,968	1,922	(401,806)	21,511,288
Governmental Activities Capital Assets, Net	<u>\$ 26,284,870</u>	<u>\$ 1,653,430</u>	<u>\$ (549,087)</u>	<u>\$ (695,433)</u>	<u>\$ 26,693,780</u>
Business-Type Activities:					
Capital Assets not being Depreciated:					
Construction in Progress	\$ ---	\$ 2,817	\$ ---	\$ ---	\$ 2,817
Land.....	18,073	315	---	(8,290)	10,098
Total Capital Assets not being Depreciated	18,073	3,132	---	(8,290)	12,915
Capital Assets being Depreciated:					
Land Improvements.....	5,941	---	---	(2,826)	3,115
Buildings and Improvements	240,104	4,292	---	(228,314)	16,082
Equipment	41,982	37,023	(4,280)	(33,324)	41,401
Total Capital Assets being Depreciated.....	288,027	41,315	(4,280)	(264,464)	60,598
Less Accumulated Depreciation for:					
Land Improvements.....	4,119	95	---	(1,794)	2,420
Buildings and Improvements	111,107	564	---	(104,943)	6,728
Equipment	27,653	4,805	(2,229)	(987)	29,242
Total Accumulated Depreciation.....	142,879	5,464	(2,229)	(107,724)	38,390
Total Capital Assets being Depreciated, Net	145,148	35,851	(2,051)	(156,740)	22,208
Business-Type Activities Capital Assets, Net	<u>\$ 163,221</u>	<u>\$ 38,983</u>	<u>\$ (2,051)</u>	<u>\$ (165,030)</u>	<u>\$ 35,123</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 5 – Capital Assets (cont.)

Depreciation expense of governmental activities was charged to functions as follows (in thousands of dollars):

General Government.....	\$ 17,683
Education	4,423
Natural and Economic Resources.....	27,773
Transportation and Law Enforcement	1,005,922
Human Services	68,873
Total	<u>\$ 1,124,674</u>

Discretely Presented Component Units

The following table summarizes net capital assets reported by the discretely presented component units (in thousands of dollars):

	College and Universities	Non-Major Component Units	Total
Capital Assets not being Depreciated:			
Construction in Progress.....	\$ 220,252	\$ 14,123	\$ 234,375
Land	108,330	4,705	113,035
Other Non-Depreciable Assets.....	9,408	---	9,408
Total Capital Assets not being Depreciated	<u>337,990</u>	<u>18,828</u>	<u>356,818</u>
Capital Assets being Depreciated:			
Land Improvements	12,813	---	12,813
Buildings and Improvements.....	2,524,288	2,400	2,526,688
Equipment, Fixtures, and Books.....	886,844	133	886,977
Infrastructure.....	228,034	---	228,034
Total Capital Assets being Depreciated	<u>3,651,979</u>	<u>2,533</u>	<u>3,654,512</u>
Less Total Accumulated Depreciation	<u>(1,439,791)</u>	<u>(863)</u>	<u>(1,440,654)</u>
Total Capital Assets being Depreciated, Net	<u>2,212,188</u>	<u>1,670</u>	<u>2,213,858</u>
Discretely Presented Component Units – Capital Assets, Net.....	<u>\$ 2,550,178</u>	<u>\$ 20,498</u>	<u>\$ 2,570,676</u>

Note 6 – Capital Leases

The State has entered into various agreements to lease land, buildings and equipment. FASB Statement No. 13, *Accounting For Leases*, requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee to be accounted for as the acquisition of a fixed asset and the incurrence of an obligation by the lessee (a capital lease).

Capital leases for the Enterprise, Internal Service and College and University Funds are reported as a long-term obligation in those funds along with the related assets. Capital leases and the related assets are not reported on the fund financial statements of Governmental type funds. However, the capital leases and related assets of Governmental funds are included on the government wide financial statements and they are shown on the reconciliation between fund financial statements and government wide statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 6 – Capital Leases (cont.)

Following is a summary of the future minimum lease payments for capital leases (in thousands of dollars):

<u>Fiscal Year Ending June 30</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>College and University</u>
2003	\$ 33,309	\$ 4	\$ 2,370	\$ 3,535
2004	32,454	4	1,523	3,227
2005	31,654	4	831	3,094
2006	30,872	4	581	1,654
2007	22,271	4	291	1,218
2008–2012	97,682	20	568	6,075
2013–2017	70,178	8	335	6,075
2018–2022	16,804	---	---	2,734
Total minimum lease payments	335,224	48	6,499	27,612
Less amount representing interest	105,550	20	780	10,555
Present value of net minimum lease payments	<u>\$ 229,674</u>	<u>\$ 28</u>	<u>\$ 5,719</u>	<u>\$ 17,057</u>

Assets acquired through these capital lease agreements are recorded as fixed assets at the lower of the present value of the minimum lease payments or the fair value at the time of acquisition. The following is an analysis of the property under capital lease by asset category as of June 30, 2002 (in thousands of dollars):

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>College and University</u>
Land	\$ ---	\$ ---	\$ ---	\$ 153
Buildings	236,501	31	997	19,741
Equipment	49,776	---	8,971	3,583
Total Fixed Assets	<u>\$ 286,277</u>	<u>\$ 31</u>	<u>\$ 9,968</u>	<u>\$ 23,477</u>

Note 7 – Retirement Systems

The State has two major retirement systems which cover substantially all State employees. These systems are Missouri State Employees' Retirement System (MOSERS) and Highway and Transportation Employees' and Highway Patrol Retirement System (HEHPRS). The University of Missouri Retirement Plan is included in the college and university component unit. The Public School Retirement System is included in this note disclosure as the State contributes to it. The Missouri State Employees' Deferred Compensation Incentive Plan is a defined contribution pension plan, to which the State also contributes.

Plan Descriptions

The Missouri State Employees' Plan (MSEP), Administrative Law Judges and Legal Advisors Plan (ALJLAP) and the Judicial Plan are single-employer defined benefit public employees' retirement plans administered by MOSERS. The Plans are administered in accordance with the Revised Statutes of Missouri Sections 104.010 and 104.312–104.1215, 287.812–287.856 and 476.445–476.690, respectively.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 7 – Retirement Systems (cont.)

The MSEP has two benefit structures known as MSEP (closed plan) and MSEP 2000 (new plan). The MSEP covers all full-time employees hired before July 1, 2000, who are not covered under another state-sponsored retirement plan. MSEP 2000 covers all full-time employees hired on or after July 1, 2000. Members in the closed plan have the option at retirement to choose between the benefit structure of the closed plan or new plan. Retirement benefits for members of the ALJLAP and Judicial Plan are administered and paid by MOSERS. Amounts paid for the Judicial Plan are reimbursed monthly from appropriations of State funds. Prefunding of judicial benefits began in fiscal year 1999. The four plans are included in this disclosure.

MOSERS provides retirement, death and disability benefits to its members. MOSERS employees are fully vested after 5 years of creditable service (4 years for elected officials and 6 years for legislators). The retirement eligibility requirements are as follows:

MSEP

Age 65 and active with 4 years of service
Age 65 with 5 years of service
Age 60 with 15 years of service
Age 50 with age and service equaling 80
or more (Rule of 80)
Employees may retire early at age 55 with at
least 10 years of service with reduced benefits.

ALJLAP

Age 62 with 12 years of service
Age 60 with 15 years of service
Age 55 with 20 years of service
Employees may retire early at age 65 with less
than 12 years of service with a reduced
benefit that is based upon years of
service relative to 12 years.

MSEP 2000

Age 62 with 5 years of service
Age 50 with age and service equaling 80
or more (Rule of 80)
Employees may retire early at age 57 with at
least 5 years of service with reduced benefits.

Judicial Plan

Age 62 with 12 years of service
Age 60 with 15 years of service
Age 55 with 20 years of service
Employees may retire early at age 62 with less
than 12 years of service or age 60 with less
than 15 years of service with reduced benefit
that is based upon years of service relative to
12 or 15 years.

For members hired prior to August 28, 1997, cost of living adjustments (COLA's) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a floor of 4% and a ceiling of 5%, until the cumulative amount of COLA's equal 65% of the original benefit, thereafter the 4% floor is eliminated. For members hired on or after August 28, 1997, COLA's are provided annually based on 80% of the change in the CPI up to a maximum rate of 5%. Qualified, terminated-vested members of MSEP, ALJLAP, and Judicial Plan may make a one-time election to receive the present value of benefit in a lump sum payment. To qualify, a member must have terminated with at least 5, but less than 10 years of service, be less than age 60, and have a benefit present value of less than \$10,000.

The Highway and Transportation Employees' and Highway Patrol Retirement System (HEHPRS) is a single-employer defined benefit public employees' retirement system administered in accordance with the Revised Statutes of Missouri Sections 104.010-104.270.

HEHPRS membership is composed of qualified employees of the Missouri Highways and Transportation Commission (includes employees of the Department of Transportation), and uniformed and non-uniformed members of the State Highway Patrol.

**STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002**

Note 7 – Retirement Systems (cont.)

HEHPRS provides retirement, death and disability benefits to its members. HEHPRS employees are fully vested after 5 years of creditable service. Employees may retire at age 65 with 4 years of service; age 60 with 15 years of service; or age 50 with age and service equaling 80 or more. Employees may retire at or after age 55 and receive a reduced benefit if they have at least 10 years of service. For members hired prior to August 28, 1997, cost of living adjustments (COLA's) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a floor of 4% and a ceiling of 5%, until the cumulative amount of COLA's equal 65% of the original benefit, thereafter the 4% floor is eliminated. For members hired on or after August 28, 1997, COLA's are provided annually based on 80% of the CPI. Effective August 28, 1994, uniformed patrol members who previously served in the police force of any city will be allowed to purchase creditable service time of up to 4 years maximum.

Copies of financial reports issued by MOSERS and HEHPRS can be requested from:

Missouri State Employees' Retirement System
P.O. Box 209
907 Wildwood
Jefferson City, Missouri 65102-0209

Missouri Highway and Transportation Employees'
and Highway Patrol Retirement System
P.O. Box 1930
Jefferson City, Missouri 65102-1930

Funding Requirement

MOSERS administers plans which cover substantially all State of Missouri employees. The State of Missouri is obligated by State law to make all required contributions to the System. The actuarially determined contributions are expressed as a level percentage of covered payroll. Current year actuarially determined contribution rates for the MSEP, ALJLAP and the Judicial Plan are 11.59%, 22.32% and 55.30%, respectively. Actual contribution rates are the same as the actuarially determined rates.

The State of Missouri makes all contributions to HEHPRS. Current year calculated contribution rates are 34.94% for uniformed members of the Highway Patrol and 23.29% for non-uniformed members of the Highway Patrol and employees of the Department of Transportation. Actual contribution rates are the same as the calculated rates.

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

	<u>MSEP</u>	<u>ALJLAP</u>	<u>Judicial Plan</u>	<u>HEHPRS</u>
Annual required contribution	\$ 209,515	\$ 1,072	\$ 22,088	\$ 77,440
Interest on net pension obligation	4,612	8	3,178	---
Actuarial adjustment to annual required contribution	(3,230)	(5)	(2,145)	---
Annual pension cost	210,897	1,075	23,121	77,440
Contributions made	(209,515)	(1,072)	(22,088)	(77,440)
Increase in net pension obligation	1,382	3	1,033	---
Net pension obligation, beginning of year	54,256	90	37,384	---
Net pension obligation, end of year	<u>\$ 55,638</u>	<u>\$ 93</u>	<u>\$ 38,417</u>	<u>\$ ---</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 7 – Retirement Systems (cont.)

The annual required contribution for MOSERS for the current year was determined as part of an actuarial valuation of the Systems as of June 30, 2000, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation for MOSERS include (a) rate of return on the investment of present and future assets of 8.5% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 2.7% per year, depending on age, attributable to seniority and/or merit and (d) the assumption that benefits will increase 4.5% per year after retirement.

The actuarial valuation of the System dated June 30, 2002, will set the required contribution rates for the fiscal year ending June 30, 2004. The actuarial value of assets was determined using a 3-year moving average market value method. The unfunded actuarial accrued liabilities are amortized on a closed basis as a level percentage of payroll over 33 years.

The annual required contribution for HEHPRS for the current year was determined as part of an actuarial valuation as of June 30, 2001, using the normal entry age actuarial cost method. Significant actuarial assumptions used in the valuation for HEHPRS include (a) rate of return on the investment of 8.25% and (b) projected wage inflation rate of 4.0%.

As of June 30, 2002, the actuarial valuation of assets was determined using a 5-year adjusted value average. The unfunded actuarial accrued liabilities are amortized as closed, level percentage over 34 years.

Trend Information (in thousands of dollars)

	MSEP			ALJLAP		
	Fiscal Year Ending			Fiscal Year Ending		
	<u>06/30/02</u>	<u>06/30/01</u>	<u>06/30/00</u>	<u>06/30/02</u>	<u>06/30/01</u>	<u>06/30/00</u>
Annual Pension Cost (APC)	\$ 210,897	\$ 217,459	\$ 204,053	\$ 1,075	\$ 1,078	\$ 810
Percentage of APC Contributed	99.34%	99.21%	99.16%	99.77%	99.74%	99.65%
Net Pension Obligation	\$ 55,638	\$ 54,256	\$ 52,547	\$ 93	\$ 90	\$ 87
	Judicial Plan			HEHPRS		
	Fiscal Year Ending			Fiscal Year Ending		
	<u>06/30/02</u>	<u>06/30/01</u>	<u>06/30/00</u>	<u>06/30/02</u>	<u>06/30/01</u>	<u>06/30/00</u>
Annual Pension Cost (APC)	\$ 23,121	\$ 23,651	\$ 21,175	\$ 77,440	\$ 81,155	\$ 70,051
Percentage of APC Contributed	95.53%	95.02%	94.40%	100%	100%	100%
Net Pension Obligation	\$ 38,417	\$ 37,384	\$ 36,207	\$ ---	\$ ---	\$ ---

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 7 – Retirement Systems (cont.)

Public School Retirement System of Missouri:

The State of Missouri also made employer contributions to the Public School Retirement System of Missouri which is a cost-sharing multiple-employer defined benefit public employees' retirement system. The System includes all public school districts within the State except for the two districts covering the major metropolitan areas. It also includes certain public colleges and universities and some State employees.

The benefit provisions include retirement annuities, death benefits and disability benefits. A member is vested after acquiring five years of membership credit for Missouri service.

The System was created and is governed by Chapter 169 of the Revised Statutes of Missouri. State employees who elect to remain with the Public School Retirement System under the Revised Statutes of Missouri, Section 104.342, are covered by the System.

Employees of the State are not required to contribute. The State, as employer, contributed \$3,056,577, \$3,514,745, and \$3,297,780 for the years ending June 30, 2002, 2001 and 2000, respectively, to the System, equal to the required contributions for each year.

Copies of the System's June 30, 2002, Comprehensive Annual Financial Report can be requested from:

Public School Retirement System of Missouri
P.O. Box 268
3210 West Truman Boulevard
Jefferson City, Missouri 65109

Missouri State Employees' Deferred Compensation Incentive Plan:

The Plan was established by the Missouri State Public Employees' Deferred Compensation Commission in July 1995 pursuant to Section 401(a) of the Internal Revenue Code. It is administered by the Public Employees Benefit Services Corporation (PEBSCO).

Under the Plan provisions, any employee of the State is eligible to participate in the Plan if he/she has been an employee of the State for at least 12 consecutive months immediately preceding any employer contributions to the Plan, and is making continuous monthly deferrals of at least \$25 to the Missouri State Public Employees' Deferred Compensation Plan. The State, subject to appropriation, contributes \$25 per month for each employee that meets these requirements. Employees at all times shall be 100% vested.

The first employer contributions to the Plan were made in January 1996. During fiscal year 2002, employer contributions were \$18,959,411. No employee contributions are made to the Plan.

Copies of the Plan's financial statements can be requested from:

PEBSCO – A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 7 – Retirement Systems (cont.)

College and University:

University of Missouri Retirement System

Plan Description

The University of Missouri Retirement, Disability and Death Benefit Plan is a single employer, defined benefit Plan for all qualified employees. The University's Board of Curators establishes the terms of the Plan, and the University, as authorized by State statute, administers it.

All full-time employees are eligible for benefits after five years of credited service. Full benefits are available to members who retire at age 65 or after. Early retirement may be taken, at member's option, after age 55 with at least ten years of credited service, or age 60 with five years of credited service. Benefits are reduced for those who retire early, unless they retire at age 62 or later with at least 25 years of credited service. At retirement, up to 30% of the value of the retirement annuity can be taken in a lump sum; also the single life annuity can be exchanged for an actuarially annuity option.

Separate financial statements and supplemental schedules are not prepared for the Plan.

Detailed information concerning the Plan is presented in the University's 2002 Financial Report, which is publicly available. Copies of this report can be requested from:

University of Missouri System
Office of the Controller
118 University Hall
Columbia, Missouri 65211

Funding Requirement

The University's contributions to the Plan are equal to the actuarially determined contribution requirement, as a percent of payroll, which averaged 3.6% for the year ended June 30, 2002. The Plan is funded 100% by University contributions and does not require employee contributions. The contribution rate is updated annually at the beginning of the University's fiscal year on July 1 to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1, and the adoption of any Plan amendments during the interim.

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

Annual required contribution	\$ 25,319
Interest on net pension obligation	---
Adjustment to annual required contribution	---
Annual pension cost	25,319
Contributions made	(25,319)
Change in net pension obligation	---
Net pension obligation, beginning of year	---
Net pension obligation, end of year	\$ ---

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 7 – Retirement Systems (cont.)

The annual required contribution for the University for the current year was determined as part of an actuarial valuation of the System as of October 1, 2000, using the entry age normal actuarial cost method and adjusted for the Plan amendments effective September 1, 2001. Significant actuarial assumptions used in the valuation include (a) assumed rate of return on investments of 8.0% per year, (b) projected salary increases for academic and administrative employees averaging 5.2% per year, (c) projected salary increases for clerical and service employees averaging 4.5% per year and, (d) assumed no future retiree ad-hoc increases or cost of living adjustments.

Trend Information (in thousands of dollars)

	<u>Fiscal Year Ending</u>		
	<u>06/30/02</u>	<u>06/30/01</u>	<u>06/30/00</u>
Annual Pension Cost (APC)	\$ 25,319	\$ 29,272	\$ 37,036
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ ---	\$ ---	\$ ---

Note 8 – Other Postemployment Benefits

In addition to the retirement benefits described in *Note 7*, the State provides postemployment health care and life insurance benefits, in accordance with State statutes, to the majority of employees who retire from the State and employees receiving long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the Highway and Transportation Employees' and Highway Patrol Insurance Plan (HEHPIP), and the Conservation Employees' Insurance Plan (CEIP). The eligible number of retirees/long-term disability claimants for MCHCP, HEHPIP, and CEIP for health care benefits are approximately 11,065, 3,759, and 418, respectively. The eligible number of retirees/long-term disability claimants for MOSERS, HEHPIP, and CEIP for life insurance benefits are 11,429, 2,905, and 344, respectively. Health care benefits are funded through both employer and employee contributions. MOSERS life insurance benefits are funded through employer and employee contributions. HEHPIP and CEIP life insurance benefits are funded through employee contributions. Employer contribution rates are set in accordance with Section 103.100 of the Revised Statutes of Missouri. Retiree contribution rates are established based on projected claims experience and funding provided by employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier. For fiscal year 2002 the State's contributions were 49.23% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the number of retirees/long-term disability claimants participating are as follows:

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	11,065	---
MOSERS	---	11,429
HEHPIP	3,759	2,905
CEIP	418	344
Total	<u>15,242</u>	<u>14,678</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 8 – Other Postemployment Benefits (cont.)

During fiscal year 2002 the State contributed the following amounts:

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	\$ 25,792,465	\$ ---
MOSERS	---	1,352,463
HEHPIP	6,719,723	---
CEIP	<u>720,000</u>	<u>---</u>
Total	<u>\$ 33,232,188</u>	<u>\$ 1,352,463</u>

During fiscal year 2002 the expenditures recognized by the State for (employer/employee) other postemployment benefits were as follows:

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	\$ 48,088,445	\$ ---
MOSERS	---	---
HEHPIP	17,299,752	1,596,000
CEIP	<u>1,572,000</u>	<u>144,000</u>
Total	<u>\$ 66,960,197</u>	<u>\$ 1,740,000</u>

College and University Funds:

University of Missouri

In addition to the retirement benefits described in *Note 7*, the University provides postemployment medical care, dental care and life insurance benefits to eligible employees who retire from the University and to employees receiving long-term disability benefits. Currently, 4,965 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2002 the University's contributions were 54.34% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the numbers of retirees/long-term disability claimants participating are 4,595 for medical care, 3,959 for dental care, 2,397 for life insurance, and 3,488 for Accidental Death and Dismemberment, Dependent Life and Long-Term Care. During fiscal year 2002, the University contributed \$11,798,000 for other postemployment benefits. During fiscal year 2002, the expenditures recognized by the University for (employer/employee) other postemployment benefits were \$23,531,227.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 9 – Missouri State Public Employees' Deferred Compensation Plan

In accordance with Internal Revenue Code Section 457, the State offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under the Plan, employees are permitted to defer a portion of their current salary until future years.

All amounts of compensation deferred under the Plan must be held in a trust, custodial account or annuity contract for the exclusive benefit of plan participants and their beneficiaries. Investments are managed by the Plan's trustee under one of several investment options, or a combination thereof. The choice of investment option(s) is made by the participants.

Copies of the Plan's financial statements can be requested from:

PEBSCO – A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

Note 10 – Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2002 (in thousands of dollars):

	Balance July 1, 2001	Increases	Decreases	Balance June 30, 2002	Due Within One Year
Governmental Activities:					
Due to Other Entities	\$ 20,726	\$ 5,025	\$ (5,600)	\$ 20,151	\$ 263
General Obligation Bonds Payable	978,950	---	(55,155)	923,795	58,085
Other Bonds Payable	633,390	521,465	(100,440)	1,054,415	30,885
Obligations Under Lease/Purchases	212,859	51,205	(28,671)	235,393	22,751
Compensated Absences	161,767	130,202	(134,997)	156,972	134,997
Claims/Judgements	82,198	228,770	(30,675)	280,293	30,675
Total Governmental Activities	<u>\$ 2,089,890</u>	<u>\$ 936,667</u>	<u>\$ (355,538)</u>	<u>\$ 2,671,019</u>	<u>\$ 277,656</u>
			Premium	11,891	
				<u>\$ 2,682,910</u>	
Business-Type Activities:					
Grand Prize Winner Liability	\$ 81,183	\$ 9,263	\$ (9,922)	\$ 80,524	\$ 10,198
Obligations Under Lease/Purchases	29	---	(1)	28	1
Compensated Absences	2,174	1,319	(1,615)	1,878	1,615
Total Business-Type Activities	<u>\$ 83,386</u>	<u>\$ 10,582</u>	<u>\$ (11,538)</u>	<u>\$ 82,430</u>	<u>\$ 11,814</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable

Long-Term Liabilities – Prior to GASB 34, the following bonds were included in the General Long-Term Debt Account Group. The General Long-Term Debt Account Group was eliminated under GASB 34, which was implemented for the fiscal year ending June 30, 2002. These bonds are currently classified as long-term liabilities and are reconciling items from fund financial statements to government-wide financial statements. On the Government-Wide Statement of Net Assets, the long-term liabilities are shown as the amounts due within one year from the date of the statement and the amounts due in more than one year from the date of the statement. These bonds are included as long-term liabilities because the principal and interest payments required for retirement of the bonds are made from governmental funds.

General Obligation Bonds:

The Board of Fund Commissioner's of the State of Missouri, upon voter approval and subsequent authorization of the General Assembly, issues general obligation bonds that are secured by a pledge of the full faith, credit and resources of the State. The principal and interest amounts are transferred one year in advance from the General Fund to the Debt Service Funds from which principal and interest payments are made. Four types of general obligation bonds are currently outstanding. The Water Pollution Control Bonds are used to provide funds for the protection of the environment through the control of water pollution. The total amount authorized for issue is \$725,000,000. Proceeds from the \$600,000,000 Third State Building Bonds were used to provide funds for improvements of State buildings and property. Proceeds from the \$250,000,000 Fourth State Building Bonds are used to provide funds for improvements of buildings and property of higher education institutions, Department of Corrections, and the Division of Youth Services. Proceeds from the Stormwater Control Bonds will be used to provide funds to protect the environment through the control of stormwater. The total amount authorized for issue is \$200,000,000.

To take advantage of lower interest rates, the Board of Fund Commissioners has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Water Pollution Control Bonds:				
Series A 1987 Refunding	8/1/87	\$ 49,715	A 1981	\$ 16,940
			B 1983	9,625
			A 1985	19,575
Series B 1991 Refunding	11/1/91	17,435	A 1983	16,415
Series C 1991 Refunding	11/1/91	33,575	B 1987	30,695
Series B 1992 Refunding	8/15/92	50,435	A 1986	46,400
Series B 1993 Refunding	8/1/93	109,415	A 1987 Refunding	33,240
			A 1989	27,280
			A 1991	27,350
			B 1991 Refunding	11,355
Third State Building Bonds:				
Series A 1987 Refunding	8/1/87	170,115	B 1983	33,675
			A 1984	48,130
			A 1985	73,375
Series A 1991 Refunding	11/1/91	34,870	A 1983	32,835
Series B 1991 Refunding	11/1/91	71,955	B 1987	65,780
Series A 1992 Refunding	8/15/92	273,205	A 1986	251,355
Series A 1993 Refunding	8/1/93	148,480	A 1987 Refunding	113,725
			A 1991 Refunding	22,935

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2002, \$514,494,240 of the Water Pollution Control Bonds; \$600,000,000 of the Third State Building Bonds; \$250,000,000 of the Fourth State Building Bonds; and \$30,000,000 of the Stormwater Control Bonds have been issued. The remaining authorization for the Water Pollution Control Bonds is \$210,505,760 and Stormwater Control Bonds is \$170,000,000. There is no remaining authorization for the Third State Building Bonds and the Fourth State Buildings Bonds.

General obligation bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Water Pollution Control Bonds:						
Series C 1991 – Refunding	5.25 – 7.75%	5/1; 11/1	11/91	11/1/12	\$ 33,575	\$ 21,875
Series A 1992	5.0 – 7.5%	2/1; 8/1	8/92	8/1/17	35,000	27,630
Series B 1992 – Refunding	5.0 – 7.5%	2/1; 8/1	8/92	8/1/10	50,435	36,605
Series A 1993	4.3 – 7.3%	2/1; 8/1	8/93	8/1/18	30,000	24,195
Series B 1993 – Refunding	4.3 – 7.3%	2/1; 8/1	8/93	8/1/16	109,415	90,205
Series A 1995	5.125 – 8.0%	4/1; 10/1	4/95	4/1/20	30,000	25,230
Series A 1996	5.2 – 6.25%	2/1; 8/1	8/96	8/1/21	35,000	30,945
Series A 1998	4.25 – 6.25%	12/1; 6/1	6/98	6/1/23	35,000	31,595
Series A 1999	4.5 – 7.5%	10/1; 4/1	10/99	10/1/24	20,000	19,095
Series A 2001	4.0 – 7.0%	12/1; 6/1	6/01	6/1/26	20,000	19,530
Third State Building Bonds:						
Series B 1991 – Refunding	5.25 – 7.75%	5/1; 11/1	11/91	11/1/12	71,955	47,320
Series A 1992 – Refunding	5.0 – 7.5%	2/1; 8/1	8/92	8/1/10	273,205	198,970
Series A 1993 – Refunding	4.3 – 7.3%	2/1; 8/1	8/93	8/1/12	148,480	103,015
Fourth State Building Bonds:						
Series A 1995	5.125 – 8.0%	4/1; 10/1	4/95	4/1/20	75,000	63,070
Series A 1996	5.2 – 6.25%	2/1; 8/1	8/96	8/1/21	125,000	110,515
Series A 1998	4.25 – 6.25%	12/1; 6/1	6/98	6/1/23	50,000	45,140
Stormwater Control Bonds:						
Series A 1999	4.5 – 7.5%	10/1; 4/1	10/99	10/1/24	20,000	19,095
Series A 2001	4.0 – 7.0%	12/1; 6/1	6/01	6/1/26	10,000	9,765
Total General Obligation Bonds					<u>\$ 1,172,065</u>	<u>\$ 923,795</u>

As of June 30, 2002, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2003	\$ 58,085	\$ 47,596	\$ 105,681
2004	60,965	44,525	105,490
2005	64,500	41,232	105,732
2006	67,725	37,733	105,458
2007–2011	351,250	132,436	483,686
2012–2016	150,360	66,691	217,051
2017–2021	129,535	28,800	158,335
2022–2026	41,375	3,686	45,061
Totals	<u>\$ 923,795</u>	<u>\$ 402,699</u>	<u>\$ 1,326,494</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

Other Bonds:

The Board of Public Buildings of the State of Missouri, upon the approval of the General Assembly, issues revenue bonds for building projects and commits State agencies to lease space in these buildings. The General Assembly appropriates to the Board, on behalf of the State agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves and to pay the costs of operations.

The total amount authorized for the Board equals \$425,000,000. As of November 1985, seven bond series equaling \$161,155,000 had been issued. In December 1985, the Board issued \$150,560,000 principal amount of State Building Special Obligation Refunding Bonds, Series A 1985 for the purpose of refunding all of the then outstanding Board of Public Buildings Bond issues. The outstanding principal amounts at the time of refunding were \$150,560,000. During 1988, four series of bonds equaling \$28,755,000 were issued. In December 1991, the Board issued \$148,500,000 principal amount of State Building Special Obligation Refunding Bonds, Series A 1991, for the purpose of refunding four of the five outstanding Board of Public Buildings Bond issues. The outstanding principal amount refunded was \$131,560,000. In May 2001, the Board issued \$173,870,000 principal amount of State Building Special Obligation Bonds, Series A 2001. In September 2001, the Board issued \$83,465,000 principal amount of State Building Special Obligation Refunding Bonds, Series B 2001, for the purpose of refunding \$86,810,000 of outstanding State Building Special Obligation Refunding Bonds, Series A 1991. As of June 30, 2002, the Board of Public Buildings Bonds had used \$363,780,000 of the bond authorization.

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Board of Public Buildings:						
Series A 2001	4.25 – 5.5%	5/1; 11/1	5/01	5/1/26	\$ 173,870	\$ 170,100
Series B 2001 – Refunding	3.5 – 5.5%	6/1; 12/1	10/01	12/1/12	83,465	83,465
Total Board of Public Buildings Bonds					<u>\$ 257,335</u>	<u>\$ 253,565</u>

As of June 30, 2002, the debt service requirements for principal and interest in future years for the Board of Public Buildings Bonds were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2003	\$ 11,505	\$ 12,312	\$ 23,817
2004	13,005	11,766	24,771
2005	13,560	11,229	24,789
2006	14,130	10,614	24,744
2007	14,675	10,055	24,730
2008–2012	63,695	39,250	102,945
2013–2017	36,130	27,539	63,669
2018–2022	43,385	17,698	61,083
2023–2027	43,480	5,631	49,111
Totals	<u>\$ 253,565</u>	<u>\$ 146,094</u>	<u>\$ 399,659</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

The Health and Educational Facilities Authority issued \$35,000,000 of Educational Facilities Revenue Bonds (University of Missouri–Columbia Arena Project), Series 2001, dated November 1, 2001. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement dated November 1, 2001, the Office of Administration will request that the Governor’s annual budget request to the General Assembly include the State’s financing amount for principal and interest each year. The bonds are included as Long-Term Liabilities since they will be repaid with moneys from the General Fund.

The Educational Facilities Revenue Bonds issued and outstanding as of June 30, 2002 were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Educational Facilities Revenue Bonds:						
Series 2001	3.0 – 5.0%	5/1; 11/1	11/01	11/1/21	<u>\$ 35,000</u>	<u>\$ 35,000</u>

As of June 30, 2002, the debt service requirement of the State for principal and interest in future years for the Educational Facilities Revenue Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ ---	\$ 1,554	\$ 1,554
2004	---	1,554	1,554
2005	1,335	1,534	2,869
2006	1,380	1,493	2,873
2007	1,430	1,450	2,880
2008–2012	8,085	6,342	14,427
2013–2017	10,040	4,310	14,350
2018–2022	<u>12,730</u>	<u>1,600</u>	<u>14,330</u>
Totals	<u>\$ 35,000</u>	<u>\$ 19,837</u>	<u>\$ 54,837</u>

The Regional Convention and Sports Complex Authority issued \$132,910,000 of Convention and Sports Facility Project Bonds, Series A 1991, dated August 15, 1991. On December 15, 1993, the Authority issued \$121,705,000 of Convention and Sports Facility Project Refunding Bonds, Series A 1993, for the purpose of refunding the callable portions of the outstanding bonds issued in August 1991 and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$101,410,000. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement dated August 1, 1991, the Office of Administration will request that the Governor’s annual budget request to the General Assembly include the State’s financing amount of \$10,000,000 for principal and interest and \$2,000,000 for maintenance each year. The bonds are included as Long-Term Liabilities since they will be repaid with moneys from the General Fund.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

The Convention and Sports Facility Project Bonds issued and outstanding as of June 30, 2002 were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Convention and Sports Facility Project Bonds:						
Series A 1991	4.9 – 6.9%	2/15; 8/15	8/91	8/15/03	\$ 132,910	\$ 5,515
Series A 1993 – Refunding	2.75 – 5.6%	2/15; 8/15	12/93	8/15/21	<u>121,705</u>	<u>113,945</u>
Total Convention and Sports Facility Project Bonds					<u>\$ 254,615</u>	<u>\$ 119,460</u>

As of June 30, 2002, the debt service requirement of the State for principal and interest in future years for the Convention and Sports Facility Project Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 3,445	\$ 6,555	\$ 10,000
2004	3,655	6,345	10,000
2005	3,880	6,120	10,000
2006	4,065	5,935	10,000
2007	4,265	5,735	10,000
2008–2012	24,930	25,070	50,000
2013–2017	32,550	17,450	50,000
2018–2022	<u>42,670</u>	<u>2,330</u>	<u>45,000</u>
Totals	<u>\$ 119,460</u>	<u>\$ 75,540</u>	<u>\$ 195,000</u>

The Missouri Highways and Transportation Commission authorized by Section 226.133 of the State Highway Act, issues bonds for highway construction and repairs. Under the Missouri Constitution, the principal and interest of the State Road Bonds are payable solely from the revenues of the State Road Fund.

The total amount authorized for the Commission equals \$2,250,000,000. On December 1, 2000, the Commission issued \$250,000,000 principal amount of State Road Bonds, Series A 2000. In October 2001, the Commission issued \$200,000,000 principal amount of State Road Bonds, Series A 2001. State Road Bonds, Series A 2002, were issued by the Commission in June 2002 with principal amount of \$203,000,000. As of June 2002, the Missouri Highways and Transportation Commission had used \$653,000,000 of the bond authorization.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

The State Road Bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Highways and Transportation Commission:						
State Road Bonds						
Series A 2000	4.30–5.625%	2/1; 8/1	12/00	2/1/20	\$ 250,000	\$ 243,390
Series A 2001	2.25–5.125%	2/1; 8/1	10/01	2/1/21	200,000	200,000
Series A 2002	3.00–5.25%	2/1; 8/1	6/02	2/1/22	<u>203,000</u>	<u>203,000</u>
Total Missouri Highways and Transportation Commission					<u>\$ 653,000</u>	<u>\$ 646,390</u>

As of June 30, 2002 debt service requirements for principal and interest in future years for the Missouri Highways and Transportation Commission State Road Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 15,935	\$ 28,041	\$ 43,976
2004	23,455	31,086	54,541
2005	24,375	30,126	54,501
2006	25,340	29,154	54,494
2007	26,400	28,107	54,507
2008–2012	150,765	121,008	271,773
2013–2017	192,355	79,519	271,874
2018–2021	<u>187,765</u>	<u>25,048</u>	<u>212,813</u>
Totals	<u>\$ 646,390</u>	<u>\$ 372,089</u>	<u>\$ 1,018,479</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

Component Units' Long-Term Debt – The following bonds are included in the balance sheet of the College and University Funds and the Non-Major Component Units.

Major

College and University Funds:

The colleges and universities of the State issue revenue bonds for various projects on each respective campus. Bonds are payable, both principal and interest, only out of net income and revenues arising from operations of facilities funded by the bonds. As of June 30, 2002, debt service requirements for principal and interest for the colleges and universities were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 21,256	\$ 34,380	\$ 55,636
2004	22,566	33,363	55,929
2005	23,533	32,350	55,883
2006	25,207	31,258	56,465
2007	25,976	30,095	56,071
2008–2012	131,841	131,743	263,584
2013–2017	139,176	98,825	238,001
2018–2022	123,681	65,294	188,975
2023–2027	118,485	35,316	153,801
2028–2033	106,330	11,478	117,808
Totals ⁽¹⁾	<u>\$ 738,051</u>	<u>\$ 504,102</u>	<u>\$ 1,242,153</u>

⁽¹⁾ The bond schedule does not include notes payable, therefore, it differs from the bonds and notes payable amount reported in the statements.

Non-Major

Development Finance Board:

The Development Finance Board issued \$39,555,000 in Facilities Revenue Bonds in December 2000 for the purpose of paying the costs of acquiring and constructing a convention center hotel and hotel garage in St. Louis. Bonds are payable, both principal and interest, only out of revenues derived from the operation of the convention center.

The Development Finance Board Revenue Bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Development Finance Board:						
Revenue Bonds						
Series 2000A	up to 6.7%	12/1	12/00	12/1/05	\$ 18,455	\$ 13,455
Series 2000B	up to 8.5%	12/1	12/00	12/1/20	6,500	6,500
Series 2000C	up to 8.5%	12/1	12/00	12/1/20	14,600	14,600
Total Development Finance Board Revenue Bonds					<u>\$ 39,555</u>	<u>\$ 34,555</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

As of June 30, 2002, the debt service requirements for principal and interest in future years for the Development Finance Board Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ ---	\$ 2,937	\$ 2,937
2004	---	2,937	2,937
2005	---	2,942	2,942
2006	13,455	2,270	15,725
2007	300	1,794	2,094
2008–2012	1,500	8,590	10,090
2013–2017	2,000	7,871	9,871
2018–2021	17,300	5,605	22,905
Totals	<u>\$ 34,555</u>	<u>\$ 34,946</u>	<u>\$ 69,501</u>

Transportation Corporations:

The Fulton 54 Transportation Corporation issued \$8,705,000 of Highway Revenue Bonds Series 2000 dated September 1, 2000. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Fulton 54 Transportation Corporation Highway Revenue Bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Fulton 54 Transportation Corporation:						
Highway Revenue Bonds Series 2000	4.60–5.00%	9/1	9/00	9/1/07	<u>\$ 8,705</u>	<u>\$ 8,705</u>

As of June 30, 2002, debt service requirements for principal and interest in future years for the Fulton 54 Transportation Corporation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ ---	\$ 412	\$ 412
2004	---	412	412
2005	2,165	363	2,528
2006	2,165	262	2,427
2007	2,180	158	2,338
2008	2,195	52	2,247
Totals	<u>\$ 8,705</u>	<u>\$ 1,659</u>	<u>\$ 10,364</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

Under a financing agreement dated September 1, 2000, the Missouri Highways and Transportation Commission will make payments to the Fulton 54 Transportation Corporation in the amount of \$7,695,000 to pay a portion of the principal on the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Commission</u> <u>Payments</u>
2003	\$ ---
2004	---
2005	2,165
2006	2,165
2007	2,165
2008	<u>1,200</u>
Totals	<u>\$ 7,695</u>

The Missouri Highway 179 Transportation Corporation issued \$22,930,000 of Highway Revenue Bonds Series 1997 dated September 1, 1997. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Missouri Highway 179 Transportation Corporation Highway Revenue Bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	<u>Interest</u> <u>Rates</u>	<u>Payment</u> <u>Dates</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Highway 179 Transportation Corporation: Highway Revenue Bonds Series 1997	3.95 – 5.25%	3/1; 9/1	9/97	9/1/08	<u>\$ 22,930</u>	<u>\$ 17,045</u>

As of June 30, 2002, debt service requirements for principal and interest in future years for the Missouri Highway 179 Transportation Corporation Highway Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 2,130	\$ 758	\$ 2,888
2004	2,220	664	2,884
2005	2,315	563	2,878
2006	2,420	456	2,876
2007	2,530	344	2,874
2008–2009	<u>5,430</u>	<u>289</u>	<u>5,719</u>
Totals	<u>\$ 17,045</u>	<u>\$ 3,074</u>	<u>\$ 20,119</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

Under a financing agreement dated August 1, 1997, the Missouri Highways and Transportation Commission will make payments to the Highway 179 Transportation Corporation in the amount of \$24,910,000 to pay a portion of the principal and interest on the bonds. The remaining payments are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Commission's Total Payments</u>
2003	\$ 1,856	\$ 445	\$ 2,301
2004	1,824	546	2,370
2005	1,782	658	2,440
2006	1,755	759	2,514
2007	1,709	880	2,589
2008–2009	<u>3,322</u>	<u>2,445</u>	<u>5,767</u>
Totals	<u>\$ 12,248</u>	<u>\$ 5,733</u>	<u>\$ 17,981</u>

In April 1997, the Springfield, MO State Highway Improvement Corporation issued \$16,440,000 of Transportation Revenue Bonds, Series 1997. On August 1, 1999, the Corporation issued \$17,240,000 of Transportation Revenue Bonds, Series 1999. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Springfield, MO State Highway Improvement Corporation Transportation Revenue Bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Springfield, MO State Highway Improvement Corporation: Transportation Revenue Bonds Series 1997	5.0 – 5.25%	2/1; 8/1	4/97	8/1/03	\$ 16,440	\$ 6,515
Bonds Series 1999	3.6 – 4.75%	2/1; 8/1	8/99	8/1/05	<u>17,240</u>	<u>15,170</u>
Total Springfield, MO State Highway Improvement Corporation Bonds					<u>\$ 33,680</u>	<u>\$ 21,685</u>

As of June 30, 2002, debt service requirements for principal and interest in future years for the Springfield, MO State Highway Improvement Corporation Transportation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 7,585	\$ 851	\$ 8,436
2004	5,630	527	6,157
2005	5,000	275	5,275
2006	<u>3,470</u>	<u>78</u>	<u>3,548</u>
Totals	<u>\$ 21,685</u>	<u>\$ 1,731</u>	<u>\$ 23,416</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

Under an amended financing agreement dated August 5, 1999, the Missouri Highways and Transportation Commission will make payments to the Springfield, MO Highway Improvement Corporation in the amount of \$28,667,000 to pay a portion of the principal of the bonds. The remaining payments are as follows (in thousands of dollars):

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Commission</u> <u>Payments</u>
2003	\$ 5,000
2004	5,000
2005	5,000
2006	<u>3,667</u>
Totals	<u>\$ 18,667</u>

The Wentzville Parkway Transportation Corporation issued \$12,935,000 of Transportation Revenue Bonds, Series 2001 dated May 1, 2001. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Wentzville Parkway Transportation Corporation Transportation Revenue Bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	<u>Interest</u> <u>Rates</u>	<u>Payment</u> <u>Dates</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Issued</u>	<u>Outstanding</u>
Wentzville Parkway Transportation Corporation: Transportation Revenue Bonds Series 2001	3.4 – 4.9%	2/1; 8/1	5/01	8/1/10	<u>\$ 12,935</u>	<u>\$ 12,670</u>

As of June 30, 2002, debt service requirements for principal and interest in future years for the Wentzville Parkway Transportation Corporation Transportation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 80	\$ 573	\$ 653
2004	80	570	650
2005	85	566	651
2006	100	562	662
2007	8,935	362	9,297
2008–2011	<u>3,390</u>	<u>430</u>	<u>3,820</u>
Totals	<u>\$ 12,670</u>	<u>\$ 3,063</u>	<u>\$ 15,733</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

Under a funding agreement dated April 6, 2001, the Missouri Highways and Transportation Commission will make a fixed sum payment to the Wentzville Parkway Transportation Corporation in the amount of \$8,849,000 to pay a portion of the principal of the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Commission</u> <u>Payments</u>
2003	\$ ---
2004	---
2005	---
2006	---
2007	<u>8,849</u>
Totals	<u>\$ 8,849</u>

Bond Transactions of the State of Missouri – The following schedule is a summary of bond activity for the fiscal year ended June 30, 2002 (in thousands of dollars):

	<u>Governmental Funds</u>		<u>Component Units</u>	
	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Other</u> <u>Bonds</u>	<u>Revenue Bonds</u>	<u>Totals</u>
Bonds Payable at July 1, 2001	\$ 978,950	\$ 633,390	\$ ---	\$ 1,612,340
Bond Issuance	---	521,465	---	521,465
Bonds Retired	<u>(55,155)</u>	<u>(100,440)</u>	<u>---</u>	<u>(155,595)</u>
Subtotal	923,795	1,054,415	---	1,978,210
College and University ⁽¹⁾	---	---	738,051	738,051
Development Finance Board	---	---	34,555	34,555
Fulton 54 Transportation Corporation	---	---	8,705	8,705
Highway 179 Transportation Corporation	---	---	17,045	17,045
Springfield, MO State Highway Improvement	---	---	21,685	21,685
Wentzville Parkway Transportation Corporation	<u>---</u>	<u>---</u>	<u>12,670</u>	<u>12,670</u>
Bonds Payable at June 30, 2002	<u>\$ 923,795</u>	<u>\$ 1,054,415</u>	<u>\$ 832,711</u>	<u>\$ 2,810,921</u>

⁽¹⁾ Detailed information for College and University Funds are not shown.

Note 12 – Defeased Debt

A. Current Year Debt Defeasance

On September 25, 2001, the Board of Public Buildings of the State of Missouri issued \$83,465,000 of State Building Special Obligation Refunding Bonds. Proceeds to be received from the sale of the Bonds will be used to refund the Board's State Building Special Obligation Refunding Bonds, Series A 1991, pay interest on the Refunded Bonds and pay certain costs of issuance of the Bonds. At June 30, 2002, defeased bonds outstanding are \$78,835,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 12 – Defeased Debt (cont.)

On August 8, 2001, the University of Missouri issued \$44,975,000 of Series 2001 B Bonds at a rate of 5.12%. Proceeds from the issuance of the Series 2001 B Bonds will be used to advance refund and defease a portion of the University of Missouri System Facilities Revenue Bonds, Series 1997 in the amount of \$43,035,000 and to finance certain costs of issuance. In connection with the in-substance defeasance of the Series 1997 Bonds, there was a loss of \$2,320,000. The loss was deferred and included as deferred charges to be amortized over the remaining life of the original Series 1997 Bonds. The defeasance will decrease aggregate debt service payments by \$1,838,000 resulting in an economic gain (difference between the present values of the old and new debt service payments) to the University of \$1,408,000. At June 30, 2002, defeased and in-substance defeased bonds aggregating \$71,494,000 are outstanding.

On January 15, 2002, Central Missouri State University issued \$17,850,000 of bonds. The bonds bear interest at rates of 1.5% to 4.6% paid semiannually. Proceeds from the issuance of these bonds were used to refund the Student Housing System Refunding Revenue Series 1993 Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$164,769. The difference is reported as a deduction from bonds payable and is being amortized to interest expense through the year 2015. The University completed the advance refunding to reduce its total debt service payments over the next 13 years by \$73,158 and to obtain an economic gain of approximately \$606,000. On June 30, 2002, \$1,870,000 of bonds outstanding are considered defeased.

On August 30, 2001, Southeast Missouri State University issued \$30,975,000 of System Facilities Refunding and Improvement Revenue Bonds Series 2001. The Series 2001 Bonds refund \$12,855,000 of Housing System Refunding and Improvement Revenue Bonds Series 1993. Net proceeds in the amount of \$13,799,880 were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the \$12,855,000 of Series 1993 Bonds advance refunded. This portion of the Series 1993 Bonds, is considered to be defeased and the liability for these bonds has been removed from the financial statements of the University. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$647,301. This difference was reported as a reduction from revenue bonds payable and is being charged to operations through 2021 using the bonds outstanding method. At June 30, 2002, defeased bonds aggregating \$14,096,000 are outstanding. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$647,301. This difference is reported as a reduction from revenue bonds payable and is being charged to operations through 2021 using the bonds outstanding method. The University completed the advance refunding to reduce its total debt service payments over the next 20 years by \$1,174,835 and to obtain an economic gain (difference between the present values of the old debt and new debt service payments) of \$822,469.

B. Prior Year Debt Defeasances

In prior years, various bond issues were defeased by creating separate irrevocable trust funds.

Either new debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds or sufficient funds have been deposited in an irrevocable escrow to pay principal and interest as they become due.

For financial reporting purposes, the following debt has been defeased and therefore removed as a liability from the Governmental Activities, Business-Type Activities or College and University Funds statement of net assets.

Governmental Activities – As of June 30, 2002, bonds outstanding of \$807,849,000 are defeased.

College and University Funds – As of June 30, 2002, bonds outstanding of \$110,189,000 are defeased.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 13 – Interfund Assets and Liabilities

A summary of interfund assets and liabilities at June 30, 2002, is shown below (in thousands of dollars):

<u>Due From/To Other Funds</u>	<u>Assets</u>	<u>Liabilities</u>
General Fund	\$ ---	\$ 19,344
Public Education	8,260	125
Conservation and Environmental Protection	4,937	992
Transportation and Law Enforcement	---	1,425
State Road Fund	2,508	---
Non-Major Governmental Funds	---	748
State Lottery	---	8,345
Non-Major Enterprise Funds	---	335
Internal Service Funds	8,804	467
Fiduciary Funds	32,440	20,231
Non-Major Component Units	---	4,937
	<u>\$ 56,949</u>	<u>\$ 56,949</u>

Interfund assets and liabilities are recorded for payroll liabilities, group insurance, deferred compensation, and retirement. Interfund assets and liabilities are also recorded for transfers of money to Public Education from the State Lottery and between the State Road Fund and Fiduciary Funds.

<u>Advances To/From Other Funds</u>	<u>Assets</u>	<u>Liabilities</u>
General Fund	\$ ---	\$ 45,345
State Road Fund	---	65,803
Fiduciary Funds	45,345	3,202
Non-Major Component Units	71,875	2,870
	<u>\$ 117,220</u>	<u>\$ 117,220</u>

Interfund advances, which are not expected to be repaid within one year, include \$69.0 million due from the State Road Fund and Fiduciary Funds to the Component Units and \$45.3 million due from the General Fund to Unclaimed Property, a Fiduciary Fund.

The loans from the Component Units were for the construction of additional State highways. Loans from the Unclaimed Property Fiduciary Fund were to provide for cash requirements.

The Government-Wide Combined Statement of Net Assets reports due to/due from other funds on a consolidated basis. The governmental activities column of the statement has been adjusted by eliminating \$29 due from the State Road Fund, \$20 due to the General Fund, and \$9 due to Transportation and Law Enforcement.

Advances between non-major component units of \$2,870 have been eliminated on the Combining Statement of Net Assets Component Units and the Government-Wide Combined Statement of Net Assets.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 14 – Interfund Transfers

All transfers must be legally authorized by the legislature through transfer appropriations. Interfund transfers for the fiscal year ended June 30, 2002 are as follows (in thousands of dollars):

	Transfers In:				
	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road Fund
Transfers Out:					
General Fund	\$ ---	\$ 2,220,546	\$ ---	\$ 8,117	\$ 38
Public Education	3,066	---	---	---	---
Conservation and Environmental Protection	2,438	---	---	---	---
Transportation and Law Enforcement	2,136	---	---	---	165,212
Non-Major Governmental Funds	243,064	36,296	9,043	---	---
State Lottery	33	161,157	---	---	---
Non-Major Enterprise Funds	1,780	---	---	862	---
Internal Service Funds	4,838	---	---	---	---
Fiduciary Funds	15,442	---	---	---	---
Non-Major Component Units	34	---	---	---	---
Totals	\$ 272,831	\$ 2,417,999	\$ 9,043	\$ 8,979	\$ 165,250

Continues Below

	Non-Major Governmental	Non-Major Enterprise	Fiduciary	Colleges and Universities	Totals
Transfers Out:					
General Fund	\$ 124,740	\$ ---	\$ 17,300	\$ 674,135	\$ 3,044,876
Public Education	---	---	107	79,261	82,434
Conservation and Environmental Protection	3,561	---	923	---	6,922
Transportation and Law Enforcement	2	---	1,489	---	168,839
Non-Major Governmental Funds	8,751	7,820	646	---	305,620
State Lottery	---	---	---	---	161,190
Non-Major Enterprise Funds	---	---	365	---	3,007
Internal Service Funds	---	---	181	---	5,019
Fiduciary Funds	629	---	---	---	16,071
Non-Major Component Units	---	---	---	---	34
Totals	\$ 137,683	\$ 7,820	\$ 21,011	\$ 753,396	\$ 3,794,012

Principle reasons for interfund transfers include:

- move general revenue funds to support elementary and secondary education
- move revenue from the State Lottery to support elementary and secondary education
- move general revenue funds to support social assistance programs reported in non-major governmental funds
- move funds related to the construction of capital assets.

During fiscal year 2002, certain funds were required to reimburse the central service agencies for overhead costs incurred on their behalf. The total amount reimbursed was \$13 million.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 15 – Restatements

During fiscal year 2002, additional information became available which required the restatement of fund equity amounts. The following table presents a summary of these restatements by fund categories (in thousands of dollars). See *Note 2 – Reporting Changes and Reclassifications* for more details.

	June 30, 2001 Fund Balance/ Fund Equity as Previously Reported	Fund Reclassifications	Other Prior Period Adjustments	June 30, 2001 Fund Balance/ Net Assets as Restated
GOVERNMENTAL FUNDS AND ACTIVITIES				
Major Funds				
General Fund	\$ 990,090	\$ 39	\$ 283	\$ 990,412
Public Education	404,290	205	(6,226)	398,269
Conservation and Environmental Protection	684,715	844	(4,605)	680,954
Transportation and Law Enforcement	167,640	---	(30)	167,610
State Road Fund	207,549	---	(27,055)	180,494
Non-Major Governmental Funds				
Special Revenue	412,366	18,373	(50)	430,689
Debt Service	113,248	---	---	113,248
Capital Projects	184,038	---	5	184,043
Permanent	---	38,650	---	38,650
Total Governmental Funds	<u>3,163,936</u>	<u>58,111</u>	<u>(37,678)</u>	<u>3,184,369</u>
Reconciling Items to Government-Wide Statements				
Revenue Recognition	---	---	365,394	365,394
Capital Assets, Net of Depreciation	---	3,616,424	22,642,423	26,258,847
General Long-Term Obligations	---	---	(2,081,722)	(2,081,722)
Other Reconciling Items	---	---	153,732	153,732
Internal Service Fund Conversion	---	367,874	3,039	370,913
Total Reconciling Items	<u>---</u>	<u>3,984,298</u>	<u>21,082,866</u>	<u>25,067,164</u>
TOTAL GOVERNMENTAL FUNDS AND ACTIVITIES	<u>\$ 3,163,936</u>	<u>\$ 4,042,409</u>	<u>\$ 21,045,188</u>	<u>\$ 28,251,533</u>
PROPRIETARY FUNDS AND BUSINESS-TYPE ACTIVITIES				
Major Funds				
State Lottery	\$ 8,403	\$ ---	\$ 6,226	\$ 14,629
Unemployment Compensation	---	464,083	---	464,083
Non-Major Funds				
Enterprise	342,914	(349,235)	(926)	(7,247)
Internal Service	62,101	(62,101)	---	---
TOTAL PROPRIETARY FUNDS AND BUSINESS-TYPE ACTIVITIES	<u>\$ 413,418</u>	<u>\$ 52,747</u>	<u>\$ 5,300</u>	<u>\$ 471,465</u>
FIDUCIARY FUNDS				
Pension Trust	\$ 6,943,409	\$ ---	\$ ---	\$ 6,943,409
Private-Purpose Trust	---	812,681	(2)	812,679
Expendable Trust	1,257,578	(1,257,576)	(2)	---
Non-Expendable Trust	38,650	(38,650)	---	---
TOTAL FIDUCIARY FUNDS	<u>\$ 8,239,637</u>	<u>\$ (483,545)</u>	<u>\$ (4)</u>	<u>\$ 7,756,088</u>
ACCOUNT GROUPS				
General Fixed Assets	\$ 3,611,611	\$ (3,611,611)	\$ ---	\$ ---
TOTAL ACCOUNT GROUPS	<u>\$ 3,611,611</u>	<u>\$ (3,611,611)</u>	<u>\$ ---</u>	<u>\$ ---</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 15,428,602</u>	<u>\$ ---</u>	<u>\$ 21,050,484</u>	<u>\$ 36,479,086</u>
DISCRETELY PRESENTED COMPONENT UNITS				
Colleges and Universities	\$ 6,622,157	\$ ---	\$ (3,428,352)	\$ 3,193,805
Non-Major Funds	178,779	---	(59,336)	119,443
TOTAL NET ASSETS FOR DISCRETELY PRESENTED COMPONENT UNITS -- RESTATED	<u>\$ 6,800,936</u>	<u>\$ ---</u>	<u>\$ (3,487,688)</u>	<u>\$ 3,313,248</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 16 – Fund Deficit

The following funds had deficit balances:

Enterprise Fund – Petroleum Storage Tank – At June 30, 2002, a net asset deficit of \$51,222,000 existed due to insufficient transport load fees collected to cover the estimated claims liability for clean up of petroleum storage tank leaks. This liability amount is the cumulative result of numerous years of petroleum storage tank leaks. Per Section 319.129, RSMo, this fund will be closed on December 31, 2010, or upon revocation of federal regulation 40 CFR, whichever occurs first, unless extended by action of the general assembly. Various alternatives are being considered to pay off the claims liability amount of this fund. Per Section 319.131, RSMo, the liability of the petroleum storage tank fund is not the liability of the State. Upon dissolution of this fund, the liability would be liquidated.

Internal Service Fund – Conservation Employees’ Insurance Plan – At June 30, 2002, this fund had a net asset deficit of \$1,012,000. This deficit occurred when revenue from insurance premiums was not sufficient to cover the cost of claims. In fiscal year 2002, there were a few exceptionally large claims processed which caused the fund deficit. The Board will continue to monitor the deficit and may increase contribution rates, if required.

Internal Service Fund – Transportation Self-Insurance Plan – At June 30, 2002, this fund had a net assets deficit of \$12,761,000. This deficit was \$4,917,000 at June 30, 2001. The deficit occurred when revenue from insurance premiums was not sufficient to cover the cost of claims. The self-insurance plan is subject to annual actuarial review which is done on a calendar year basis. The actuarial study will be completed by May 1, 2003. Any deficit will be identified and made part of the legislative appropriation process. Because of the timing of the budget request, additional funding may have to be made through supplemental process for calendar year 2003.

Internal Service Fund – Highway and Transportation Employees’ and Highway Patrol Insurance Plan – At June 30, 2002, this fund had a net assets deficit of \$5,675,000. This deficit was \$7,450,000 at June 30, 2001. Beginning January 1, 2002, the contribution rates increased resulting in a fiscal year 2002 increase to net assets of \$1,775,000. MoDOT and the Medical Board increased State contribution rates again in January 2003 for this Plan. MoDOT and the Medical Board will continue to monitor ways to recover this deficit. This may include future increases to State and member contribution rates.

Note 17 – Residual Equity Transfer

The residual equity transfer in to the General Fund is not shown because governmental fund financial statements do not report fixed assets. However, the residual equity transfer is included in the equipment balance in the government wide financial statements. A reconciliation of the transfers is as follows (in thousands of dollars):

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Office of Administration Revolving Fund	\$ ---	\$ 8
General Fund	8	---
Total	<u>\$ 8</u>	<u>\$ 8</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 18 – Related Party Transactions

The Missouri State Public Employees' Deferred Compensation Plan is administered by the Public Employees Benefit Services Corporation of Missouri (PEBSCO) under a contract for a term ending June 1, 2004. PEBSCO is a wholly-owned subsidiary of Nationwide Corporation of Columbus, Ohio. Nationwide Life Insurance Company, one of the guaranteed fixed annuity and variable annuity underwriters for the Plan, is also a subsidiary of Nationwide Corporation. At December 31, 2001, total investments of the Plan were \$780,645,876 and investments in Nationwide Life Insurance Company were \$680,769,386.

The Highway and Transportation Employees' and Highway Patrol Retirement Plan reimburses the Missouri Highways and Transportation Commission for accounting, management, legal, data processing services, office space and utilities. The total reimbursement for fiscal year 2002 was \$559,721.

Note 19 – Commitments

A. Contracts

The Department of Conservation had construction contracts outstanding at June 30, 2002, of \$5,885,000. These contracts are funded through the Special Revenue Funds from specific sales tax, fees and permits.

The Department of Transportation had long-term contracts of \$982,854,579 outstanding at June 30, 2002. These contracts are paid from Capital Projects Funds with approximately 79.58% federal reimbursement expected.

The Office of Administration, Division of Design and Construction, had construction contracts outstanding at June 30, 2002, of \$197,313,742. Approximately 30% will be paid from the General Fund, 1% from the Special Revenue Funds, 5% from the Capital Projects Funds and 64% from the Internal Service Funds.

On March 10, 1988, the State of Missouri entered into a contract with the United States Army Corps of Engineers confirming an assurance agreement of April 8, 1965. The State obtained rights to a portion of the water supply storage from the Clarence Cannon Dam and Mark Twain Lake Project. The State agreed to pay up to \$10.8 million plus interest for the investment costs allocated to the water supply storage, the amount of such payments to be determined by the portion of the water storage space put in use by the State for that purpose. The contract provides a ten year interest free period running from 1984 to 1994. In fiscal year 1995, the State began making interest payments. The interest payment amount for fiscal year 2002 was \$427,398. Payment of principal and interest must be completed by the end of a 50 year period beginning from the date of the contract (March 1988).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 19 – Commitments (cont.)

B. Leases

The State has entered into various operating leases for land and buildings. Each lease contains a fiscal funding clause indicating that continuation of the lease is subject to annual funding by the General Assembly. It is expected that in the normal course of business most of the leases will be renewed or replaced by similar leases. Future minimum commitments due under operating leases as of June 30, 2002, were as follows (in thousands of dollars):

<u>Year Ending June 30</u>	<u>Amount</u>
2003	\$ 30,030
2004	22,921
2005	15,832
2006	12,479
2007	7,609
2008–2020	<u>12,780</u>
Total Minimum Commitments	<u>\$ 101,651</u>

Expenditures for rent under operating leases for the years ended June 30, 2002 and June 30, 2001 were \$31,670,773 and \$28,232,089, respectively.

Note 20 – Contingencies

The State is exposed to various risks of loss related to tort liability, general liability, motor vehicle liability, contractor liability, injuries to employees and desegregation. The State assumes its own liability for risks except for the purchase of surety bond, aircraft and boiler coverage.

Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported including the effects of specific, incremental claim adjustment expenditures/expenses, salvage, and subrogation, and other allocated or unallocated claim adjustment expenditures/expenses. Liabilities are reported as a reconciling item to the Government-Wide Statement of Net Assets. The current portion of the liability will be presented in the General Fund. Expenditures are recognized as payments are made.

At June 30, 2002, the amount of these liabilities was \$280 million. Changes in the reported liability since June 30, 2001, resulted from the following:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance Fiscal Year End</u>
2001–2002	\$ 82,197,671	\$ 228,770,916	\$ (30,675,177)	\$ 280,293,410
2000–2001	109,069,624	(9,721,564)	(17,150,389)	82,197,671
1999–2000	135,921,033	(1,022,521)	(25,828,888)	109,069,624

The State receives federal grants which are subject to review and audit by federal grantor agencies. This could result in requests for reimbursements to the grantor agency for any expenditures which are disallowed under grant terms. The State believes that such disallowances, if any, would be immaterial.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 20 – Contingencies (cont.)

Loan Guarantees:

The State appropriates money to the Development Finance Board for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Board makes the payment for default from State appropriations. The total loans outstanding at June 30, 2002, for which the Board has guaranteed payment is \$25,461. During 2002, no loans defaulted.

The State appropriates money to the Agricultural and Small Business Development Authority for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Authority makes the payment for default from State appropriations. The Authority administers the Single-Purpose Animal Facilities Loan Program and the Value Added Loan Guarantee Program, which provides a 25% first-loss guarantee on loans up to \$250,000. The total loans outstanding at June 30, 2002, for which the Authority has guaranteed payment is \$4,541,743 and \$825,841, respectively. There were no payments by the Authority for loan defaults in fiscal year 2002.

Medicaid Lawsuits:

In October of 2001, the University of Kansas Hospital Authority filed a lawsuit against the Department of Social Services/Division of Medical Services in the Circuit Court of Cole County, Missouri, challenging the reimbursement rate paid by Missouri to out of state hospitals on behalf of Missouri Medicaid beneficiaries. This action is being contested in Court and the fiscal impact is under review. In the event that plaintiff prevails in the action, the Division of Medical Services estimates that the relief KU Hospital seeks amounts to approximately \$3,710,758 for fiscal year 2002 alone. If the plaintiff prevails in their claim to collect damages for each year since 1991 the total liability of the Division of Medical Services may reach \$30,000,000, excluding interest. This is considered unlikely. The risk of loss would be shared with the federal government, approximately 40% state and 60% federal. It is estimated that application of a 5 year statute of limitation lowers the risk of loss to \$11,000,000 to \$18,000,000 if the plaintiff prevails on the claim.

Foster Care Claims:

In a letter dated December 4, 2001, the Department of Health and Human Services sent a notice disallowing payment of the federal share of certain Title IV-E foster care claims reported in the quarters ending March 31, 2001, June 30, 2001, and September 30, 2001. The amounts in question are \$2,575,720 federal share (\$5,008,537 total) for the quarter ending March 31, 2001; \$1,224,109 federal share (\$2,414,052 total) for the quarter ending June 30, 2001; and \$1,211,875 federal share (\$2,362,159 total) for the quarter ending September 30, 2001. The cumulative total Federal Financial Participation for the aforementioned quarters is \$5,011,704. This issue is being disputed and is under appeal. Pursuant to the disallowance, the Department of Health and Human Services has been withholding monies from the grant each quarter. As of June 30, 2002, the balance remaining that had not been recovered by the Department of Health and Human Services is \$2,261,107.

Use Tax Lawsuit for Machinery and Equipment:

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859). The Missouri Supreme Court held that Southwestern Bell Telephone Company was entitled to a refund of sales and use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. The case was remanded to the Administrative Hearing Commission for further determination as to which items are used in manufacturing the digital phone service product. Refund requests exceed \$138.3 million for Southwestern Bell and other related telecommunication companies.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 21 – Joint Ventures

The Regional Convention and Sports Complex Authority was created by State law for the purpose of financing, constructing, operating and maintaining a multipurpose convention and sports facility to be located in the City of St. Louis. The Authority operates under a Board of Commissioners of whom five are appointed by the Governor of the State, three by the Mayor of the City of St. Louis, and three by the County Executive of St. Louis County. The Authority is granted all rights and powers necessary to plan, finance, construct, equip and maintain the facility.

The Authority is considered a joint venture of the State, City and County because it constitutes a contractual agreement for public benefit in which the State, City and County retain an ongoing financial responsibility for the Convention and Sports Facility Project Bonds. In August 1991, the Authority issued \$258,670,000 of Convention and Sports Facility Project Bonds. The bonds were sponsored in the amount of \$132,910,000 by the State (Series A), \$65,685,000 by the County (Series B) and \$60,075,000 by the City (Series C). In December 1993, the Authority issued \$181,885,000 in Convention and Sports Facility Project and Refunding Bonds to advance refund \$101,410,000 and \$50,275,000 of the outstanding 1991 Series A and Series B bonds, respectively, and for additional construction costs. The bonds were sponsored in the amount of \$121,705,000 by the State (Series A) and \$60,180,000 by the County (Series B). In February 1997, the Authority issued \$61,285,000 in Series C Refunding bonds to advance refund \$47,155,000 of the outstanding 1991 Series C bonds.

Pursuant to a financing agreement entered into in August 1991, the Authority leased the facility to the sponsors who subleased the facility back to the Authority. The payments made by the State, City and County under the financing agreement are sufficient to pay the principal and interest on the bonds. See *Note 17* for more information on the 1991 and 1993 Series A Bonds sponsored by the State.

Summary financial information for the Authority as of, and for the fiscal year ended December 31, 2001, is presented below (in thousands of dollars):

Total Assets	<u>\$ 320,868</u>
Total Liabilities	\$ 225,949
Total Equity	<u>94,919</u>
Total Liabilities and Equity	<u>\$ 320,868</u>
Total Revenues	\$ 26,705
Total Expenses	<u>25,241</u>
Net Increase in Retained Earnings	<u>\$ 1,464</u>

Copies of the Authority's financial statements can be requested from:

St. Louis Regional Convention
and Sports Complex Authority
901 North Broadway
St. Louis, Missouri 63101

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 22 – Related Organizations

The State is responsible for appointing all or part of the members of the boards of other organizations, but the State's accountability for these organizations does not extend beyond making the appointments.

The following organizations are considered to be related organizations of the State of Missouri:

Health and Educational Facilities Authority – The Authority was created by State law and is authorized to issue revenue bonds to finance health and educational facilities for institutions within the State. The Authority also assists institutions in borrowing funds at the lowest possible cost in order to provide quality medical and educational services to State residents. These bonds do not constitute a debt or liability of the Authority or the State. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. The Authority's fiscal year ends December 31. Copies of the Authority's financial statements can be requested from:

Missouri Health and Educational
Facilities Authority
15450 South Outer Forty Road, Suite 230
Chesterfield, Missouri 63017

Missouri Higher Education Loan Authority – The Authority was created by State law and is authorized to issue debt to provide a secondary market for loans made under the Federal Family Education Loan Program provided for by the Higher Education Act. Its governing body consists of five members appointed by the Governor with the advice and consent of the Senate, one member of the Coordinating Board of Higher Education, and the Commissioner of Higher Education. Copies of the Authority's financial statements can be requested from:

Missouri Higher Education Loan Authority
633 Spirit Drive
Chesterfield, Missouri 63005

Housing Development Commission – The Commission was created by State law and is authorized to make or purchase mortgage loans and to insure mortgage loans, the funds of which are used to develop new or rehabilitate low and moderate income housing. The Commission is also authorized to issue bonds and notes for making or purchasing such loans. Bonds and notes issued by the Commission are not a debt of the State. The Commission has entered into a contract with the Department of Economic Development whereby the Department pays the Commission's staff salaries and related benefits from cash advanced monthly by the Commission. Its governing body is made up of the Governor, the Lieutenant Governor, the State Treasurer, the Attorney General and six members appointed by the Governor with the advice and consent of the Senate. If for any reason the Commission ceases to exist, its rights and properties shall pass to and be vested in the State, subject to the rights of lienholders and other creditors. Copies of the Commission's financial statements can be requested from:

Missouri Housing Development Commission
3435 Broadway
Kansas City, Missouri 64111

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 22 – Related Organizations (cont.)

Missouri Technology Corporation – The Corporation was created by State law and contributes to the strengthening of the State's economy through the development of science and technology, promotes the modernization of Missouri businesses by supporting the transfer of science, technology and quality improvement methods to the workplace and enhances the productivity and modernization of Missouri businesses by providing leadership in the establishment of methods of technology application, technology commercialization and technology development. Its governing body consists of eleven members appointed by the Governor, the director of the Department of Economic Development, the president of the University of Missouri, a member of the Senate and a member of the House of Representatives. Copies of the Corporation's financial statements can be requested from:

Department of Economic Development
Division of Administration
P.O. Box 1157
Jefferson City, Missouri 65102

Public Entity Risk Management Fund – The Fund was created by State law and is authorized to provide liability protection to participating public entities, their officials and employees. The Fund reimburses the State of Missouri for all administrative costs. Its governing body consists of six members; the Attorney General, the Commissioner of Administration and four members appointed by the Governor with the advice and consent of the Senate. Copies of the Fund's financial statements can be requested from:

Missouri Public Entity Risk
Management Fund
P.O. Box 105080
Jefferson City, Missouri 65110-5080

Public School Retirement System – The System was created by State law and provides retirement benefits to employees of public school districts in the State, with the exception of the St. Louis and Kansas City districts. The State participates in the System as an employer of certified teachers who are members. However, the major financial support is from the public school districts. Its governing body consists of seven members; four elected by the System's members, and three members appointed by the Governor with the advice and consent of the Senate. Copies of the System's financial statements can be requested from:

Public School Retirement System
of Missouri
P.O. Box 268
3210 West Truman Boulevard
Jefferson City, Missouri 65109

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 22 – Related Organizations (cont.)

State Environmental Improvement and Energy Resources Authority – The Authority, created by State law, is an independent, self-supporting, quasi-governmental agency, governed by a five member Board appointed by the Governor with the advice and consent of the Senate. The Authority is administratively placed in the Department of Natural Resources. The Authority is authorized to finance, acquire, construct and equip projects for the purpose of reducing, preventing or controlling pollution and to provide for the development of energy resources of the State. The usual method of financing is through the issuance of tax-exempt revenue bonds and notes. In March 1992, pursuant to Senate Bill #530, Section 260.335, RSMo, the Authority entered into an interagency agreement with the Department of Natural Resources (DNR) and the Department of Economic Development (DED) to promote markets for recycled materials. As required in that legislation, the program has been provided annual funding of \$1,000,000 upon appropriation by the Missouri Legislature, from the Solid Waste Management Fund, through fiscal year 1997. In fiscal year 1998, the funding changed to 10% of the Fund, not to exceed \$1,000,000. The Authority, in cooperation with the Missouri Clean Water Commission and other agencies, established and operates the State Revolving Fund (SRF), which provides financing to communities and districts for construction of clean water and drinking water projects. In cooperation with the Public Service Commission (PSC), the Authority has also established a bond and note financing program to assist privately owned water and wastewater treatment facilities. The Authority's employees are covered under the State retirement system with all contributions being made by the Authority. Upon termination or dissolution of the Authority, all rights and properties shall pass to and be vested in the State, subject to the rights of noteholders, bondholders and other creditors. Copies of the Authority's financial statements can be requested from:

State Environmental Improvement and
Energy Resources Authority
325 Jefferson Street, Suite 200
Jefferson City, Missouri 65101

Jackson County Sports Complex Authority – The Authority was created by State law and is responsible for the construction, operation and financing of the Jackson County Sports Complex. The funds and related accounts are maintained by fiscal agents who administer all investment transactions and act as paying agents for bond transactions. Its governing body consists of five members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

Jackson County Sports Complex Authority
8501 Stadium Drive
Kansas City, Missouri 64129-1698

Kansas City Regional Sports Complex Authority – The Authority was created by State law and is responsible for the study and review of all current major sports leagues, clubs, or franchises operating in Kansas City and analyzing the possibilities of future growth. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

City of Kansas
Finance Department
1st Floor, City Hall
414 East 12th Street
Kansas City, Missouri 64106-2793

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 22 – Related Organizations (cont.)

St. Charles County Convention and Sports Facility Authority – The Authority was created by State law and is responsible for planning, constructing, and managing convention and sports facilities in the St. Charles area. Its governing body consists of five members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

St. Charles County Convention and
Sports Facility Authority
P.O. Box 858
St. Charles, Missouri 63302

Springfield Convention Center Authority – The Authority was created by State law and is responsible for the construction, operation and financing of the Ozark Empire Fairgrounds Project. The funds and related accounts are maintained by fiscal agents who administer all investment transactions and act as paying agents for land transactions. Its governing body consists of five members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

City of Springfield
Finance Department
P.O. Box 8368
840 Boonville Avenue
Springfield, Missouri 65801-8368

KCT Intermodal Transportation Corporation (KCT-ITC) – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. KCT-ITC is authorized to issue revenue bonds for the purpose of paying all or any part of the cost of constructing a railroad bridge to effectuate a grade separation of two at-grade rail crossings in the Blue Valley Industrial District in Kansas City, Missouri. The KCT-ITC's obligations are financed by a cost-sharing agreement of the member railroads of Kansas City Terminal. The Missouri Highways and Transportation Commission has no control over toll rates or corporation management and does not approve any debt of the KCT-ITC. Therefore, the Missouri Highways and Transportation Commission is not considered financially accountable and information for the KCT-ITC is not included within the accompanying combined financial statements. The governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. Copies of the financial statements can be requested from:

Department of Transportation
Controller's Office
1445 Christy Drive
Jefferson City, Missouri 65109

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 22 – Related Organizations (cont.)

Lake of the Ozarks Community Bridge Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost for acquisition and construction of a toll bridge over the Lake of the Ozarks in Camden County. Its governing body consists of a seven member board of directors each of whom is appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. The Corporation's fiscal year ends April 30. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Controller's Office
1445 Christy Drive
Jefferson City, Missouri 65109

Note 23 – Subsequent Events

General Obligation Bonds – New Issue:

On August 1, 2002, the State of Missouri, Board of Fund Commissioners issued \$15,000,000 of Stormwater Control General Obligation Bonds, Series A 2002. The bond proceeds will be used to provide funds for stormwater control plans, studies and projects in counties of the first classification and in any city not within a county. The interest on these bonds range from 3% to 5.25% and have a final maturity date of August 1, 2027.

On August 1, 2002, the State of Missouri, Board of Fund Commissioners issued \$30,000,000 of Water Pollution Control General Obligation Bonds, Series A 2002. \$15,000,000 of the bond proceeds will be used to provide funds for the protection of the environment through the control of water pollution and to carry on the program of planning, financing and constructing sewage treatment facilities. The other \$15,000,000 will be used to provide funds for the control of water pollution and improvements to drinking water system, and for stormwater control. The interest on these bonds range from 3% to 5.25% and have a final maturity date of August 1, 2027.

On October 1, 2002, the State of Missouri, Board of Fund Commissioners issued \$147,710,000 of State Water Pollution Control General Obligation Refunding Bonds, Series B 2002; \$211,630,000 of Third State Building General Obligation Refunding Bonds, Series A 2002; and \$154,840,000 of Fourth State Building General Obligation Refunding Bonds, Series A 2002. The bond proceeds will be used to refund \$530,075,000 aggregate principal amount of outstanding bonds. The interest rates range from 3.375% to 5% and have a final maturity date of October 1, 2021.

Missouri Higher Education Loan Authority:

On July 23, 2002, the Authority issued \$700,000 in student loan revenue bonds under the 1994 General Resolution. The debt includes taxable auction rate bonds, maturing July 1, 2032.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 23 – Subsequent Events (cont.)

Missouri Housing Development Commission:

On September 5, 2002, the Commission issued \$4,400,000 of Multifamily Housing Revenue Bonds, Series II 2002.

On September 18, 2002, the Commission issued \$80,000,000 of Single Family Mortgage Revenue Bonds (Homeownership Loan Program), Series C 2002.

Agricultural and Small Business Development Authority:

Between July 1 and August 23, 2002, the Authority issued Certificates of Guarantee in the amount of \$32,473 guaranteeing 25% of the \$129,892 loans issued.

Lake of the Ozarks Community Bridge Corporation:

In July 2002, the Corporation entered into a conduit occupancy licensing agreement with a cable communication provider. The term of the agreement is 50 years and allows the cable company to locate cable conduit on the underside of the Bridge. The license fee for the duration of the agreement is \$273,000.

Southwest Missouri State University:

On October 1, 2002, the University issued \$16,510,000 of Auxiliary Enterprise System Refunding Revenue Bonds. The bonds will be issued to provide funds, together with certain other funds of the University, to refund the Housing System Refunding Bonds, Series 1993A with an outstanding amount of \$6,425,000 and Housing System Refunding Bonds, Series 1993B with an amount outstanding of \$15,550,000, and to pay the costs of issuance of the Bonds.

University of Missouri:

In July 2002, the University sold \$85,000,000 of capital project notes at an effective interest rate of 1.60%. These notes will mature in June 2003. This annual sale of capital project notes is used to finance several small construction projects, as well as purchase of furniture, fixtures, equipment, and library books for the University.

On July 16, 2002, the University entered into a thirty-year interest rate swap agreement on \$40,000,000, notional amount, of its variable rate System Facilities Revenue Bonds. Based on the swap agreement, the University owes interest calculated at a fixed rate of 3.95% to the counterparty to the swap. In return, the counterparty owes the University interest based on a variable rate set weekly. The \$40,000,000 in bond principal is not exchanged; it is only the basis on which the interest payments are calculated.

Department of Social Services:

The United States Department of Health and Human Services issued a decision to disallow funds of \$3,193,331 which represents the Federal share of AFDC overpayments collected, but not remitted to ACF, during the period of January 1, 1997 to October 31, 2001. On November 22, 2002, the Department of Social Services paid the claim, with interest. The total payment was \$3,251,292.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 23 – Subsequent Events (cont.)

Total State Revenue Refund:

Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government.

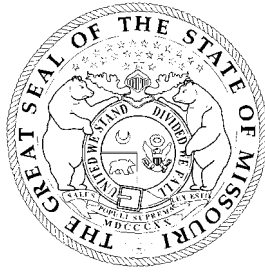
In fiscal year 2003, \$6 million was paid based on a Cole County Circuit Court decision regarding the treatment of refundable tax credits in the total state revenue calculations. All Article X refunds were initially paid from the General Revenue Fund, and various other funds reimbursed their share of the refund liability through operating transfers to the General Revenue Fund as appropriated by the General Assembly. The refund calculation is based on Missouri court rulings construing the term "total state revenues," including Buechner v. Bond 650 S.W. 2d 611 (Mo. banc 1983), Hancock v. Secretary of State 885 S.W. 2d 42 (Mo. App. W.D. 1994), Kelly v. Hanson and Ward 959 S.W. 2d 107 (Mo. banc 1997), Conservation Federation v. Hanson 994 S.W. 2d 27 (Mo. banc 1999), and Missouri Association of Counties v. Hanson 1999 WL 974009 (Mo.) (Mo. banc 1999).

Medicaid Lawsuits:

Cheri White v. Dana Katherine Martin, et al (Case No. 02-4154-CV-C-NKL) was filed in July 2002 in the United States District Court for the Western District of Missouri Central Division. The plaintiffs request that transitional Medicaid assistance be provided to a class of Missourians (approximately 17,000) whose Medicaid benefits were terminated. In October 2002, the district court directed the State to continue the benefits. The State's cost in fiscal year 2003 of providing these benefits would be about \$9 million. Future year costs would decline dramatically as the individuals would reach the end of the eligibility period for the benefits. The State has appealed the granting of the preliminary injunction to the Eighth Circuit. The case is proceeding at the district court level in discovery regarding the obligation of the Department of Social Services regarding the ex parte review necessary for the potential class members (approximately 8,000).

S. McNeil-Terry et al v. D. Katherine Martin, et al (Case No. 024-1662) was filed in St. Louis City Circuit Court in July 2002. The plaintiffs request that certain Medicaid dental benefits continue to be provided to a class of Missourians whose benefits were reduced. The State's cost in fiscal year 2003 of providing these benefits would be about \$5 million. In August 2002, the circuit court directed the State to continue the benefits in a preliminary order. The parties are performing discovery in preparation for a permanent injunction hearing.

Gina Eklund v. Dana Katherine Martin, et al (Case No. 02CV26255-Div. 3) was filed in Jackson County Circuit Court in September 2002. The plaintiffs request that Medicaid assistance be provided to a class of Missourians in the Medicaid spend down program whose benefits were reduced. The State's cost in fiscal year 2003 of providing these benefits would be about \$16 million. In October 2002, the court denied the plaintiffs' request for a temporary restraining order. The plaintiffs have subsequently amended their petition to add a third plaintiff. The State has filed a motion to change venue to Cole County and a motion to dismiss the petition. The parties are awaiting the court's ruling on these motions.



Required Supplementary Information (RSI) includes the Budgetary Comparison Schedule for Major Governmental Funds, as well as the Budget to Generally Accepted Accounting Principles (GAAP) reconciliation, and the Notes to RSI on Budgetary Reporting.

**STATE OF MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)**

	General				Public Education				Conservation and Environmental Protection				Transportation and Law Enforcement			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 1,595,346	\$ 1,595,346	\$ 1,595,346	\$ ---	\$ 348,262	\$ 348,262	\$ 348,262	\$ ---	\$ 355,305	\$ 355,305	\$ 355,305	\$ ---	\$ 62,785	\$ 62,785	\$ 62,785	\$ ---
Resources (Inflows):																
Taxes:																
Sales and Use Tax	1,937,740	1,817,808	1,817,159	(649)	653,556	653,556	667,141	13,585	174,726	174,726	162,986	(11,740)	46,995	46,995	47,025	30
Individual Income Tax	4,757,648	4,463,184	4,461,062	(2,122)	9,615	9,615	9,865	250	---	---	---	---	---	---	---	---
Corporate Income Tax	478,567	448,947	448,805	(142)	---	---	---	---	---	---	---	---	---	---	---	---
County Foreign Insurance Tax	171,133	160,541	160,662	121	---	---	---	---	---	---	---	---	---	---	---	---
Beer Tax	9,087	8,524	8,228	(296)	---	---	---	---	---	---	---	---	---	---	---	---
Liquor Tax	18,173	17,049	17,171	122	---	---	---	---	---	---	---	---	---	---	---	---
Cigarette Tax	---	---	---	---	72,829	72,829	74,385	1,556	---	---	---	---	---	---	---	---
Fuel Tax	---	---	---	---	---	---	---	---	---	---	---	---	701,337	701,337	701,785	448
Corporation Franchise Tax	21,960	20,600	20,753	153	---	---	---	---	---	---	---	---	---	---	---	---
Inheritance Tax	146,145	137,099	136,955	(144)	---	---	---	---	---	---	---	---	---	---	---	---
Miscellaneous Tax	31,803	29,835	29,559	(276)	216,011	216,011	220,473	4,462	790	790	741	(49)	---	---	---	---
Total Taxes	7,572,256	7,103,587	7,100,354	(3,233)	952,011	952,011	971,864	19,853	175,516	175,516	163,727	(11,789)	748,332	748,332	748,810	478
Licenses, Fees and Permits	73,575	69,034	68,994	(40)	364	364	372	8	73,939	73,939	68,972	(4,967)	173,483	173,483	173,594	111
Sales	1,539	1,486	1,456	(30)	14	14	14	---	9,133	9,133	8,520	(613)	4,868	4,868	4,872	4
Leases and Rentals	453	426	425	(1)	---	---	---	---	118	118	110	(8)	196	196	196	---
Services	157,520	149,685	148,309	(1,376)	---	---	---	---	---	---	---	---	---	---	---	---
Contributions and Intergovernmental	5,336,713	5,290,054	5,093,855	(196,199)	39,636	39,636	40,462	826	72,979	72,979	68,077	(4,902)	727	727	727	---
Interest, Penalties and Unclaimed Properties	61,511	57,743	57,690	(53)	12,949	12,949	13,220	271	13,447	13,447	12,544	(903)	3,816	3,816	3,819	3
Miscellaneous Revenues	1,349,132	1,285,084	1,271,209	(13,875)	35,169	35,169	35,903	734	96,922	96,922	90,412	(6,510)	715	715	715	---
Transfers In	139,652	298,397	279,756	(18,641)	2,424,958	2,429,657	2,416,935	(12,722)	12,526	9,343	9,043	(300)	8,368	8,368	8,117	(251)
Total Resources (Inflows)	14,692,351	14,255,496	14,022,048	(233,448)	3,465,101	3,469,800	3,478,770	8,970	454,580	451,397	421,405	(29,992)	940,505	940,505	940,850	345
Amount Available for Appropriation	16,287,697	15,850,842	15,617,394	(233,448)	3,813,363	3,818,062	3,827,032	8,970	809,885	806,702	776,710	(29,992)	1,003,290	1,003,290	1,003,635	345
Charges to Appropriations (Outflows):																
Current:																
General Government	1,454,589	1,509,271	1,456,767	52,504	422	779	646	133	1,685	1,791	1,580	211	91,158	91,326	83,965	7,361
Education	2,027,520	2,031,573	1,708,944	322,629	3,581,815	3,590,220	3,520,126	70,094	---	---	---	---	---	---	---	---
Natural and Economic Resources	271,340	279,448	214,678	64,770	33,078	23,546	16,183	7,363	258,582	198,157	181,196	16,961	4,929	4,929	3,903	1,026
Transportation and Law Enforcement	138,123	162,990	120,333	42,657	5	5	---	5	433	433	267	166	463,091	474,421	437,954	36,467
Human Services	7,594,249	7,892,200	7,363,680	528,520	23,049	20,582	20,256	326	235	235	157	78	---	---	---	---
Capital Outlay	154,698	162,343	142,938	19,405	10,086	10,068	9,805	263	41,082	31,494	28,783	2,711	12,878	13,177	12,141	1,036
Debt Service	40,082	41,450	40,018	1,432	---	---	---	---	---	---	---	---	---	---	---	---
Intergovernmental	203,032	220,501	182,120	38,381	258	464	386	78	128,997	99,019	90,337	8,682	208,977	209,770	192,896	16,874
Transfers Out	2,903,439	2,937,335	2,872,219	65,116	4,641	5,633	4,841	792	37,857	40,437	38,162	2,275	239,409	240,997	203,476	37,521
Total Charges to Appropriations	14,787,072	15,237,111	14,101,697	1,135,414	3,653,354	3,651,297	3,572,243	79,054	468,871	371,566	340,482	31,084	1,020,442	1,034,620	934,335	100,285
Ending Budgetary Fund Balance	\$ 1,500,625	\$ 613,731	\$ 1,515,697	\$ 901,966	\$ 160,009	\$ 166,765	\$ 254,789	\$ 88,024	\$ 341,014	\$ 435,136	\$ 436,228	\$ 1,092	\$ (17,152)	\$ (31,330)	\$ 69,300	\$ 100,630
Reconciling Items:																
Restatements to Beginning Balance			322				206				(3,761)				(29)	
Accrued Revenues			478,060				91,645				331,262				89,849	
Deferred Revenue--Unearned			(101,365)				(1,875)				(3)				---	
Accrued Expenditures			(725,313)				(44,088)				(6,751)				(20,065)	
Budgetary Expenditures			(960)				---				---				---	
Inventory Balance			18,252				68				989				4,319	
Restricted Assets			8,790				---				---				---	
Non-Budgeted Funds			46				---				---				---	
Fund Balance -- GAAP Basis			\$ 1,193,529				\$ 300,745				\$ 757,964				\$ 143,374	

This schedule is continued on page 83.

**STATE OF MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)**

	State Road			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 255,009	\$ 255,009	\$ 255,009	\$ ---
Resources (Inflows):				
Taxes:				
Vehicle Sales and Use Tax	145,746	121,190	139,693	18,503
Fuel Tax	332	85	85	---
Total Taxes	146,078	121,275	139,778	18,503
Licenses, Fees and Permits	89,020	87,616	92,484	4,868
Contributions and				
Intergovernmental	687,025	720,336	795,200	74,864
Interest	15,423	12,065	8,899	(3,166)
Miscellaneous Revenues	78,007	77,938	82,212	4,274
Bond Sales Proceeds	404,000	402,000	413,049	11,049
Transfers In from Highway Fund	163,917	201,216	165,212	(36,004)
Total Resources (Inflows)	1,583,470	1,622,446	1,696,834	74,388
Amount Available for Appropriation	1,838,479	1,877,455	1,951,843	74,388
Charges to Appropriations (Outflows):				
Current:				
Transportation and Law				
Enforcement	320,359	257,519	253,614	3,905
Capital Outlay	1,352,784	1,087,428	1,070,610	16,818
Debt Service	21,951	25,098	25,098	---
Intergovernmental	84,176	67,664	66,608	1,056
Total Charges to Appropriations	1,779,270	1,437,709	1,415,930	21,779
Ending Budgetary Fund Balance	\$ 59,209	\$ 439,746	\$ 535,913	\$ 96,167
Reconciling Items:				
Receivables			94,870	
Due from Other Funds			2,508	
Inventories			27,469	
Accounts Payable			(139,651)	
Deferred Revenues			(29,424)	
Advance from Component Units			(65,803)	
Investment Market Value Adjustment			18,701	
Fund Balance - GAAP Basis			\$ 444,583	

STATE OF MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
June 30, 2002

The Budgetary Comparison Schedule presents comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for major governmental funds. The major fund categories presented for the State of Missouri are the General Fund, along with the following three Special Revenue Fund Categories: Public Education, Conservation and Environmental Protection, and Transportation and Law Enforcement. In addition, the State Road Fund is a major Capital Projects Fund presented in RSI based on the audited financial statements from the Missouri Department of Transportation.

The Budgetary Comparison Schedule reports revenues and expenditures on a budgetary basis. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2002, has been presented at the bottom of the Budgetary Comparison Schedule shown on the previous pages of RSI. Since the budget is prepared principally on a cash basis, the Budgetary Comparison Schedule includes data presented on this basis for the fiscal year, and for adjustments made in the two-month lapse period, July 1 through August 31. The budgetary expenditures are included in the current year's Appropriation Activity Report, which demonstrates legal compliance with the current year's budget. This report can be viewed at <http://www.oa.mo.gov/acct/AAR>.

The General Fund is composed of two fund categories, General and Federal funds. Some funds are funded by receipts from specific sources which do not lend themselves to budget preparation. The following fund was excluded from the Budgetary Comparison Schedule for this reason:

General Fund:

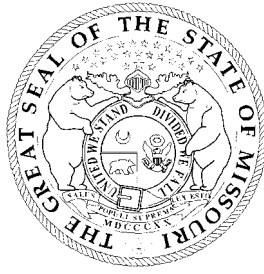
General – State Elections Subsidy.

The Budgetary Comparison Schedule presented in RSI does not take into account any amounts that were withheld or reverted from expenditure appropriations due to State budget shortages in fiscal year 2002. This is because the actual appropriation is not decreased for the withholdings. This is why there is a large variance between appropriated (budgeted) expenditures and actual expenditures for fiscal year 2002. The total amount of withholdings in the General Fund in fiscal year 2002 was \$415,191,476. This amount is broken down by expenditure agency groups as follows: General Government \$52,300,281, Education \$186,122,850, Natural and Economic Resources \$29,064,120, Transportation and Law Enforcement \$10,149,615, and Human Services \$137,554,610.

Budgetary comparisons are also required for any other individual governmental funds for which annual appropriated budgets have been adopted. Therefore, budget to actual statements have been provided in the combining fund financial statements for non-major funds for the following non-major governmental fund categories: Special Revenue, Debt Service, and Permanent funds. The following non-major Special Revenue fund does not lend itself to budget preparation and is not included in the budget to actual statement for non-major Special Revenue funds:

Reimbursement and Other – Statutory Revision.

We have not included a budgetary comparison for non-major Capital Projects funds. These funds are funded by bond proceeds or grants for various projects that require several years to complete. Generally, the bond authorization or grant is appropriated in total the first year even though the bond sales or grant receipts are received over a period of years as required by the projects. Therefore, these funds do not have annual budgets and their budget data is not comparative to the actual data for the fiscal year.



The Combining and Individual Fund Statements and Schedules

Major Funds

General Fund – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

Non-Major Funds

This includes all non-major governmental, proprietary, and fiduciary funds, as well as non-major component units.

A budgetary comparison schedule is provided for all non-major governmental funds with the exception of capital project funds.

General Fund:

General:

General Revenue – All moneys received by the State unless required by statute or constitutional provision to be deposited elsewhere in a specifically named fund.

Budget Reserve – Moneys used when there are revenue shortfalls that require the Governor to reduce expenditures of agencies below the level of their appropriations or when there is a financial need due to a disaster.

Uncompensated Care – Accounts for moneys used for the non-federal share of uncompensated care and other services under Title XIX Medicaid Program.

Department of Health Interagency Payments – Accounts for reimbursed moneys to be used for program disbursements.

Facilities Maintenance Reserve – General Revenue moneys to be used for maintaining, repairing and renovating State facilities.

Intergovernmental Transfers – Moneys from publicly owned nursing facilities to be used for Medicaid and other related charges.

Federal Reimbursement Allowance – Moneys received for payment of Title XIX services.

Title XIX–Patient Placement – General Revenue – Moneys received from the federal government to be used for medical assistance to eligible recipients pursuant to Title XIX.

Child Support Enforcement Collections – Moneys received from individuals to be used for the expenditures of the Division of Child Support Enforcement.

Missouri Technology Investment – Moneys received from various sources to be used for technology development programs.

Microenterprise Loan – Moneys received from various sources to be used in assisting new or expanding microenterprise.

Missouri Water Development – General Revenue moneys to be used to purchase water supply storage.

General Revenue Reimbursements – Federal moneys received by the Department of Mental Health and the Department of Social Services to be used by the Department of Mental Health as appropriated.

Missouri Humanities Council Trust – Moneys from various sources to be used for promotion of the humanities.

General Revenue – Cultural Sub-Account – General Revenue moneys to be used by the Missouri Art Council Trust Fund.

Nursing Facility Federal Reimbursement Allowance – Tax moneys used for expenditures of nursing facilities.

Post Closure – Moneys from forfeited collateral to be used for costs related to closure and post closure activities of landfills.

Attorney General’s Court Cost – General Revenue moneys to be used for payment of court costs.

Disproportionate Share – Moneys received from hospitals to be used for Title XIX hospital care.

Attorney General's Anti-Trust – General Revenue moneys to be used for expenses related to anti-trust activities.

State Elections Subsidy – Appropriated moneys to be used for payment of advance election costs.

State Legal Expense – General Revenue, Transportation and Conservation moneys to be used for claims against State departments or employees.

General Fund – Federal: Accounts for moneys received or reimbursed by the federal government to cover costs of federally funded grants and programs. Each program or grant has its own fund to account for its operations as follows:

*Vocational Rehabilitation – Federal
Elementary and Secondary Education –
Federal and Other
General Assembly – Federal
Division of Youth Services –
Federal and Other
Office of the State Public Defender –
Federal and Other
Pharmacy Rebates
State Auditor – Federal
Department of Higher Education – Federal
Department of Labor and Industrial
Relations – Commission on Human
Rights – Federal
Department of Economic Development –
Community Development Block Grant
(Passthrough)
Department of Economic Development –
Women's Council – Federal
Third Party Liability Collections
Department of Public Safety – Juvenile
Accountability Incentive Block Grant
Department of Labor and Industrial
Relations Administrative
Department of Economic Development –
Community Development Block Grant
(Administration)
Food Stamp EBT Settlement
Multimodal Operations – Federal
Department of Economic Development –
Federal and Other
Department of Corrections – Federal
Department of Revenue – Federal
Department of Agriculture –
Federal and Other
Office of Administration – Federal and Other
Attorney General – Federal and Other
Supreme Court – Federal and Other
Department of Economic Development –
Missouri Council of the Arts –
Federal and Other*

*Department of Natural Resources –
Federal and Other
Department of Economic Development –
Management Information Systems –
Federal and Other
Department of Health – Federal
State Emergency Management –
Federal and Other
Department of Mental Health – Federal
Department of Public Safety –
Highway Safety
Secretary of State Records – Federal
Department of Public Safety – Federal
Division of Aging – Federal and Other
Job Development and Training
Department of Social Services – Federal and Other
ADC – Federal
Title XIX – Federal
Division of Family Services Donations
Division of Aging Donations
Medicaid Fraud Reimbursements
Revenue Sharing Trust
Missouri Veterans Commission – Federal
MCSAP/Division of Transportation – Federal
Division of Labor Standards – Federal
Governor's Committee on Employment of the
Handicapped – Federal
Federal and Other
Adjutant General – Federal
Department of Labor and Industrial Relations –
Crime Victims – Federal
Federal – MDI
Federal Drug Seizure
Secretary of State – Federal
Community Service Commission – Federal and Other
Temporary Assistance for Needy Families – Federal
Division of Family Services – Administrative
Missouri Disaster
Abandoned Mined Reclamation
Unemployment Compensation Administration*

**STATE OF MISSOURI
BALANCE SHEET
GENERAL FUND
June 30, 2002
(In Thousands of Dollars)**

	<u>General Fund</u>		<u>Totals</u>
	<u>General</u>	<u>Federal</u>	<u>June 30, 2002</u>
ASSETS			
Cash and Cash Equivalents	\$ 870,994	\$ 158,003	\$ 1,028,997
Investments	5,295	---	5,295
Accounts Receivable, Net	759,036	420,365	1,179,401
Interest Receivable	7,131	75	7,206
Inventory	17,174	1,078	18,252
Restricted Assets:			
Cash and Cash Equivalents	8,789	---	8,789
Receivables	<u>1</u>	<u>---</u>	<u>1</u>
Total Assets	<u>\$ 1,668,420</u>	<u>\$ 579,521</u>	<u>\$ 2,247,941</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 283,754	\$ 361,138	\$ 644,892
Accrued Payroll	42,586	13,150	55,736
Due to Other Funds	14,937	4,407	19,344
Deferred Revenue	158,804	130,247	289,051
Advance from Other Funds	45,345	---	45,345
Payable from Restricted Assets	<u>44</u>	<u>---</u>	<u>44</u>
Total Liabilities	<u>545,470</u>	<u>508,942</u>	<u>1,054,412</u>
Fund Balances:			
Reserved for:			
Budget Reserve	471,048	---	471,048
Inventory	17,174	1,078	18,252
Future Distribution	83,078	---	83,078
Taxes	439	---	439
Unreserved	<u>551,211</u>	<u>69,501</u>	<u>620,712</u>
Total Fund Balances	<u>1,122,950</u>	<u>70,579</u>	<u>1,193,529</u>
Total Liabilities and Fund Balances	<u>\$ 1,668,420</u>	<u>\$ 579,521</u>	<u>\$ 2,247,941</u>

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

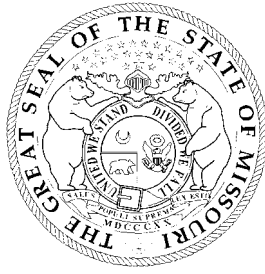
	General Fund			Totals
	General	Federal	Eliminations	June 30, 2002
Revenues:				
Taxes	\$ 6,747,449	\$ ---	\$ ---	\$ 6,747,449
Licenses, Fees and Permits	65,111	34	---	65,145
Sales	783	659	---	1,442
Leases and Rentals	411	14	---	425
Services	122,859	29,139	---	151,998
Contributions and Intergovernmental	704,959	4,804,459	---	5,509,418
Investment Earnings	52,550	2,217	---	54,767
Penalties and Unclaimed Properties	2,085	165	---	2,250
Cost Reimbursement/Miscellaneous	392,256	107,275	---	499,531
Total Revenues	8,088,463	4,943,962	---	13,032,425
Expenditures:				
Current:				
General Government	434,752	7,921	---	442,673
Education	430,393	659,881	---	1,090,274
Natural and Economic Resources	60,292	173,443	---	233,735
Transportation and Law Enforcement	53,593	77,209	---	130,802
Human Services	4,013,207	3,803,885	---	7,817,092
Capital Outlay:				
Current Expenditures	70,189	36,754	---	106,943
Capital Lease Purchases	10,830	1,591	---	12,421
Debt Service:				
Principal	16,094	5,984	---	22,078
Interest	30,314	2,026	---	32,340
Bond Issuance Costs	32	---	---	32
Intergovernmental	90,833	93,701	---	184,534
Total Expenditures	5,210,529	4,862,395	---	10,072,924
Excess Revenues	2,877,934	81,567	---	2,959,501
Other Financing Sources (Uses):				
Proceeds from Capital Leases	10,830	1,591	---	12,421
Operating Transfers In	306,432	15,041	(48,642)	272,831
Operating Transfers Out	(2,376,853)	(42,530)	48,642	(2,370,741)
Operating Transfers Out to Component Units	(674,135)	---	---	(674,135)
Total Other Financing Sources (Uses)	(2,733,726)	(25,898)	---	(2,759,624)
Excess Revenues and Other Sources	144,208	55,669	---	199,877
Fund Balances – Beginning	975,325	15,087	---	990,412
Increase (Decrease) in Reserve for Inventory	3,417	(177)	---	3,240
Fund Balances – Ending	\$ 1,122,950	\$ 70,579	\$ ---	\$ 1,193,529

**STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
June 30, 2002
(In Thousands of Dollars)**

					<u>Totals</u>
	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>June 30, 2002</u>
ASSETS					
Cash and Cash Equivalents	\$ 255,071	\$ 109,932	\$ 126,603	\$ 561	\$ 492,167
Investments	10,270	---	---	35,668	45,938
Accounts Receivable, Net	16,766	---	---	7	16,773
Interest Receivable	609	580	725	3	1,917
Inventory	203	---	---	---	203
Loans Receivable	1,050	---	---	---	1,050
	<u>1,050</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>1,050</u>
Total Assets	<u>\$ 283,969</u>	<u>\$ 110,512</u>	<u>\$ 127,328</u>	<u>\$ 36,239</u>	<u>\$ 558,048</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 3,250	\$ ---	\$ 4	\$ ---	\$ 3,254
Accrued Payroll	2,620	---	26	---	2,646
Due to Other Funds	740	---	8	---	748
Deferred Revenue	3,602	219	276	2	4,099
Matured Bonds Payable	---	5	---	---	5
	<u>---</u>	<u>5</u>	<u>---</u>	<u>---</u>	<u>5</u>
Total Liabilities	<u>10,212</u>	<u>224</u>	<u>314</u>	<u>2</u>	<u>10,752</u>
Fund Balances:					
Reserved for Inventory	203	---	---	---	203
Reserved for Debt Service	---	110,288	---	---	110,288
Reserved for Loans Receivable	1,050	---	---	---	1,050
Reserved for Trust Principal	---	---	---	36,127	36,127
Unreserved	272,504	---	127,014	110	399,628
	<u>272,504</u>	<u>---</u>	<u>127,014</u>	<u>110</u>	<u>399,628</u>
Total Fund Balances	<u>273,757</u>	<u>110,288</u>	<u>127,014</u>	<u>36,237</u>	<u>547,296</u>
Total Liabilities and Fund Balances	<u>\$ 283,969</u>	<u>\$ 110,512</u>	<u>\$ 127,328</u>	<u>\$ 36,239</u>	<u>\$ 558,048</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS – BY FUND TYPE
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

					Totals
	Special Revenue	Debt Service	Capital Projects	Permanent	June 30, 2002
Revenues:					
Taxes	\$ 95,172	\$ ---	\$ ---	\$ ---	\$ 95,172
Licenses, Fees and Permits	141,081	---	---	2	141,083
Sales	1,238	---	---	---	1,238
Services	234	---	---	---	234
Contributions and Intergovernmental	10,627	---	2,072	---	12,699
Investment Earnings:					
Net Decrease in the Fair Value of Investments	---	---	---	(3,281)	(3,281)
Interest	5,380	3,835	4,752	39	14,006
Penalties and Unclaimed Properties	15,365	---	---	224	15,589
Cost Reimbursement/Miscellaneous	191,606	---	9	---	191,615
Total Revenues	<u>460,703</u>	<u>3,835</u>	<u>6,833</u>	<u>(3,016)</u>	<u>468,355</u>
Expenditures:					
Current:					
General Government	17,530	---	4,184	---	21,714
Education	5,536	---	---	---	5,536
Natural and Economic Resources	155,632	---	---	---	155,632
Transportation and Law Enforcement	24,316	---	1,792	---	26,108
Human Services	150,044	---	21	26	150,091
Capital Outlay:					
Current Expenditures	9,600	---	22,824	---	32,424
Capital Lease Purchases	208	---	---	---	208
Debt Service:					
Principal	287	55,155	---	---	55,442
Interest	437	50,471	---	---	50,908
Intergovernmental	860	---	21,098	---	21,958
Total Expenditures	<u>364,450</u>	<u>105,626</u>	<u>49,919</u>	<u>26</u>	<u>520,021</u>
Excess Revenues (Expenditures)	<u>96,253</u>	<u>(101,791)</u>	<u>(43,086)</u>	<u>(3,042)</u>	<u>(51,666)</u>
Other Financing Sources (Uses):					
Proceeds from Capital Leases	208	---	---	---	208
Operating Transfers In	35,223	98,831	3,000	629	137,683
Operating Transfers Out	(288,677)	---	(16,943)	---	(305,620)
Total Other Financing Sources (Uses)	<u>(253,246)</u>	<u>98,831</u>	<u>(13,943)</u>	<u>629</u>	<u>(167,729)</u>
Excess Expenditures and Other Uses	(156,993)	(2,960)	(57,029)	(2,413)	(219,395)
Fund Balances – Beginning	430,689	113,248	184,043	38,650	766,630
Increase in Reserve for Inventory	<u>61</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>61</u>
Fund Balances – Ending	<u><u>\$ 273,757</u></u>	<u><u>\$ 110,288</u></u>	<u><u>\$ 127,014</u></u>	<u><u>\$ 36,237</u></u>	<u><u>\$ 547,296</u></u>



*The **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State has numerous individual Special Revenue Funds, therefore, the funds have been combined into specific functional areas.*

Non-Major Special Revenue Funds:

Professional Registration: Provides for the control and regulation of various professions. Each profession has its own fund to account for its operation.

<i>Hearing Instrument Specialist</i>	<i>Board of Nursing</i>
<i>State Committee of Interpreters</i>	<i>Board of Optometry</i>
<i>Board of Geologist Registration</i>	<i>Board of Pharmacy</i>
<i>Missouri Commission for the Deaf</i>	<i>Missouri Real Estate Commission</i>
<i>Board of Certification of Interpreters</i>	<i>Veterinary Medical Board</i>
<i>Escrow Agent Administration</i>	<i>Committee of Professional Counselors</i>
<i>Real Estate Appraisers</i>	<i>Dental Board</i>
<i>Clinical Social Workers</i>	<i>State Board of Architects, Engineers and Land Surveyors</i>
<i>Landscape Architectural Council</i>	<i>Athletic</i>
<i>State Committee of Psychologists</i>	<i>Marital and Family Therapists'</i>
<i>Missouri Health Care Providers</i>	<i>Respiratory Care Practitioners</i>
<i>Board of Accountancy</i>	<i>Board of Occupational Therapy</i>
<i>Board of Barber Examiners</i>	<i>Licensed Perfusionist</i>
<i>State Board of Podiatric Medicine</i>	<i>Dietitian</i>
<i>Board of Chiropractic Examiners</i>	<i>Interior Designer Council</i>
<i>Board of Cosmetology</i>	<i>Acupuncturist</i>
<i>Board of Embalmers and Funeral Directors</i>	<i>Tattoo</i>
<i>Board of Registration for Healing Arts</i>	<i>Massage Therapy</i>

Judicial Protection and Assistance: Provides for protection of public employees by the Attorney General's Office, conviction of criminal offenders by prosecuting attorneys and assistance to victims of criminal offenses.

Missouri Crime Prevention Information and Programming – Accounts for moneys from various sources to be used by local government/school district partnerships to operate crime prevention programs.

Statewide Court Automation – Accounts for additional court costs assessed in certain cases. Moneys are used for a statewide court automation system.

Missouri CASA – Accounts for money to be used for Court Appointed Special Advocate (CASA) Programs.

State Forensic Laboratory – Accounts for moneys used to defray costs of registered laboratories.

Services to Victims – Accounts for fees assessed as costs in criminal cases. Moneys are used to provide services to victims of crimes.

Tort Victims' Compensation – Accounts for a portion of any final judgment awarding punitive damages after the deduction of attorneys' fees and expenses.

Merchandising Practices Revolving – Accounts for general revenues and moneys required to be deposited in this fund. These moneys are used to pay costs incurred by the Attorney General in cases concerning merchandising practices.

Legal Defense and Defender – Accounts for moneys from services rendered. The moneys are used for training public defenders and for other lawful expenses as authorized by the Public Defender Commission.

Criminal Record System – Accounts for fees collected from federal and non-state agencies for administering criminal history record information and fingerprint searches.

Missouri Office of Prosecution Services – Accounts for fees assessed as costs in most criminal proceedings. These moneys are used to assist the prosecuting attorneys throughout the State in their efforts against criminal activity.

Crime Victims' Compensation – Accounts for fees assessed as costs against a convicted criminal. These moneys are used to compensate victims of crime.

Legal Services for Low Income People – Accounts for moneys to be used to provide legal services for individuals with low income.

Child Labor Enforcement – Accounts for moneys to be used for investigations and enforcement of child labor laws.

Inmate Incarceration Reimbursement Act Revolving – Accounts for moneys collected for reimbursement of the expenses of the State for the cost of care of offenders.

State Courts Administration Revolving – Accounts for moneys received for registration fees, grants, or other sources to be used to provide training and purchase goods and services related to the training and education of court personnel.

Criminal Justice Network and Technology Revolving – Accounts for moneys to be used for the procurement of telecommunications and computer equipment, services, and software associated with connection to the criminal justice network.

Missouri Office of Prosecution Services Revolving – Accounts for moneys received by or on behalf of the Missouri Office of Prosecution Services.

Judiciary Education and Training – Accounts for fees collected to be used for training and education of judicial personnel.

Fine Collections Center Interest Revolving – Accounts for interest moneys to be used for goods and services related to the administration of the judicial system by the judicial branch.

Agriculture and State Fair: Provides for inspections of products, market development and awards for competition at the State fair.

Animal Health Laboratory Fee – Accounts for laboratory fees to be used to defray expenses of diagnosing animal disease.

Animal Care Reserve – Accounts for fees from businesses engaged in breeding, selling and caring for cats and dogs to be used to administer the Animal Care Program.

Livestock Brands – Accounts for fees collected for brand applications, transfer of brand ownership and maintenance of brands and is used by Division of Animal Health for program administration.

Commodity Council Merchandising – Accounts for fees imposed under the Commodity Merchandising Program for the use and benefit of the commodity councils.

Missouri Qualified Fuel Ethanol Producer Incentive – Accounts for moneys used to provide subsidies to Missouri qualified fuel ethanol producers.

Aquaculture Marketing Development – Accounts for fees collected on fish food purchased by commercial producers and used for the marketing of fish and fish products.

Livestock Sales and Markets Fees – Accounts for license fees collected for the licensing of livestock sales and markets used for the benefit of the Division of Animal Health.

Missouri Breeders – Accounts for moneys received for horse racing application and handling fees.

Apple Merchandising – Accounts for fees imposed on apples grown in the State which are sold for consumption. These moneys are used only for the costs of administering and enforcing laws concerning apple merchandising.

Livestock Dealer Law Enforcement and Administration – Accounts for penalties assessed for violations of the "Missouri Livestock Dealer Law" and is used for the benefit of the Division of Animal Health.

Milk Inspection Fees – Accounts for fees received from State milk inspections and is used to pay the costs of performing this inspection.

Grain Inspection Fees – Accounts for fees received for providing grain inspection services and is used to pay the cost of providing this service.

Marketing Development – Accounts for moneys received by the Department of Agriculture from any source to be spent for marketing development only.

Boil Weevil Suppression and Eradication – Accounts for moneys for the sound program of eradication and suppression of boil weevil.

Missouri Wine Marketing and Research Development – Accounts for pro rata charges to commercial grape producers in Missouri to be used for enology research, education, and marketing of wine produced in Missouri.

State Fair Trust – Accounts for moneys received as gifts, grants, legacies or devises and is used as prizes to the winners of five-gaited saddle horse stakes at the State fair.

Agriculture Development – Accounts for assets from the Federal Secretary of Agriculture and earnings from those assets to be used for agricultural development in accordance with a written agreement with the U.S. Department of Agriculture.

Social Assistance: Provides financial, health and other services to qualifying individuals.

Utilicare Stabilization – Moneys from various sources to be used for financial assistance of heating and cooling costs for the needy.

Motorcycle Safety Trust – Accounts for fees collected from persons who violate laws relating to motorcycles or causes accidents involving motorcycles.

Compulsive Gamblers – Accounts for moneys received from cities and counties that have licensed excursion gambling boats. These moneys are used to provide services for compulsive gamblers and their families.

Missouri Housing Trust – Accounts for moneys received from any source to be used for loans or grants for assistance to low-income families.

Health Initiatives – Accounts for additional taxes on cigarettes and other moneys to fund health care incentives and other programs.

Health Access Incentive – Accounts for moneys appropriated and received by law to be used to implement and encourage a program to provide incentives in exchange for location of health providers who agree to serve all persons in need of health services regardless of ability to pay.

Mental Health Housing Trust – Accounts for moneys received from the sale of surplus real property formerly used by the Department of Mental Health. Moneys are used for the construction or renovation of Mental Health Centers, or to finance the rental, purchase, construction or renovation of community based housing for clients.

Family Support Loan Program – Accounts for moneys appropriated to be used for low interest, short-term loans to families with a member with a developmental disability.

Independent Living Center – Accounts for fees received from persons convicted of or pleading guilty to a drug-related or an intoxicated-related traffic offense. Moneys are used to establish and maintain independent living centers for persons with disabilities.

Mental Health Earnings – Accounts for fees assessed on individuals due to alcohol and drug-related traffic offenses. Moneys are used to develop and certify alcohol related traffic offender programs and provide rehabilitation services to persons unable to pay.

Division of Aging Elderly Home Delivered Meals Trust – Accounts for moneys contributed by taxpayers and other designated moneys to be used in preparing and delivering meals to elderly persons.

Missouri Public Health Services – Accounts for fees collected for health purposes.

Deaf Relay Service and Equipment Distribution Program – Accounts for fees collected in order to fund a program for providing a telecommunications device for the deaf to transmit messages over basic telephone lines.

Veterans' Trust – Accounts for moneys contributed by taxpayers, grants, gifts, bequests, federal sources or other sources to be used for the benefit of the State's veterans.

Economy Rate Telephone Service – Accounts for moneys appropriated by the General Assembly to be used for eligible subscribers to meet their minimum communication requirements.

Medical School Loan and Loan Repayment Program – Accounts for moneys used to pay the principal, interest and related costs of government and commercial loans on behalf of individuals working in a specified area of need.

Children's Service Commission – Accounts for gifts and grants from various sources to be spent for children's services as provided by law.

Handicapped Children's Trust – Accounts for grants, gifts, donations, or bequests to be spent as requested by the donor of the handicapped children.

Blind Pension – Accounts for State property tax moneys used to provide a pension to certain blind people.

Healthy Families Trust Funds – To account for moneys received from the Tobacco Settlement.

Department of Health – Donated – Accounts for moneys received from donations and spent for various health programs.

Children's Trust – Accounts for grants or gifts from any source to pay the administration costs of and for establishing programs to prevent or alleviate child abuse or neglect.

ADA Compliance – Accounts for moneys from various funds to be used for projects to comply with the Americans with Disabilities Act.

Organ Donor Program – Accounts for moneys to be used for implementation of organ donor awareness programs.

Property Reuse – Accounts for moneys appropriated and gifts, contributions, grants or bequests from federal, private, or other sources for direct loans, guarantees and grants to create and preserve jobs, attract and retain businesses, and improve economic welfare.

Domestic Relations Resolution – Accounts for moneys received from surcharges and fines for disputes in marriage dissolutions and custody orders. Moneys are used for creating and approving a handbook dealing with divorce and child custody and to reimburse local judicial circuits for the costs associated with the implementation of this act.

Correctional Substance Abuse Earnings – Accounts for fees charged to persons required by the court to begin an Educational Assessment and Community Treatment Program. Moneys are used solely for assistance in securing alcohol and drug rehabilitation services.

Assistive Technology Loan Revolving – Accounts for appropriated moneys to be used for loans to qualified individuals for the purchase of assistive technology devices and services.

Blindness Education, Screening and Treatment Program – Accounts for donated moneys used to provide blindness prevention education, screenings and treatments for persons not covered under a healthcare benefit plan.

Missouri National Guard Trust – Accounts for moneys received through contributions, gifts, bequests, grants and federal funds to be used for providing military honors at veterans' burials, interments, or memorial services.

School for the Blind – Accounts for grants, gifts, donations or bequests for the sole use of the Missouri School for the Blind.

School for the Deaf – Accounts for grants, gifts, donations or bequests for the sole use of the Missouri School for the Deaf.

Institution Gift Trust – Accounts for grants, gifts, donations, devises or bequests to various institutions to be spent as requested by the donor.

Mental Health Trust – Accounts for moneys to be used for the purpose of carrying out the objects for which the grants, gifts, donations or bequests were made, or for the purposes of funding special projects or purchasing special equipment from escheated moneys.

Crippled Children's Services – Accounts for moneys from various sources to be used for costs of crippled children's services.

Unemployment and Workers' Compensation: Provides for the administration of these laws and benefits to workers who qualify for workers' compensation.

Workers' Compensation – Accounts for taxes paid by insurance carriers and is used for victims of industrial injuries.

Workers' Compensation – Second Injury – Accounts for taxes paid by insurance carriers and is used for victims of industrial injuries where permanent disability occurs.

Special Employment Security – Accounts for moneys paid as interest and penalties by the employer for unemployment fees not paid. These moneys are used to pay interest on advances from the federal government and for other costs necessary and proper under the unemployment compensation laws.

Reimbursements and Other: Provides various reimbursements of costs to other governments and various regulatory commissions not included in other functional areas.

Missouri Capital Access Program – Accounts for interest earned and excess balances transferred from program reserve accounts by financial institutions, and collections made by the State on defaulted loans.

Statutory County Recorder's – Accounts for moneys to be used to subsidize the fees collected by counties that hereafter elect or have heretofore elected to separate the offices of circuit court clerk and recorder.

Treasurer's Information – Accounts for funds received for the preparation, reproduction, or dissemination of information or publications.

Elevator Safety Board – Accounts for moneys collected for inspections, permits, licenses and certificates to be used for the operation and expenses of the board.

Residential Mortgage Licensing – Accounts for fees set and collected for application fees, investigation of license applicant fees, examination fees, contingent fees, and any other miscellaneous fee.

Missouri Arts Council Trust – Accounts for moneys to be used for the administration of the Missouri Arts Council.

Gaming Commission Bingo – Accounts for moneys collected for license fees, penalties and administration fees to be used for the administration cost of the commission.

Secretary of State's Technology Trust – Accounts for fees received from the issuance of notary commissions to be used for establishing and maintaining a data processing system and other administrative costs for services.

Missouri National Guard Training Site – Accounts for fees collected for use of training sites from persons or organizations not connected with the militia. The moneys are used for operating costs of the facilities.

Nursing Facility Quality of Care – Accounts for certification fees collected from nursing home facilities to be used for assistance to the facilities and for conducting surveys and inspections.

Division of Tourism Supplemental Revenue – Accounts for additional sales tax collected from tourism-oriented goods and services to be used for promotional marketing strategies.

Business Extension Service Team – Accounts for moneys used to help Missouri companies in financial difficulty to regain financial stability by a plan developed by a team of knowledgeable and experienced persons.

Gaming Commission – Accounts for moneys received from licenses, fees, and permits to be used to fund the administrative costs of the Gaming Commission.

Mammography – Accounts for fees collected from licensing of specific sources of ionizing radiation and from other nonrefundable fees collected in connection with mammography authorization to be used for program administration.

Statutory Revision – Accounts for money received from the sale of the Revised Statutes of Missouri and supplements and from fees for any services rendered by the Committee on Legislative Research. The moneys are used for enhancing or producing the statutes and supplements.

Division of Credit Unions – Accounts for moneys assessed on credit unions and used for costs related to their regulation.

Division of Savings and Loan Supervision – Accounts for moneys assessed on savings and loan associations and other corporations and used for costs related to their regulation.

Division of Finance – Accounts for moneys assessed on banks, trust companies and other corporations and used for costs related to their regulation.

Insurance Examiners – Accounts for fees assessed against organizations which are engaged in the business of insurance within the State. The moneys are used for costs incurred by insurance examiners.

Design and Construction – Donated – Accounts for donations to be used for the repair, replacement and refurbishing of artwork, statuary work and monuments of historical importance to Missouri.

Endowed Care Cemetery Audit – Accounts for fees from the issuance of birth and death certificates. The moneys are used to administer the auditing of endowed care cemetery funds.

Department of Insurance Dedicated – Accounts for moneys from licensing, renewals and regulatory fees and used for expenditures of the Department of Insurance.

International Promotions Revolving – Accounts for moneys from gifts, contributions, grants and other sources and is used for costs associated with attendance at international trade shows.

Local Records Preservation – Accounts for moneys charged and collected for the recording of various deeds and documents and used by the Secretary of State for additional preservation of local records.

Spinal Cord Injury – Accounts for moneys to be used to fund research projects that promote an advancement of knowledge in the area of spinal cord injury.

Manufactured Housing – Accounts for fees collected for seals or inspection of manufacturing and dealer premises for manufactured homes, recreational vehicles and modular homes.

Motor Vehicle Commission – Accounts for fees established by the Missouri Motor Vehicle Commission to pay its operational costs.

Health Spa Regulatory – Accounts for health spa registration fees. These moneys are used to administer the regulation of health spas.

Missouri Main Street Program – Accounts for moneys appropriated and gifts, contributions, grants or bequests from federal, private, or other sources to accomplish community and economic revitalization and development of older business districts and neighborhoods.

Public Service Commission – Accounts for moneys assessed on public utilities and used for costs related to their regulation.

Department of Health Document Services – Accounts for fees collected for publications and used to pay the costs of providing this information.

Petition Audit Revolving Trust – Accounts for moneys received and costs incurred as a result of audits petitioned by the requisite percent of the qualified voters of a subdivision.

Tourism Marketing – Accounts for receipts from promotional items and used for the marketing of items which promote and develop tourism in the State.

Petroleum Inspection – Accounts for fees collected for inspections of petroleum products and equipment. The fees are used for costs of administering, regulating, testing and inspecting these products and equipment.

Missouri Horse Racing Commission – Accounts for moneys received from the licensing of race tracks and authorization of races and pari-mutuel wagering pools. These moneys are used for the operation of the Horse Racing Commission.

Missouri Senior Rx – Accounts for moneys collected to be used by the commission for medical assistance to seniors covered under the Missouri Senior Rx program.

Secretary of State's Investor Education – Accounts for moneys to be used as a source of funding in support of activities related to the Secretary of State's investor education responsibilities.

State Document Preservation – Accounts for moneys to be used to preserve State documents and making them available to the public.

Missouri Supplemental Tax Increment Financing – Accounts for moneys generated by redevelopment projects and income taxes withheld by jobs created by redevelopment projects to be used to pay loans for the project.

Premium – To account for moneys received from parents or guardians of uninsured children.

Missouri Public Broadcasting Corporation Special – Accounts for moneys generated from the nonresident entertainer and professional athletic team income taxes to be used for basic service and operating grants of public television stations.

World War II Memorial Trust – Accounts for contributions to be used to participate in the funding of the National World War II Memorial.

Workers Memorial – Accounts for contributions to be used for a memorial for workers who have been killed or permanently disabled and reimbursement of expenses to committee members.

Secretary of State Institution Gift Trust – Accounts for moneys derived from gifts, bequests, or donations to the secretary of state to carry out the objectives of the gift, bequest, or donation.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2002
(In Thousands of Dollars)**

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2002
ASSETS							
Cash and Cash Equivalents	\$ 28,192	\$ 30,851	\$ 1,673	\$ 118,324	\$ 25,286	\$ 50,745	\$ 255,071
Investments	---	---	3,060	7,210	---	---	10,270
Accounts Receivable, Net	---	1,117	59	3,415	10,178	1,997	16,766
Interest Receivable	---	44	4	245	129	187	609
Inventory	27	4	---	14	---	158	203
Loans Receivable	---	---	1,050	---	---	---	1,050
Total Assets	<u>\$ 28,219</u>	<u>\$ 32,016</u>	<u>\$ 5,846</u>	<u>\$ 129,208</u>	<u>\$ 35,593</u>	<u>\$ 53,087</u>	<u>\$ 283,969</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 176	\$ 108	\$ 62	\$ 2,067	\$ 479	\$ 358	\$ 3,250
Accrued Payroll	168	158	65	175	435	1,619	2,620
Due to Other Funds	52	40	19	58	145	426	740
Deferred Revenue	---	16	2	602	2,823	159	3,602
Total Liabilities	<u>396</u>	<u>322</u>	<u>148</u>	<u>2,902</u>	<u>3,882</u>	<u>2,562</u>	<u>10,212</u>
Fund Balances:							
Reserved for:							
Inventory	27	4	---	14	---	158	203
Loans Receivable	---	---	1,050	---	---	---	1,050
Unreserved	<u>27,796</u>	<u>31,690</u>	<u>4,648</u>	<u>126,292</u>	<u>31,711</u>	<u>50,367</u>	<u>272,504</u>
Total Fund Balances	<u>27,823</u>	<u>31,694</u>	<u>5,698</u>	<u>126,306</u>	<u>31,711</u>	<u>50,525</u>	<u>273,757</u>
Total Liabilities and Fund Balances	<u>\$ 28,219</u>	<u>\$ 32,016</u>	<u>\$ 5,846</u>	<u>\$ 129,208</u>	<u>\$ 35,593</u>	<u>\$ 53,087</u>	<u>\$ 283,969</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

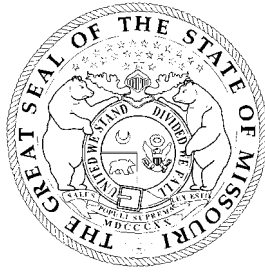
	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2002
Revenues:							
Taxes	\$ 152	\$ ---	\$ 509	\$ 53,319	\$ 41,192	\$ ---	\$ 95,172
Licenses, Fees and Permits	20,360	9,343	3,910	13,206	1	94,261	141,081
Sales	---	---	---	624	---	614	1,238
Services	74	62	---	98	---	---	234
Contributions and Intergovernmental	---	---	3	10,396	---	228	10,627
Investment Earnings	---	294	156	2,382	1,229	1,319	5,380
Penalties and Unclaimed Properties	201	10,854	---	336	2,903	1,071	15,365
Cost Reimbursement/Miscellaneous	2	1,334	---	173,698	306	16,266	191,606
Total Revenues	<u>20,789</u>	<u>21,887</u>	<u>4,578</u>	<u>254,059</u>	<u>45,631</u>	<u>113,759</u>	<u>460,703</u>
Expenditures:							
Current:							
General Government	---	8,979	---	680	2,903	4,968	17,530
Education	84	---	---	5,452	---	---	5,536
Natural and Economic Resources	14,009	5,379	8,715	11,042	59,842	56,645	155,632
Transportation and Law Enforcement	---	6,630	---	3,924	---	13,762	24,316
Human Services	---	1,582	---	145,250	155	3,057	150,044
Capital Outlay:							
Current Expenditures	196	2,163	36	878	3,130	3,197	9,600
Capital Lease Purchases	---	---	---	---	---	208	208
Debt Service:							
Principal	---	---	---	---	32	255	287
Interest	---	---	---	---	16	421	437
Intergovernmental	---	---	---	250	---	610	860
Total Expenditures	<u>14,289</u>	<u>24,733</u>	<u>8,751</u>	<u>167,476</u>	<u>66,078</u>	<u>83,123</u>	<u>364,450</u>
Excess Revenues (Expenditures)	<u>6,500</u>	<u>(2,846)</u>	<u>(4,173)</u>	<u>86,583</u>	<u>(20,447)</u>	<u>30,636</u>	<u>96,253</u>
Other Financing Sources (Uses):							
Proceeds from Capital Lease	---	---	---	---	---	208	208
Operating Transfers In	---	3,227	4,897	4,387	31	22,681	35,223
Operating Transfers Out	<u>(1,198)</u>	<u>(415)</u>	<u>(161)</u>	<u>(234,131)</u>	<u>(4,558)</u>	<u>(48,214)</u>	<u>(288,677)</u>
Total Other Financing Sources (Uses)	<u>(1,198)</u>	<u>2,812</u>	<u>4,736</u>	<u>(229,744)</u>	<u>(4,527)</u>	<u>(25,325)</u>	<u>(253,246)</u>
Excess Revenues and Other Sources (Expenditures and Other Uses)	5,302	(34)	563	(143,161)	(24,974)	5,311	(156,993)
Fund Balances – Beginning	22,521	31,728	5,135	269,460	56,685	45,160	430,689
Increase in Reserve for Inventory	---	---	---	7	---	54	61
Fund Balances – Ending	<u>\$ 27,823</u>	<u>\$ 31,694</u>	<u>\$ 5,698</u>	<u>\$ 126,306</u>	<u>\$ 31,711</u>	<u>\$ 50,525</u>	<u>\$ 273,757</u>

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Professional Registration			Judicial Protection and Assistance			Agriculture and State Fair			Social Assistance		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:												
Taxes:												
Cigarette Tax	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 30,339	\$ 32,433	\$ 2,094
Miscellaneous Taxes	159	152	(7)	---	---	---	743	509	(234)	19,634	20,988	1,354
Total Taxes	159	152	(7)	---	---	---	743	509	(234)	49,973	53,421	3,448
Licenses, Fees and Permits	21,287	20,360	(927)	9,433	9,678	245	5,787	3,964	(1,823)	12,440	13,299	859
Sales	---	---	---	---	---	---	---	---	---	584	624	40
Services	78	75	(3)	61	62	1	---	---	---	61	65	4
Contributions and Intergovernmental	---	---	---	1,206	1,237	31	6	4	(2)	10,003	10,694	691
Interest, Penalties and Unclaimed Properties	210	201	(9)	10,438	10,710	272	108	74	(34)	2,316	2,475	159
Miscellaneous Revenues	3	3	---	1,349	1,384	35	391	268	(123)	162,581	173,801	11,220
Total Revenues	21,737	20,791	(946)	22,487	23,071	584	7,035	4,819	(2,216)	237,958	254,379	16,421
Expenditures:												
Current:												
General Government	---	---	---	10,189	8,288	1,901	---	---	---	26,303	4,050	22,253
Education	87	85	2	---	---	---	---	---	---	8,313	5,412	2,901
Natural and Economic Resources	8,611	7,084	1,527	5,961	5,307	654	13,223	8,938	4,285	19,007	10,649	8,358
Transportation and Law Enforcement	---	---	---	9,458	7,752	1,706	5	---	5	5,256	3,774	1,482
Human Services	---	---	---	1,583	1,583	---	---	---	---	214,274	141,535	72,739
Capital Outlay	243	199	44	2,705	2,207	498	56	38	18	1,349	879	470
Debt Service	---	---	---	---	---	---	---	---	---	---	---	---
Intergovernmental	---	---	---	---	---	---	---	---	---	496	323	173
Total Expenditures	8,941	7,368	1,573	29,896	25,137	4,759	13,284	8,976	4,308	274,998	166,622	108,376
Excess Revenues (Expenditures)	12,796	13,423	627	(7,409)	(2,066)	5,343	(6,249)	(4,157)	2,092	(37,040)	87,757	124,797
Other Financing Sources (Uses):												
Operating Transfers In	---	---	---	3,227	3,227	---	5,723	4,897	(826)	4,957	4,387	(570)
Operating Transfers Out	(11,140)	(8,064)	3,076	(1,664)	(1,355)	309	(761)	(600)	161	(240,546)	(235,367)	5,179
Total Other Financing Sources (Uses)	(11,140)	(8,064)	3,076	1,563	1,872	309	4,962	4,297	(665)	(235,589)	(230,980)	4,609
Excess Revenues and Other Sources (Expenditures and Other Uses)	1,656	5,359	3,703	(5,846)	(194)	5,652	(1,287)	140	1,427	(272,629)	(143,223)	129,406
Fund Balances – Beginning	23,844	23,844	---	29,116	29,116	---	1,297	1,297	---	252,735	252,735	---
Fund Balances – Ending	\$ 25,500	\$ 29,203	\$ 3,703	\$ 23,270	\$ 28,922	\$ 5,652	\$ 10	\$ 1,437	\$ 1,427	\$ (19,894)	\$ 109,512	\$ 129,406
Reconciling Items:												
Restatements to Beginning Balance		---			(81)			4,269			14,619	
Accrued Revenues					3,154			138			4,461	
Accrued Expenditures		(1,407)			(305)			(146)			(2,300)	
Inventory Balance		27			4			---			14	
Funds not included in B/A		---			---			---			---	
Fund Balance per GAAP		\$ 27,823			\$ 31,694			\$ 5,698			\$ 126,306	

This schedule is continued on pages 93-94.

	Unemployment and Workers' Compensation			Reimbursements and Other			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:									
Taxes:									
Cigarette Tax	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 30,339	\$ 32,433	\$ 2,094
Miscellaneous Taxes	39,792	43,391	3,599	---	---	---	60,328	65,040	4,712
Total Taxes	39,792	43,391	3,599	---	---	---	90,667	97,473	6,806
Licenses, Fees and Permits	1	1	---	90,638	94,223	3,585	139,586	141,525	1,939
Sales	---	---	---	462	480	18	1,046	1,104	58
Services	---	---	---	---	---	---	200	202	2
Contributions and Intergovernmental	---	---	---	78	81	3	11,293	12,016	723
Interest, Penalties and Unclaimed Properties	3,946	4,304	358	2,371	2,465	94	19,389	20,229	840
Miscellaneous Revenues	577	629	52	16,040	16,675	635	180,941	192,760	11,819
Total Revenues	44,316	48,325	4,009	109,589	113,924	4,335	443,122	465,309	22,187
Expenditures:									
Current:									
General Government	4,674	3,577	1,097	5,719	4,892	827	46,885	20,807	26,078
Education	---	---	---	---	---	---	8,400	5,497	2,903
Natural and Economic Resources	58,281	56,773	1,508	54,994	51,155	3,839	160,077	139,906	20,171
Transportation and Law Enforcement	---	---	---	16,778	12,403	4,375	31,497	23,929	7,568
Human Services	139	127	12	4,047	2,598	1,449	220,043	145,843	74,200
Capital Outlay	3,404	3,313	91	4,132	3,234	898	11,889	9,870	2,019
Debt Service	---	---	---	11	10	1	11	10	1
Intergovernmental	---	---	---	923	640	283	1,419	963	456
Total Expenditures	66,498	63,790	2,708	86,604	74,932	11,672	480,221	346,825	133,396
Excess Revenues (Expenditures)	(22,182)	(15,465)	6,717	22,985	38,992	16,007	(37,099)	118,484	155,583
Other Financing Sources (Uses):									
Operating Transfers In	147	31	(116)	25,902	22,681	(3,221)	39,956	35,223	(4,733)
Operating Transfers Out	(8,070)	(7,939)	131	(66,444)	(58,212)	8,232	(328,625)	(311,537)	17,088
Total Other Financing Sources (Uses)	(7,923)	(7,908)	15	(40,542)	(35,531)	5,011	(288,669)	(276,314)	12,355
Excess Revenues and Other Sources (Expenditures and Other Uses)	(30,105)	(23,373)	6,732	(17,557)	3,461	21,018	(325,768)	(157,830)	167,938
Fund Balances – Beginning	48,461	48,461	---	51,076	51,076	---	406,529	406,529	---
Fund Balances – Ending	<u>\$ 18,356</u>	<u>\$ 25,088</u>	<u>\$ 6,732</u>	<u>\$ 33,519</u>	<u>\$ 54,537</u>	<u>\$ 21,018</u>	<u>\$ 80,761</u>	<u>\$ 248,699</u>	<u>\$ 167,938</u>
Reconciling Items:									
Restatements to Beginning Balance		7			(491)			18,323	
Accrued Revenues		7,468			958			16,179	
Accrued Expenditures		(852)			(5,040)			(10,050)	
Inventory Balance		---			158			203	
Funds not included in B/A		---			403			403	
Fund Balance per GAAP		<u>\$ 31,711</u>			<u>\$ 50,525</u>			<u>\$ 273,757</u>	



*The **Debt Service Funds** account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.*

Debt Service Funds:

Water Pollution Control Bond and Interest – Accounts for moneys used to pay the principal of the Water Pollution Control Bonds and the interest thereon.

Third State Building Bond Interest and Sinking – Accounts for moneys used to pay the principal of the Third State Building Bonds and the interest thereon.

Fourth State Building Bond and Interest – Accounts for moneys used to pay the principal of the Fourth State Building Bonds and the interest thereon.

Stormwater Control Bond and Interest – Accounts for moneys used to pay the principal of the Stormwater Control Bonds and the interest thereon.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2002
(In Thousands of Dollars)**

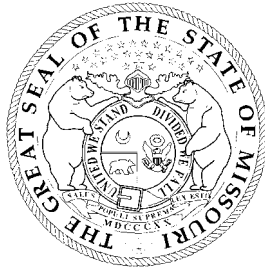
	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Totals June 30, 2002
ASSETS					
Cash and Cash Equivalents	\$ 35,444	\$ 52,733	\$ 19,450	\$ 2,305	\$ 109,932
Interest Receivable	187	278	103	12	580
Total Assets	<u>\$ 35,631</u>	<u>\$ 53,011</u>	<u>\$ 19,553</u>	<u>\$ 2,317</u>	<u>\$ 110,512</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred Revenue	\$ 71	\$ 105	\$ 39	\$ 4	\$ 219
Matured Bonds Payable	---	5	---	---	5
Total Liabilities	<u>71</u>	<u>110</u>	<u>39</u>	<u>4</u>	<u>224</u>
Fund Balances:					
Reserved for Debt Service	<u>35,560</u>	<u>52,901</u>	<u>19,514</u>	<u>2,313</u>	<u>110,288</u>
Total Fund Balances	<u>35,560</u>	<u>52,901</u>	<u>19,514</u>	<u>2,313</u>	<u>110,288</u>
Total Liabilities and Fund Balances	<u>\$ 35,631</u>	<u>\$ 53,011</u>	<u>\$ 19,553</u>	<u>\$ 2,317</u>	<u>\$ 110,512</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Totals June 30, 2002
Revenues:					
Investment Earnings	\$ 1,232	\$ 1,850	\$ 676	\$ 77	\$ 3,835
Total Revenues	1,232	1,850	676	77	3,835
Expenditures:					
Debt Service:					
Principal	16,375	31,615	6,470	695	55,155
Interest	17,663	18,933	12,340	1,535	50,471
Total Expenditures	34,038	50,548	18,810	2,230	105,626
Excess Expenditures	(32,806)	(48,698)	(18,134)	(2,153)	(101,791)
Other Financing Sources:					
Operating Transfers In	31,909	47,354	17,459	2,109	98,831
Total Other Financing Sources	31,909	47,354	17,459	2,109	98,831
Excess Expenditures and Other Uses	(897)	(1,344)	(675)	(44)	(2,960)
Fund Balances – Beginning	36,457	54,245	20,189	2,357	113,248
Fund Balances – Ending	<u>\$ 35,560</u>	<u>\$ 52,901</u>	<u>\$ 19,514</u>	<u>\$ 2,313</u>	<u>\$ 110,288</u>

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest			Third State Building Bond Interest and Sinking			Fourth State Building Bond and Interest			Stormwater Control Bond and Interest			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:															
Interest	\$ 1,449	\$ 1,338	\$ (111)	\$ 2,156	\$ 2,017	\$ (139)	\$ 802	\$ 741	\$ (61)	\$ 94	\$ 80	\$ (14)	\$ 4,501	\$ 4,176	\$ (325)
Total Revenues	1,449	1,338	(111)	2,156	2,017	(139)	802	741	(61)	94	80	(14)	4,501	4,176	(325)
Expenditures:															
Debt Service	34,290	34,038	252	50,548	50,548	---	18,810	18,810	---	2,366	2,230	136	106,014	105,626	388
Total Expenditures	34,290	34,038	252	50,548	50,548	---	18,810	18,810	---	2,366	2,230	136	106,014	105,626	388
Excess Expenditures	(32,841)	(32,700)	141	(48,392)	(48,531)	(139)	(18,008)	(18,069)	(61)	(2,272)	(2,150)	122	(101,513)	(101,450)	63
Other Financing Sources:															
Operating Transfers In	36,870	31,908	(4,962)	50,712	47,354	(3,358)	18,709	17,459	(1,250)	3,648	2,110	(1,538)	109,939	98,831	(11,108)
Total Other Financing Sources	36,870	31,908	(4,962)	50,712	47,354	(3,358)	18,709	17,459	(1,250)	3,648	2,110	(1,538)	109,939	98,831	(11,108)
Excess Revenues and Other Sources (Expenditures and Other Uses)	4,029	(792)	(4,821)	2,320	(1,177)	(3,497)	701	(610)	(1,311)	1,376	(40)	(1,416)	8,426	(2,619)	(11,045)
Fund Balances – Beginning	36,234	36,234	---	53,907	53,907	---	20,060	20,060	---	2,347	2,347	---	112,548	112,548	---
Fund Balances – Ending	<u>\$ 40,263</u>	<u>\$ 35,442</u>	<u>\$ (4,821)</u>	<u>\$ 56,227</u>	<u>\$ 52,730</u>	<u>\$ (3,497)</u>	<u>\$ 20,761</u>	<u>\$ 19,450</u>	<u>\$ (1,311)</u>	<u>\$ 3,723</u>	<u>\$ 2,307</u>	<u>\$ (1,416)</u>	<u>\$ 120,974</u>	<u>\$ 109,929</u>	<u>\$ (11,045)</u>
Reconciling Items:															
Accrued Revenues		118			171			64			6			359	
Fund Balances – GAAP Basis		<u>\$ 35,560</u>			<u>\$ 52,901</u>			<u>\$ 19,514</u>			<u>\$ 2,313</u>			<u>\$ 110,288</u>	



*The **Capital Projects Funds** account for financial resources to be used for the acquisition or construction of major capital facilities.*

Non-Major Capital Projects Funds:

Veterans' Homes Capital Improvement – Accounts for fees collected from the sale of bingo cards to be used for the construction or renovation of veterans' homes and cemeteries in the State.

Water Pollution Control – Accounts for bond sale proceeds to be used for the protection of the environment through the control of water pollution.

Fourth State Building – Accounts for bond sale proceeds to be used for capital improvements of institutions of higher education, the Department of Corrections and the Division of Youth Services.

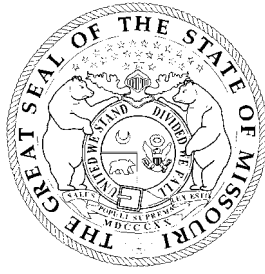
Stormwater Control – Accounts for bond sale proceeds to be used for financing and construction of stormwater control.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2002
(In Thousands of Dollars)**

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Stormwater Control	Totals June 30, 2002
ASSETS					
Cash and Cash Equivalents	\$ 52,100	\$ 43,466	\$ 11,657	\$ 19,380	\$ 126,603
Interest Receivable	304	242	66	113	725
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 52,404</u>	<u>\$ 43,708</u>	<u>\$ 11,723</u>	<u>\$ 19,493</u>	<u>\$ 127,328</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 4	\$ ---	\$ ---	\$ ---	\$ 4
Accrued Payroll	26	---	---	---	26
Due to Other Funds	8	---	---	---	8
Deferred Revenue	116	92	25	43	276
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>154</u>	<u>92</u>	<u>25</u>	<u>43</u>	<u>314</u>
Fund Balances:					
Unreserved	<u>52,250</u>	<u>43,616</u>	<u>11,698</u>	<u>19,450</u>	<u>127,014</u>
Total Fund Balances	<u>52,250</u>	<u>43,616</u>	<u>11,698</u>	<u>19,450</u>	<u>127,014</u>
Total Liabilities and Fund Balances	<u>\$ 52,404</u>	<u>\$ 43,708</u>	<u>\$ 11,723</u>	<u>\$ 19,493</u>	<u>\$ 127,328</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Stormwater Control	Totals June 30, 2002
Revenues:					
Contributions and Intergovernmental	\$ 1,165	\$ 907	\$ ---	\$ ---	\$ 2,072
Investment Earnings	2,513	876	486	877	4,752
Cost Reimbursement/ Miscellaneous	---	---	---	9	9
Total Revenues	3,678	1,783	486	886	6,833
Expenditures:					
Current:					
General Government	---	---	4,184	---	4,184
Transportation and Law Enforcement	1,792	---	---	---	1,792
Human Services	---	---	21	---	21
Capital Outlay:					
Current Expenditures	22,780	---	44	---	22,824
Intergovernmental	---	10,117	---	10,981	21,098
Total Expenditures	24,572	10,117	4,249	10,981	49,919
Excess Expenditures	(20,894)	(8,334)	(3,763)	(10,095)	(43,086)
Other Financing Sources (Uses):					
Operating Transfers In	3,000	---	---	---	3,000
Operating Transfers Out	(7,901)	(9,042)	---	---	(16,943)
Total Other Financing Sources (Uses)	(4,901)	(9,042)	---	---	(13,943)
Excess Expenditures and Other Uses	(25,795)	(17,376)	(3,763)	(10,095)	(57,029)
Fund Balances – Beginning	78,045	60,992	15,461	29,545	184,043
Fund Balances – Ending	\$ 52,250	\$ 43,616	\$ 11,698	\$ 19,450	\$ 127,014



*The **Permanent Funds** account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.*

Permanent Funds:

Confederate Memorial Park – Accounts for the income from investments acquired by gifts, donations and bequests to be used for the maintenance of the Confederate Memorial Park.

State Public School – Accounts for all moneys, bonds, lands and other properties belonging to or donated to the State for public school use in establishing and maintaining free public schools.

Smith Memorial Endowment Trust – Accounts for moneys bequeathed for the use and benefit of the Crippled Children's Service.

Missouri Investment Trust – Accounts for moneys transferred from the Missouri Arts Council Trust Fund, the Missouri Humanities Council Trust Fund, the Johnson-Travis Memorial Trust Fund, and the Secretary of State Wolfner Library Fund to be invested by the Missouri Investment Trust's Board of Trustees.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
PERMANENT FUNDS
June 30, 2002
(In Thousands of Dollars)**

	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Missouri Investment Trust	Totals June 30, 2002
ASSETS					
Cash and Cash Equivalents	\$ 135	\$ 13	\$ 413	\$ ---	\$ 561
Investments	---	17,607	---	18,061	35,668
Accounts Receivable	---	7	---	---	7
Interest Receivable	1	---	2	---	3
Total Assets	<u>\$ 136</u>	<u>\$ 17,627</u>	<u>\$ 415</u>	<u>\$ 18,061</u>	<u>\$ 36,239</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred Revenue	\$ ---	\$ 1	\$ 1	\$ ---	\$ 2
Total Liabilities	<u>---</u>	<u>1</u>	<u>1</u>	<u>---</u>	<u>2</u>
Fund Balances:					
Reserved for Trust Principal	75	17,626	365	18,061	36,127
Unreserved	<u>61</u>	<u>---</u>	<u>49</u>	<u>---</u>	<u>110</u>
Total Fund Balances	<u>136</u>	<u>17,626</u>	<u>414</u>	<u>18,061</u>	<u>36,237</u>
Total Liabilities and Fund Balances	<u>\$ 136</u>	<u>\$ 17,627</u>	<u>\$ 415</u>	<u>\$ 18,061</u>	<u>\$ 36,239</u>

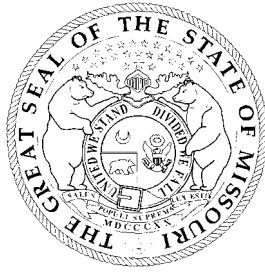
STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Missouri Investment Trust	Totals June 30, 2002
Revenues:					
Licenses, Fees, and Permits	\$ ---	\$ 2	\$ ---	\$ ---	\$ 2
Investment Earnings:					
Net Decrease in the Fair Value of Investments	---	---	---	(3,281)	(3,281)
Interest	5	20	14	---	39
Penalties and Unclaimed Properties	---	224	---	---	224
Total Revenues	5	246	14	(3,281)	(3,016)
Expenditures:					
Human Services	---	---	26	---	26
Total Expenditures	---	---	26	---	26
Excess Revenues (Expenditures)	5	246	(12)	(3,281)	(3,042)
Other Financing Sources:					
Operating Transfers In	---	629	---	---	629
Total Other Financing Sources	---	629	---	---	629
Excess Revenues and Other Sources (Expenditures and Other Uses)	5	875	(12)	(3,281)	(2,413)
Fund Balances – Beginning	131	16,751	426	21,342	38,650
Fund Balances – Ending	<u>\$ 136</u>	<u>\$ 17,626</u>	<u>\$ 414</u>	<u>\$ 18,061</u>	<u>\$ 36,237</u>

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ALL APPROPRIATED PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Confederate Memorial Park			State Public School			Smith Memorial Endowment Trust			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:												
Licenses, Fees, and Permits	\$ ---	\$ ---	\$ ---	\$ 2	\$ 2	\$ ---	\$ ---	\$ ---	\$ ---	\$ 2	\$ 2	\$ ---
Redeposit of Investment Principal	---	---	---	10,000	20,326	10,326	---	---	---	10,000	20,326	10,326
Interest, Penalties and Unclaimed Properties	6	5	(1)	241	241	---	20	15	(5)	267	261	(6)
Total Revenues	6	5	(1)	10,243	20,569	10,326	20	15	(5)	10,269	20,589	10,320
Expenditures:												
Education	---	---	---	21,300	21,242	58	---	---	---	21,300	21,242	58
Human Services	---	---	---	---	---	---	35	26	9	35	26	9
Total Expenditures	---	---	---	21,300	21,242	58	35	26	9	21,335	21,268	67
Excess Revenues (Expenditures)	6	5	(1)	(11,057)	(673)	10,384	(15)	(11)	4	(11,066)	(679)	10,387
Other Financing Sources:												
Operating Transfers In	---	---	---	629	629	---	---	---	---	629	629	---
Total Other Financing Sources	---	---	---	629	629	---	---	---	---	629	629	---
Excess Revenues and Other Sources (Expenditures and Other Uses)	6	5	(1)	(10,428)	(44)	10,384	(15)	(11)	4	(10,437)	(50)	10,387
Fund Balances – Beginning	131	131	---	16,751	16,751	---	426	426	---	17,308	17,308	---
Fund Balances – Ending	<u>\$ 137</u>	<u>\$ 136</u>	<u>\$ (1)</u>	<u>\$ 6,323</u>	<u>\$ 16,707</u>	<u>\$ 10,384</u>	<u>\$ 411</u>	<u>\$ 415</u>	<u>\$ 4</u>	<u>\$ 6,871</u>	<u>\$ 17,258</u>	<u>\$ 10,387</u>
Reconciling Items:												
Closing Entries		---			4			(2)			2	
Purchase of Investments (net)		---			916			---			916	
Accrued Revenues		---			---			1			1	
Deferred Revenues–Unearned		---			(1)			---			(1)	
Fund Balance – GAAP Basis		<u>\$ 136</u>			<u>\$ 17,626</u>			<u>\$ 414</u>			<u>\$ 18,176</u>	

Note: Prior to the implementation of GASB Statement 34, these funds were classified as non-expendable trust funds, and did not have budget to actual comparisons. Therefore, the beginning fund balances above are taken from the FY 01 GAAP basis statements. The Missouri Investment Trust fund is not presented on the budgetary comparison schedule because it is a non-appropriated fund, and does not have a legally adopted budget.



*The **Enterprise Funds** account for operations that are financed and operated in a manner similar to private business enterprises.*

Non-Major Enterprise Funds:

State Fair Fees – Accounts for the fairground admission fees used to improve the grounds and to pay the operating costs of the State fair.

State Parks – Accounts for park concessions and contributions which are used to acquire and operate State parks.

Natural Resources Revolving Services – Accounts for moneys received from delivery of services and the sale or resale of maps, plats, reports, studies, records and other publications and documents.

Historic Preservation Revolving – Accounts for gifts, grants, and contributions used to acquire, preserve, restore, maintain or operate any historical properties.

Missouri Veterans' Homes – Accounts for fees to provide services for persons confined to one of the institutions.

State Agency for Surplus Property – Accounts for the surplus property operation.

Petroleum Storage Tank Insurance – Accounts for moneys collected from participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

Department of Revenue Information – Accounts for fees received by the Department of Revenue for publications and used to pay the costs of providing this information.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
June 30, 2002
(In Thousands of Dollars)

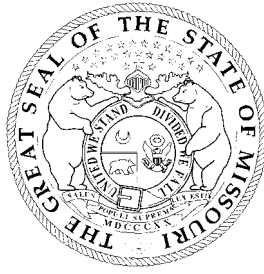
	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Petroleum Storage Tank Insurance	Department of Revenue Information	Totals June 30, 2002
ASSETS									
Current Assets:									
Cash and Cash Equivalents	\$ 163	\$ 3,807	\$ 586	\$ 1,391	\$ 24	\$ 1,649	\$ 37,243	\$ 546	\$ 45,409
Accounts Receivable, Net	---	---	12	---	209	205	2,492	188	3,106
Interest Receivable	1	---	---	7	7	---	187	---	202
Inventories	---	220	545	---	240	315	---	159	1,479
Prepaid Items	---	---	80	---	---	1	---	---	81
Loans Receivable	---	---	---	145	---	---	---	---	145
Noncurrent Assets:									
Assets Held for Resale	---	---	---	115	---	---	---	---	115
Capital Assets:									
Construction in Progress	---	2,712	---	80	25	---	---	---	2,817
Land	---	9,560	---	185	---	---	---	---	9,745
Land Improvements	59	2,809	---	---	---	247	---	---	3,115
Buildings	3	11,390	---	---	141	225	31	---	11,790
Equipment	127	5,561	14,610	38	3,732	736	297	396	25,497
Less Accumulated Depreciation	(141)	(9,362)	(10,740)	(38)	(1,904)	(1,022)	(242)	(305)	(23,754)
Total Capital Assets (Net of Accumulated Depreciation)	48	22,670	3,870	265	1,994	186	86	91	29,210
Total Assets	212	26,697	5,093	1,923	2,474	2,356	40,008	984	79,747
LIABILITIES									
Current Liabilities:									
Accounts Payable	29	21	10	---	189	27	90,483	24	90,783
Accrued Payroll	24	60	---	2	862	25	48	10	1,031
Due to Other Funds	3	10	1	1	292	9	15	4	335
Deferred Revenue	---	---	41	---	5	---	569	---	615
Obligations under Lease Purchase	---	---	---	---	---	---	1	---	1
Compensated Absences	13	51	6	---	947	48	75	10	1,150
Noncurrent Assets:									
Obligations under Lease Purchase	---	---	---	---	---	---	27	---	27
Compensated Absences	2	8	1	---	154	8	12	2	187
Total Liabilities	71	150	59	3	2,449	117	91,230	50	94,129
NET ASSETS									
Invested in Capital Assets, Net of Related Debt	48	22,670	3,870	265	1,994	186	58	91	29,182
Unrestricted	93	3,877	1,164	1,655	(1,969)	2,053	(51,280)	843	(43,564)
Total Net Assets	\$ 141	\$ 26,547	\$ 5,034	\$ 1,920	\$ 25	\$ 2,239	\$ (51,222)	\$ 934	\$ (14,382)

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2002
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Service	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Petroleum Storage Tank Insurance	Department of Revenue Information	Totals June 30, 2002
Operating Revenues:									
Licenses, Fees and Permits	\$ 2,613	\$ 4,149	\$ ---	\$ ---	\$ 1	\$ ---	\$ 17,616	\$ ---	\$ 24,379
Sales	---	716	255	6	578	2,294	---	2,008	5,857
Leases and Rentals	835	2,079	---	---	---	---	---	---	2,914
Charges for Services	---	---	671	---	11,696	---	---	---	12,367
Cost Reimbursement/Miscellaneous	86	246	33	---	1	---	131	47	544
Total Operating Revenues	3,534	7,190	959	6	12,276	2,294	17,747	2,055	46,061
Operating Expenses:									
Cost of Goods Sold	---	---	---	---	---	923	---	---	923
Personal Service	736	1,029	47	61	28,143	906	1,547	547	33,016
Operations	2,500	1,827	654	67	6,058	411	2,959	443	14,919
Inventories	39	14	88	1	3,722	9	13	2	3,888
Specific Programs	4	2	---	---	228	---	21,148	---	21,382
Depreciation	3	1,179	1,780	1	526	69	57	39	3,654
Other Charges	138	296	---	---	117	---	29	53	633
Total Operating Expenses	3,420	4,347	2,569	130	38,794	2,318	25,753	1,084	78,415
Operating Income (Loss)	114	2,843	(1,610)	(124)	(26,518)	(24)	(8,006)	971	(32,354)
Non-Operating Revenues (Expenses):									
Contributions and Intergovernmental	---	94	---	---	18,661	---	---	---	18,755
Interest Expense	---	---	---	---	---	---	(3)	---	(3)
Investment Earnings	8	---	---	11	55	63	1,422	1	1,560
Penalties and Unclaimed Properties	---	1	---	---	---	---	---	---	1
Disposal of Fixed Assets	---	(4)	213	---	(118)	---	(6)	---	85
Miscellaneous Revenues	---	---	---	---	---	8	---	---	8
Total Non-Operating Revenues (Expenses)	8	91	213	11	18,598	71	1,413	1	20,406
Income (Loss) Before Transfers	122	2,934	(1,397)	(113)	(7,920)	47	(6,593)	972	(11,948)
Operating Transfers In	---	---	---	---	7,820	---	---	---	7,820
Operating Transfers Out	(42)	(98)	(12)	(5)	(1,719)	(2)	(211)	(918)	(3,007)
Change in Net Assets	80	2,836	(1,409)	(118)	(1,819)	45	(6,804)	54	(7,135)
Total Net Assets - Beginning	61	23,711	6,443	2,038	1,844	2,194	(44,418)	880	(7,247)
Total Net Assets - Ending	\$ 141	\$ 26,547	\$ 5,034	\$ 1,920	\$ 25	\$ 2,239	\$ (51,222)	\$ 934	\$ (14,382)

**STATE OF MISSOURI
STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2002
(In Thousands of Dollars)**

	State Fair Fees	State Parks	Natural Resources Revolving Service	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Petroleum Storage Tank Insurance	Department of Revenue Information	Totals June 30, 2002
Cash Flows from Operating Activities:									
Receipts from Customers and Users	\$ 3,533	\$ 7,192	\$ 986	\$ 3	\$ 14,826	\$ 2,229	\$ 18,030	\$ 2,043	\$ 48,842
Payments to Suppliers	(2,571)	(2,113)	(812)	---	(9,996)	(1,013)	(2,972)	(484)	(19,961)
Payments to Employees	(719)	(1,012)	(46)	(62)	(28,646)	(908)	(1,539)	(551)	(33,483)
Payments Made for Program Expense	---	(2)	---	(68)	(228)	---	(16,686)	---	(16,984)
Other Receipts (Payments)	(138)	(296)	33	---	(116)	(420)	102	(53)	(888)
Net Cash Provided (Used) by Operating Activities	105	3,769	161	(127)	(24,160)	(112)	(3,065)	955	(22,474)
Cash Flows from Non-Capital Operating Activities:									
Loans Made to Outside Entities	---	---	---	37	---	---	---	---	37
Due to/from Other Funds	1	2	1	---	(51)	1	1	(4)	(49)
Contributions and Intergovernmental	---	94	---	---	18,661	---	---	---	18,755
Transfers to/from Other Funds	(42)	(98)	(12)	(5)	6,101	(2)	(211)	(918)	4,813
Net Cash Provided (Used) by Non-Capital Operating Activities	(41)	(2)	(11)	32	24,711	(1)	(210)	(922)	23,556
Cash Flows from Capital and Related Financing Activities:									
Interest Expense	---	---	---	---	---	---	(3)	---	(3)
Purchases and Construction of Capital Assets	(11)	(3,581)	---	(1)	(1,356)	---	(12)	---	(4,961)
Capital Lease Downpayment/Obligations	---	---	---	---	---	---	(2)	---	(2)
Disposal of Capital Assets	---	(4)	223	---	(118)	---	2	---	103
Net Cash Provided (Used) by Capital and Related Financing Activities	(11)	(3,585)	223	(1)	(1,474)	---	(15)	---	(4,863)
Cash Flows from Investing Activities:									
Interest and Dividends Received	9	---	---	15	58	63	1,642	1	1,788
Penalties and Other Receipts	---	1	---	---	---	8	---	---	9
Net Cash Provided by Investing Activities	9	1	---	15	58	71	1,642	1	1,797
Net Increase (Decrease) in Cash	62	183	373	(81)	(865)	(42)	(1,648)	34	(1,984)
Cash and Cash Equivalents, Beginning of Year	101	3,624	213	1,472	889	1,691	38,891	512	47,393
Cash and Cash Equivalents, End of Year	\$ 163	\$ 3,807	\$ 586	\$ 1,391	\$ 24	\$ 1,649	\$ 37,243	\$ 546	\$ 45,409
Reconciliation of Operating Income of Net Cash Provided (Used) by Operating Activities:									
Operating Income (Loss)	\$ 114	\$ 2,843	\$ (1,610)	\$ (124)	\$ (26,518)	\$ (24)	\$ (8,006)	\$ 971	\$ (32,354)
Depreciation Expense	3	1,179	1,780	1	526	69	57	39	3,654
Changes in Assets and Liabilities:									
Accounts Receivable	---	2	20	---	2,551	(65)	27	(12)	2,523
Inventories	---	(220)	(11)	---	22	(92)	---	---	(301)
Prepaid Items	---	---	(28)	---	---	1	---	---	(27)
Accounts Payable	(28)	(52)	(31)	---	(238)	1	4,462	(39)	4,075
Accrued Payroll	7	9	---	---	(189)	---	1	10	(162)
Deferred Revenue	(1)	---	41	(3)	---	---	387	---	424
Compensated Absences Payable	10	8	---	(1)	(314)	(2)	7	(14)	(306)
Net Cash Provided (Used) by Operating Activities	\$ 105	\$ 3,769	\$ 161	\$ (127)	\$ (24,160)	\$ (112)	\$ (3,065)	\$ 955	\$ (22,474)



*The **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the State on a cost-reimbursement basis.*

Natural Resources Cost Allocation – Accounts for the administrative costs of the Department of Natural Resources.

Mental Health Interagency Payments – Accounts for moneys received through interagency agreements for services provided by other agencies.

State Facility Maintenance and Operation – Accounts for moneys transferred or paid to the Office of Administration as operating expenses and for rent expenses of certain state-owned facilities.

Office of Administration Revolving – Accounts for the following operations: printing services, flight operations, vehicle management, garage services, data processing and telecommunication services, building and grounds, insurance services, postage, and personnel administration.

Working Capital Revolving – Accounts for the operation of correctional industry programs and correctional farm programs.

Microfilming Service Revolving – Accounts for microfilming service operations.

General Government Revolving – Accounts for various service operations of the House of Representatives, Supreme Court, Adjutant General, Senate, Treasurer and Department of Corrections.

Social Services Administrative Trust – Accounts for moneys transferred or paid to the Department of Social Services from any governmental entity or the public for goods and services provided.

Economic Development – Administrative – Accounts for moneys collected for goods and services provided to other divisions and used to pay the cost of providing such services.

Professional Registration Fees – Accounts for moneys received from the professional boards for administrative services.

Conservation Employees' Insurance Plan – Accounts for health insurance coverage on a self-insured basis and life insurance coverage by a third party provider for the Department of Conservation employees.

Transportation Self-Insurance Plan – Accounts for highway and highway patrol moneys used to pay workers' compensation claims. Moneys are also used to pay auto claims against the Department of Transportation.

Missouri State Employees' Insurance Plan – Accounts for long-term disability and death benefits provided on a self-insured basis for State employees.

Missouri Consolidated Health Care Plan – Accounts for medical care benefits provided on a self-insured basis for State employees.

Highway and Transportation Employees' and Highway Patrol Insurance Plan – Accounts for the medical coverage provided on a self-insured basis and death benefits provided on an insured basis to Department of Transportation employees and members of the Missouri State Highway Patrol.

**STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2002
(In Thousands of Dollars)**

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility* Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fee	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals June 30, 2002
ASSETS															
Current Assets:															
Cash and Cash Equivalents	\$ 906	\$ 235	\$ 504	\$ 12,251	\$ 9,299	\$ 1,749	\$ 170	\$ 208	\$ 192	\$ 369	\$ ---	\$ ---	\$ 49,018	\$ 8,946	\$ 83,847
Investments	---	---	---	---	---	---	---	---	---	---	21,810	1,606	---	---	23,416
Accounts Receivable, Net	---	---	79	4,507	1,508	480	1	63	---	309	---	1,073	2,462	154	10,636
Interest Receivable	---	---	---	---	---	---	---	---	---	---	219	---	63	---	282
Due from Other Funds	---	---	---	---	---	---	---	---	---	---	---	115	8,689	---	8,804
Inventories	---	1	1	388	10,166	---	---	3	12	---	---	---	---	---	10,571
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	59	118	177
Noncurrent Assets:															
Restricted Cash and Cash Equivalents	---	---	161,937	---	---	---	---	---	---	---	---	---	---	---	161,937
Capital Assets:															
Construction in Progress	---	---	10,505	2,027	---	---	---	---	26	---	---	---	---	---	12,558
Land	---	---	8,502	11	103	---	---	---	---	---	---	---	---	---	8,616
Land Improvements	---	---	2,859	---	---	---	---	---	---	---	---	---	---	---	2,859
Buildings	---	---	226,525	5,702	6,373	---	---	---	2,300	---	---	---	---	---	240,900
Equipment	3,733	5	3,694	44,401	21,911	92	536	698	1,225	---	---	---	2,537	---	78,832
Less Accumulated Depreciation	(2,810)	(2)	(109,909)	(38,842)	(19,762)	(65)	(186)	(483)	(1,197)	---	---	---	(1,846)	---	(175,102)
Total Capital Assets (Net of Accumulated Depreciation)	923	3	142,176	13,299	8,625	27	350	215	2,354	---	---	---	691	---	168,663
Total Assets	1,829	239	304,697	30,445	29,598	2,256	521	489	2,558	678	22,029	2,794	60,982	9,218	468,333
LIABILITIES															
Current Liabilities:															
Bank Overdraft	---	---	---	---	---	---	---	---	---	---	---	6	---	---	6
Accounts Payable	9	226	2	1,817	3,251	---	9	---	25	1,690	34,790	2,504	30,979	10,467	85,769
Accrued Payroll	173	7	260	457	477	37	1	44	108	---	---	---	---	---	1,564
Due to Other Funds	54	1	93	149	106	13	1	13	37	---	---	---	---	---	467
Deferred Revenue	---	---	---	145	---	---	---	---	---	---	---	---	21,948	4,426	26,519
Obligations under Lease Purchase	---	---	41	2,047	42	---	---	---	---	---	---	---	---	---	2,130
Compensated Absences	255	---	530	1,059	387	82	2	68	204	---	---	---	152	---	2,739
Noncurrent Liabilities:															
Obligations under Lease Purchase	---	---	857	2,726	6	---	---	---	---	---	---	---	---	---	3,589
Compensated Absences	41	---	86	173	63	13	---	11	33	---	---	---	25	---	445
Total Liabilities	532	234	1,869	8,573	4,332	145	13	136	407	1,690	34,790	2,510	53,104	14,893	123,228
NET ASSETS															
Invested in Capital Assets, Net of Related Debt	923	3	141,278	8,526	8,577	27	350	215	2,354	---	---	---	691	---	162,944
Unrestricted	374	2	161,550	13,346	16,689	2,084	158	138	(203)	(1,012)	(12,761)	284	7,187	(5,675)	182,161
Total Net Assets	\$ 1,297	\$ 5	\$ 302,828	\$ 21,872	\$ 25,266	\$ 2,111	\$ 508	\$ 353	\$ 2,151	\$ (1,012)	\$ (12,761)	\$ 284	\$ 7,878	\$ (5,675)	\$ 345,105

*Includes Board of Public Buildings, which was classified as an Enterprise Fund in the FY 01 CAFR.

NOTE: The Microfilming Service Revolving Fund is not included in the Internal Service Funds Combining Statement of Net Assets because there were no assets, liabilities, or fund equity at June 30, 2002.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility* Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	Microfilming Service Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fee	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals June 30, 2002
Operating Revenues:																
Employer Contributions	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 4,716	\$ 11,742	\$ ---	\$ 256,471	\$ 34,179	\$ 307,108
Employee Contributions	---	---	---	---	---	---	---	---	---	---	3,974	---	24,754	75,701	21,190	125,619
Licenses, Fees and Permits	---	---	8	---	---	---	211	---	---	24	---	---	---	---	---	243
Sales	---	---	1	---	24,103	---	177	3	---	---	---	---	---	---	---	24,284
Leases and Rentals	---	---	16,764	---	38	---	21	147	---	---	---	---	---	---	---	16,970
Charges for Services	9,838	8,189	998	76,380	---	---	1,458	4,652	1,587	5,686	---	---	---	---	---	108,788
Cost Reimbursement/Miscellaneous	2	2	---	5,950	---	---	---	34	1	1	130	233	436	---	484	7,273
Total Operating Revenues	<u>9,840</u>	<u>8,191</u>	<u>17,771</u>	<u>82,330</u>	<u>24,141</u>	<u>---</u>	<u>1,867</u>	<u>4,836</u>	<u>1,588</u>	<u>5,711</u>	<u>8,820</u>	<u>11,975</u>	<u>25,190</u>	<u>332,172</u>	<u>55,853</u>	<u>590,285</u>
Operating Expenses:																
Cost of Goods Sold	---	---	---	4,247	7,987	---	---	---	---	---	---	---	---	---	---	12,234
Personal Service	5,591	1,376	8,589	15,719	10,138	---	1,030	6	1,289	3,483	---	---	310	3,698	---	51,229
Operations	3,005	32	12,262	49,684	3,690	---	3,069	5,376	60	1,528	70	571	208	3,132	6,641	89,328
Inventories	96	31	75	1,241	127	---	2	4	10	72	---	---	---	---	---	1,658
Specific Programs	2	6,648	---	---	25	---	---	---	---	1	---	5	---	---	---	6,681
Insurance Benefits	---	---	---	---	---	---	---	---	---	---	11,092	20,396	24,675	334,208	47,616	437,987
Depreciation	946	1	475	6,929	1,978	---	28	55	172	438	---	---	---	280	---	11,302
Other Charges	113	4	38	478	1,381	---	2	---	6	39	2	4	---	---	---	2,067
Total Operating Expenses	<u>9,753</u>	<u>8,092</u>	<u>21,439</u>	<u>78,298</u>	<u>25,326</u>	<u>---</u>	<u>4,131</u>	<u>5,441</u>	<u>1,537</u>	<u>5,561</u>	<u>11,164</u>	<u>20,976</u>	<u>25,193</u>	<u>341,318</u>	<u>54,257</u>	<u>612,486</u>
Operating Income (Loss)	<u>87</u>	<u>99</u>	<u>(3,668)</u>	<u>4,032</u>	<u>(1,185)</u>	<u>---</u>	<u>(2,264)</u>	<u>(605)</u>	<u>51</u>	<u>150</u>	<u>(2,344)</u>	<u>(9,001)</u>	<u>(3)</u>	<u>(9,146)</u>	<u>1,596</u>	<u>(22,201)</u>
Non-Operating Revenues (Expenses):																
Contributions and Intergovernmental	---	---	---	---	---	---	15	---	---	---	---	---	---	---	---	15
Interest Expense	---	---	(173)	(476)	(4)	---	---	---	---	---	---	---	---	---	---	(653)
Investment Earnings:																
Net Increase in the Fair Value of Investments	---	---	---	---	---	---	---	---	---	---	---	34	---	---	---	34
Interest	---	---	---	---	1	---	---	---	---	---	44	1,123	48	968	179	2,363
Penalties and Unclaimed Properties	---	---	---	---	---	---	---	1	---	---	---	---	---	---	---	1
Disposal of Fixed Assets	(113)	---	(2)	8	---	---	---	---	(5)	(226)	---	---	---	(2)	---	(340)
Total Non-Operating Revenues (Expenses)	<u>(113)</u>	<u>---</u>	<u>(175)</u>	<u>(468)</u>	<u>(3)</u>	<u>---</u>	<u>15</u>	<u>1</u>	<u>(5)</u>	<u>(226)</u>	<u>44</u>	<u>1,157</u>	<u>48</u>	<u>966</u>	<u>179</u>	<u>1,420</u>
Income (Loss) Before Transfers	(26)	99	(3,843)	3,564	(1,188)	---	(2,249)	(604)	46	(76)	(2,300)	(7,844)	45	(8,180)	1,775	(20,781)
Operating Transfers Out	(388)	(36)	(493)	(2,982)	(456)	(36)	(121)	(18)	(88)	(401)	---	---	---	---	---	(5,019)
Change in Net Assets	(414)	63	(4,336)	582	(1,644)	(36)	(2,370)	(622)	(42)	(477)	(2,300)	(7,844)	45	(8,180)	1,775	(25,800)
Total Net Assets - Beginning	1,711	(58)	307,164	21,298	26,910	36	4,481	1,130	395	2,628	1,288	(4,917)	239	16,058	(7,450)	370,913
Residual Equity Transfers Out	---	---	---	(8)	---	---	---	---	---	---	---	---	---	---	---	(8)
Total Net Assets - Ending	<u>\$ 1,297</u>	<u>\$ 5</u>	<u>\$ 302,828</u>	<u>\$ 21,872</u>	<u>\$ 25,266</u>	<u>\$ ---</u>	<u>\$ 2,111</u>	<u>\$ 508</u>	<u>\$ 353</u>	<u>\$ 2,151</u>	<u>\$ (1,012)</u>	<u>\$ (12,761)</u>	<u>\$ 284</u>	<u>\$ 7,878</u>	<u>\$ (5,675)</u>	<u>\$ 345,105</u>

*Includes Board of Public Buildings, which was classified as an Enterprise Fund in the FY 01 CAFR.

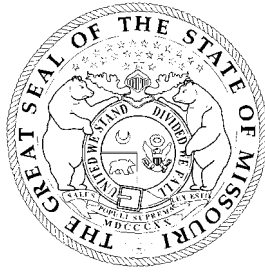
**STATE OF MISSOURI
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2002
(In Thousands of Dollars)**

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility* Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	Microfilming Service Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fee	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals June 30, 2002
Cash Flows from Operating Activities:																
Receipts from Customers and Users	\$ 9,838	\$ 8,189	\$ 17,842	\$ 77,583	\$ 25,950	\$ ---	\$ 3,399	\$ 4,814	\$ 1,525	\$ 5,710	\$ 8,942	\$ 12,057	\$ 25,948	\$ 349,032	\$ 55,805	\$ 606,634
Payments to Suppliers	(3,102)	(675)	(12,300)	(56,688)	(11,557)	---	(3,304)	(5,386)	(74)	(1,697)	(10,675)	(14,201)	(24,827)	(333,383)	(52,051)	(529,920)
Payments to Employees	(5,754)	(1,370)	(8,354)	(15,637)	(10,260)	---	(1,011)	(8)	(1,325)	(3,478)	---	---	(281)	(3,699)	---	(51,177)
Payments Made for Program Expense	(2)	(6,648)	---	---	---	---	---	---	---	---	---	---	---	---	---	(6,650)
Other Receipts (Payments)	(111)	(2)	(38)	5,472	(1,381)	---	(2)	30	(5)	(39)	---	---	---	---	---	3,924
Net Cash Provided (Used) by Operating Activities	869	(506)	(2,850)	10,730	2,752	---	(918)	(550)	121	496	(1,733)	(2,144)	840	11,950	3,754	22,811
Cash Flows from Non-Capital Operating Activities:																
Due to/from Other Funds	3	1	13	5	6	---	5	1	(2)	4	---	---	---	---	---	36
Contributions and Intergovernmental	---	---	---	---	---	---	15	---	---	---	---	---	---	---	---	15
Transfers to Other Funds	(388)	(36)	(493)	(2,982)	(456)	(36)	(121)	(18)	(88)	(401)	---	---	---	---	---	(5,019)
Net Cash Used by Non-Capital Operating Activities	(385)	(35)	(480)	(2,977)	(450)	(36)	(101)	(17)	(90)	(397)	---	---	---	---	---	(4,968)
Cash Flows from Capital and Related Financing Activities:																
Interest Expense	---	---	(173)	(476)	(4)	---	---	---	---	---	---	---	---	---	---	(653)
Purchases and Construction of Capital Assets	(332)	---	(11,243)	(4,627)	(784)	---	(22)	---	(40)	(168)	---	---	---	(135)	---	(17,351)
Capital Lease Downpayment/Obligations	---	---	(39)	(3,191)	(42)	---	---	---	---	---	---	---	---	---	---	(3,272)
Disposal of Capital Assets	(113)	---	(2)	8	---	---	---	---	(5)	(226)	---	---	---	(2)	---	(340)
Net Cash Used by Capital and Related Financing Activities	(445)	---	(11,457)	(8,286)	(830)	---	(22)	---	(45)	(394)	---	---	---	(137)	---	(21,616)
Cash Flows from Investing Activities:																
Proceeds from Investment Maturities	---	---	---	---	---	---	---	---	---	---	---	16,006	485,363	---	---	501,369
Purchase of Investments	---	---	---	---	---	---	---	---	---	---	---	(14,985)	(486,247)	---	---	(501,232)
Interest and Dividends Received	---	---	---	---	1	---	---	---	---	---	44	1,123	48	1,025	179	2,420
Penalties and Other Receipts	---	---	---	---	---	---	---	1	---	---	---	---	---	---	---	1
Net Cash Provided (Used) by Investing Activities	---	---	---	---	1	---	---	1	---	---	44	2,144	(836)	1,025	179	2,558
Net Increase (Decrease) in Cash	39	(541)	(14,787)	(533)	1,473	(36)	(1,041)	(566)	(14)	(295)	(1,689)	---	4	12,838	3,933	(1,215)
Cash and Cash Equivalents, Beginning of Year	867	776	177,228	12,784	7,826	36	2,790	736	222	487	2,058	---	(10)	36,180	5,013	246,993
Cash and Cash Equivalents, End of Year	\$ 906	\$ 235	\$ 162,441	\$ 12,251	\$ 9,299	\$ ---	\$ 1,749	\$ 170	\$ 208	\$ 192	\$ 369	\$ ---	\$ (6)	\$ 49,018	\$ 8,946	\$ 245,778
Reconciliation of Operating Income of Net Cash Provided (Used) by Operating Activities:																
Operating Income (Loss)	\$ 87	\$ 99	\$ (3,668)	\$ 4,032	\$ (1,185)	\$ ---	\$ (2,264)	\$ (605)	\$ 51	\$ 150	\$ (2,344)	\$ (9,001)	\$ (3)	\$ (9,146)	\$ 1,596	\$ (22,201)
Depreciation Expense	946	1	475	6,929	1,978	---	28	55	172	438	---	---	---	280	---	11,302
Changes in Assets and Liabilities:																
Accounts Receivable	---	---	71	1,346	1,809	---	1,532	12	(62)	---	122	82	849	(92)	(48)	5,621
Due from Other Funds	---	---	---	---	---	---	---	---	---	---	---	---	(13)	4,148	---	4,135
Inventories	---	(1)	(1)	79	1,648	---	---	---	---	---	---	---	---	---	---	1,725
Prepaid Items	---	36	---	---	---	---	---	---	---	---	---	---	---	(59)	(118)	(141)
Accounts Payable	(1)	(611)	2	(1,595)	(1,376)	---	(233)	(10)	(4)	(97)	489	6,775	7	4,016	542	7,904
Accrued Payroll	(12)	7	260	84	125	---	12	(1)	(7)	(6)	---	---	---	---	---	462
Deferred Revenue	---	---	---	(143)	---	---	---	---	---	---	---	---	---	12,804	1,782	14,443
Compensated Absences Payable	(151)	(1)	(25)	(2)	(247)	---	7	(1)	(29)	11	---	---	---	(1)	---	(439)
Net Cash Provided (Used) by Operating Activities	\$ 869	\$ (506)	\$ (2,850)	\$ 10,730	\$ 2,752	\$ ---	\$ (918)	\$ (550)	\$ 121	\$ 496	\$ (1,733)	\$ (2,144)	\$ 840	\$ 11,950	\$ 3,754	\$ 22,811

*Includes Board of Public Buildings, which was classified as an Enterprise Fund in the FY 01 CAFR

Non-Cash Financing Activities:

During fiscal year 2002, the fair value of investments increased by \$34,000 for the Transportation Self-Insurance Plan
During fiscal year 2002, the Office of Administration Revolving Fund transferred fully depreciated equipment of \$8,000 to the General Fund
During fiscal year 2002, the Office of Administration Revolving Fund entered into lease/purchase agreements for \$4,334,000



*The **Fiduciary Funds** account for assets held by the State in a trustee or agent capacity.*

Pension Trust Funds:

Missouri State Employees' Retirement System:

Missouri State Employees' Plan – Accounts for retirement, survivor and disability benefits paid to employees of the State who are not covered under another state-sponsored retirement plan.

Administrative Law Judges' and Advisors' Plan – Accounts for retirement, survivor and disability benefits paid to individuals appointed as administrative law judges or legal advisors in the Division of Workers' Compensation, members of the Labor and Industrial Relations Commission and their attorneys, the chairperson of the State Board of Mediation, and administrative hearing commissioners.

Judicial Plan – Accounts for retirement, survivor and disability benefits to those serving as judges in the State of Missouri.

Highway and Transportation Employees' and Highway Patrol Retirement Plan – Accounts for retirement, survivor and disability benefits paid to Department of Transportation employees and members of the Missouri State Highway Patrol.

Missouri State Employees' Deferred Compensation Incentive Plan – Accounts for retirement benefits paid to employees of the State.

Private-Purpose Trust Funds:

Alternative Care Trust – Accounts for all moneys received and spent by the Division of Family Services on behalf of children in their custody.

Johnson-Travis Memorial Trust – Accounts for all moneys, stocks and securities given to the State by Miss Pansy Johnson or for the benefit of the Pansy Johnson-Travis Memorial State Gardens. Moneys will be used solely to establish, develop and maintain the gardens.

Unclaimed Property – Accounts for moneys unpaid or unclaimed within one year after final settlement of any executor or administrator, assignee, sheriff or receiver and all unclaimed deposits, dividends and interest of banks unable to locate the owners.

Missouri State Public Employees' Deferred Compensation Plan – Accounts for deposits from State employees which are invested for the benefit of the employees until properly authorized to distribute.

Agency Funds:

State Retirement Contributions – Accounts for receipt of contributions from various State funds which are to be transferred to the Missouri State Employees' Retirement Plan Trust Fund.

Social Security Contributions – Accounts for receipt of contributions from various State funds for the State's share of social security contributions which are due to the Federal Social Security Administration.

Missouri State Employees' Deferred Compensation Incentive Plan Administration – Accounts for moneys to be used for the payment by the State to deferred compensation investment companies on behalf of qualified state employees.

Missouri Consolidated Health Care Plan Benefit – Accounts for receipt of contributions from various State funds which are to be transferred to the Missouri Consolidated Health Care Plan Fund.

Missouri State Employees' Voluntary Life Insurance – Accounts for moneys withheld from employees' compensation for the contracts entered into with life insurance companies.

Program – Accounts for the receipt of various taxes, refundable deposits and other moneys to be held until the State has the right or obligation to distribute them to various entities or individuals.

Institution – Accounts for deposits to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
June 30, 2002
(In Thousands of Dollars)

	Missouri State Employees' Retirement System			Highway and Transportation Employees' and Highway Patrol Retirement Plan	Missouri State Employees' Deferred Compensation Incentive Plan	Totals June 30, 2002
	Missouri State Employees' Plan	Administrative Law Judges' and Advisors' Plan	Judicial Plan			
ASSETS						
Cash and Cash Equivalents	\$ 376,083	\$ 945	\$ 1,816	\$ ---	\$ ---	\$ 378,844
Receivables:						
Interest Receivable	26,763	67	129	6,238	---	33,197
Accounts Receivable	66,820	207	1,236	4,033	---	72,296
Due from Other Funds	8,461	---	---	---	487	8,948
Investments at Fair Value	4,845,933	12,170	23,395	1,263,092	75,092	6,219,682
Invested Securities Lending Collateral	1,001,524	2,515	4,835	---	---	1,008,874
Prepaid Expenses	58	---	---	15	---	73
Capital Assets:						
Land	265	1	1	84	---	351
Buildings	3,285	8	16	562	---	3,871
Equipment	2,052	5	10	75	---	2,142
Accumulated Depreciation	(1,729)	(4)	(9)	(28)	---	(1,770)
Total Capital Assets, Net	<u>3,873</u>	<u>10</u>	<u>18</u>	<u>693</u>	<u>---</u>	<u>4,594</u>
Total Assets	<u>6,329,515</u>	<u>15,914</u>	<u>31,429</u>	<u>1,274,071</u>	<u>75,579</u>	<u>7,726,508</u>
LIABILITIES						
Accounts Payable	301,934	758	1,458	5,768	---	309,918
Securities Lending Collateral	1,002,820	2,519	4,841	---	---	1,010,180
Compensated Absences	244	1	1	65	---	311
Total Liabilities	<u>1,304,998</u>	<u>3,278</u>	<u>6,300</u>	<u>5,833</u>	<u>---</u>	<u>1,320,409</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 5,024,517</u>	<u>\$ 12,636</u>	<u>\$ 25,129</u>	<u>\$ 1,268,238</u>	<u>\$ 75,579</u>	<u>\$ 6,406,099</u>

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Missouri State Employees' Retirement System			Highway and Transportation Employees' and Highway Patrol Retirement Plan	Missouri State Employees' Deferred Compensation Incentive Plan	Totals June 30, 2002
	Missouri State Employees' Plan	Administrative Law Judges' and Advisors' Plan	Judicial Plan			
Additions:						
Contributions:						
Employer	\$ 209,515	\$ 1,072	\$ 22,088	\$ 77,440	\$ 18,960	\$ 329,075
Plan Member	3,913	---	---	640	---	4,553
Other	49	---	---	---	---	49
Investment Earnings:						
Net Decrease in the Fair Value of Investments	(451,628)	(1,134)	(2,180)	(84,860)	(5,768)	(545,570)
Interest and Dividends	114,368	287	552	429	1,727	117,363
Securities Lending Income	31,150	78	150	131	---	31,509
Total Investment Earnings	(306,110)	(769)	(1,478)	(84,300)	(4,041)	(396,698)
Less Investment Expenses:						
Investment Activity Expense	(11,681)	(29)	(56)	(3,919)	---	(15,685)
Securities Lending Expense	(30,315)	(76)	(146)	(33)	---	(30,570)
Total Investment Expense	(41,996)	(105)	(202)	(3,952)	---	(46,255)
Net Investment Earnings	(348,106)	(874)	(1,680)	(88,252)	(4,041)	(442,953)
Cost Reimbursement/ Miscellaneous	448	1	2	---	---	451
Total Additions	(134,181)	199	20,410	(10,172)	14,919	(108,825)
Deductions:						
Benefits	268,481	837	15,944	133,499	2,527	421,288
Administrative Expenses	5,336	13	26	1,335	38	6,748
Service Transfer Payments	28	---	---	---	---	28
Depreciation	418	1	2	---	---	421
Total Deductions	274,263	851	15,972	134,834	2,565	428,485
Change in Net Assets	(408,444)	(652)	4,438	(145,006)	12,354	(537,310)
Net Assets Held in Trust for Pension Benefits						
Beginning of Year	5,432,961	13,288	20,691	1,413,244	63,225	6,943,409
End of Year	\$ 5,024,517	\$ 12,636	\$ 25,129	\$ 1,268,238	\$ 75,579	\$ 6,406,099

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2002
(In Thousands of Dollars)

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Missouri State Public Employees' Deferred Compensation Plan	Totals June 30, 2002
ASSETS					
Cash and Cash Equivalents	\$ 2,806	\$ 18	\$ 9,052	\$ 2,546	\$ 14,422
Interest Receivable	13	---	33	---	46
Advance to Other Funds	---	---	45,345	---	45,345
Investments at Fair Value	---	10	---	786,375	786,385
Equipment	---	---	18	---	18
Less: Accumulated Depreciation	---	---	(10)	---	(10)
Total Assets	2,819	28	54,438	788,921	846,206
LIABILITIES					
Accounts Payable	980	---	---	---	980
Escheats/Unclaimed Property	---	---	50,122	---	50,122
Total Liabilities	980	---	50,122	---	51,102
NET ASSETS					
Net Assets Held in Trust for Other Purposes	<u>\$ 1,839</u>	<u>\$ 28</u>	<u>\$ 4,316</u>	<u>\$ 788,921</u>	<u>\$ 795,104</u>

STATE OF MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2002

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Missouri State Public Employees' Deferred Compensation Plan	Totals June 30, 2002
Additions:					
Contributions:					
Plan Member	\$ ---	\$ ---	\$ ---	\$ 65,781	\$ 65,781
Investment Earnings:					
Net Decrease in the Fair Value of Investments	---	---	---	(63,743)	(63,743)
Interest	86	2	239	20,257	20,584
Unclaimed Property	---	---	16,225	---	16,225
Cost Reimbursement/Miscellaneous	11,051	---	---	---	11,051
Total Additions	11,137	2	16,464	22,295	49,898
Deductions:					
Administrative Expenses	879	---	---	---	879
Program Distributions	9,575	---	430	40,508	50,513
Depreciation	---	---	10	---	10
Transfers Out	---	---	16,071	---	16,071
Total Deductions	10,454	---	16,511	40,508	67,473
Change in Net Assets	683	2	(47)	(18,213)	(17,575)
Net Assets – Beginning	1,156	26	4,363	807,134	812,679
Net Assets – Ending	\$ 1,839	\$ 28	\$ 4,316	\$ 788,921	\$ 795,104

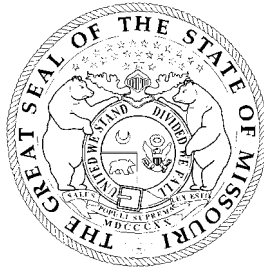
**STATE OF MISSOURI
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2002
(In Thousands of Dollars)**

	State Retirement Contributions	Social Security Contributions	Missouri State Employees' Deferred Compensation Incentive Plan Administration	Missouri Consolidated Health Care Plan Benefit	Program	Institution	Totals June 30, 2002
ASSETS							
Cash and Cash Equivalents	\$ ---	\$ 31	\$ 1	\$ 12	\$ 56,447	\$ 16,645	\$ 73,136
Receivables:							
Interest Receivable	---	---	---	---	361	---	361
Accounts Receivable	---	---	---	---	138,111	---	138,111
Due from Other Funds	8,576	5,753	486	8,677	---	---	23,492
Investments at Fair Value	---	---	---	---	252,242	969	253,211
Total Assets	<u>\$ 8,576</u>	<u>\$ 5,784</u>	<u>\$ 487</u>	<u>\$ 8,689</u>	<u>\$ 447,161</u>	<u>\$ 17,614</u>	<u>\$ 488,311</u>
LIABILITIES							
Accounts Payable	\$ ---	\$ ---	\$ ---	\$ ---	\$ 22	\$ ---	\$ 22
Due to Other Entities	---	5,784	---	---	389,129	---	394,913
Due to Individuals	---	---	---	---	52,329	17,614	69,943
Due to Other Funds	8,576	---	487	8,689	2,479	---	20,231
Advance from Component Units	---	---	---	---	3,202	---	3,202
Total Liabilities	<u>\$ 8,576</u>	<u>\$ 5,784</u>	<u>\$ 487</u>	<u>\$ 8,689</u>	<u>\$ 447,161</u>	<u>\$ 17,614</u>	<u>\$ 488,311</u>

NOTE: The Missouri State Employees' Voluntary Life Insurance is not included in the Agency Funds Combining Balance Sheet because there were no assets or liabilities at June 30, 2002.

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
STATE RETIREMENT CONTRIBUTIONS				
ASSETS				
Cash and Cash Equivalents	\$ 8,169	\$ 215,181	\$ 223,350	\$ ---
Due from Other Funds	8,586	8,576	8,586	8,576
Total Assets	<u>\$ 16,755</u>	<u>\$ 223,757</u>	<u>\$ 231,936</u>	<u>\$ 8,576</u>
LIABILITIES				
Due to Other Funds	<u>\$ 16,755</u>	<u>\$ 650,466</u>	<u>\$ 658,645</u>	<u>\$ 8,576</u>
SOCIAL SECURITY CONTRIBUTIONS				
ASSETS				
Cash and Cash Equivalents	\$ 105	\$ 143,913	\$ 143,987	\$ 31
Due from Other Funds	5,874	5,753	5,874	5,753
Total Assets	<u>\$ 5,979</u>	<u>\$ 149,666</u>	<u>\$ 149,861</u>	<u>\$ 5,784</u>
LIABILITIES				
Due to Other Entities	<u>\$ 5,979</u>	<u>\$ 437,208</u>	<u>\$ 437,403</u>	<u>\$ 5,784</u>
DEFERRED COMPENSATION				
INCENTIVE PLAN ADMINISTRATION				
ASSETS				
Cash and Cash Equivalents	\$ ---	\$ 12,110	\$ 12,109	\$ 1
Due from Other Funds	490	486	490	486
Total Assets	<u>\$ 490</u>	<u>\$ 12,596</u>	<u>\$ 12,599</u>	<u>\$ 487</u>
LIABILITIES				
Due to Other Funds	<u>\$ 490</u>	<u>\$ 36,795</u>	<u>\$ 36,798</u>	<u>\$ 487</u>
MISSOURI CONSOLIDATED HEALTH CARE PLAN BENEFIT				
ASSETS				
Cash and Cash Equivalents	\$ 6,417	\$ 229,837	\$ 236,242	\$ 12
Due from Other Funds	6,419	8,677	6,419	8,677
Total Assets	<u>\$ 12,836</u>	<u>\$ 238,514</u>	<u>\$ 242,661</u>	<u>\$ 8,689</u>
LIABILITIES				
Due to Other Funds	<u>\$ 12,836</u>	<u>\$ 645,262</u>	<u>\$ 649,409</u>	<u>\$ 8,689</u>
MISSOURI STATE EMPLOYEES' VOLUNTARY LIFE INSURANCE PROGRAM				
ASSETS				
Cash and Cash Equivalents	\$ ---	\$ 866	\$ 866	\$ ---
LIABILITIES				
Due to Other Entities	<u>\$ ---</u>	<u>\$ 858</u>	<u>\$ 858</u>	<u>\$ ---</u>
PROGRAM				
ASSETS				
Cash and Cash Equivalents	\$ 32,454	\$ 1,536,307	\$ 1,512,314	\$ 56,447
Receivables:				
Interest Receivable	889	3,578	4,106	361
Accounts Receivable	156,759	2,388	21,036	138,111
Investments at Fair Value	245,921	2,752,600	2,746,279	252,242
Total Assets	<u>\$ 436,023</u>	<u>\$ 4,294,873</u>	<u>\$ 4,283,735</u>	<u>\$ 447,161</u>
LIABILITIES				
Accounts Payable	\$ 19	\$ 270	\$ 267	\$ 22
Due to Other Entities	402,384	3,427,428	3,440,683	389,129
Due to Individuals	33,620	835,208	816,499	52,329
Due to Other Funds	---	2,479	---	2,479
Advance from Component Units	---	3,202	---	3,202
Total Liabilities	<u>\$ 436,023</u>	<u>\$ 4,268,587</u>	<u>\$ 4,257,449</u>	<u>\$ 447,161</u>
INSTITUTION				
ASSETS				
Cash and Cash Equivalents	\$ 15,024	\$ 126,376	\$ 124,755	\$ 16,645
Investments at Fair Value	897	250	178	969
Total Assets	<u>\$ 15,921</u>	<u>\$ 126,626</u>	<u>\$ 124,933</u>	<u>\$ 17,614</u>
LIABILITIES				
Due to Individuals	<u>\$ 15,921</u>	<u>\$ 126,626</u>	<u>\$ 124,933</u>	<u>\$ 17,614</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 62,169	\$ 2,264,590	\$ 2,253,623	\$ 73,136
Receivables:				
Interest Receivable	889	3,578	4,106	361
Accounts Receivable	156,759	2,388	21,036	138,111
Due from Other Funds	21,369	23,492	21,369	23,492
Investments at Fair Value	246,818	2,752,850	2,746,457	253,211
Total Assets	<u>\$ 488,004</u>	<u>\$ 5,046,898</u>	<u>\$ 5,046,591</u>	<u>\$ 488,311</u>
LIABILITIES				
Accounts Payable	\$ 19	\$ 270	\$ 267	\$ 22
Due to Other Entities	408,363	3,865,494	3,878,944	394,913
Due to Individuals	49,541	961,834	941,432	69,943
Due to Other Funds	30,081	1,335,002	1,344,852	20,231
Advance from Component Units	---	3,202	---	3,202
Total Liabilities	<u>\$ 488,004</u>	<u>\$ 6,165,802</u>	<u>\$ 6,165,495</u>	<u>\$ 488,311</u>



*The **Component Units** account for all transactions relating to legally separate entities which for reporting purposes are a part of the State.*

Non-Major Component Units:

Proprietary Funds:

Development Finance Board – Accounts for moneys from bond proceeds, gifts and grants to make loans for industrial development.

Agricultural and Small Business Development Authority – Accounts for moneys from bond proceeds, gifts and grants to make loans for property acquisitions/renovations and pollution control facilities.

Fulton 54 Transportation Corporation – Accounts for moneys from bond proceeds to pay for an overpass at the intersection of Route HH and U.S. Highway 54.

Missouri Transportation Finance Corporation – Accounts for moneys from federal, state or local sources and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

Missouri Highway 179 Transportation Corporation – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Springfield, MO State Highway Improvement Corporation – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Wentzville Parkway Transportation Corporation – Accounts for moneys from bond proceeds to promote and develop public transportation facilities under the Missouri Transportation Corporation Act.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
June 30, 2002
(In Thousands of Dollars)

	Development Finance Board	Agricultural and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals June 30, 2002
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$ 384	\$ 3,336	\$ ---	\$ 3,659	\$ 5,768	\$ ---	\$ ---	\$ 13,147
Investments	13,945	---	---	---	---	---	---	13,945
Accounts Receivable, Net	---	15	---	---	450	---	---	465
Interest Receivable	1,777	---	---	345	---	---	---	2,122
Prepaid Items	5	---	---	---	---	---	---	5
Due from Other Governments	---	---	---	---	---	6,363	3,854	10,217
Loans Receivable	4,060	509	---	15,411	---	---	---	19,980
Noncurrent Assets:								
Accounts Receivable, Net	---	---	1,010	---	8,116	---	---	9,126
Advance to Primary Government	7,700	---	7,695	12,000	14,094	18,667	8,849	69,005
Advance to Other Component Units	---	---	---	2,870	---	---	---	2,870
Loans Receivable	23,597	3,815	---	---	---	---	---	27,412
Restricted Assets – Cash and Cash Equivalents	10,729	470	413	36,908	---	54	4,137	52,711
Restricted Assets – Investments	25,763	---	884	---	---	---	---	26,647
Deferred Charges	22	---	---	---	---	---	209	231
Capital Assets:								
Land	4,705	---	---	---	---	---	---	4,705
Construction in Progress	14,123	---	---	---	---	---	---	14,123
Buildings	2,400	---	---	---	---	---	---	2,400
Equipment	133	---	---	---	---	---	---	133
Less Accumulated Depreciation	(863)	---	---	---	---	---	---	(863)
Total Capital Assets (Net of Accumulated Depreciation)	20,498	---	---	---	---	---	---	20,498
Total Assets	108,480	8,145	10,002	71,193	28,428	25,084	17,049	268,381
LIABILITIES								
Current Liabilities:								
Accounts Payable	184	136	---	5	2	---	9	336
Due to Primary Government	---	457	---	---	---	---	---	457
Deferred Revenue	---	---	---	---	450	---	3,854	4,304
Interest Payable	---	---	137	---	---	475	172	784
Bonds Payable	---	---	---	---	2,130	7,585	80	9,795
Noncurrent Liabilities:								
Due to Primary Government	---	4,480	---	---	---	---	---	4,480
Deferred Revenue	26,851	---	1,010	---	8,108	---	---	35,969
Advance from Other Component Units	---	---	---	---	---	2,870	---	2,870
Bonds Payable	34,555	---	8,705	---	14,915	14,100	12,590	84,865
Total Liabilities	61,590	5,073	9,852	5	25,605	25,030	16,705	143,860
NET ASSETS								
Invested in Capital Assets, Net	20,498	---	---	---	---	---	---	20,498
Restricted for Other Purposes	2,415	2,538	---	---	---	---	---	4,953
Unrestricted	23,977	534	150	71,188	2,823	54	344	99,070
Total Net Assets	\$ 46,890	\$ 3,072	\$ 150	\$ 71,188	\$ 2,823	\$ 54	\$ 344	\$ 124,521

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Development Finance Board	Agricultural and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals June 30, 2002
Operating Revenues:								
Licenses, Fees and Permits	\$ 954	\$ 292	\$ ---	\$ 1	\$ ---	\$ ---	\$ ---	\$ 1,247
Interest on Receivables	1,969	---	34	1,231	666	---	143	4,043
Leases and Rentals	89	---	---	---	---	---	---	89
Cost Reimbursement/Miscellaneous	86	---	354	---	150	1,170	265	2,025
Total Operating Revenues	<u>3,098</u>	<u>292</u>	<u>388</u>	<u>1,232</u>	<u>816</u>	<u>1,170</u>	<u>408</u>	<u>7,404</u>
Operating Expenses:								
Personal Service	410	78	---	31	---	---	---	519
Operations	183	121	9	15	---	---	6	334
Specific Programs	---	1,425	---	---	---	---	---	1,425
Interest Expense	---	---	414	---	868	1,170	326	2,778
Depreciation	95	---	---	---	---	---	---	95
Amortization	4	---	---	---	---	---	7	11
Other Charges	17	---	---	1	---	---	---	18
Total Operating Expenses	<u>709</u>	<u>1,624</u>	<u>423</u>	<u>47</u>	<u>868</u>	<u>1,170</u>	<u>339</u>	<u>5,180</u>
Operating Income (Loss)	<u>2,389</u>	<u>(1,332)</u>	<u>(35)</u>	<u>1,185</u>	<u>(52)</u>	<u>---</u>	<u>69</u>	<u>2,224</u>
Non-Operating Revenues:								
Contributions and Intergovernmental	---	1,276	---	---	---	---	---	1,276
Investment Earnings:								
Increase in Fair Value of Investments	---	---	20	---	---	---	---	20
Interest	135	201	---	981	---	---	275	1,592
Total Non-Operating Revenues	<u>135</u>	<u>1,477</u>	<u>20</u>	<u>981</u>	<u>---</u>	<u>---</u>	<u>275</u>	<u>2,888</u>
Income (Loss) Before Transfers	<u>2,524</u>	<u>145</u>	<u>(15)</u>	<u>2,166</u>	<u>(52)</u>	<u>---</u>	<u>344</u>	<u>5,112</u>
Operating Transfers Out	---	(34)	---	---	---	---	---	(34)
Change in Net Assets	<u>2,524</u>	<u>111</u>	<u>(15)</u>	<u>2,166</u>	<u>(52)</u>	<u>---</u>	<u>344</u>	<u>5,078</u>
 Total Net Assets – Beginning	 <u>44,366</u>	 <u>2,961</u>	 <u>165</u>	 <u>69,022</u>	 <u>2,875</u>	 <u>54</u>	 <u>---</u>	 <u>119,443</u>
Total Net Assets – Ending	<u>\$ 46,890</u>	<u>\$ 3,072</u>	<u>\$ 150</u>	<u>\$ 71,188</u>	<u>\$ 2,823</u>	<u>\$ 54</u>	<u>\$ 344</u>	<u>\$ 124,521</u>

**STATE OF MISSOURI
STATEMENT OF CASH FLOWS
NON-MAJOR COMPONENT UNITS
June 30, 2002
(In Thousands of Dollars)**

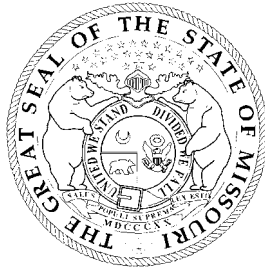
	Development Finance Board	Agriculture and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals June 30, 2002
Cash Flows from Operating Activities:								
Receipts from Customers and Users	\$ 1,912	\$ 282	\$ ---	\$ 1,232	\$ 676	\$ ---	\$ 143	\$ 4,245
Loans Made to Outside Entities	---	(566)	---	---	---	---	---	(566)
Payments to Vendors and Suppliers	(242)	(42)	(43)	(11)	---	(172)	(41)	(551)
Payments to Employees	(410)	(78)	---	(31)	---	---	---	(519)
Payments to Tax Credit Projects	(5,293)	---	---	---	---	---	---	(5,293)
Payments Made for Program Expenses	---	(1,425)	---	---	---	---	---	(1,425)
Payments Made for Interest Expenses	---	---	(277)	---	(868)	(695)	---	(1,840)
Other Receipts (Payments)	69	---	394	(2,023)	150	1,170	(61)	(301)
Net Cash Provided (Used) by Operating Activities	(3,964)	(1,829)	74	(833)	(42)	303	41	(6,250)
Cash Flows from Non-Capital Financing Activities:								
Loans Receivable Principal Receipts	9,541	---	---	---	---	---	---	9,541
Loans Receivable Issuance	(5,689)	---	---	---	---	---	---	(5,689)
Due to Primary Government	---	749	---	(24)	---	---	---	725
Advance to/from Other Funds, Entities, and Primary Government	---	1,276	---	7,000	2,291	6,485	(8,849)	8,203
Transfers to Other Funds	---	(34)	---	---	---	---	---	(34)
Net Cash Provided (Used) by Non-Capital Financing Activities	3,852	1,991	---	6,976	2,291	6,485	(8,849)	12,746
Cash Flows from Capital and Related Financing Activities:								
Interest Expense	(665)	(105)	---	---	---	---	---	(770)
Purchases and Construction of Capital Assets	(10,794)	---	---	---	---	---	---	(10,794)
Bond Issuance	---	---	---	---	---	---	12,670	12,670
Bond Principal Payments	(5,000)	---	---	---	(2,040)	(6,960)	---	(14,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	(16,459)	(105)	---	---	(2,040)	(6,960)	12,670	(12,894)
Cash Flows from Investing Activities:								
Proceeds from Investment Maturities	188,254	---	---	---	---	---	---	188,254
Purchase of Investments	(190,755)	---	(864)	---	---	---	---	(191,619)
Interest and Dividends Received	800	306	---	981	---	---	275	2,362
Net Cash Provided (Used) by Investing Activities	(1,701)	306	(864)	981	---	---	275	(1,003)
Net Increase (Decrease) in Cash	(18,272)	363	(790)	7,124	209	(172)	4,137	(7,401)
Cash - Beginning of Year	29,385	3,443	1,203	33,443	5,559	226	---	73,259
Cash - End of Year	\$ 11,113	\$ 3,806	\$ 413	\$ 40,567	\$ 5,768	\$ 54	\$ 4,137	\$ 65,858

**Reconciliation of Net Operating Revenues (Expenses) to
Net Cash Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$ 2,389	\$ (1,332)	\$ (35)	\$ 1,185	\$ (52)	\$ ---	\$ 69	\$ 2,224
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:								
Depreciation Expense	95	---	---	---	---	---	---	95
Changes in Assets and Liabilities:								
Accounts Receivables	---	(10)	---	---	(8,416)	---	---	(8,426)
Interest Receivable	(1,100)	---	6	224	18	---	---	(852)
Allowance for Doubtful Accounts	---	56	---	---	---	---	---	56
Prepaid Items	42	---	---	---	---	---	---	42
Due from Other Governments	---	---	---	---	---	---	(3,854)	(3,854)
Loans Receivable	---	(622)	---	(2,247)	---	---	---	(2,869)
Deferred Charges	4	---	---	---	---	---	(209)	(205)
Accounts Payable	(101)	79	(34)	5	---	(172)	9	(214)
Deferred Revenues	(5,293)	---	---	---	8,408	---	3,854	6,969
Interest Payable	---	---	137	---	---	475	172	784
Net Cash Provided (Used) by Operating Activities	\$ (3,964)	\$ (1,829)	\$ 74	\$ (833)	\$ (42)	\$ 303	\$ 41	\$ (6,250)

Non-Cash Financing Activities:

During fiscal year 2002, the Development Finance Board retired fully depreciated capital assets in the amount of \$20,000.
During fiscal year 2002, the fair value of investments increased by \$20,000 for the Fulton 54 Transportation Corporation.



*The **Statistical Section** presentations include comparisons of economic and social characteristics and financial trends over a ten-year period. The statistical data presented is intended to provide report users with a broader understanding of the environment in which the State operates.*

**STATE OF MISSOURI
REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES (1)
For the Last Ten Fiscal Years
(In Thousands of Dollars)**

Revenues by Source	Fiscal Years Ended June 30									
	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Taxes	\$ 8,795,821	\$ 8,894,790	\$ 8,115,787	\$ 8,711,625	\$ 7,885,370	\$ 7,595,565	\$ 7,151,671	\$ 6,810,041	\$ 5,770,220	\$ 5,223,606
Licenses, Fees and Permits	543,926	558,439	509,953	516,032	517,813	506,412	463,290	435,032	395,488	378,011
Sales	16,088	22,525	21,528	21,919	20,100	20,583	24,454	20,828	17,379	19,373
Leases and Rentals	732	7,275	2,202	4,907	4,597	3,715	5,556	3,706	3,261	3,423
Services	152,232	131,283	161,184	208,680	209,765	211,750	137,751	221,453	204,451	190,544
Contributions and Intergov- ernmental	6,435,837	5,720,071	5,349,315	4,970,880	4,503,133	4,021,224	4,095,494	4,042,760	3,448,419	3,036,735
Investment Earnings, Penalties and Unclaimed Properties	122,870	181,949	186,289	192,987	206,074	178,371	151,582	110,882	72,653	46,956
Miscellaneous Revenues	783,851	821,560	307,321	114,615	92,465	91,257	110,761	103,735	93,759	10,376
Total Revenues	16,851,357	16,337,892	14,653,579	14,741,645	13,439,317	12,628,877	12,140,559	11,748,437	10,005,630	8,909,024
Expenditures by Function										
General Government	521,851	476,351	365,872	839,252	446,466	404,239	370,800	353,095	332,861	315,784
Education	4,544,943	4,346,419	4,096,797	3,878,866	3,742,716	3,474,767	3,234,542	2,973,917	2,777,888	2,604,170
Natural and Economic Resources	536,194	553,760	484,432	490,761	494,247	460,792	431,458	452,230	436,465	393,139
Transportation and Law Enforcement	861,790	829,251	766,534	1,501,163	1,336,898	1,366,067	1,299,962	1,252,627	1,273,238	971,234
Human Services	7,988,023	7,540,546	6,668,492	6,433,590	5,663,384	5,151,585	4,973,129	4,835,118	3,976,063	3,574,328
Capital Outlay	1,308,980	1,228,401	1,281,802	314,903	335,027	404,043	302,058	220,250	140,320	143,603
Debt Service	189,276	166,971	150,851	126,674	138,946	202,245	132,174	117,150	107,170	98,598
Article X Distribution	---	98,856	178,842	318,792	376,283	---	---	---	---	---
Intergov- ernmental	571,652	439,442	457,744	358,181	334,252	363,882	349,327	322,179	233,465	221,878
Total Expenditures	16,522,709	15,679,997	14,451,366	14,262,182	12,868,219	11,827,620	11,093,450	10,526,566	9,277,470	8,322,734
Excess Revenues	\$ 328,648	\$ 657,895	\$ 202,213	\$ 479,463	\$ 571,098	\$ 801,257	\$ 1,047,109	\$ 1,221,871	\$ 728,160	\$ 586,290

(1) Includes General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds.

Note: For comparability with past years data, "Investment Earnings" and "Penalties and Unclaimed Properties" have been combined above under "Revenues by Source."

**STATE OF MISSOURI
REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
GENERAL FUND – GENERAL
For the Last Ten Fiscal Years
(In Thousands of Dollars)**

Revenues by Source	Fiscal Years Ended June 30									
	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Taxes	\$ 6,747,449	\$ 6,796,005	\$ 6,127,541	\$ 6,740,665	\$ 6,019,057	\$ 5,830,807	\$ 5,507,457	\$ 5,248,525	\$ 4,388,462	\$ 3,970,845
Licenses, Fees and Permits	65,111	65,581	64,061	53,802	51,138	48,373	46,721	45,186	44,886	40,739
Sales	783	748	825	1,187	1,177	1,164	2,418	1,572	1,657	1,960
Leases and Rentals	411	5,909	870	650	537	122	487	408	118	97
Services	122,859	100,397	102,948	203,545	209,422	211,476	137,498	191,176	197,235	185,140
Contributions and Intergov- ernmental	704,959	694,938	240,677	599,422	549,649	413,094	477,080	803,981	269,301	275,300
Investment Earnings, Penalties and Unclaimed Properties	54,635	81,265	96,576	108,285	119,789	104,947	84,870	58,685	34,837	24,760
Miscellaneous Revenues	392,256	249,850	36,607	24,090	20,910	16,354	33,291	26,363	27,107	6,803
Total Revenues	8,088,463	7,994,693	6,670,105	7,731,646	6,971,679	6,626,337	6,289,822	6,375,896	4,963,603	4,505,644
Expenditures by Function										
General Government	434,752	379,780	264,579	748,230	375,332	330,882	302,813	293,870	280,562	270,936
Education	430,393	455,434	539,009	732,129	680,582	609,344	631,686	567,868	519,484	507,157
Natural and Economic Resources	60,292	75,909	77,663	76,679	59,388	54,685	68,650	49,160	45,655	44,873
Transportation and Law Enforcement	53,593	62,160	59,796	55,505	54,931	43,792	37,493	31,629	29,179	26,052
Human Services	4,013,207	3,873,992	2,978,688	3,276,374	2,922,627	2,694,660	2,474,625	2,741,580	2,046,075	1,750,188
Capital Outlay	81,019	171,240	225,090	141,148	143,947	187,816	126,915	79,236	38,186	32,344
Debt Service	46,440	41,937	33,868	14,065	23,889	98,999	37,785	31,035	29,089	18,512
Article X Distribution	---	98,856	178,842	318,792	376,283	---	---	---	---	---
Intergov- ernmental	90,833	76,277	84,694	67,535	48,691	51,812	41,840	35,683	33,580	39,592
Total Expenditures	5,210,529	5,235,585	4,442,229	5,430,457	4,685,670	4,071,990	3,721,807	3,830,061	3,021,810	2,689,654
Excess Revenues	\$ 2,877,934	\$ 2,759,108	\$ 2,227,876	\$ 2,301,189	\$ 2,286,009	\$ 2,554,347	\$ 2,568,015	\$ 2,545,835	\$ 1,941,793	\$ 1,815,990

Note: For comparability with past years data, "Investment Earnings" and "Penalties and Unclaimed Properties" have been combined above under "Revenues by Source."

**STATE OF MISSOURI
TAXES**

The Constitution of Missouri, Article X, Section 8, provides general guidelines for property taxes within the State. It limits the State tax on real and tangible personal property to ten cents on each hundred dollars assessed valuation, excluding any tax necessary to pay any bonded debt of the State.

Presently there is a State property tax of three cents on each hundred dollars assessed valuation on all real estate and tangible personal property in the State. This tax collects approximately twenty-one million dollars a year and is paid into the Blind Pension Fund, a Special Revenue Fund.

**Assessed and Estimated Actual Value of Taxable Property
For the Last Ten Years
(In Thousands of Dollars)**

Year (3)	Assessed Value			Total Taxable Property	
	Real Estate	Tangible Personal Property	Distributable Property of Public Utility Companies	Assessed Value (1)	Estimated Actual Value (2)
2001	\$ 48,091,934	\$ 16,630,805	\$ 3,648,150	\$ 68,370,889	\$ 291,443,564
2000	43,450,656	15,893,447	3,531,220	62,875,323	267,060,094
1999	42,064,375	14,797,778	3,461,735	60,323,888	257,151,302
1998	39,066,562	13,961,314	3,279,016	56,306,892	239,898,361
1997	37,902,282	13,236,610	3,249,863	54,388,755	232,113,244
1996	34,138,325	12,458,792	3,153,027	49,750,144	211,382,255
1995	33,181,619	11,269,545	3,078,181	47,529,345	202,537,140
1994	31,335,588	10,199,469	3,059,585	44,594,642	187,664,425
1993	30,668,645	9,649,537	2,958,271	43,276,453	182,352,275
1992	30,049,269	9,287,762	2,844,337	42,181,368	177,520,018

(1) Data Source: State Tax Commission of Missouri.

(2) Based on residential property assessed at 19%, agricultural property assessed at 12% and commercial property assessed at 32%.

(3) The data for 2002 was not available at publication date.

**STATE OF MISSOURI
DEBT**

The limitations on State debts and bond issues are contained in the Constitution of Missouri, Article III, Section 37. This section restricts the general assembly from contracting or authorizing the contracting of any liability of the State or the issuing of bonds therefore, except:

1. To refund outstanding bonds, the refunding bonds must have a maturity date of not more than twenty-five years from the date of issue.
2. Upon the recommendation of the governor for a temporary liability incurred by an unforeseen emergency or casual deficiency in revenues for an amount not to exceed one million dollars for any one year and to be paid in five years or less.
3. When the liability exceeds one million dollars, the general assembly as on constitutional amendments, or the people by the initiative, may submit a measure containing the amount, purpose and terms of the liability and if the measure is approved by a majority of those voting the liability may be incurred.

Computation of Legal Debt Margin
June 30, 2002
(In Thousands of Dollars)

General Obligation Bonds Authorized	\$ 1,775,000
Unforeseen Emergency or Casual Deficiency	1,000
Less General Obligation Bonds Issued	<u>1,394,494</u>
Legal Debt Margin	<u><u>\$ 381,506</u></u>

STATE OF MISSOURI
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED
DEBT TO TOTAL EXPENDITURES
ALL GOVERNMENTAL FUND TYPES (1)
For the Last Ten Fiscal Years
(In Thousands of Dollars Except Ratio Data)

<u>For the Fiscal Year Ended June 30</u>	<u>Debt Service</u>	<u>Total Expenditures</u>	<u>Ratio</u>
2002	\$ 189,276	\$ 16,522,709	1.15%
2001	166,971	15,679,997	1.06
2000	150,851	14,451,366	1.04
1999	126,674	14,262,182	0.89
1998	138,946	12,868,219	1.08
1997	202,245	11,106,474	1.82
1996	132,174	11,093,450	1.19
1995	117,150	10,526,566	1.11
1994	107,170	9,277,470	1.16
1993	98,598	8,322,734	1.18

(1) Includes General, Special Revenue, Debt Service, Capital Projects Funds, and Permanent Funds.

STATE OF MISSOURI
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL BONDED DEBT PER CAPITA
For the Last Ten Fiscal Years
(In Thousands of Dollars Except Ratio and Per Capita Data)

For the Fiscal Year Ended June 30	Population (1)	Assessed Value (2)	General Bonded Debt			Net General Bonded Debt	
			Total	Less Debt Service Monies Available	Net	Ratio to Assessed Value	Per Capita
2002	5,651	\$ N/A	\$ 1,978,210	\$ 88,970	\$ 1,889,240	N/A	\$ 334.32
2001	5,630	68,370,889	1,612,340	90,477	1,521,863	2.23	270.31
2000	5,604	62,875,323	1,269,225	63,002	1,206,223	1.92	215.24
1999	5,562	60,323,888	1,273,113	64,610	1,208,503	2.00	217.28
1998	5,522	56,306,892	1,333,318	60,205	1,273,113	2.26	230.55
1997	5,481	54,388,755	1,288,678	58,746	1,229,932	2.26	224.40
1996	5,432	49,750,144	1,187,926	56,055	1,131,871	2.28	208.37
1995	5,378	47,529,345	1,255,827	50,852	1,204,975	2.54	224.06
1994	5,324	44,594,642	1,194,306	50,387	1,143,919	2.57	214.86
1993	5,271	43,276,453	1,163,144	41,143	1,122,001	2.59	212.86

Includes general obligation bonds and other bonds which relate to governmental funds.

N/A – Information not available.

Data Sources:

- (1) U.S. Department of Commerce – Bureau of Economic Analysis.
- (2) State Tax Commission of Missouri – For the year ended December 31.

**STATE OF MISSOURI
ECONOMIC DATA**

Industrial Growth

<u>Fiscal Year</u>	<u>Expanding Companies</u>	<u>New Companies</u>	<u>New Jobs</u>	<u>Investment (In Thousands)</u>
2002	83	39	12,176	\$ 1,531,699
2001	69	29	10,246	849,447
2000	129	53	11,732	1,204,065
1999	301	28	7,687	1,582,768
1998	303	78	11,322	2,404,156
1997	245	48	13,593	2,503,116
1996	162	85	8,291	1,154,439
1995	156	115	14,236	889,919
1994	82	57	8,940	768,838
1993	110	73	7,856	1,085,676

Data Source: Missouri Department of Economic Development.

Bank Deposits
(In Millions)

<u>Fiscal Year</u>	<u>State Banks</u>	<u>National Banks</u>	<u>Total Deposits</u>
2002	\$ 41,184	\$ 21,768	\$ 62,952
2001	32,950	20,219	53,169
2000	29,990	30,618	60,608
1999	31,634	34,945	66,579
1998	31,111	22,370	53,481
1997	28,167	20,002	48,169
1996	29,303	33,705	63,008
1995	30,152	27,297	57,449
1994	28,939	25,649	54,588
1993	27,225	26,449	53,674

Data Source: Missouri Department of Economic Development.

**STATE OF MISSOURI
ECONOMIC DATA**

**Retail Sales by Store Group
(In Thousands)**

<u>Year</u>	<u>Food</u>	<u>General Merchandise</u>	<u>Furniture, Furnishings and Appliances</u>	<u>Automotive</u>	<u>Health/ Personal Care</u>	<u>All Other</u>	<u>Totals</u>
2002	\$ 7,866,518	\$ 9,848,102	\$ 3,251,995	\$ 18,897,240	\$ 2,549,175	\$ 15,203,018	\$ 57,616,048
2001	7,741,561	9,676,695	3,200,033	18,572,559	2,508,497	14,946,218	56,645,563
2000	9,708,109	9,978,604	3,278,017	18,666,625	2,188,964	11,906,129	55,726,448
1999	9,912,908	9,525,196	3,210,288	16,561,707	1,892,555	10,923,604	52,026,258
1998	9,619,227	8,992,504	2,925,982	15,507,470	1,858,292	10,461,323	49,364,798
1997	10,377,890	8,578,221	2,496,712	12,683,473	1,844,231	10,626,251	46,606,778
1996	6,909,793	5,341,199	1,644,656	8,431,367	1,220,947	7,069,636	30,617,598
1995	8,430,568	6,453,336	1,984,645	10,717,139	1,547,532	7,870,303	37,003,523
1994	8,243,615	5,710,308	1,875,115	10,081,481	1,411,536	7,642,631	34,964,686
1993	7,847,372	5,186,603	1,784,986	9,596,898	1,227,780	7,015,515	32,659,154

Data Source: Reprinted by permission of Editor and Publisher Market Guide from VNU Business Media, Inc.
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**STATE OF MISSOURI
ECONOMIC DATA**

Privately Owned Housing Units Authorized By Building Permits

<u>Year</u>	<u>Number of Units</u>	<u>Valuation (In Thousands)</u>
2001	24,739	\$ 2,750,047
2000	24,321	2,569,405
1999	26,840	2,739,418
1998	25,657	2,424,875
1997	25,156	2,265,005
1996	26,298	2,275,667
1995	24,282	2,032,503
1994	26,374	2,149,313
1993	21,702	1,749,828
1992	20,078	1,525,890

Data Source: U.S. Department of Commerce – Bureau of the Census.

Major Private Employers

The State's major private employers and the approximate number employed by each in 2001 were as follows:

<u>Employer</u>	<u>Number Employed</u>
1. Wal-Mart Associates, Inc.	30,000 – 32,500
2. Boeing Corporation	12,500 – 15,000
3. Schnuck Markets, Inc.	10,000 – 12,500
4. Washington University	10,000 – 12,500
5. TWA/American Airlines, L.L.C.	7,500 – 10,000
6. Barnes-Jewish Hospital	7,500 – 10,000
7. May Department Stores	7,500 – 10,000
8. Ford Motor Company	7,500 – 10,000
9. SBC (Southwestern Bell) Management	5,000 – 7,500
10. Daimler Chrysler	5,000 – 7,500
11. Lester E Cox Medical	5,000 – 7,500
12. Hallmark Cards	5,000 – 7,500
13. AG Edwards & Sons, Inc.	5,000 – 7,500
14. United Parcel Service, Inc.	5,000 – 7,500

Data Source: Missouri Department of Labor and Industrial Relations.

**STATE OF MISSOURI
DEMOGRAPHIC STATISTICS**

Population Statistics

<u>Year</u>	<u>Population (In Thousands)</u>	<u>% Change</u>	<u>% of Total</u>	
			<u>Urban</u>	<u>Rural</u>
2000	5,595	9.3%	67.8%	32.2%
1990	5,117	4.1	68.7	31.3
1980	4,917	5.1	68.1	31.9
1970	4,677	8.3	70.1	29.9
1960	4,320	9.2	66.6	33.4
1950	3,955	4.5	61.5	38.5
1940	3,785	4.3	51.8	48.2
1930	3,629	6.6	51.2	48.8
1920	3,404	3.4	46.6	53.4
1910	3,293	6.0	42.3	57.7

Data Sources: U.S. Department of Commerce – Bureau of the Census.

Office of Social and Economic Data Analysis: Demographics.

School Enrollment
(In Thousands)

<u>Academic Year</u>	<u>Elementary and Secondary Enrollment (1)</u>	<u>Higher Education Enrollment (2)</u>	<u>Totals</u>	<u>% Change From Prior Year</u>
2001-02	890	213	1,103	0.3%
2000-01	894	206	1,100	0.2
1999-00	895	203	1,098	0.5
1998-99	895	198	1,093	0.6
1997-98	893	194	1,087	1.4
1996-97	883	189	1,072	1.1
1995-96	874	186	1,060	1.0
1994-95	862	188	1,050	0.9
1993-94	852	189	1,041	0.8
1992-93	840	193	1,033	1.5

Data Sources: (1) Missouri Department of Elementary and Secondary Education.

(2) Missouri Department of Higher Education. These statistics are based on full-time equivalent enrollment and do not include professional/technical schools.

**STATE OF MISSOURI
DEMOGRAPHIC STATISTICS**

Personal Income

<u>Year</u>	<u>Missouri Total Personal Income (In Millions)</u>	<u>U.S. Total Personal Income (In Millions)</u>	<u>Missouri Per Capita Personal Income</u>	<u>U.S. Per Capita Personal Income</u>	<u>Missouri % Change From Prior Year</u>	<u>U.S. % Change From Prior Year</u>
2001	\$ 157,797	\$ 8,621,023	\$ 28,029	\$ 30,271	3.0%	2.7%
2000	152,448	8,314,032	27,206	29,469	5.1	5.8
1999	143,928	7,769,367	25,877	27,843	2.8	3.5
1998	138,987	7,418,497	25,171	26,893	5.2	5.8
1997	131,144	6,928,545	23,926	25,412	4.8	4.7
1996	123,992	6,538,103	22,828	24,270	4.4	4.4
1995	117,640	6,192,235	21,873	23,255	3.7	4.1
1994	112,314	5,878,362	21,094	22,340	4.6	3.7
1993	106,298	5,598,446	20,166	21,539	3.7	2.8
1992	101,493	5,376,622	19,454	20,960	5.1	4.7

Data Source: U.S. Department of Commerce – Bureau of Economic Analysis.

Employment
(In Thousands Except Unemployment Rates Data)

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Total Employed</u>	<u>Total Unemployed</u>	<u>Missouri Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2001	2,970	2,830	140	4.7%	4.8%
2000	2,930	2,828	102	3.5	4.0
1999	2,841	2,745	96	3.4	4.2
1998	2,854	2,735	119	4.2	4.5
1997	2,891	2,769	122	4.2	4.9
1996	2,905	2,772	133	4.6	5.4
1995	2,833	2,698	135	4.8	5.6
1994	2,698	2,567	131	4.9	6.1
1993	2,661	2,489	172	6.5	6.9
1992	2,668	2,515	153	5.7	7.5

Data Source: Missouri Department of Labor and Industrial Relations and Missouri State Web Page – Labor Market Information

STATE OF MISSOURI
SCHEDULE OF MISCELLANEOUS STATISTICS
As of June 30, 2002

Adoption of State Constitution1821, 1865, 1877, 1945

Land Area (Square Miles)68,945

Miles of State Highway32,312

State Highway Patrol Protection:

Number of Troops (Stations)9

Number of Commissioned Highway Patrol Officers1,037

Higher Education:

Public Community Colleges –

Number of Campuses17

Number of Students [average annual full-time equivalent (FTE)]47,184

Number of Regular Term Teaching Positions (FTE)1,236

State Technical College –

Number of Campuses1

Number of Students (FTE)803

Number of Regular Term Teaching Positions (FTE)46

State Colleges/Universities –

Number of Campuses14

Number of Regular Term Students (FTE)95,669

Number of Regular Term Teaching Positions (FTE)4,541

Recreation:

Number of State Parks and Historic Sites83

Acres of State Parks and Historic Sites138,553

Number of State Conservation Areas1,116

Acres of State Conservation Areas972,665

Sources:

Land Area Missouri State Manual

Miles of Highway..... Department of Transportation

State Highway Patrol Protection Department of Public Safety/Highway Patrol

Higher Education Department of Higher Education

Recreation..... Department of Conservation
Department of Natural Resources/Division of State Parks

STATE OF MISSOURI
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**HOLT COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-122
December 31, 2003
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Holt, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Holt County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county has not established cash management procedures to ensure monies received from federal Highway Planning and Construction – Offsystem Bridge Replacement (BRO) projects are distributed to contractors on a timely basis. There were 14 reimbursements, totaling over \$625,000, that were held by the county longer than allowed by the Missouri Department of Transportation's Local Program Agency Manual.
- Actions of the salary commission in approving a raise for the County Treasurer in October 2002 were not supported by a written legal opinion.

The audit also suggested improvements to personnel procedures relating to time sheets and leave records, computer controls concerning passwords and backup plans, and fixed asset records and policies. In addition, the audit included a recommendation to the Sheriff concerning reconciliations.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

HOLT COUNTY, MISSOURI

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HOLT COUNTY, MISSOURI

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CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Holt County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Holt County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Holt County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 28, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Holt County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 28, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Naima Ramlatchman
	Tania Williams
	Bryan Meadows



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Holt County, Missouri

We have audited the financial statements of various funds of Holt County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated October 28, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Holt County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Holt County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting which is described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Holt County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 28, 2003 (fieldwork completion date)

Financial Statements

Exhibit A

HOLT COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 248,967	1,077,320	1,021,985	304,302
Special Road and Bridge	146,146	1,648,996	1,501,916	293,226
Assessment	7,815	94,022	88,107	13,730
Law Enforcement Training	25,511	6,530	7,555	24,486
Prosecuting Attorney Training	3,382	1,145	981	3,546
9-1-1	101,062	80,455	88,654	92,863
Recorder's Special	25,259	7,721	10,064	22,916
Sheriff's Civil Fees	5,666	6,448	5,892	6,222
Debt Service	32,110	4,709	4,736	32,083
Clerk's Election Fee	3,143	1,215	524	3,834
Victims of Domestic Violence	2,400	240	2,575	65
Johnson Grass	46,479	34,342	21,081	59,740
Prosecuting Attorney Bad Check	331	0	9	322
Prosecuting Attorney Delinquent Tax	2,269	0	0	2,269
Cemetery Trust	27,046	885	680	27,251
Community Development Block Grant	0	17,756	17,209	547
Environmental Protection Agency Grant	0	25,446	25,446	0
Law Library	139	1,984	1,739	384
Total	\$ 677,725	3,009,214	2,799,153	887,786

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A

HOLT COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 140,965	1,031,278	923,276	248,967
Special Road and Bridge	205,087	1,787,739	1,846,680	146,146
Assessment	2,198	86,829	81,212	7,815
Law Enforcement Training	26,588	6,154	7,231	25,511
Prosecuting Attorney Training	3,979	982	1,579	3,382
9-1-1	108,603	82,864	90,405	101,062
Recorder's Special	20,666	5,347	754	25,259
Sheriff's Civil Fees	3,922	6,890	5,146	5,666
Debt Service	32,410	4,805	5,105	32,110
Clerk's Election Fee	1,753	1,390	0	3,143
Victims of Domestic Violence	2,205	195	0	2,400
Johnson Grass	44,092	42,305	39,918	46,479
Prosecuting Attorney Bad Check	448	0	117	331
Prosecuting Attorney Delinquent Tax	2,269	0	0	2,269
Cemetery Trust	26,480	995	429	27,046
Prosecuting Attorney Dialog	0	10,245	10,245	0
Community Development Block Grant	0	351,170	351,170	0
Environmental Protection Agency Grant	0	123,747	123,747	0
Law Library	74	890	825	139
Total	\$ 621,739	3,543,825	3,487,839	677,725

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

HOLT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 3,808,732	3,007,230	(801,502)	2,933,510	3,067,023	133,513
DISBURSEMENTS	4,118,236	2,797,414	1,320,822	3,301,834	3,011,668	290,166
RECEIPTS OVER (UNDER) DISBURSEMENTS	(309,504)	209,816	519,320	(368,324)	55,355	423,679
CASH, JANUARY 1	657,883	677,586	19,703	595,185	595,185	0
CASH, DECEMBER 31	348,379	887,402	539,023	226,861	650,540	423,679
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	248,600	248,760	160	239,073	247,652	8,579
Sales and use taxes	455,000	445,808	(9,192)	270,000	389,158	119,158
Intergovernmental	135,170	132,092	(3,078)	135,210	123,575	(11,635)
Charges for services	186,000	184,816	(1,184)	181,900	179,477	(2,423)
Interest	10,500	6,540	(3,960)	15,000	15,463	463
Other	7,250	10,766	3,516	4,300	6,353	2,053
Transfers in	78,538	48,538	(30,000)	71,100	69,600	(1,500)
Total Receipts	1,121,058	1,077,320	(43,738)	916,583	1,031,278	114,695
DISBURSEMENTS						
County Commission	72,539	71,978	561	75,823	70,239	5,584
County Clerk	75,495	73,318	2,177	75,355	71,467	3,888
Elections	35,870	24,271	11,599	11,670	12,230	(560)
Buildings and grounds	53,300	40,444	12,856	53,023	45,259	7,764
Employee fringe benefits	230,450	197,879	32,571	174,250	151,433	22,817
County Treasurer	23,306	22,723	583	23,206	22,515	691
County Collector	57,056	56,520	536	56,142	55,148	994
Ex Officio Recorder of Deeds	3,600	1,710	1,890	3,700	2,274	1,426
Associate Circuit Court	12,750	5,073	7,677	11,800	5,214	6,586
Court administration	11,900	1,070	10,830	12,050	3,154	8,896
Public Administrator	13,485	13,158	327	13,485	13,404	81
Sheriff	150,020	141,343	8,677	152,918	141,993	10,925
Jail	86,060	81,697	4,363	81,450	66,208	15,242
Prosecuting Attorney	63,469	59,369	4,100	62,971	58,782	4,189
Juvenile Officer	9,498	7,525	1,973	9,887	7,693	2,194
County Coroner	11,750	8,214	3,536	10,150	10,427	(277)
Health Department	87,577	83,608	3,969	84,656	81,870	2,786
Public health and welfare services	4,600	2,965	1,635	4,450	3,252	1,198
Other	154,940	122,468	32,472	104,748	94,604	10,144
Transfers out	8,900	6,652	2,248	8,300	6,110	2,190
Emergency Fund	33,700	0	33,700	27,498	0	27,498
Total Disbursements	1,200,265	1,021,985	178,280	1,057,532	923,276	134,256
RECEIPTS OVER (UNDER) DISBURSEMENTS	(79,207)	55,335	134,542	(140,949)	108,002	248,951
CASH, JANUARY 1	248,967	248,967	0	140,965	140,965	0
CASH, DECEMBER 31	169,760	304,302	134,542	16	248,967	248,951

Exhibit B

HOLT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	309,000	302,106	(6,894)	308,850	302,955	(5,895)
Sales taxes	300,000	308,859	8,859	283,700	307,143	23,443
Intergovernmental	995,550	1,025,292	29,742	1,175,450	1,158,112	(17,338)
Charges for services	0	742	742	0	0	0
Interest	12,200	6,235	(5,965)	16,400	16,575	175
Other	1,500	5,762	4,262	1,000	2,954	1,954
Total Receipts	1,618,250	1,648,996	30,746	1,785,400	1,787,739	2,339
DISBURSEMENTS						
Salaries	270,000	250,927	19,073	251,000	240,930	10,070
Employee fringe benefits	107,000	92,695	14,305	83,300	80,132	3,168
Supplies	90,000	80,420	9,580	82,000	82,608	(608)
Insurance	20,000	15,912	4,088	16,000	18,259	(2,259)
Road and bridge materials	102,000	105,528	(3,528)	108,500	96,035	12,465
Equipment repairs	25,000	17,078	7,922	35,000	19,508	15,492
Rentals	15,000	25,740	(10,740)	15,000	35,801	(20,801)
Equipment purchases	111,280	112,629	(1,349)	266,700	262,901	3,799
Construction, repair, and maintenance	891,000	763,363	127,637	942,000	939,628	2,372
Other	23,000	17,624	5,376	31,000	25,878	5,122
Transfers out	50,000	20,000	30,000	50,000	45,000	5,000
Total Disbursements	1,704,280	1,501,916	202,364	1,880,500	1,846,680	33,820
RECEIPTS OVER (UNDER) DISBURSEMENTS	(86,030)	147,080	233,110	(95,100)	(58,941)	36,159
CASH, JANUARY 1	146,146	146,146	0	205,087	205,087	0
CASH, DECEMBER 31	60,116	293,226	233,110	109,987	146,146	36,159
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	83,800	86,984	3,184	82,500	80,230	(2,270)
Interest	750	443	(307)	1,200	1,099	(101)
Other	100	1,095	995	0	0	0
Transfers in	5,500	5,500	0	5,500	5,500	0
Total Receipts	90,150	94,022	3,872	89,200	86,829	(2,371)
DISBURSEMENTS						
Assessor	92,224	88,107	4,117	91,394	81,212	10,182
Total Disbursements	92,224	88,107	4,117	91,394	81,212	10,182
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,074)	5,915	7,989	(2,194)	5,617	7,811
CASH, JANUARY 1	7,815	7,815	0	2,198	2,198	0
CASH, DECEMBER 31	5,741	13,730	7,989	4	7,815	7,811

Exhibit B

HOLT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,880	1,800	(80)	2,300	1,872	(428)
Charges for services	3,600	4,419	819	4,000	3,414	(586)
Interest	500	311	(189)	500	868	368
Total Receipts	5,980	6,530	550	6,800	6,154	(646)
DISBURSEMENTS						
Sheriff	28,391	4,917	23,474	9,800	7,231	2,569
Transfers out	2,638	2,638	0	6,800	0	6,800
Total Disbursements	31,029	7,555	23,474	16,600	7,231	9,369
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,049)	(1,025)	24,024	(9,800)	(1,077)	8,723
CASH, JANUARY 1	25,511	25,511	0	26,588	26,588	0
CASH, DECEMBER 31	462	24,486	24,024	16,788	25,511	8,723
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	800	1,103	303	1,000	853	(147)
Interest	100	42	(58)	0	129	129
Total Receipts	900	1,145	245	1,000	982	(18)
DISBURSEMENTS						
Prosecuting Attorney	3,000	981	2,019	2,000	1,579	421
Total Disbursements	3,000	981	2,019	2,000	1,579	421
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,100)	164	2,264	(1,000)	(597)	403
CASH, JANUARY 1	3,382	3,382	0	3,979	3,979	0
CASH, DECEMBER 31	1,282	3,546	2,264	2,979	3,382	403
<u>9-1-1 FUND</u>						
RECEIPTS						
Sales taxes	75,000	77,214	2,214	71,500	76,763	5,263
Interest	2,700	1,396	(1,304)	3,500	3,941	441
Other	1,800	1,845	45	1,300	2,160	860
Total Receipts	79,500	80,455	955	76,300	82,864	6,564
DISBURSEMENTS						
Salaries	0	0	0	3,000	0	3,000
Office expenditures	45,900	20,809	25,091	28,700	18,521	10,179
Equipment	56,837	42,088	14,749	99,000	47,057	51,943
Mileage and training	0	0	0	5,000	0	5,000
Other	32,000	2,857	29,143	4,500	227	4,273
Transfers out	22,900	22,900	0	24,600	24,600	0
Total Disbursements	157,637	88,654	68,983	164,800	90,405	74,395
RECEIPTS OVER (UNDER) DISBURSEMENTS	(78,137)	(8,199)	69,938	(88,500)	(7,541)	80,959
CASH, JANUARY 1	101,062	101,062	0	108,603	108,603	0
CASH, DECEMBER 31	22,925	92,863	69,938	20,103	101,062	80,959

Exhibit B

HOLT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S SPECIAL FUND</u>						
RECEIPTS						
Charges for services	4,000	7,410	3,410	2,750	4,672	1,922
Interest	500	311	(189)	600	675	75
Total Receipts	4,500	7,721	3,221	3,350	5,347	1,997
DISBURSEMENTS						
Recorder of Deeds	24,600	10,064	14,536	18,000	754	17,246
Total Disbursements	24,600	10,064	14,536	18,000	754	17,246
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,100)	(2,343)	17,757	(14,650)	4,593	19,243
CASH, JANUARY 1	25,259	25,259	0	20,666	20,666	0
CASH, DECEMBER 31	5,159	22,916	17,757	6,016	25,259	19,243
<u>SHERIFF'S CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	6,000	6,365	365	5,000	6,762	1,762
Interest	100	83	(17)	0	128	128
Total Receipts	6,100	6,448	348	5,000	6,890	1,890
DISBURSEMENTS						
Equipment	4,000	2,563	1,437	4,000	2,106	1,894
Other	2,000	3,329	(1,329)	2,000	3,040	(1,040)
Total Disbursements	6,000	5,892	108	6,000	5,146	854
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	556	456	(1,000)	1,744	2,744
CASH, JANUARY 1	5,666	5,666	0	3,922	3,922	0
CASH, DECEMBER 31	5,766	6,222	456	2,922	5,666	2,744
<u>DEBT SERVICE FUND</u>						
RECEIPTS						
Property taxes	3,300	2,982	(318)	3,200	3,000	(200)
Interest	1,700	1,727	27	1,700	1,805	105
Total Receipts	5,000	4,709	(291)	4,900	4,805	(95)
DISBURSEMENTS						
Principal	2,000	2,000	0	2,000	2,000	0
Interest and fees	4,000	2,736	1,264	4,000	3,105	895
Total Disbursements	6,000	4,736	1,264	6,000	5,105	895
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	(27)	973	(1,100)	(300)	800
CASH, JANUARY 1	32,110	32,110	0	32,410	32,410	0
CASH, DECEMBER 31	31,110	32,083	973	31,310	32,110	800

Exhibit B

HOLT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CLERK'S ELECTION FEE FUND</u>						
RECEIPTS						
Intergovernmental	1,385	63	(1,322)	662	780	118
Transfers in	750	1,152	402	100	610	510
Total Receipts	2,135	1,215	(920)	762	1,390	628
DISBURSEMENTS						
County Clerk	3,000	524	2,476	2,500	0	2,500
Total Disbursements	3,000	524	2,476	2,500	0	2,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(865)	691	1,556	(1,738)	1,390	3,128
CASH, JANUARY 1	3,143	3,143	0	1,753	1,753	0
CASH, DECEMBER 31	2,278	3,834	1,556	15	3,143	3,128
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	175	240	65	250	195	(55)
Total Receipts	175	240	65	250	195	(55)
DISBURSEMENTS						
Shelter	2,575	2,575	0	2,455	0	2,455
Total Disbursements	2,575	2,575	0	2,455	0	2,455
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,400)	(2,335)	65	(2,205)	195	2,400
CASH, JANUARY 1	2,400	2,400	0	2,205	2,205	0
CASH, DECEMBER 31	0	65	65	0	2,400	2,400
<u>JOHNSON GRASS FUND</u>						
RECEIPTS						
Property taxes	35,104	33,310	(1,794)	31,900	34,793	2,893
Intergovernmental	222	52	(170)	220	222	2
Interest	2,200	910	(1,290)	1,500	2,309	809
Other	0	70	70	0	4,981	4,981
Total Receipts	37,526	34,342	(3,184)	33,620	42,305	8,685
DISBURSEMENTS						
Salaries	10,000	10,004	(4)	9,808	10,175	(367)
Equipment and supplies	27,500	8,077	19,423	30,050	29,743	307
Mileage and training	0	0	0	150	0	150
Transfers out	3,000	3,000	0	1,500	0	1,500
Total Disbursements	40,500	21,081	19,419	41,508	39,918	1,590
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,974)	13,261	16,235	(7,888)	2,387	10,275
CASH, JANUARY 1	46,479	46,479	0	44,092	44,092	0
CASH, DECEMBER 31	43,505	59,740	16,235	36,204	46,479	10,275

Exhibit B

HOLT COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	100	0	(100)	100	0	(100)
Total Receipts	100	0	(100)	100	0	(100)
DISBURSEMENTS						
Prosecuting Attorney	300	9	291	300	117	183
Total Disbursements	300	9	291	300	117	183
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	(9)	191	(200)	(117)	83
CASH, JANUARY 1	331	331	0	448	448	0
CASH, DECEMBER 31	131	322	191	248	331	83
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Charges for services	0	0	0	0	0	0
Total Receipts	0	0	0	0	0	0
DISBURSEMENTS						
Prosecuting Attorney	2,200	0	2,200	2,000	0	2,000
Total Disbursements	2,200	0	2,200	2,000	0	2,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,200)	0	2,200	(2,000)	0	2,000
CASH, JANUARY 1	2,269	2,269	0	2,269	2,269	0
CASH, DECEMBER 31	69	2,269	2,200	269	2,269	2,000
<u>CEMETERY TRUST FUND</u>						
RECEIPTS						
Interest	375	885	510			
Total Receipts	375	885	510			
DISBURSEMENTS						
Maintenance	7,643	680	6,963			
Total Disbursements	7,643	680	6,963			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,268)	205	7,473			
CASH, JANUARY 1	7,343	27,046	19,703			
CASH, DECEMBER 31	75	27,251	27,176			
<u>PROSECUTING ATTORNEY DIALOG FUND</u>						
RECEIPTS						
Intergovernmental				10,245	10,245	0
Total Receipts				10,245	10,245	0
DISBURSEMENTS						
Prosecuting Attorney				10,245	10,245	0
Total Disbursements				10,245	10,245	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0

Exhibit B

HOLT COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COMMUNITY DEVELOPMENT</u>						
<u>BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental	476,830	17,756	(459,074)			
Total Receipts	476,830	17,756	(459,074)			
DISBURSEMENTS						
Golden Triangle Infrastructure	1,000	0	1,000			
Public Water Supply District #1	475,830	17,209	458,621			
Total Disbursements	476,830	17,209	459,621			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	547	547			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	547	547			
<u>ENVIRONMENTAL PROTECTION AGENCY</u>						
<u>GRANT FUND</u>						
RECEIPTS						
Intergovernmental	360,153	25,446	(334,707)			
Total Receipts	360,153	25,446	(334,707)			
DISBURSEMENTS						
Craig sewer stations	360,153	4,839	355,314			
Maitland water main replacement	0	20,607	(20,607)			
Total Disbursements	360,153	25,446	334,707			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

HOLT COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Holt County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Johnson Grass Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Cemetery Trust Fund	2001
Community Development Block Grant Fund	2001
Environmental Protection Agency Grant Fund	2001
Law Library Fund	2002 and 2001

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Delinquent Tax Fund	2002
Community Development Block Grant Fund	2001
Environmental Protection Agency Grant Fund	2001
Law Library Fund	2002 and 2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

Supplementary Schedule

Schedule

HOLT COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Service				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3143W	\$ 10,386	0
		ERS045-2143W	2,003	2,724
		ERS045-1143W	0	7,589
	Program Total		<u>12,389</u>	<u>10,313</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development				
14.228	Community Development Block Grants/State' Program	94-PF-848	17,209	24,170
		99-ED-17	0	327,000
	Program Total		<u>17,209</u>	<u>351,170</u>
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.607	Bulletproof Vest Partnership Program	N/A	2,025	0
Passed through:				
State Department of Public Safety				
16.554	National Criminal History Improvement Program	95-RU-RX-K011	0	10,245
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-044(16)	283,890	16,692
		BRO-044(18)	81,752	217,539
		BRO-044(19)	108,327	16,692
		BRO-044(20)	1,205	209,600
		BRO-044(21)	1,205	203,979
		BRO-044(22)	0	1,284
		BRO-044(23)	17,063	0
	Program Total		<u>493,442</u>	<u>665,786</u>
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	2,021	1,903

Schedule

HOLT COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property		0	445
U.S. ENVIRONMENTAL PROTECTION AGENCY				
	Direct programs:			
66.606	Surveys, Studies, Investigations and Special Purpose Grant	XP-98707401	25,446	123,747
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety			
83.534	Emergency Management - State and Local Assistanc	N/A	1,076	1,076
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Service			
93.268	Immunization Grants	N/A	5,450	9,755
		PGA064-3143A	350	0
		PGA064-2143A	1,365	245
	Program Total		7,165	10,000
93.575	Child Care and Development Block Gran	PGA067-3143S	250	0
		PGA067-2143S	80	205
		PGA067-1143S	0	345
	Program Total		330	550
93.994	Maternal and Child Health Service:	N/A	59	657
	Block Grant to the States	ERS146-3143M	9,245	0
		ERS146-2143M	3,124	2,577
		ERS146-1143M	0	8,999
	Program Total		12,428	12,233
	Total Expenditures of Federal Award:		\$ 573,531	1,187,468

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

HOLT COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Holt County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided	
		Year Ended December 31, 2002	2001
14.228	Community Development Block Grants/State's Program	17,209	351,170
66.606	Surveys, Studies, Investigations and Special Purpose Grants	25,446	123,747

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Holt County, Missouri

Compliance

We have audited the compliance of Holt County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs are the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Holt County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

Internal Control Over Compliance

The management of Holt County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Holt County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

October 28, 2003 (fieldwork completion date)

Schedule

HOLT COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
14.228	Community Development Block Grants/State's Program

Dollar threshold used to distinguish between Type A

and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? _____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1. Highway Planning and Construction
--

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-044(16), (18), (19), (20), (21), (22), and (23)
Award Years:	2002 and 2001
Questioned Costs:	N/A

The county has not established cash management procedures to ensure the minimum time elapses between its receipt of federal Highway Planning and Construction – Offsystem Bridge Replacement (BRO) project monies and the distribution of such monies to contractors. We noted five reimbursements, totaling \$328,614, which were received and held at least 19 days, and another nine, totaling \$303,045, which were held for at least 3 days before the related payment was made to the contractor. While the liability was incurred prior to reimbursement, payment was not made to the contractor in a timely manner.

Section XII -2 of Missouri Department of Transportation's Local Program Agency Manual requires that BRO funds shall be requested such that they are received not more than two days prior to their disbursement.

WE RECOMMEND the County Commission establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with program requirements.

AUDITEE'S RESPONSE

We agree and effective January1, 2004, we will make every effort to ensure payment of invoices related to BRO projects are made within two days of receipt.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

HOLT COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Holt County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2000.

00-1. Special Road and Bridge Administrative Service Fee

As of December 31, 2000, the General Revenue Fund owed approximately \$122,000 to the Special Road and Bridge Fund for excess administrative service fees transfers, the payment of County Commissioners' salaries and fringe benefits, a portion of the salary and fringe benefits of a County Clerk's employee, and a one time loan from the Road and Bridge Fund to the General Fund.

Recommendation:

The County Commission develop a repayment plan for the money which is due from the General Revenue Fund to the Special Road and Bridge Fund and clearly document their intentions for repaying these monies. In addition, the administrative transfers should be calculated in accordance with state law.

Status:

Implemented. During the two years ended December 31, 2002, the County Commission transferred approximately \$33,500 less than allowed from the Special Road and Bridge Fund to the General Fund for the 2002 and 2001 administrative service fees. The county commission minutes indicate that this was done as part of the county's repayment plan. As a result, the amount owed to the Special Road and Bridge Fund as of December 31, 2002 is approximately \$88,500. The County Commission should continue to adjust their administrative fee transfers until the full amount has been repaid.

00-2. Capital Improvement Sales Tax

Through the combined rates for both of the capital improvement sales taxes, the county levied one percent which is apparently above the statutory maximum.

Recommendation:

The County Commission review the overall Capital Improvement Sales Taxes being levied and ensure they are in accordance with applicable state statutes.

Status:

Not implemented. There is no documentation that the County Commission has taken any action on this concern. It appears the combination of these two Capital Improvement Sales Taxes still exceeds the statutory maximum, although one of these sales taxes is set to expire in 2005 and the taxpayers may again have the opportunity to review this issue. This recommendation has been included in the two previous audit reports, but apparently no action has been taken against the county. Although not repeated in the current report, the recommendation remains as stated above.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

HOLT COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

HOLT COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Holt County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated October 28, 2003. We also have audited the compliance of Holt County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated October 28, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Holt County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. Officials' Salary

Actions of the salary commission in approving a raise for the County Treasurer were not supported by a written legal opinion. The County Treasurer's salary was increased \$10,855 annually, effective with the start of a new term of office on January 1, 2003. A salary commission meeting held in October 2002 approved this increase.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. However, Section 50.333, RSMo 2000, appears to authorize salary commissions to meet only in odd-numbered years. There was no legal documentation supporting whether the meeting complied with this state law. As a result, without a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

WE RECOMMEND the County Commission consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.

AUDITEE'S RESPONSE

We plan to request an opinion from our legal counsel and will take such action as deemed necessary at that time.

2. Personnel Policies and Procedures

Time sheets are not signed by employees or supervisors, are not submitted by the Sheriff's Department to the County Clerk, and centralized leave records are not maintained.

- A. Employees and their supervisors are not signing time sheets submitted and the Sheriff's Department is not submitting time sheets to the County Clerk. The Sheriff submits a semi-monthly payroll voucher to the County Clerk showing only each deputy's salary and any overtime to be paid. Payroll checks are prepared based upon this record.

To ensure adequate support for payroll expenditures, the time records should be prepared and signed by all employees, verified for accuracy, approved by the applicable supervisor, and filed with the County Commission. In addition, the County Clerk should prepare payroll on the basis of properly submitted time sheets.

- B. The County Clerk does not maintain records of vacation leave, sick leave or compensatory time earned, taken, or accumulated. The County Clerk indicated leave records are to be maintained by each individual office, but at least one office is not maintaining these records. In one instance an employee used six days of sick leave in excess of her accrued balance, which violated the county's personnel policy. Nothing was documented to explain why this employee was authorized to use more sick leave than was earned.

Without centralized and complete leave records, the County Commission cannot ensure that employee's vacation leave, sick leave, and overtime records are accurate, that all employees are treated equitably, and that leave time used does not exceed leave time earned and accumulated. Centralized leave records also aid in determining final pay for employees leaving county employment.

WE RECOMMEND the County Commission:

- A. Require time sheets be submitted for all employees and ensure that all time sheets are appropriately signed by employees, approved by the applicable supervisor, and filed with the County Clerk.
- B. Ensure a balance of leave accumulated and taken for each employee is maintained by the County Clerk.

AUDITEE'S RESPONSE

- A. *This has been implemented.*
- B. *We are considering doing this and will make a decision by January 1, 2004.*

3. Computer Controls

Access to programs and data files is not adequately restricted and a formal contingency plan has not been developed. The county has a computer system which is utilized by the County Clerk, the County Assessor, and the County Collector. During our review of the internal controls over the system, we noted the following weaknesses:

- A. 1) Passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords are effectively limiting access to the property tax data files and programs to only those individuals who need access for their job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.

- 2) Security codes which allow different types of editing (i.e., read, write, delete, add, etc.) are not in place that limit access to the various data files and programs utilized by the County Assessor, County Collector, and County Clerk. Lack of security codes and procedures provides the potential for personnel to make undetected and unauthorized changes to information.

Since access to various information is not adequately restricted, unauthorized changes could possibly be made to programs and/or data files without the changes being detected. For example, unauthorized changes could be made to assessed valuation amounts, payment of taxes, or the extension of taxes by officials or employees in offices other than the one specifically responsible for such duties. Currently, the Assessor inputs the additions and abatements to the tax system, although the statutes require this function be performed by the County Clerk.

To establish individual responsibility, and to preserve the integrity of computer programs and data files, access to information should be limited to only those individuals who need access for completion of job responsibilities.

- B. The county does not have a formal emergency contingency plan for the computer system and has not formally negotiated arrangements for backup facilities in the event of a disaster.

Contingency plans should include plans for a variety of situations, such as short- and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the county's degree of reliance on the data processing, the need for contingency planning is evident.

WE RECOMMEND the County Commission ensure:

- A. Access to specific computer programs/data files is restricted to authorized individuals through a system of passwords and security codes. Passwords should be unique by individual and changed periodically.
- B. A formal contingency plan for the county's computer system is developed.

AUDITEE'S RESPONSE

- A. *We are in the process of addressing the restriction concerns expressed by the auditors and will implement this recommendation by July 1, 2004. Passwords are now unique and are changed periodically.*
- B. *We agree and will develop a plan by July 1, 2004.*

4. Fixed Assets

The County Commission or its designee is responsible for maintaining a complete and detailed record of county property. In the past, the County Clerk has been primarily responsible for these records. While the County Clerk maintains an inventory listing of fixed assets held by county officials; the fixed asset listings have not been updated, nor has a physical inventory been completed since 2000. The county has not developed a policy to define who is responsible for inventory records, the procedures to be followed, and the content of the records.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for fixed assets. In addition, all fixed asset purchases and dispositions should be recorded as they occur, purchases should be reconciled to additions on the inventory records, and purchased items should be tagged or identified as county-owned property upon receipt.

AUDITEE'S RESPONSE

We agree and will develop a written policy to address this concern by July 1, 2004.

5.	Sheriff
-----------	----------------

Monthly listings of open items are not prepared and, consequently, open items are not reconciled with cash balances. The cash balance as of December 31, 2002, totaling approximately \$3,300, was approximately \$1,300 more than the open items which were identified.

Preparing accurate listings of open items and agreeing the total with the reconciled cash balance helps ensure sufficient assets exist to cover liabilities and all monies are properly recorded and handled. Any unidentified differences between the cash balance and open items should be investigated and resolved.

WE RECOMMEND the Sheriff prepare monthly listings of open items and reconcile the listings to the cash balance and attempt to identify the unidentified balances.

AUDITEE'S RESPONSE

I agree and will ensure monthly open items listings are prepared, effective immediately, and will work to identify the difference in the account.

Follow-Up on Prior Audit Findings

HOLT COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Holt County, Missouri, on the finding in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998.

Public Administrator's Procedures

The Public Administrator did not always obtain invoices from one attorney to support his requests for fees.

Recommendation:

The Public Administrator obtain supporting documentation for all disbursements made on behalf of clients.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

HOLT COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1841, the county of Holt was named after David R. Holt, a member of the state legislature. Holt County is a county-organized, third-class county and is part of the Fourth Judicial Circuit. The county seat is Oregon

Holt County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 502 miles of county roads and 167 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 6,882 in 1980 and 5,351 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 43.2	42.7	41.8	41.7	35.0	23.3
Personal property	16.9	17.1	15.7	15.7	8.9	9.0
Railroad and utilities	14.5	13.9	13.7	13.1	8.6	7.9
Total	\$ 74.6	73.7	71.2	70.5	52.5	40.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Holt County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.3220	.3320	.3270	.3300
Special Road and Bridge Fund*	.4300	.4300	.4300	.4300
Johnson Grass	.0300	.0500	.0500	.0500

* The county retains all tax proceeds from areas not within road districts. The county has four road districts that receive all tax collections from property within these districts. Even though the county is allowed to retain one-fifth in the Special Road and Bridge Fund, this is not being done. Two of the road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	\$ 22,093	21,285	21,866	20,738
General Revenue Fund	244,655	243,209	248,460	228,191
Special Road and Bridge Fund	305,465	293,819	296,514	282,225
Assessment Fund	41,580	39,685	42,500	38,370
Johnson Grass Fund	22,750	35,130	35,657	34,127
Debt Service Fund	3,207	3,082	3,104	3,199
School districts	2,836,183	2,682,904	2,621,068	2,473,056
Special Road Districts Fund	22,374	23,118	29,073	27,246
Ambulance district	220,279	212,280	216,140	205,269
Fire protection district	153,526	148,462	149,793	135,906
Levee Districts Fund	59,810	61,365	61,541	63,520
Drainage Districts	200,476	182,350	187,531	189,697
Surtax	131,998	122,119	142,907	108,244
Cities	216,168	196,307	174,427	164,278
County Clerk	817	797	904	920
Tax Sale Surplus Fund	1,807	0	0	0
Tax Maintenance Fund	5,451	0	0	0
County Employees' Retirement	21,637	20,344	20,968	17,221
Commissions and fees:				
General Revenue Fund	64,975	62,077	66,917	59,276
County Collector	7,129	6,576	6,370	6,317
Total	\$ 4,582,380	4,354,909	4,325,740	4,057,800

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	95.2	94.8	94.4	95.0 %
Personal property	91.7	84.6	91.2	90.9
Railroad and utilities	100.0	97.8	100.0	100.0

Holt County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Enhanced 9-1-1	.0025	None	None	
Capital improvements	.0050	2008	None	
General	.0050	2005	None	
Capital improvements	.0050	2005	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Wayne Voltmer, Presiding Commissioner	\$	20,905	20,905	20,905	20,112
L. Wayne Hall, Associate Commissioner		18,904	18,904	16,570	13,600
Donald Holstine, Associate Commissioner		18,904	18,904		
Harold Eller, Associate Commissioner				16,570	13,600
Sue Kneale, County Clerk		30,525	30,525	30,525	29,325
Robert Shepherd, Prosecuting Attorney		35,961	35,961	35,961	34,761
Terry Edwards, Sheriff		34,050	34,050	29,625	26,625
Anna Lou Doebling, County Treasurer (1)		21,671	21,697	21,891	20,653
Charles McComb, County Coroner		7,900	7,900	5,750	5,500
Ed Meng, Public Administrator (2)		27,484	23,404	21,258	19,670
Billy Paul Sharp, County Collector (3), year ended February 28 (29),	37,821	37,267	37,062	35,809	
Carla Markt, County Assessor (4), year ended August 31,		32,060			
Margaret Salfrank, County Assessor (4), year ended August 31,			32,060	30,860	30,860

(1) Includes \$215, \$241, \$434, and \$85, respectively, of commissions earned for handling court order levee districts funds.

(2) Includes fees received from probate cases.

(3) Includes \$7,129, \$6,575, \$6,370 and \$6,316, respectively, of commissions earned for collecting city, levee, and drainage district taxes.

(4) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Janice Radley, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	46,126	44,292
William S. Richards, Associate Circuit Judge	96,000	96,000	97,382	87,235



**DUNKLIN COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-121
December 31, 2003
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Dunklin, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Dunklin County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county does not have adequate procedures to ensure budgets are prepared for all county funds, and as a result, budgets were not prepared for twenty-eight different county funds. Receipts of funds which were not budgeted totaled \$476,573 and \$383,574 for 2002 and 2001, respectively. Disbursements of funds which were not budgeted totaled \$583,994 and \$394,087 for 2002 and 2001, respectively.
- The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards and has not established cash management procedures to ensure minimal time elapses between its receipt of federal project monies and the distribution of such monies to contractors.
- The county approved expenditures in excess of available monies, budgeted deficit balances for some funds, did not include some funds in the published financial statements, and did not ensure all townships prepared and published financial statements.
- Problems were noted regarding 911 Board expenditures including the leasing of a vehicle. More than \$7,000 was paid in both 2002 and 2003 for leasing a vehicle used in mapping activities. Mileage records available showed the vehicle was driven only 2,389 miles in 2003.

(over)

YELLOW SHEET

- Several concerns were noted regarding the county's personnel policies and procedures including timesheets not always indicating actual time worked, the lack of detailed leave records, and errors in the Sheriff's department timesheets. In addition, the county paid occupational performance awards totaling \$19,425 to county employees and two former employees were overpaid upon their termination.
- Several concerns were noted in the Ex-Officio County Collector's procedures. Some monies are not deposited intact and checks received for these monies are not restrictively endorsed upon receipt. In addition, monthly listings of liabilities are not prepared and reconciled to cash balances, partial payments received for tax collections have not been deposited, and interest earned on bank deposits has not been distributed. Annual settlements have not been filed for several years and some monthly distribution errors have been made.
- Several concerns were noted in the Sheriff's procedures. The inventory listing of seized property is not complete or accurate and procedures have not been implemented to periodically review cases and dispose of related seized property items. The Sheriff and his deputies are apparently receiving duplicate payment of mileage costs when serving civil papers. Approximately \$33,500 for the two years ended December 31, 2002 appears to have been paid from both the Sheriff's fee account and the county General Revenue Fund. In addition, no procedures are performed to monitor outstanding paper service fees or to follow up on past due paper service fees.
- Several concerns were noted in the Sheriff's commissary procedures. A former employee misappropriated \$18,854 from the commissary account until detected by the Sheriff. However, while the Sheriff indicated new controls had been implemented, weaknesses were still noted in the accounting controls. Concerns included the numerical sequence of receipt slips not being accounted for, monthly listings of open items not reconciled to cash balances, and inmate balances not reviewed to ensure unclaimed monies are resolved in a timely manner. Also, a \$1 booking fee is not consistently charged and profit earned on commissary sales is not adequately monitored.

The audit also includes some matters related to general fixed asset records, computer controls, and boarding of prisoners. The audit also suggested improvements in controls and procedures of the County Treasurer, Assessor, Associate Circuit Division, Probate Division, Prosecuting Attorney, Public Administrator, Recorder of Deeds, Health Center, and the Senate Bill 40 Board.

All reports are available on our website: www.auditor.mo.gov

DUNKLIN COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Dunklin County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Dunklin County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As more fully discussed in Note 1, the county's financial statements do not include Statements of Receipts, Disbursements, and Changes in Cash - Budget and Actual for various funds totaling \$476,573 and \$383,574 in receipts and \$583,994 and \$394,087 in disbursements for the years ended December 31, 2002 and 2001, respectively. Statements of Receipts, Disbursements, and Changes in Cash - Budget and Actual are required by the comprehensive basis of accounting discussed in Note 1.

In our opinion, except for the effects on the financial statements of the omissions discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Dunklin County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 7, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Dunklin County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.



Claire McCaskill
State Auditor

August 7, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Robyn Vogt
Audit Staff:	Kate Petschonek
	Michelle L. Knowles
	Mapwesera Munlo
	Gary A. Raines



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Dunklin County, Missouri

We have audited the financial statements of various funds of Dunklin County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003. That report expressed a qualified opinion on the financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Dunklin County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Dunklin County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weaknesses. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Dunklin County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 7, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

DUNKLIN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 2,194,198	2,921,393	2,634,370	2,481,221
Special Road and Bridge	910,036	927,584	909,096	928,524
Assessment	(13,045)	241,171	262,977	(34,851)
Law Enforcement Training	17,120	5,934	8,909	14,145
Prosecuting Attorney Training	(124)	2,571	2,447	0
Johnson Grass	71,180	5,401	8,629	67,952
Recorder's User Fees	54,373	28,908	6,893	76,388
Criminal Investigation	24,918	28,006	7,492	45,432
Emergency 911	236,612	165,261	293,490	108,383
Victims of Domestic Violence	1,073	1,176	500	1,749
Prosecuting Attorney Bad Check	70,290	41,407	23,542	88,155
Health Center	249,519	856,217	786,171	319,565
Senate Bill 40 Board	165,426	230,761	255,168	141,019
Clerk's Discretionary	4,146	5,118	7,172	2,092
Domestic Violence Shelters	1,270	3,861	0	5,131
Hazardous Training	3,953	137	0	4,090
Juvenile Diversion Grant I	16,249	62,769	72,640	6,378
Juvenile Diversion Grant II	7,987	37,671	48,499	(2,841)
Juvenile Pilot Program	(13,005)	84,195	77,988	(6,798)
Guardian Ad Litem-DFS	(7,521)	23,929	16,408	0
Drainage Districts	119,065	18,083	28,320	108,828
Crime Victims Compensation	26,101	3,536	4	29,633
Prosecuting Attorney Delinquent Tax	10,051	2,739	336	12,454
Sheriff's Civil Fees	59,276	47,331	47,753	58,854
Homeless Challenge Grant	0	5,525	5,525	0
Home Study	(250)	2,450	2,200	0
Chemical Emergency	4,682	3,657	6,768	1,571
Capital Improvement	123,376	2,799	126,175	0
COPS Grant	0	58,337	58,337	0
MoDot Seed Grant	(739)	4,631	2,325	1,567
Public Safety Grant (Teen Court)	(2,993)	31,197	33,612	(5,408)
Law Enforcement Block Grant	482	17,203	451	17,234
Law Library	14,452	13,994	8,877	19,569
Associate Circuit Division Interest	319	117	0	436
Circuit Division Interest	326	349	480	195
Off System Bridge	0	18,820	17,637	1,183
Dunklin County Teen Court	0	655	1,231	(576)
Interpretive Grant	0	29,683	28,028	1,655
Tax Maintenance	0	2,905	0	2,905
Total	\$ 4,348,803	5,937,481	5,790,450	4,495,834

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DUNKLIN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,998,747	2,662,491	2,467,040	2,194,198
Special Road and Bridge	904,983	895,087	890,034	910,036
Assessment	20,137	237,018	270,200	(13,045)
Law Enforcement Training	18,707	4,117	5,704	17,120
Prosecuting Attorney Training	(721)	1,536	939	(124)
Johnson Grass	73,229	6,276	8,325	71,180
Recorder's User Fees	46,991	18,015	10,633	54,373
Criminal Investigation	26,043	3,143	4,268	24,918
Emergency 911	235,565	174,061	173,014	236,612
Victims of Domestic Violence	1,310	1,063	1,300	1,073
Prosecuting Attorney Bad Check	49,734	57,211	36,655	70,290
Health Center	201,703	790,685	742,869	249,519
Senate Bill 40 Board	215,474	210,013	260,061	165,426
Clerk's Discretionary	4,018	4,931	4,803	4,146
Domestic Violence Shelters	143	1,127	0	1,270
Hazardous Training	2,183	3,660	1,890	3,953
Juvenile Diversion Grant I	20,542	68,123	72,416	16,249
Juvenile Diversion Grant II	3,697	68,812	64,522	7,987
Juvenile Pilot Program	(11,581)	78,012	79,436	(13,005)
Guardian Ad Litem-DFS	(5,167)	10,598	12,952	(7,521)
Drainage Districts	126,445	13,849	21,229	119,065
Crime Victims Compensation	23,490	2,611	0	26,101
Prosecuting Attorney Delinquent Tax	8,805	2,107	861	10,051
Sheriff's Civil Fees	59,783	36,130	36,637	59,276
Homeless Challenge Grant	0	10,225	10,225	0
Home Study	(250)	3,400	3,400	(250)
Chemical Emergency	4,984	3,654	3,956	4,682
Capital Improvement	116,435	6,941	0	123,376
COPS Grant	0	15,683	15,683	0
MoDot Seed Grant	0	15,724	16,463	(739)
Public Safety Grant (Teen Court)	0	3,552	6,545	(2,993)
Law Enforcement Block Grant	0	13,091	12,609	482
Law Library	20,852	9,717	16,117	14,452
Associate Circuit Division Interest	972	2	655	319
Circuit Division Interest	8,303	2,821	10,798	326
Local Records	(5,840)	8,730	2,890	0
Sheriff's Equipment Grant	(74)	74	0	0
Total	\$ 4,169,642	5,444,290	5,265,129	4,348,803

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DUNKLIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 5,361,530	5,460,908	99,378	5,201,645	5,060,716	(140,929)
DISBURSEMENTS	5,567,209	5,206,856	360,353	5,256,984	4,871,042	385,942
RECEIPTS OVER (UNDER) DISBURSEMENTS	(205,679)	254,052	459,731	(55,339)	189,674	245,013
CASH, JANUARY 1	3,987,203	3,985,722	(1,481)	3,790,869	3,791,902	1,033
CASH, DECEMBER 31	3,781,524	4,239,774	458,250	3,735,530	3,981,576	246,046
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	280,000	293,003	13,003	273,271	266,553	(6,718)
Sales taxes	1,298,176	1,287,739	(10,437)	1,310,500	1,266,514	(43,986)
Intergovernmental	515,435	347,289	(168,146)	408,282	394,923	(13,359)
Charges for services	436,000	451,424	15,424	469,000	379,292	(89,708)
Interest	90,000	80,543	(9,457)	100,000	103,950	3,950
Other	81,200	72,927	(8,273)	92,524	75,399	(17,125)
Transfers in	149,000	388,468	239,468	144,053	175,860	31,807
Total Receipts	2,849,811	2,921,393	71,582	2,797,630	2,662,491	(135,139)
DISBURSEMENTS						
County Commissioner	273,380	259,949	13,431	262,943	251,726	11,217
County Clerk	153,407	144,809	8,598	155,113	151,538	3,575
Elections	100,150	83,238	16,912	49,900	44,196	5,704
Buildings and grounds	181,202	190,720	(9,518)	151,450	124,415	27,035
Employee fringe benefit	378,500	350,687	27,813	405,546	326,115	79,431
County Treasurer & Ex Officio County Collector	85,580	84,634	946	82,122	83,600	(1,478)
Recorder of Deeds	90,203	88,133	2,070	89,048	87,539	1,509
Circuit Clerk	19,085	16,348	2,737	29,137	25,251	3,886
Associate Circuit Court	10,150	8,492	1,658	13,950	14,445	(495)
Associate Circuit (Probate)	32,000	27,720	4,280	35,850	26,571	9,279
Court administration	12,625	8,557	4,068	24,775	17,261	7,514
Public Administrator	52,700	57,272	(4,572)	47,150	48,962	(1,812)
Sheriff	487,242	488,372	(1,130)	490,905	482,274	8,631
Jail	407,350	396,165	11,185	377,928	373,778	4,150
Prosecuting Attorney	192,049	196,912	(4,863)	176,049	187,206	(11,157)
Juvenile Officer	100,150	85,407	14,743	103,950	82,715	21,235
County Coroner	30,500	25,535	4,965	34,500	29,174	5,326
Paternity	92,439	90,428	2,011	110,818	89,497	21,321
Local records	0	0	0	1,535	0	1,535
Public health and welfare service	12,975	10,623	2,352	12,975	11,813	1,162
Transfers out	40,115	20,369	19,746	15,000	8,964	6,036
Emergency Fund	85,494	0	85,494	78,003	0	78,003
Total Disbursements	2,837,296	2,634,370	202,926	2,748,647	2,467,040	281,607
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,515	287,023	274,508	48,983	195,451	146,468
CASH, JANUARY 1	2,194,198	2,194,198	0	1,998,747	1,998,747	0
CASH, DECEMBER 31	2,206,713	2,481,221	274,508	2,047,730	2,194,198	146,468

Exhibit B

DUNKLIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental	879,040	907,417	28,377	906,920	867,985	(38,935)
Charges for services	18,428	0	(18,428)	18,428	0	(18,428)
Interest	20,000	20,167	167	43,079	27,102	(15,977)
Total Receipts	917,468	927,584	10,116	968,427	895,087	(73,340)
DISBURSEMENTS						
Supplies	0	0	0	0	224	(224)
Road and bridge materials	10,000	0	10,000	10,000	0	10,000
Construction, repair, and maintenance	900,000	881,572	18,428	875,000	856,572	18,428
Other	20,000	0	20,000	25,000	4,185	20,815
Transfers out	27,524	27,524	0	29,053	29,053	0
Total Disbursements	957,524	909,096	48,428	939,053	890,034	49,019
RECEIPTS OVER (UNDER) DISBURSEMENTS	(40,056)	18,488	58,544	29,374	5,053	(24,321)
CASH, JANUARY 1	910,036	910,036	0	904,983	904,983	0
CASH, DECEMBER 31	869,980	928,524	58,544	934,357	910,036	(24,321)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	273,130	238,716	(34,414)	255,000	233,152	(21,848)
Interest	2,000	699	(1,301)	5,000	2,143	(2,857)
Other	1,500	1,756	256	1,700	1,723	23
Transfers in	40,115	0	(40,115)	15,000	0	(15,000)
Total Receipts	316,745	241,171	(75,574)	276,700	237,018	(39,682)
DISBURSEMENTS						
Assessor	303,700	262,977	40,723	291,466	270,200	21,266
Total Disbursements	303,700	262,977	40,723	291,466	270,200	21,266
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,045	(21,806)	(34,851)	(14,766)	(33,182)	(18,416)
CASH, JANUARY 1	(13,045)	(13,045)	0	20,137	20,137	0
CASH, DECEMBER 31	0	(34,851)	(34,851)	5,371	(13,045)	(18,416)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	1,594	1,594	0	0	0
Charges for services	3,000	3,815	815	4,000	3,230	(770)
Interest	0	525	525	1,000	887	(113)
Total Receipts	3,000	5,934	2,934	5,000	4,117	(883)
DISBURSEMENTS						
Sheriff	11,450	8,909	2,541	15,300	5,704	9,596
Total Disbursements	11,450	8,909	2,541	15,300	5,704	9,596
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,450)	(2,975)	5,475	(10,300)	(1,587)	8,713
CASH, JANUARY 1	17,120	17,120	0	18,707	18,707	0
CASH, DECEMBER 31	8,670	14,145	5,475	8,407	17,120	8,713

Exhibit B

DUNKLIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,000	919	(81)	1,300	883	(417)
Interest	0	2	2	40	4	(36)
Transfers in	2,000	1,650	(350)	0	649	649
Total Receipts	3,000	2,571	(429)	1,340	1,536	196
DISBURSEMENTS						
Prosecuting Attorney	1,250	2,447	(1,197)	1,200	939	261
Total Disbursements	1,250	2,447	(1,197)	1,200	939	261
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,750	124	(1,626)	140	597	457
CASH, JANUARY 1	(124)	(124)	0	(721)	(721)	0
CASH, DECEMBER 31	1,626	0	(1,626)	(581)	(124)	457
<u>JOHNSON GRASS FUND</u>						
RECEIPTS						
Property taxes	3,000	2,934	(66)	2,000	2,770	770
Interest	3,700	2,467	(1,233)	3,000	3,506	506
Total Receipts	6,700	5,401	(1,299)	5,000	6,276	1,276
DISBURSEMENTS						
Chemicals and spraying	12,000	8,272	3,728	15,600	8,125	7,475
Office expenditure:	562	357	205	1,100	200	900
Total Disbursements	12,562	8,629	3,933	16,700	8,325	8,375
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,862)	(3,228)	2,634	(11,700)	(2,049)	9,651
CASH, JANUARY 1	71,180	71,180	0	73,229	73,229	0
CASH, DECEMBER 31	65,318	67,952	2,634	61,529	71,180	9,651
<u>RECORDER'S USERS FEES FUND</u>						
RECEIPTS						
Charges for services	20,000	26,642	6,642	12,500	15,625	3,125
Interest	2,300	2,266	(34)	2,500	2,390	(110)
Total Receipts	22,300	28,908	6,608	15,000	18,015	3,015
DISBURSEMENTS						
Office expenditure:	34,365	6,893	27,472	30,000	10,633	19,367
Total Disbursements	34,365	6,893	27,472	30,000	10,633	19,367
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,065)	22,015	34,080	(15,000)	7,382	22,382
CASH, JANUARY 1	54,373	54,373	0	46,991	46,991	0
CASH, DECEMBER 31	42,308	76,388	34,080	31,991	54,373	22,382

Exhibit B

DUNKLIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CRIMINAL INVESTIGATION FUND</u>						
RECEIPTS						
Charges for services	13,000	27,002	14,002	8,000	1,953	(6,047)
Interest	0	1,004	1,004	2,000	1,190	(810)
Total Receipts	13,000	28,006	15,006	10,000	3,143	(6,857)
DISBURSEMENTS						
Law enforcement	9,050	7,492	1,558	9,650	4,268	5,382
Total Disbursements	9,050	7,492	1,558	9,650	4,268	5,382
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,950	20,514	16,564	350	(1,125)	(1,475)
CASH, JANUARY 1	24,918	24,918	0	26,043	26,043	0
CASH, DECEMBER 31	28,868	45,432	16,564	26,393	24,918	(1,475)
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Charges for services	162,000	161,626	(374)	205,000	162,195	(42,805)
Interest	5,000	3,635	(1,365)	3,500	11,706	8,206
Transfers in	0	0	0	0	160	160
Total Receipts	167,000	165,261	(1,739)	208,500	174,061	(34,439)
DISBURSEMENTS						
Salaries	0	0	0	2,200	1,370	830
Office expenditure:	13,000	11,755	1,245	42,400	36,773	5,627
Equipment	176,900	179,018	(2,118)	90,958	64,267	26,691
Mileage and training	6,000	1,587	4,413	4,200	6,879	(2,679)
Transfers out	101,000	101,130	(130)	43,000	63,725	(20,725)
Total Disbursements	296,900	293,490	3,410	182,758	173,014	9,744
RECEIPTS OVER (UNDER) DISBURSEMENTS	(129,900)	(128,229)	1,671	25,742	1,047	(24,695)
CASH, JANUARY 1	236,612	236,612	0	235,565	235,565	0
CASH, DECEMBER 31	106,712	108,383	1,671	261,307	236,612	(24,695)
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	1,000	1,135	135	1,250	1,020	(230)
Interest	40	41	1	50	43	(7)
Total Receipts	1,040	1,176	136	1,300	1,063	(237)
DISBURSEMENTS						
Domestic violence shelter	1,000	500	500	1,300	1,300	0
Total Disbursements	1,000	500	500	1,300	1,300	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	40	676	636	0	(237)	(237)
CASH, JANUARY 1	1,073	1,073	0	1,310	1,310	0
CASH, DECEMBER 31	1,113	1,749	636	1,310	1,073	(237)

Exhibit B

DUNKLIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY BAD CHECK FUND						
RECEIPTS						
Intergovernmental	0	0	0	0	9,797	9,797
Charges for service:	50,000	38,753	(11,247)	34,000	44,334	10,334
Interest	2,500	2,654	154	2,500	3,030	530
Other	0	0	0	1,000	50	(950)
Total Receipts	52,500	41,407	(11,093)	37,500	57,211	19,711
DISBURSEMENTS						
Salaries	24,500	6,976	17,524	24,168	1,651	22,517
Office expenditures:	7,750	5,601	2,149	5,500	18,503	(13,003)
Equipment	500	0	500	2,500	2,120	380
Mileage and training	2,000	1,274	726	2,500	0	2,500
Other	3,000	5,057	(2,057)	0	0	0
Transfer out	4,500	4,634	(134)	0	14,381	(14,381)
Total Disbursements	42,250	23,542	18,708	34,668	36,655	(1,987)
RECEIPTS OVER (UNDER) DISBURSEMENTS	10,250	17,865	7,615	2,832	20,556	17,724
CASH, JANUARY 1	70,290	70,290	0	49,734	49,734	0
CASH, DECEMBER 31	80,540	88,155	7,615	52,566	70,290	17,724
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	268,465	274,131	5,666	243,000	250,237	7,237
Intergovernmental	454,201	513,845	59,644	415,000	460,770	45,770
Charges for service:	61,000	55,521	(5,479)	41,000	48,578	7,578
Interest	13,000	11,885	(1,115)	14,000	11,290	(2,710)
Other	1,100	835	(265)	500	19,810	19,310
Total Receipts	797,766	856,217	58,451	713,500	790,685	77,185
DISBURSEMENTS						
Salaries	590,440	569,860	20,580	548,000	542,696	5,304
Office expenditures:	28,300	34,110	(5,810)	27,000	33,905	(6,905)
Equipment and supplies	100,000	98,895	1,105	80,000	82,761	(2,761)
Mileage and training	21,000	17,576	3,424	20,000	20,913	(913)
Contract services	2,000	2,120	(120)	3,000	1,720	1,280
Janitorial/maintenance	17,000	21,515	(4,515)	14,000	17,258	(3,258)
Rent	4,800	4,800	0	4,800	4,800	0
Utilities	11,000	10,573	427	9,000	10,947	(1,947)
Other	23,000	26,722	(3,722)	20,000	27,869	(7,869)
Total Disbursements	797,540	786,171	11,369	725,800	742,869	(17,069)
RECEIPTS OVER (UNDER) DISBURSEMENTS	226	70,046	69,820	(12,300)	47,816	60,116
CASH, JANUARY 1	251,000	249,519	(1,481)	200,670	201,703	1,033
CASH, DECEMBER 31	251,226	319,565	68,339	188,370	249,519	61,149

Exhibit B

DUNKLIN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	201,000	224,763	23,763	155,548	199,238	43,690
Intergovernmental	0	2,398	2,398	0	2,589	2,589
Interest	6,000	3,600	(2,400)	6,200	8,186	1,986
Total Receipts	207,000	230,761	23,761	161,748	210,013	48,265
DISBURSEMENTS						
Cotton Boll Shelter Workshop	111,886	111,886	0	117,942	117,942	0
Dunklin Day Facility Center	92,284	92,284	0	90,600	90,600	0
Cotton Boll Sheltered Group Home	48,312	48,312	0	48,732	48,732	0
Other	3,000	2,686	314	3,168	2,787	381
Total Disbursements	255,482	255,168	314	260,442	260,061	381
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,482)	(24,407)	24,075	(98,694)	(50,048)	48,646
CASH, JANUARY 1	165,426	165,426	0	215,474	215,474	0
CASH, DECEMBER 31	116,944	141,019	24,075	116,780	165,426	48,646
<u>CLERK'S DISCRETIONARY FUND</u>						
RECEIPTS						
Intergovernmental	0	1,179	1,179			
Charges for services	2,500	1,895	(605)			
Interest	200	127	(73)			
Other	1,500	1,655	155			
Transfers in	0	262	262			
Total Receipts	4,200	5,118	918			
DISBURSEMENTS						
Salaries	2,000	800	1,200			
Office expenditure	2,800	287	2,513			
Mileage and training	1,800	3,906	(2,106)			
Other	240	0	240			
Transfers out	0	2,179	(2,179)			
Total Disbursements	6,840	7,172	(332)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,640)	(2,054)	586			
CASH, JANUARY 1	4,146	4,146	0			
CASH, DECEMBER 31	\$ 1,506	2,092	586			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DUNKLIN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Dunklin County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Johnson Grass Board, the Health Center Board, the Senate Bill 40 Board, or the Emergency 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Domestic Violence Shelters Fund	2002 and 2001
Hazardous Training Fund	2002 and 2001
Juvenile Diversion Grant I Fund	2002 and 2001
Juvenile Diversion Grant II Fund	2002 and 2001
Juvenile Pilot Program Fund	2002 and 2001
Guardian Ad Litem-DFS Fund	2002 and 2001

Drainage Districts Fund	2002 and 2001
Crime Victims Compensation Fund	2002 and 2001
Prosecuting Attorney Delinquent Tax Fund	2002 and 2001
Sheriff's Civil Fees Fund	2002 and 2001
Homeless Challenge Grant Fund	2002 and 2001
Home Study Fund	2002 and 2001
Chemical Emergency Fund	2002 and 2001
Capital Improvement Fund	2002 and 2001
COPS Grant Fund	2002 and 2001
MoDot Seed Grant Fund	2002 and 2001
Public Safety Grant (Teen Court) Fund	2002 and 2001
Law Enforcement Block Grant Fund	2002 and 2001
Law Library Fund	2002 and 2001
Associate Circuit Division Interest Fund	2002 and 2001
Circuit Division Interest Fund	2002 and 2001
Off System Bridge Fund	2002
Dunklin County Teen Court Fund	2002
Interpretive Grant Fund	2002
Tax Maintenance Fund	2002
Clerk's Discretionary Fund	2001
Local Records Fund	2001
Sheriff's Equipment Grant Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2002
Clerk's Discretionary Fund	2002
Prosecuting Attorney Bad Check Fund	2001
Health Center Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Prosecuting Attorney Training Fund for the year ended December 31, 2001.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2002 and 2001
Senate Bill 40 Board Fund	2002 and 2001
Law Library Fund	2002 and 2001
Associate Circuit Division Interest Fund	2002 and 2001
Circuit Division Interest Fund	2002 and 2001
Tax Maintenance Fund	2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

The Senate Bill 40 Board's deposits at December 31, 2002 were entirely covered by federal depositary insurance or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

Of the Senate Bill 40 Board's bank balance at December 31, 2001, \$100,000 was covered by federal depositary insurance and \$65,426 was uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances for the Senate Bill 40 Board were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustment

The General Revenue fund's cash balance at January 1, 2001, as previously stated has been increased by \$9,000 to reflect county monies held by the County Treasurer that were not reported previously.

The Senate Bill 40 Board fund's cash balance at January 1, 2001, as previously stated has been increased by \$215,474 to reflect monies held by the Board that were not reported previously.

The Drainage Districts fund's cash balance at January 1, 2001, as previously stated has been increased by \$26,574 to reflect county monies held by the County Treasurer that were not reported previously.

The Associate Circuit Division Interest fund's cash balance at January 1, 2001, as previously stated has been increased by \$112 to reflect county monies held by the Associate Circuit Clerk that were not reported previously.

The Circuit Division Interest fund's cash balance at January 1, 2001, as previously stated has been increased by \$5,434 to reflect county monies held by the Circuit Clerk that were not reported previously.

The Probate Division Interest fund's cash balance of \$338 at January 1, 2001, is not being reported since it was determined these monies were disbursed in 2000 by the Probate Division.

4. Subsequent Event

In August 2003, the voters of Dunklin County approved a half-cent sales tax for law enforcement services. The tax increase will be effective January 1, 2004 and is expected to generate approximately \$1,200,000 in revenues per year.

Supplementary Schedule

Schedule

DUNKLIN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 787	1,684
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-1134W	0	106,828
		ERS045-2134W	107,683	47,344
		ERS045-3134W	49,314	0
	Program Total		156,997	154,172
10.559	Summer Food Service Program for Children	ERS146-1134I	0	1,740
		ERS146-2134I	1,800	0
	Program Total		1,800	1,740
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state Department of Economic Development			
14.228	Community Development Block Grants/State' Program	98-PF-944	260,849	239,151
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.585	Drug Court Discretionary Grant Program	2002-DC-BX-0010	8,275	0
16.710	Public Safety Partnership and Community Policing Grant	1999-UM-WX-3194	58,337	15,683
	Passed through:			
	State Department of Public Safety			
16.540	Juvenile Justice and Delinquency Prevention - Allocatio to States	00-JFFX-0029	31,124	3,552
16.554	National Criminal History Improvement Program	2000-RH-CX-K024	0	9,797
16.592	Local Law Enforcement Block Grants Program	2002-LB-BX-2616	406	0
		2001-LB-BX-0329	0	11,348
	Program Total		406	11,348

Schedule

DUNKLIN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	0	1,535
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO 035(30)	18,820	0
		SB-MO-01(003)	3,779	15,724
		SB-MO-01(002)	19,683	0
	Program Total		<u>42,282</u>	<u>15,724</u>
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	0	2,427
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Level in Children	ERS146-1134L	0	191
93.268	Immunization Grants	PGA064-1134A	0	50
		PGA064-2134A	5,765	0
		PGA064-3134A	4,365	0
		N/A	30,772	34,909
	Program Total		<u>40,902</u>	<u>34,959</u>
93.283	Centers for Disease Control & Prevention Investigations and Technical Assistance	N/A	3,631	3,631
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	104,596	111,160
	Department of Health and Senior Services -			
93.569	Community Services Block Grant	AOC4000332	5,525	10,225
93.575	Child Care and Development Block Grant	PGA067-1134S	0	3,815
		PGA067-2134S	4,885	1,475
	Program Total		<u>4,885</u>	<u>5,290</u>

Schedule

DUNKLIN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
	Department of Social Services -			
93.658	Foster Care - Title IV-E	AOC9000338	38,756	39,641
		SSO1286	1,100	1,100
		SSO1514	1,780	5,299
	Program Total		<u>41,636</u>	<u>46,040</u>
	Department of Health and Senior Services			
93.945	Assistance Program for Chronic Disease Prevention and Contr	AOC01380163	0	20,000
93.991	Preventive Health and Health Services Block Gran	C100070001	0	28,206
		AOC02380052	38,867	6,121
		DH030017001	9,167	0
	Program Total		<u>48,034</u>	<u>34,327</u>
93.994	Maternal and Child Health Service: Block Grant to the States	AOCO1380044	18,902	25,124
		ERS146-1134M	0	29,934
		ERS146-2134M	23,565	3,655
		ERS146-3134M	10,921	0
		N/A	288	2,386
	Program Total		<u>53,676</u>	<u>61,099</u>
	Total Expenditures of Federal Award:		<u>\$ 863,742</u>	<u>783,735</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedul

Notes to the Supplementary Schedule

DUNKLIN COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Dunklin County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Food Donation (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$260,849 and \$239,151 to a subrecipient under the Community Development Block Grants/State's Program (CFDA number 14.228) during the years ended December 31, 2002 and 2001, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Dunklin County, Missouri

Compliance

We have audited the compliance of Dunklin County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Dunklin County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-2 and 02-3.

Internal Control Over Compliance

The management of Dunklin County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-2 and 02-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Dunklin County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

August 7, 2003 (fieldwork completion date)

Schedule

DUNKLIN COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Qualified

Internal control over financial reporting:

Material weakness identified?

_____ yes x no

Reportable condition identified that is
not considered to be a material weakness?

 x yes _____ none reported

Noncompliance material to the financial statements
noted?

 x yes _____ no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

_____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses?

 x yes _____ none reported

Type of auditor's report issued on compliance for
major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133?

 x yes _____ no

Identification of major programs:

CFDA or
Other Identifying
Number

Program Title

10.557

Special Supplemental Nutrition Program for Women, Infants, and Children

14.228

Community Development Block Grants/State's Program

16.710

Public Safety Partnership and Community Policing Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

02-1.

Omission of Budgetary Information

The county does not have adequate procedures to ensure budgets are prepared for all county funds, and as a result, budgets were not prepared for twenty-eight different county funds for the two years ended December 31, 2002. Funds for which formal budgets were not prepared included funds used by the Sheriff such as the Sheriff's Civil Fee Fund, the COPS Grant Fund, and the Law Enforcement Block Grant Fund. In addition, various funds related to the grant funding of the Juvenile Office were also not budgeted, including the Juvenile Diversion Grant I Fund, the Juvenile Diversion Grant II Fund, and the Juvenile Pilot Program Fund. The lack of budgetary information for these funds is a significant omission from the county's financial statements. Although some of the unbudgeted funds are not under the direct control of the County Commission, budgets for these funds are needed to comply with statutory provisions.

Receipts which were not budgeted totaled \$476,573 and \$383,574 for 2002 and 2001, respectively. Disbursements which were not budgeted totaled \$583,994 and \$394,087 for 2002 and 2001, respectively. Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission and other county officials would be able to more effectively evaluate all county financial resources.

The significant number of funds maintained by the county may contribute to the lack of budgetary information. For the two years ended December 31, 2002, the county maintained forty-one different funds; however, only thirteen of these funds were consistently budgeted. The County Commission should review the county's need for such a large number of funds. If determined that each of the different funds are necessary, the County Commission should take responsibility to ensure that each fund is properly budgeted.

A similar condition was noted in our prior report.

WE AGAIN RECOMMEND the County Commission along with other applicable officials ensure budgets are prepared for all county funds as required by state law.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will try to improve on the budgeting of all county funds.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-2.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-1134W, ERS045-2134W, & ERS045-3134W
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	98-PF-944
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing Grants
Pass-Through Entity	
Identifying Number:	1999-UM-WX-3194
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2002 and 2001, the county's SEFA contained numerous errors and omissions. For example, expenditures relating to several federal grants were reported incorrectly or not included on the schedules and the County Clerk failed to include the required pass-through grantor's number on the programs that were reported. As a result, expenditures were understated by approximately \$131,000 and overstated by approximately \$459,000 for 2002 and 2001, respectively. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards, or consider appointing a county-wide grants coordinator to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

A similar condition was noted in the two prior reports.

WE AGAIN RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards. The County Commission should take steps to ensure other departments and/or officials properly track federal awards, or consider appointing a county-wide grants coordinator.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and the County Clerk indicated they will use the schedule included in the audit report as a starting point and make any necessary changes to ensure a better schedule is prepared.

02-3.

Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 035(30)
Award Year:	2002
Questioned Costs:	Not applicable

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction Program.

The county has not established cash management procedures to ensure minimal time elapses between its receipt of federal project monies and the distribution of such monies to contractors. We noted that each of the three reimbursements received by the county in 2002 were held for various time periods prior to disbursement. Two payments totaling \$15,563 and \$2,074 were each held for 10 days. In addition, a payment totaling \$1,183 was received on December 2, 2002, but had not been disbursed as of June 2003. While the liability was incurred prior to reimbursement, payment was not made to the contractor in a timely manner.

Section .300(c) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to, "comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs". Section XII of the Missouri Department of Transportation (MoDOT) Local Public Agency Manual provides that local agencies must develop cash management procedures to ensure payment is made to the contractor/consultant within two business days of receipt of funds from MoDOT.

A similar condition was noted in the prior report.

WE AGAIN RECOMMEND the County Commission establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with MoDOT requirements.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will work to improve our procedures. We have now disbursed the \$1,183 to the contractor.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DUNKLIN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

DUNKLIN COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings - Two Years Ended December 31, 2000

00-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Off-System Bridge Replacement and Rehabilitation Program
Pass-Through Entity	
Identifying Number:	BRO-035 (16)
Award Year:	1999
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Social Services
Federal CFDA Number:	93.667
Program Title:	Juvenile Diversion Grants #1 and #2
Pass-Through Entity	
Identifying Number:	Not applicable
Award Years:	2000 and 1999
Questioned Costs:	Not applicable

Federal Grantor: U.S. Department of Defense
Pass-Through Grantor: Office of Administration
Federal CFDA Number: 12.112
Program Title: Payments to States in Lieu of Taxes
Pass-Through Entity
Identifying Number: Not applicable
Award Year: 2000
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Housing and Urban Development
Pass-Through Grantor: Department of Economic Development
Federal CFDA Number: 14.Unknown
Program Title: Micro Lending
Pass-Through Entity
Identifying Number: Not applicable
Award Year: 2000
Questioned Costs: Not applicable

The county's procedures used to track federal awards for the preparation of the SEFA were inadequate.

Recommendation:

The County Clerk obtain technical assistance from the state or another County that has resolved this problem to determine how to coordinate the reporting of federal awards. A training session in this area may be appropriate.

Status:

Not implemented. See finding number 02-2.

99-1. Schedule of Expenditures of Federal Awards

Federal Grantor: U.S. Department of Transportation
Pass-Through Grantor: State Highway and Transportation Commission
Federal CFDA Number: 20.205
Program Title: Off-System Bridge Replacement and Rehabilitation Program
Pass-Through Entity
Identifying Number: BRO-035 (16)
Award Year: 1999
Questioned Costs: Not applicable

The county obtained advance payments of expenses and did not comply with the reimbursement requirements of the program.

Recommendation:

The county comply with the requirements to pay expenses prior to submitting a request for reimbursement and discontinue the practice of obtaining advances on this program. The county discuss the erroneous statement in the MoDOT Agency Manual referring to the program as not being a grant program.

Status:

Not implemented. See finding number 02-3.

99-2. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grant/State's
Pass-Through Entity	
Identifying Number:	98-PF-945
Award Year:	2000
Questioned Costs:	Under the statutory limit

- A. The County did not adequately monitor the third-party administrator's procedures for cash draws.
- B. The County did not maintain copies of grant correspondence, files, invoices, and remittance advices in regards to the CDBG grant program, however, the third-party administrator did.

Recommendation:

The County:

- A. Review the third-party administrator's payment policies and monitor their procedures to determine whether controls are adequate.
- B. Obtain duplicate copies of all correspondence, files, contracts, invoices, and other documentation from the third-party administrator.

Status:

- A. Partially implemented. While improvement was made, two instances were noted in which monies were expended in ten days instead of within the five-day limit as required by program guidelines. Although not repeated in the current report, our recommendation remains as stated above.

B. Implemented.

99-3. Procurement

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Social Services/Division of Youth Services
Federal CFDA Number:	93.667
Program Title:	Juvenile Diversion
Pass-Through Entity	
Identifying Number:	Not applicable
Award Years:	2000
Questioned Costs:	Not applicable

The Juvenile Diversion program procured contractual services from a sole-source provider to provide services to at-risk youths. Background checks on subcontractor's employees were not obtained and a copy of the Governor's Executive Order requiring background checks was not provided to the subcontractor.

Recommendation:

The Juvenile Program document the procurement files when a sole-source provider is utilized. In addition, the Program should obtain background checks as required by the contract.

Status:

No federal monies were received under this program during the years ended December 31, 2002 and 2001.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DUNKLIN COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Dunklin County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003. That report expressed a qualified opinion on the financial statements. We also have audited the compliance of Dunklin County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Dunklin County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	Budgetary Practices and Published Financial Statements
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The county approved expenditures in excess of available monies, budgeted deficit balances for some funds, did not include some funds in the published financial statements, and did not ensure all townships prepared and published financial statements.

- A. The County Commission approved expenditures in excess of available monies. Negative ending cash balances occurred in various funds as follows:

Fund	Year Ended December 31,	
	2002	2001
Assessment	\$ (34,851)	(13,045)
Prosecuting Attorney Training	N/A	(124)
Juvenile Diversion Grant II	(2,841)	N/A
Juvenile Pilot Program	(6,798)	(13,005)
Guardian Ad Litem-DFS	N/A	(7,521)
Home Study	N/A	(250)
MoDot Seed Grant	N/A	(739)
Public Safety Grant (Teen Court)	(5,408)	(2,993)
Dunklin County Teen Court	(576)	N/A

The negative cash balances were a result of expenditures being authorized when no funds were available, or when expected reimbursements were not received prior to year end. To satisfy the obligations, these funds had to become indebted to other county funds. Article VI, Section 26(a) of the Missouri Constitution states, "no county ...shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years..."

The County Commission should review cash balances prior to approving expenditures for all funds to prevent this situation from reoccurring.

- B. Although Section 50.740, RSMo 2000, requires balanced budgets, the County Commission budgeted for a deficit of \$79,251 for the Assessment Fund for the year ended December 31, 2003, and a deficit of \$581 for the Prosecuting Attorney Training Fund for the year ended December 31, 2001. In addition, Article VI, Section 26(a) of the Missouri Constitution prohibits deficit budgeting. A complete and well-planned budget, in addition to meeting statutory requirements, serves as a useful management tool by establishing specific cost expectations for each area and provides a means to effectively monitor actual costs.

- C. The county's annual published financial statements did not include financial activity for several county funds, including the Senate Bill 40 Board Fund and the Health Center Fund, as required. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts, disbursements, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.
- D. The County Clerk does not ensure township road boards' financial statements are prepared and published as required by state law. Section 231.290, RSMo 2000, requires the County Clerk to prepare a form to be utilized by the townships to provide a detailed account of their financial activity, along with an inventory of the township's property, which should be published in a local newspaper and filed with the County Clerk.

Condition C was noted in our two prior reports.

WE RECOMMEND the County Commission:

- A. Refrain from approving expenditures in excess of available monies to ensure all funds are maintained with a positive cash balance.
- B. Refrain from budgeting a deficit to ensure all funds do not project a negative cash balance.
- C. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- D. And the County Clerk ensure all townships publish financial statements in a local paper in accordance with state law.

AUDITEE'S RESPONSE

A&B. The County Commission indicated they concur.

C. The County Commission indicated they concur and will work with the other officials to ensure all funds are published.

D. The County Commission and the County Clerk indicated they will work with the townships to ensure notification of publication of the townships' financial statements is received.

Problems were noted regarding county expenditures including the leasing of a vehicle by the 911 Board and paying for a Christmas party using the Sheriff's Civil Fees Fund.

- A. The 911 Board authorized payment of \$7,700 in 2002 and \$7,348 in 2003 for the leasing of a vehicle by the 911 Coordinator. The 911 Coordinator used the vehicle approximately seven months each year while conducting 911 mapping activities. According to the 911 Coordinator, a vehicle was leased instead of paying mileage to avoid wear and tear on his personal vehicle and because the rental agency gave the 911 Board a discount for an extended period lease. The 911 Coordinator also indicated that he was not sure if the county's insurance would apply to personal vehicles, but that insurance was provided as part of the lease.

This expenditure may not have been cost effective. A cost analysis was not done by the 911 Board to determine the cost of leasing a vehicle versus the cost of reimbursing for mileage. While mileage records were not available for the 2002 lease, the rental agency indicated that 2,389 miles (average of approximately 340 miles a month) were driven during the 2003 lease. Reimbursing the 911 Coordinator for mileage at \$0.345 per mile would have cost only \$824.

While the 911 Board does oversee the activity of the Emergency 911 Fund, the monies are under the custody of the County Treasurer and the County Commission reviews all expenditures. The County Commission and the 911 Board should ensure county funds are spent only on items which are necessary and beneficial to county residents.

- B. In December 2002, the Sheriff authorized payment of \$357 from the Sheriff's Civil Fees Fund for an employee Christmas party. This payment supported by a memo prepared by the Sheriff was reviewed and approved by the County Commission. The Sheriff indicated statutes provide that he can spend the monies in the Sheriff's Civil Fee Fund at his discretion. While Section 57.280, RSMo 2000, does appear to allow for these monies to be spent at the Sheriff's discretion, an employee Christmas party does not appear to be a prudent use of county funds. County officials should ensure county funds are spent only on items which are necessary and beneficial to county residents.

WE RECOMMEND the County Commission:

- A. And the 911 Board ensure all expenditures of county monies are a necessary and prudent use of public funds.
- B. And the Sheriff ensure all expenditures of county monies are a necessary and prudent use of public funds.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they will review expenditures and make recommendations if needed.*

The 911 Board indicated that a cost analysis will be conducted for any future expenditure of such nature and or size, and that monies under the control of the 911 Board will be spent only on items that are necessary and beneficial to the county residents.

- B. *The County Commission indicated they concur.*

The Sheriff indicated Section 57.280, RSMo 2000, allows for discretionary spending of the Sheriff on this account. He obtained approval (not necessary) from the county commission prior to spending the funds. The funds were spent in such a way that they were beneficial to county residents. Employees are county residents. In addition, the Sheriff indicated that this fund has remitted \$20,000 over to the county.

3. Personnel Policies and Procedures

Several concerns were noted regarding the county's personnel policies and procedures including timesheets not always indicating actual hours worked, the lack of detailed leave records, and errors in the Sheriff's department timesheets. In addition, the county paid occupational performance awards totaling \$19,425 to county employees and two former employees were overpaid upon their termination.

- A. Timesheets prepared by county employees did not always indicate actual hours worked. Timesheets must be submitted two days prior to the last County Commission meeting of the month for employees to be paid on that date. When submitting the timesheets, employees show actual hours worked through the date they are submitting their timesheet and estimate the hours they will work during the remainder of the month. No documentation was available to indicate that the hours actually worked were ever compared to the hours previously estimated.

The practice of paying county employees for estimated hours may lead to errors, inconsistencies in the calculation of overtime and accumulated leave balances, and the potential for employees to be over/under paid. The County Commission should consider implementing payroll procedures that ensure employees are paid only for actual hours worked.

Proper control over payroll requires documentation, such as timesheets prepared and signed by employees and approved by their supervisors, to provide evidence of actual time worked each month. In addition, the Fair Labor Standards Act (FLSA) requires accurate records of actual time worked by employees be maintained.

- B. The County Clerk does not maintain records of vacation leave, sick leave, or compensatory time earned, taken, or accumulated. The County Clerk indicated leave records are to be maintained by each individual office. However of three offices reviewed, leave records were not maintained by the Prosecuting Attorney or the County Clerk.

Without centralized and complete leave records, the County Commission cannot ensure that employee's vacation leave, sick leave and overtime records are accurate, that all employees are treated equitably, and that leave time used does not exceed leave time earned and accumulated. Centralized leave records also aid in determining final pay for employees leaving county employment.

- C. Errors and inconsistencies were noted on the Sheriff's department deputies timesheets in how the total hours worked were being computed. Deputies who are salaried employees are paid overtime for any time worked in excess of 171 hours in a 28 day cycle as required by the FLSA. Calculation of hours worked in a 28 day cycle is generated from a computer system in which the beginning and ending dates of the desired 28 day period are entered. For each deputy, a separate timesheet is generated that indicates the individual days and hours worked, with any hours worked in excess of 171 being paid to the deputy at the rate of time and one-half.

Three instances were noted in which the dates specified for the timesheets resulted in either more than a 28 day cycle or resulted in overlapping dates being reported on multiple timesheets. One timesheet for the period of December 13, 2002 through January 10, 2003 covered 29 days and resulted in a deputy being paid an additional \$145 in overtime pay for time worked on the 29th day. In addition, the timesheet for the next pay cycle started with January 10, 2003. Therefore, hours worked on January 10 were counted twice in the pay calculations. Although the other two instances included similar overlapping dates, no overpayment occurred due to the deputies not exceeding 171 hours worked during the period and therefore no overtime was paid.

It appears that timesheets for Sheriff's department employees are not being reviewed in adequate detail. While not all instances of overlapping timesheet periods result in overpayments being made, all timesheets should be adequately reviewed for accuracy to ensure proper payment.

- D. The county paid occupational performance awards totaling \$19,425 to county employees during the year ended December 31, 2002. Full-time employees were paid \$350 and part-time employees were paid \$175. The County Commission indicated these awards were paid since employees did not receive a 4% cost of living adjustment during the year.

These occupational performance awards or bonuses appear to represent additional compensation for services previously rendered and, as such, may violate Article III, Section 39 of the Missouri Constitution and appear contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

E. Inadequate procedures regarding employment terminations resulted in two employees being overpaid. No procedures exist to ensure salaried employees that terminate employment during a pay period are properly paid or to ensure the payroll clerk is notified of all employment terminations. These inadequate procedures resulted in the following overpayments:

- 1) In January 2002, a dispatcher with the Sheriff's department was paid a full month's salary after terminating employment even though the dispatcher did not work the entire month. The dispatcher only worked 44 hours during the month resulting in a salary overpayment of \$807. No subsequent review was performed to ensure that payroll activity was properly processed and the appropriate salary amount was paid.
- 2) In October 2002, a dispatcher with the Sheriff's department was paid a full month's salary after terminating employment in September 2002, resulting in an overpayment of \$1,534. This overpayment occurred due to a lack of communication between the Sheriff's department and the payroll clerk regarding the individual's termination of employment.

In each of the above instances, unsuccessful attempts by the county to collect on the overpayment from the former employees resulted in the county turning the matters over to the Prosecuting Attorney. Developing procedures to ensure all payroll changes resulting from employee terminations are properly processed will aid in determining final pay for employees leaving county employment.

Condition B was noted in our two prior reports.

WE RECOMMEND the County Commission:

- A. Develop payroll procedures to ensure county employees are paid based on actual hours worked.
- B. Ensure a balance of leave accumulated and taken for each employee is centrally maintained by the County Clerk.
- C. Ensure timesheets are reviewed in adequate detail.

- D. Discontinue the practice of paying bonuses to employees.
- E. Develop procedures to inform the payroll clerk of all employment terminations. In addition, procedures should be developed to ensure all payroll modifications are accurately processed by the computer system.

AUDITEE'S RESPONSE

- A. *We concur.*
- B. *We do not believe this is necessary because each employee must use leave within the calendar year and cannot carry unused leave to subsequent years. Should an employee leave county employment during the year, we review timesheets submitted during the year to determine payment for any unused leave.*
- C. *We will discuss this with the Sheriff to ensure timesheets are reviewed.*
- D. *We will take this under advisement.*
- E. *We have implemented procedures to correct this. The payroll clerk no longer issues payroll checks without current timesheets on file. These instances appear to have been due to miscommunication and should not be a problem in the future.*

4. General Fixed Assets

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. The County Clerk has not updated the inventory listing of fixed assets held by county officials since 1998. Examples of items purchased which were not included on the fixed asset listing include digital recording equipment costing \$23,000, computers, printer, copier, filing cabinets and desks.

In addition, an annual inventory of all general fixed assets and quarterly inspections of county owned land and buildings have not been performed, and most fixed assets are not properly numbered, tagged, or otherwise identified as county owned property.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department

shall be inventoried by the County Clerk. The reports required by this section are to be signed by the County Clerk.

A similar condition was noted in our two prior reports.

WE AGAIN RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, quarterly inspections of all county land and buildings should be performed, and property control tags should be affixed.

AUDITEE'S RESPONSE

We are working to improve fixed asset procedures. We have developed a spreadsheet to use to record property and have purchased property control tags.

5. Computer Controls

The county uses a mainframe computer with which to perform its general ledger accounting, budgetary accounting and reporting, cash disbursing, assessment, and tax collection functions. Several concerns were noted with the operation of this system including passwords are not changed on a periodic basis to ensure confidentiality, there is no formal contingency plan for the computer system in case of emergency, and backup disks are not stored at an off-site location.

- A. Passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords effectively limit access to data files and programs to only those individuals who need access for completion of job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.
- B. The county does not have a formal contingency plan for the computer system in case of emergency. As a result, the county has not formally negotiated arrangements for backup facilities in the event of a disaster. The major benefit of thorough contingency planning comes from the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county.
- C. Backup disks are not stored at an off-site location. Backup of computer information provides a means for recreating destroyed data. Failure to store the computer backup disks off-site results in the backups being susceptible to the same damage as the

original data on the computer. Backup disks should be maintained and stored off-site to provide increased assurance that county data can be recreated.

Conditions A and B were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Ensure passwords are periodically changed and remain confidential.
- B. Develop a formal contingency plan including arrangements for use of alternative data processing equipment during emergency situations.
- C. Ensure backup disks are prepared and stored in a secure, off-site location.

AUDITEE'S RESPONSE

- A. *We will discuss this with the data programmer.*
- B. *We concur.*
- C. *We will begin storing backup disks offsite on a monthly basis.*

6. Board of Prisoners

Procedures for billing other cities and counties for boarding their prisoners are not adequate. According to the most recent report of prisoner incarceration costs, total incarceration costs were approximately \$478,000 for the year ended December 31, 2001.

- A. The Sheriff's department houses prisoners for various cities within the county in the county jail and bills the cities for these services. Dunklin County established a billing rate for the cities at \$4 a day, except for the city of Kennett, which is billed a flat rate of \$600 a month. In its most recent report of prisoner incarceration costs submitted to the State Office of Administration, the county calculated its daily prisoner cost to be approximately \$21. By establishing a billing rate that is not sufficient to recover all costs, the county is subsidizing the cost to house other political subdivisions' prisoners. For example, in November 2001, the county housed 29 prisoners totaling 107 prisoner days for the city of Kennett. At a cost of \$21 per day, the cost to house the prisoners from the city of Kennett was \$2,247; however, only \$600 was collected. In addition, no written agreement existed between Dunklin County and the city of Kennett for these services. Section 432.070, RSMo 2000, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents.

The County Commission and Sheriff should periodically review the costs of operating the jail, including any indirect costs, and establish an appropriate billing rate for all political subdivisions housing prisoners in the county jail. In addition, the County Commission should develop a written contract with the city of Kennett regarding inmate housing and related fees.

- B. The Sheriff's department houses prisoners for other counties in the county jail and periodically bills the other counties for these services. However, the Sheriff has not established a formal policy for billing other counties and there is no set fee that the Sheriff charges other counties for housing their prisoners. The Sheriff stated that the fees, if any, charged by the Sheriff's department often depends on the fee, if any, that the other county charged Dunklin County.

In addition, the Sheriff does not maintain a log of amounts billed to or collected from the other counties. While the Sheriff maintains a report of all prisoners housed from other counties, there is no documentation to support if the other counties were billed or the fees charged to the other counties.

The Sheriff should establish written procedures for the billing of fees charged to other counties for the housing of prisoners. In addition, the Sheriff should maintain a log of amounts billed to and collected from the various counties to track amounts due and to ensure all outstanding amounts are received in a timely manner.

Condition A was noted in our two prior reports.

WE RECOMMEND the Sheriff:

- A. And the County Commission periodically review the cost of boarding prisoners and establish a billing rate for other political subdivisions that is sufficient to recover costs of housing prisoners in the Dunklin County jail. In addition, the county should obtain written agreements with the city of Kennett for the boarding of inmates.
- B. Establish and implement procedures regarding the billing of prisoners housed from other counties. In addition, maintain a log of amounts billed to and collected from the various counties for boarding of prisoners as a means to track and follow-up on amounts due to the county.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they will discuss this with the Sheriff and try to develop a more equitable rate. The County Commission will try to locate the contract with the City of Kennett and will consider obtaining agreements with each city.*

The Sheriff indicated the County Commission and he have in the past reviewed the cost of operating the jail to include any indirect costs. A rate of \$4 per day has been set for political

subdivisions with the exception of the City of Kennett which is \$600 per month. There is apparently a written agreement somewhere in the system either with the Kennett City officials or the County Officials. The Sheriff indicated the county is honoring an agreement made by their predecessors. The fee currently charged to all municipal entities allows them to incarcerate individuals without placing a burden on their city budget. Incarceration reports will reflect most incarceration stays will be 24 hours or less. The Sheriff also indicated that in a cost savings move made by the State of Missouri, they have cut their rate paid to the county for housing inmates. The Sheriff indicated he does not think the county is doing anything less than what the State of Missouri is doing.

- B. *A daily board rate of \$35 has been established for boarding prisoners from other counties. It will be at the Sheriff's discretion as to when a rate may be waived or changed for counties, municipalities, state or federal government agencies. Board billings will be maintained on a monthly basis.*

7. County Treasurer's Accounting Controls and Procedures

Several problems were noted concerning the County Treasurer's accounting controls and procedures. Receipt slips issued do not always indicate method of payment and checks and money orders are not always restrictively endorsed immediately upon receipt. In addition, deposits are not always made on a timely basis and follow up procedures on old outstanding checks are not adequate. Also, some monies were not deposited into the correct fund.

- A. The method of payment (cash, check, and money order) is not consistently indicated on the receipt slips. To ensure receipts are accounted for properly, the method of payment should be recorded on the receipt slips and composition of the receipt slips issued should be reconciled to the composition of deposits.
- B. Checks and money orders are not restrictively endorsed immediately upon receipt. The endorsements are applied when deposits are prepared. To adequately safeguard receipts, all checks and money orders should be restrictively endorsed immediately upon receipt.
- C. Deposits are not always made on a timely basis. Our review of deposits made from October 2002 through December 2002 indicated deposits are made approximately three times a week and averaged approximately \$14,931. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- D. The County Treasurer does not adequately follow up on old outstanding checks. At December 31, 2002, the County Treasurer had eleven checks totaling \$255 that were over a year old including two checks totaling \$63 issued in 2000 to a county employee and the Presiding Judge of the 35th Judicial Circuit. There is no documentation that the payees of these checks have been notified and the monies

remain in the County Treasurer's bank account. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

- E. Two instances were noted in which monies appeared to be deposited into the incorrect fund.
 - 1) Section 136.150 RSMo, indicates that one-half of the delinquent tax fee received from the state is to be deposited into the Prosecuting Attorney Delinquent Tax Fund and the other one-half is to be deposited into the General Revenue Fund. Several payments were not split between funds but were fully deposited into the General Revenue Fund. As a result, the County Treasurer should transfer \$2,886 from the General Revenue Fund to the Prosecuting Attorney Delinquent Tax Fund.
 - 2) The county annually receives monies from the state Peace Officer Standards and Training (POST) Commission Fund in accordance with Section 590.178, RSMo 2000, to be used exclusively for training of law enforcement personnel. In 2001, POST Commission Fund monies totaling \$1,106 were deposited into the Hazardous Training Fund. While the Hazardous Training Fund also appears to be used for training purposes, county personnel could not provide explanation as to why the POST Commission Fund monies were deposited into the Hazardous Training Fund or had no controls in place to ensure these monies would be spent in accordance with state law. Normally these monies are deposited into the Law Enforcement Training Fund. The County Treasurer should transfer \$1,106 to that fund.

Conditions A and B were noted in our prior report.

WE RECOMMEND the County Treasurer:

- A. Record the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of bank deposits.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- E.1. Transfer \$2,886 from the General Revenue Fund to the Prosecuting Attorney Delinquent Tax Fund.

2. Transfer \$1,106 from the Hazardous Training Fund to the Law Enforcement Training Fund.

AUDITEE'S RESPONSE

- A. *We are currently indicating cash receipts and we will begin indicating all check receipts as well on the receipt slips and we will reconcile the composition of receipts to composition of deposits.*
- B. *This has been implemented.*
- C. *We are now trying to deposit daily.*
- D. *We will attempt to resolve the old outstanding checks by either reissuing the check or discussing the proper resolution of these checks with the Prosecuting Attorney.*
- E. *This has been implemented.*

8. Assessor's Accounting Controls and Procedures

The Assessor transmitted approximately \$1,700 each year to the County Treasurer from the sale of maps, public record information, and photocopies. The Assessor does not maintain adequate records to account for monies received. Receipt slips are not issued for monies received and receipts are not transmitted to the County Treasurer intact on a timely basis. In addition, checks are not restrictively endorsed upon receipt.

- A. Prenumbered receipt slips are not issued for monies received. To ensure receipts are accounted for properly, official prenumbered receipt slips should be issued for all monies received and the numerical sequence accounted for. In addition, to ensure all receipts are remitted intact, the method of payment should be recorded on all receipt slips, and the composition of receipt slips issued should be reconciled to the composition of the transmittal.
- B. Receipts are not transmitted to the County Treasurer on a timely basis. The Assessor's office transmitted receipts averaging \$220 to the County Treasurer eight times in 2002 and transmitted receipts averaging \$189 nine times in 2001. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer daily or when accumulated receipts exceed \$100.
- C. Receipts are not transmitted to the County Treasurer intact as cash is withheld to make change. In addition, receipts totaling over \$132 were used to purchase postage stamps, office supplies, and flowers. Transmitting receipts to the County Treasurer intact is necessary to ensure proper recording and accountability of receipts and to

lessen the possibility of loss or misuse of funds. If a change fund is determined to be necessary, it should be maintained at a constant amount. In addition, these monies represent accountable fees which should be turned over to the County Treasurer. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies to the county treasury. There is no statutory authority for the Assessor to expend these monies except as provided for in the county budget and made through the County Commission's normal disbursement process.

- D. Checks are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied by the County Treasurer when checks are transmitted by the Assessor. To adequately safeguard receipts, all checks should be restrictively endorsed immediately upon receipt.

These conditions were noted in our prior report.

WE AGAIN RECOMMEND the Assessor:

- A. Issue official prenumbered receipt slips for all monies received and account for the numerical sequence. Indicate the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of monies transmitted.
- B. Transmit all monies to the County Treasurer intact daily or when accumulated receipts exceed \$100.
- C. Determine if a change fund is needed. If a change fund is needed it should be maintained at a constant amount. In addition, make all purchases through the county expenditure process.
- D. Restrictively endorse checks immediately upon receipt.

AUDITEE'S RESPONSE

- A. *We have started issuing prenumbered receipt slips for all monies received which indicate method of payment. We will reconcile the composition of receipts to the composition of monies transmitted.*
- B. *This has been implemented.*
- C. *We will discuss with the County Commission setting up a petty cash fund which will be replenished on a periodic basis for various miscellaneous expenses made.*
- D. *This has been implemented.*

9. Ex-Officio County Collector's Accounting Controls and Procedures
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The Ex-Officio County Collector's office processed property taxes, copies, and information requests totaling approximately \$2.5 million for the years ended February 28, 2003 and 2002, respectively. Several problems were noted with the Ex-Officio County Collector's accounting controls and procedures including copy and information request receipts are not deposited intact, and checks received for copies and information requests are not restrictively endorsed immediately upon receipt. In addition, monthly listings of liabilities are not prepared and reconciled to cash balances, partial payments received for tax collections have not been deposited, and interest earned on bank deposits has not been distributed. Also, annual settlements have not been filed and some distribution errors have been made.

- A. Receipts collected for copies and information requests are not deposited intact with property tax collections of the Ex-Officio County Collector. Copy and information request receipts are transmitted on a monthly basis to the County Treasurer for deposit. In addition, checks received for copies and information requests are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied by the County Treasurer upon deposit. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100, and all checks should be restrictively endorsed immediately upon receipt.
- B. Monthly listings of liabilities are not prepared and reconciled to cash balances. Several errors occurred during the audit period and were not detected in a timely manner because of the lack of such reconciliations. Some of these errors include:
 - 1) Distributions of December 2001 railroad and utility tax collections were not made to the General Revenue Fund and the Assessment Fund for commissions and fees of \$34,187 and \$11,396, respectively.
 - 2) Distributions of December 2000 surtax collections were not made to the General Revenue Fund and the Assessment Fund for commissions and fees of \$5,059 and \$1,676, respectively.
 - 3) Interest of \$20,392 earned on bank deposits since March 2001 was not distributed to the applicable political subdivisions and funds. This is discussed in more detail at Part D.

These errors were not detected because the Ex-Officio County Collector did not prepare and reconcile monthly listings of liabilities to the reconciled bank balance. As of February 28, 2003, the reconciled bank balance was approximately \$95,100 more than February distributions, including unidentified monies totaling \$22,415. Adequate reconciliations between liabilities and cash balances are necessary to ensure the cash balance in the bank account is properly identified and monies are

sufficient to meet liabilities. An attempt should be made to determine the proper disposition of these excess monies. Any amount that remains unidentified should be disposed of in accordance with applicable statutory provisions.

- C. The Ex-Officio County Collector accepts partial payments from taxpayers who are unable to pay their tax bill in full. The Ex-Officio County Collector holds these funds in escrow until the tax bill is fully paid, whereupon she marks the taxes as paid in the tax book. The Ex-Officio County Collector has not deposited \$1,299 in partial payments received since March 2001. Partial payment monies received are maintained in separate envelopes for each taxpayer and kept in the vault. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, partial payments should be deposited into the Ex-Officio County Collector's official bank account.

The practice of accepting partial payments, combined with the problems which presently exist, increase the opportunity of errors and the loss of funds.

- D. The Ex-Officio County Collector has not distributed interest earned on bank deposits since March 2001. As of February 28, 2003, cumulative interest totaled \$20,392. According to the Ex-Officio County Collector, the interest had not been disbursed because she was not sure how to allocate the interest monies to the various political subdivisions.

Section 110.150.2, RSMo 2000, and Missouri Attorney General's Opinions No. 126, 1981 to Antonio; No. 108, 1981 to Busker; No. 148, 1980 to Antonio; and No. 40, 1965 to Owensby, provide the interest on school funds, county hospital and hospital district funds, health center funds, library funds, special road and bridge funds, assessment funds, and bond debt service funds, be placed to the credit of those funds, and the interest on all other funds to the credit of the county's General Revenue Fund. To allocate the interest equitably, the percentage of tax collections should be used.

- E. Section 139.160, RSMo 2000, requires the Ex-Officio County Collector to file an annual settlement with the County Commission by the first Monday in March of each year. The Ex-Officio County Collector has not prepared or filed annual settlements for the years ended February 28(29), 2003, 2002, 2001, and 2000.

For the County Clerk and County Commission to properly verify the various tax books and tax collections, it is imperative the Ex-Officio County Collector file annual settlements on a timely basis. In addition, timely completion of the annual settlements is an essential part of the checks and balances system established by state law.

- F. Due to an insufficient review of the monthly settlements and monthly distributions, the following errors occurred which resulted in improper distributions being made:
- 1) Personal property tax receipts and real estate tax receipts collected during November 2001 were inaccurately totaled resulting in an overpayment of \$398 in tax collections paid to the Senate Bill 40 Board and an underpayment to the Ambulance Fund.
 - 2) Some monies due to the General Revenue Fund and the Assessment Fund were incorrectly paid to the County Employees' Retirement Fund (CERF). In 2000 and 1999, \$38,659 due to the General Revenue Fund and \$11,179 due to the Assessment Fund for commissions and fees collected on railroad and utility tax receipts was improperly paid to CERF.
 - 3) The one-percent Assessment withholding and the three-percent commission withholding was not calculated correctly for five months in 2001. These errors resulted in commissions of approximately \$7,900 being under withheld for the General Revenue Fund and fees of approximately \$2,600 being under withheld for the Assessment Fund.

These errors could have been detected had an adequate review of the monthly settlements and the monthly distribution records been performed to ensure all distributions were reasonable. These records should be reviewed for possible irregularities and significant fluctuations over time that would indicate possible inaccuracies had occurred in the distribution calculations.

Conditions similar to B, D, and E were noted in our prior report.

WE RECOMMEND the Ex-Officio County Collector:

- A. Deposit all monies received intact daily and restrictively endorse checks immediately upon receipt.
- B. Reconcile monthly listings of liabilities to the reconciled bank balance and attempt to identify the excess cash balance which currently exists. Any amounts which remain unidentified should be disposed of in accordance with state law. In addition, disburse \$39,246 to the General Revenue Fund and \$13,072 to the Assessment Fund.
- C. Deposit all partial payments into her official bank account. Furthermore, the Ex-Officio County Collector should reconsider the practice of accepting partial payments. If the decision is made to continue this practice, proper records should be maintained and all partial payment accounts should be closed on a timely basis.

- D. Allocate interest in accordance with state statutes and Attorney General's opinions.
- E. Ensure annual settlements are completed annually and filed with the County Commission as required by statute.
- F. Ensure adequate reviews of the monthly settlements and monthly distributions are performed. In addition, review the improper distributions and make the appropriate adjustments to the various funds.

AUDITEE'S RESPONSE

- A. *The monies are being deposited weekly into the County Treasurer's account. All checks are being endorsed when received.*
- B. *We will try to reconcile liabilities with the reconciled bank balance monthly. We will make an attempt at identifying the excess cash balance and will look into the disbursement of these monies. We will disburse the monies to the General Revenue Fund and the Assessment Fund.*
- C. *We have discontinued the practice of accepting partial payments. We have returned most partial payments to the taxpayers and currently only one partial payment is on hand as we have not been able to return those monies.*
- D. *Accumulated interest as of February 2003 has been disbursed. In the future, we will disburse interest annually.*
- E. *We will file annual settlements in the future.*
- F. *The overpayment made to the Senate Bill 40 Board has been corrected with the Ambulance Fund. We are in the process of receiving credit for the overpayment made to CERF, and we will review the commission and fee errors and make the appropriate adjustments.*

AUDITOR'S COMMENT

- E. Section 139.160, RSMo 2000 requires settlements to be filed each year.

10. Associate Circuit Division's Accounting Controls and Procedures
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The Associate Circuit Division was responsible for processing receipts for criminal and civil cases, traffic tickets, and bonds of approximately \$377,600 and \$267,200 during the years ended December 31, 2002 and 2001, respectively. Concerns with the Associate Circuit Division's accounting controls and procedures included bank reconciliations not being prepared, checks being outstanding for a considerable length of time, and no documentation to support how monthly disbursement amounts were determined. In addition, the numerical

sequence of receipt slips is not accounted for and the composition of receipts is not always reconciled to the composition of deposits.

- A. The Associate Circuit Clerk relies on the Office of State Courts Administrator (OSCA) to perform bank reconciliations on the operating bank account of the Associate Circuit Division. The Associate Circuit Clerk does not generate a bank reconciliation report each month to review in conjunction with the bank statement. In addition, no documentation is received from OSCA pertaining to the completed bank reconciliation. Upon our request, the Associate Circuit Clerk obtained from OSCA a copy of the bank reconciliation for December 31, 2002. Included on this bank reconciliation are numerous adjustments that were made to reconcile the bank balance with the Associate Circuit Division's accounting system. Examples of the adjustments include monies that were deposited but had not been recorded in the accounting system, or which had been recorded in the accounting system at different amounts. In addition, we noted an adjustment of \$1,393 which was due to an unidentified difference. This adjustment was necessary to increase the reconciled bank balance to agree to the balance reported by the accounting system.

The preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis. In addition, although the OSCA may provide support to various Associate Circuit Clerk offices throughout the state, it is the Associate Circuit Clerk's responsibility to perform bank reconciliations and ensure their accuracy.

- B. The Associate Circuit Division does not adequately follow up on old outstanding checks. At December 31, 2002, the Associate Circuit Division had four checks totaling \$145 which were over a year old. There is no documentation that the payees of these checks have been notified and the monies remain in the Associate Circuit Division's bank account. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.
- C. The Associate Circuit Clerk does not retain any documentation to support how monthly disbursement amounts were determined. Disbursement amounts are determined from the accounting system but this report is not retained. In addition, due to adjustments made to the accounting system after December 2001, reports could not be generated to reflect the exact activity of the accounting system as of December 2001.

Without adequate documentation, there is no assurance proper disbursements have been made. Retention of records is necessary to ensure the validity of transactions and provide an audit trail and account for all monies received. In addition, Section 109.270, RSMo 2000, provides that all records made or received by an official in the

course of their public duties are public property and are not to be disposed of except as provided by law.

- D. The Associate Circuit Division does not account for the numerical sequence of receipt slips and the composition of receipts per the daily accounting records is not always reconciled to the composition of deposits. To ensure receipts are accounted for properly, the numerical sequence of receipt slips should be accounted for and the composition of monies received and recorded (i.e. cash, checks, and money orders) should be reconciled to the composition of monies deposited.

WE RECOMMEND the Associate Circuit Clerk:

- A. Prepare and vouch monthly bank reconciliations. Also, investigate the adjustments being made to the bank reconciliations and attempt to resolve all amounts.
- B. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- C. Retain records in a secure location in accordance with state law to provide assurance that all transactions are valid and proper.
- D. Account for the numerical sequence of receipt slips and reconcile the composition of receipts to the composition of bank deposits.

AUDITEE'S RESPONSE

- A. *We started doing the bank reconciliations in August 2003 and are working with OSCA to resolve the adjustments.*
- B. *We will work with OSCA to resolve the old outstanding checks and will monitor for future checks that have been outstanding for a considerable time.*
- C. *All records are being retained and we will ensure the documentation supports the amounts disbursed.*
- D. *We are currently accounting for the numerical sequence of receipt slips and are also reconciling the composition of receipts to the composition of bank deposits.*

11. Probate Division's Accounting Controls and Procedures
--

The Probate Division processed receipts of approximately \$30,600 and \$22,700 in 2002 and 2001, respectively. Concerns with the Probate Division's accounting controls and procedures included segregation of accounting duties were not adequate, bank reconciliations were not always prepared on a monthly basis, and open items listings were not prepared and

reconciled to cash balances for all bank accounts. In addition, documentation was not adequate to support monies expended from the savings account, receipts are not deposited timely, and fees received are not always turned over to the state and the County Treasurer on a timely basis.

- A. Accounting duties are not adequately segregated. One individual is primarily responsible for receiving, depositing and disbursing monies, preparing bank reconciliations, and maintaining accounting records. There are no documented reviews of the accounting records by the Associate Circuit Judge.

To adequately safeguard assets, the cash custody and record-keeping functions should be segregated when possible. If proper segregation cannot be achieved, at a minimum, periodic supervisory reviews should be performed and documented.

- B. Prior to the implementation of a new computer system in June 2001 and the opening of a new Probate Division bank account, the Probate Division maintained several bank accounts that were used for such transactions as juvenile restitution, operations of the Probate Division, and a savings account used to maintain the Probate Division Interest Fund. During our review of the Probate Division bank accounts, the following concerns were noted:

- 1) Bank reconciliations were not always prepared on a monthly basis for the Probate Division bank accounts. Failure to prepare monthly bank reconciliations increases the risk that errors or misstatements will not be detected on a timely basis.
- 2) As of December 31, 2002, the balances of the juvenile restitution account and the old Probate Division account were approximately \$1,910 and \$205, respectively. Probate Division personnel indicated they currently are unaware of how this money should be disbursed and cannot locate any documentation, such as open items listings, to indicate how these monies were received.

Monthly listings of open items should be prepared and reconciled to the cash balance of all bank accounts to ensure records are in balance and monies are identified. The Probate Division should attempt to resolve the monies in the juvenile restitution account and the old Probate Division account. If proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with unclaimed property statutes.

- 3) The Probate Division was unable to provide documentation to support the disbursement of \$338 of interest monies from the savings account. These monies were withdrawn by a former Probate Clerk; however, the Probate Division was not able to provide documentation or an explanation to determine what happened to these monies.

Since no documentation could be provided to support the handling of these monies, it is questionable that these monies were properly disbursed. Retention of records and adequate documentation is necessary to ensure the validity of transactions and to provide an audit trail. The Associate Circuit Judge should investigate the handling of the monies withdrawn from the savings account.

- C. Deposits are not always made on a timely basis. Deposits averaging approximately \$1,600 were made only one to two times a month and were only made on nineteen days during 2002. No deposits were made between May 24, 2002 and July 11, 2002, and the total deposit made on July 11, 2002 was \$3,339. In addition, no deposits were made between November 22, 2002 and January 2, 2003, and the total deposit made on January 2, 2003 was \$1,928.

To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

- D. Fees received were not always disbursed to the state and the County Treasurer monthly. For example, fee collections from August through November 2002 were not disbursed until December 31, 2002. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies monthly to the county treasury.

Conditions A and C were noted in our prior report.

WE RECOMMEND the Associate Circuit Judge:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B.1. Prepare bank reconciliations for all accounts on a monthly basis. In addition, ensure a complete and accurate open items list is maintained and reconciled to the cash balance monthly. Any discrepancies should be promptly investigated and resolved.
- 2. Attempt to identify the unidentified balances of the old Probate Division bank accounts. Any monies remaining unidentified should be disposed of in accordance with state law.
- 3. Investigate the handling of the monies withdrawn from the savings account and ensure proper documentation is retained regarding all transactions and operations of the Probate Division.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Remit fees on a monthly basis.

AUDITEE'S RESPONSE

- A. *The Associate Circuit Judge indicated the duties have been segregated by having one probate clerk prepare the deposit. The second probate clerk reviews the deposit with the cashier report and then takes the deposit to the bank.*
- B.1. *The Associate Circuit Judge indicated bank reconciliations are currently being done on the new bank account and the juvenile restitution account. For the other bank account, bank statements are compared from month to month to ensure no activity has occurred other than bank charges which are being discussed with the bank. An open items listing is maintained on the current bank account and the other two bank accounts are being reviewed.*
2. *The Associate Circuit Judge indicated they have been unable to identify the monies of these accounts and will discuss with the Prosecuting Attorney as to the proper disposition of these monies.*
3. *The Associate Circuit Judge indicated the former clerk and he are certain these monies were used for office supplies and expenses; however, they were unable to locate any documentation regarding these expenditures. The Associate Circuit Judge indicated documentation of expenditures made from interest monies will be retained.*
- C&D. *The Associate Circuit Judge indicated these have been implemented.*

12. Prosecuting Attorney's Accounting Controls and Procedures
--

The Prosecuting Attorney collected fees and restitution on bad checks and court-ordered restitution monies totaling approximately \$572,200 and \$418,500 for the years ended December 31, 2002 and 2001, respectively. The Prosecuting Attorney's office requires offenders to remit money orders, payable to the merchant or victim for restitution and payable to the Prosecuting Attorney's office for bad check administrative fees. Prosecuting Attorney's office personnel indicated their procedure is to transmit restitution money orders to merchants and deposit bad check administrative fee money orders. Concerns with the Prosecuting Attorney's restitution accounting controls and procedures included money orders are not always transmitted or deposited on a timely basis and an adequate follow up on old outstanding checks is not performed. In addition, the Prosecuting Attorney sometimes reduces speeding tickets to non-point speeding tickets by requiring the defendants to make a "contribution" to the Criminal Investigation Fund as a condition of reducing the charges and entering into a plea bargain.

- A. Money orders are not always transmitted or deposited on a timely basis. On May 7, 2003, money orders payable to merchants totaling over \$6,500 had been held for up to two weeks. During October through December 2002, deposits were made approximately two to three times a month and averaged approximately \$2,500.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted or deposited daily or when accumulated receipts exceed \$100.

B. The Prosecuting Attorney does not adequately follow up on old outstanding checks. At December 31, 2002, the Prosecuting Attorney had seven checks totaling \$221 that were over a year old. There is no documentation that the payees of these checks have been notified and the monies remain in the Prosecuting Attorney's bank account. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

C. Contribution collections for the Criminal Investigation Fund totaled approximately \$26,400 and \$14,000 for the years ended December 31, 2002 and 2001, respectively.

- 1) Disbursements made from the Criminal Investigation Fund are for law enforcement purposes. By accepting the contributions, it is possible that fines and penalties which may otherwise have been assessed and credited to the county school fund were not collected and distributed in accordance with an established formula designed to benefit all schools within the county.

Article IX, Section 7 of the Missouri Constitution states that the proceeds of all penalties, forfeitures and fines are to be distributed to the county school fund maintained by the state.

- 2) The Prosecuting Attorney does not make the judge aware of the contribution when presenting the plea bargain to the court.

Opinion 176 issued by the Judicial Commission on Retirement, Removal, and Discipline, states, "Even though the judge does not impose a charitable or civic payment as part of a sentence or condition of probation, when the judge knows such a payment is a pre-condition to receiving the recommendation, the appearance of a 'payoff' remains. The judge has the obligation to review the plea agreement and exercise discretion in a manner so as not to create the appearance of a 'payoff'. The judge should not approve such a plea bargain absent an ordinance, statute, or constitutional provision authorizing such payments."

The Prosecuting Attorney and Associate Circuit Judge should reevaluate whether these circumstances allow the judge to make an informed decision or whether this practice should be discontinued.

Condition A was noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Transmit or deposit all monies intact daily or when accumulated receipts exceed \$100.
- B. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- C. And the Associate Circuit Judge determine whether requiring contributions as part of a plea bargain is acceptable. If this practice is continued, the Prosecuting Attorney and the Associate Circuit Judge should establish guidelines for how contribution amounts are determined.

AUDITEE'S RESPONSE

- A. *The Prosecuting Attorney indicated they are depositing and transmitting more frequently as deposits and transmittals are made at least weekly.*
- B. *The Prosecuting Attorney indicated they will follow up on these old outstanding checks and monitor this in the future.*
- C. *The Prosecuting Attorney indicated they have discontinued receiving contributions on speeding tickets. They will continue to receive contributions on suspended imposition of sentence cases which is not a condition of the plea bargain.*

The Associate Circuit Judge indicated from his understanding of the opinion, he cannot have any knowledge of any plea bargain arrangements or help to establish any guidelines for how contributions are being determined.

13. Public Administrator's Accounting Controls and Procedures
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The Public Administrator acts as the court appointed personal representative for approximately 176 wards of the Associate Circuit Division (Probate Court) and is responsible for receiving, disbursing, and accounting for the assets of those individuals. Concerns with the Public Administrator's accounting controls and procedures included no documentation is maintained of monthly bank reconciliations, supporting documentation is not filed with annual settlements, and annual settlements are prepared based on bank statements and canceled checks instead of book records.

- A. The Public Administrator indicated she performs monthly bank reconciliations for each ward; however, the reconciliations are done on the computer system and the reconciliation is not printed. Thus, no documentation of the reconciliations is maintained. Monthly bank reconciliations are necessary to ensure the bank account is in agreement with the accounting records and to detect errors on a timely basis.

B. A review of the annual settlements filed by the Public Administrator indicated the following problems:

- 1) Bank statements are filed with the Public Administrator's settlements; however, vouchers or invoices supporting disbursements are not submitted for review by the Probate Court. The Associate Circuit (Probate) Judge should consider requiring supporting documentation to be submitted for all expenditures to provide assurance that all disbursements are valid and proper.
- 2) During 2002 and 2001, the Public Administrator used local attorneys to prepare the annual settlements. The attorneys prepare the annual settlements using bank statements and canceled checks. By not using the Public Administrator's records, checks that had been issued, but had not cleared the bank were not included, causing an overstatement of assets and an understatement of expenditures. The annual settlements should present a complete account of all transactions that have occurred to better present the financial condition of the ward. If the Public Administrator retained documentation of monthly bank reconciliations, as suggested in Part A, this information could be used to facilitate the preparation of the annual settlements.

In addition, the Probate Court does not account for the numerical sequence of check numbers during their review of annual settlements to ensure that all disbursements have been reported.

Annual settlements that include complete and accurate reports of estate transactions and assets are necessary for the court to properly oversee the administration of these cases and lessen the possibility that errors or misuse of funds could go undetected.

WE RECOMMEND the Public Administrator:

- A. Retain documentation of monthly bank reconciliations.
- B.1. Submit supporting documentation for all disbursements made on behalf of wards to the Probate Court for review. In addition, the Associate Circuit Judge should require adequate documentation to be filed or made available to support all settlement transactions.
2. Prepare annual settlements using book records to ensure a complete and accurate account of all transactions is provided. In addition, the Associate Circuit Judge should require the numerical sequence of checks issued be reviewed to ensure that all checks are adequately accounted for.

AUDITEE'S RESPONSE

The Public Administrator provided the following responses:

- A. *This has been implemented.*
- B.1. *A lot of expenditures are the same from month to month and with over one hundred and fifty cases, this is a lot of documentation to submit to the Associate Circuit Judge. The documentation is available and submitted to the Associate Circuit Judge upon request.*
- 2. *Since January, we have been completing most annual settlements ourselves. Our computer system generates the annual settlement but is based on checks cleared versus checks written. The estates do have some outstanding checks but the annual settlements will generally materially represent the position of the estate. We will provide a listing of uncleared checks along with the annual settlement to provide the Associate Circuit Judge with additional information.*

The Associate Circuit Judge provided the following responses:

- B.1. *We review every settlement and require documentation for non routine disbursements. Settlements are also periodically reviewed for asset purchases and we require that those items be itemized on the settlement and carried over with each succeeding settlement.*
- 2. *We will review the numerical sequence on a random basis.*

14. Recorder of Deeds' Accounting Controls and Procedures
--

The Recorder of Deeds' office collects various fees for recording documents such as marriage licenses, etc. Monies are not deposited intact as cash refunds are made for overpayments of fees paid by check. In addition, receipts are not deposited on a timely basis. Our review of deposits made during October 2002 through December 2002 indicated deposits are made approximately twice a week and averaged approximately \$2,100.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100 and all refunds should be made by check.

This condition was noted in our two prior reports.

WE AGAIN RECOMMEND the Recorder of Deeds deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, refunds should be made by check.

AUDITEE'S RESPONSE

Deposits will be made more frequently. Refunds by check are now being made if the amount of the refund is over \$3. Refunds will be made in cash if the amount is less than \$3. Thus, the number of cash refunds will decrease.

15. Sheriff's Accounting Controls and Procedures

The Sheriff's department collected various criminal and civil fees, bonds, inmate monies, gun permit fees, and reimbursements for boarding and transporting prisoners totaling approximately \$175,100 and \$206,700 for the years ended December 31, 2002 and 2001, respectively. Concerns regarding the Sheriff's accounting controls and procedures included the inventory listing of seized property is not complete or accurate and procedures have not been implemented to periodically review cases and dispose of related seized property items. In addition, the Sheriff and his deputies are apparently receiving duplicate payment of mileage costs when serving civil papers and no procedures are performed to monitor outstanding paper service fees or to follow up on past due paper service fees.

A. Our review of seized property noted the following concerns:

- 1) While an inventory listing of seized property is maintained, the listing does not appear complete or accurate. Several items located in the evidence room were not included on the inventory listing. In addition, periodic inventories of the property on hand are not conducted.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

- 2) Procedures have not been implemented to periodically review cases and dispose of related seized property items. As a result, numerous items for which the related cases have been disposed in court are being stored.

Section 542.301(5), RSMo 2000, states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure.

B. The Sheriff and his deputies frequently serve papers for attorneys, courts, and other counties relating to civil cases. The Sheriff's department collects fees and mileage reimbursements in return for serving papers. The following concerns were noted:

- 1) The Sheriff and his deputies are apparently receiving duplicate payment of mileage costs when serving civil papers. Fees paid by attorneys, courts, and other counties are accountable fees and consist of a \$20 base fee for each civil paper service request, as well as mileage reimbursement determined by the location of the individual being served. As papers are served, the paper service fees are deposited into the Sheriff's fee account. On a monthly basis, the \$20 base fee is remitted to the County Treasurer and the mileage monies are paid directly to the Sheriff or the deputy who performed the paper service. Civil mileage is also reported to the county on the monthly mileage reports with mileage being reimbursed by the General Revenue Fund. There appears to be no evidence to indicate that the reimbursement paid directly to the Sheriff or the deputy for civil mileage has not already been reimbursed by the General Revenue Fund. For the two years ended December 31, 2002, approximately \$33,500 was paid from the Sheriff's fee account for civil mileage which appears to have been also reimbursed by the General Revenue Fund.

To ensure all monies are accounted for properly, all receipts from entities for civil paper service, including the base fee and the mileage reimbursement, should be deposited in the Sheriff's bank account and remitted to the county treasury. Section 57.407, RSMo 2000, requires the Sheriff to turn over accountable fees to the county treasury.

- 2) For civil paper service fees not received prior to delivery of the papers, no procedures are performed to monitor outstanding paper service fees or to follow up on past due paper service fees. The Sheriff's department has not determined the total costs due from other entities for civil paper service fees. By not adequately monitoring unpaid civil paper service fees, these fees could remain uncollected and might eventually result in lost revenue.

WE RECOMMEND the Sheriff:

- A.1. Maintain a complete inventory listing of all seized property which is updated for both additions and dispositions. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.
2. Adopt procedures to periodically follow up on seized property items and obtain written authorization to dispose of the items upon final disposition of the cases.
- B.1. Discontinue reimbursing mileage costs for civil paper service from the Sheriff's fee account. All paper service fees should be remitted to the County Treasurer.

2. Issue receipt slips for civil paper service fees immediately upon receipt and deposit them in the bank account. Any refunds should be made by check.
3. Establish adequate procedures to monitor and collect unpaid paper service fees.

AUDITEE'S RESPONSE

- A.1. *We will review our procedures and implement any steps necessary to adhere to the recommendation. We have obtained a bar code system to help monitor seized property and hope to change to this system sometime next year.*
2. *We will review our procedures and implement any steps necessary to adhere to the recommendation. We have requested authorization to dispose of some items and will request authorization for additional items that could be disposed of.*
- B.1. *We have made changes regarding civil mileage paid to the deputies. While this mileage is still paid from the Sheriff's fee account, civil mileage is now being deducted from the mileage reported to the county, thereby eliminating the double payment. We are working with the County Commission to increase the mileage cap imposed by the county.*
2. *We have a policy in place that allows us to bill for unpaid paper service fees. In most cases we do not attempt to serve papers unless they are pre-paid. It is usually the counties that are the delinquent payers. We are currently monitoring for unpaid paper service fees and will attempt to collect on fees outstanding. There are some papers mailed to us that according to the statutes we cannot charge for. It is these instances that the deputy does not get paid for performing a service for the court.*

16. Sheriff's Commissary Accounting Controls and Procedures
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The Sheriff maintains a commissary account for the deposit of inmates' money and commissary operations and profits. Deposits to this account totaled approximately \$148,000 and \$57,000 for the years ended December 31, 2002 and 2001, respectively. Inmates order various personal items from the commissary and the money is deducted from their account. Any remaining monies are paid to the inmate upon release. The amounts of monies received, commissary purchases made, and the available cash balance for each inmate are recorded on a computer system.

Inadequate controls and procedures of the commissary account resulted in the theft of \$18,854 in inmate monies being undetected for over eight months. Between May 2001 and January 2002, an employee misappropriated the inmate monies by collecting commissary cash receipts at the time of inmates' arrest, and then retaining the monies for personal use. The misappropriation of inmate monies was detected when the commissary vendor contacted the Sheriff regarding non payment of invoices. The Sheriff investigated the misappropriation and the employee was terminated from county employment. Criminal charges were filed,

and the former employee pled guilty. The former employee was placed on two years probation and paid restitution of \$18,854. The Sheriff indicated new controls and procedures were implemented following the theft to prevent such activity from occurring again. However, several concerns were noted regarding the controls and procedures, including the following: numerical sequence of receipt slips is not accounted for, monthly listings of open items are not reconciled to cash balances, and inmate balances are not reviewed to ensure unclaimed monies are resolved in a timely manner. Also, a \$1 booking fee is not consistently charged and profit earned on commissary sales is not adequately monitored.

- A. The numerical sequence of receipt slips is not accounted for to ensure all monies receipted were properly deposited. In addition, voided receipt slips are not always retained. To ensure receipts are accounted for properly, the numerical sequence of receipt slips should be accounted for and voided receipt slips should be properly mutilated and retained.
- B. Monthly listings of open items (liabilities) are not reconciled to cash balances. Included within the balance of the Sheriff's commissary checking account are monies due to the Sheriff for the \$1 booking fees, profit earned on sales, monies due the commissary vendor for purchases, and the total of the individual inmate balances. Balances for each of these liabilities are maintained on computer files but the balances do not reconcile to the total in the account. According to the Sheriff's records, the total liabilities existing as of December 31, 2002 totaled \$12,570, of which \$4,545 consisted of prisoner monies. However, the reconciled bank balance was \$5,089 for a shortage of \$7,481.

This discrepancy between liabilities and cash balance may be due to several factors. First, inconsistencies were noted in the documentation supporting the calculation of misappropriated monies as determined by the commissary vendor. These inconsistencies included adjustments made by the commissary vendor for which no explanations could be provided, not including all applicable deposits in the calculation, and not including the entire time frame of the deputy's involvement with the commissary. These inconsistencies appear to indicate that the calculation of misappropriated monies, for which restitution was subsequently made, may not have been accurate.

Second, in addition to the adjustments made by the commissary vendor noted above, other adjustments had been made by the commissary vendor to the Sheriff's commissary account. These adjustments appear to have been made in an attempt to record the misappropriation of monies in the commissary account. However, the Sheriff had no explanation from the commissary vendor for these adjustments. In addition, no documentation was available to support how the adjustment amount was determined.

Third, as described in part E, profit earned on commissary sales is not adequately monitored. Therefore, at the time \$10,000 in profit was disbursed from the commissary account, we were unable to verify the amount of profit earnings available.

The above factors may contribute to the discrepancy between liabilities and the cash balance of the commissary account. The Sheriff should work with the commissary vendor to ensure the inconsistencies and concerns noted above are resolved. In addition, the Sheriff should perform monthly reconciliations of liabilities and cash balances. Monthly reconciliations of liabilities and individual prisoner accounts to the reconciled bank balance are necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors on a timely basis.

- C. At December 31, 2002, 493 inmates had closed accounts indicating that the inmate was released from the county jail but the balance of their commissary account was not claimed. Of the 493 closed inmate accounts, 140 accounts totaling \$2,433 had balances over \$1 and 353 accounts totaling \$109 had balances less than \$1. These closed accounts with inmate balances create additional and unnecessary record keeping responsibilities.

An attempt should be made to locate the inmates with unpaid commissary account balances that are no longer prisoners of the county jail. If the inmate cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, routine procedures should be established to investigate inmate balances unclaimed for a considerable time.

- D. Inmates are charged a \$1 booking fee at the time of incarceration. When an inmate is booked, any money they have is collected and deposited into their commissary account. At this time, \$1 is to be allocated from their inmate commissary account balance and recorded as a booking fee due to the Sheriff and later turned over to the General Revenue Fund. The Sheriff's department personnel indicated the booking fee was charged to offset the time, effort, and expense of booking inmates. However, the Sheriff could not provide any statutory authority authorizing the collection of this fee. During our review of commissary procedures, we noted that the \$1 booking fee is not consistently charged to all inmates, however no explanation was provided as to why.
- E. Profit earned on commissary sales is not adequately monitored and turned over to the General Revenue Fund in a timely manner. As commissary items are purchased from the commissary vendor, the Sheriff earns profit on these sales. In August 2002, the Sheriff turned over \$10,000 in commissary profits to the General Revenue Fund. However, there were no procedures in place to monitor accumulated profit, and no

documentation to support how the \$10,000 was determined. Consistently monitoring the amount of profit earned on commissary sales and disbursing this profit to the General Revenue Fund on a monthly basis serves as a means to ensure all monies are accounted for properly.

WE RECOMMEND the Sheriff:

- A. Account for the numerical sequence of receipt slips and retain all copies of voided receipt slips.
- B. Work with the commissary vendor to reconcile liabilities of the commissary account, including individual inmate balances, to the total monies on deposit in the commissary account on a monthly basis.
- C. Attempt to resolve unclaimed balances of closed inmate accounts and establish routine procedures to investigate inmate balances unclaimed for a considerable time.
- D. Review the charging of booking fees with the Prosecuting Attorney to ensure the fee is appropriate. If determined appropriate, ensure all inmates are charged the \$1 commissary booking fee on a consistent basis.
- E. Establish procedures to consistently monitor the profit earned on commissary sales and ensure all profit earnings are disbursed to the General Revenue Fund in a timely manner.

AUDITEE'S RESPONSE

- A. *Voided receipts are retained. We are working with the vendor on the numerical sequence of receipts.*
- B. *We are currently working with the commissary vendor to reconcile liabilities.*
- C. *We are attempting to resolve unclaimed balances of closed inmate accounts. There are unanswered questions as to how this procedure should be accomplished which we are attempting to resolve.*
- D. *We will continue to charge a \$1 fee to open a commissary account. Steps are being taken to assure that each inmate who has a commissary account is charged the \$1 fee.*
- E. *We have and will continue to work with the vendor to monitor the profit earned on commissary sales.*

Concerns with the Health Center's records and procedures include accounting duties are not adequately segregated, the budget was not sufficiently detailed, disbursements and year-end cash balances reported on the budgets did not agree to the accounting records or the total reconciled bank balances at year-end, and procedures are not adequate to monitor budgeted and actual expenditures. In addition, timesheets prepared by employees did not always indicate actual hours worked and fixed asset records are not adequate.

- A. Accounting duties are not adequately segregated. Although all employees receipt monies, one individual is responsible for depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. The Health Center Director indicated no independent review is performed to ensure that receipts are properly recorded and deposited intact.

To adequately safeguard assets, the cash custody and record-keeping functions should be segregated when possible. If proper segregation cannot be achieved, at a minimum, periodic supervisory reviews should be performed and documented.

- B. Our review of the budgets noted the following concerns:

- 1) The Health Center budget was not sufficiently detailed. Several budgeted and actual receipts and/or disbursements were reported in category total only with no descriptive classifications for the categories. The Profit and Loss Statement used to prepare the Health Center budget does include detailed receipt and disbursement classifications, but this detail is not reported in the budget. To be of maximum benefit to the Health Center Board of Trustees and to adequately inform county residents of the Health Center's operations, a complete and detailed budget document is needed. The Health Center Board of Trustees should consider using the detailed receipt and disbursement classifications from the Profit and Loss Statement when preparing the budget.
- 2) Disbursements and year-end cash balances reported on the Health Center's annual budgets did not agree to the Health Center's internal accounting records or the total reconciled bank balances at year-end. For example, for the year ended December 31, 2002, an adjustment of \$3,420 was necessary to agree the year-end cash balance on the Health Center's annual budget to the total reconciled bank balance. In addition, the cash balance on the budget was adjusted for a payroll liability amount. The Health Center indicated adjustments may be made after year end for voided checks but could not provide an explanation for the payroll liability adjustment and has no procedures to ensure amounts reported in the budget agree to internal accounting records. For the annual budgets to present the Health Center's complete financial activity, all monies received and disbursed in a calendar

year should be reflected in the Health Center's budget document and agreed to the year-end reconciled bank balance.

- 3) The Health Center does not have adequate procedures to monitor budgeted and actual expenditures. As a result, expenditures exceeded board approved budgets by \$17,069 for the year ended December 31, 2001. There was no budget amendment filed to authorize the additional expenditures.

It was ruled in *State ex. rel. Strong v. Cribb*, 364 Mo.1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.662, RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional funds which could not be estimated when the budget was adopted.

- C. Timesheets prepared by employees did not always indicate actual hours worked. Timesheets must be submitted one day prior to the date paid for employees to be paid on that date. When submitting the timesheets, employees indicate actual hours worked through the date they are submitting their timesheet and estimate the hours they will work during the next day. No documentation was available to indicate that the hours actually worked were compared to the hours estimated.

The practice of paying employees for estimated hours may lead to errors, inconsistencies in the calculation of overtime and accumulated leave balances, and the potential for employees to be over/under paid. The Health Center Board of Trustees should consider implementing payroll procedures that ensure employees are paid only for actual hours worked.

- D. Our review of the general fixed asset records noted the following concerns:

- 1) Property records do not include all information applicable to the item. Information such as acquisition dates and cost are not indicated for several items on the property control record.
- 2) The Health Center does not have formal procedures for disposing of Health Center owned property. No written authorization for disposal is obtained from the Board of Trustees. Written authorization for the disposal of property and documentation of the date and method of disposition are necessary to lessen the possibility of misuse and to provide adequate support for changes to the general fixed asset records.

Adequate general fixed asset records and procedures are necessary to secure better internal controls over Health Center property and provide a basis for determining proper insurance coverage of Health Center property.

Conditions A, B.1, B.2, D.1, and D.2 were noted in our prior report.

WE RECOMMEND the Health Center Board of Trustees:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B.1. Include detailed classifications of receipts and disbursements in the budgets.
 - 2. Ensure all financial information is properly reflected in the annual budget document.
 - 3. Not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- C. Develop payroll procedures which require all employees to be paid based on actual hours worked.
- D.1. Ensure property control records include a detailed description of each fixed asset as to acquisition date and cost.
 - 2. Establish a formal method of disposing of general fixed assets. At a minimum, written authorization for all property dispositions should be obtained and date and method of disposition should be recorded on the general fixed asset records.

AUDITEE'S RESPONSE

- A. *Currently, the Health Center Director is periodically reviewing the daily receipts, the one-write ledger and the deposits, and also periodically (every two to three months) reviewing the bank reconciliations. These reviews are documented by initialing the records reviewed.*
- B.1. *We concur. We will use the Profit and Loss Statement to prepare a more detailed budget for 2004.*
 - 2. *We have been trying to determine why the adjustments are necessary. We want the financial information to agree to the budget information.*
 - 3. *We concur. We will prepare budget amendments should anticipated disbursements exceed budgeted amounts.*
- C. *We concur. All employees are now paid based on actual hours worked.*

D.1. *We concur. We are in the process of updating fixed asset records.*

2. *The Board has authorized the Health Center Director to dispose of property that is unserviceable or obsolete and valued at less than \$1,000 and this will be recorded in the fixed asset records. Items over \$1,000 will be presented to the Board.*

18. Senate Bill 40 Board Procedures
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The Senate Bill 40 Board does not have adequate procedures to monitor and ensure monies in their various bank accounts are sufficiently collateralized. The Senate Bill 40 Board deposits were under collateralized by approximately \$65,000 at December 31, 2001. In addition, the Senate Bill 40 Board deposits were under collateralized by approximately \$194,000 and \$134,000 in January 2002 and January 2003, respectively. The high balances in January 2002 and January 2003 occurred due to the receipt of property tax monies in January causing the balances to be unusually high.

Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave Senate Bill 40 Board funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the Senate Bill 40 Board develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

AUDITEE'S RESPONSE

Additional securities have been pledged by the bank to cover this excess and we will monitor our balances to have additional securities pledged if necessary.

Follow-Up on Prior Audit Findings

DUNKLIN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dunklin County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998 and our Special Review of the Dunklin County Ex-Officio County Collector, issued October 11, 2000. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Budgets were not obtained or prepared for several county funds.
- B. Actual disbursements exceeded the approved budgeted amounts in several county funds.
- C.1. The county did not publish the annual financial statement in a timely manner.
- 2. The annual published financial statement for 1997 did not include financial activity for several funds and the eight townships. In addition, the total receipts, total disbursements, and the beginning and ending balance for the General Revenue Fund were not presented in the recapitulation.

Recommendation:

The County Commission:

- A. Ensure budgets are prepared or obtained for all county funds as required by statute.
- B. Not authorize warrants in excess of budgeted expenditures. If valid reasons necessitate excess expenditures, the original budget should be formally amended and filed with the State Auditor's office.
- C.1. And the Health Center Board of Trustees ensure financial statements are published by the first Monday in March of each year.
- 2. And the Health Center Board of Trustees ensure financial information for all county funds is properly reported in the annual published financial statements in accordance with statute.

Status:

- A. Not implemented. See finding number 02-1.

- B. Not implemented. See MAR finding number 1.
- C.1. Partially implemented. While improvement was noted in the publication date of the county's financial statements, publication did not occur by the first Monday in March. Although not repeated in the current report, our recommendation remains as stated above.
- 2. Not implemented. See MAR finding number 1.

2. County Treasurer's Accounting Controls and Procedures

- A. The method of payment was not consistently indicated on the receipt slips. In addition, monies were not deposited intact.
- B. Checks and money orders were not restrictively endorsed immediately upon receipt.
- C. Accounting and bookkeeping duties were not adequately segregated.
- D. Interest of approximately \$62,623 earned on the NOW checking account had not been allocated to the various funds.

Recommendation:

The County Treasurer:

- A. Record the method of payment on each receipt slip issued. Account for the numerical sequence and reconcile the composition of receipts to the composition of bank deposits. In addition, deposit all monies intact and write checks for refunds of overpayments.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- D. Allocate interest on a timely basis in accordance with state statutes and Attorney General's opinions.

Status:

- A. Partially implemented. The numerical sequence of receipts is accounted for and the composition of receipts is reconciled to the composition of bank deposits. In addition, all monies are deposited intact and no cash refunds are given for overpayments. However, the method of payment is not consistently indicated on the receipt slips. See MAR finding number 7.

B. Not implemented. See MAR finding number 7.

C&D. Implemented.

3. Flood Control Distribution

The County received approximately \$13,588 in flood control monies since 1989 and did not distribute these monies in accordance with the statutes.

Recommendation:

The County Commission have all flood control lands assessed, determine how much of the \$13,588 discussed above is due the various school districts and townships, and distribute that amount to those entities. In addition, any future flood control monies received should be distributed in accordance with Section 12.100, RSMo 1994.

Status:

Not implemented. While the County Commission has not distributed any flood control monies, only \$825 was received in flood control monies for the two years ended December 31, 2002. Although not repeated in the current report, our recommendation remains as stated above.

4. General Fixed Asset Records and Procedures

- A. The County Clerk did not maintain property records in a manner that balances can be reconciled from period to period. In addition, property records did not always include all information applicable to the item.
- B. An annual inventory of all general fixed assets was not conducted and inspections of county-owned land and buildings were not conducted.
- C. General fixed assets were not consistently numbered, tagged, or otherwise identified as county property.

Recommendation:

The County Clerk:

- A. Ensure reconciliations are performed between prior year general fixed asset records and current year general fixed asset records which document total additions, deletions, and balances. In addition, the County Clerk should ensure property control records include a detailed description of each fixed asset as to property tag numbers and the method of disposition.

- B. Perform an annual inventory of all general fixed asset items and quarterly inspections of buildings and land in accordance with Section 51.155, RSMo Cum. Supp. 1998. Records should be maintained to document the inventory and inspections.
- C. Properly number, tag, or otherwise identify all county-owned property with an original cost of \$250 or more and include the tag numbers on the property control record.

Status:

Not implemented. See MAR finding number 4.

5. Computer Controls

- A. Passwords which restrict employee access to computer files were not changed periodically, and some passwords were not kept confidential.
- B. The county did not have a formal emergency contingency plan for its computer systems. In addition, some of the areas housing computer hardware and software were not equipped with fire detection, smoke detection, or extinguishing systems.
- C. Control and proof functions were not performed by the County Clerk or the County Treasurer and Ex Officio County Collector to ensure that no data were added or lost during processing.

Recommendation:

The County Commission:

- A. Ensure unique passwords are assigned to each employee and these passwords are periodically changed and remain confidential.
- B. Develop a formal contingency plan for the county's computer systems and equip areas that house computer hardware and software with fire detectors, smoke detectors, or extinguishing systems.
- C. Require control and proof functions to be performed by someone other than the computer operator to ensure that no data was added or lost during processing.

Status:

- A Not implemented. See MAR finding number 5.

B. Partially implemented. Computer systems areas are equipped with fire detectors, smoke detectors, or extinguishing systems. However, a formal contingency plan has not been developed. See MAR finding number 5.

C. Implemented.

6. Personnel Policies and Procedures

A. Centralized records of leave balances and leave used and earned were not maintained.

B. The Public Administrator received a salary of \$4,000 in 1997, even though the Public Administrator received fees totaling \$41,972. The \$4,000 salary is only allowable when fees received totaled less than \$25,000.

Recommendation:

The County Commission:

A. Maintain centralized records of leave earned, used, and accumulated for all county employees.

B. Review this situation with the Prosecuting Attorney to ensure the proper amount was paid to the Public Administrator and seek reimbursement for any overpayments.

Status:

A. Not implemented. See MAR finding number 3.

B. Not Implemented. The County Commission did not review this situation with the Prosecuting Attorney and did not seek reimbursement for any overpayments. Although not repeated in the current report, our recommendation remains as stated above.

7. Board of Prisoners

The county billed cities for boarding prisoners at a rate that was not sufficient to recover all costs associated with boarding prisoners and charged the city of Kennett a flat rate of \$600 a month.

Recommendation:

The Sheriff and the County Commission periodically review the cost of boarding prisoners and establish a billing rate for other political subdivisions that is sufficient to recover costs of housing prisoners in the Dunklin County jail. In addition, the county should obtain written agreements with the City of Kennett for the boarding of inmates.

Status:

Not implemented. See MAR finding number 6.

8. Ex Officio County Collector's Accounting Controls and Procedures

See the audit report on Dunklin County, Missouri Ex-Officio County Collector (report number 2000-109).

9. Circuit Clerk's Accounting Controls and Procedure

- A. Civil and criminal receipts were not deposited on a timely basis.
- B. Formal bank reconciliations were not prepared for the new child support account on a timely basis.
- C. The monthly listing of open items did not reconcile to the cash balance for either the old or the new child support account.

Recommendation:

The Circuit Clerk:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- B. Perform bank reconciliations and post reconciling items on a timely basis, so that errors or irregularities will be detected on a timely basis.
- C. Reconcile the monthly listing of open items to the cash balance for all accounts. In addition, any unidentified monies should be disposed of in accordance with state law.

Status:

Implemented.

10. Prosecuting Attorney's Accounting Controls and Procedures

- A. Backup disks of computerized bad check information were not prepared.
- B.1. Money orders for bad check restitution made payable to merchants were not always transmitted on a timely basis and bad check fees were not deposited on a timely basis.
- 2. Checks and money orders were not restrictively endorsed immediately upon receipt.

- C. Monthly listings of open items were not prepared for the old and new checking accounts, and consequently, open items were not reconciled with cash balances.

Recommendation:

The Prosecuting Attorney:

- A. Ensure computerized bad check records are backed up on disk and these disks are stored in a secure, off-site location.
- B.1. Transmit bad check restitutions to merchants on a timely basis and deposit all monies intact daily or when accumulated receipts exceed \$100.
 - 2. Restrictively endorse checks and money orders immediately upon receipt.
- C. Prepare a monthly listing of open items and reconcile these listings to monies held in trust. In addition, review the account's open items and resolve any old open items in a timely manner.

Status:

A, B.2,
&C. Implemented.

B.1. Not implemented. See MAR finding number 12.

11. County Clerk's Accounting Controls and Procedures

- A. Receipt slips issued were not prenumbered and the method of payment was not always indicated on the receipt slips.
- B. Checks and money orders were not restrictively endorsed immediately upon receipt.

Recommendation:

The County Clerk:

- A. Issue prenumbered receipt slips for all monies received and account for the numerical sequence. Indicate the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of monies transmitted.
- B. Restrictively endorse checks and money orders immediately upon receipt.

Status:

- A. Partially implemented. While prenumbered receipt slips are issued and the numerical sequence is accounted for, the method of payment is not always indicated on the receipt slips and the composition of receipts is not reconciled to the composition of monies transmitted. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented.

12. Probate Division's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B.1. The method of payment was not indicated on the receipt slips issued for the juvenile account. In addition, the numerical sequence of receipt slips was not accounted for.
 - 2. Receipts were not deposited to the probate account on a timely basis.

Recommendation:

The Probate Judge:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B.1. Record the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of bank deposits. In addition, the numerical sequence of receipt slips should be accounted for.
 - 2. Deposit all monies intact daily or when accumulated receipts exceed \$100.

Status:

- A&
- B.2. Not implemented. See MAR finding number 11.
- B.1. Implemented.

13. Assessor's Accounting Controls and Procedures

- A. Receipt slips were not issued for monies received.
- B. Receipts were not transmitted to the County Treasurer on a timely basis or transmitted intact.

- C. Checks were not restrictively endorsed immediately upon receipt.

Recommendation:

The Assessor:

- A. Issue prenumbered receipt slips for all monies received and account for the numerical sequence. Indicate the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of monies transmitted.
- B. Transmit all monies to the County Treasurer intact monthly as required by Section 50.360, RSMo 1994, and maintain the change fund at a constant amount.
- C. Restrictively endorse checks immediately upon receipt.

Status:

Not implemented. See MAR finding number 8.

14. Recorder of Deeds' Accounting Controls and Procedures

Receipts were not deposited intact or on a timely basis.

Recommendation:

The Recorder of Deeds record copy monies as received and deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, refunds should be made by check.

Status:

Not implemented. See MAR finding number 14.

15. Sheriff's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. The method of payment received was not indicated on the receipt slips issued.
- C. Receipts were not deposited on a timely basis.
- D. Monthly listings of open items were not prepared.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Record the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of bank deposits.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Prepare a monthly listing of open items and reconcile these listings to monies held in trust. In addition, any unidentified monies should be disposed of in accordance with state law.

Status:

A&B. Implemented.

- C. Partially implemented. While improvement in the frequency of deposits was noted, deposits are still not being made daily or when accumulated receipts exceed \$100. Although not repeated in the current report, our recommendation remains as stated above.
- D. Partially implemented. Although this recommendation was implemented for the Sheriff's fee account, this concern was noted for the Sheriff's Commissary account. See MAR finding number 16.

16. Health Center Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B.1. The Health Center budget was not sufficiently detailed.
 - 2. Receipts, disbursements and year end cash balances reported on the Health Center's annual budget did not agree to the Health Center's internal accounting records or the total reconciled bank balances at year end.
- C.1. The one-write and vital records receipt slips were not prenumbered. In addition, all receipts were not immediately posted to the cash control records.
 - 2. Receipts were not deposited on a timely basis.
 - 3. The method of payment received was not indicated on the receipt slips issued.

- 4. Checks and money orders were not restrictively endorsed immediately upon receipt.
- D. Collateral security pledged by the Health's Center's depository banks at December 31, 1997, was insufficient by approximately \$45,400.
- D. The Health Center did not agree leave records to employee time sheets.
- F.1. The Health Center Director approved some payments to vendors without requiring acknowledgement of receipt of goods or services. In addition, invoices were not always canceled or marked paid after payment was made.
- 2. The Health Center did not always obtain written contracts for services received.
- G.1. An annual inventory of all general fixed assets was not being conducted.
- 2. The Health Center did not maintain property records in a manner that balances can be reconciled from period to period. In addition, property records did not include all information applicable to the item.
- 3. Some fixed assets were not consistently numbered, tagged, or otherwise identified as Health Center owned property.
- 4. The Health Center did not have formal procedures for disposing of Health Center owned property.
- H.1. Passwords, which restrict employee access to computer files, were not changed periodically, and passwords were not kept confidential.
- 2. The Health Center did not have a formal emergency contingency plan for its computer systems. In addition, some of the areas housing computer hardware and software were not equipped with fire detection, smoke detection or extinguishing systems.
- 3. The Health Center backup disks of all financial data were not stored at an off site location.

Recommendation:

The Health Center Board of Trustees:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B.1. Include detailed classifications of receipts and disbursements in the budgets.

2. Ensure all receipts, disbursements and ending cash balances are properly reflected in the annual budget document.
- C.1. Issue prenumbered receipt slips for all monies received and account for the numerical sequence. In addition, ensure all receipts are posted to the cash control record when received.
 2. Deposit all monies intact daily or when accumulated receipts exceed \$100.
 3. Record the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of bank deposits.
 4. Restrictively endorse checks and money orders immediately upon receipt.
- D. Ensure adequate collateral securities are pledged to protect the Health Center's funds. This can be done by monitoring bank activity and providing timely notice to the depository banks of the need for additional collateral securities to be pledged.
- E. Maintain accurate leave records for all Health Center employees and ensure the leave records agree to time sheets.
- F.1. Require acknowledgement of receipt of goods and/or services prior to payment. In addition, ensure all invoices are canceled when paid to prevent the possibility of duplicate payment.
 2. Enter into written contracts that specifically state the services to be provided to the Health Center. Any expenditures made should be monitored for compliance with the terms of the contract.
- G.1. Perform an annual inventory of all general fixed asset items. Records should be maintained to document the inventory.
 2. Ensure reconciliations are performed between prior year general fixed asset records and current year general fixed asset records which document total additions, deletions, and balances. In addition, ensure property control records include a detailed description of each fixed asset as to acquisition date and cost.
 3. Properly number or tag all fixed asset items.
 4. Establish a formal method of disposing of general fixed assets. At a minimum, written authorization for all property dispositions should be obtained and date and method of disposition should be recorded in the general fixed asset records.
- H.1. Ensure unique passwords are assigned to each employee and these passwords are periodically changed and remain confidential.

2. Develop a formal contingency plan for the Health Center's computer systems and equip all areas that house computer hardware and software with fire detectors, smoke detectors or extinguishing systems.
3. Ensure backup disks are prepared and stored in a secure, off site location.

Status:

A, B,
G.2&

G.4. Not implemented. See MAR finding number 17.

C.1-3

D, E,

G.1, G.3,

H.1,

&H.3. Implemented.

C.4. Not implemented. While checks and money orders are not always restrictively endorsed immediately upon receipt, deposits are generally made daily and restrictive endorsement is applied at that time. Although not repeated in the current report, our recommendation remains as stated above.

F.1. Not implemented. While improvement was made, instances were still noted in which acknowledgment of receipt of goods and/or services was not indicated prior to payment and all invoices were not canceled. Although not repeated in the current report, our recommendation remains as stated above.

F.2. Partially implemented. While improvement was made, written contracts are still needed for some services received. Although not repeated in the current report, our recommendation remains as stated above.

H.2. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

SPECIAL REVIEW OF DUNKLIN COUNTY EX-OFFICIO COUNTY COLLECTOR

1. Reconciliation of Ex-Officio County Collector's Records

A. Monthly bank reconciliations were inadequate.

B. Monthly listing of liabilities were not prepared and reconciled to cash balances.

- C. The method of payment received was not consistently indicated on the receipt slip or on the paid tax receipt. Additionally, tax receipts and other monies were not reconciled to the composition of bank deposits.

Recommendation:

The Ex-Officio County Collector:

- A. Perform accurate monthly bank reconciliations.
- B. Prepare monthly listings of liabilities and reconcile the listings to the reconciled bank balances.
- C. Record the method of payment on each receipt slip issued and each paid tax receipt. In addition, the Ex-Officio County Collector should prepare a daily abstract of all receipts and reconcile the composition of receipts per the daily abstract to the composition of bank deposits.

Status:

A&C. Implemented.

- B. Not implemented. See MAR finding number 9.

2. Ex-Officio County Collector's Accounting Controls and Procedures

- A. The receipt slip books used for some drainage districts and levee collections were not prenumbered. In addition, different receipt slip books were used for each drainage and levee district and the Ex-Officio County Collector used multiple receipt slip books for the same drainage or levee district even though the receipt slip book had not been completed. Consequently, the numerical sequence of receipt slips issued was not accounted for.
- B. Interest totaling approximately \$18,099 had not been distributed.
- C. The annual settlement of the Ex-Officio County Collector was not completed and filed on a timely basis.
- D. The Ex-Officio County Collector had not adequately followed up on old outstanding checks.
- E. Postage stamps totaling \$1,980 were purchased from the Ex-Officio County Collector bank account even though the Ex-Officio County Collector had no authority to make purchases from political subdivisions' tax monies.

- F. The Ex-Officio County Collector disbursed \$4,185 more in interest to the County Treasurer's Special Road and Bridge Fund than applicable.

Recommendation:

The Ex-Officio County Collector:

- A. Issue prenumbered receipt slips for all monies received and account for the numerical sequence of those receipt slips. Records should be adequately maintained to ensure all monies have been disbursed to the drainage districts and levee districts.
- B. Allocate interest in accordance with state statutes and Attorney General's opinions.
- C. Ensure annual settlements are completed in a timely manner.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- E. Discontinue the practice of purchasing postage stamps from the Ex-Officio County Collector's bank account. Reimbursement of \$1,980 should be obtained from the General Revenue Fund.
- F. Obtain reimbursement of \$4,185 from the Special Road and Bridge Fund.

Status:

- A. Not implemented. While improvement was made as only one receipt slip book was used for each drainage or levee district, different receipt slip books are still used, some of which are not prenumbered. In addition, the numerical sequence of receipt slips issues is not accounted for. Although not repeated in the current report, our recommendation remains as stated above.
- B&C. Not implemented. See MAR finding number 9.
- D. Partially implemented. While the Ex-Officio County Collector's bank account still has some outstanding checks that are over a year old, these amounts totaled only \$32. Although not repeated in the current report, our recommendation remains as stated above.
- E&F. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DUNKLIN COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1845, the county of Dunklin was named after Daniel Dunklin, a former governor of Missouri. Dunklin County is a township-organized, third-class county and is part of the Thirty-Fifth Judicial Circuit. The county seat is Kennett.

Dunklin County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain county roads and bridges.

The county's population was 36,324 in 1980 and 33,155 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 175.8	174.0	156.8	152.0	112.8	49.6
Personal property	72.3	71.0	71.7	69.5	22.9	12.8
Railroad and utilities	23.7	24.2	23.5	22.6	16.7	17.8
Total	\$ 271.8	269.2	252.0	244.1	152.4	80.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Dunklin County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.1000	.1000	.1000	.1000
Health Center Fund	.1000	.1000	.1000	.1100
Senate Bill 40 Board Fund	.1000	.0800	.0800	.0900

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	\$ 84,066	82,760	77,257	73,906
General Revenue Fund	312,908	309,784	296,447	270,206
Special Road and Bridge Fund	749,487	735,633	680,820	645,576
Assessment Fund	120,852	117,359	110,328	103,730
Health Center Fund	277,408	273,618	256,660	266,467
Senate Bill 40 Board Fund	272,819	220,318	206,802	218,855
School districts	8,844,453	8,846,671	8,101,595	7,502,918
Library district	690,496	680,194	635,102	608,260
Ambulance district	362,806	356,372	332,222	316,880
Johnson Grass Fund	3,183	3,377	2,898	2,571
Townships	270,563	266,532	250,166	239,206
Drainage/Levee Districts	25,141	10,739	22,863	20,923
Cities	112,475	117,760	106,696	99,029
County Employees' Retirement	92,312	65,446	64,735	60,774
Other	5,776	6,450	7,371	7,836
Commissions and fees:				
General Revenue Fund	94,165	81,382	86,051	73,533
Township Collectors	80,029	79,679	73,349	69,913
Ex-Officio Collector	0	0	72	109
Total	\$ 12,398,939	12,254,074	11,311,434	10,580,692

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	93.1	93.3	93.2	93.8 %
Personal property	85.1	85.7	84.4	83.9
Railroad and utilities	100.0	100.0	100.0	100.0

Dunklin County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	*

* The ballot indicated the present property tax rate would be reduced to 10 cents per \$100 assessed valuation.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Don Collins, Presiding Commissioner	\$	28,842	28,842	8,947	
Don Jones, Presiding Commissioner				17,895	29,283
Jeanie Moore Herbst, Associate Commissioner		28,380	28,380	26,842	28,402
Patrick McHaney, Associate Commissioner		28,380	28,380		
Carl Williams, Associate Commissioner				26,842	29,283
Susan Luce, Recorder of Deeds		37,823	37,823	37,823	40,262
Charles O. Isbell, County Clerk		40,873	40,873	40,873	43,312
Steven P. Sokoloff, Prosecuting Attorney		47,584	47,584	47,584	50,022
Robert Holder, Sheriff		48,000	48,000	43,200	45,360
Jack Adkins, County Coroner		15,000	15,000	8,000	8,000
Wanda Stampley, Public Administrator (1)		43,000	43,000	102,478	43,915
Nina Breedon Rhew, Treasurer and Ex-Officio County Collector (2), year ended March 31,	43,000	43,000	33,424		
Jeris Warrington, Treasurer and Ex-Officio County Collector (3), year ended March 31,			6,677	40,138	
Donna Truelove Abmeyer, County Assessor (4), year ended August 31,		43,900	42,400	42,400	42,940

- (1) Includes fees received from probate cases for 2000 and 1999. Beginning in 2001, the Public Administrator received a salary of \$43,000.
- (2) Includes \$67 for the year ended March 31, 2001, of commissions collected from drainage districts.
- (3) Includes \$5 and \$109, respectively, of commissions collected from drainage districts.
- (4) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Judith L. Vavak, Circuit Clerk	47,300	47,300	46,127	44,292
Daniel J. Crawford, Associate Circuit Judge	96,000	96,000	97,382	87,235
John Beaton, Associate Circuit Judge (Probate)	96,000	96,000	97,382	87,235



**DEPARTMENT OF MENTAL HEALTH
HABILITATION CENTER MANAGEMENT**

**From The Office Of State Auditor
Claire McCaskill**

Department could save from \$5 to \$6.9 million annually (in state and federal money) by reducing operating costs for centers for developmentally disabled residents.

**Report No 2003-120
December 23, 2003
www.auditor.mo.gov**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

December 2003

Operation costs could be reduced for the state's habilitation centers housing residents with developmental disabilities

Currently, Missouri residents with developmental disabilities can be placed in one of the division's six habilitation centers or into contractor-operated facilities in their own communities. During fiscal year 2002, the cost of serving the 1,284 residents of state-operated campus facilities was \$113.4 million. Due to state budget cuts, the Division of Mental Retardation and Developmental Disabilities needs to assess its programs. The following highlights the findings:

State operated on-campus residential services should have operating costs examined

If the division decides to close one facility, about \$5 to \$6.9 million (about \$2 to \$2.7 million in state funds and \$3 to \$4.2 million in federal funds) in annual operating costs could be saved. Habilitation center officials said renovations at four of the five remaining facilities could add a sufficient number of Medicaid certified beds to accommodate residents from the closed facility. (See page 3)

Division officials have initiated actions to streamline center operations

Division officials said they have begun a phased approach in deliberate stages to streamlining and reorganizing the habilitation center system. However, the division officials had no written plan to show how or when overall reorganization would take place or the most cost beneficial approach to reorganization. (See page 5)

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YELLOW SHEET

**DEPARTMENT OF MENTAL HEALTH
HABILITATION CENTER MANAGEMENT**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Dorn Schuffman, Director
Department of Mental Health
and
Anne S. Deaton, Director
Division of Mental Retardation and Developmental Disabilities
Jefferson City, MO 65102

During fiscal year 2002, it cost about \$113 million to operate the Division of Mental Retardation and Developmental Disabilities' (division) six habilitation centers, which provide residential care to about 1,300 residents with developmental disabilities. This report focuses on the extent these facilities were operated in a cost-effective manner. Specifically, our objective was to determine if any of the current division operated habilitation centers can be operated more economically.

The division's six habilitation centers represent the most costly option to provide residential care to individuals with developmental disabilities. During fiscal year 2002, it cost on average \$88,253 per resident to care for habilitation center residents.

We found the division could potentially save from \$5 to \$6.9 million annually by reducing operating costs of the habilitation centers. The division has begun a phased program for streamlining and reorganizing the habilitation center system.

We conducted the audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

The following staff contributed to this report:

Director of Audits:	William D. Miller, CIA, CGFM
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In-Charge Auditor:	Benjamin Douglas
Audit Staff:	Michelle J. Holland

RESULTS AND RECOMMENDATION

Operation Costs Could be Substantially Reduced for the State's Habilitation Centers Housing Residents with Developmental Disabilities

Due to budget cuts, the Division of Mental Retardation and Developmental Disabilities (the division) needs to assess its programs. Information provided by division officials shows it is possible to increase the population at four of the six centers which could provide annual savings of \$5 to \$6.9 million (about \$2 to \$2.7 million in state funds and \$3 to \$4.2 million in federal funds). Division officials have begun a phased approach in deliberate stages to streamlining and reorganizing the habilitation center system. However, the officials had no written plan or cost analysis to show how or when overall reorganization would take place or the most cost beneficial approach to the reorganization. Recognizing that cost and level of care are two of many factors in resident placement, the division would have to decide if such savings are desirable and achievable.

State-operated on-campus residential services is a costly form of client habilitation

Currently, Missouri residents with developmental disabilities can be placed in one of the division's six habilitation centers, which are located in Higginsville, Marshall, Nevada, St. Louis (two locations, Bellefontaine and St. Louis Developmental Disabilities Treatment Centers), and Poplar Bluff/Sikeston,¹ or into contractor-operated facilities in their own communities. Analysis shows during fiscal year 2002, the average cost per resident in one of the six habilitation centers was about \$88,253, or a total of \$113.4 million for the 1,284 residents currently residing in the division's six habilitation centers.

Closing state-operated institutions is a national trend

A June 2002 national report on states' financing and programming trends of care for developmentally disabled residents showed a national trend of closing state-operated public institutional facilities.² The report defined institutional closures as completed or in-progress terminations of state-operated institutions for people with mental retardation and developmental disabilities (MR/DD) or closure of psychiatric facilities with designated MR/DD units. An in-progress closure implied the MR/DD state agency was implementing a legislatively sanctioned phase-out of the facility. The report noted the trend toward closing institutions gained momentum during the early-1980s recession and has continued. In reference to an earlier national survey, the report noted a 1985 study identified 24 closures in 12 states from 1970-1984. It further noted a 1988 national study of public spending identified 44 closures in 20 states, while the 2002 report identified 125 closures or planned closures by 2000 in 37 states. A more recent example of state institution closings is shown in the Ohio example below.

125 facilities to close in 37 states
--

¹The Poplar Bluff/Sikeston habilitation center is comprised of two campuses of group homes, one located in Poplar Bluff and another in Sikeston and is called Southeast Missouri Residential Services Center.

²*The State of the States in Developmental Disabilities: 2002 Study Summary*, Coleman Institute for Cognitive Disabilities and Department of Psychiatry The University of Colorado, June 2002.

According to the director of Ohio's Department of Mental Retardation and Developmental Disabilities, the department does not have the money in its budget to keep two habilitation centers running. Based on a critical review of operating costs and reimbursements, capital needs and demand for admissions, the department identified two facilities to close, one by June 2005 and the other by June 2006. According to department officials, each resident at the two centers can either move to another developmental center or move to another facility in the community. The director said staff will conduct one-on-one meetings with the residents and their family or guardian about choices and options. The two centers had a total of 267 residents, 181 at one location and 86 at the other location. Relocation of residents is underway.

Operating costs could be reduced

The division could support its habilitation center residents more cost effectively by relocating residents of one of the six centers to the remaining five habilitation centers. If the division decides to close one facility, about \$5 to \$6.9 million (depending on the facility closed) in annual operating costs could be saved as shown in Table 1.1.

Table 1.1: Operating Costs of Habilitation Centers

Type of Savings	Habilitation Center I	Habilitation Center II
Fixed Costs ¹	\$1,540,658	\$1,957,326
Employee Costs ²	3,524,257	4,957,752
Totals	\$5,064,915	\$6,915,078

Source: SAO analysis based on budgetary fixed costs and employee costs from fiscal year 2002 of two habilitation centers.

¹Fixed costs based on budget expenditures for such items as utilities, maintenance, and supplies unrelated to direct care client expenditures for fiscal year 2002.

²Employee costs based on budget expenditures for non-direct care habilitation staff such as clerical, food preparation, and maintenance staff for fiscal year 2002. Employee costs include fringe benefits.

According to habilitation center officials, renovations at four of the five remaining facilities could add a sufficient number of Medicaid certified beds to accommodate residents from the closed facility. Habilitation center officials estimated between 136 and 160 certified beds could be added to four of the five remaining centers depending on the center closed. The officials estimated one-time costs of about \$1.8 million to accomplish the renovations of which about \$1.6 million would be used to renovate one building to house 30 or more residents. Another option, per a habilitation center official, would be to build four new group homes at the same estimated cost of about \$1.6 million to house up to 32 residents. However, the official said renovating the existing building would not only be quicker, but would provide office space in addition to client spaces.

If the division decides to close one center and expand other centers actual costs could be less than the estimated \$1.8 million for the following reasons:

- If given the choice, some residents might not move to one of the other residential centers opting to move to community group homes or an individualized supported living center (ISL). The division would not have to spend as much money to expand the other centers.

- The federal government through the Medicaid program will reimburse the state over the estimated useful life of the project, at about 60 percent of the costs to expand the other habilitation centers. However, even if the higher costs are needed to provide additional spaces, a year of the estimated annual savings would more than offset the costs.
- As is the case now, each individually operated center incurs significant annual fixed costs to support duplicate functions, while available capacity could support the census with fewer facilities. For example, each center incurs costs for administrative, dietetic, facility, and client-direct support functions. Some of these costs could be eliminated and others reduced if the census were combined into fewer locations. Costs to operate the centers range from about \$7 million to \$33.4 million each annually. See Table 1.2 for specific details on the state's habilitation centers.

Table 1.2: Habilitation Center Residents and Facility Costs - 2002

Habilitation Center	Date Opened	Number of Residents	Total Facility Cost (millions)¹	Average Cost Per Resident
Bellefontaine	1924	382	\$33.4	\$87,559
St. Louis ²	1974	235	22.9	97,243
Marshall	1901	311	25.0	80,320
Higginsville	1956	132	13.4	101,444
Nevada	1903	138	11.7	84,456
Southeast ²	1992	86	7.0	81,301
Totals		1,284	\$113.4	\$88,253

Source: Division central office officials

¹Operating costs and average cost per client do not include the annual medical expenditures, since community based waiver expenditures do not include Medicaid medical costs.

²St. Louis Developmental Disabilities Training Centers (St. Louis) and the Southeast Missouri Residential Services center (Southeast)

In addition, the division could realize further savings by avoiding projected long-term capital improvement costs and the potential sale of property, equipment, and facilities at the habilitation center selected for closing. For example, one potential closure site has 111 acres, with 49 of those acres currently leased to other entities, along with facilities and equipment currently used. This site also has projected capital improvement costs of \$1,609,646 in fiscal year 2004. Another potential closure site has 150 acres along with facilities and equipment and two capital improvements requests for fiscal year 2003 and fiscal year 2004 of \$609,714.

In discussions, division officials acknowledged that reducing the number of habilitation centers could be cost-effective, especially with current budget constraints; however, an undeterminable amount of federal revenues associated with these centers could be lost. Closing one of the centers may require relocating residents. However, two center superintendents said acquiring more staff to accommodate additional residents could be a significant problem. Acquiring more staff to support additional residents at the various centers could be impacted by which center is closed and its proximity to another center. Depending on proximity, some current staff may consider transferring to retain their jobs and state benefits. Also, if a large number of residents elect to move into a group home or ISL in their communities, the division could hire fewer additional employees.

Division officials have initiated actions to streamline center operations

According to division officials, although they have not closed entire habilitation centers they have initiated a deliberate, staged, and phased approach to reorganizing and streamlining the habilitation center system. For example, they have closed at least one 14-person group home at Higginsville, a 16-person skilled nursing unit at Marshall, and a 32-person skilled nursing unit at Midtown in St. Louis. They also developed a new policy (dated July 1, 2003) regarding accepting new clients with emphasis on placing them into community settings, versus seeking to place them into one of the six habilitation centers. According to the policy, census of all habilitation centers shall not exceed fiscal year 2002 funded levels for all state-operated habilitation centers. In addition, new admissions (with a few exceptions³) to state-operated centers shall be reviewed at 30, 60, and 90 days to determine if the person has continued need for habilitation center services. The policy also calls for persons currently residing in state-operated centers to be assessed for appropriate residential options at their annual planning meetings. At the time of assessment, all residential options will be reviewed with the person and/or their guardian.

However, although division officials acknowledged the need for overall habilitation center reorganization, at the time of our audit, they had no written plans in place regarding how or when overall habilitation center reorganization/downsizing might take place. The division also had no plans to do analysis that would show the most beneficial and cost-effective way to reorganize the system.

Conclusions

The analysis in this report suggests there are cost savings that can be realized; however, the division would have to make the suggested decisions taking into account other resident placement factors including level of care needed. Information division officials provided shows it is possible to increase the population at four of the six centers.

Recommendation

We recommend the Director, Division of Mental Retardation and Developmental Disabilities consider the feasibility of reducing the number of habilitation centers and providing alternate options for residents.

Department of Mental Health Comments

We appreciate the auditors work and concur with your recommendation. The Division of Mental Retardation and Developmental Disabilities has formalized a process to analyze each habilitation center campus. We will provide the State Auditor's Office with regular updates on our progress.

It is important to restate and emphasize that many factors impact habilitation center operations and subsequent changes to them. Those factors include identifying appropriate community

³ Forensic clients who cannot be placed anywhere but a state habilitation center.

contract provider options for consumers, provider rate issues, and difficulties that habilitation centers and community contract providers continue to have recruiting and retaining qualified staff, as well as quality assurance and monitoring functions for community contract providers.

Moving individuals out of poor quality buildings on Habilitation Center campuses is consistent with our values and plans. However, closing a habilitation center and transferring significant numbers of individuals from one campus to another is not the most appropriate way to proceed. Instead, we are committed to developing as many community alternatives as possible to serve individuals who require long term services and supports.

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

To determine if the Division of Mental Retardation and Development Disabilities' costs to provide services to its clients can be reduced through more efficient and effective management practices. Specifically, determine if any of the current division operated habilitation centers can be operated more economically.

Scope and Methodology

To accomplish the audit objectives we:

- Reviewed state laws and regulations that govern the management and operation of state-run habilitation centers, group homes, and ISLs.
- Reviewed division policies, procedures, and practices for managing and operating habilitation centers, group homes, and ISLs.
- Visited five of the six habilitation centers--Bellefontaine, St. Louis Developmental Disabilities Training Center, Marshall, Higginsville, and Nevada to (1) tour the facilities, (2) interview habilitation center officials and staff, and (3) obtain cost, staffing, and client data. We called officials at the Southeast Missouri Residential Services habilitation center to discuss operations and to obtain cost, staffing, and client data. We also interviewed division officials from the division's central office to obtain information regarding policies and practices used in managing and operating habilitation centers, group homes, and ISLs.
- Reviewed reports of previous audits or reviews completed by the State Auditor's Office or other internal or external organizations on habilitation centers, group homes, and ISLs.
- Performed detailed analysis of division cost data for operating the six habilitation centers, group homes, and ISLs for fiscal years 2000, 2001, and 2002. Analysis of costs to manage and operate all aspects of centers, homes, and ISLs included staffing costs, medical costs, fixed operating costs, and administrative overhead costs.
- Contacted other states to compare the management and costs of similar care provided to clients in habilitation centers, group homes, and ISLs.
- Reviewed a national study report dated June 2002 on developmental disabilities to obtain information regarding national trends and to compare Missouri's costs to operate centers, group homes, and ISLs to other states.



**CLARK COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-119
December 23, 2003
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Clark, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Clark County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The Schedule of Expenditures of Federal Awards prepared by the county was not complete or accurate. In addition, the county did not establish cash management procedures to ensure the minimum time elapsed between receipt of federal grant monies for a bridge project and the distribution of such monies to the contractors, as required by the grant program. Three of eight reimbursements reviewed, totaling \$75,096, \$5,770, and \$12,731, were received and held 6, 23, and 48 days, respectively, before the related payment was made to the contractor.
- The General Revenue Fund and ½ Cent Sales Tax – Jail Operating Fund, which fund the county's main general operations, are in poor financial condition. Cash balances of the two funds have declined and totaled only \$390 at December 31, 2002. The 2003 budgets projected an ending cash balance at December 31, 2003 of only \$154. Various factors such as elected official's raises, courthouse improvements, grant matching requirements, and increasing Sheriff's office and jail operating costs have contributed to the declining cash balances and/or will have continuing impacts for several years to come.
- In 2002 the county made a questionable administrative transfer of approximately \$67,500 from the Special Road and Bridge Fund to the General Revenue Fund. The transfer related to activity for prior years, including 1999, 2000, and 2001 even though the county voluntarily did not take the full transfer when allowed in

(over)

YELLOW SHEET

those prior years. In addition, the county's budgets and published financial statements did not properly reflect all financial activity of the ½ Cent Sales Tax – Jail Building Fund. Principal totaling \$150,000 invested in certificates of deposit was excluded from the reported cash balances each year. Other concerns relating to the reporting of interest earnings and the proceeds of a temporary bank loan were also noted.

- For some traffic tickets, the Prosecuting Attorney reduces charges if defendants make a "donation" to the Clark County Youth Fund. The Prosecuting Attorney does not make the Associate Circuit Judge aware of the donation when presenting the reduced charges/plea bargain to the court. It appears that requiring such donations may not be allowable and the Prosecuting Attorney and Associate Circuit Judge should reevaluate whether the program is acceptable. In addition, county officials have not retained appropriate oversight of the Clark County Youth Fund, have developed no written guidelines defining allowable uses of the funds, and have not received or retained appropriate documentation to support the expenditures of some monies, other than the initial funding request applications.
- Records and procedures in the Sheriff's Department were inadequate to ensure grants were properly managed. Grant records and files were disorganized and incomplete and there was little or no monitoring or oversight to ensure claims and reports were submitted timely and payments were received. Reimbursement on three requests totaling \$28,761 was not received for two to seven months after the claims were filed, some claims were not filed quarterly as the grants allowed and/or were filed several months after the end of the quarter, the appropriate amounts were not always claimed, and financial status reports were not filed timely on one grant, resulting in a subsequent grant application on the program being denied. In addition, payroll expenditures claimed against one grant were not always supported by timesheets and the county did not appear to have a clear understanding of its ongoing obligation on each grant.
- Time sheets and leave records are not always prepared by Sheriff deputies or reviewed and approved by supervisors, and these records are not forwarded to the County Clerk. In addition, accounting duties in the Sheriff's Department are not adequately segregated, receipts are not deposited in a timely manner, and there are no procedures to ensure all costs for boarding prisoners of other counties are billed and received.

The audit suggested improvements to bidding and procurement procedures, personnel procedures and records, the handling of Road and Bridge Department rock invoices, and fixed assets and fuel inventory records and procedures. The audit also recommends improvements in the records and procedures of the offices of the Prosecuting Attorney, the Circuit Clerk, and the Associate Circuit Court.

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CLARK COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Clark County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Clark County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Clark County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 24, 2003, on our consideration of the county's internal control over financial reporting and on

our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Clark County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 24, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Lonnie W. Breeding III, CPA
Audit Staff:	Jeff Wilson
	Keri Wright
	Kelly Petree



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Clark County, Missouri

We have audited the financial statements of various funds of Clark County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 24, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Clark County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Clark County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Clark County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 24, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

CLARK COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 281	1,004,039	1,004,084	236
Special Road and Bridge	81,686	1,683,275	1,648,489	116,472
Assessment	28,188	85,002	85,177	28,013
Law Enforcement Training	1,250	3,776	4,016	1,010
Prosecuting Attorney Training	1,078	937	1,100	915
1/2 Cent Sales Tax Road and Bridge	6,088	219,628	199,840	25,876
County Recorder	1,123	4,153	3,000	2,276
Prosecuting Attorney Bad Check	7,574	5,169	4,600	8,143
Domestic Violence	715	345	0	1,060
Community Service	15,051	11,679	21,038	5,692
Local Emergency Planning Commission	7,736	4,169	5,120	6,785
Clark County Victims Assistance Program	1,557	3,976	4,146	1,387
1/2 Cent Sales Tax - Jail Building	293,756	276,135	398,544	171,347
1/2 Cent Sales Tax - Jail Operating	(5,020)	275,460	270,286	154
Peace Officers Standards and Training	701	1,600	699	1,602
Law Enforcement Support (Canine)	2,982	0	0	2,982
Clark County Youth	3,407	27,280	23,596	7,091
Community Development Block Grant	278	31,361	30,361	1,278
Drug Abuse Resistance Effort (D.A.R.E.)	175	0	0	175
Sheriff's Civil Process	5,057	16,353	21,385	25
Election Service	376	1,657	0	2,033
COPS MORE 98	(1,169)	27,087	25,397	521
Selective Traffic Enforcement Program (S.T.E.P.)	4	0	0	4
Drug Court	0	15,561	15,567	(6)
Effort Over Time Equals Success	0	1,798	6,947	(5,149)
Law Library	2,387	2,507	2,586	2,308
Health Center	322,669	500,469	459,195	363,943
Demolition	19	0	0	19
Recorder's Automatic	870	2,499	0	3,369
Cemetery Trust	27,628	1,260	1,868	27,020
Associate Circuit Division Interest	206	366	266	306
Circuit Clerk Interest	837	1,887	855	1,869
Collector Tax Maintenance	0	331	0	331
Associate Circuit Drug Court	0	4,570	4,328	242
Total	\$ 807,490	4,214,329	4,242,490	779,329

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CLARK COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 35,895	869,194	904,808	281
Special Road and Bridge	73,117	1,071,263	1,062,694	81,686
Assessment	27,245	80,232	79,289	28,188
Law Enforcement Training	468	3,151	2,369	1,250
Prosecuting Attorney Training	558	1,257	737	1,078
1/2 Cent Sales Tax Road and Bridge	1,865	190,988	186,765	6,088
County Recorder	477	3,646	3,000	1,123
Prosecuting Attorney Bad Check	5,621	3,808	1,855	7,574
Domestic Violence	380	335	0	715
Community Service	15,608	18,777	19,334	15,051
Local Emergency Planning Commission	8,372	4,086	4,722	7,736
Clark County Victims Assistance Program	600	6,991	6,034	1,557
1/2 Cent Sales Tax - Jail Building	223,873	206,344	136,461	293,756
1/2 Cent Sales Tax - Jail Operating	29,678	220,202	254,900	(5,020)
Peace Officers Standards and Training	338	1,451	1,088	701
Law Enforcement Support (Canine)	425	3,001	444	2,982
Clark County Youth	563	21,814	18,970	3,407
Community Development Block Grant	278	213,371	213,371	278
Drug Abuse Resistance Effort (D.A.R.E.)	2,466	0	2,291	175
Sheriff's Civil Process	(1,102)	15,057	8,898	5,057
Election Service	1,825	1,476	2,925	376
COPS MORE 98	0	15,157	16,326	(1,169)
Selective Traffic Enforcement Program (S.T.E.P.)	4	0	0	4
Child Support	(49)	75	26	0
Local Law Enforcement Block Grant	0	9,709	9,709	0
Law Library	797	3,164	1,574	2,387
Health Center	383,248	386,640	447,219	322,669
Demolition	19	0	0	19
Recorder's Automatic	0	870	0	870
Cemetery Trust	27,515	2,632	2,519	27,628
Associate Circuit Division Interest	374	574	742	206
Circuit Clerk Interest	2,542	1,941	3,646	837
Total	\$ 843,000	3,357,206	3,392,716	807,490

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CLARK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 4,444,605	4,203,416	(241,189)	4,344,030	3,351,189	(992,841)
DISBURSEMENTS	4,646,941	4,235,173	411,768	4,510,222	3,385,809	1,124,413
RECEIPTS OVER (UNDER) DISBURSEMENTS	(202,336)	(31,757)	170,579	(166,192)	(34,620)	131,572
CASH, JANUARY 1	617,384	777,930	160,546	666,937	812,550	145,613
CASH, DECEMBER 31	415,048	746,173	331,125	500,745	777,930	277,185
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	287,000	271,981	(15,019)	283,550	278,263	(5,287)
Sales taxes	195,000	219,626	24,626	185,000	190,712	5,712
Intergovernmental	183,975	138,833	(45,142)	129,054	85,084	(43,970)
Charges for services	238,473	222,798	(15,675)	327,735	224,247	(103,488)
Interest	5,000	7,563	2,563	80	6,281	6,201
Other	79,250	51,038	(28,212)	23,500	21,639	(1,861)
Transfers in	120,313	92,200	(28,113)	111,597	62,968	(48,629)
Total Receipts	1,109,011	1,004,039	(104,972)	1,060,516	869,194	(191,322)
DISBURSEMENTS						
County Commissioner	54,841	53,598	1,243	53,644	52,369	1,275
County Clerk	57,093	55,462	1,631	55,974	54,818	1,156
Elections	29,432	27,756	1,676	6,697	4,161	2,536
Buildings and grounds	71,954	79,767	(7,813)	48,300	56,770	(8,470)
Employee fringe benefit	1,058	2,554	(1,496)	650	823	(173)
County Treasurer	23,490	23,193	297	22,584	22,283	301
County Collector	66,302	66,043	259	65,199	64,307	892
Circuit Clerk	34,423	33,162	1,261	31,823	31,121	702
Associate Circuit Court	5,454	4,021	1,433	7,160	5,143	2,017
Court administration	5,454	5,321	133	5,386	4,384	1,002
Public Administrator	21,088	20,387	701	17,684	18,160	(476)
Sheriff	349,558	328,362	21,196	459,207	347,007	112,200
Prosecuting Attorney	57,029	57,183	(154)	54,713	52,433	2,280
Juvenile Office	42,480	35,076	7,404	15,899	7,097	8,802
County Coroner	7,633	6,247	1,386	6,933	6,619	314
Other General Government	7,115	9,055	(1,940)	7,681	5,013	2,668
Insurance and Bonds	25,000	24,028	972	21,000	24,442	(3,442)
Extension Office	22,250	22,250	0	21,800	21,800	0
Court Reporter	800	384	416	1,000	223	777
DWI Countermeasures	32,480	32,489	(9)	35,000	0	35,000
COPS in Schools	56,860	31,137	25,723	0	0	0
COPS Universal	28,730	28,226	504	82,679	65,733	16,946
Drug Enforcement	3,500	337	3,163	5,000	1,223	3,777
Bulletproof Vest Grant	7,000	7,000	0	4,500	0	4,500
Payment to St. Francisville	0	7,960	(7,960)	0	0	0
Transfers out	66,693	43,086	23,607	42,324	39,769	2,555
Emergency Fund	31,575	0	31,575	27,960	19,110	8,850
Total Disbursements	1,109,292	1,004,084	105,208	1,100,797	904,808	195,989
RECEIPTS OVER (UNDER) DISBURSEMENTS	(281)	(45)	236	(40,281)	(35,614)	4,667
CASH, JANUARY 1	281	281	0	40,282	35,895	(4,387)
CASH, DECEMBER 31	0	236	236	1	281	280

Exhibit B

CLARK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	442,000	432,653	(9,347)	456,000	432,128	(23,872)
Intergovernmental	1,210,500	1,224,513	14,013	1,304,000	614,966	(689,034)
Interest	5,000	10,598	5,598	5,000	4,945	(55)
Other	14,000	9,509	(4,491)	12,000	13,320	1,320
Transfers in	6,300	6,002	(298)	6,000	5,904	(96)
Total Receipts	1,677,800	1,683,275	5,475	1,783,000	1,071,263	(711,737)
DISBURSEMENTS						
Salaries	340,535	352,631	(12,096)	365,282	330,337	34,945
Employee fringe benefit	100,028	97,116	2,912	117,018	94,536	22,482
Supplies	88,020	72,540	15,480	116,020	88,735	27,285
Insurance	28,500	24,873	3,627	22,600	26,271	(3,671)
Road and bridge materials	242,340	222,576	19,764	198,000	237,388	(39,388)
Equipment repairs	60,000	44,945	15,055	80,000	62,427	17,573
Rentals	0	376	(376)	0	0	0
Equipment purchases	15,000	22,821	(7,821)	60,000	15,379	44,621
Construction, repair, and maintenance	693,000	688,286	4,714	769,000	88,036	680,964
Wayland Special Road District	0	21,068	(21,068)	0	20,952	(20,952)
Other	71,750	9,057	62,693	16,600	8,633	7,967
Asphalt	0	0	0	0	46,000	(46,000)
Transfers out	120,313	92,200	28,113	111,597	44,000	67,597
Total Disbursements	1,759,486	1,648,489	110,997	1,856,117	1,062,694	793,423
RECEIPTS OVER (UNDER) DISBURSEMENTS	(81,686)	34,786	116,472	(73,117)	8,569	81,686
CASH, JANUARY 1	81,686	81,686	0	73,117	73,117	0
CASH, DECEMBER 31	0	116,472	116,472	0	81,686	81,686
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	85,250	82,564	(2,686)	72,000	78,010	6,010
Interest	700	1,548	848	800	1,107	307
Other	850	890	40	800	1,115	315
Total Receipts	86,800	85,002	(1,798)	73,600	80,232	6,632
DISBURSEMENTS						
Salaries and fringe benefit:	69,852	70,154	(302)	69,237	66,964	2,273
Office expenditure:	19,000	15,023	3,977	11,431	12,325	(894)
Total Disbursements	88,852	85,177	3,675	80,668	79,289	1,379
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,052)	(175)	1,877	(7,068)	943	8,011
CASH, JANUARY 1	28,188	28,188	0	27,245	27,245	0
CASH, DECEMBER 31	26,136	28,013	1,877	20,177	28,188	8,011

Exhibit B

CLARK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	4,500	3,776	(724)	4,100	3,151	(949)
Total Receipts	4,500	3,776	(724)	4,100	3,151	(949)
DISBURSEMENTS						
Sheriff	5,750	4,016	1,734	4,568	2,369	2,199
Total Disbursements	5,750	4,016	1,734	4,568	2,369	2,199
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,250)	(240)	1,010	(468)	782	1,250
CASH, JANUARY 1	1,599	1,250	(349)	468	468	0
CASH, DECEMBER 31	349	1,010	661	0	1,250	1,250
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,200	937	(263)	1,300	1,257	(43)
Total Receipts	1,200	937	(263)	1,300	1,257	(43)
DISBURSEMENTS						
Prosecuting Attorney	1,100	1,100	0	1,100	737	363
Total Disbursements	1,100	1,100	0	1,100	737	363
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	(163)	(263)	200	520	320
CASH, JANUARY 1	1,078	1,078	0	558	558	0
CASH, DECEMBER 31	1,178	915	(263)	758	1,078	320
<u>1/2 CENT SALES TAX ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Sales taxes	195,000	219,628	24,628	185,000	190,988	5,988
Total Receipts	195,000	219,628	24,628	185,000	190,988	5,988
DISBURSEMENTS						
Leased equipment	52,000	66,046	(14,046)	85,000	42,977	42,023
Equipment	20,000	0	20,000	0	0	0
Rock	129,088	133,794	(4,706)	101,865	143,788	(41,923)
Total Disbursements	201,088	199,840	1,248	186,865	186,765	100
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,088)	19,788	25,876	(1,865)	4,223	6,088
CASH, JANUARY 1	6,088	6,088	0	1,865	1,865	0
CASH, DECEMBER 31	0	25,876	25,876	0	6,088	6,088

Exhibit B

CLARK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COUNTY RECORDER FUND</u>						
RECEIPTS						
Charges for service:	3,700	4,096	396	3,500	3,624	124
Interest	22	57	35	50	22	(28)
Total Receipts	3,722	4,153	431	3,550	3,646	96
DISBURSEMENTS						
Equipment	4,845	3,000	1,845	4,027	3,000	1,027
Total Disbursements	4,845	3,000	1,845	4,027	3,000	1,027
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,123)	1,153	2,276	(477)	646	1,123
CASH, JANUARY 1	1,123	1,123	0	477	477	0
CASH, DECEMBER 31	0	2,276	2,276	0	1,123	1,123
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	4,700	3,389	(1,311)	4,200	3,645	(555)
Interest	0	257	257	85	163	78
Intergovernmental	0	1,523	1,523	0	0	0
Total Receipts	4,700	5,169	469	4,285	3,808	(477)
DISBURSEMENTS						
Prosecuting Attorney	4,600	4,600	0	5,700	1,855	3,845
Total Disbursements	4,600	4,600	0	5,700	1,855	3,845
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	569	469	(1,415)	1,953	3,368
CASH, JANUARY 1	7,574	7,574	0	5,621	5,621	0
CASH, DECEMBER 31	7,674	8,143	469	4,206	7,574	3,368
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Intergovernmental	600	345	(255)	800	335	(465)
Total Receipts	600	345	(255)	800	335	(465)
DISBURSEMENTS						
Domestic Violence Shelte	1,315	0	1,315	1,180	0	1,180
Total Disbursements	1,315	0	1,315	1,180	0	1,180
RECEIPTS OVER (UNDER) DISBURSEMENTS	(715)	345	1,060	(380)	335	715
CASH, JANUARY 1	715	715	0	380	380	0
CASH, DECEMBER 31	0	1,060	1,060	0	715	715

Exhibit B

CLARK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COMMUNITY SERVICE FUND</u>						
RECEIPTS						
Charges for service:	20,000	11,679	(8,321)	16,000	18,777	2,777
Total Receipts	20,000	11,679	(8,321)	16,000	18,777	2,777
DISBURSEMENTS						
Salaries	26,500	16,385	10,115	13,400	13,257	143
Miscellaneous	4,000	4,383	(383)	2,850	6,077	(3,227)
Office expenditures:	0	270	(270)	5,000	0	5,000
Total Disbursements	30,500	21,038	9,462	21,250	19,334	1,916
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,500)	(9,359)	1,141	(5,250)	(557)	4,693
CASH, JANUARY 1	15,051	15,051	0	15,608	15,608	0
CASH, DECEMBER 31	4,551	5,692	1,141	10,358	15,051	4,693
<u>LOCAL EMERGENCY PLANNING</u>						
<u>COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	4,100	4,169	69	2,500	4,086	1,586
Total Receipts	4,100	4,169	69	2,500	4,086	1,586
DISBURSEMENTS						
Miscellaneous	6,836	3,620	3,216	3,746	0	3,746
Salary	5,000	1,500	3,500	3,799	4,722	(923)
Total Disbursements	11,836	5,120	6,716	7,545	4,722	2,823
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,736)	(951)	6,785	(5,045)	(636)	4,409
CASH, JANUARY 1	7,736	7,736	0	8,372	8,372	0
CASH, DECEMBER 31	0	6,785	6,785	3,327	7,736	4,409
<u>CLARK COUNTY VICTIMS ASSISTANCE</u>						
<u>PROGRAM FUND</u>						
RECEIPTS						
Intergovernmental	13,980	3,976	(10,004)	15,000	6,991	(8,009)
Transfers in	0	0	0	3,680	0	(3,680)
Total Receipts	13,980	3,976	(10,004)	18,680	6,991	(11,689)
DISBURSEMENTS						
Salary	10,300	2,867	7,433	12,500	5,081	7,419
Miscellaneous	1,675	34	1,641	5,580	62	5,518
Equipment	600	0	600	1,200	0	1,200
Other	2,380	1,245	1,135	0	891	(891)
Total Disbursements	14,955	4,146	10,809	19,280	6,034	13,246
RECEIPTS OVER (UNDER) DISBURSEMENTS	(975)	(170)	805	(600)	957	1,557
CASH, JANUARY 1	1,557	1,557	0	600	600	0
CASH, DECEMBER 31	582	1,387	805	0	1,557	1,557

Exhibit B

CLARK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>1/2 CENT SALES TAX-JAIL BUILDING FUND</u>						
RECEIPTS						
Sales taxes	195,000	219,617	24,617	185,000	190,933	5,933
Interest	0	10,518	10,518	4,500	15,411	10,911
Bank loan	46,000	46,000	0	0	0	0
Transfers in	167,089	0	(167,089)	0	0	0
Total Receipts	408,089	276,135	(131,954)	189,500	206,344	16,844
DISBURSEMENTS						
Bond payment	408,089	351,403	56,686	117,000	108,515	8,485
Equipment	0	0	0	40,000	27,195	12,805
Repairs	0	0	0	10,000	0	10,000
Bank loan repayment	46,000	46,192	(192)	0	0	0
Miscellaneous	0	949	(949)	18,000	751	17,249
Total Disbursements	454,089	398,544	55,545	185,000	136,461	48,539
RECEIPTS OVER (UNDER) DISBURSEMENTS	(46,000)	(122,409)	(76,409)	4,500	69,883	65,383
CASH, JANUARY 1	132,606	293,756	161,150	73,873	223,873	150,000
CASH, DECEMBER 31	86,606	171,347	84,741	78,373	293,756	215,383
<u>1/2 CENT SALES TAX-JAIL OPERATING FUND</u>						
RECEIPTS						
Sales taxes	195,000	219,591	24,591	185,000	191,214	6,214
911 dispatching contracts	24,000	24,000	0	24,000	24,025	25
Other	1,000	650	(350)	600	1,000	400
Transfers in	56,178	31,219	(24,959)	0	3,963	3,963
Total Receipts	276,178	275,460	(718)	209,600	220,202	10,602
DISBURSEMENTS						
Salaries	150,908	148,653	2,255	151,787	144,649	7,138
Office expenditures	47,300	40,997	6,303	14,100	48,812	(34,712)
Equipment	14,700	11,070	3,630	13,931	0	13,931
Mileage	0	0	0	0	0	0
Other expenditures	9,250	13,711	(4,461)	11,400	14,815	(3,415)
Meals	25,800	27,872	(2,072)	24,000	25,792	(1,792)
Miscellaneous	23,200	27,983	(4,783)	24,060	20,832	3,228
Total Disbursements	271,158	270,286	872	239,278	254,900	(15,622)
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,020	5,174	154	(29,678)	(34,698)	(5,020)
CASH, JANUARY 1	(5,020)	(5,020)	0	29,678	29,678	0
CASH, DECEMBER 31	0	154	154	0	(5,020)	(5,020)

Exhibit B

CLARK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PEACE OFFICERS STANDARDS AND TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,600	1,600	0	1,500	1,451	(49)
Total Receipts	1,600	1,600	0	1,500	1,451	(49)
DISBURSEMENTS						
Miscellaneous	2,301	699	1,602	1,838	1,088	750
Total Disbursements	2,301	699	1,602	1,838	1,088	750
RECEIPTS OVER (UNDER) DISBURSEMENTS	(701)	901	1,602	(338)	363	701
CASH, JANUARY 1	701	701	0	338	338	0
CASH, DECEMBER 31	0	1,602	1,602	0	701	701
<u>LAW ENFORCEMENT SUPPORT (CANINE) FUND</u>						
RECEIPTS						
Other	0	0	0	100	3,001	2,901
Total Receipts	0	0	0	100	3,001	2,901
DISBURSEMENTS						
Sheriff	0	0	0	525	444	81
Total Disbursements	0	0	0	525	444	81
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(425)	2,557	2,982
CASH, JANUARY 1	2,982	2,982	0	425	425	0
CASH, DECEMBER 31	2,982	2,982	0	0	2,982	2,982
<u>CLARK COUNTY YOUTH FUND</u>						
RECEIPTS						
Donations	25,000	27,280	2,280	25,437	21,814	(3,623)
Total Receipts	25,000	27,280	2,280	25,437	21,814	(3,623)
DISBURSEMENTS						
Grants to others	28,407	23,596	4,811	26,000	18,970	7,030
Total Disbursements	28,407	23,596	4,811	26,000	18,970	7,030
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,407)	3,684	7,091	(563)	2,844	3,407
CASH, JANUARY 1	3,407	3,407	0	563	563	0
CASH, DECEMBER 31	0	7,091	7,091	0	3,407	3,407

Exhibit B

CLARK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental	25,133	25,074	(59)	240,769	184,636	(56,133)
Transfers in	7,236	6,287	(949)	21,000	28,735	7,735
Total Receipts	32,369	31,361	(1,008)	261,769	213,371	(48,398)
DISBURSEMENTS						
Elevator	32,647	30,361	2,286	262,047	213,371	48,676
Total Disbursements	32,647	30,361	2,286	262,047	213,371	48,676
RECEIPTS OVER (UNDER) DISBURSEMENTS	(278)	1,000	1,278	(278)	0	278
CASH, JANUARY 1	278	278	0	278	278	0
CASH, DECEMBER 31	0	1,278	1,278	0	278	278
<u>DRUG ABUSE RESISTANCE EFFORT (D.A.R.E) FUND</u>						
RECEIPTS						
Other	0	0	0	4,034	0	(4,034)
Total Receipts	0	0	0	4,034	0	(4,034)
DISBURSEMENTS						
Sheriff	0	0	0	6,500	2,291	4,209
Total Disbursements	0	0	0	6,500	2,291	4,209
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(2,466)	(2,291)	175
CASH, JANUARY 1	175	175	0	2,466	2,466	0
CASH, DECEMBER 31	175	175	0	0	175	175
<u>SHERIFF'S CIVIL PROCESS FUND</u>						
RECEIPTS						
Charges for service:	12,000	16,353	4,353	10,000	15,057	5,057
Total Receipts	12,000	16,353	4,353	10,000	15,057	5,057
DISBURSEMENTS						
Miscellaneous	12,038	14,670	(2,632)	8,898	4,935	3,963
Salary	0	1,300	(1,300)	0	0	0
Fringe benefits	0	396	(396)	0	0	0
Transfers out	5,019	5,019	0	0	3,963	(3,963)
Total Disbursements	17,057	21,385	(4,328)	8,898	8,898	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,057)	(5,032)	25	1,102	6,159	5,057
CASH, JANUARY 1	5,057	5,057	0	(1,102)	(1,102)	0
CASH, DECEMBER 31	0	25	25	0	5,057	5,057

Exhibit B

CLARK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Intergovernmental	2,000	1,657	(343)	1,100	1,476	376
Total Receipts	2,000	1,657	(343)	1,100	1,476	376
DISBURSEMENTS						
County Clerk	2,376	0	2,376	2,925	2,925	0
Total Disbursements	2,376	0	2,376	2,925	2,925	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(376)	1,657	2,033	(1,825)	(1,449)	376
CASH, JANUARY 1	376	376	0	1,825	1,825	0
CASH, DECEMBER 31	0	2,033	2,033	0	376	376
<u>COPS MORE 98 FUND</u>						
RECEIPTS						
Intergovernmental	20,251	20,988	737	28,590	7,653	(20,937)
Transfers in	6,099	6,099	0	16,804	7,504	(9,300)
Total Receipts	26,350	27,087	737	45,394	15,157	(30,237)
DISBURSEMENTS						
Salaries	25,181	25,397	(216)	45,394	16,326	29,068
Total Disbursements	25,181	25,397	(216)	45,394	16,326	29,068
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,169	1,690	521	0	(1,169)	(1,169)
CASH, JANUARY 1	(1,169)	(1,169)	0	0	0	0
CASH, DECEMBER 31	0	521	521	0	(1,169)	(1,169)
<u>SELECTIVE TRAFFIC ENFORCEMENT PROGRAM (S.T.E.P) FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	1,500	0	(1,500)
Total Receipts	0	0	0	1,500	0	(1,500)
DISBURSEMENTS						
Overtime salaries	0	0	0	1,504	0	1,504
Total Disbursements	0	0	0	1,504	0	1,504
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(4)	0	4
CASH, JANUARY 1	4	4	0	4	4	0
CASH, DECEMBER 31	4	4	0	0	4	4

Exhibit B

CLARK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DRUG COURT FUND</u>						
RECEIPTS						
Intergovernmental	2,000	0	(2,000)			
Charges for services	19,000	15,561	(3,439)			
Total Receipts	21,000	15,561	(5,439)			
DISBURSEMENTS						
Salaries	21,000	15,567	5,433			
Total Disbursements	21,000	15,567	5,433			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(6)	(6)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	(6)	(6)			
<u>EFFORT OVER TIME EQUALS SUCCESS FUND</u>						
RECEIPTS						
Intergovernmental	33,471	1,798	(31,673)			
Total Receipts	33,471	1,798	(31,673)			
DISBURSEMENTS						
Salaries	33,471	6,947	26,524			
Total Disbursements	33,471	6,947	26,524			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(5,149)	(5,149)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	(5,149)	(5,149)			
<u>CHILD SUPPORT FUND</u>						
RECEIPTS						
Transfers in				200	75	(125)
Total Receipts				200	75	(125)
DISBURSEMENTS						
Circuit Clerk				151	26	125
Total Disbursements				151	26	125
RECEIPTS OVER (UNDER) DISBURSEMENTS				49	49	0
CASH, JANUARY 1				(49)	(49)	0
CASH, DECEMBER 31				0	0	0

Exhibit B

CLARK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL LAW ENFORCEMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental	9,000	0	(9,000)	9,000	8,389	(611)
Transfers in	1,000	0	(1,000)	1,320	1,320	0
Total Receipts	10,000	0	(10,000)	10,320	9,709	(611)
DISBURSEMENTS						
Equipment	10,000	0	10,000	10,320	9,709	611
Total Disbursements	10,000	0	10,000	10,320	9,709	611
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>FY 98 LOCAL RECORDS GRANT FUND</u>						
RECEIPTS						
Intergovernmental				4,500	0	(4,500)
Transfers in				500	0	(500)
Total Receipts				5,000	0	(5,000)
DISBURSEMENTS						
Equipment				5,000	0	5,000
Total Disbursements				5,000	0	5,000
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	3,000	2,507	(493)	2,000	3,164	1,164
Total Receipts	3,000	2,507	(493)	2,000	3,164	1,164
DISBURSEMENTS						
Associate Judge	3,500	2,586	914	2,500	1,574	926
Total Disbursements	3,500	2,586	914	2,500	1,574	926
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(79)	421	(500)	1,590	2,090
CASH, JANUARY 1	2,387	2,387	0	797	797	0
CASH, DECEMBER 31	1,887	2,308	421	297	2,387	2,090

Exhibit B

CLARK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	70,000	71,345	1,345	64,000	70,888	6,888
Intergovernmental	124,010	134,889	10,879	106,517	126,091	19,574
Charges for services	250,125	275,118	24,993	230,600	162,778	(67,822)
Interest	15,000	11,614	(3,386)	15,000	17,077	2,077
Other	13,000	7,503	(5,497)	7,128	9,806	2,678
Total Receipts	472,135	500,469	28,334	423,245	386,640	(36,605)
DISBURSEMENTS						
Salaries	330,075	307,703	22,372	298,445	310,864	(12,419)
Office expenditures	41,500	23,641	17,859	27,100	32,965	(5,865)
Equipment expenditures	22,000	12,893	9,107	14,500	10,466	4,034
Mileage and training	22,000	20,629	1,371	20,000	18,978	1,022
Program costs	63,200	81,489	(18,289)	54,700	59,385	(4,685)
Other	33,360	12,840	20,520	8,500	14,561	(6,061)
Total Disbursements	512,135	459,195	52,940	423,245	447,219	(23,974)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(40,000)	41,274	81,274	0	(60,579)	(60,579)
CASH, JANUARY 1	322,924	322,669	(255)	383,248	383,248	0
CASH, DECEMBER 31	282,924	363,943	81,019	383,248	322,669	(60,579)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

CLARK COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Clark County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division Interest Fund	2002 and 2001
Cemetery Trust Fund	2002 and 2001
Circuit Clerk Interest Fund	2002 and 2001
Recorder's Automatic Fund	2002 and 2001
Demolition Fund	2002 and 2001
Collector Tax Maintenance Fund	2002
Associate Circuit Drug Court Fund	2002

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
COPS MORE 98 Fund	2002
Sheriff's Civil Process Fund	2002
Health Center Fund	2001
½ Cent Sales Tax-Jail Operating Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division Interest Fund	2002 and 2001
Cemetery Trust Fund	2002 and 2001
Circuit Clerk Interest Fund	2002 and 2001
Law Library Fund	2002 and 2001
Recorder's Automatic Fund	2002 and 2001
Health Center Fund	2002 and 2001
Collector Tax Maintenance Fund	2002
Election Service Fund	2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

3. Prior Period Adjustment

The Prosecuting Attorney Retirement Fund's cash balance of \$(291) at January 1, 2001, was previously reported but has been removed as it is not considered a county operating fund. The Cemetery Trust, Associate Circuit Clerk Interest, Circuit Clerk Interest, and the Law Library Funds' cash balances of \$27,515, \$374, \$2,542, and \$797, respectively, at January 1, 2001 were not previously reported but have been added.

4. Contingent Liability

As of December 31, 2002, the county's legal counsel identified two instances of potential litigation which if realized could represent significant liabilities. The first instance involves a former Deputy Sheriff claiming approximately \$26,000 for uncompensated work hours and sick leave. The second instance involves a possible sexual abuse claim against the former Sheriff. The potential liability in this instance cannot be assessed.

Supplementary Schedule

Schedule

CLARK COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Services:				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS0452122W	\$ 22,675	18,369
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State's Program	2000-PF-01	24,074	184,636
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.585	Drug Court Discretionary Grant Program	2002-DC-BX-0022	19,901	0
16.607	Bulletproof Vest Partnership Program	2011063	4,768	0
16.710	Public Safety Partnership and Community Policing Grants	2002SHWX0191	31,138	0
		96-UM-WX-0395	21,170	49,300
		1999CMWX2903	20,988	7,653
	Program Total		73,296	56,953
Passed through:				
State Department of Public Safety:				
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	99JAIBG-INT-06	26,480	0
16.575	Crime Victim Assistance	2000-VOCA-0024	3,976	6,991
16.592	Local Law Enforcement Block Grants Program	FY 2002 LLEBG	0	9,709
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	337	1,223
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-023 (14)	0	417
		BRO-023 (15)	302,201	61,549
		BRO-023 (16)	349,298	31,536
		BRO-023 (17)	29,037	0
		BRO-023 (18)	14,636	0
	Program Total		695,172	93,502

Schedule

CLARK COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2002	2001
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	02-164-AL-11	31,768	0
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration:				
39.003	Donation of Federal Surplus Personal Property	N/A	302	16
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state Department of Health and Senior Services:				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS1462122	1,300	0
93.268	Immunization Grants	N/A	17,393	17,240
		PGA-064-2122A	2,870	0
	Program Total		<u>20,263</u>	<u>17,240</u>
93.575	Child Care and Development Block Grant	PGA067-2122C	1,805	1,596
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS146-2122C	89	0
93.945	Assistance Programs for Chronic Disease Prevention and Contro	C1000049001	0	20,000
93.994	Maternal and Child Health Services Block Grant to the States	ERS175-2013F	6,416	6,770
		ERS146-2122	13,494	15,928
		PGA064-2199A	178	1,198
	Program Total		<u>20,088</u>	<u>23,896</u>
	Total Expenditures of Federal Awards		<u>\$ 946,294</u>	<u>434,131</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

CLARK COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Clark County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property Program (CFDA number 39.003) represent the estimated fair market value of the property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$20,000 to subrecipients under the Assistance Programs for Chronic Disease Prevention and Control Program (CFDA number 93.945) during the year ended December 31, 2001.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Clark County, Missouri

Compliance

We have audited the compliance of Clark County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Clark County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with

OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

Internal Control Over Compliance

The management of Clark County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Clark County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 24, 2003 (fieldwork completion date)

Schedule

CLARK COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying <u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1

Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-023 (14), (15), (16), (17), (18)
Award Years:	2002 and 2001
Questioned Costs:	N/A

- A. Section .310(b) of Circular A-133, *Audit of States, Local Governments, and Non-profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county does not have procedures in place to adequately track federal awards for the preparation of the SEFA. For the years ended December 31, 2002 and 2001, the county's SEFA contained numerous errors and omissions. Eight grants were omitted for one or both of the years ended December 31, 2002 and 2001. Omitted expenditures totaled \$63,259 and \$78,514 respectively. In addition, eleven grants were misstated by a total of \$38,882 and \$160,839 for the years ended December 31, 2002 and 2001, respectively. Three other grants were reported under the wrong program number. Many of the errors involved grants managed by the Sheriff's Department and the Health Center. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

- B. The county has not established cash management procedures to ensure the minimum time elapses between its receipt of federal Highway Planning and Construction – Offsystem Bridge Replacement (BRO) project monies and the distribution of such monies to contractors. For the project tested, we noted three of the eight reimbursements, totaling \$75,096, \$5,770, and \$12,731, were received and held 6, 23, and 48 days, respectively, before the related payment was made to the contractor. While the liability was incurred prior to reimbursement, payment was not made to the contractor in a timely manner.

Section XII-2 of Missouri Department of Transportation's Local Program Agency Manual requires that BRO funds shall be requested such that they are received not more than two days prior to their disbursement.

WE RECOMMEND the County Commission:

- A. And the County Clerk prepare complete and accurate schedules of expenditures of federal awards to submit to the State Auditor's Office as a part of the annual budgets. The County Commission should take steps to ensure other offices properly track and report federal awards, or consider appointing a county-wide grants coordinator.
- B. Establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with program requirements.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

- A. *The County Commission and the County Clerk indicated they agree with the recommendation and, in the future, will ensure the SEFA is complete and accurate. This recommendation will be implemented by January 2004.*
- B. *The County Commission indicated they agree and that they attempt to make disbursements as soon as possible after receipt of a reimbursement. They indicated this recommendation has been implemented.*

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

CLARK COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Clark County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2000.

00-1. Circuit Clerk Open Items

At December 31, 2000, the Circuit Clerk had open items on deposit with a balance of \$90,494. This balance included numerous negative balances (indicating amounts due to the Circuit Clerk) totaling \$7,819. The oldest of these items appeared to be in excess of twenty years old. Of the \$98,312 in items with positive balances (amounts to be disbursed by the Circuit Clerk), the oldest items appeared to be on deposit since 1964.

Recommendation:

The Circuit Clerk obtain the necessary court orders to disburse funds on old open items with positive balances, and pursue collection of the open items with negative balances.

Status:

Partially implemented. The Circuit Clerk has significantly reduced the balance of old open items, however, she has not developed procedures for collecting on the open items with negative balances. See Management Advisory Report finding number 9.

00-2. County Bank Reconciliations

Copies of bank reconciliations for the period under audit were not available.

Recommendation:

The County Treasurer prepare and document on all bank reconciliations the date prepared and reconciled to the County Clerk's accounting records. Copies of these reconciliations should be retained in the County Treasurer's office.

Status:

Implemented.

00-3. Salary Commission

At the 1999 and 2000 meetings, the salary commission voted to increase the salaries of the county officials. These increases resulted in salaries ranging from 62 percent to 89 percent of the maximum allowable compensation for 1999 and 46 percent to 74 percent of maximum allowable compensation for 2000. State statutes indicate that if the salary commission votes to increase the compensation, all officers whose compensation is being considered at that time shall receive the same percentage of the maximum allowable compensation.

Recommendation:

The salary commission set salaries based upon a percentage of the maximum allowable compensation, for those county officials being considered at that point in time for compensation increases.

Status:

Partially implemented. At the 2001 salary commission meeting, the members voted to increase all salaries to 100 percent of the maximum allowable compensation per statute. The meeting minutes specifically indicate that the vote applies to the officials elected in 2002 and those elected in 2004. While the apparent intent of the vote was to fully implement the recommendation, it appears the salary commission was not authorized by state law to consider the salaries for the officials elected in 2004 at the 2001 meeting. Therefore, the action taken needs to be ratified again in the upcoming 2003 salary commission meeting for those officials who will be elected in 2004. Although not repeated in the current Schedule of Findings and Questioned Costs, the recommendation remains as stated above.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

CLARK COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

CLARK COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Clark County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 24, 2003. We also have audited the compliance of Clark County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 24, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Clark County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Financial Condition**

The General Revenue Fund and ½ Cent Sales Tax - Jail Operating Fund are in poor financial condition. These funds represent the county's main general operating funds. The following charts indicate the General Revenue Fund and ½ Cent Sales Tax - Jail Operating Fund receipts, disbursements, and cash balances for the three years ended December 31, 2002:

General Revenue Fund	2002	2001	2000
Cash Balance, January 1	\$ 281	35,895	43,149
Receipts	1,004,039	869,194	759,164
Disbursements	1,004,084	904,808	766,418
Cash Balance, December 31	\$ 236	281	35,895

½ Cent Sales Tax - Jail Operating Fund	2002	2001	2000
Cash Balance, January 1	\$ (5,020)	29,678	39,041
Receipts	275,460	220,202	214,895
Disbursements	270,286	254,900	224,258
Cash Balance, December 31	\$ 154	(5,020)	29,678

(The General Revenue Fund transferred \$26,200 to the ½ Cent Sales Tax - Jail Operating Fund in 2002 to offset a deficit. No other transfers between these two fund occurred during the other two years.)

The financial condition in the General Revenue Fund would have been even worse if the county had not made a questionable administrative transfer from the Special Road and Bridge Fund of approximately \$67,500 in 2002 (See Management Advisory Report finding number 3).

While receipts have increased each year, they have not kept pace with the increase in disbursements. Based on the 2003 budget, it appears the financial condition of General Revenue Fund and the ½ Cent Sales Tax - Jail Operating Fund is not expected to improve during the current year, and other factors will impact the General Revenue Fund in subsequent years. The 2003 General Revenue Fund's budget includes receipts of \$1,507,418 and disbursements of \$1,507,654, resulting in an estimated ending cash balance of \$0. These amounts include approximately \$500,000 in budgeted receipts and disbursements for new grants, however as of July 2003, the county did not expect the grants to be approved. Also, based on actions of the 2001 Salary Commission, officials elected in 2002 received raises of \$43,000 in 2003 and officials elected in 2004 may receive raises in 2005 totaling \$47,000. In 2004 and 2005, funding for some federal grants relating to the Sheriff's department will be exhausted. However, these grants require the county to continue funding the programs for at least an additional year. All of these issues will be a continuing strain on the General

Revenue Fund. The 2003 ½ Cent Sales Tax - Jail Operating Fund's budget includes receipts and disbursements of \$265,911 resulting in an estimated ending cash balance of \$154.

Numerous factors have contributed to the poor financial condition of the funds, including:

- The pay for the Public Administrator was moved to a salary basis in 2001, resulting in an additional cost of approximately \$10,000 per year.
- Increased disbursements for building and grounds of approximately \$34,000 in 2002. One disbursement was for a heating and cooling project in the courthouse.
- The General Revenue Fund transferred approximately \$17,000 and \$39,000 to funds, other than the ½ Cent Sales - Jail Operating Fund, during the years ended December 31, 2002 and 2001, respectively. These monies were primarily transferred to meet grant matching requirements and were another drain on tight General Revenue Fund resources.
- Disbursements from the two funds relating to the Sheriff's office and jail operations (excluding various grant expenditures) increased from approximately \$376,000 in 1998 to \$598,000 in 2002. It should be noted that some of the increase was offset by a corresponding increase in receipts. These increasing costs included additional deputy and jailer salaries, as well as purchases of vehicles and additional supplies.

The following are areas which the county should consider to help improve the financial condition of the General Revenue Fund and ½ Cent Sales Tax - Jail Operating Fund:

- Increase collection efforts on monies owed from board bills and court costs (See Management Advisory Report finding numbers 6 and 9).
- Ensure all allowable grant reimbursements are claimed timely and all reasonable efforts are made to obtain competitive pricing on purchases (See Management Advisory Report finding numbers 5 and 2).

The County Commission should review discretionary disbursements to ensure available county resources are used efficiently and to determine if long term reductions in discretionary disbursements are possible. In addition, the County Commission should ensure it maximizes receipts from all sources.

WE RECOMMEND the County Commission consider various alternatives of increasing receipts and/or reducing disbursements to improve the financial condition of the General Revenue Fund and the ½ Cent Sales Tax - Jail Operating Fund and to maintain an adequate operating cash reserve in the funds.

AUDITEE'S RESPONSE

The County Commission indicated they agree and have been closely monitoring the financial condition. Some steps have been taken to increase receipts and decrease disbursements and they will continue working to improve the financial condition.

2. Procurement Procedures

The county did not always solicit bids and/or retain bid documentation for various purchases. In addition, the minutes did not adequately document bid information such as reasons for accepting other than the lowest bid or justification for sole source purchases and bid files appeared to be incomplete.

Bids were not advertised or solicited, or adequate bid documentation was not maintained for the following purchases:

Asphalt paving project	\$	46,000
2001 truck for Sheriff		25,999
2001 truck for Sheriff		22,206
Bullet proof vests		9,536
Communication equipment		9,298
1997 truck		5,975
Emergency 911 study		5,000

The county received only one bid and/or verbally indicated a sole source vendor was used on the following purchases:

Pumping equipment	\$	27,518
Pipe		18,883
Bridge decking		9,913
Culverts		4,651
Printing services		4,736

In addition to the above items, we noted other instances in which the county is not adequately bidding purchases:

- The county has not solicited bids for property, liability, and workman's compensation insurance for a number of years, even though the county spends approximately \$47,000 annually for insurance premiums.
- The county spends in excess of \$63,000 annually for fuel and oil used by Road and Bridge and Sheriff Department vehicles. Fuel for the Road and Bridge Department is purchased in bulk and stored in tanks at the Road and Bridge Department. The

county only solicited one bid each year from the one bulk fuel vendor used. In addition, each bid was for a one time purchase and no other bids were obtained during the year. The Sheriff's Department purchases fuel directly at the vendor's pump, but the county did not bid this service or solicit discounts on the pump price.

- During 2002, the county spent approximately \$263,000 for rock from the Special Road and Bridge Fund and the ½ Cent Sales Tax Road and Bridge Fund. It appears the county has occasionally solicited bids from several quarries that it uses. Each quarry charges different rates for each grade of rock and sometimes the rates vary between quarries. The County Commission indicated the determining factors for purchasing from one quarry instead of another are the cost of hauling, distance to the jobsite, and the quality of the rock. However, the county has not documented its analysis of these factors when determining whether to purchase from a particular quarry for specific projects.

Section 50.660, RSMo 2000, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding assures all parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids are requested, a copy of the request for proposal, newspaper publication notices, bids received, the basis of justification for awarding the bids, and documentation of all discussions with vendors.

Considering the county's poor financial condition, every effort should be made to solicit bids from multiple vendors for all possible purchases to ensure the county is receiving the lowest and best price.

WE RECOMMEND the County Commission solicit bids for all purchase in accordance with state law and maintain adequate documentation of all bids obtained and the justification for selecting the winning bid. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

AUDITEE'S RESPONSE

The County Commission indicated they agree. Though they believed they generally do a good job of bidding, every effort will be made to bid applicable purchases and appropriate bid documentation will be retained.

3.**Policies and Procedures**

The county made a questionable administrative transfer in 2002. In addition, the county does not have a personnel manual and time sheets/leave records are not always submitted to the County Clerk. Furthermore, the county's budgets and published financial statements did not properly report all financial activity, billing statements for rock purchases are not compared to delivery tickets and general fixed asset records/fuel records are not maintained or are incomplete.

- A. In 2002, the county made a questionable administrative transfer of approximately \$67,500 from the Special Road and Bridge Fund to the General Revenue Fund. The 2002 transfer included administrative transfers related to activity for prior years, including 1999, 2000, and 2001.

Section 50.515, RSMo 2002, allows the county to impose an administrative service fee on the Special Road and Bridge Fund. The administrative service fee shall be imposed only to generate reimbursement sufficient to recoup actual disbursements made from the General Revenue Fund for related administrative services. The fee is limited to a maximum of three percent of the budget of the Special Road and Bridge Fund. While full transfers were budgeted each year, the County Commission decided to only take partial transfers in 1999 and 2001, and decided to take no transfer in 2000. As noted above, additional amounts for those years were then transferred in 2002. There was no documentation that, at the time the original decision was made to forego the full budgeted transfer in each of the years, a plan had been developed to take the balances in subsequent years. It appears questionable to forego the administrative transfers in the appropriate years and later rescind the decision and recoup the amounts when the General Revenue Fund experiences financial difficulties.

In addition, the audit report for the two years ended 1998 noted in the follow-up section that the General Revenue Fund still owed \$27,000 to the Special Road and Bridge Fund as the result of prior excessive administrative transfers.

- B. The county has not adopted an official personnel manual and time sheets/leave records for the Sheriff's department are not received by the County Clerk.
- 1) The county has not adopted an official personnel manual which details policies and procedures for county employees. Instead, many of the county policies are included in the county commission meeting minutes when approved and according to the commission, copies of the minutes containing these policies are given to all county employees. Failure to adopt an official personnel manual increases the likelihood of misunderstandings or unequal treatment of employees.

- 2) The County Clerk does not receive time sheets and records of accumulated leave balances from the Sheriff's department. In addition, while these records were supposed to be maintained by the Sheriff's department, we noted the Sheriff's records were incomplete and inaccurate, as discussed in Management Advisory Report finding number 6. As a result, the County Commission does not have documentation to support payroll expenditures or to monitor potential leave liabilities.

In May 2003, a deputy sheriff resigned and filed a claim of approximately \$26,000 with the County Commission for vacation, sick, holiday, personal, and compensatory time. Due to the failure to receive timesheets and leave records from the Sheriff's department, the county was apparently unaware of this large potential liability.

The FLSA requires employers to keep accurate records of actual time worked by employees, including leave balances, time taken, and used. The time records should be prepared by the employee, approved by the applicable supervisor, and filed with the County Commission. In addition, without centralized leave records, the County Commission cannot ensure that employees' leave balances are accurate and that all employees are treated equitably. Centralized leave records will also aid in determining unused leave upon termination of employment.

- C. The county's budgets and published financial statements did not properly report all financial activity of the ½ Cent Jail Building Fund. Principal totaling \$150,000 invested in certificates of deposit was excluded from the reported cash balances each year. In addition, related interest earnings of approximately \$16,500 were not reported when paid by the bank but were rolled over into new certificates for several years. The principal and interest amounts were instead reported as transfers-in during 2002 when they were redeemed to retire the bonds used to build the jail. Additionally, a \$46,000 temporary bank loan was also reflected as a transfer-in at that time.

Failure to include and properly classify all cash and receipt activity on the budgets and published financial statements reduces the effectiveness of the budget and reporting process and increases the susceptibility of county assets to loss or misuse.

- D. Billing summary statements for rock purchases, rather than individual invoices or delivery tickets, are used by the County Clerk as the basis for payment. Rock delivery tickets are not always forwarded to the County Clerk for comparison to the billing statements prior to payment. During the two years ended December 31, 2002, the county spent approximately \$560,000 for rock from the Special Road and Bridge Fund and the ½ Cent Sales Tax Road and Bridge Fund. Since the billing statements that the county is basing payment on are not agreed to the supporting invoices, the county does not have adequate assurance it is paying only for rock actually received.

E. The county did not update general fixed asset records timely or take an annual inventory. In addition, the Road and Bridge Department does not maintain an inventory record on bulk fuel and neither the Road and Bridge Department nor the Sheriff's Department reconcile fuel usage logs for vehicles to fuel purchases.

- 1) The County Commission or its designee is responsible for maintaining a complete, detailed record of county property. In the past, the County Clerk has been primarily responsible for these records. While the County Clerk maintained an inventory listing of fixed assets held by the county officials, the fixed asset listing had not been updated, nor had a physical inventory been completed, since April 2001. Examples of items purchased which were not included on the fixed asset listing include two motor graders valued at approximately \$199,000, four police vehicles, and a trackhoe. In addition, fixed assets have not been tagged since April 2001. The county has not developed a policy to define who is responsible for inventory records, the procedures to be followed, and the content of the records.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

Adequate fixed asset records are necessary to secure better internal controls over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with county property.

- 2) The Road and Bridge Department does not maintain an inventory record for its bulk fuel tanks. To ensure the reasonableness of fuel expenditures, the Road and Bridge Department should maintain a fuel inventory record, adding all fuel purchased and deducting all fuel used. In addition, fuel on hand should be measured on a periodic basis and agreed to the fuel inventory record.

In addition, neither the Sheriff's Department nor the Road and Bridge Department periodically reconcile their fuel usage logs to the fuel inventory records or fuel invoices, as applicable.

Failure to inventory and reconcile fuel usage to fuel purchases increases the risk that theft or misuse of fuel could occur and not be detected. Periodic physical inventories are necessary to ensure the records are accurate, identify any unrecorded additions and deletions, and detect possible loss or theft. Information on the fuel usage logs should be reconciled to fuel purchases on a periodic basis.

WE RECOMMEND the County Commission:

- A. Develop a plan to repay the \$94,500 due from the General Revenue Fund to the Special Road and Bridge Fund.
- B.1. Adopt an official personnel manual and require employees to read the manual as a condition of their employment.
- 2. Work with the Sheriff to ensure all time sheets and records tracking accumulated leave balances are forwarded to the County Clerk. In addition, the County Commission should periodically review leave balances to ensure balances do not exceed county policy.
- C. Ensure all applicable cash and receipt transactions are properly recorded on the budgets and published financial statements.
- D. Establish procedures to ensure all invoices are forwarded to the County Clerk for comparison to billing statements prior to payment.
- E.1. Establish a written policy related to handling and accounting for fixed assets. In addition, all fixed asset purchases and dispositions should be recorded as they occur, purchases of fixed assets should be reconciled to additions on the inventory records, and purchased items should be tagged or identified as county-owned property upon receipt.
- 2. Maintain an inventory record of Road and Bridge Department fuel stored in bulk tanks and perform a physical inventory of the fuel. In addition, the Road and Bridge Department and Sheriff's Department should reconcile fuel usage logs to fuel purchases and review for reasonableness.

AUDITEE'S RESPONSE

- A. *The County Commission and County Clerk indicated they disagree with this recommendation. They believe the General Revenue Fund was entitled to the administrative transfers, based upon statute, whether or not they were taken in the original year budgeted*

and that the planned transfers were based upon reasonable estimates of expenditures. However, in the future, they will make the transfers in a more timely fashion.

- B.1. The County Commission indicated they agree and will try to comply with this recommendation.*
- 2. The County Commission indicated they agree and have already discussed the issue with the Sheriff. The Commission and the Sheriff indicated this recommendation will be implemented by January 2004.*
- C. The County Commission and County Clerk indicated they agree.*
- D. The County Commission indicated they agree and have already implemented this recommendation as of October 2003.*
- E.1. The County Commission indicated they agree and this recommendation will be implemented by January 2004.*
- 2. The County Commission indicated they agree and this recommendation will be implemented by April 2004. The Sheriff indicated he has already begun reconciling fuel usage logs to vendor invoices.*

AUDITOR'S COMMENT

- A. It appears that the administrative transfers should be taken in the year originally budgeted and to which they apply. If a decision is made to defer part of the transfer in the year originally budgeted, this decision should be documented in the commission meeting minutes and records maintained to track the amounts available for later transfer.

4. Clark County Youth Fund

The Prosecuting Attorney frequently reduces charges filed on traffic tickets by requiring the defendants to make a “donation” to the Clark County Youth Fund as a condition of reducing the charges and entering into a plea bargain. According to the county budgets, receipts from donations totaled approximately \$27,000 and \$22,000 for the years ended December 31, 2002 and 2001, respectively. During our review of procedures related to these donations, we noted the following:

- A. The County distributes the donations to various non-for-profit organizations and other political subdivisions. By accepting the donations, it is possible that fines and penalties which may otherwise have been assessed and credited to the county school fund were not collected and distributed in accordance with an established formula designed to benefit all schools within the county.

Article IX, Section 7 of the Missouri Constitution states that the proceeds of all penalties, forfeitures and fines are to be distributed to the county school fund maintained by the state.

- B. The Prosecuting Attorney does not make the judge aware of the donation when presenting the plea bargain to the court.

Opinion 176 issued by the Judicial Commission on Retirement, Removal, and Discipline, states, "Even though the judge does not impose a charitable or civic payment as part of a sentence or condition of probation, when the judge knows such a payment is a pre-condition to receiving the recommendation, the appearance of a 'payoff' remains. The judge has the obligation to review the plea agreement and exercise discretion in a manner so as not to create the appearance of a 'payoff'. The judge should not approve such a plea bargain absent an ordinance, statute, or constitutional provision authorizing such payments."

The Prosecuting Attorney and Associate Circuit Judge should reevaluate whether these circumstances allow the judge to make an informed decision or whether this practice should be discontinued.

- C. The county has not retained appropriate oversight of the Clark County Youth Fund and has developed no guidelines defining allowable uses of the funds. The county has delegated the authority to approve disbursements to a board comprised of county residents. The board accepts and approves funding applications and submits the approved applications to the County Commission. The commission then issues a check to the organization. The county could provide no supporting documentation, other than the initial application, for seven of eleven disbursements reviewed, ranging from \$1,000 to \$2,500. In addition, there was no clear governmental purpose documented for some of the disbursements reviewed. While some of the monies were disbursed to schools and related programs for library books and sports uniforms, other disbursements were for items such as plane tickets for a Future Farmers of America conference, an "after-Prom" party, and a public address system at the fairgrounds, each which cost \$1,000.

The lack of county involvement in the management and disbursement process could result in funds not being used for the intended purposes.

WE RECOMMEND the Prosecuting Attorney and the Associate Circuit Judge determine whether requiring donations as part of a plea bargain is acceptable. If this practice is continued, the Prosecuting Attorney and the Associate Circuit Judge should establish guidelines for how donation amounts are determined. In addition, county officials should maintain a more direct role in the management of these funds, ensuring written guidelines are developed to establish the allowable governmental purposes for which the monies may be used and ensuring adequate supporting documentation is received for each disbursement.

AUDITEE'S RESPONSE

Prosecuting Attorney:

The Prosecuting Attorney provided the following response:

Article IX, Section 7 of the Missouri Constitution does, in fact, provide that all fines and forfeitures are to go to the school fund. Unfortunately, the Legislature eludes this clear provision in its school funding "formula" by reducing on a dollar for dollar basis the amount of State money provided to that school district by the amount received from the fine and forfeiture fund in the previous year. Thus, unless the amount received from the fine and forfeiture fund increases each year, the school districts actually receive less money in the subsequent year than in the previous year.

As far as the amount of donations are concerned, I have explained to your field auditors that the amount of donation is \$50 to amend the speed of the ticket and \$150 to amend the speeding ticket to equipment violation. I have, on occasion, permitted a defendant to substitute a specified amount of community service in lieu of the Youth Fund Donations if they were simply unable to pay the donation.

I have intentionally chosen to have nothing to do with the distribution of funds from the Youth Fund to avoid any appearance of impropriety in funding organizations that my children are involved in. I agree, however, that some follow-up controls are needed to assure that the monies are spent properly.

Associate Circuit Judge:

The Associate Circuit Judge indicated that he has no knowledge of the Prosecuting Attorney's amendments or any conditions imposed under the present practice; thus he believes this does not constitute a plea bargain although he believes the appearance of a plea bargain is created. He added that he would send a letter to the Prosecuting Attorney requesting the Prosecuting Attorney to cease amending tickets when a condition of that amendment is a donation to the Clark County Youth Fund.

County Commission:

The County Commission indicated that they generally get documentation of the expenditures but will now require such documentation as a condition to the grant.

5.	Sheriff's Grants
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Records, procedures, and monitoring were not adequate for Sheriff's Department grants with expenditures in excess of \$189,000 during the two years ended December 31, 2002.

- A. Records and procedures were inadequate to ensure grants were properly managed, reimbursement requests and payments were accurate and timely, and required reports were prepared.
- 1) Grant records and files were disorganized and incomplete. While the quality of the records has improved since another deputy was assigned the responsibility, the department did not always retain the documentation to support reimbursement requests and financial status reports for each grant. In addition, it appears the county relies on information received from the granting agency to provide the balance of each grant. However, our review of information provided by the granting agency noted discrepancies between what the agency reported and what the county actually received.
 - 2) An activity log to summarize the grant award, amounts and dates of reimbursement claims and payments, and required financial status reporting dates, is not maintained for each grant. In addition, there appears to be little or no monitoring or oversight to ensure claims and reports are submitted and payments are received.
 - One deputy is assigned the duties of maintaining the grant records and submitting reimbursement requests to the granting agencies, while the County Treasurer receives the reimbursement payments. However, the deputy does not provide copies of reimbursement requests to the County Treasurer and does not receive information about the resulting payments. As a result, the county has little assurance that payment has been received on all requests filed. Reimbursement from the COPS Universal Grant on three requests totaling \$28,761 was not received for two to seven months after the claims were filed.
 - Reimbursement requests are not submitted in a timely manner. The COPS Universal Grant and COPS More '98 Grant programs appeared to allow reimbursement claims to be filed at least quarterly. However, we noted several reimbursement requests for these programs which covered more than three months or which were filed more than one month after the end of the quarter. These untimely claims totaled \$81,182.

Information on the following charts was obtained from county-prepared reimbursement worksheets and financial status reports and grantor payment confirmations.

COPS Universal Grant

Claim Period		Date Filed	Date Received		Amount
7/1/2000	9/30/2001	11/2/2001	11/5/2001	\$	41,185
10/1/2001	3/31/2002	5/29/2002	1/10/2003		14,603
4/1/2002	6/30/2002	11/8/2002	1/10/2003		7,079
7/1/2002	9/30/2002	11/8/2002	1/10/2003		7,079

COPS More '98 Grant

Claim Period		Date Filed	Date Received		Amount
1/1/2001	9/30/2001	10/17/2001	11/5/2001	\$	7,653
10/1/2001	3/31/2002	5/12/2002	5/30/2002		10,662

- Reimbursement requests on the COPS Universal Grant do not appear to be accurate. Our analysis of the costs and reimbursements indicated that the county may have under claimed approximately \$8,000 in 2001. The under claimed amount was derived from the expenditures per the budget times the federal share as compared to the actual amount requested. In addition, it appears expenditures were over claimed in 2002 by approximately \$5,900 because the county claimed total program expenditures for two quarters, rather than just the federal share.
- Financial status reports were not filed in a timely manner for the Crime Victim Assistance (VOCA) grant. As a result, the county's 2003 grant application was denied and the county lost federal funding of approximately \$6,600.

To ensure grants are properly managed, claims and payments are timely and adequately supported, and required financial status reports are prepared when due, adequate procedures should be developed and appropriate, complete records maintained.

- B. Payroll expenditures claimed against the Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant (DWI Mini-grant) were not always supported by time sheets. The county received and expended \$31,768 on the grant in 2002. However, for the 8 employees paid from the grant, timesheets for several months, representing approximately \$13,700 in costs claimed, were either incomplete or not prepared. Without adequate supporting documentation, these costs appear questionable and could be disallowed by the granting agency.

- C. The county does not appear to have a clear understanding of its obligation on each grant. The COPS in Schools and COPS More grant agreements required the county to fund the programs for an additional year. Based upon discussions with the County Commission and the County Clerk, the county apparently did not fully understand that the agreements required the county to provide continuing funding after federal funding ended. During the two years ended December 31, 2002, the total costs for the two programs exceeded \$50,000.

WE RECOMMEND the County Commission and Sheriff:

- A. Maintain complete and accurate records of all grants including a grant activity log to track grant awards, amounts and dates of reimbursement claims and payments, and required financial status reporting dates. In addition, policies and procedures should be developed to ensure reimbursement requests are submitted and reimbursements are received in a timely manner. The county should also review expenditures and reimbursements for the COPS Universal Grant to determine if the county has requested the appropriate reimbursements.
- B. Contact the granting agency to resolve the questioned costs and ensure supporting documentation is maintained on future grants.
- C. Review grant applications and ensure the obligations are understood and considered when budgets are prepared.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they agree and will discuss the issue with the Sheriff and Treasurer to ensure complete records of awards, claims, and reimbursements are developed. The Sheriff indicated his office is currently working on updating the grant records and is developing procedures to track awards and ensure requests are submitted in a timely manner and monitored to ensure timely payment. Finally, his office is reviewing receipts and disbursements of the COPS Universal grant.*
- B. *The Sheriff indicated he agrees and will contact the granting agency to resolve the questioned costs. This will be implemented by February 2004.*
- C. *The County Commission and Sheriff indicated they agree and in the future, grant obligations will be considered during the budget process.*

6. Sheriff's Controls and Procedures

Time sheets and leave records are not always prepared by sheriff deputies or reviewed and approved by supervisors, and these records are not forwarded to the County Clerk. In

addition, accounting duties are not adequately segregated and receipts are not deposited in a timely manner. Finally, there are no procedures in place to ensure all costs for boarding prisoners of other counties are billed and received.

The Sheriff's department has approximately 19 employees and handles various receipts including bond monies, jail board bills, grant monies, permit fees, and other miscellaneous receipts. During the two years ended December 31, 2002, the Sheriff's office collected receipts totaling approximately \$225,000.

- A. Time sheets are not always prepared, supervisory reviews of time sheets are not performed, and as noted in Management Advisory Report finding number 3, time sheets are not forwarded by the Sheriff to the County Clerk. Instead, the Sheriff's department forwards a listing of total hours worked by employee and by fund. This listing is prepared from time sheets, if available, or from dispatching logs.

We reviewed time sheets prepared for fourteen deputies during the two years ended December 31, 2002. None of the time sheets reviewed included documentation of supervisory approval and, as noted in Management Advisory Report finding number 5, timesheets were not prepared for hours worked by some of the deputies related to one grant program. In addition, it appears that some time sheets were not prepared when the work was performed, but were prepared later from entries in the dispatch log and were sometimes prepared by someone other than the employee.

Proper control over payroll requires documentation, such as time sheets prepared and signed by employees and approved by supervisors, to provide evidence of actual time worked each month. In addition, the Fair Labor Standards Act (FLSA) requires accurate records of actual time worked by employees be maintained. Preparing timesheets after the fact, or by other than the applicable employee, increases the risk for timesheets to be inaccurate.

- B. Leave records (annual, sick, and compensatory) are not periodically reviewed for reasonableness by supervisory personnel, county leave policies are not being followed, and leave records do not appear to be accurate.

In November 2001, the County Commission adopted a compensatory time policy which required all employees to use such time in the year earned. However, as of December 31, 2002, compensatory balances totaling approximately 2,800 hours were being carried for the Sheriff's employees. This includes three employees carrying between 150 and 400 hours and one employee carrying approximately 1,350 hours, representing approximately one-half of the total. There was no documentation that these balances were periodically reviewed for reasonableness or to ensure employees were allowed to schedule time off to use some of the accumulated hours. As noted in Management Advisory Report finding number 3, the employee with the largest compensatory time balance resigned in May 2003 and presented the county with a claim for over \$26,000 in accumulated leave.

We further reviewed the timesheets and leave records of the deputy with the largest overtime balance for four days in May and July of 2002. The records indicated the deputy claimed 38 hours of overtime for those four days. For example, the timesheets indicated the deputy worked 19 hours on July 9th and 20 hours on July 10th. However, the dispatch log indicated the deputy was only logged into service for 9.75 hours on July 9th and was never logged into service on July 10th. In addition, the timesheets reflected 15 hours worked on May 8th and 16 hours worked on May 15th. However, the dispatch log only indicated the deputy was logged into service for 9.5 and 8.25 hours on those days, respectively. Again, there was no documented supervisory review of the timesheets and leave records to identify and explain these discrepancies.

To ensure that leave being earned is appropriate, reasonable and properly managed, a periodic supervisory review of accumulated leave records should be performed and documented. In addition, the FLSA requires employers to keep accurate records of actual time worked by employees, including leave earned, taken, and balances for each type of leave.

- C. Duties are not adequately segregated and there is no independent oversight. Currently, several employees, including a night dispatcher, collect monies. The night dispatcher is also responsible for all accounting duties including recording, depositing, and disbursing monies, as well as reconciling the bank accounts. To ensure proper accountability, the duties of receiving and depositing should be segregated from recording and reconciling receipts. If proper segregation is not possible, at a minimum, periodic supervisory reviews should be performed and documented. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.
- D. Receipts are not deposited timely. Per our review of two months' activity, monies are deposited 5 to 7 times per month. One deposit in June 2001, totaling \$1,678, contained some monies held 7 days before deposit and one deposit in November 2002, totaling \$2,500, contained monies held 6 days before deposit. In addition, we noted that checks and money orders are not restrictively endorsed upon receipt. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, checks and money orders should be restrictively endorsed upon receipt and deposits should be made intact daily or when accumulated receipts exceed \$100.
- E. The Sheriff's department houses prisoners for other counties and cities, bills the various entities for these services, and collects the related payments. A log is not maintained for amounts billed to or collected from the various entities, nor is a central file of billings maintained for comparison to collections. In addition, payments received are not matched to the billing statements as a means to track and

follow-up on unpaid bills. During the years ended December 31, 2002 and 2001 the Sheriff's Department collected approximately \$40,600 and \$26,200, respectively, from other entities for board of prisoners.

The Sheriff should maintain a log of amounts billed to and collected from the various entities. Unpaid board bills should be monitored and appropriate follow-up action taken to ensure county costs are recouped.

WE RECOMMEND the Sheriff:

- A. Require time sheets be prepared regularly by all employees, reviewed by supervisors, and submitted to the County Clerk.
- B. Ensure county leave policies are being followed and require periodic supervisory reviews of employee leave records for reasonableness and accuracy.
- C. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- D. Endorse checks and money orders immediately upon receipt and deposit receipts daily or when accumulated receipts exceed \$100.
- E. Maintain a log of amounts billed to and collected from the various entities for boarding of prisoners as a means to track and follow-up on amounts due to the county.

AUDITEE'S RESPONSE

- A. *The Sheriff indicated he agrees and employees are now required to prepare time sheets and supervisors are required to review and approve these time sheets. The Sheriff indicated he also now approves all timesheets and beginning in January 2004, time sheets will be submitted to the County Clerk.*
- B. *The Sheriff indicated he agrees and employees have now been made aware of county and departmental leave policies. He has also established a new comp-time policy to further limit the amounts that can be accumulated. Currently, he and supervisors are reviewing and approving some leave records and he anticipates having this recommendation completely implemented by January 2004.*
- C. *The Sheriff indicated he agrees and is in the process of retraining and reassigning duties to achieve better segregation. This recommendation will be implemented by May 2004.*
- D. *The Sheriff indicated he agrees and this has already been implemented.*

- E. *The Sheriff indicated he agrees and procedures have now been developed to track board billings and ensure payments are received.*

7. Prosecuting Attorney's Controls and Procedures
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Accounting duties in the Prosecuting Attorney's office are not properly segregated and the bad check system is not adequate to account for all activity.

The Prosecuting Attorney's office receives monies for bad check restitution and fee payments. Payments are to be made by two separate money orders or cashier's checks; one payable to the vendor for the amount of the bad check and one payable to the Prosecuting Attorney's office for bad check fees. According to the Prosecuting Attorney's records, receipts from bad check restitution and fees totaled approximately \$26,735 and \$48,372 for the years ended December 31, 2002 and 2001, respectively.

- A. Duties are not adequately segregated and there is no independent oversight. Currently, all accounting duties, including receiving and recording bad check complaints and payments, transmitting and disbursing monies, following up on amounts still due, and maintaining the bad check records are performed by one employee. To ensure proper accountability, the duties of receiving and recording complaints and payments should be segregated from the duties of disbursing and transmitting monies and following up on amounts due. If duties cannot be adequately segregated, someone independent should periodically review the bad check records for accuracy and completeness by comparing records of monies received with documentation of disbursement of such monies to the County Treasurer and the vendors, as well as ensuring recorded dispositions appear proper. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.
- B. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as subsequent disposition of these complaints, has not been established. The Prosecuting Attorney's office does not require a complaint form, including all information necessary for collection or prosecution, to be completed by the vendor when dropping off or mailing in bad checks. In addition, a summary log of complaints received is not maintained. Instead, a log is maintained for each vendor, listing all bad checks submitted for collection by the vendor. Our review noted that the logs were not updated timely to show actions taken and included many checks which couldn't be processed due to a lack of sufficient information being provided by the vendor. Many of these uncollectable checks were still on hand, rather than being returned to the vendor timely.

To ensure all bad checks turned over to the Prosecuting Attorney are properly handled, a sequentially pre-numbered complaint form, including all information necessary for collection or prosecution, should be prepared for each bad check

received and a summary log should be maintained listing each complaint and its disposition. The log should contain information such as the complaint number, the merchant's name, the issuer of the check, the amount of the bad check fee, and the disposition of the bad check, including the date restitution was received and disbursed to the vendor, the date and criminal case in which charges were filed, or other disposition. In addition, documentation should be obtained from the merchant to indicate their receipt of the restitution and any bad checks which cannot be processed should be returned to the vendor timely.

WE RECOMMEND the Prosecuting Attorney:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Utilize a pre-numbered complaint form, including all information necessary for processing, and maintain a summary log to adequately account for bad check complaints as well as the ultimate disposition. In addition, all checks lacking sufficient information should be returned to vendors in a timely manner and documentation should be obtained from the vendor to indicate their receipt of restitution.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following response:

- A. *I recognize that the system is not perfect. However, I believe we have a good system in place which works appropriately in the vast number of bad checks.*

I realize that in a perfect world the recommendation made in your audit report would be appropriate. However, in my part-time position I have only one secretary. The secretary from my private office ends up assisting to a great extent in the bad check collections simply because my prosecutor secretary does not have time to do so given the other demands of the job. Further, the amount we generate in bad check fees would not be sufficient to pay a person to handle the job. Thus, I have no effective way to separate the duties and functions of the system. I will, however, review the documentation of the fund periodically to satisfy myself that there are no problems with the system.

- B. *I doubt that my businesses will cooperate effectively in using pre-numbered complaint forms to send in with their checks. Unfortunately, some of them consider it a burden to them to either bring or mail the checks to us to try and collect for them. I will, however, begin a system for calendar year 2004 where we will log all checks received by the office in addition to our subsidiary listing of the checks by vendor so that tracking these checks later is an easier job for your office.*

AUDITOR'S COMMENT

- B. The records and controls recommended in the finding are necessary to allow the elected official to monitor and ensure accountability over bad check activity within the office for which he is responsible.

8. Associate Circuit Court Controls and Procedures

Accounting duties in the Associate Circuit Court are not adequately segregated and receipts are not deposited in a timely manner. In addition, differences in the bank reconciliations have not been resolved since November 2002 and accrued costs on numerous old cases have not been written off timely.

The Associate Circuit Court processes monies for civil, criminal and probate cases, traffic tickets, and bonds. Receipts totaled approximately \$251,000 and \$278,000 for the years ended December 31, 2002 and 2001, respectively.

- A. The duties of receiving, recording, depositing, and disbursing monies are not adequately segregated. Currently, all employees receive, record, and prepare deposits. In addition, the Associate Circuit Clerk also disburses monies and is ultimately responsible for reconciling the bank account. The Associate Circuit Clerk indicated she reviews the reconciliation of daily receipts to bank deposits, however, the review is not documented.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. This could be achieved by segregating the functions of receiving and depositing court monies from that of recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits.

- B. Receipts are not deposited timely. During the month of August 2002, the court made deposits on only 3 days. While the court is closing out the cash drawers and preparing deposits every day or two, they are not taking the deposits to the bank until several have accumulated. For example, on August 19 the court made seven deposits totaling \$8,602 and covering 12 business days' activity. Additionally, a review of a two week period in November 2001 noted only three deposits, ranging between \$2,111 and \$3,467 and covering several business days' activity each. Finally, checks and money orders are not restrictively endorsed upon receipt.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, checks and money orders should be restrictively endorsed upon receipt and deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. As of July 2003, differences in the bank reconciliations had not been resolved since November 2002. The differences involve numerous voids and other reconciling items. Bank reconciliations were prepared by the Associate Circuit Clerk until implementation of the Banner (JIS) accounting system in September 2001, at which time the Office of State Courts Administrator (OSCA) began preparing them. While the bank reconciliations were being prepared by OSCA for a majority of the audit period, it is ultimately the Associate Clerk's responsibility to ensure that differences are resolved in a timely manner. Failure to resolve errors and reconciling items timely increases the risk that other errors or misstatements will not be detected on a timely basis.
- D. The court has not periodically written off old inactive case balances. As of April 1, 2003, the Associate Circuit Court had accrued case costs totaling approximately \$253,000. About 25 percent of the accrued costs are from 1999 and prior, with some costs dating back to the 1980s. The court maintains a card file of amounts due on each case and reviews the card file once a month to ensure payments are being made in agreement with payment agreements. The card file is also reconciled periodically with the computerized record of amounts due. If required payments are not made, warrants are issued. While the court has adequate procedures to collect and monitor the accrued costs, and payments are still being made on some of the old cases, many have had warrants issued and further collections are doubtful.

The lack of timely write offs of old inactive case balances increases the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources.

WE RECOMMEND the Associate Circuit Division:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit receipts intact daily or when accumulated receipts exceed \$100 and restrictively endorse checks and money orders upon receipt.
- C. Ensure that differences in the bank reconciliations are resolved in a timely manner.
- D. Review old cases with accrued costs and write off, by court order, those cases which are determined to be uncollectable.

AUDITEE'S RESPONSE

The Associate Division Judge and Clerk provided the following responses:

- A. On JIS, each person reconciles and prepares her own deposit and the person responsible for doing the total bank deposit checks and reconciles all the deposit batches. All deposits will be initialed by the person making the bank deposit.*
- B. Deposits are not made as frequently as they should be. In reviewing several months since the audit, we averaged one per week in June, one per week in July, one per week in August and three in September. We will try to be more prompt and frequent with deposits.*

We have already implemented the audit recommendation regarding endorsements. Checks and money orders are being endorsed upon receipt.

- C. Bank reconciliations have not been done in the Associate Circuit Court since about six months after JIS was implemented due to the confusion of the reports. The large amount of ticket money that is received prior to filing of the tickets creates numerous voids that make reconciling the bank statements quite complicated. At that time, OSCA began helping with the bank reconciliations. They have now been done by OSCA through December 2002. Bank statements have been sent to OSCA through September 2003. New policies have been implemented that should make bank reconciliations easier and we have made arrangements with OSCA to try and reconcile all past bank statements.*
- D. As of November 10, 2003, the Associate Circuit Court has accrued court case costs totaling \$197,406. We actively pursue all costs and fines owed to the court. We have already followed the audit recommendation and have reviewed all old warrant cases. By judicial order, we have written off fines and costs of \$63,730 which were deemed uncollectable.*

9. Circuit Clerk's Controls and Procedures

Accrued case costs are not actively pursued or periodically written off when uncollectable, and some open items have not been appropriately handled. In addition, accounting duties are not adequately segregated and differences in the bank reconciliations are not always resolved.

The Circuit Clerk's office processes monies for civil and criminal fees, fines and bonds. Receipts totaled approximately \$366,000 and \$159,000 for the years ended December 31, 2002 and 2001, respectively.

- A. The Circuit Clerk is not actively monitoring or pursuing collection of accrued case costs. As of April 2003, accrued case costs (court costs, court ordered restitution, fines on criminal cases, and court costs on civil cases) totaled approximately \$528,000. Of that amount, 29 percent is related to cases from 1999 and prior. Through our review, it appears that the court did not always use various options*

available to collect unpaid monies. Such options include periodic re-billings, show cause orders, and requesting the Circuit Judge to issue warrants. In addition, it appears that the Circuit Court has not periodically written off uncollectable accounts.

Ineffective monitoring of cases with accrued costs and failure to utilize available options in a timely manner can result in lost revenue for the court and lost restitution for victims. In addition, the lack of timely write offs of old inactive case balances increases the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources.

- B. The county's General Revenue Fund paid in excess of \$9,000 to the Circuit Clerk during the audit period to cover negative account balances in the open items listing for cases that had already been distributed. In addition, the Circuit Clerk paid the State Treasurer's Unclaimed Property Section (UPS) approximately \$13,500 of unclaimed and unidentified monies. Our review of the Circuit Clerk's open items activities noted the following concerns:

- 1) Open item monies on deposit were improperly used to pay costs associated with other criminal and civil cases. The court collects \$125 in advance on civil cases to cover known court costs. Any additional costs should also be collected prior to performing the additional services. For criminal cases, such costs should be billed to the appropriate party and not distributed until collected. However, on some cases the court incurred and distributed some costs without receiving the additional monies from the appropriate parties. The court then billed the county when the costs were not recovered.

Section 488.020, RSMo 2002, requires all court costs, except as otherwise provided by law, are payable prior to the time the service is rendered; provided that if the amount of such court cost cannot be readily determined, then the clerk shall collect a deposit based upon the likely amount of such costs, and the balance of such court cost shall be payable immediately upon ascertainment of the proper amount of said court costs. An official may refuse to perform any service in any action or proceeding, other than a criminal proceeding or when waived as provided by law, until the court costs are paid.

- 2) The pre-Banner bank account had an unidentified balance of \$2,256 at March 31, 2003 and has had little activity since a post-Banner account was opened in September 2001. According to the Circuit Clerk, every effort has been made to identify the unidentified balances to specific cases.

Old unidentified case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources.

- 3) During the audit period, the court disbursed approximately \$13,500 to the UPS with no evidence that the amounts were discussed with, or ordered by, the Circuit Judge. All disbursements of unidentified monies and write-offs of case balances should be based upon court order.
- C. The duties of receiving, recording, depositing, and disbursing monies and reconciling the bank account are not adequately segregated. Currently, the Circuit Clerk primarily performs all these duties. Occasionally, the deputies will collect and receipt monies and deposit monies for the Circuit Clerk. Also, reconciliations of daily receipts and cashier reports to bank deposits are not documented.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. This could be achieved by segregating the functions of receiving and depositing court monies from that of recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits and an independent review of bank reconciliations.

- D. Receipts are not deposited on a timely basis. While improvements have been made in the frequency of deposits since the prior audit, monies are still not being deposited on a timely basis. A review of November 2001 and July 2002 noted approximately one to two deposits weekly. Some of the deposits were in excess of \$1,000 and included monies which had been held up to six days before deposit.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

- E. As of July 2003, differences in the bank reconciliations had not been resolved since December 2002. It appears the errors may be related to double receipting, not receipting some transactions and numerical errors. Failure to resolve errors and reconciling timely increases the risk that other errors or misstatements will not be detected on a timely basis.

Similar conditions were noted in prior reports.

WE RECOMMEND the Circuit Clerk:

- A. Establish procedures for actively monitoring and pursuing the collection of accrued costs. If collection of such costs cannot be made, case balances should be written off, by court order, in a timely manner.

- B.1. Collect costs on civil cases in advance and not use open item monies to pay costs on other cases.
- 2. Close the pre-Banner account and appropriately disburse the unidentified monies.
- 3. Disburse unidentified monies and write-off case balances only upon court orders issued by the Judge.
- C. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- D. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- E. Ensure that differences in the bank reconciliations are resolved in a timely manner.

AUDITEE'S RESPONSE

- A. *The Circuit Judge and Circuit Clerk indicated they agree and will be sending billing letters to all who owe monies. For accounts unpaid after that, show cause orders will be issued. Payment plans have been established on all newer cases and all unpaid cases will be monitored monthly. They will also be reviewing old cases for potential write-off. They will try to implement these procedures by February 2004.*
- B.1. *The Circuit Judge and Circuit Clerk indicated they agree and raised initial filing fees earlier in 2003. They have begun requiring additional payments prior to performing services and will again be reviewing the adequacy of initial filing fees. They have discontinued using open item monies to pay costs on other cases.*
- 2&3. *The Circuit Judge and Circuit Clerk indicated they agree and will disburse the monies as soon as instructed where the monies should go. All future write-offs or disbursements of unidentified monies will be done by court order.*
- C. *The Circuit Clerk indicated she agrees and has begun having her deputies receipt monies also. She then reconciles posted receipts with monies on hand when preparing deposits. The Circuit Clerk indicated she would have one of her deputies reconcile receipts that she handles. She also noted that an employee of the Office of State Courts Administrator is involved in doing monthly bank reconciliations.*
- D. *The Circuit Clerk indicated she agrees and that she tries to make deposits as often as possible. She noted that occasionally, due to her presence in court hearings or a lack of collections, deposits may not be as frequent.*
- E. *The Circuit Clerk indicated that all Circuit accounts have now been reconciled up to the current month and differences have now been resolved and corrected.*

Follow-Up on Prior Audit Findings

CLARK COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Clark County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998, and our Special Review of the Office of Circuit Clerk, issued July 22, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Drug Dog

- A. Following the death of a former drug dog, the citizens of the county donated approximately \$20,000 to replace the dog. The former sheriff paid \$12,000 to a deputy to purchase a new drug dog and cover any travel and training expenses incurred. However, documentation was not obtained from the deputy to support the \$12,000 disbursement.
- B. Donations for the dog and DARE monies were held in bank accounts maintained by the former Sheriff until they were turned over to the County Treasurer in 1998. In addition, the former Sheriff did not maintain bank and accounting records for the account.

Recommendation:

The County Commission request officials turn over all donations to the custody of the County Treasurer. In addition, adequate documentation and bank and accounting records should be maintained to support all expenditures.

Status:

A&B. Implemented.

2. County Salary Commission

At the 1997 salary commission meeting, the members voted to increase the salaries of the county officials by 10 percent of the difference between the current salaries and the statutory maximum. This method of calculating salary increases was not specifically allowable by state law. In addition, the county did not obtain a written opinion from the Prosecuting Attorney to support this decision.

Recommendation:

The County Commission obtain written opinions from the Prosecuting Attorney to support the decision made by the salary commission in 1997.

Status:

See similar finding in "Follow-up on Prior Audit Findings For An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*", finding number 00-3.

SPECIAL REVIEW OF
OFFICE OF CIRCUIT CLERK

1. Missing Funds

Nineteen receipts totaling \$2,010 were not deposited to the Circuit Clerk's fee account between September 1, 1997, and February 17, 1999. The Circuit Clerk repaid \$550 of the monies on December 16, 1998.

Recommendation:

The Circuit Clerk work with law enforcement officials regarding any criminal prosecution and obtain reimbursement of the remaining \$1,460.

Status:

Implemented. The Circuit Clerk repaid \$490 of the monies on March 31, 1999, and repaid the remaining \$970 on August 31, 1999. No criminal prosecution was made.

2. Accounting Controls And Procedures

- A. The duties of receiving, recording, depositing, and disbursing monies and reconciling the bank account were not adequately segregated.
- B. Receipts were not deposited intact on a timely basis.
- C. Receipt slips were not issued for some monies received.
- D. Receipts and disbursements were not recorded on the cash control ledger or the case fee sheets on a timely basis. Some monies for which receipts slips were not issued, were also not recorded in the cash control ledger. In addition, many mathematical errors were made in the recording receipts and checks, as well as in preparing totals and balances.

- E. The Circuit Clerk did not reconcile the bank balance to the cash balance shown on the ledger.
- F. Monthly listings of open items were not prepared.
- G. A complete listing of accrued costs owed to the court was not maintained by the Circuit Clerk. In addition, monitoring procedures related to accrued costs were not adequate.

Recommendations:

- A. Provide for segregation of duties and ensure that independent reconciliations and reviews of accounting records are performed.
- B. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- C. Issue receipt slips for all monies received.
- D. Record receipts and disbursements in the cash control ledger accurately and in a timely manner.
- E. Reconcile the cash control ledger to bank records monthly and investigate and resolve any differences on a timely basis.
- F. Prepare accurate monthly listings of open items and reconcile such listings to the cash balance. Any differences should be investigated and resolved.
- G. Maintain a complete and accurate listing of accrued costs and pursue timely collection.

Status:

- A&B. Not implemented. See MAR No. 9.
- C. Implemented.
- D. Implemented. In September 2001, the Circuit Court went online with a computerized accounting and case management system, the Justice Information System (JIS). As a result, once money is receipted in the system, the cash control ledger and the fee sheets are automatically updated by the system.
- E. Implemented. The JIS system now in use reconciles the bank balance to the cash balance monthly.

- F. Partially implemented. The JIS system includes prior cases entered on the system and all new cases since its September 2001 implementation. The system tracks and reconciles open items for all such cases. However, the Circuit Clerk's office also maintained a separate manual open items listing for old cases not transferred to the new JIS system and which were held in the old fee bank account. The Circuit Clerk disbursed identifiable open items from this old account and some unidentified and unclaimed monies were turned over to the state as unclaimed property. Approximately \$2,000 remains in unidentified monies in this old fee account. See MAR No. 9.
- G. Partially implemented. A complete listing of accrued costs owed to the court is now being maintained on the JIS system. However, the Circuit Clerk is not actively pursuing timely collections. See MAR No. 9.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CLARK COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1836, the county of Clark was named after William Clark, a member of the Lewis and Clark Expedition and governor of the Missouri Territory. Clark County is a county-organized, third-class county and is part of the 1st Judicial Circuit. The county seat is Kahoka.

Clark County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 543 miles of county roads and 119 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 8,493 in 1980 and 7,416 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 41.5	40.8	40.0	39.3	29.3	21.5
Personal property	18.5	17.9	17.6	17.5	11.8	9.6
Railroad and utilities	10.6	11.1	11.8	11.4	9.8	6.7
Total	\$ 70.6	69.8	69.4	68.2	50.9	37.8

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Clark County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.3487	.3700	.3800	.3600
Special Road and Bridge Fund*	.7000	.7000	.7000	.7000
Health Center Fund	.1000	.1000	.1000	.1000

* The county retains all tax proceeds from areas not within road districts. The county has one road district that receives four-fifths of the tax collections from property within this district, and the Special Road and Bridge Fund retains one-fifth. The road district also has an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	20,969	20,838	20,474	20,387
General Revenue Fund	261,029	265,662	266,602	247,729
Special Road and Bridge Fund	425,925	422,416	413,855	413,461
Assessment Fund	38,480	37,932	37,377	37,561
Health Center Fund	69,224	68,768	67,522	67,371
School districts	2,597,225	2,570,572	2,522,591	2,507,927
Library district	56,777	56,194	55,281	55,840
Ambulance district	207,649	206,161	201,811	188,685
Watershed districts	5,692	6,049	5,696	5,862
Fire districts	18,755	19,258	18,494	19,808
Special road district	29,410	29,529	29,411	29,044
Levee and drainage districts	131,863	130,675	130,037	131,009
Surtax	75,971	75,841	78,321	73,694
Nursing Home	83,190	82,644	81,152	80,958
Cities	12,785	9,458	9,699	12,020
County Clerk	94	106	90	101
County Employees' Retirement Fund	24,686	27,719	23,414	22,612
Collector Tax Maintenance Fund	3,217	0	0	0
Commissions and Fees:				
County Collector	2,771	2,721	2,798	2,664
General Revenue Fund	64,204	64,278	62,931	63,055
Total	\$ 4,129,916	4,096,821	4,027,556	3,979,788

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	95.0	95.5	94.6	94.4 %
Personal property	90.9	90.8	90.7	91.8
Railroad and utilities	100.0	100.0	100.0	100.0

Clark County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ 0.0050	None	50 %
Road and Bridge Capital Improvements	0.0050	2005	None
Jail/Law Enforcement Center			
Building - General	0.0050	2006 *	None
Law enforcement expenses	0.0050	None	None

* The sales tax was eliminated in April 2003 when the county repaid the bonds early.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Eddie Brewer, Presiding Commissioner	\$	14,598	14,598	14,173	13,742
Wayne Bourgeois, Associate Commissioner		12,524	12,524	11,021	10,700
C.W. Higbee, Associate Commissioner		12,524	12,524	11,021	10,700
Leih Ann Hayden, County Clerk		25,599	25,599	24,853	24,130
H. Scott Summers, Prosecuting Attorney		28,225	28,225	27,401	26,603
Doug Jones, Sheriff		23,972	25,355		
Bill Conger, Sheriff				21,527	20,900
Roberta McAfee, County Treasurer		16,823	16,823		
Julie Buschling, County Treasurer				15,352	14,905
Edwin Wilson, County Coroner		4,304	4,304	3,587	3,483
Debbie Bourgeois, Public Administrator (1)		15,450	15,450	4,120	4,000
Twila Harper, County Collector (2), year ended February 28 (29),	32,940	32,890	32,088	31,101	
Donna Oilar, County Assessor (3), year ended August 31,		27,592	27,592	26,815	6,515
Linda Harmon-Heinze, County Assessor (3), year ended August 31,					19,545

(1) The Public Administrator elected to a salary basis in 2001, as allowed by state law.

(2) Includes \$2,771, \$2,721, \$2,798, and \$2,664 respectively, of commissions earned for collecting city property taxes for years ended February 28 (29), 2003, 2002, 2001, and 2000.

(3) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Mary Jones, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	46,126	44,292
John Moon, Associate Circuit Judge	96,000	96,000	97,382	87,235

As of December 31, 2002, the General Revenue Fund and the Road and Bridge Fund had incurred liabilities for equipment lease-purchases of approximately \$75,000 and \$239,000, respectively.



**GRUNDY COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-118
December 23, 2003
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Grundy, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Grundy County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Policies and procedures related to ambulance service billings and collections are not adequate. There are no written policies which address billing, collection, or write-off procedures. The ambulance service could not provide a summary report of patient billings and reconciliations are not performed between the ambulance service and the County Treasurer. The County Commission agreed with recommendations related to the ambulance service and stated they are working to improve policies and procedures.
- Concerns related to federal financial assistance included failure to prepare an accurate schedule of expenditures of federal awards.
- The county is experiencing a declining General Revenue Fund cash balance. Disbursements have exceeded revenues for the past several years. Although developing solutions to the county's financial problems will be difficult, the County Commission should take the necessary steps to improve the financial condition of the General Revenue Fund. The County Commission indicated they have been very concerned about the General Revenue Fund. They plan on putting a law enforcement sales tax issue on the April 2004 ballot, which they believe will stabilize the General Revenue Fund if the issue passes.

(over)

YELLOW SHEET

- Various budgetary and published financial statement concerns were noted including the lack of budgets for some county funds, budget amendment procedures, budgeting a 2003 deficit ending fund balance for the General Revenue Fund, and failure to include activity of some county funds in the annual published financial statements.
- Weaknesses were noted in the Prosecuting Attorney's accounting controls and procedures related to bad check monies including inadequate segregation of duties and failure to maintain a log of all bad check complaints filed. Concerns were also noted related to issuance of receipt slips, lack of documentation maintained for cash distributions and a large court ordered restitution account balance.
- The Sheriff maintains monies outside the county treasury including telephone commissions and monies received from snack sales. Concerns were also noted related to inadequate segregation of duties, timeliness of deposits, and inmate monies.

The audit also includes some matters related to county commission meeting minutes, the property tax system, and general fixed assets.

All reports are available on our website: www.auditor.mo.gov

GRUNDY COUNTY, MISSOURI

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GRUNDY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Grundy County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Grundy County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Grundy County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 12, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Grundy County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 12, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J, Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Susan Fifer
	Andrea Paul
	Kelly Petree
	Gary Raines



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Grundy County, Missouri

We have audited the financial statements of various funds of Grundy County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 12, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Grundy County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Grundy County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that

we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 02-1, to be a material weakness. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Grundy County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 12, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

GRUNDY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 425,887	852,631	1,066,274	212,244
Special Road and Bridge	262,952	947,392	937,230	273,114
Assessment	1,065	170,521	170,703	883
Law Enforcement Training	5,322	3,926	3,094	6,154
Prosecuting Attorney Training	4,239	836	745	4,330
Ambulance	211,071	745,930	685,634	271,367
Drug Awareness and Resistance				
Education	1,253	684	599	1,338
Prosecuting Attorney Bad Check	7,912	21,888	13,975	15,825
Recorder's User Fees	23,281	6,100	5,577	23,804
Victims of Domestic Violence	55	455	457	53
Local Emergency Planning Committee	6,984	4,408	3,516	7,876
9-1-1	91,627	106,831	113,613	84,845
Election Services	2,087	790	957	1,920
Health Center	183,615	539,202	419,379	303,438
Families and Friends of the				
Developmentally Disabled	146,674	96,683	91,068	152,289
Circuit Clerk Interest	1,138	279	0	1,417
Law Library	18,145	5,990	7,041	17,094
Recorder's Technology	1,034	2,803	818	3,019
Ambulance Training	0	5,876	5,287	589
Child Care	7,587	477	4,627	3,437
Private Tutoring	2,147	960	545	2,562
Project Mentoring	(6,958)	53,591	49,768	(3,135)
Prosecuting Attorney Delinquent Tax	2,778	245	1,428	1,595
Division of Family Services Guardian				
Ad Litem	0	17,000	18,700	(1,700)
Juvenile Restitution	550	380	240	690
Court Appointed Special Advocate	0	3,765	0	3,765
Community Development Block Grant	0	57,039	57,039	0
Emergency Shelter/				
Homeless Challenge Grants	0	31,620	31,620	0
Expendable Trust	240,459	13,600	10,371	243,688
Associate Division Interest	601	159	0	760
Sheriff Telephone Commissions	492	2,106	2,360	238
Total	\$ 1,641,997	3,694,167	3,702,665	1,633,499

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

GRUNDY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 563,596	925,804	1,063,513	425,887
Special Road and Bridge	216,593	807,868	761,509	262,952
Assessment	1,145	184,259	184,339	1,065
Law Enforcement Training	6,270	4,579	5,527	5,322
Prosecuting Attorney Training	4,234	843	838	4,239
Ambulance	297,220	612,334	698,483	211,071
Drug Awareness and Resistance				
Education	1,174	785	706	1,253
Prosecuting Attorney Bad Check	6,399	16,273	14,760	7,912
Recorder's User Fees	19,170	4,992	881	23,281
Victims of Domestic Violence	755	536	1,236	55
Local Emergency Planning Committee	4,870	7,334	5,220	6,984
9-1-1	88,449	104,028	100,850	91,627
Election Services	861	2,101	875	2,087
Health Center	111,824	493,777	421,986	183,615
Families and Friends of the				
Developmentally Disabled	141,041	91,073	85,440	146,674
Circuit Clerk Interest	2,518	440	1,820	1,138
Law Library	17,750	5,078	4,683	18,145
Recorder's Technology	0	1,034	0	1,034
Child Care	8,931	2,038	3,382	7,587
Private Tutoring	1,971	1,376	1,200	2,147
Project Mentoring	0	52,711	59,669	(6,958)
Prosecuting Attorney Delinquent Tax	2,547	586	355	2,778
Division of Family Services Guardian				
Ad Litem	1,700	20,400	22,100	0
Juvenile Restitution	704	415	569	550
Community Development Block Grant	0	257,981	257,981	0
Emergency Shelter/				
Homeless Challenge Grants	0	21,766	21,766	0
Expendable Trust	234,022	16,106	9,669	240,459
Associate Division Interest	464	137	0	601
Sheriff Telephone Commissions	555	2,448	2,511	492
Total	\$ 1,734,763	3,639,102	3,731,868	1,641,997

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

GRUNDY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,570,006	3,504,546	(65,460)	3,574,162	3,262,104	(312,058)
DISBURSEMENTS	3,726,209	3,519,862	206,347	3,796,291	3,352,666	443,625
RECEIPTS OVER (UNDER) DISBURSEMENTS	(156,203)	(15,316)	140,887	(222,129)	(90,562)	131,567
CASH, JANUARY 1	1,393,307	1,393,307	0	1,476,233	1,483,869	7,636
CASH, DECEMBER 31	1,237,104	1,377,991	140,887	1,254,104	1,393,307	139,203
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	103,800	80,403	(23,397)	98,800	102,917	4,117
Sales taxes	440,000	423,855	(16,145)	440,000	433,646	(6,354)
Intergovernmental	106,200	96,581	(9,619)	108,050	134,804	26,754
Charges for services	142,000	145,995	3,995	134,000	136,335	2,335
Interest	25,000	19,605	(5,395)	30,000	25,561	(4,439)
Other	47,650	28,282	(19,368)	34,700	28,162	(6,538)
Transfers in	62,600	57,910	(4,690)	58,700	64,379	5,679
Total Receipts	927,250	852,631	(74,619)	904,250	925,804	21,554
DISBURSEMENTS						
County Commissioner	73,820	72,878	942	73,200	74,568	(1,368)
County Clerk	88,695	92,172	(3,477)	85,665	85,017	648
Elections	43,750	30,743	13,007	16,250	28,484	(12,234)
Buildings and grounds	117,614	72,423	45,191	122,502	47,947	74,555
Employee fringe benefit	72,000	75,869	(3,869)	73,000	75,464	(2,464)
County Treasurer and Ex Officio Collecto	60,135	57,573	2,562	56,079	56,588	(509)
Circuit Clerk and Ex Officio Recorder of Deed	29,176	27,932	1,244	30,141	27,102	3,039
Associate Circuit Court	12,150	10,838	1,312	11,650	10,057	1,593
Court administration	9,357	12,493	(3,136)	9,496	8,239	1,257
Public Administrator	25,000	23,096	1,904	26,376	25,655	721
Sheriff	218,503	201,884	16,619	214,878	203,588	11,290
Jail	123,141	114,833	8,308	118,875	128,684	(9,809)
Prosecuting Attorney	75,182	76,934	(1,752)	75,930	72,305	3,625
Juvenile Officer	75,710	67,130	8,580	68,443	62,755	5,688
County Coroner	12,400	11,643	757	11,800	11,751	49
Other	58,200	59,543	(1,343)	74,600	81,027	(6,427)
Transfers out	71,403	58,290	13,113	70,600	64,282	6,318
Emergency Fund	27,850	0	27,850	27,200	0	27,200
Total Disbursements	1,194,086	1,066,274	127,812	1,166,685	1,063,513	103,172
RECEIPTS OVER (UNDER) DISBURSEMENTS	(266,836)	(213,643)	53,193	(262,435)	(137,709)	124,726
CASH, JANUARY 1	425,887	425,887	0	563,596	563,596	0
CASH, DECEMBER 31	159,051	212,244	53,193	301,161	425,887	124,726

Exhibit B

GRUNDY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	40,000	41,296	1,296	39,000	40,278	1,278
Intergovernmental	910,132	868,875	(41,257)	759,580	493,631	(265,949)
Interest	15,250	13,601	(1,649)	8,000	12,649	4,649
Other	23,500	23,620	120	5,000	3,329	(1,671)
Transfers in	0	0	0	304,000	257,981	(46,019)
Total Receipts	988,882	947,392	(41,490)	1,115,580	807,868	(307,712)
DISBURSEMENTS						
Salaries	81,727	84,859	(3,132)	102,086	89,887	12,199
Employee fringe benefit	17,252	17,316	(64)	17,400	17,100	300
Supplies	35,300	36,879	(1,579)	36,850	38,136	(1,286)
Insurance	6,700	6,592	108	5,750	6,650	(900)
Road and bridge materials	46,100	49,865	(3,765)	288,262	314,413	(26,151)
Equipment repairs	25,000	39,402	(14,402)	28,000	37,124	(9,124)
Equipment purchases	37,686	60,848	(23,162)	24,750	27,561	(2,811)
Construction, repair, and maintenance	549,500	489,911	59,589	546,000	213,194	332,806
FEMA to township	144,972	140,912	4,060	0	0	0
Other	5,200	10,646	(5,446)	4,400	7,991	(3,591)
Transfers out	10,000	0	10,000	14,500	9,453	5,047
Total Disbursements	959,437	937,230	22,207	1,067,998	761,509	306,489
RECEIPTS OVER (UNDER) DISBURSEMENTS	29,445	10,162	(19,283)	47,582	46,359	(1,223)
CASH, JANUARY 1	262,952	262,952	0	216,498	216,593	95
CASH, DECEMBER 31	292,397	273,114	(19,283)	264,080	262,952	(1,128)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	112,598	110,262	(2,336)	114,000	118,506	4,506
Interest	1,000	784	(216)	700	1,353	653
Other	500	1,975	1,475	500	900	400
Transfers in	71,403	57,500	(13,903)	70,600	63,500	(7,100)
Total Receipts	185,501	170,521	(14,980)	185,800	184,259	(1,541)
DISBURSEMENTS						
Assessor	184,500	170,703	13,797	185,800	184,339	1,461
Total Disbursements	184,500	170,703	13,797	185,800	184,339	1,461
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,001	(182)	(1,183)	0	(80)	(80)
CASH, JANUARY 1	1,065	1,065	0	1,145	1,145	0
CASH, DECEMBER 31	2,066	883	(1,183)	1,145	1,065	(80)

Exhibit B

GRUNDY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,400	1,102	(298)	1,800	1,413	(387)
Charges for services	5,000	2,558	(2,442)	5,000	2,655	(2,345)
Interest	300	266	(34)	250	288	38
Other	350	0	(350)	375	223	(152)
Total Receipts	7,050	3,926	(3,124)	7,425	4,579	(2,846)
DISBURSEMENTS						
Sheriff	4,510	3,094	1,416	6,000	5,527	473
Total Disbursements	4,510	3,094	1,416	6,000	5,527	473
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,540	832	(1,708)	1,425	(948)	(2,373)
CASH, JANUARY 1	5,322	5,322	0	6,270	6,270	0
CASH, DECEMBER 31	7,862	6,154	(1,708)	7,695	5,322	(2,373)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	700	633	(67)	800	640	(160)
Interest	200	203	3	180	203	23
Total Receipts	900	836	(64)	980	843	(137)
DISBURSEMENTS						
Prosecuting Attorney	1,050	745	305	1,000	838	162
Total Disbursements	1,050	745	305	1,000	838	162
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150)	91	241	(20)	5	25
CASH, JANUARY 1	4,239	4,239	0	4,234	4,234	0
CASH, DECEMBER 31	4,089	4,330	241	4,214	4,239	25
<u>AMBULANCE FUND</u>						
RECEIPTS						
Sales taxes	440,000	422,556	(17,444)	440,000	434,045	(5,955)
Charges for services	300,000	306,706	6,706	226,600	161,448	(65,152)
Interest	11,000	10,703	(297)	10,000	11,294	1,294
Other	2,500	5,965	3,465	2,750	5,547	2,797
Total Receipts	753,500	745,930	(7,570)	679,350	612,334	(67,016)
DISBURSEMENTS						
Salaries	483,436	472,522	10,914	478,370	479,797	(1,427)
Office expense:	67,142	66,391	751	55,580	53,586	1,994
Equipment	19,000	26,301	(7,301)	34,000	29,453	4,547
Mileage and training	23,700	19,769	3,931	23,500	22,764	736
Contracts with other district:	5,500	5,500	0	10,000	10,000	0
Employee fringe benefit	76,622	76,990	(368)	59,950	71,504	(11,554)
Uniforms	4,000	2,561	1,439	4,000	3,865	135
Tax increment financing	0	0	0	18,000	11,914	6,086
Transfers out	15,600	15,600	0	15,600	15,600	0
Total Disbursements	695,000	685,634	9,366	699,000	698,483	517
RECEIPTS OVER (UNDER) DISBURSEMENTS	58,500	60,296	1,796	(19,650)	(86,149)	(66,499)
CASH, JANUARY 1	211,071	211,071	0	297,220	297,220	0
CASH, DECEMBER 31	269,571	271,367	1,796	277,570	211,071	(66,499)

Exhibit B

GRUNDY COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DRUG AWARENESS AND RESISTANCE</u>						
<u>EDUCATION FUND</u>						
RECEIPTS						
Interest	50	64	14	50	57	7
Other	700	620	(80)	500	728	228
Total Receipts	750	684	(66)	550	785	235
DISBURSEMENTS						
Sheriff	700	599	101	710	706	4
Total Disbursements	700	599	101	710	706	4
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	85	35	(160)	79	239
CASH, JANUARY 1	1,253	1,253	0	1,174	1,174	0
CASH, DECEMBER 31	1,303	1,338	35	1,014	1,253	239
<u>PROSECUTING ATTORNEY BAD</u>						
<u>CHECK FUND</u>						
RECEIPTS						
Charges for services	12,172	21,297	9,125	13,500	15,969	2,469
Interest	246	591	345	225	304	79
Total Receipts	12,418	21,888	9,470	13,725	16,273	2,548
DISBURSEMENTS						
Prosecuting Attorney	14,500	13,975	525	14,765	14,760	5
Total Disbursements	14,500	13,975	525	14,765	14,760	5
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,082)	7,913	9,995	(1,040)	1,513	2,553
CASH, JANUARY 1	7,912	7,912	0	6,399	6,399	0
CASH, DECEMBER 31	5,830	15,825	9,995	5,359	7,912	2,553
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	4,000	4,998	998	4,000	3,992	(8)
Interest	1,000	1,102	102	800	1,000	200
Total Receipts	5,000	6,100	1,100	4,800	4,992	192
DISBURSEMENTS						
Ex Officio Recorder of Deed	16,200	5,577	10,623	16,200	881	15,319
Total Disbursements	16,200	5,577	10,623	16,200	881	15,319
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,200)	523	11,723	(11,400)	4,111	15,511
CASH, JANUARY 1	23,281	23,281	0	19,170	19,170	0
CASH, DECEMBER 31	12,081	23,804	11,723	7,770	23,281	15,511

Exhibit B

GRUNDY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	450	445	(5)	480	490	10
Interest	20	10	(10)	20	46	26
Total Receipts	470	455	(15)	500	536	36
DISBURSEMENTS						
Shelter	500	457	43	1,250	1,236	14
Total Disbursements	500	457	43	1,250	1,236	14
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30)	(2)	28	(750)	(700)	50
CASH, JANUARY 1	55	55	0	755	755	0
CASH, DECEMBER 31	25	53	28	5	55	50
<u>LOCAL EMERGENCY PLANNING</u>						
<u>COMMITTEE FUND</u>						
RECEIPTS						
Intergovernmental	3,700	4,134	434	2,900	6,910	4,010
Interest	350	274	(76)	200	363	163
Other	0	0	0	0	61	61
Total Receipts	4,050	4,408	358	3,100	7,334	4,234
DISBURSEMENTS						
Equipment	1,200	1,844	(644)	3,400	3,966	(566)
Training	1,200	1,669	(469)	1,000	839	161
Office supplies	96	3	93	400	77	323
Supplies	1,250	0	1,250	500	338	162
Total Disbursements	3,746	3,516	230	5,300	5,220	80
RECEIPTS OVER (UNDER) DISBURSEMENTS	304	892	588	(2,200)	2,114	4,314
CASH, JANUARY 1	6,984	6,984	0	4,870	4,870	0
CASH, DECEMBER 31	7,288	7,876	588	2,670	6,984	4,314
<u>9-1-1 FUND</u>						
RECEIPTS						
Charges for service:	103,000	102,157	(843)	101,200	99,550	(1,650)
Interest	4,000	4,347	347	3,000	4,478	1,478
Other	0	327	327	0	0	0
Total Receipts	107,000	106,831	(169)	104,200	104,028	(172)
DISBURSEMENTS						
Salaries	56,000	56,888	(888)	56,000	50,720	5,280
Office supplies	1,000	1,435	(435)	100	669	(569)
Equipment purchases	7,936	7,936	0	10,000	8,721	1,279
Equipment repairs and maintenance	2,500	6,741	(4,241)	2,500	3,957	(1,457)
Equipment support	32,400	29,957	2,443	26,000	28,305	(2,305)
Other	7,000	10,656	(3,656)	9,600	8,478	1,122
Total Disbursements	106,836	113,613	(6,777)	104,200	100,850	3,350
RECEIPTS OVER (UNDER) DISBURSEMENTS	164	(6,782)	(6,946)	0	3,178	3,178
CASH, JANUARY 1	91,627	91,627	0	88,449	88,449	0
CASH, DECEMBER 31	91,791	84,845	(6,946)	88,449	91,627	3,178

Exhibit B

GRUNDY COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	610	344	(266)	218	1,319	1,101
Interest	0	56	56	0	0	0
Transfers in	390	390	0	782	782	0
Total Receipts	1,000	790	(210)	1,000	2,101	1,101
DISBURSEMENTS						
County Clerk	2,200	957	1,243	875	875	0
Total Disbursements	2,200	957	1,243	875	875	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,200)	(167)	1,033	125	1,226	1,101
CASH, JANUARY 1	2,087	2,087	0	861	861	0
CASH, DECEMBER 31	887	1,920	1,033	986	2,087	1,101
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	223,000	254,571	31,571	215,000	236,663	21,663
Intergovernmental	220,658	229,004	8,346	213,162	215,220	2,058
Charges for services	26,000	39,913	13,913	24,750	31,646	6,896
Interest	6,000	5,393	(607)	5,700	6,683	983
Other	8,262	10,321	2,059	2,950	3,565	615
Total Receipts	483,920	539,202	55,282	461,562	493,777	32,215
DISBURSEMENTS						
Salaries	319,971	319,565	406	288,217	289,145	(928)
Operating	17,740	14,973	2,767	13,520	14,710	(1,190)
Buildings and grounds	19,800	13,393	6,407	53,200	58,087	(4,887)
Medical supplies	29,650	33,688	(4,038)	27,620	29,160	(1,540)
Mileage and training	15,400	13,102	2,298	12,850	14,919	(2,069)
Insurance	7,200	5,480	1,720	1,600	2,839	(1,239)
Utilities	7,900	5,941	1,959	9,250	8,996	254
Rent	12,934	12,934	0	4,100	3,120	980
Miscellaneous	800	303	497	1,500	1,010	490
Total Disbursements	431,395	419,379	12,016	411,857	421,986	(10,129)
RECEIPTS OVER (UNDER) DISBURSEMENTS	52,525	119,823	67,298	49,705	71,791	22,086
CASH, JANUARY 1	183,615	183,615	0	111,824	111,824	0
CASH, DECEMBER 31	236,140	303,438	67,298	161,529	183,615	22,086

Exhibit B

GRUNDY COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>FAMILIES AND FRIENDS OF THE</u>						
<u>DEVELOPMENTALLY DISABLED FUND</u>						
RECEIPTS						
Property taxes	78,000	84,992	6,992	76,000	79,347	3,347
Intergovernmental	2,490	5,983	3,493	1,590	2,618	1,028
Interest	6,000	5,304	(696)	6,000	7,729	1,729
Other	400	404	4	400	1,379	979
Total Receipts	86,890	96,683	9,793	83,990	91,073	7,083
DISBURSEMENTS						
Operating expenses	30,829	31,704	(875)	29,181	29,001	180
Purchase of services	39,092	28,853	10,239	38,942	23,462	15,480
Medicaid match	29,800	27,530	2,270	31,000	30,193	807
Other	6,328	2,981	3,347	9,828	2,784	7,044
Total Disbursements	106,049	91,068	14,981	108,951	85,440	23,511
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,159)	5,615	24,774	(24,961)	5,633	30,594
CASH, JANUARY 1	146,674	146,674	0	133,500	141,041	7,541
CASH, DECEMBER 31	127,515	152,289	24,774	108,539	146,674	38,135
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	275	279	4	200	440	240
Total Receipts	275	279	4	200	440	240
DISBURSEMENTS						
Circuit Clerk	1,000	0	1,000	3,000	1,820	1,180
Total Disbursements	1,000	0	1,000	3,000	1,820	1,180
RECEIPTS OVER (UNDER) DISBURSEMENTS	(725)	279	1,004	(2,800)	(1,380)	1,420
CASH, JANUARY 1	1,138	1,138	0	2,518	2,518	0
CASH, DECEMBER 31	413	1,417	1,004	(282)	1,138	1,420
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service	5,000	5,910	910	7,000	4,930	(2,070)
Interest	150	80	(70)	150	148	(2)
Total Receipts	5,150	5,990	840	7,150	5,078	(2,072)
DISBURSEMENTS						
Law books	4,500	7,041	(2,541)	2,700	4,683	(1,983)
Total Disbursements	4,500	7,041	(2,541)	2,700	4,683	(1,983)
RECEIPTS OVER (UNDER) DISBURSEMENTS	650	(1,051)	(1,701)	4,450	395	(4,055)
CASH, JANUARY 1	18,145	18,145	0	17,750	17,750	0
CASH, DECEMBER 31	\$ 18,795	17,094	(1,701)	22,200	18,145	(4,055)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

GRUNDY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Grundy County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Families and Friends of the Developmentally Disabled Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder's Technology Fund	2002 and 2001
Ambulance Training Fund	2002
Child Care Fund	2002 and 2001
Private Tutoring Fund	2002 and 2001
Project Mentoring Fund	2002 and 2001
Prosecuting Attorney Delinquent Tax Fund	2002 and 2001
Division of Family Services	
Guardian Ad Litem Fund	2002 and 2001
Juvenile Restitution Fund	2002 and 2001
Court Appointed Special Advocate Fund	2002
Community Development Block Grant Fund	2002 and 2001
Emergency Shelter/Homeless Challenge Grants Fund	2002 and 2001
Expendable Trust Fund	2002 and 2001
Associate Division Interest Fund	2002 and 2001
Sheriff Telephone Commissions Fund	2002 and 2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
9-1-1 Fund	2002
Health Center Fund	2001
Law Library Fund	2002 and 2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Circuit Clerk Interest Fund for the year ended December 31, 2001.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2002 and 2001
Families and Friends of the Developmentally Disabled Fund	2002 and 2001
Circuit Clerk Interest Fund	2002 and 2001
Law Library Fund	2002 and 2001
Recorder's Technology Fund	2002 and 2001
Ambulance Training Fund	2002
Community Development Block Grant Fund	2002 and 2001
Emergency Shelter/Homeless Challenge Grants Fund	2002 and 2001
Associate Division Interest Fund	2002 and 2001
Sheriff Telephone Commissions Fund	2002 and 2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

Of the Health Center Board's bank balance at December 31, 2002, \$280,834 was covered by federal depositary insurance or by collateral securities held by the Health Center Board's custodial bank in the Health Center Board's name and \$22,923 was uninsured and

uncollateralized. The Health Center Board's deposits at December 31, 2001, were entirely covered by federal depositary insurance or by collateral securities held by the Health Center Board's custodial bank in the Health Center Board's name.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances existed for the health center Board were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

The Families and Friends of the Developmentally Disabled (FFDD) Board deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance.

Approximately \$25,000 of the deposits maintained by the FFDD Board at December 31, 2001, was maintained in Certificates of Deposit at a bank outside the state of Missouri, in apparent violation of Section 110.040, RSMo 2000.

3. Prior Period Adjustment

The Juvenile Restitution Fund and Sheriff Telephone Commissions Fund cash balances of \$704 and \$555, respectively, at January 1, 2001, were not previously reported but have been added.

Supplementary Schedule

Schedule

GRUNDY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services-			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS0453139 ERS0452139 ERS0451139	\$ 42,251	33,131
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	2000-PF-17 2002-MO-03	9,000 48,039	257,981 0
	Program Total		<u>57,039</u>	<u>257,981</u>
	Department of Social Services -			
14.231	Emergency Shelter Grants Program	ERO1640445 ERO1640397	9,360	9,000
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.540	Juvenile Justice and Delinquency Prevention - Allocatio to States	01-JFJ2-13	3,496	0
16.592	Local Law Enforcement Block Grants Program	2001LBG053 2000LBG033	8,640 0	0 2,735
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,424	1,893

Schedule

GRUNDY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF LABOR				
Passed through state:				
State Department of Labor and Industrial Relations				
17.504	Consultation Agreements	N/A	0	234
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction			
		BRO-040 (18)	249,075	3,920
		BRO-040 (20)	5,520	14,413
		BRO-040 (21)	796	13,701
		TMEHTP03GS1	5,298	2,050
		TMEHTP02GS1		
		TMEHTP01GS1		
	Program Total		<u>260,689</u>	<u>34,084</u>
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	1,739	1,637
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	17,121	6,895
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				

Schedule

GRUNDY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2002	2001
83.544	Public Assistance Grants	1412-DR	140,427	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services-				
93.268	Immunization Grants	PGA0642139A	3,960	420
		N/A	28,943	23,472
	Program Total		32,903	23,892
93.283	Centers for Disease Control & Prevention- Investigation and Technical Assistance	N/A	3,631	997
Department of Social Services -				
93.569	Community Services Block Grant	HCP-42	22,259	12,766
Department of Health and Senior Services-				
93.575	Child Care and Development Block Grant	PGA0673139C PGA0672139C PGA0671139C PGA0673139S PGA0672139S PGA0671139S	1,425	3,145
Department of Social Services -				
93.658	Foster Care - Title IV-E	SS01648	10,200	10,200
Department of Health and Senior Services				
93.945	Assistance Programs for Chronic Disease Prevention and Control	DHO20054001	5,000	0
93.991	Preventive Health and Health Services Block Grant	DHO30024001 AOC02380047 AOC01380039	4,583 16,778 0	0 5,981 16,183
	Program Total		21,361	22,164
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-3139M ERS146-2139M ERS146-1139M N/A	19,631 268	15,809 2,068
	Program Total		19,899	17,877
Total Expenditures of Federal Award:			\$ 658,864	438,631

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

GRUNDY COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Grundy County, Missouri, except for the program accounted for in the Grundy County Public Housing Authority Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended September 30, 2002 and 2001.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided	
		Year Ended December 31, 2002	2001
14.231	Emergency Shelter Grants Program	9,360	9,000
83.544	Public Assistance Grants	136,332	0
93.569	Community Services Block Grant	22,259	12,766

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Grundy County, Missouri

Compliance

We have audited the compliance of Grundy County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Grundy County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an

instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-2.

Internal Control Over Compliance

The management of Grundy County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Grundy County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 12, 2003(fieldwork completion date)

Schedule

GRUNDY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? ☒ yes ☐ no

Reportable condition identified that is
not considered to be a material weakness? ☐ yes ☒ none reported

Noncompliance material to the financial statements
noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weaknesses identified? ☐ yes ☒ no

Reportable condition identified that is
not considered to be a material weakness? ☒ yes ☐ none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? ☒ yes ☐ no

Identification of major programs:

CFDA or
Other Identifying

Number

14.228

20.205

Program Title

Community Development Block Grant/State's Program

Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

02-1.

Ambulance Service Billings

Policies and procedures related to ambulance service billings and collections are not adequate. There are no written policies which address billing, collection, or write-off procedures. This situation was noted in our prior report and the County Commission indicated written policies regarding ambulance billing and write-off procedures would be adopted; however, no action was taken.

The county operates an ambulance service for which client billings are prepared and submitted to various health care insurers, Medicaid, and Medicare for collection. In December 2000, the county began contracting with an outside vendor to provide billing services. This contract was terminated in September 2001, at which time the Director of Ambulance Services performed the billing duties until she resigned on April 15, 2003. An Acting Director of Ambulance Services was then appointed and a separate Ambulance Service employee is currently responsible for billing. Ambulance service records reflected accounts receivable of approximately \$420,000 as of October 23, 2003. We noted the following concerns related to ambulance service procedures:

- A. There are no written policies for billing and collection procedures. Of sixty accounts reviewed, thirty-one had outstanding balances; nineteen of which had no record of follow-up billings. The balances of accounts which were only partially paid by third party insurance providers were not re-billed by the ambulance service to the clients. One of the accounts reviewed which had been billed to the third party insurance company had been returned to the county due to an error made on the claim form. The error was never corrected and the form was not resubmitted. The full balance of the account remains due. In addition, the county has a contract with a collection agency; however, procedures are not in place for determining when to send an account to the collection agency.

- B. There are no written procedures which address the write-off of uncollectible accounts. Accounts to be written off are determined by the ambulance service billing clerk and the County Treasurer, and approved by the County Commission. Accounts totaling approximately \$67,000 and \$17,000 were written off in 2002 and 2001, respectively. Additionally, during March 2003 accounts with service dates of 1999 and prior totaling approximately \$39,000 were written off as uncollectible.

Written policies related to billing and collection of accounts receivable, and write-offs of uncollectible accounts are necessary to ensure consistency and to establish adequate internal controls over accounts receivable.

- C. The ambulance service could not provide a summary report of patient billings. Without such information, the County Commission cannot adequately monitor collection rates or the overall effectiveness of the collection process.
- D. The ambulance service and the County Treasurer each maintain an account book. The ambulance service prepares all billings and provides the County Treasurer with a copy of the original invoice for each account. Both the ambulance service and the County Treasurer collect ambulance payments. Payments received by the ambulance service are turned over to the County Treasurer.
- 1) Reconciliations are not periodically performed between the ambulance service and the County Treasurer. We noted several errors in payments recorded by both the ambulance service and the County Treasurer. These errors could have been detected and corrected had a monthly reconciliation been performed.
 - 2) During the audit period, turnovers of monies received by the ambulance service were not made to the County Treasurer on a regular basis. The Director of the ambulance service made turnovers approximately two to three times each month.

Failure to establish adequate internal controls such as monthly reconciliations and timely turn over of monies increases the possibility that loss or misappropriation of funds will not be detected in a timely manner.

WE RECOMMEND the County Commission:

- A&B. Develop written policies for ambulance billing and collection procedures including provisions for follow-up on outstanding accounts and write-offs of uncollectible accounts.

- C. Obtain billing information from the ambulance service and compare with collection information for reasonableness.
- D. Ensure adequate internal control procedures are in place related to ambulance service accounts receivable including monthly reconciliations of accounting records and timely turnovers of monies received.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

- A-C. *The County Commission indicated they agree with the recommendations and are working on implementation.*
- D. *The County Commission agrees and will attempt to implement the recommendation.*

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-2.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	2002-MO-03 and 2000-PF-17
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-040(18), BRO-040(20), BRO-040(21), and TMEHTP03GS1, TMEHTP02GS1, and TMEHTP01GS1
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable

Section .310(b) of Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county's procedures for reporting federal assistance are not adequate. Two programs reported on the 2002 and 2001 SEFA totaling approximately \$91,000 and \$96,000, respectively, did not represent federal assistance monies. Two other programs totaling approximately \$12,000 and \$11,800 which did represent federal assistance monies were not reported on the 2002 and 2001 SEFA, respectively.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

A similar condition was noted in the prior audit.

WE AGAIN RECOMMEND the County Commission and the County Clerk prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's office as part of the annual budget.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk indicated they agree with the recommendation and will do the best they can.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

GRUNDY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Grundy County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2000.

00-1. Ambulance Service Billings

Policies and procedures related to ambulance service billings and collections were not adequate. There were no written policies which addressed billing, collection, or write-off procedures.

Recommendation:

The County Commission develop written policies and procedures for the ambulance billing function including provisions for follow-up on outstanding accounts and write-off procedures.

Status:

Not implemented. See finding 02-1.

00-2. Families and Friends of the Developmentally Disabled Board Investments

At December 31, 2000, the Families and Friends of the Developmentally (FFDD) Disabled Board maintained approximately \$20,600 in a money market fund which, according to the fund's prospectus, was not FDIC insured nor protected from market loss. In addition, approximately \$25,000 was held in certificates of deposit held at banks in other states.

Recommendation:

The FFDD Board ensure public monies are invested in compliance with state law.

Status:

Implemented. The FFDD Board closed the money market fund in 2001 and the monies in the certificates of deposit were transferred to the Board's checking account upon maturity in May 2002.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

GRUNDY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

00-3. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ER00459139
Award Year:	2000 and 1999
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Defense
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	12.105
Program Title:	Protection of Essential Highways, Highway Bridge Approaches, and Public Works
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Year:	1999
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying Number	BRO-040(16), BRO-040(17), BRO-040(18) & BRO-040(19)
Award Year:	2000 and 1999
Questioned Costs:	Not Applicable

The county did not have procedures in place to adequately track federal awards for preparation of the schedule of expenditures of federal awards (SEFA).

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

Status:

Not implemented. See finding number 02-2.

00-4. Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying Number:	BRO-040(16) & BRO-040(18)
Award Year:	2000 and 1999
Questioned Costs:	Not Applicable

The county has not established cash management procedures to ensure the minimum time lapses between receipt of federal project monies and the disbursement of such monies.

Recommendation:

The County Commission establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

Status:

Partially implemented. The county's normal procedures are to make the related payment prior to requesting and receiving reimbursement from the state. However, we did note one instance in which a reimbursement of \$55,284 was held for 10 business days prior to the related disbursement. Although not repeated in the current report, our recommendation remains as stated above.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

GRUNDY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Grundy County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 12, 2003. We also have audited the compliance of Grundy County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 12, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Grundy County Public Housing Agency is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed that audit report and other applicable information for the years ended September 30, 2002 and 2001.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials and the county boards referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Grundy County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	Financial Condition
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The county's General Revenue Fund is experiencing a declining cash balance. The following chart shows the General Revenue Fund's receipts, disbursements, and cash balances for the three years ended December 31, 2002:

		2002	2001	2000
Cash Balance, January 1	\$	425,887	563,596	646,877
Receipts		852,631	925,804	860,785
Disbursements		(1,066,274)	(1,063,513)	(944,066)
Cash Balance, December 31	\$	212,244	425,887	563,596

Based on the 2003 budget, it appears the financial condition of the General Revenue Fund will not improve during the current year. The 2003 budget reflects anticipated receipts and disbursements of \$1,138,766 and \$1,396,990, respectively, resulting in an estimated ending deficit cash balance of \$45,980 (See MAR No. 2).

A significant amount of the disbursements of the General Revenue Fund is comprised of salary and related payroll disbursements for elected officials and deputy officials. For 2002, these disbursements comprised approximately \$510,000 of total fund disbursements of approximately \$1,066,000 (48 percent). Other required or essential disbursements include conduct of elections, board of prisoners, courthouse maintenance, utilities, insurance, and the county's share of juvenile office and assessment disbursements. These disbursements comprised approximately 16 percent of total General Revenue Fund disbursements for 2002.

The significant increase in expenditures in 2001 included various items such as insurance, employee and some county official salary increases, (including the Public Administrator electing to be paid on a salary rather than a fee basis), and prisoner food and medical expenses.

The following are additional factors which should be considered:

- Based upon a review of the county's 2002 property tax rollback, it appears the county intentionally levied a lower property tax rate than was required, resulting in an unnecessary reduction of property tax collections of approximately \$48,000. The County Commission indicated the 2002 General Revenue property tax levy was set the same as the 2001 levy, which would have been adequate if the proposed law enforcement sales tax ballot issue would have passed.
- An administrative service fee transfer was not made from the Special Road and Bridge Fund to the General Revenue Fund for 2002. In addition, although an administrative service fee transfer was made in 2001, the amount transferred of \$9,453 was less than allowed by state law. Section 50.515, RSMo 2000, allows the county to impose an administrative service fee on the Special Road and Bridge Fund. The administrative service fee shall be imposed only to generate reimbursement sufficient to recoup actual disbursements made from the General Revenue Fund for related administrative services to the funds, and shall not exceed three percent of the Special Road and Bridge Fund budget. Three percent of 2002 actual Special Road and Bridge Fund expenditures is approximately \$28,000.
- Although the General Revenue Fund budget was not amended, budgets for various funds were amended (See MAR 2). Accurate and realistic budget estimates are essential to control and monitor a declining financial position.
- During the two years ended December 31, 2002, the County Commission authorized expenditures from the General Revenue Fund totaling \$2,100 for catering county employee appreciation dinners. These expenditures do not appear to be necessary to the operations of the county or a prudent use of county funds.

Disbursements have exceeded revenues for the past five years. It appears that developing both short- and long-term solutions to the county's financial problems will be difficult. The County Commission should review disbursements and reduce discretionary amounts as much as possible. In addition, the County Commission should attempt to maximize receipts from all sources.

WE RECOMMEND the County Commission take the necessary steps to improve the financial condition of General Revenue Fund.

AUDITEE'S RESPONSE

The County Commission is very concerned about the General Revenue Fund and continues to monitor the fund. The County Commission indicated they did increase the General Revenue property tax levy in 2003 and plan on putting the law enforcement sales tax issue on the April 2004 ballot. If the law enforcement sales tax issue passes, it will stabilize the General Revenue Fund.

2. Budgetary Practices and Published Financial Statements

Formal budgets were not prepared for various county funds, expenditures of some funds exceeded the original budgets prior to amending the budgets, public hearings were not held prior to the adoption of some budget amendments, and a deficit ending fund balance was budgeted for the General Revenue Fund in 2003. In addition, the annual published financial statements of the county did not include the financial activity of some county funds.

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 2002 and 2001. While most of these funds are not under the direct control of the County Commission, budgets for these funds are needed to provide a better overall picture of the county's financial condition and to comply with statutory provisions. Chapter 50, RSMo 2000, requires the preparation and filing of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.
- B. During 2002 and 2001, the County Commission and the Health Center amended various county budgets to reflect increased expenditures made during the year. The expenditures of some funds exceeded the original budgets prior to amending the budgets and some amendments were made as late as November or December. In addition, public hearings were not held prior to the adoption of some of the budget amendments. Budget amendments, when applicable, should be made when such expenditures are anticipated and prior to their incurrence. While these amendments make it appear as if the county complied with the law, the timing of these decisions did not allow for the budget to be used as an effective management tool. The audited financial statements have been adjusted for these amendments.

Section 50.622, RSMo 2000, allows budget amendments if additional sources of revenue are received which could not be estimated when the budget was adopted, and requires the County Commission to follow the same procedures required for adopting the original budget, including holding a public hearing.

To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures and public hearings should be held prior to adoption of all budget amendments.

- C. The 2003 General Revenue Fund budget reflects a deficit ending budgeted fund balance of \$45,980.

Appropriating expenditures in excess of available resources reduces the County Commission's ability to effectively manage the county's resources. In addition, counties are not authorized to budget deficit fund balances. Article VI, Section 26 (a) of the Missouri Constitution states, "no county...shall become indebted in an

amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years..."

- D. The annual published financial statements of the county did not include the financial activity of some county funds. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

Conditions A and D were noted in previous reports.

WE RECOMMEND the County Commission:

- A. Ensure budgets are obtained or prepared for all county funds.
- B. And Health Center Board of Trustees ensure budget amendments are made prior to incurring actual expenditures and public hearings are held prior to adopting budget amendments.
- C. Discontinue appropriating expenditures in excess of available resources.
- D. Ensure financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *Even though they do not have control over all of the funds, they will attempt to obtain 2004 budgets for all county funds.*
- B. *The goal is for no one to over expend their budget. In the event actual expenditures do exceed budgeted expenditures, the County Commission will try to ensure that budget amendments are prepared in accordance with state law. The Health Center Board of Trustees indicated that, in the future, budget amendments will be made prior to incurring actual expenditures and public hearings will be held prior to adopting budget amendments.*
- C. *They were not aware this was not allowed and will not let it happen again.*
- D. *If the information can be obtained, it will be reported in the published financial statements.*

3.**County Commission Minutes**

County commission meeting minutes are not up to date, open minutes do not always include required information related to closed meetings, and the minutes were not signed by the Presiding County Commissioner.

- A. The official county commission meeting minutes are not up to date. The County Clerk makes notes of the county commission meetings, then uses these notes to type the minutes into the official minute book. As of June 4, 2003, the last entry in the official record book was for the March 5, 2003, meeting.

Timely preparation and approval not only ensures authenticity of official minutes, but allows a review of the contents to ensure the minutes include all important information regarding the meetings held. In addition, Section 51.120, RSMo 2000, requires the County Clerk is to maintain an accurate record of orders, rulings, and proceedings of the County Commission.

- B. Open meeting minutes do not always document the specific reasons for entering the closed session or the final disposition of matters discussed in closed meetings, if applicable.

Sections 610.021 and 610.022, RSMo 2000, provide various requirements related to closed meetings. The question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. Public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. The County Commission may close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel issues. Certain matters discussed in closed meetings are required to be made public upon final disposition.

- C. The Presiding County Commissioner did not sign the county commission meeting minutes. The minutes should be prepared by the County Clerk, approved by the County Commission, and signed by the Presiding County Commissioner to provide an attestation that the minutes are a correct record of the matters discussed and action taken during the county commission meetings. This was brought to the current County Clerk's attention prior to the preparation of the 2003 official minutes and those minutes were properly signed.

WE RECOMMEND the County Commission:

- A. Ensure the official record of meetings is prepared on a timely basis.
- B. Ensure the reasons for going into closed session and the final disposition of matters discussed in closed session, as provided by state law, are documented in the county commission open minutes.
- C. Continue to approve and sign minutes.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *There were extenuating circumstances as to why the official minutes were not updated. The County Clerk indicated she had to prioritize items in her office and the minutes were a lower priority than some other items. It is her goal to bring the minutes up to date by the end of 2003.*
- B. *They will attempt to implement the recommendation.*
- C. *They have implemented the recommendation.*

4. Property Tax System and Computer Controls

Access to the property tax system is not adequately restricted, the County Clerk does not maintain an account book with the Ex Officio County Collector, and there is not a contingency plan for the computer system.

- A. Access to the property tax system is not adequately restricted and changes to data are not routinely monitored. The County Assessor, Ex Officio County Collector, and County Clerk have unlimited access to the computer system and can make changes they are not authorized to make. For example, the County Clerk can enter a tax bill as paid and the Ex Officio County Collector can change assessed valuation amounts.

The County Assessor enters the assessed valuation data from the assessment sheets. This data is to be completed by May 31 of each year. In addition, the County Assessor enters changes in assessed valuations after approval by the Board of Equalization. After the Board of Equalization meetings are completed, the County Assessor has no statutory authority to make changes to the assessment data. Concerns were brought to our attention that the Assessor continued to make changes to the assessment data after the Board of Equalization meetings in 2003. In addition,

the Ex Officio County Collector makes additions and abatements for delinquent taxes to the property tax system based upon court orders approved by the County Commission.

The unrestricted access to the system weakens internal controls over property assessment and tax collections. The ability to access and change computerized information should be limited to those individuals who need such access for the performance of their duties. The County Clerk has the statutory duty of preparing the tax books and preparing any changes to the tax books and charging the Ex Officio County Collector with the amounts to be collected.

- B. The County Clerk does not maintain an account book with the Ex Officio Collector. An account book would summarize all taxes charged to the Ex Officio County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. This account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited to the Ex Officio County Collector each year is complete and accurate and can be used by the County Commission to verify the Ex Officio County Collector's annual settlements.
- C. The county does not have a formal emergency contingency plan for the computer system, and has not formally negotiated arrangements for backup facilities in the event of a disaster.

Contingency plans should include plans for a variety of situations, such as short-and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the county's degree of reliance on the data processing, the need for contingency planning is evident.

WE RECOMMEND the County Commission:

- A. Restrict access to assessment and property tax data during periods when changes to the data are not statutorily allowed and to only those individuals with statutory authority to change applicable data. If the county allows access and change capabilities which are normally incompatible to statutory duties, the County Commission should ensure change reports are generated and an independent individual, such as the County Clerk, reviews all changes for propriety.
- B. Require the County Clerk to establish and maintain an account book with the Ex Officio County Collector. In addition, the County Commission should consider using the account book to verify the Ex Officio County Collector's annual settlements.

- C. Develop a formal contingency plan for the county's computer systems.

AUDITEE'S RESPONSE

The County Commission:

- A. *Indicated they are in the process of implementing a new computer system and will ensure access is limited for each official's duties.*
- B. *And the County Clerk indicated they will try to implement this beginning March 1, 2004.*
- C. *Indicated they will look into this and try to establish a contingency plan before the end of 2004.*

5. Prosecuting Attorney's Accounting Controls and Procedures

There are significant weaknesses in the Prosecuting Attorney's accounting controls and procedures related to bad check restitution monies. Weaknesses noted include failure to document cash payments turned over to the victim for bad check restitution, untimely recording and processing of monies received, lack of a bad check log to account for complaints filed, inadequate segregation of duties, and lack of bonds for employees responsible for handling assets.

The Prosecuting Attorney's Office collects bad check and court-ordered restitution monies. Bad check restitution is usually forwarded directly to the victims. Bad check collection fees received in the form of money orders made payable to the County Treasurer are transmitted directly to that office for credit to the Prosecuting Attorney's Bad Check Fund. Court-ordered restitution payments are deposited to the official bank account and checks are issued for the distribution of the restitution. Our review of the Prosecuting Attorney's accounting controls and procedures revealed the following concerns:

- A. Accounting and bookkeeping duties are not adequately segregated. The duties of receiving, recording, depositing and transmitting monies are all performed by two secretaries. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by more clearly assigning accounting and bookkeeping duties to be performed by each employee or by implementing an independent documented review of records by another employee or the Prosecuting Attorney.

- B. A log or other record is not maintained to account for all bad check complaints filed with the Prosecuting Attorney and their ultimate disposition. The Prosecuting Attorney's Office does maintain two logs for bad checks, one for bad checks paid in full and the other, which was started in September 2002, for partial payments received. However, these logs only include bad checks for which payment has been made. A bad check complaint log would provide a record of all such complaints filed with the Prosecuting Attorney and provide more assurance that all receipts and disbursements related to these cases are properly handled.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned complaint number, the date the check was received by the prosecutors office, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fees, and the disposition of the bad check, including the date payment was received and transmitted to the merchant and County Treasurer or the criminal case number in which charges were filed or other disposition.

- C.1. Monies received are not always recorded in a timely manner. During a cash count conducted April 1, 2003, we noted that receipt slips had not been issued for cash and money orders on hand totaling \$1,915 nor had these payments been posted to the bad check payment log.
2. Although receipt slips are issued for all monies received, redi-form receipts slips are issued rather than official, pre-numbered receipt slips. Redi-form receipt slips may be purchased at any retail outlet where office supplies are sold and, as a result, duplicate receipt slip numbers may be purchased.
3. More than one receipt book is in use simultaneously. In addition, several instances were noted in which more than one receipt slip was issued for a transaction.

Good internal control procedures require that official, prenumbered receipt slips be issued immediately upon receipt. Failure to do so increases the risk of loss, theft or misappropriation of funds.

- D.1. Cash payments received for repayment of bad checks are not deposited but instead are forwarded directly to the victim. The Prosecuting Attorney does not obtain documentation from the merchant when the restitution payments are turned over in either cash or money order form. We contacted three merchants in an effort to confirm cash payments had been transmitted as noted in the Prosecuting Attorney's records. Two merchants were able to confirm they had received selected cash payments. Another merchant was unable to confirm specific payments; however, he did indicate that cash payments had been received on occasion.

2. We noted three instances in which cash received for court ordered restitution totaling \$190 could not be traced to a deposit slip. In August 2002, the Prosecuting Attorney authorized a reimbursement to his official account from the Prosecuting Attorney Bad Check Fund for a \$100 cash receipt which could not be accounted for. We further identified a \$40 cash receipt and a \$50 cash receipt which could not be accounted for. In May 2003 a reimbursement was made to the official account from the Prosecuting Attorney Bad Check Fund for the \$40 receipt. The Prosecuting Attorney has a fiduciary responsibility to ensure all monies received by his office are properly accounted for. Any unidentified shortages should be repaid by the Prosecuting Attorney, not absorbed by the Prosecuting Attorney Bad Check Fund.

Good internal control procedures require that all cash be deposited to an official account and distributed through issuance of a check; and that documentation, such as a receipt slip, be obtained when monies are transmitted via a money order. Failure to do so increases the risk that loss or misappropriation of funds will not be detected on a timely basis.

- E. The Prosecuting Attorney's office accumulates partial payments on court ordered restitution until significant amounts have been received and then distributes the funds to the victims. As of December 31, 2002, the balance of the court ordered restitution account was approximately \$10,000. This money has been collected on behalf of the victims by order of the court to pay restitution. We noted several cases that had undistributed balances in excess of \$100.

To expedite the distribution of restitution to victims and to reduce the amount of open items necessary to be accounted for, the Prosecuting Attorney's office should consider distributing restitution payments to the victims on a more timely basis.

- F. Although a listing of outstanding checks is prepared, bank reconciliations are not prepared. In addition, the open items listing is compared to the bank statement balance; however, it is not compared to the book balance and unidentified differences are not resolved. Reconciliations of book balances to bank records and open items are necessary to ensure errors or misstatements are detected on a timely basis.
- G. The Prosecuting Attorney and his employees responsible for handling monies are not bonded. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling money should be adequately bonded.

Conditions B and C.1. were noted in a previous report.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented supervisory reviews of the accounting records.
- B. Maintain a log to account for all bad check complaints filed with the Prosecuting Attorney's office.
- C. Issue official prenumbered receipt slips immediately upon receipt. The numerical sequence of all receipt slips should be accounted for.
- D. Deposit all cash receipts to the official checking account and distribute such monies by issuing a check. In addition, documentation should be obtained when money orders are turned over directly to the victim. Unidentified shortages should be investigated and appropriate action taken.
- E. Consider distributing restitution payments to victims on a more timely basis.
- F. Prepare bank reconciliations and reconcile to the open items listing. Unidentified differences should be investigated and resolved.
- G. Obtain bond coverage for all employees handling receipts.

AUDITEE'S RESPONSE

The Prosecuting Attorney stated:

- A. *"Due to the lack of funding from the State and limited funds from the County, we are unable to hire extra help; therefore, it is not possible to segregate the duties of collecting bad checks. Each person in the office handles the duties and checks the work of others to ensure that transactions are accounted for properly and assets are adequately safeguarded."*
- B. *"Due to the lack of funding from the State and limited funds from the County we are unable to hire the extra help that this would entail. As you noted, we do have a log for bad checks paid in full and one for partial payments. We do keep track of the dates on notices and complaints by checking due dates each week. When monies are collected there is a receipt attached to the notice reflecting the money order number, recipient of funds, amount of funds, and who collected the funds or, if receipt was given to the check writer the money order number is recorded on the notice."*

Due to lack of State funding and limited funds received from the County the costs involved in special ordering sequential receipt books is not possible. We do not have the man power to log all of the information requested on each check."

- C. *"The day that the Auditor arrived we had been short handed due to an employee being absent from the office for a period and were behind in all prosecutor work, including bad checks. This is not the norm when we have a full staff. Because of the volume of checks processed someone works on them every day.*

We do purchase redi-form receipts but to ensure that receipts are not copied or forged we stamp the name of the prosecutor on the receipt instead of signing my name. If we have more than one person working on checks we use two receipt books."

- D. *"We no longer accept cash payments. Money orders made out to the victim are sent directly to the victim. The merchants keep a copy of the check that has been turned over to our office and keep track of the restitution made to them.*

Regarding the incident of money being unaccounted for, a staff member was working on a deposit while being the only staff person in the building. She was called back to the Prosecutor's office and after a few minutes returned to the front office to finish the bank deposit. She was unaware that money had been removed from her desk. The discrepancy was caught during a review of records."

- E. *"Many people make restitution to more than one victim. After so much is collected it is prorated out to the victims. Some cases will have a larger balance than others because of the number of victims."*

- F. *"We have set up the Escrow account on Quicken now and it is done monthly. The bank statements have always been reconciled monthly. The bank statement is compared to the checkbook which is then compared to the open items."*

- G. *"After checking with the County we are not required to be bonded."*

AUDITOR'S COMMENT

- F. Outstanding checks were listed on the bank statements we reviewed; however, there was no indication of a reconciliation to book balances.

6. Sheriff's Accounting Controls and Procedures
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Accounting and bookkeeping duties are not adequately segregated. Monies received are not always deposited on a timely basis. In addition, telephone commission monies are maintained outside the county treasury, inmate monies are not maintained in a bank account, and monies received from snack sales are treated as personal funds of the Sheriff.

During the years ended December 31, 2002 and 2001, the Sheriff's department received approximately \$91,000 and \$72,000 , respectively, for bonds, gun permits, fees, boarding of prisoners, telephone commissions, and other miscellaneous receipts (Sheriff's sale receipts are not included). Our review of the Sheriff's controls and procedures revealed the

following concerns:

- A. Accounting and bookkeeping duties are not adequately segregated. The Sheriff's bookkeeper is responsible for receipting, recording, and depositing monies received; preparing and signing checks; and preparing month-end reports and reconciliations. The Sheriff indicated he reviews the accounting records and reconciliations, but does not document his review.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are properly safeguarded. If proper segregation cannot be achieved due to the limited staff available, the Sheriff should at least compare bank deposits with recorded receipts and review bank reconciliations. Proper supervision by the Sheriff and documented reviews help ensure that financial records are properly maintained and help detect errors on a timely basis.

- B. Gun permits and Sheriff's fees are deposited only once a month. Fees and gun permits totaling \$660 received as early as March 4, 2003, were on hand on March 17, 2003. In addition, checks are not always restrictively endorsed immediately upon receipt. During our review, we noted five of the twenty checks on hand were not endorsed.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100. In addition, checks and money orders should be restrictively endorsed immediately upon receipt.

- C. The Sheriff maintains telephone commission monies outside the county treasury. During the period January 1, 1999 through March 17, 2003, the Sheriff's records reflect telephone commissions totaling \$11,338 were received for collect calls made by inmates from the jail telephone. The records indicate that during the same period, expenditures totaling \$11,224 were made from these funds. The telephone commission checks are cashed and maintained in a petty cash fund rather than turning these monies over to the County Treasurer. The money is used to purchase jail supplies and for various other office expenses.

Maintaining these funds outside the county treasury circumvents the appropriation process and the checks and balances system in place for most other county funds. In addition, there is no statutory authority for the Sheriff to maintain such accounts outside the county treasury. Attorney General's Opinion No. 45, 1992 to Henderson, states "...sheriffs are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury." The remaining account balance should be transferred to the County Treasurer and future receipts should be transmitted to the County Treasurer.

- D. The Sheriff does not maintain personal monies of inmates in a bank account or issue receipt slips when the inmate monies are received. The monies are kept in a lockbox and a ledger sheet which includes receipts, disbursements, and the available balance is maintained for each inmate.

To ensure inmate funds are accounted for properly, all inmate funds should be deposited into a bank account and pre-numbered receipt slips indicating the method of payment should be issued for all monies received.

- E. The Sheriff indicated monies received from snack sales to inmates of the county jail are personal funds. Since these sales are handled by county employees on county property an accounting should be made of the proceeds; however, the Sheriff would not provide any records related to these monies. The Sheriff indicated a bank account is not maintained for these monies. It is unclear as to why the Sheriff would not want some accountability over these monies. The County Commission should follow up on this situation and require an accounting of these funds.

WE RECOMMEND the Sheriff:

- A. Adequately segregate the accounting duties or, at a minimum, ensure that periodic independent reviews of the accounting records are performed and documented.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, all checks and money orders should be restrictively endorsed immediately upon receipt.
- C. Transfer the balance and turn over all future revenues of telephone commission monies to the County Treasurer.
- D. Ensure pre-numbered receipt slips are issued for all inmate monies received and deposit all inmate funds into a bank account.
- E. And County Commission discuss the appropriate handling and accountability of soda and snack sale monies.

AUDITEE'S RESPONSE

The Sheriff indicated:

- A. *He will try to perform documented reviews of the records periodically.*
- B. *Deposits are now being made weekly.*
- C. *He is not going to implement the recommendation. He indicated the County Commission has given him the authority to handle the fund this way. If the County Commission tells him to*

change, he will. The County Commission indicated they will discuss this matter with the Sheriff.

D. He is not going to implement the recommendation. Due to the small number of prisoners, it is not feasible to open a checking account.

E. At this point in time, he is not going to implement the recommendation.

AUDITOR'S COMMENT

C&E. As previously noted, the Sheriff is not authorized to maintain these monies outside the county treasury.

7. General Fixed Assets

Physical inventories have not been conducted on an annual basis. The last attempt to conduct a physical inventory was in November 2000. County Clerk office personnel indicated a spreadsheet was provided to all officials to document a physical inventory. However, responses were received from only four officials. There is no evidence that the County Clerk followed up with officials who did not perform and return physical inventories.

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections.

Adequate general fixed asset records are necessary to meet statutory requirements; secure better internal control over, and to safeguard county assets; and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

WE RECOMMEND the County Commission establish a written policy related to handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with county property.

AUDITEE'S RESPONSE

The County Commission indicated they will try to implement a policy regarding fixed assets in 2004.

Follow-Up on Prior Audit Findings

GRUNDY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Grundy County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Budgets were not prepared for some funds.
- B. Actual expenditures exceeded budgeted amounts for some funds.
- C. The annual published financial statements of the county did not include the financial activity of some county funds as required.

Recommendation:

The County Commission:

- A. Prepare and/or obtain budgets for all county funds as required by state law.
- B. Keep expenditures within the budgetary limits. If necessary, extenuating circumstances should be fully documented and budgets properly revised and filed with the State Auditor's office.
- C. Ensure financial information for all county funds is properly reported in the published financial statements.

Status:

A&C. Not implemented. See MAR finding number 2.

- B. Not implemented. Actual expenditures exceeded budgeted amounts of the 911 Fund by \$6,777 for the year ended December 31, 2002, and of the Law Library Fund by \$2,282 and \$1,983 for the year ended December 31, 2002 and 2001, respectively. See MAR finding number 2 for related concerns.

2. Personnel Policies and Public Administrator's Compensation

- A. The county's overtime and compensatory time policies did not address current practices of the ambulance service.
- B. The monthly payroll sheet prepared by the Sheriff's Office and used to prepare payroll checks and timesheets prepared by Sheriff's department employees subsequently submitted to the County Clerk were not reconciled.
- C. No written legal opinion was obtained to support the appropriateness of a change in the Public Administrator's salary and the salary commission documentation regarding why the decision was made was inadequate.

Recommendation:

The County Commission:

- A. Establish a formal written policy regarding overtime of ambulance department employees.
- B. Work with the County Clerk and Sheriff to implement procedures to compare various payroll records and ensure the accuracy of overtime payments.
- C. Consult with the Prosecuting Attorney regarding the propriety of the Public Administrator's salary. Salary Commission minutes should clearly document all decisions made, include calculations of the salary amounts, and include written opinions from the Prosecuting Attorney as applicable.

Status:

- A. Implemented. A separate policy was not established; however, ambulance department employees follow the county's personnel policy. As a result, a separate written policy is no longer required.
- B. Implemented. Detailed time sheets and the monthly payroll sheets are submitted to the County Clerk's office and are reconciled prior to issuance of the payroll checks.
- C. Not implemented. A written opinion was not obtained from the Prosecuting Attorney. The County Commission responded in the prior report that they had discussed this situation with the Prosecuting Attorney at the time and obtained his advice. The County Commission also responded that they did not plan to pursue this particular issue further. Effective January 2001, the Public Administrator elected to change from a fee basis to a salary basis, which is established based upon the number of open letters. As a result, this condition is no longer applicable.

3. Property Tax System and Computer Controls

- A. The Ex Officio Collector made changes in the computer system for additions and abatements when the County Clerk's Office was unavailable to make the changes. There was no independent and subsequent comparison of approved court-ordered additions and abatements to actual changes to the property tax data or to amounts reflected on the EOC's annual settlement.
- B. Passwords were used, but were not changed on a periodic basis to ensure confidentiality.

Recommendation:

The County Commission:

- A. Establish controls so that the EOC does not enter abatements or additions into the property tax system or ensure that independent, subsequent comparison of these changes to court orders is performed. Consideration should be given to generating periodic reports of changes to files and requiring independent reviews of the reports to be performed and documented.
- B. Ensure that passwords are changed periodically.

Status:

- A. Not implemented. See MAR finding number 4.
- B. Not implemented. See MAR finding number 4 for related concerns.

4. Tax Increment Financing and Property Tax Collections

- A. The Trenton Township Collector withheld collection and assessment fees from the payments in lieu of taxes (PILOT) related to the municipal tax increment financing (TIF) project.
- B. The misapplication of a tax payment resulted in some political subdivisions being over or under paid. However, due to the erroneous handling of these transactions and the change in ownership of properties incorrectly shown as paid, the county apparently failed to collect the back taxes, which were due to the various political subdivisions levying taxes within the Trenton Township. In addition, because of the erroneous handling of these transactions, the sale of the properties, and the various parties involved, it appeared the county's actions to resolve this situation was not satisfactory and various legal questions might have existed.

Recommendation:

The County Commission:

- A. Review the practice of retaining fees on the collection of PILOT monies with the County Prosecuting Attorney to ensure monies are being properly distributed to the TIF project fund.
- B. Work with the Ex Officio County Collector, the Prosecuting Attorney, and the Trenton Township Collector to resolve any legal questions regarding this issue. In the future, the Ex Officio County Collector should not accept monies and show properties as paid without first obtaining the proper paperwork and resolving any questions.

Status:

- A. Not implemented. No further action was taken by the County Commission to resolve this issue; however, the TIF project has been completed and payments are no longer collected related to the TIF. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. No further action was taken on this matter. We are not aware of any additional instances where monies were accepted without first obtaining the proper paperwork. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Public Administrator

- A. Annual settlements were not filed for some cases.
- B&C. The Public Administrator did not properly monitor, control, and document the account balances and transactions of wards. Unnecessary expenditures were incurred and documentation was not adequate to support cash given to ward, reimbursements to the Public Administrator, and some other expenditures. For many expenditures the settlement provided little or no description of the purpose. For one case reviewed the ward received cash back from a deposit. The Public Administrator did not always properly prepare bank reconciliations.
- D. The Public Administrator submitted mileage reimbursement claims to the county for miles traveled related to wards assigned to him instead of assessing these costs to the specific case to which they pertained.
- E. The Public Administrator failed to report to the county all fees he received.

Recommendation:

- A. The Associate Circuit Judge establish procedures to adequately monitor the timely filing of annual settlements.
- B&C. The Associate Circuit Judge establish formal settlement review procedures and ensure that all problematic transactions are formally followed up on with the Public Administrator. Any requests for documentation should be documented. In addition, the Associate Circuit Judge needs to formally establish the frequency and amounts of spending monies to be provided to each ward and ensure the Public Administrator is adhering to the court's orders. The Associate Circuit Judge should consider requiring reimbursement by the Public Administrator to the various wards' accounts for any unnecessary costs incurred (such as bank service charges) and/or for any questionable disbursements for which adequate support is not produced for the court.

The Associate Circuit Judge require the Public Administrator:

- 1. To better monitor wards' assets and bring concerns to the court's attention in a timely manner. In addition, the Public Administrator needs to ensure that public assistance programs are enrolled in when appropriate and that the ward is utilizing them.
- 2&3. To make allowance payments to the wards in accordance with the court's orders by check payable directly to the ward and obtain signed receipts to document receipt of the monies by the ward. In addition, the court needs to require checks to be written for the amount of purchase only and require adequate documentation (such as paid receipts or invoices) to be filed or made available to support all settlement transactions.
- 4. To prepare complete bank reconciliations monthly and monitor the account balances to avoid unnecessary bank charges.
- D. The Associate Circuit Judge work with the Public Administrator and County Commission to reconsider the appropriateness of assessing mileage costs to the county's General Revenue Fund in those cases where a ward's assets are sufficient to bear the costs.
- E. The Public Administrator report all fees received to the County Clerk.

Status:

- A. Implemented. The Probate Clerk tracks due dates of annual settlements and notifies the Public Administrator of the annual settlement due date.

- B&C. Implemented. The Probate Clerk and the Associate Circuit Judge have established procedures to review the annual settlements. The Associate Circuit Judge indicated that prior to the former Public Administrator's death, hearings were held on three cases to address questionable expenses and \$4,740 was received against the Public Administrator's bond for one case. The current Public Administrator reviews public assistance programs for wards. Monies given to the ward are in the form of a check. The Associate Circuit Judge requires adequate supporting documentation for disbursements to be filed with the annual settlement and for checks to be written only for the amount of purchase. The Public Administrator prepares monthly bank reconciliations.
- D. Not implemented. All mileage costs are paid from the General Revenue Fund. A five percent fee is currently charged to all cases when feasible, which is turned over to the General Revenue Fund to help absorb the Public Administrator's salary and mileage costs. Although not repeated in the current MAR, our recommendation remains as stated above.
- E. This recommendation is no longer applicable. Effective 2001, the current Public Administrator elected to be paid on a salary basis and does not receive any fees. A five percent fee based upon disbursements reported on the annual settlement is paid to the General Revenue Fund from each case if there are sufficient assets.

6. Prosecuting Attorney

- A. A system to account for all bad checks submitted to the office for collection and their disposition had not been established.
- B.1. Receipt slips were only issued for bad check and/or court-ordered restitution monies when payments were made in cash or when requested by the payor.
2. Monies received were not always recorded and processed in a timely manner.
- C. An open items listing had not been prepared since the Prosecuting Attorney took office.

Recommendation:

The Prosecuting Attorney:

- A. Establish a system to account for all bad checks submitted to his office and their disposition.
- B.1. Issue receipt slips for all monies received.
2. Record and deposit receipts daily or when accumulated receipts exceed \$100.

- C. Prepare a monthly open items listing and reconcile it to the cash balance.

Status:

A&

- B.2. Not implemented. See MAR finding number 5.

- B.1. Implemented.

- C. Partially implemented. Monthly open items listings are prepared and compared to the bank statement balance; however, unidentified differences are not resolved. See MAR finding number 5.

7. Assessor's Accounting Controls and Procedures

- A. Receipt slips were not issued for some monies received; receipt slips issued are not always complete regarding method of payment; and some receipt slips could not be located.
- B. Follow-up on unpaid billings was not routinely conducted.

Recommendation:

The County Assessor:

- A. Issue prenumbered receipt slips for all monies received, fully document each transaction, and account for the numerical sequence of all receipt slips.
- B. Follow-up on unpaid billings periodically.

Status:

- A. Not implemented. Receipt slips were issued by the County Assessor only upon request. In addition, receipt slips were not prenumbered and a copy was not retained. Upon bringing this issue to the current County Assessor's attention she indicated she will implement the recommendation. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

8. Health Center

- A. Actual expenditures exceeded budget amounts.
- B. The Health Center Board did not issue receipt slips.

Recommendation:

The Health Center Board:

- A. Keep expenditures within the budgetary limits.
- B. Issue prenumbered receipt slips for all monies received.

Status:

- A. Not implemented. Actual expenditures exceeded budgeted amounts by \$10,129 for the year ended December 31, 2001. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

9. Families and Friends of the Developmentally Disabled Board

In 1998 the Families and Friends of the Developmentally Disabled Board paid a bonus of \$200 to the Director.

Recommendation:

The Families and Friends of the Developmentally Disabled Board discontinue the practice of paying bonuses to the Director.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

GRUNDY COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1841, the county of Grundy was named after Felix Grundy, a U.S. Senator from Tennessee. Grundy County is a township-organized, third-class county and is part of the Third Judicial Circuit. The county seat is Trenton

Grundy County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 198 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 11,959 in 1980 and 10,432 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 50.2	48.9	47.7	46.8	40.9	24.6
Personal property	27.9	22.7	22.2	20.3	10.8	9.1
Railroad and utilities	10.4	11.5	11.2	11.1	5.7	6.4
Total	\$ 88.5	83.1	81.1	78.2	57.4	40.1

* First year of statewide reassessment

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Grundy County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.0871	.0871	.1200	.1200
Health Center Fund	.3000	.3000	.3000	.1500
Senate Bill 40 Board Fund	.1000	.1000	.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	\$ 27,251	25,672	24,261	24,163
General Revenue Fund	78,992	75,366	95,176	94,313
Special Road and Bridge Fund	41,296	40,278	38,840	29,381
Township Road and Bridge	148,399	140,196	137,316	146,640
Assessment Fund	62,173	58,919	55,345	53,653
Health Center Fund	264,632	248,060	230,409	118,499
Senate Bill 40 Board Fund	88,309	83,002	78,408	78,200
School districts	3,569,493	3,370,368	3,135,897	3,040,740
Library district	178,200	167,392	157,902	155,637
Fire protection districts	109,652	104,222	101,550	105,084
North Central Missouri College	255,398	236,537	221,621	219,951
Nursing Home	136,689	128,916	121,779	121,160
Townships	333,459	309,829	291,788	283,640
Township Road Bond	5,584	4,548	6,047	12,791
Special Road District	8,521	9,215	7,552	8,702
Cities	520,591	485,099	449,868	446,311
County Clerk	652	773	832	540
County Employees' Retirement	20,818	17,963	17,361	18,827
Commissions and fees:				
Township Collectors	48,846	46,405	44,426	43,308
General Revenue Fund	48,757	45,841	44,154	43,650
Total	\$ 5,947,712	5,598,601	5,260,532	5,045,190

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	94.3	94.0	94.0	94.7 %
Personal property	93.1	89.6	91.6	93.6
Railroad and utilities	100.0	100.0	100.0	100.0

Grundy County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50 %
General/ambulance	.0050	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Kenneth R. Roberts, Presiding Commissioner	\$	24,440	24,440	24,440	24,440
H. L. (Bud) Cox, Associate Commissioner		22,440	22,440	17,500	17,500
Gene Wyant, Associate Commissioner		22,440	22,440		
Paul D. Jackson, Associate Commissioner				17,500	17,500
L.D. Gibson, County Clerk		34,000	34,000	34,000	34,000
Christopher P. Raynes, Prosecuting Attorney		41,000	41,000	41,000	41,000
Greg Coon, Sheriff		39,000	39,000	35,000	35,000
Tom Eads, County Coroner		9,500	9,500	6,000	6,000
Joyce Tuttle, Public Administrator(1)		20,000	20,000		
Gilbert J. Trump, Public Administrator (2)				14,000	14,350
Colleen Kidd, Treasurer and Ex Officio County Collector (3), year ended March 31,	34,000	34,000	16,403		
Helen Frisbee, Treasurer and Ex Officio County Collector (4), year ended March 31,			9,449	26,512	
Andrea Steinhoff, County Assessor (5), year ended August 31,		34,900	34,900	34,900	5,892
Joseph F. Ferris, County Assessor (6), year ended August 31,					29,008
State-Paid Officials:					
Beatrice Shaw, Circuit Clerk and Ex Officio Recorder of Deed:		47,300	47,300	46,127	44,292
Steven D. Hudson, Associate Circuit Judge		96,000	96,000	97,382	87,235

(1) Effective January 2001, the Public Administrator elected to change from a fee basis to a salary basis.

(2) Includes fees received from probate cases.

(3) Appointed August 25, 2000.

(4) Resigned effective August 8, 2000.

(5) Includes \$900 annual compensation received from the state in 2002, 2001, and 2000; appointed July 7, 1999.

(6) Includes \$675 compensation from the state.



**RALLS COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-117
December 22, 2003
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Ralls, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Ralls County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Accounting and bookkeeping duties over county funds are not adequately segregated. The County Treasurer is primarily responsible for receiving, depositing, preparing bank reconciliations, and maintaining the accounting records. The County Treasurer also enters some disbursements, and prepares and issues checks. Although the County Treasurer files a daily receipts report, a monthly report of fund balances, and semi-annual settlements with the County Clerk, the County Clerk does not have independent records to compare the Treasurer's information to and does not perform a documented review of the reports and reconciliations prepared by the County Treasurer.
- Formal budgets were not prepared for various county funds, disbursements exceeded budget amounts, and the annual published financial statements of the county did not include the financial activity of some funds.
- Bids were not always solicited nor was bid documentation always retained by the county for various purchases. While the county officials provided some explanations, documentation was not always maintained.
- As noted in the prior audit, administrative service fee transfers from the Special Road and Bridge Fund to the General Revenue Fund have often exceeded three percent of actual disbursements. As of December 31, 2002, \$98,713 is due back to the Special Road and Bridge Fund for these excess transfers.

YELLOW SHEET

- The county has not sufficiently reduced its general revenue property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by county voters. The county collected excess property tax revenues totaling \$33,339. Although the former County Clerk's calculations could not be located by the current County Clerk, it appears that the excess taxes could be partially attributed to actual sales tax receipts being greater than the amount estimated.
- The County Clerk does not maintain an account book with the County Collector and does not prepare or verify the current or back tax books. Controls over property tax book additions and abatements are not adequate.
- There was no evidence deputies who handle monies were covered by an employee bond and centralized leave and compensatory time records were not maintained by the County Clerk.
- The County Clerk is a license fee agent for the Missouri Department of Revenue (DOR) and operates the fee office from his office in the courthouse. The County Clerk receives a fee for each license or permit processed. Based on an agreement between the County Clerk and the County Commission, the County Clerk pays the county \$100 per month for rent. In addition, the County Clerk pays 50 percent of the salary of one of his three deputies. No documentation exists to document the adequacy of the monthly rental amount or the salary allocation of the deputy. All three deputies were observed performing some DOR business most every day. Time spent on DOR business reduces the time available for county business which could be used to implement controls mentioned throughout this report related to the County Clerk's office.
- The 911 Board does not have adequate budgetary and receipting procedures, individuals who handle monies are not bonded, and the petty cash fund is not properly maintained. In addition, the Board does not issue IRS Forms 1099-MISC as required and does not maintain adequate fixed asset records.

Also included in the audit were recommendations to improve the county's general fixed assets records and procedures. The audit also suggested improvements in the procedures of the Assessor, County Clerk, Sheriff, Circuit Clerk, Associate Division, and the Health Center.

All reports are available on our website: www.auditor.state.mo.us

RALLS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Ralls County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Ralls County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Ralls County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 22, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Ralls County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 22, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Todd Stoll
Audit Staff:	Kenneth Allman
	Clifford E. Lewton
	Liang Xu



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Ralls County, Missouri

We have audited the financial statements of various funds of Ralls County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 22, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Ralls County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Ralls County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Ralls County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

August 22, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

RALLS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 113,249	1,377,973	1,371,066	120,156
Special Road and Bridge	163,146	1,671,153	1,708,717	125,582
Assessment	0	172,390	172,390	0
Election Services	3,280	971	1,765	2,486
Law Enforcement Training	358	4,508	4,701	165
Prosecuting Attorney Training	12,065	1,125	600	12,590
Prosecuting Attorney Delinquent Tax	4,982	167	0	5,149
Prosecuting Attorney Administration	3,584	1,977	1,225	4,336
Recorder's User Fee	13,568	9,357	585	22,340
Domestic Violence	228	408	429	207
Sheriff's	5,931	19,816	25,273	474
Circuit Division Interest	4,777	357	1,273	3,861
Associate Circuit Division Interest	704	178	0	882
Health Center	416,216	794,786	722,082	488,920
911	27,779	383,615	375,116	36,278
Tax Maintenance	0	568	0	568
CDBG - Bailey Bridge	0	191,004	191,004	0
Total	\$ 769,867	4,630,353	4,576,226	823,994

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

RALLS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 96,372	1,258,191	1,241,314	113,249
Special Road and Bridge	165,240	1,172,646	1,174,740	163,146
Assessment	0	166,898	166,898	0
Election Services	1,917	2,863	1,500	3,280
Law Enforcement Training	1,396	4,215	5,253	358
Prosecuting Attorney Training	11,257	1,408	600	12,065
Prosecuting Attorney Delinquent Tax	4,344	638	0	4,982
Prosecuting Attorney Administration	2,733	2,051	1,200	3,584
Recorder's User Fee	6,467	7,101	0	13,568
Domestic Violence	286	422	480	228
Sheriff's	9,394	25,086	28,549	5,931
Circuit Division Interest	4,466	934	623	4,777
Associate Circuit Division Interest	1,838	733	1,867	704
Health Center	268,173	780,811	632,768	416,216
911	0	349,460	321,681	27,779
Ralls County Water District	0	4,401	4,401	0
Total	\$ 573,883	3,777,858	3,581,874	769,867

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

RALLS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 4,292,516	4,438,781	146,265	3,422,390	3,773,457	351,067
DISBURSEMENTS	4,613,556	4,385,222	228,334	3,690,639	3,577,473	113,166
RECEIPTS OVER (UNDER) DISBURSEMENTS	(321,040)	53,559	374,599	(268,249)	195,984	464,233
CASH, JANUARY 1	740,032	769,867	29,835	572,880	573,883	1,003
CASH, DECEMBER 31	418,992	823,426	404,434	304,631	769,867	465,236
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	287,649	306,165	18,516	270,524	294,657	24,133
Sales taxes	607,500	616,579	9,079	555,000	598,877	43,877
Intergovernmental	59,100	61,677	2,577	68,500	55,668	(12,832)
Charges for services	185,500	200,835	15,335	173,750	179,537	5,787
Interest	10,000	4,835	(5,165)	15,000	13,208	(1,792)
Other	59,500	123,530	64,030	56,700	73,027	16,327
Transfers in	64,000	64,352	352	45,000	43,217	(1,783)
Total Receipts	1,273,249	1,377,973	104,724	1,184,474	1,258,191	73,717
DISBURSEMENTS						
County Commissioner	79,290	80,006	(716)	79,540	78,535	1,005
County Clerk	69,853	71,481	(1,628)	69,500	67,688	1,812
Elections	82,000	58,441	23,559	40,100	39,893	207
Buildings and grounds	52,920	87,272	(34,352)	42,382	50,171	(7,789)
Employee fringe benefit	188,500	163,011	25,489	156,000	149,779	6,221
County Treasurer	29,730	29,755	(25)	29,920	29,691	229
County Collector	69,640	68,127	1,513	69,220	67,177	2,043
Circuit Clerk	45,420	44,544	876	47,016	42,232	4,784
Associate Circuit	9,400	9,563	(163)	9,400	9,127	273
Court administration	10,466	9,208	1,258	9,127	7,188	1,939
Public Administrator	27,825	27,614	211	27,800	26,616	1,184
Sheriff	344,184	430,576	(86,392)	362,358	385,373	(23,015)
Prosecuting Attorney	78,100	78,718	(618)	77,800	77,190	610
Juvenile Officer	44,656	20,296	24,360	44,680	16,066	28,614
County Coroner	17,050	13,704	3,346	19,300	14,181	5,119
Planning and zoning	23,040	17,285	5,755	22,472	21,960	512
Other general county government	122,364	99,494	22,870	110,396	99,820	10,576
Public health and welfare service	1,000	60	940	1,000	100	900
Transfers out	52,860	61,911	(9,051)	62,835	58,527	4,308
Emergency Fund	38,200	0	38,200	0	0	0
Total Disbursements	1,386,498	1,371,066	15,432	1,280,846	1,241,314	39,532
RECEIPTS OVER (UNDER) DISBURSEMENTS	(113,249)	6,907	120,156	(96,372)	16,877	113,249
CASH, JANUARY 1	113,249	113,249	0	96,372	96,372	0
CASH, DECEMBER 31	0	120,156	120,156	0	113,249	113,249

Exhibit B

RALLS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	332,717	346,318	13,601	268,042	333,141	65,099
Sales taxes	121,500	123,316	1,816	111,000	119,915	8,915
Intergovernmental	1,164,380	1,134,504	(29,876)	537,700	623,654	85,954
Interest	12,000	8,895	(3,105)	25,000	18,517	(6,483)
Other	53,000	58,120	5,120	39,050	72,419	33,369
Transfers in	29,000	0	(29,000)	5,000	5,000	0
Total Receipts	1,712,597	1,671,153	(41,444)	985,792	1,172,646	186,854
DISBURSEMENTS						
Salaries	280,000	288,144	(8,144)	272,032	270,142	1,890
Employee fringe benefit	135,000	151,047	(16,047)	113,500	112,414	1,086
Supplies	170,500	154,158	16,342	162,500	149,284	13,216
Insurance	25,000	24,707	293	25,000	21,580	3,420
Road and bridge materials	371,643	275,625	96,018	321,000	354,504	(33,504)
Equipment repairs	30,000	31,498	(1,498)	30,000	36,402	(6,402)
Rentals	1,000	669	331	0	212	(212)
Equipment purchases	150,000	111,961	38,039	150,000	139,246	10,754
Construction, repair, and maintenance	636,600	601,166	35,434	20,000	42,185	(22,185)
Other	12,000	5,390	6,610	12,000	5,590	6,410
Transfers out	64,000	64,352	(352)	45,000	43,181	1,819
Total Disbursements	1,875,743	1,708,717	167,026	1,151,032	1,174,740	(23,708)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(163,146)	(37,564)	125,582	(165,240)	(2,094)	163,146
CASH, JANUARY 1	163,146	163,146	0	165,240	165,240	0
CASH, DECEMBER 31	0	125,582	125,582	0	163,146	163,146
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	113,100	108,531	(4,569)	106,000	110,102	4,102
Charges for services	1,400	365	(1,035)	1,000	1,428	428
Interest	300	191	(109)	800	521	(279)
Other	2,000	2,282	282	1,300	1,854	554
Transfers in	52,860	61,021	8,161	57,835	52,993	(4,842)
Total Receipts	169,660	172,390	2,730	166,935	166,898	(37)
DISBURSEMENTS						
Assessor	169,660	172,390	(2,730)	166,935	166,898	37
Total Disbursements	169,660	172,390	(2,730)	166,935	166,898	37
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

RALLS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for services	2,000	577	(1,423)	500	2,180	1,680
Interest	100	95	(5)	0	207	207
Transfers in	0	299	299	0	476	476
Total Receipts	2,100	971	(1,129)	500	2,863	2,363
DISBURSEMENTS						
Elections	5,380	1,765	3,615	2,000	1,500	500
Total Disbursements	5,380	1,765	3,615	2,000	1,500	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,280)	(794)	2,486	(1,500)	1,363	2,863
CASH, JANUARY 1	3,280	3,280	0	1,917	1,917	0
CASH, DECEMBER 31	0	2,486	2,486	417	3,280	2,863
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	1,379	1,379	0	1,496	1,496
Charges for services	2,500	3,119	619	2,500	2,670	170
Interest	0	10	10	0	49	49
Total Receipts	2,500	4,508	2,008	2,500	4,215	1,715
DISBURSEMENTS						
Sheriff	2,500	4,701	(2,201)	2,500	5,253	(2,753)
Total Disbursements	2,500	4,701	(2,201)	2,500	5,253	(2,753)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(193)	(193)	0	(1,038)	(1,038)
CASH, JANUARY 1	358	358	0	1,396	1,396	0
CASH, DECEMBER 31	358	165	(193)	1,396	358	(1,038)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	500	778	278	500	668	168
Interest	300	347	47	800	740	(60)
Total Receipts	800	1,125	325	1,300	1,408	108
DISBURSEMENTS						
Prosecuting Attorney	1,500	600	900	500	600	(100)
Total Disbursements	1,500	600	900	500	600	(100)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	525	1,225	800	808	8
CASH, JANUARY 1	12,065	12,065	0	11,257	11,257	0
CASH, DECEMBER 31	11,365	12,590	1,225	12,057	12,065	8

Exhibit B

RALLS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	0	25	25	0	346	346
Interest	0	142	142	0	292	292
Total Receipts	0	167	167	0	638	638
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	3,000	0	3,000
Total Disbursements	0	0	0	3,000	0	3,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	167	167	(3,000)	638	3,638
CASH, JANUARY 1	4,982	4,982	0	4,344	4,344	0
CASH, DECEMBER 31	4,982	5,149	167	1,344	4,982	3,638
<u>PROSECUTING ATTORNEY ADMINISTRATION FUND</u>						
RECEIPTS						
Charges for service:	1,200	1,863	663	0	1,850	1,850
Interest	0	114	114	0	201	201
Total Receipts	1,200	1,977	777	0	2,051	2,051
DISBURSEMENTS						
Prosecuting Attorney	1,200	1,225	(25)	1,200	1,200	0
Total Disbursements	1,200	1,225	(25)	1,200	1,200	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	752	752	(1,200)	851	2,051
CASH, JANUARY 1	3,584	3,584	0	2,733	2,733	0
CASH, DECEMBER 31	3,584	4,336	752	1,533	3,584	2,051
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Charges for service:	4,600	8,872	4,272	4,000	6,560	2,560
Interest	0	485	485	500	541	41
Total Receipts	4,600	9,357	4,757	4,500	7,101	2,601
DISBURSEMENTS						
Recorder	18,168	585	17,583	10,967	0	10,967
Total Disbursements	18,168	585	17,583	10,967	0	10,967
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,568)	8,772	22,340	(6,467)	7,101	13,568
CASH, JANUARY 1	13,568	13,568	0	6,467	6,467	0
CASH, DECEMBER 31	0	22,340	22,340	0	13,568	13,568

Exhibit B

RALLS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	0	405	405	0	415	415
Interest	0	3	3	0	7	7
Total Receipts	0	408	408	0	422	422
DISBURSEMENTS						
Contracted Services	0	429	(429)	0	480	(480)
Total Disbursements	0	429	(429)	0	480	(480)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(21)	(21)	0	(58)	(58)
CASH, JANUARY 1	228	228	0	286	286	0
CASH, DECEMBER 31	228	207	(21)	286	228	(58)
<u>SHERIFF'S FUND</u>						
RECEIPTS						
Intergovernmental	0	2,779	2,779	0	7,956	7,956
Charges for services	18,500	16,818	(1,682)	18,500	16,642	(1,858)
Interest	0	109	109	0	488	488
Other	0	110	110	0	0	0
Total Receipts	18,500	19,816	1,316	18,500	25,086	6,586
DISBURSEMENTS						
Sheriff	18,500	25,273	(6,773)	18,500	28,549	(10,049)
Total Disbursements	18,500	25,273	(6,773)	18,500	28,549	(10,049)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(5,457)	(5,457)	0	(3,463)	(3,463)
CASH, JANUARY 1	5,931	5,931	0	9,394	9,394	0
CASH, DECEMBER 31	5,931	474	(5,457)	9,394	5,931	(3,463)
<u>CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	350	357	7	735	934	199
Total Receipts	350	357	7	735	934	199
DISBURSEMENTS						
Equipment	3,071	1,273	1,798	2,055	623	1,432
Total Disbursements	3,071	1,273	1,798	2,055	623	1,432
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,721)	(916)	1,805	(1,320)	311	1,631
CASH, JANUARY 1	2,721	4,777	2,056	1,320	4,466	3,146
CASH, DECEMBER 31	0	3,861	3,861	0	4,777	4,777

Exhibit B

RALLS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	420	178	(242)	650	733	83
Total Receipts	420	178	(242)	650	733	83
DISBURSEMENTS						
Equipment	1,000	0	1,000	1,500	1,867	(367)
Total Disbursements	1,000	0	1,000	1,500	1,867	(367)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(580)	178	758	(850)	(1,134)	(284)
CASH, JANUARY 1	704	704	0	1,807	1,838	31
CASH, DECEMBER 31	124	882	758	957	704	(253)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	125,000	125,880	880	120,000	120,368	368
Intergovernmental	242,800	182,968	(59,832)	204,400	157,914	(46,486)
Charges for services	350,000	462,238	112,238	346,000	472,112	126,112
Interest	15,000	9,196	(5,804)	13,000	16,765	3,765
Other	13,500	14,504	1,004	11,000	13,652	2,652
Total Receipts	746,300	794,786	48,486	694,400	780,811	86,411
DISBURSEMENTS						
Salaries	470,596	428,632	41,964	410,000	365,675	44,325
Fringe benefits	99,000	94,010	4,990	102,000	86,378	15,622
Office expenditures	56,000	71,182	(15,182)	44,500	50,450	(5,950)
Equipment	10,000	9,449	551	6,000	4,798	1,202
Mileage and training	28,000	31,356	(3,356)	34,500	25,008	9,492
Program expenditures	81,000	59,531	21,469	65,000	71,995	(6,995)
Building expenses	30,000	27,922	2,078	25,000	28,416	(3,416)
Other	500	0	500	500	48	452
Total Disbursements	775,096	722,082	53,014	687,500	632,768	54,732
RECEIPTS OVER (UNDER) DISBURSEMENTS	(28,796)	72,704	101,500	6,900	148,043	141,143
CASH, JANUARY 1	416,216	416,216	0	270,347	268,173	(2,174)
CASH, DECEMBER 31	387,420	488,920	101,500	277,247	416,216	138,969

Exhibit B

RALLS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
911 FUND						
RECEIPTS						
Sales Taxes	350,000	369,975	19,975	236,880	228,907	(7,973)
Phone tax	0	0	0	15,900	18,786	2,886
Charges for services	9,240	9,240	0	9,324	9,240	(84)
Loan proceeds	0	0	0	100,000	90,000	(10,000)
Other	1,000	4,400	3,400	0	2,527	2,527
Total Receipts	360,240	383,615	23,375	362,104	349,460	(12,644)
DISBURSEMENTS						
Salaries	184,000	207,082	(23,082)	144,259	153,064	(8,805)
Fringe benefits	54,636	38,622	16,014	25,000	34,053	(9,053)
Office expense:	10,000	19,929	(9,929)	13,500	19,423	(5,923)
Equipment	51,000	8,210	42,790	18,000	21,491	(3,491)
Network	18,000	18,299	(299)	18,000	11,793	6,207
Loan repayment	27,743	73,947	(46,204)	127,743	78,231	49,512
Other	9,861	9,027	834	15,602	3,626	11,976
Total Disbursements	355,240	375,116	(19,876)	362,104	321,681	40,423
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,000	8,499	3,499	0	27,779	27,779
CASH, JANUARY 1	0	27,779	27,779	0	0	0
CASH, DECEMBER 31	\$ 5,000	36,278	31,278	0	27,779	27,779

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

RALLS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Ralls County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Tax Maintenance Fund	2002
CDBG – Bailey Bridge Fund	2002
Ralls County Water District Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2001
Assessment Fund	2002
Law Enforcement Training Fund	2002 and 2001
Prosecuting Attorney Training Fund	2001
Prosecuting Attorney Administration Fund	2002
Domestic Violence Fund	2002 and 2001
Sheriff's Fund	2002 and 2001
Associate Circuit Division Interest Fund	2001
911 Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Division Interest Fund	2002 and 2001
Associate Circuit Division Interest Fund	2002
Health Center Fund	2002 and 2001
Tax Maintenance Fund	2002
CDBG – Bailey Bridge Fund	2002
Ralls County Water District Fund	2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that

order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's, Health Center Board's, and the 911 Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the boards' custodial bank in the county's or the boards' name, or by commercial insurance provided through a surety bond.

3. Property Taxes

Through December 31, 2002, Ralls County collected \$33,339 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Ralls County voters enacted a .005 cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

4. Prior Period Adjustment

The Circuit Division Interest Fund's cash balance at January 1, 2001, as previously stated has been decreased by \$3,510 to reflect the actual cash balance.

The Election Services Fund's and Sheriff's Fund's cash balances of \$1,917 and \$9,394, respectively, at January 1, 2001, were not previously reported but have been added.

Supplementary Schedule

Schedule

RALLS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-1187W	\$ 0	10,786
		ERS045-2187W	7,451	5,422
		ERS045-3187W	2,722	0
	Program Total		<u>10,173</u>	<u>16,208</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	98-PF-28	0	4,401
		2000-PF-20	191,004	0
	Program Total		<u>191,004</u>	<u>4,401</u>
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.579	Byrne Formula Grant Program	2001-NCD15B-02	1,947	832
16.592	Local Law Enforcement Block Grants Program	2000-LGB-068	0	6,237
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-087(13)	552,730	40,345
		BRO-087(14)	25,175	0
		BRO-087(15)	14,212	0
		COE-087(2)	0	9,355
		COE-087(3)	0	3,678
	Program Total		<u>592,117</u>	<u>53,378</u>
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant		2,127	2,003

Schedule

RALLS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services-			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Level in Children	ERS146-1187L ERS146-2187L	0 691	484 608
	Program Total		691	1,092
93.268	Immunization Grants	PGA064-2187A PGA064-3187A N/A	1,780 1,265 16,550	768 0 15,097
	Program Total		19,595	15,865
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	DH020097001	4,248	0
	Department of Social Services -			
93.563	Child Support Enforcemen	N/A	497	429
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-1187C PGA067-2187C PGA067-3187C PGA067-2182C PGA067-1187S PGA067-2187S	0 1,202 558 367 0 455	3,431 798 0 633 125 0
	Program Total		2,582	4,987
93.917	HIV Care Formula Grants	DH020088001	6,887	0
93.919	Cooperative Agreements for State-Base Comprehensive Breast and Cervical Cance Early Detection Programs	ERS161-10044 ERS161-20028 ERS161-30026	0 5,876 6,891	3,830 4,879 0
	Program Total		12,767	8,709
93.991	Preventive Health and Health Services Block Gran	C100014002 DH0204P0003	0 3,635	781 3,399
	Program Total		3,635	4,180

Schedule

RALLS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
93.994	Maternal and Child Health Service: Block Grant to the States	ERS146-1187M	0	12,156
		ERS146-2187M	10,019	0
		ERS146-3187M	3,347	0
		C100015060	0	630
		N/A	161	1,263
	Program Total		<u>13,527</u>	<u>14,049</u>
	Total Expenditures of Federal Award:		<u>\$ 861,797</u>	<u>132,370</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

RALLS COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Ralls County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$4,401 to a subrecipient under the Community Development Block Grants/State's Program (CFDA number 14.228) during the year ended December 31, 2001.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Ralls County, Missouri

Compliance

We have audited the compliance of Ralls County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Ralls County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Ralls County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Ralls County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 22, 2003 (fieldwork completion date)

Schedule

RALLS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Noncompliance material to the financial statements
noted? x yes no

Federal Awards

Internal control over major program:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? yes x no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

02-1.

Segregation of Duties

Accounting and bookkeeping duties over county funds are not adequately segregated. The County Treasurer is primarily responsible for receiving, depositing, preparing bank reconciliations and maintaining the accounting records. The County Clerk is primarily responsible for entering disbursements, and preparing and issuing most checks. However, the County Treasurer also enters some disbursements, and prepares and issues checks. The County Clerk and the County Treasurer use accounting software and their computer systems are networked allowing both officials to change receipt and disbursement information in the system. Because the County Clerk and County Treasurer share a networked system, the segregation of duties is diminished. Although the County Treasurer files a daily receipts report, a monthly report of fund balances, and semi-annual settlements with the County Clerk, the County Clerk does not have independent records to compare the Treasurer's information to and does not perform a documented review of the reports and reconciliations prepared by the County Treasurer.

Proper segregation of duties helps to ensure that all transactions are accounted for properly and assets are adequately safeguarded. Section 51.150.1, RSMo 2000, requires the County Clerk to keep regular accounts with the County Treasurer. The County Clerk is not providing the type of check-and-balance system required by state law to ensure errors and omissions are detected on a timely basis and to provide accurate financial reporting.

WE RECOMMEND the County Clerk provide the type of check-and-balance system over county funds required by state law.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The current County Clerk responded as follows:

I will review the County Treasurer's reports and perform any other procedures necessary to comply with statutes.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

RALLS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Ralls County, Missouri, on the applicable finding in the prior audit report issued for the two years ended December 31, 2000.

00-1. Segregation of Duties

There was a lack of sufficient segregation of duties over financial reporting.

Recommendation:

These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Status:

Not implemented. See finding number 02-1.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

RALLS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

00-2. Segregation of Duties

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Missouri Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	98-PF-008/028
Award Year:	2000 and 1999
Questioned Cost:	Not applicable

There was a lack of sufficient segregation of duties over financial reporting.

Recommendation:

These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Status:

Not implemented. See finding number 02-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

RALLS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Ralls County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 22, 2003. We also have audited the compliance of Ralls County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 22, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials and the county boards referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Ralls County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. Budgetary Practices and Published Financial Statements

Formal budgets were not prepared for various county funds, disbursements exceeded budget amounts, and the annual published financial statements of the county did not include the financial activity of some county funds.

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 2002 and 2001.

The County Commission failed to budget the Tax Maintenance Fund, a fund established by the County Collector in 2002 to deposit fees collected on delinquent taxes. In addition, the County Commission failed to budget the Ralls County Water District Fund in 2001.

Also, the County Commission did not properly budget a Community Development Block Grant (CDBG) fund during 2002. When preparing the 2002 budget for the Special Road and Bridge Fund, the County Commission budgeted receipts and disbursements related to this grant, because the funds were to be used for a bridge project. When the funds were received, the County Commission opened a non-interest bearing checking account in the name CDBG - Bailey Bridge and treated this as a separate county fund. However, no budget was prepared for the CDBG - Bailey Bridge Fund and the actual receipts and disbursements of the CDBG - Bailey Bridge Fund were not included in the Special Road and Bridge Fund.

Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.

- B. Disbursements exceeded budget amounts in various funds during the years ended December 31, 2002 and 2001, as follows:

Fund	Year Ended December 31,	
	2002	2001
Special Road and Bridge	\$ n/a	23,708
Assessment	2,730	n/a
Law Enforcement Training	2,201	2,753
Prosecuting Attorney Training	n/a	100
Prosecuting Attorney Administration	25	n/a
Domestic Violence	429	480
Sheriff's	6,773	10,049
Associate Circuit Division Interest	n/a	367

Although the County Commission receives quarterly reports documenting the percentage of the budget that has been expended, the commission does not ensure expenditures remain within the budget and does not prepare and file amended budgets to necessitate any excess disbursements.

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954) that county officials are required to strictly comply with county budget laws. If there are valid reasons which necessitate excess disbursements, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- C. The annual published financial statements of the county did not include the financial activity of some county funds as required. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

A condition similar to B was noted in our prior audit report.

WE RECOMMEND the County Commission:

- A. Ensure a budget is prepared or obtained for all county funds.
- B. And the Associate Division not authorize disbursements in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended and filed per state law.
- C. And the County Clerk and the Health Center Board ensure the financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE

The County Commission and the current County Clerk responded as follows:

- A. *The Tax Maintenance Fund was budgeted for 2003. Budget amendments will be made when additional grant monies are received.*
- B. *Beginning in 2004, we are planning to review budget to actual reports on a monthly basis and if budget amendments are needed, we will do so at that time.*

C. *We will implement this recommendation.*

The Associate Circuit Judge responded as follows:

B. *In the future, we will amend the budget when necessary.*

The Health Center Administrator responded as follows:

C. *In 2004, I will publish a summary of 2003 receipts and disbursements. I will post detail by vendor on the Health Center's bulletin board.*

2. Controls Over County Expenditures

Bids were not always solicited or advertised by the County, nor was bid documentation always retained by the County Clerk for various purchases. The County Clerk and the County Commission indicated bids are sometimes solicited through telephone calls or other direct contact with vendors; however, documentation of these contacts was not maintained or recorded in the County Commission minutes.

The following are examples of items purchased during the years ended December 31, 2002 and 2001, without bid documentation:

Items purchased	Cost
Calcium	\$ 51,951
Gravel	30,621
Tractor	23,834
Plat Books	7,625
Election Supplies	6,465
Radio Equipment	5,723
V-Box Spreader	5,440
Tires	4,797

The items identified above are individual purchases. Additional purchases of this nature were also not bid. For example, the county does not bid items such as calcium and gravel. In addition, the county could not provide evidence that property and liability insurance, health insurance, and workers' compensation insurance policies were properly bid. Rather, the county could only provide evidence that the policies were renewed.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested

parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.

Similar conditions were noted in our prior audit report.

WE AGAIN RECOMMEND the County Commission solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.

AUDITEE'S RESPONSE

The County Commission and the current County Clerk responded as follows:

We did not realize the \$4,500 requirement applied to a period of 90 days. We will watch for this in the future. Some of these purchases were sole source or emergency purchases that were not adequately documented. We will document better in the future. The tractor was leased to purchase and we did not realize this needed to be bid.

3. Special Road and Bridge Fund Administrative Service Fee

Section 50.515, RSMo 2000, authorizes the County Commission to impose an administrative service fee on the Special Road and Bridge Fund. The purpose of this fee is to recoup actual expenditures made from the General Revenue Fund for road and bridge related administrative expenses. The fee is limited to a maximum of three percent of the budget of the Special Road and Bridge Fund.

Budgeted expenditures, upon which the county calculated the transfer amount, exceeded actual expenditures of the Special Road and Bridge Fund during the years ended 2002, 2000, and 1999. In addition, during 2002, 2001, and 2000, the county transferred an additional \$10,000 per year from the Special Road and Bridge Fund to the General Revenue Fund to reimburse the General Revenue Fund for one-half of a Deputy County Clerk's salary. As a result, the county transferred \$46,046 in excess of 3 percent of actual expenditures. At December 31, 1998, \$52,667 was due from the General Revenue Fund to the Special Road and Bridge Fund for prior accumulated excess administrative transfers. This amount was not repaid and at December 31, 2002, \$98,713 in excess administrative transfers is due from the General Revenue Fund to the Special Road and Bridge Fund.

WE AGAIN RECOMMEND the County Commission base administrative transfers on actual or reasonable budgeted expenditures of the Special Road and Bridge Fund. In addition, a transfer of \$98,713 should be made from the General Revenue Fund to the Special Road and Bridge Fund.

AUDITEE'S RESPONSE

The County Commission and the current County Clerk responded as follows:

The \$10,000 per year transfer was discontinued beginning in 2003. A part-time secretary was hired for Road and Bridge. We will reduce future administrative transfers to repay this amount over a period of time. We will document the calculations.

4. Property Tax Reduction Due to Sales Tax

The county has not sufficiently reduced its general revenue property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by Ralls County voters under the provisions of Section 67.505, RSMo 2000.

Following are the calculations used in determining excess property tax revenues collected for the years ended December 31, 2002 and 2001, and excess property taxes of prior years:

		Year Ended December 31,	
		2002	2001
ACTUAL SALES TAX REVENUES	\$	369,948	359,047
Required percentage of revenue reduction	X	50%	50%
Required property tax revenue reduction		184,974	179,524
Assessed valuation		130,984,869	126,202,870
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	X	.1472	.13
Actual property tax revenue reduction		192,810	164,064
EXCESS PROPERTY TAX REVENUES COLLECTED		(7,836)	15,460
Excess property tax revenue collections from prior years		41,175	25,715
NET EXCESS	\$	33,339	41,175

Although the former County Clerk's calculations could not be located by the current County Clerk, it appears that the net excess could be partially attributed to actual sales tax receipts being greater than the amount estimated.

WE RECOMMEND the County Commission reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in prior years.

AUDITEE'S RESPONSE

The County Commission and the current County Clerk responded as follows:

The County Clerk included the \$33,339 net excess in the 2003 calculations; however sales tax collections were underestimated. We will continue to include the excess in future calculations.

5. Property Tax Controls and Procedures
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The County Clerk does not maintain an account book with the County Collector and does not prepare or verify the current or back tax books. Controls over property tax book additions and abatements are not adequate.

- A. The County Clerk does not prepare or verify the current or back tax books. The County Collector enters the tax rates which are obtained from the County Clerk, and extends and prints the current tax books. The County Collector also prepares the back tax books. According to the County Collector, she randomly tests the accuracy

of 25 or more tax statements, but does not document this procedure, nor is the County Clerk involved in this procedure. Further, the County Clerk does not perform tests to verify the totals of the current and back tax books.

Section 137.290 and 140.050, RSMo 2000, require the County Clerk to extend tax books and charge the County Collector with the whole amount of the current tax books, and the aggregate amount of taxes, interest, and clerk's fees contained in the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and act as a form of checks and balances on the Assessor, County Clerk, and County Collector. Failure of the County Clerk to prepare the tax books as required by statutes, may result in errors and irregularities going undetected.

- B. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. This account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate.

Additionally, Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book could be used by the County Commission to verify the County Collector's annual settlements.

- C. Controls over property tax book additions and abatements are not adequate. The Assessor makes changes in the property tax book records for additions and abatements and prints a court order documenting the changes made and forwards this to the County Collector for her review. The County Collector reviews the changes and files the court orders in a folder. Section 137.260, RSMo 2000, requires the tax books only be changed by the County Clerk under order of the County Commission.

A condition similar to A was noted in our prior audit report.

WE RECOMMEND:

- A. The County Clerk prepare the current and back tax books in accordance with state law.
- B. The County Clerk establish and maintain an account book with the County Collector. The County Commission should use the account book to verify the County Collector's annual settlements.

- C. The County Commission establish procedures requiring the tax books only be changed by the County Clerk under order of the County Commission.

AUDITEE'S RESPONSE

The current County Clerk and the County Collector responded as follows:

- A. *When the County Collector prepared the 2003 tax books, the County Clerk worked with her to enter the levies, test the calculations, verify the totals and test some tax statements. After the tax books were printed, the County Clerk reviewed the tax books.*
- B. *After reviewing the tax books, the County Clerk will retain the summary page and will keep copies of additions and abatements which will be used to review the Collector's annual settlements.*
- C. *The County Collector will provide reports summarizing all additions and abatements to the County Clerk. The County Clerk will review these reports and provide them to the County Commission for their review.*

6. Personnel Policies and Procedures

There was no evidence deputies who handle monies were covered by an employee bond and centralized leave and compensatory time records were not maintained by the County Clerk.

- A. There was no evidence deputies who handle monies were covered by an employee bond. Properly bonding all persons with access to monies would better protect the officials and county from risk of loss.
- B. Although the County Commission has adopted a county wide leave policy for all county employees and leave taken is approved by the respective elected official, centralized accumulated vacation leave, sick leave and compensatory time records are not maintained by the County Clerk.

Without centralized leave records, the County Commission cannot ensure that employees' vacation leave, sick leave, and compensatory time balances are accurate and that all employees are treated equitably. Centralized leave records also aid in determining final compensation for employees leaving county employment and in documenting compliance with the Fair Labor Standards Act.

Similar conditions were noted in our prior audit report.

WE AGAIN RECOMMEND the County Commission:

- A. Obtain adequate bond coverage for all employees with access to monies.
- B. Require the County Clerk to maintain centralized leave records for all county employees.

AUDITEE'S RESPONSE

The County Commission and the current County Clerk responded as follows:

- A. *We will look into getting a blanket bond for county employees and will continue to maintain coverage for county officials.*
- B. *We have implemented standard timesheets that document all leave taken. A county clerk deputy is maintaining leave balances for all county employees.*

7. General Fixed Asset Records and Procedures
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The prior audit report addressed the inadequacy of the county's general fixed assets records and procedures. This condition has not improved. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. The County Clerk apparently has made no effort to maintain property records or to number, tag, or otherwise identify property items.

Adequate general fixed asset records and procedures are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage. Inventories and proper tagging of county property are necessary to ensure fixed asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets.

Effective August 28, 1999, Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

WE AGAIN RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition and usage, and any other concerns associated with county

property. In addition, all general fixed assets should be tagged or identified as county-owned property.

AUDITEE'S RESPONSE

The County Commission and the current County Clerk responded as follows:

We requested that each official provide an inventory list by October 10, 2003. We have received most of these and will be getting the rest. The County Clerk's office will use these lists to develop an inventory list and in the future will record additions and deletions of fixed assets.

8. Assessor's Accounting Controls and Procedures

The Assessor transmitted approximately \$2,300 and \$1,900 to the County Treasurer during the years ended December 31, 2002 and 2001, respectively, from the sale of maps, employee research fees, faxes, and photocopies. Receipts are not transmitted to the County Treasurer on a timely basis, copies of voided receipt slips are not maintained, and accounting duties are not adequately segregated.

- A. The Assessor does not transmit receipts to the County Treasurer on a timely basis. Some receipts were held for approximately three months before being transmitted to the County Treasurer. For example, the turnover made on December 5, 2002, included \$481 in receipts with some dating back to September 17, 2002. We also noted that the turnover on December 5, 2002 was \$13 less than the sum of the Assessor's receipt slips that made up the turnover. Additionally, at April 7, 2003, \$124 received during the period from February 7, 2003 through April 4, 2003 had not been transmitted. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer intact monthly in accordance with Section 50.360, RSMo 2000.
- B. Receipt slips are issued; however, copies of voided receipt slips are not maintained. In addition, the method of payment and the initials of the individual who receipted the monies are not always indicated on the receipt slips. To ensure monies are properly accounted for and transmitted intact, prenumbered receipt slips indicating the method of payment and the initials of the individual who receipted the monies should be issued for all monies received and copies of all receipt slips should be maintained. The composition of receipt slips issued should be reconciled to the composition of transmittals to the County Treasurer.

- C. Accounting duties are not adequately segregated. One individual is primarily responsible for receiving, recording, and transmitting monies to the County Treasurer.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately segregated. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of receipt slips issued to amounts transmitted to the County Treasurer.

WE RECOMMEND the Assessor:

- A. Transmit all monies to the County Treasurer intact monthly.
- B. Retain copies of voided receipt slips, ensure the method of payment and the initials of the individual who receipted the monies are indicated on all receipt slips, and reconcile total cash, checks, and money orders received to amounts transmitted to the County Treasurer.
- C. Adequately segregate accounting duties or establish a documented periodic review of the accounting records by an independent person.

AUDITEE'S RESPONSE

The Assessor responded as follows:

These recommendations have been implemented. Additionally, I am reconciling the cash/check composition and initialing the receipt log.

9. County Clerk's Accounting Controls and Procedures

The County Clerk's office collects monies for notary fees, plat books, maps, liquor licenses, ATV permits, auctioneer licenses, and other miscellaneous receipts. The County Clerk does not maintain a bank account for these fees, but transmits them to the County Treasurer. The County Clerk's office collected receipts totaling approximately \$9,300 and \$7,800 in 2002 and 2001, respectively.

Receipt slips are not always issued and accounted for, checks received are not restrictively endorsed immediately upon receipt, and some receipts are not recorded on the monthly fee sheet. The County Clerk is a license fee agent for the Missouri Department of Revenue (DOR) and operates the fee office from his office in the courthouse. The County Clerk pays the county \$100 per month for rent and pays 50 percent of the salary of one deputy; however, no documentation exists to document the adequacy of these payments.

- A. Receipt slips are not issued for some monies received, nor are they issued in numerical sequence and properly accounted for. In addition, some receipts are not recorded on the monthly fee sheet and therefore, receipt slips issued cannot be reconciled to amounts transmitted to the County Treasurer.

To ensure monies are properly accounted for and transmitted intact, prenumbered receipt slips should be issued for all monies received, their numerical sequence accounted for, and the composition of receipt slips issued should be reconciled to the composition of transmittals to the County Treasurer. In addition, all receipts should be posted to the monthly fee sheet.

- B. Checks received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time of transmittal. To reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.
- C. The County Clerk is a license fee agent for the DOR and operates the fee office from his office in the courthouse. The County Clerk receives a fee for each license or permit processed. Based on an agreement between the County Clerk and the County Commission, the County Clerk pays the county \$100 per month for rent. In addition, the County Clerk pays 50 percent of the salary of one of his three deputies. No documentation exists to document the adequacy of the monthly rental amount or the salary allocation of the deputy.

The County Clerk indicated that he and one deputy perform most of the DOR business, although the other two deputies help out on occasion. As timesheets submitted by these deputies do not distinguish between the time worked for the county and the fee office, it could not be determined from where these deputies should be paid. All three deputies were observed performing some DOR business most every day. Time spent on DOR business reduces the time available for county business which could be used to implement controls mentioned throughout this report related to the County Clerk's office.

The County Commission has indicated they believe locating the license office in the courthouse is a public service, however, because the County Clerk is personally profiting from this arrangement, it is important to document the adequacy of the financial arrangement to avoid any appearance of impropriety.

A condition similar to C was noted in a prior report.

WE RECOMMEND the County Clerk:

- A. Issue pre-numbered receipt slips for all monies received, account for their numerical sequence, and reconcile the composition of the receipts to the composition of the transmittal to the County Treasurer. In addition, all receipts should be posted to the monthly fee sheet.
- B. Restrictively endorse checks immediately upon receipt.
- C. Reconsider the decision to operate the DOR license office from the County Clerk's office. If these operations are continued, the County Clerk should hire sufficient personnel to operate the license office, discontinue using county-paid personnel, and document the adequacy of the rental payments.

AUDITEE'S RESPONSE

The current County Clerk responded as follows:

- A. *Receipt slips will be issued for all monies received and all receipts will be recorded on the monthly fee sheet.*
- B. *I will check into getting a stamp to endorse checks for deposit only.*
- C. *The DOR license office has been operated out of the county courthouse for at least 32 years. When I took office in January 2003, I assumed the position of license fee agent to keep the office in the courthouse as a service to county residents. However, I agree with the recommendation and will discuss alternatives with the County Commission during budget time.*

10.

Sheriff's Accounting Controls and Procedures

The Sheriff's office processed receipts of approximately \$38,900 and \$41,600 in 2002 and 2001, respectively. Accounting duties are not adequately segregated. The Sheriff's bookkeeper is responsible for receiving, depositing and disbursing monies, preparing bank reconciliations, maintaining the accounting records, and preparing the monthly fee reports. The Sheriff indicated that he reviews and initials the bank statement once the bank reconciliation is completed by his bookkeeper. According to the Sheriff, he ensures the bank reconciliation is completed, but does not review the accounting records that support the bank statement.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

A similar condition was noted in our prior audit report.

WE AGAIN RECOMMEND the Sheriff adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The County Sheriff responded as follows:

This recommendation has been implemented. I review the bank reconciliations and initial them.

11. Circuit Clerk's Accounting Controls and Procedures

The Circuit Clerk's office processed receipts of approximately \$182,100 and \$59,800 in 2002 and 2001, respectively. The Circuit Clerk's open items listing as of December 31, 2002 included approximately \$6,400 being held for 79 cases at least 5 years old. In addition, a listing of accrued costs owed to the court is not maintained and monitoring procedures related to accrued costs are not adequate.

- A. The Circuit Clerk's open items listing as of December 31, 2002 included numerous older cases containing balances which are insufficient to cover all costs charged to the case. Included were approximately 79 cases held at least five years and dating to 1980 or before, on which approximately \$6,400 was being held. If it appears unlikely the remaining amounts owed will be collected, a court order should be obtained to allow the balance to be prorated among the various court costs.

Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated." Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and county of the use of those monies.

- B. A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. The Circuit Clerk sends out one initial statement of costs due and no other follow-up action is taken. The Circuit Clerk should review the status of all old cases, and if all costs

have not been received, collection of outstanding amounts should be pursued. In addition, the Circuit Clerk should establish written procedures for collecting accrued costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected on a timely basis.

WE RECOMMEND the Circuit Clerk:

- A. Review older cases along with the Circuit Judge and determine the appropriate disposition of inactive cases.
- B. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

AUDITEE'S RESPONSE

The current Circuit Clerk responded as follows:

- A. *During 2004, I plan to review these older cases and discuss with the Circuit Judge which costs may be prorated and disbursed so that the case may be closed.*
- B. *A listing has been developed of amounts owed to the court by people on probation. I will continue to develop a similar listing for other cases in which costs are due to the court. These lists will assist in the monitoring of said accrued costs due to the court.*

12. Associate Division Controls and Procedures

The Associate Division processed receipts of approximately \$328,900 and \$372,200 in 2002 and 2001, respectively. Accounting duties are not adequately segregated and no record is maintained of receipts, disbursements, or cash balances of the petty cash fund.

- A. Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B. The Associate Division maintains a petty cash fund used for small expenditures such as office supplies. This fund is comprised of monies received for providing copies. No record is maintained of receipts, disbursements or cash balances of this fund. A cash count on April 22, 2003 identified \$20 of petty cash on hand. Invoices for expenditures made from the petty cash fund during the years ended December 31, 2002 and 2001 totaled approximately \$240.

Copy monies received by the Associate Division represent accountable fees. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies monthly to the county treasury. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.

A condition similar to A was noted in our prior audit report.

WE RECOMMEND the Associate Division:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B. Deposit all monies intact into the Associate Division's official bank account and disburse all fees to the county treasury monthly. If a petty cash fund is determined to be necessary, it should be funded by the county and maintained on an imprest basis. A log of petty cash fund transactions, including invoices for expenditures, should be maintained to properly document the financial activity of the fund.

AUDITEE'S RESPONSE

The Associate Circuit Judge responded as follows:

- A. *I will review the bank reconciliations and document the review.*
- B. *We have started a ledger to record receipts and disbursements of copy monies. On January 2, 2004, all copy monies on hand will be deposited and turned over on a monthly basis and a petty cash fund will be established.*

13. Health Center's Accounting Controls and Procedures

Bids were not always solicited or advertised by the Health Center nor was bid documentation always retained for various purchases. In addition, acknowledgement of receipt of goods or services is not noted on the invoices and employee time sheets are not approved and signed by a supervisor.

- A. Bids were not always solicited or advertised by the Health Center nor was bid documentation always retained for various purchases. Examples of items purchased for which bid documentation could not be located are as follows :

<u>Items purchased</u>	<u>Cost</u>
Therapy Services	\$ 29,654
Computer Equipment and Service	4,876

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for the economical management of Health Center resources and help assure the Health Center that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in Health Center business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official Health Center Board minutes should reflect the necessitating circumstances.

- B. The Health Center does not require acknowledgment of receipt of goods or services to be noted on the invoices. Indication of receipt of goods or services is necessary to ensure that amounts presented for payment represent legitimate operating costs of the Health Center.
- C. Employee time sheets are not approved and signed by a supervisor. The Fair Labor Standards Act requires employers to keep accurate records of actual time worked by employees. The time records should be prepared by the employee, approved by the applicable supervisor, and filed in a central location with the Health Department's payroll records.

WE RECOMMEND the Health Center:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official Health Center Board minutes should reflect the necessitating circumstances.

- B. Require evidence of receipt of goods or services on each invoice before approving payment.
- C. Ensure employee time sheets are approved by the applicable supervisor and filed in a central location with the Health Department's payroll records.

AUDITEE'S RESPONSE

The Health Center Administrator responded as follows:

- A. *These were considered sole source procurements. In the future, the circumstances will be documented in the minutes.*

B&C. These recommendations will be implemented immediately.

14. 911 Board's Accounting Controls and Procedures

Prior to 2001, 911 operations were funded by a voter-approved phone tax and the 911 Fund was maintained by the county. Beginning in 2001, a 911 sales tax became effective and a 911 Board was elected. The 911 Board hired a Director to prepare budgets, maintain accounting records, and supervise the day-to-day activities of the 911 system.

The 911 Board does not have adequate budgetary and receipting procedures, individuals who handle monies are not bonded, and the petty cash fund is not properly maintained. In addition, the Board does not issue IRS Forms 1099-MISC as required and does not maintain adequate fixed asset records.

- A. The following concerns related to the 911 Board's budgets:

- 1. Disbursements exceeded budget amounts by \$19,876 during the year ended December 31, 2002. The 911 Board did not have sufficient procedures in place to adequately monitor the budget.

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954) that county officials are required to strictly comply with county budget laws. If there are valid reasons which necessitate excess disbursements, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

2. The budget documents prepared by the 911 Board were not adequate. The 2002 budget was not mathematically correct and the actual receipt and disbursement amounts presented for 2001 did not agree to the board's receipt and disbursement records. In addition, the 2002 budget did not reflect actual cash on hand at the beginning of the year. To be of maximum benefit to the 911 Board and to adequately inform county residents of the 911 Board's operations, a complete and accurate budget document is needed.
- B. Individuals who handle monies were not covered by a bond. Properly bonding all persons with access to monies would better protect the 911 Board from risk of loss.
- C. The following concerns were found regarding receipts and deposits:
1. Receipt slips are not issued for some monies received. Generally, receipt slips are only issued for cash receipts. To adequately account for all receipts, prenumbered receipt slips should be issued for all receipts, and the numerical sequence should be accounted for properly and the composition of receipt slips issued should be reconciled to the composition of deposits.
 2. Checks and money orders are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
 3. Cash receipts are not always deposited and posted to the cash control ledger. In addition, some check receipts are not posted to the cash control ledger on a timely basis. To ensure receipts are properly handled, all receipts should be deposited intact and posted to the cash control ledger on a timely basis.
- D. The 911 Director maintains a petty cash fund used for small expenditures such as office supplies. This fund is comprised of cash received from the sale of maps and mailbox lettering. No record is maintained of receipts, disbursements or cash balances of this fund and the 911 Board does not review these transactions. A cash count on June 24, 2003 identified \$70 of petty cash on hand. Invoices for expenditures made from the petty cash fund since January 1, 2001 totaled approximately \$140.
- If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.
- E. The 911 Board does not require acknowledgment of receipt of goods or services to be noted on the invoices. Indication of receipt of goods or services is necessary to ensure that amounts presented for payment represent legitimate operating costs of the 911 Board.

- F. The 911 Board did not issue IRS Forms 1099-MISC apparently because they were not aware of this requirement. Payments for legal services totaling \$3,600 and \$4,550 during 2002 and 2001, respectively, did not have Forms 1099-MISC issued. Section 6041 and 6051 of the Internal Revenue Code require nonemployee payments of at least \$600 or more in one year to an individual or unincorporated business be reported to the federal government on Forms 1099-MISC.
- G. Additions of fixed assets are not always recorded as they occur, and fixed asset expenditures are not reconciled to additions to the inventory records. In addition, some items were added to the fixed asset listing but the description, purchase price, and purchase date were not properly recorded. Also, property tags are not affixed to all assets.

Adequate general fixed asset records are necessary to meet statutory requirements, secure better internal control over 911 Board property, and provide a basis for determining proper insurance coverage. In addition, property control tags should be affixed to all fixed asset items to help improve accountability over these items and help ensure that assets are not lost or stolen.

WE RECOMMEND the 911 Board:

- A.1. Not authorize disbursements in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended and filed per state law.
- 2. Ensure the budget documents prepared are complete and accurate.
- B. Obtain adequate bond coverage for all employees with access to monies.
- C.1. Issue prenumbered receipt slips for all monies received, account for their numerical sequence, and reconcile the composition of receipts to the composition of bank deposits.
- 2. Restrictively endorse checks and money orders immediately upon receipt.
- 3. Deposit all monies intact into the 911 Board's official bank account and post all receipts to the cash control ledger on a timely basis.
- D. If a petty cash fund is determined to be necessary, it should be funded by the 911 Board and maintained on an imprest basis. A log of petty cash fund transactions, including invoices for expenditures, should be maintained to properly document the financial activity of the fund and the 911 board should review all petty cash transactions.

- E. Require evidence of receipt of goods or services on each invoice before approving payment.
- F. Issue IRS Forms 1099-MISC as required by the Internal Revenue Code.
- G. Properly record all additions of fixed assets as they occur and reconcile additions to the property records periodically. In addition, identify all fixed assets with a number, tag, or similar identifying device.

AUDITEE'S RESPONSE

The 911 Director responded as follows:

- A.1. *The 911 Board monitored the budget, but was not aware of the need to file an amended report. This will be implemented immediately.*
 - 2. *We are doing this in preparation of the 2004 budget.*
- B. *The bond has been received.*
- C. *We have already started performing the recommended procedures.*
- D. *We have begun a petty cash fund using the recommended guidelines. All receipts are being deposited.*
- E. *We have implemented this recommendation. The receipt was always present before the bill was paid, but the indication of receipt of the good was not always documented on the invoice.*
- F. *We have ordered the applicable forms and these will be reported for 2003.*
- G. *We have put the tags in place and a fixed asset list is being compiled. In the future, we will add items to the list as purchased.*

Follow-Up on Prior Audit Findings

RALLS COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Ralls County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998.

The prior recommendations, which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Financial Condition

Ralls County's General Revenue Fund experienced a declining cash balance for the two years ended December 31, 1998.

Recommendation:

The County Commission take the necessary steps to improve the financial condition of the General Revenue Fund.

Status:

Partially implemented. Although the General Revenue Fund's ending cash balance increased from \$4,229 as of December 31, 1998 to \$120,156 as of December 31, 2002, the County Commission has continued to transfer excess administrative fees out of the Road and Bridge Fund to the General Revenue Fund. As noted in MAR 3, at December 31, 2002, \$98,713 in excess administrative transfers is due from the General Revenue Fund to the Special Road and Bridge Fund.

2. Budgetary Practices

- A. The approved budget documents did not adequately project the anticipated financial condition of the Special Road and Bridge Fund for the two years ended December 31, 1998.
- B. Disbursements exceeded budget amounts in various funds during the two years ended December 31, 1998. In addition, the county failed to include activity related to a federal grant in its Drug Enforcement Fund budget for 1998.

Recommendations:

The County Commission:

- A. Estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that a reasonable estimate of the county's financial position is presented.
- B. Not authorize warrants in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended and filed per state law.

Status:

- A. Partially implemented. Although the county continued to budget to spend all available resources, the budgeted receipts and disbursements for 2002 and 2001 appear more reasonable than in prior years. Although not repeated in our current report, our recommendation remains as stated above.
- B. Not implemented. See MAR finding number 1.

3. Controls Over County Expenditures

- A.1. Bids were not always solicited nor was bid documentation always retained by the County Clerk for various purchases made by the county during the audit period.
- 2. The County Commission minutes did not always document the evaluation of bid proposals and the basis and justification for awarding bids, including the reasons low bids were not accepted.
- B. The Prosecuting Attorney submitted a letter to the County Clerk's office to obtain reimbursement for various expenses. However, adequate supporting documentation such as invoices, timesheets, or itemized expense reports was not always required to be submitted to the County Commission for various expenses such as mileage, equipment, office expenses, major case expenses, training expenses, and professional services.
- C. The Ralls County Commission authorized operating transfers of \$6,052 from the Special Road and Bridge Fund to the 911 Fund and proposed a transfer for 1999 of \$50,000. In addition, other 911 costs were paid directly from the Special Road and Bridge Fund during the audit period.
- D. The county employed Planning and Zoning legal counsel at a monthly salary of \$1,087. These expenditures were not supported by time sheets or other records documenting work performed.

Recommendations:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law, and maintain documentation of bids solicited and justification for bids awarded. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- B. Require adequate supporting documentation prior to approving expenditures for payment. In addition, all unsupported payments to the Prosecuting Attorney should be included on his W-2 or 1099 form.
- C. Review this situation with the county's legal counsel to determine whether transferring Special Road and Bridge funds to the 911 is a proper road and bridge expense. If these expenditures are determined to not be appropriate, these monies should be paid back to the Special Road and Bridge Fund. In addition, charges from 911 to the Special Road and Bridge Fund for work performed should be supported by documentation indicating the number of hours worked or number of dispatch calls received, as well as a per unit amount charged for these services.
- D. Obtain a formal agreement documenting the services to be provided by the Planning and Zoning legal counsel and require adequate supporting documentation of time worked and services performed prior to approving payment.

Status:

- A. Not implemented. See MAR finding number 2.
- B. Implemented.
- C. Partially implemented. The County Commission authorized operating transfers of \$65,039 from the Special Road and Bridge Fund to the 911 Fund during the two years ended December 31, 2000. The County Commission repaid \$5,000 to the Special Road and Bridge Fund from the General Revenue Fund during 2001 and repaid \$5,000 in 2003. The 911 Board made a \$10,000 transfer to the Special Road and Bridge Fund in April 2003 and has budgeted additional 2003 transfers of \$19,000 for the equipment purchases made from the Special Road and Bridge Fund. Although some amounts have been repaid, no documentation was maintained to support the decision made by the County Commission, the 911 Board, or their legal counsel to indicate how the remaining amounts will be repaid to the Special Road and Bridge Fund. Although not repeated in our current report, our recommendation remains as stated above.

- D. Not implemented. The County Commission indicated that they have not obtained a formal agreement documenting the services to be provided by the Planning and Zoning legal counsel and have not required adequate supporting documentation of time worked and services performed prior to approving payment. Although not repeated in our current report, our recommendation remains as stated above.

4. Special Road and Bridge Fund Administrative Service Fee

Section 50.515, RSMo 1994, authorizes the County Commission to impose an administrative service fee on the Special Road and Bridge Fund. The County Commission did not base the administrative service fee on actual or reasonable budgeted expenditures of the Special Road and Bridge Fund, resulting in excess transfers of \$52,667.

Recommendation:

The County Commission base administrative transfers on actual or reasonable budgeted expenditures of the Special Road and Bridge Fund. In addition, a transfer of \$52,667 should be made from the General Revenue Fund to the Special Road and Bridge Fund.

Status:

Not implemented. See MAR finding number 3.

5. Personnel Policies and Procedures

- A. County officials were properly bonded as required by statute; however, other county-paid employees who handled monies were not covered by any employee bond.
- B. Although the County Commission had adopted a countywide leave policy for all county employees, many employees took leave at the discretion of each respective elected official. Centralized accumulated vacation leave, sick leave and compensatory time records were not maintained by the County Clerk. In addition, most of the elected officials or supervisors did not maintain records of vacation leave, sick leave, and compensatory time for their employees.

Recommendations:

The County Commission:

- A. Obtain adequate bond coverage for all employees with access to monies.
- B. Require the County Clerk to maintain centralized leave records for all county employees.

Status:

A&B. Not implemented. See MAR finding number 6.

6. County Clerk's Controls and Procedures

- A. The County Clerk did not maintain adequate records of fixed assets.
- B. The county did not have formal procedures for disposing of county owned property. No written authorization for disposal was obtained from the County Commission. In addition, complete information was not recorded regarding the disposition of assets.
- C. The County Clerk did not periodically reconcile equipment purchases with additions to the fixed asset records and annual inventories of fixed assets were not performed.
- D. Property tags were not placed upon fixed asset items.
- E. The County Clerk neither prepared nor verified the tax books.

Recommendations:

The County Clerk:

- A. Maintain adequate fixed asset records with a detailed description of each item to include the purchase price, date of acquisition, location, and identification number.
- B. And the County Commission establish a formal method of disposing of fixed assets. At a minimum, written authorization for all property dispositions should be obtained and the date and method of disposition should be recorded on the fixed asset records.
- C. Perform an annual inventory of the county's fixed assets and periodically reconcile fixed asset purchases to additions on the fixed asset records.
- D. Identify all fixed assets with a number, tag, or similar identifying device.
- E. Verify the tax books generated by the County Collector's Office.

Status:

A-D. Not implemented. See MAR finding number 7.

E. Not implemented. See MAR finding number 5.

7. Segregation of Duties

- A. In the Circuit Clerk's office, for child support activities, one clerk received monies, recorded cash receipts and disbursements, wrote checks, prepared and made deposits, received bank statements, and performed bank reconciliations.
- B. The Associate Circuit Clerk received monies, recorded receipts and disbursements, prepared and made deposits, and performed month-end reconciliations.
- C. The Sheriff's bookkeeper received monies, recorded receipts and disbursements, wrote checks, prepared and made deposits, received bank statements, performed month-end reconciliations, and prepared monthly fee reports.

Recommendation:

The Circuit Clerk, Associate Division, and the Sheriff provide for adequate segregation of duties or the performance of independent reconciliations and reviews of accounting records.

Status:

Child support collections were turned over to the state's centralized collection agency in July 2001. The court no longer handles child support receipts and disbursements. The Associate Division and the Sheriff have not provided for adequate segregation of duties or the performance of independent reconciliations and reviews of accounting records. See MAR finding numbers 10 and 12.

STATISTICAL SECTION

History, Organization, and
Statistical Information

RALLS COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1820, the county of Ralls was named after Daniel Ralls, one of the first representatives to the state legislature. Ralls County is a county-organized, third-class county and is part of the Tenth Judicial Circuit. The county seat is New London.

Ralls County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 450 miles of county roads and 61 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 8,874 in 1980 and 9,626 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 78.5	76.8	70.8	69.6	51.3	27.4
Personal property	35.3	31.5	29.4	29.0	9.9	5.1
Railroad and utilities	17.2	18.3	18.4	17.9	13.7	10.6
Total	\$ 131.0	126.6	118.6	116.5	74.9	43.1

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Ralls County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.2300	.2300	.2300	.2300
Special Road and Bridge Fund	.2700	.2700	.2700	.2700
Health Center Fund	.1000	.1000	.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
\$	2003	2002	2001	2000
State of Missouri	39,561	37,405	35,009	35,524
General Revenue Fund	307,723	291,111	273,116	268,273
Special Road and Bridge Fund	352,479	333,366	312,186	316,598
Assessment Fund	64,633	59,977	56,303	56,121
Health Center Fund	130,550	123,470	115,634	117,324
Surtax	203,447	204,242	200,052	214,961
School districts	4,538,841	4,184,739	3,877,350	3,953,456
Library district	140,834	134,389	122,705	123,382
Ambulance district	250,127	227,095	228,471	219,782
Fire protection district	52,977	50,570	38,652	0
Nursing Home	12,158	11,988	11,589	11,093
Tax Maintenance Fund	5,118	0	0	0
Cities	12,971	14,108	14,102	14,333
County Clerk	135	184	149	201
County Employees' Retirement	28,045	27,175	22,002	23,789
Commissions and fees:				
General Revenue Fund	101,441	94,804	87,702	88,974
Total	\$ 6,241,038	5,794,623	5,395,023	5,443,810

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	94.6	94.4	94.8	94.4 %
Personal property	93.9	94.2	94.7	96.3
Railroad and utilities	99.9	99.4	96.8	100.0

Ralls County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
General				
(1/3 law enforcement, 1/3 general revenue,				
1/3 road and bridge)	.0050	March 31, 2006	None	
911	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
George Lane, Presiding Commissioner	\$	27,080	27,080	27,080	27,080
Jesse Poage, Associate Commissioner (1)		25,080	25,080	25,080	25,080
James Thompson, Associate Commissioner (2)		25,080	25,080	25,080	25,080
Gaylord Winders, County Clerk		38,000	38,000	38,000	38,000
John Briscoe, Prosecuting Attorney		45,000	45,000	45,000	45,000
Ben Berghager, Sheriff		42,000	42,000	34,000	34,000
Jena Epperson, County Treasurer		28,120	28,120	28,120	28,120
Woody St. Clair, County Coroner		11,000	11,000	5,500	5,500
Sheila Foster, Public Administrator (3)		25,000	25,000	16,069	14,717
Connie Berry, County Collector, year ended February 28 (29),	38,000	38,000	38,000	38,000	
Thomas Ruhl, County Assessor (4), year ended August 31,		38,675	6,333		
Donald Knight, County Assessor (5), year ended August 31,			27,336	38,900	38,900
Robert Vogler, County Surveyor (6)					
State-Paid Officials:					
Sandra Bangert, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	47,052	46,127	44,292
David Mobley, Associate Circuit Judge (7)		96,000	77,846		
Glenn Norton, Associate Circuit Judge				97,382	87,235

- (1) During 2002, \$1,600 was withheld by the county at \$200 per month from May to December for repayment of excess salary received during years 2000 and 1999. Beginning in January 2003, \$800 per month was withheld by the county and the full amount of excess salary will be repaid in December 2003.
- (2) During 2002, \$1,400 was withheld by the county at \$200 per month from May to November and \$10,954 was paid by the Associate Commissioner in December 2002 for full repayment of excess salary received during years 2000 and 1999.
- (3) Includes fees received from probate cases for the years 2000 and 1999.
- (4) Includes \$675 annual compensation received from the state for the fiscal year 2002.
- (5) Includes \$675, \$900 and \$900 annual compensation received from the state for the fiscal years 2001, 2000 and 1999, respectively.
- (6) Compensation on a fee basis.
- (7) David Mobley took office on February 23, 2001.



**PUTNAM COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-116
December 22, 2003
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Putnam, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Putnam County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- An employee of the Sheriff's office was paid approximately \$24,200 by the county during 2002 and 2001 to prepare meals for county prisoners; however, bids have not been solicited for this service since 1999. The county pays \$7 per prisoner per day whether the prisoner has three meals or one meal. In addition, the county needs to maintain adequate documentation to ensure the employee's time spent on preparing meals does not conflict with her normal county duties.
- The County Commission has not established procedures to monitor the expenditure of county capital improvement sales tax monies. In November 2000, the County Commission put on the ballot and the county voters approved a sales tax for hospital capital improvements. The sales tax monies, totaling approximately \$208,000 during 2002 and 2001, are remitted to the hospital. The County Commission does not approve the expenditure of these funds nor does it receive specific information on how the money is spent. State law requires county capital improvement sales tax monies to be deposited into a separate trust fund to be used solely for such designated purpose.
- The county's funds on deposit were not always covered by collateral securities. The amount of securities pledged by the county's depository bank in January 2003 was insufficient by approximately \$147,000 to cover monies in the custody of the County Treasurer and Ex Officio Collector.

(over)

YELLOW SHEET

- The county's procedures to track federal awards for preparation of the county's Schedule of Expenditures of Federal Awards (SEFA) should be improved. The SEFA prepared for 2002 and 2001 did not include expenditures for several federal grants, and total federal expenditures were understated by approximately \$50,000.

Also included in the audit are recommendations to improve the budgets and accounting records of the Enhanced 911 Board, the county's general fixed asset records, and controls over the Prosecuting Attorney's and Sheriff's receipts.

All reports are available on our website: www.auditor.missouri.gov

PUTNAM COUNTY, MISSOURI

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PUTNAM COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Putnam County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Putnam County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Putnam County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 14, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Putnam County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 14, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Terrie Laswell, CPA
Audit Staff:	David Gregg
	Zeb Tharp
	Sara Bull



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Putnam County, Missouri

We have audited the financial statements of various funds of Putnam County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 14, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Putnam County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Putnam County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Putnam County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 14, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

PUTNAM COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 92,174	816,365	862,393	46,146
Special Road and Bridge	176,820	566,558	602,366	141,012
Assessment	2,465	80,976	83,160	281
Law Enforcement Training	554	1,016	976	594
Prosecuting Attorney Training	432	248	451	229
Law Enforcement Sales Tax	36,881	242,306	231,301	47,886
Local Emergency Planning Commission	20,493	4,635	9,074	16,054
K-9 & Poor	437	968	484	921
Victims of Domestic Violence	0	186	0	186
Prosecuting Attorney Bad Check	8,563	4,967	9,043	4,487
Record Preservation	6,581	3,578	7,419	2,740
Special Police Training	0	500	500	0
Special Election	392	636	334	694
New Technology	727	1,824	1,245	1,306
Tax Maintenance	0	614	0	614
Health Center	37,584	256,172	257,034	36,722
Enhanced 911	192,562	142,560	249,612	85,510
Associate Circuit Division Interest	317	190	69	438
Circuit Clerk Interest	2,795	154	207	2,742
Law Library	453	2,571	2,346	678
Local Law Enforcement Block Grant	24	0	0	24
Total	\$ 580,254	2,127,024	2,318,014	389,264

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

PUTNAM COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 68,841	537,482	514,149	92,174
Special Road and Bridge	202,863	599,340	625,383	176,820
Assessment	1,339	80,740	79,614	2,465
Law Enforcement Training	284	1,033	763	554
Prosecuting Attorney Training	800	278	646	432
Law Enforcement Sales Tax	17,846	240,457	221,422	36,881
Local Emergency Planning Commission	15,975	5,503	985	20,493
K-9 & Poor	524	212	299	437
Victims of Domestic Violence	1	226	227	0
Prosecuting Attorney Bad Check	9,113	4,375	4,925	8,563
Record Preservation	9,776	3,066	6,261	6,581
Special Police Training	0	583	583	0
Special Election	0	641	249	392
New Technology	0	727	0	727
Health Center	44,571	249,599	256,586	37,584
Enhanced 911	157,086	130,486	95,010	192,562
Associate Circuit Division Interest	483	246	412	317
Circuit Clerk Interest	2,666	818	689	2,795
Law Library	688	2,379	2,614	453
Local Law Enforcement Block Grant	1	4,523	4,500	24
Total	\$ 532,857	1,862,714	1,815,317	580,254

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 2,820,107	2,126,410	(693,697)	2,004,707	1,855,085	(149,622)
DISBURSEMENTS	3,087,270	2,318,014	769,256	2,101,311	1,808,203	293,108
RECEIPTS OVER (UNDER) DISBURSEMENTS	(267,163)	(191,604)	75,559	(96,604)	46,882	143,486
CASH, JANUARY 1	458,141	580,230	122,089	512,169	532,168	19,999
CASH, DECEMBER 31	190,978	388,626	197,648	415,565	579,050	163,485
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	210,000	194,564	(15,436)	190,000	201,503	11,503
Sales taxes	283,045	287,354	4,309	215,112	223,154	8,042
Intergovernmental	252,897	255,426	2,529	1,223	9,127	7,904
Charges for service	54,522	58,553	4,031	55,742	51,899	(3,843)
Interest	7,500	6,778	(722)	8,000	7,404	(596)
Other	30,552	13,690	(16,862)	27,184	21,691	(5,493)
Transfers in	34,401	0	(34,401)	22,704	22,704	0
Total Receipts	872,917	816,365	(56,552)	519,965	537,482	17,517
DISBURSEMENTS						
County Commissior	66,121	65,680	441	67,846	65,866	1,980
County Clerk	65,334	63,184	2,150	60,691	60,361	330
Elections	28,370	23,540	4,830	16,940	18,705	(1,765)
Buildings and grounds	49,050	40,215	8,835	50,000	41,067	8,933
Employee fringe benefit	23,416	24,130	(714)	21,018	24,857	(3,839)
County Treasurer and Ex Officio Collecto	42,017	40,280	1,737	39,335	40,927	(1,592)
Circuit Clerk and Ex Officio Recorder of Deed	30,356	7,431	22,925	31,527	19,430	12,097
Associate Circuit Court	5,607	4,754	853	9,137	8,558	579
Associate Circuit Court (Probate)	900	725	175	900	328	572
Court administration	5,845	2,445	3,400	4,744	2,225	2,519
Public Administrator	16,152	16,062	90	15,817	16,025	(208)
Prosecuting Attorney	70,065	67,798	2,267	68,150	66,997	1,153
Juvenile Officer	10,433	7,008	3,425	10,416	7,231	3,185
County Coroner	9,160	9,130	30	9,210	9,142	68
Elevator constructor	290,000	293,126	(3,126)	0	0	0
County Hospital	133,045	133,045	0	75,112	75,112	0
Public health and welfare service	1,000	1,000	0	700	700	0
Other	54,350	52,340	2,010	56,100	50,018	6,082
Transfers out	11,393	10,500	893	9,467	6,600	2,867
Emergency Fund	25,886	0	25,886	17,216	0	17,216
Total Disbursements	938,500	862,393	76,107	564,326	514,149	50,177
RECEIPTS OVER (UNDER) DISBURSEMENTS	(65,583)	(46,028)	19,555	(44,361)	23,333	67,694
CASH, JANUARY 1	92,174	92,174	0	68,841	68,841	0
CASH, DECEMBER 31	26,591	46,146	19,555	24,480	92,174	67,694

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	31,703	26,950	(4,753)	28,500	30,703	2,203
Intergovernmental	1,090,000	511,533	(578,467)	708,000	547,318	(160,682)
Interest	13,000	10,520	(2,480)	11,000	12,655	1,655
Other	12,000	17,555	5,555	9,300	8,664	(636)
Total Receipts	1,146,703	566,558	(580,145)	756,800	599,340	(157,460)
DISBURSEMENTS						
Salaries	95,108	93,084	2,024	90,934	90,932	2
Employee fringe benefit	11,691	11,540	151	12,257	11,262	995
Supplies	2,025	1,627	398	3,100	2,067	1,033
Insurance	2,100	2,400	(300)	1,500	730	770
Road and bridge materials	400,000	440,580	(40,580)	424,000	398,679	25,321
Equipment repairs	1,300	1,967	(667)	5,900	0	5,900
Rentals	0	0	0	1,200	900	300
Construction, repair, and maintenance	651,000	50,925	600,075	253,000	96,285	156,715
Other	6,600	243	6,357	2,600	1,824	776
Transfers out	34,401	0	34,401	22,704	22,704	0
Total Disbursements	1,204,225	602,366	601,859	817,195	625,383	191,812
RECEIPTS OVER (UNDER) DISBURSEMENTS	(57,522)	(35,808)	21,714	(60,395)	(26,043)	34,352
CASH, JANUARY 1	176,820	176,820	0	202,863	202,863	0
CASH, DECEMBER 31	119,298	141,012	21,714	142,468	176,820	34,352
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	88,857	69,925	(18,932)	87,533	73,345	(14,188)
Charges for service:	250	161	(89)	350	162	(188)
Interest	500	288	(212)	700	533	(167)
Other	100	102	2	150	100	(50)
Transfers in	11,393	10,500	(893)	9,467	6,600	(2,867)
Total Receipts	101,100	80,976	(20,124)	98,200	80,740	(17,460)
DISBURSEMENTS						
Assessor	101,112	83,160	17,952	94,936	79,614	15,322
Total Disbursements	101,112	83,160	17,952	94,936	79,614	15,322
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12)	(2,184)	(2,172)	3,264	1,126	(2,138)
CASH, JANUARY 1	2,465	2,465	0	1,339	1,339	0
CASH, DECEMBER 31	2,453	281	(2,172)	4,603	2,465	(2,138)

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,000	1,006	6	1,800	1,021	(779)
Interest	0	10	10	0	12	12
Total Receipts	1,000	1,016	16	1,800	1,033	(767)
DISBURSEMENTS						
Sheriff	1,000	976	24	1,800	763	1,037
Total Disbursements	1,000	976	24	1,800	763	1,037
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	40	40	0	270	270
CASH, JANUARY 1	554	554	0	284	284	0
CASH, DECEMBER 31	554	594	40	284	554	270
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	646	245	(401)	500	260	(240)
Interest	0	3	3	0	18	18
Total Receipts	646	248	(398)	500	278	(222)
DISBURSEMENTS						
Prosecuting Attorney	500	451	49	800	646	154
Total Disbursements	500	451	49	800	646	154
RECEIPTS OVER (UNDER) DISBURSEMENTS	146	(203)	(349)	(300)	(368)	(68)
CASH, JANUARY 1	432	432	0	800	800	0
CASH, DECEMBER 31	578	229	(349)	500	432	(68)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	148,250	154,289	6,039	139,500	148,250	8,750
Intergovernmental	4,300	8,437	4,137	4,900	4,334	(566)
Charges for service:	78,000	78,507	507	76,200	86,493	10,293
Interest	1,450	1,073	(377)	1,500	1,380	(120)
Total Receipts	232,000	242,306	10,306	222,100	240,457	18,357
DISBURSEMENTS						
Salaries	195,523	181,496	14,027	173,261	171,998	1,263
Vehicle expense	22,460	17,898	4,562	12,800	16,624	(3,824)
Other	40,250	31,907	8,343	36,050	32,800	3,250
Total Disbursements	258,233	231,301	26,932	222,111	221,422	689
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,233)	11,005	37,238	(11)	19,035	19,046
CASH, JANUARY 1	36,881	36,881	0	17,846	17,846	0
CASH, DECEMBER 31	10,648	47,886	37,238	17,835	36,881	19,046

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING</u>						
<u>COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	5,000	4,236	(764)	2,400	4,790	2,390
Interest	0	399	399	800	713	(87)
Total Receipts	5,000	4,635	(365)	3,200	5,503	2,303
DISBURSEMENTS						
Postage	100	37	63	68	102	(34)
Equipment	8,000	8,799	(799)	1,000	0	1,000
Training and mileage	1,900	238	1,662	100	883	(783)
Total Disbursements	10,000	9,074	926	1,168	985	183
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	(4,439)	561	2,032	4,518	2,486
CASH, JANUARY 1	20,493	20,493	0	15,975	15,975	0
CASH, DECEMBER 31	15,493	16,054	561	18,007	20,493	2,486
<u>K-9 & POOR FUND</u>						
RECEIPTS						
Other	620	968	348	1,250	212	(1,038)
Total Receipts	620	968	348	1,250	212	(1,038)
DISBURSEMENTS						
K-9 care and food	600	484	116	1,250	299	951
Total Disbursements	600	484	116	1,250	299	951
RECEIPTS OVER (UNDER) DISBURSEMENTS	20	484	464	0	(87)	(87)
CASH, JANUARY 1	437	437	0	524	524	0
CASH, DECEMBER 31	457	921	464	524	437	(87)
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	200	185	(15)	230	224	(6)
Interest	0	1	1	0	2	2
Total Receipts	200	186	(14)	230	226	(4)
DISBURSEMENTS						
Domestic violence shelter	200	0	200	230	227	3
Total Disbursements	200	0	200	230	227	3
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	186	186	0	(1)	(1)
CASH, JANUARY 1	0	0	0	1	1	0
CASH, DECEMBER 31	0	186	186	1	0	(1)

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	4,500	4,809	309	4,000	4,034	34
Interest	0	158	158	0	341	341
Total Receipts	4,500	4,967	467	4,000	4,375	375
DISBURSEMENTS						
Statutes and law books	5,000	6,857	(1,857)	500	0	500
Equipment	4,500	411	4,089	4,000	4,425	(425)
Training	0	1,126	(1,126)	0	0	0
Other	500	649	(149)	500	500	0
Total Disbursements	10,000	9,043	957	5,000	4,925	75
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,500)	(4,076)	1,424	(1,000)	(550)	450
CASH, JANUARY 1	8,563	8,563	0	9,113	9,113	0
CASH, DECEMBER 31	3,063	4,487	1,424	8,113	8,563	450
<u>RECORD PRESERVATION FUND</u>						
RECEIPTS						
Charges for service:	4,000	3,495	(505)	2,500	2,670	170
Interest	0	83	83	0	396	396
Total Receipts	4,000	3,578	(422)	2,500	3,066	566
DISBURSEMENTS						
Bookbinding	8,000	6,747	1,253	2,000	6,261	(4,261)
Training	0	672	(672)	0	0	0
Total Disbursements	8,000	7,419	581	2,000	6,261	(4,261)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,000)	(3,841)	159	500	(3,195)	(3,695)
CASH, JANUARY 1	6,581	6,581	0	9,776	9,776	0
CASH, DECEMBER 31	2,581	2,740	159	10,276	6,581	(3,695)
<u>SPECIAL POLICE TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	650	500	(150)	650	583	(67)
Total Receipts	650	500	(150)	650	583	(67)
DISBURSEMENTS						
Training	650	500	150	650	583	67
Total Disbursements	650	500	150	650	583	67
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ELECTION FUND</u>						
RECEIPTS						
Intergovernmental	500	623	123	300	632	332
Interest	0	13	13	0	9	9
Total Receipts	500	636	136	300	641	341
DISBURSEMENTS						
Equipment	350	334	16	300	249	51
Total Disbursements	350	334	16	300	249	51
RECEIPTS OVER (UNDER) DISBURSEMENTS	150	302	152	0	392	392
CASH, JANUARY 1	392	392	0	0	0	0
CASH, DECEMBER 31	542	694	152	0	392	392
<u>NEW TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for service:	1,800	1,810	10			
Interest	0	14	14			
Total Receipts	1,800	1,824	24			
DISBURSEMENTS						
Ex Officio Recorder of Deed	2,500	1,245	1,255			
Total Disbursements	2,500	1,245	1,255			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	579	1,279			
CASH, JANUARY 1	727	727	0			
CASH, DECEMBER 31	\$ 27	1,306	1,279			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	80,150	82,871	2,721	78,000	79,457	1,457
Intergovernmental	160,744	163,481	2,737	167,810	160,270	(7,540)
Charges for service:	5,000	4,638	(362)	3,700	4,780	1,080
Interest	2,000	1,582	(418)	3,500	2,888	(612)
Other	17,800	3,600	(14,200)	12,500	2,204	(10,296)
Total Receipts	265,694	256,172	(9,522)	265,510	249,599	(15,911)
DISBURSEMENTS						
Salaries	188,100	188,022	78	190,700	189,774	926
Office expenditures	26,650	26,498	152	26,700	25,927	773
Travel	8,800	8,709	91	9,000	8,981	19
Professional service:	35,930	27,693	8,237	33,600	29,966	3,634
Other	6,120	6,112	8	5,100	1,938	3,162
Total Disbursements	265,600	257,034	8,566	265,100	256,586	8,514
RECEIPTS OVER (UNDER) DISBURSEMENTS	94	(862)	(956)	410	(6,987)	(7,397)
CASH, JANUARY 1	17,563	37,584	20,021	24,572	44,571	19,999
CASH, DECEMBER 31	17,657	36,722	19,065	24,982	37,584	12,602

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ENHANCED 911 FUND</u>						
RECEIPTS						
Sales taxes	130,300	133,578	3,278	124,000	125,928	1,928
Charges for service:	47,100	0	(47,100)	0	0	0
Interest	1,600	8,974	7,374	3,000	4,558	1,558
Other	700	8	(692)	0	0	0
Total Receipts	179,700	142,560	(37,140)	127,000	130,486	3,486
DISBURSEMENTS						
Salaries	59,000	39,958	19,042	34,000	15,763	18,237
Office supplies:	11,700	11,210	490	20,700	4,881	15,819
Equipment	193,000	192,380	620	34,375	13,588	20,787
Training and mileage	6,000	3,344	2,656	4,500	1,952	2,548
Other	13,000	2,720	10,280	29,700	58,826	(29,126)
Total Disbursements	282,700	249,612	33,088	123,275	95,010	28,265
RECEIPTS OVER (UNDER) DISBURSEMENTS	(103,000)	(107,052)	(4,052)	3,725	35,476	31,751
CASH, JANUARY 1	92,561	192,562	100,001	157,086	157,086	0
CASH, DECEMBER 31	(10,439)	85,510	95,949	160,811	192,562	31,751
<u>ASSOCIATE CIRCUIT DIVISION</u>						
<u>INTEREST FUND</u>						
RECEIPTS						
Interest	177	190	13	302	246	(56)
Total Receipts	177	190	13	302	246	(56)
DISBURSEMENTS						
Equipment	100	69	31	770	412	358
Total Disbursements	100	69	31	770	412	358
RECEIPTS OVER (UNDER) DISBURSEMENTS	77	121	44	(468)	(166)	302
CASH, JANUARY 1	317	317	0	483	483	0
CASH, DECEMBER 31	394	438	44	15	317	302
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	500	154	(346)	400	818	418
Total Receipts	500	154	(346)	400	818	418
DISBURSEMENTS						
Equipment	500	207	293	400	689	(289)
Total Disbursements	500	207	293	400	689	(289)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(53)	(53)	0	129	129
CASH, JANUARY 1	728	2,795	2,067	2,666	2,666	0
CASH, DECEMBER 31	728	2,742	2,014	2,666	2,795	129

Exhibit B

PUTNAM COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	2,400	2,571	171			
Total Receipts	2,400	2,571	171			
DISBURSEMENTS						
Law library	2,500	2,346	154			
Total Disbursements	2,500	2,346	154			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	225	325			
CASH, JANUARY 1	453	453	0			
CASH, DECEMBER 31	353	678	325			

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

PUTNAM COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Putnam County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Enhanced 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Local Law Enforcement Block Grant Fund	2002 and 2001
Tax Maintenance Fund	2002
New Technology Fund	2001
Law Library Fund	2001

Warrants issued were in excess of budgeted amounts for the Record Preservation Fund and Circuit Clerk Interest Fund in 2001. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the Enhanced 911 Fund for the year ended December 31, 2002. However, the budget of that fund also included other resources available to finance current or future year disbursements. Such resources were sufficient to offset the deficit budget balance presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 2002 and 2001, included all funds presented in the accompanying financial statements.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The county's, the Health Center Board's, and the Enhanced 911 Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's or board's custodial banks in the county's or board's name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances for the county existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The only investment of the various funds at December 31, 2002 and 2001, was a repurchase agreement with a reported amount of \$130,000 and \$190,000, respectively (which approximated fair value.)

This investment represents uninsured and unregistered investments for which the securities were held by the dealer bank's trust department or agent in the county's name.

Supplementary Schedule

Schedule

PUTNAM COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS 045-2186	\$ 16,329	23,564
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state Department of Economic Development -			
14.228	Community Development Block Grants/State's Program	01-PF-10	250,000	0
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety -			
16.554	National Criminal History Improvement Program	N/A	0	10,562
16.592	Local Law Enforcement Block Grants Program	00-LBG-067	0	4,050
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,042	1,526
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state:			
	Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO-086(12)	0	2,748
		BRO-086(13)	0	1,425
		BRO-086(14)	19,104	17,405
		BRO-086(17)	5,020	22,730
		BRO-086(18)	4,197	22,763
	Program Total		<u>28,321</u>	<u>67,071</u>
	Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	2,216	2,086

Schedule

PUTNAM COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS 146-2186L	2,499	1,206
93.268	Immunization Grants	PGA064-3186A	16,232	15,170
Department of Social Services -				
93.563	Child Support Enforcement	N/A	265	1,242
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-2186C	1,000	1,120
93.994	Maternal and Child Health Services Block Grant to the States	ERS 146-3186M	14,789	13,484
Total Expenditures of Federal Awards			\$ 332,693	141,081

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

PUTNAM COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Putnam County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Putnam County, Missouri

Compliance

We have audited the compliance of Putnam County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Putnam County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB

Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 and 02-2.

Internal Control Over Compliance

The management of Putnam County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 and 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Putnam County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

August 14, 2003 (fieldwork completion date)

Schedule

PUTNAM COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying Number	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1.

Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	01-PF-10
Award Year:	2002
Question Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county's procedures to track federal awards for preparation of the SEFA should be improved. For the years ended December 31, 2002 and 2001, the county's SEFA did not include expenditures related to several federal grants. Total federal expenditures were understated by approximately \$19,700 and \$30,400 for 2002 and 2001, respectively. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

WE RECOMMEND the County Clerk prepare complete and accurate schedules of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budgets.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will continue to work with applicable officials to get accurate information and make every attempt to ensure future SEFA schedules are accurate and complete.

02-2.

Highway Planning and Construction

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-086(14), BRO-086(17), and BRO-086(18)
Award Year:	2002 and 2001
Questioned Costs:	\$76,956

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction Program. These projects are 80 percent federally funded.

The county incurred engineering costs of \$96,195 for projects BRO-086(14), BRO-086(17), and BRO-086(18) during the two years ended December 31, 2002. The county used two engineering firms for the various BRO projects but did not solicit proposals from other engineering firms for these projects. The County Commission indicated that the engineering firms were chosen because of the county's prior experience with the two firms on other projects; however, these reasons were not formally documented.

Sections 8.289 and 8.291, RSMo 2000, provide that when obtaining engineering services for any capital improvement project, at least three highly qualified firms should be considered. The firms should be evaluated based on specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located. Because the county did not solicit proposals from three firms for each project, we have questioned costs of \$76,956, which is the federal share of the engineering costs for these projects during the audit period.

WE RECOMMEND the County Commission resolve the questioned costs with the grantor agency. For future projects, a statement of qualifications and performance data should be obtained from at least three engineering firms before contracting for these services.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will consider three qualified firms for all future projects and contact MoDOT to ensure we have met all applicable requirements.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

PUTNAM COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

PUTNAM COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

PUTNAM COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Putnam County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 14, 2003. We also have audited the compliance of Putnam County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 14, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Putnam County Memorial Hospital is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information for the years ended June 30, 2002 and 2001.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those,

if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Putnam County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. County Procedures

- A. The county's funds on deposit were not always adequately covered by collateral securities. The amount of collateral securities pledged by the county's depository bank in January 2003 was insufficient by approximately \$147,000 to cover monies in the custody of the County Treasurer and Ex Officio Collector. It appears the County Treasurer did not properly monitor the bank balances and the collateral securities pledged.

Section 110.020, RSMo 2000, provides the value of collateral securities pledged to secure county funds shall at all times be not less than 100 percent of amounts on deposit less the amount insured by the Federal Deposit Insurance Corporation (FDIC). Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

- B. An employee of the Sheriff's office who is paid a salary of approximately \$19,000 per year is also paid by the county to prepare meals for county prisoners; however, bids have not been solicited for this service since 1999. The county spent approximately \$8,400 and \$15,800 on prisoner meals for the years ended December 31, 2002 and 2001, respectively. Prisoner meal bids were based on cost per day, not cost per meal, and therefore, the county pays \$7 per day for each prisoner whether the prisoner has three meals or one meal. In addition, the county needs to ensure adequate documentation is maintained to ensure the employee's time spent on preparing the meals does not conflict with her normal county duties.

Section 50.660, RSMo 2000, requires the advertisement for bids for all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. To ensure the county is receiving the best value by contracting with the lowest and best bidder, the county should periodically solicit bids for prisoner meals on a per-meal basis. In addition, if the county continues to contract with the Sheriff's office employee for meal preparation, adequate documentation should be maintained to ensure this situation does not conflict with her normal county duties.

- C. The County Commission has not established procedures to monitor the expenditure of county capital improvement sales tax monies. In November 2000, the County Commission placed an issue on the ballot under Section 67.700, RSMo 2000, and the voters approved a county-wide half cent sales tax for a period of five years earmarked for hospital capital improvements. The sales tax was imposed on April 1, 2001, and has generated approximately \$133,000 and \$75,000 for the years ending December

31, 2002 and 2001, respectively. These monies are deposited into the county's General Revenue Fund and remitted to the county hospital Board of Trustees. The County Commission does not provide approval of the expenditure of these funds nor does it receive specific information from the hospital Board of Trustees on how this money is spent.

Section 67.700 RSMo 2000, states that all capital improvement sales tax receipts shall be deposited in a special trust fund and used solely for such designated purpose. The County Commission should either establish the separate fund and approve the expenditures from this fund or require the hospital to provide specific information on how the sales tax money is spent.

WE RECOMMEND the County Commission:

- A. Ensure collateral securities pledged by the depository banks are sufficient to protect monies at all times.
- B. Periodically solicit bids for prisoner meals which are based on per-meal costs. If the county continues to contract with the county employee for meal preparation, adequate documentation should be maintained to ensure this does not conflict with her normal county duties.
- C. Deposit hospital capital improvement sales tax monies in a separate fund as required by state law and establish procedures to ensure these funds are used solely for their intended purpose.

AUDITEE'S RESPONSE

- A. *We will review the procedures with the bank and the County Treasurer to ensure this doesn't happen again.*
- B. *This has been implemented. Bids were received and awarded in October 2003. The bid was awarded to a dispatcher who works the night shift, and the Sheriff has indicated that the meal preparation will not conflict with her normal duties.*
- C. *We will meet with hospital officials to determine how this recommendation can be implemented.*

2. General Fixed Asset Controls and Procedures

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories or inspections. Currently, each official maintains a manual inventory listing of fixed assets within their office, and the County Clerk maintains

an inventory listing of all other fixed assets owned by the county. We noted the following problems regarding each of the various fixed asset records:

- Records are not maintained in a manner that reconciliations could be performed from period to period.
- Fixed assets are not always tagged with inventory numbers.
- Annual physical inventories are not performed.
- Written authorization is not obtained from the County Commission for the disposition of fixed assets.
- The acquisition date and cost and the method and date of disposition are not recorded.

Adequate general fixed asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify all unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Property control tags should be affixed to all fixed assets to help improve accountability and ensure assets are properly identified as belonging to the county.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

Similar conditions were noted in prior reports.

WE AGAIN RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets which include procedures to ensure compliance with the state law. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with the county property.

AUDITEE'S RESPONSE

We will establish written policies and discuss the policies with all applicable officials and employees.

3. Sheriff's Accounting Controls and Procedures

The Sheriff's office collected various fees of approximately \$34,000 and \$29,000 for the years ended December 31, 2002 and 2001, respectively. The Sheriff's accounting controls and procedures should be improved as follows:

- A. Accounting duties are not adequately segregated. Currently all accounting duties, including receiving, depositing, and disbursing monies, preparing bank reconciliations, and maintaining the accounting records, are performed by one secretary with no independent review or oversight.

Internal controls would be improved by segregating the duties of receiving and recording monies from the duties of depositing and disbursing monies. If duties cannot be adequately segregated, at a minimum, someone independent should periodically review the accounting records, compare monies received with deposits and disbursements, and ensure records appear accurate. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. Checks that are payable to the Sheriff are not restrictively endorsed immediately upon receipt. The checks are endorsed just prior to making a deposit. In addition, receipts are not always deposited on a timely basis. Deposits are normally made about twice a month and averaged approximately \$1,000. A significant portion of the receipts is in the form of currency and coin. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt and all monies should be deposited daily or when accumulated receipts exceed \$100.

- C. Billings for prisoner incarceration costs are not prepared in a timely manner. The Sheriff boards prisoners for surrounding counties and charges a rate of \$22.50 per day per prisoner. Some prisoner board billings to other counties were sent two to five months after the prisoners had been released from the county jail.

To help ensure receipts are maximized and decrease the risk of errors, board billings should be prepared in a timely manner, at least on a monthly basis.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.
- B. Restrictively endorse all checks received immediately upon receipt and deposit all monies daily or when accumulated receipts exceed \$100.

- C. Ensure prisoner incarceration costs are billed in a timely manner.

AUDITEE'S RESPONSE

- A. *In September 2003, I started checking the bank reconciliations and documenting my review of the bank reconciliations and other records.*
- B. *We now restrictively endorse all checks as they are received and are making more frequent deposits. Most cash is received on weekends so at a minimum, we are making deposits every Monday.*
- C. *We are currently billing every month.*

4. Prosecuting Attorney's Accounting Controls and Procedures

- A. Accounting duties are not adequately segregated. Currently, all accounting duties, including receiving and recording bad check complaints and payments, depositing and disbursing monies, following-up on amounts due, and preparing bank reconciliations, are performed by one secretary with no independent review or oversight.

Internal controls would be improved by segregating the duties of receiving and recording complaints and payments from the duties of depositing and disbursing monies and following-up on amounts due. If duties cannot be adequately segregated, at a minimum, someone independent should periodically review the accounting records, compare monies received with deposits and disbursements, and ensure recorded dispositions appear proper. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. Money orders that are payable to the Prosecuting Attorney are not restrictively endorsed immediately upon receipt. The money orders are endorsed by the bank when deposits are made, approximately three times a week. To adequately safeguard receipts and reduce the risk of theft or misuse of funds, all money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.
- B. Restrictively endorse all money orders immediately upon receipt.

AUDITEE'S RESPONSE

A. *I will review the bank reconciliations and monthly fee reports and document my review.*

B. *This recommendation will be implemented.*

5. Enhanced 911 Board

The Enhanced 911 Board is funded by a ½-cent sales tax that was passed in 1998, and the board is responsible for overseeing county emergency dispatching services. Our review of the board's records noted the following concerns:

A. The board does not have an adequate accounting system or adequate controls and procedures in place to ensure the budgets prepared for the Enhanced 911 Fund are accurate and complete, as follows:

- The 2003 and 2002 beginning cash balances were understated by approximately \$45,000 and \$100,000, respectively. The beginning cash balances were understated because monies held in certificates of deposits were included as other available resources instead of cash.
- Actual revenues for 2002 were overstated by approximately \$50,000 because the 911 board had redeemed a certificate of deposit and included the monies as revenues for 2002.
- Actual expenditures for 2001 were overstated by approximately \$7,000. The 911 Board Treasurer was unable to determine why expenditures were overstated.

For the budget documents to be of maximum assistance to the Enhanced 911 Board and to adequately inform county residents of the board's operations and current financial position, the budget documents should be complete and accurate.

B. The board does not keep a daily ledger balance or book balance of the Enhanced 911 checking account. While monthly bank reconciliations are prepared, the reconciled bank balance cannot be compared to a book balance and therefore, errors and omissions may go undetected. To ensure the accuracy of the cash balance and to allow for complete and accurate bank reconciliations, a daily ledger or book cash balance should be maintained for the checking account.

WE RECOMMEND the Enhanced 911 Board:

A. Ensure budgets are accurate and complete.

- B. Maintain a daily book balance in the check register and reconcile the balance monthly to the bank statements.

AUDITEE'S RESPONSE

The board chairman, treasurer, and 911 administrator provided the following response:

- A. *We now know how to properly prepare the budget documents and all future budget documents should be accurate and complete.*
- B. *We have implemented this recommendation. We now maintain a ledger book balance that is reconciled monthly to the bank reconciliation.*

Follow-Up on Prior Audit Findings

PUTNAM COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Putnam County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998. The prior recommendation which has not been implemented, but is considered significant, is repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing these recommendations.

1. General Fixed Asset Procedures and Controls

The County Clerk did not maintain adequate records of general fixed assets. Purchases were not added to the county's fixed asset records in a timely manner. The County Clerk did not periodically reconcile general fixed asset additions to equipment purchases to ensure all items were recorded on the general fixed asset records. Annual physical inventories were not performed.

Recommendation:

The County Clerk maintain adequate records of general fixed assets, ensuring fixed asset purchases are added on a timely basis. This could be accomplished by periodically reconciling fixed asset additions to records of equipment purchases. An annual physical inventory should be conducted as required by state law.

Status:

Partially implemented. Fixed asset purchases have been added to the records on a timely basis and purchases are reconciled to fixed asset additions; however, annual physical inventories are not conducted and other concerns were noted with the current fixed asset records. See MAR finding number 2.

2. Apportionment of Railroad and Utility Taxes

Calculation errors were noted in the apportionment of 1998 and 1997 railroad and utility taxes. These errors resulted in incorrect payments of railroad and utility taxes to the various school districts.

Recommendation:

The County Clerk consult with the various school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct these past errors.

Status:

Implemented.

3. Sheriff's Controls and Procedures

- A. The Sheriff received commissions from soliciting advertisements to sponsor a calendar promoting law enforcement. Commissions were deposited into a bank account outside the county treasury and controlled by the Sheriff, designated as the "Safety and Poor Fund."
- B. Neither the Sheriff's department nor the County Treasurer routinely compared prisoner board billings to subsequent payments. There were no formal follow-up procedures for unpaid board bills.

Recommendation:

The Sheriff:

- A. Remit remaining "Safety and Poor Fund" monies and all future calendar proceeds to the County Treasurer to be placed in a fund established by the County Commission. Expenditures required by the Sheriff from this fund should be made by duly authorized warrants.
- B. Compare prisoner board billings and the subsequent payments received by the County Treasurer on a regular basis and rebill any unpaid amounts. Documentation of any subsequent billings should be maintained.

Status:

A&B. Implemented.

4. Property Tax Books and Procedures

The County Clerk made errors during the preparation of the property tax aggregate abstracts and, as a result, the amount of taxes to be collected was understated on the aggregate abstracts.

Recommendation:

The County Clerk ensure aggregate abstracts are accurately prepared. In addition, the County Clerk should verify that property taxes to be collected per aggregate abstracts agree to amounts charged on the Ex Officio County Collector's annual settlements.

Status:

Implemented.

5. Budgetary Practices and Published Financial Statements

- A. The budgets did not always reflect accurate beginning cash amounts or other available resources.
- B. The annual published financial statements did not include the financial activity of some county funds. In addition, disbursement detail required by state law was missing for several smaller funds.

Recommendation:

The County Commission along with the Health Center Board of Trustees:

- A. Ensure all available resources are reflected in the county and health center budget documents respectively.
- B. Ensure the published financial statements include all county funds and detailed information in accordance with state law.

Status:

- A. Partially implemented. Beginning available resources on the 2001 and 2002 budgets were accurate for most funds, except for the Health Center Fund and Circuit Clerk Interest Fund. Although not repeated in the current report, our recommendation remains as stated above.
- B. Partially implemented. The published financial statements now include all county funds; however, disbursement detail required by state law was not included for some funds. Although not repeated in the current report, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

PUTNAM COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1845, the county of Putnam was named after General Israel Putnam, a Revolutionary War hero. Putnam County is a township-organized, third-class county and is part of the 3rd Judicial Circuit. The county seat is Unionville.

Putnam County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 177 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 516 miles of county roads.

The county's population was 6,092 in 1980 and 5,223 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 33.9	32.8	32.1	31.3	20.2	15.5
Personal property	14.2	13.5	13.4	11.1	6.9	8.8
Railroad and utilities	3.3	3.4	3.4	3.5	1.7	2.3
Total	\$ 51.4	49.7	48.9	45.9	28.8	26.6

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Putnam County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.5000	.5000	.5000	.5000
Health Center Fund	.3000	.1600	.1600	.1600
Hospital	.5000	.5000	.5000	.5000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	15,728	15,058	14,803	14,031
General Revenue Fund	276,332	264,892	259,882	246,310
Road and bridge	185,266	176,929	172,280	162,813
Townships	261,206	228,532	225,842	212,839
Assessment Fund	33,971	32,097	30,483	28,627
Health Center Fund	149,924	79,094	77,708	73,649
School districts	1,945,915	1,825,917	1,755,612	1,642,874
Library	77,555	74,224	72,937	69,130
Ambulance district	203,981	195,118	191,502	181,246
Fire protection districts	45,726	40,401	38,941	35,722
Hospital	256,913	245,421	240,697	225,708
Cities	22,170	21,425	20,223	24,009
Nursing home district	77,911	74,571	73,312	69,497
Watershed	23,079	22,566	21,245	21,780
County Employees' Retirement	4,179	2,661	2,392	2,435
Commissions and fees:				
General Revenue Fund	14,492	16,066	13,345	13,808
Township Collectors	32,151	30,284	29,285	28,072
Total	\$ 3,626,499	3,345,258	3,240,486	3,052,551

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	95	95	95	95 %
Personal property	96	94	95	95
Railroad and utilities	100	100	98	100

Putnam County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	None	%
Law enforcement	.0050	None	None	
Hospital capital improvements	.0050	2006	None	
Enhanced 911 system	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Charlie Fowler, Presiding Commissioner	\$	20,414	20,414	20,414	20,414
Brent Minear, Associate Commissioner		18,414	18,414		
Chuck Blue, Associate Commissioner				18,414	18,414
Gary Dunkin, Associate Commissioner		18,414	18,414		
Danny Valentine, Associate Commissioner				18,414	18,414
Sue Ann Varner, County Clerk		27,900	27,900	27,900	27,900
James M. Garrett, Prosecuting Attorney		35,340	35,340	35,340	35,340
Jason Knight, Sheriff		34,410	25,808		
Ron Robbins, Sheriff			8,602	30,690	30,690
Dr. W. Stephen Casady, County Coroner		7,905	7,905	2,760	2,760
Deena Hofstetter, Public Administrator (1)		16,030	15,183	11,160	10,514
Sharon Thompson Parks, Treasurer and Ex Officio County Collector, year ended March 31,	27,900	27,900	21,247	21,247	
Paul L. Rouse, County Assessor (2), year ended August 31,		28,800	28,800	28,800	28,800

(1) Includes fees received from probate cases.

(2) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Mitzi Shipley, Circuit Clerk and Ex Officio Recorder of Deeds	9,723				
Linda Spence, Circuit Clerk and Ex Officio Recorder of Deeds	37,577	47,300	46,127	44,292	
Jerri Bush, Associate Circuit Judge	96,000	96,000	97,382	87,235	



DEPARTMENT OF SOCIAL SERVICES
FOSTER CARE PROGRAM

**From The Office Of State Auditor
Claire McCaskill**

Better management of the foster care support functions is needed to improve services to foster parents and children and to avoid costly errors.

Report No. 2003-115
December 5, 2003
www.auditor.mo.gov

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

December 2003

Better management of the foster care support functions is needed to improve services to foster parents and children and to avoid costly errors

This audit is the second of two reports on the effectiveness of Missouri's foster care system, which served 19,000 children during fiscal year 2002. This report focuses on core program support functions within the Children's Division of the Department of Social Services. These support functions should ensure appropriate care for the children served, correct payments to placement providers, and retention of experienced foster parents. The following highlights the findings:

Foster care caseloads unable to be determined because division databases are not current

Auditors were unable to determine the average caseload per foster care worker. The foster care case management system listed 923 more social workers than were on the payroll and had numerous errors that would affect the number of cases listed. The only way for the department to determine caseload per worker was to contact the lowest level of management, and even then the answers were not readily obtained. Untimely case status updates to the management system were one of the primary causes for overpayments to foster parents. (See page 4)

Unnecessary costs incurred for emergency placements

Division personnel did not follow division policy that limits emergency placement pay to 30 days and overpaid foster parents. To address this issue, the division added an edit check in the computer system denying an extension of emergency payment rates beyond 60 days without review and approval. This edit check should be amended, to limit emergency pay to 30 days since division costs could increase if social workers no longer have the incentive to achieve placement within 30 days. (See page 6)

Residential providers paid for children who ran away

When a child runs away from a residential facility, division policy allows payment for up to 7 extra days if the provider agrees to hold the opening for the child upon return. However, auditors found none of the 27 runaways from residential facilities in our analysis returned to their original facility. Money that could be used for other services is then spent to hold a place for high flight-risk children. The division should take action to amend current contracts and delete this language from future contracts. (See page 7)

YELLOW SHEET

Some foster parent background check results disregarded

In three cases, prospective foster parents were licensed even though their files contained hard copy documentation of criminal convictions from their original background checks. Division personnel said the licenses were issued by mistake, which were caused by untimely supervisory review. (See page 9)

Social worker background checks could be more thorough

Background checks conducted by the division on prospective social workers do not include the Family Care Registry, which identifies those individuals excluded from working for the Departments of Health and Senior Services or Mental Health because of their previous history. It seems reasonable a worker considered unacceptable for working with the elderly or mentally ill should also receive more careful consideration before being accepted to serve as a children's social worker. (See page 9)

Efforts should be made to retain existing trained foster parents

The division does not have a formal retention program that tracks retention rate records or works to determine the effectiveness of division and foster parent relationships. The division does not perform formal exit interviews and does not track the local office's paper files that may note the parent's reason for leaving. The outcome of a successful retention program could result in fewer disruptive moves for children in state custody. In addition, the division should better inform foster parents about the division's formal grievance process. (See page 10)

Reimbursement rates for foster parents rank low among states

Based on a national survey conducted by the Child Welfare League of America and the Casey Foundation, Missouri's payments to reimburse foster parents are among the lowest of all states, ranging from 33rd to 37th of 49 reporting states, depending on the child's age. Compared to a USDA report that estimates the costs of raising a child, Missouri rates cover less than 50 percent of the total costs incurred for children ages 3 to 17. (See page 12)

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**DEPARTMENT OF SOCIAL SERVICES
FOSTER CARE PROGRAM**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Steve Roling, Director
Department of Social Services
and
Frederic Simmens, Director
Children's Division
Jefferson City, MO 65102

The State Auditor's Office audited the Department of Social Services, Children's Division (division) Foster Care Program. This report focuses on program administrative issues.

The objectives of this audit were to review the state's foster care program to determine whether:

- (1) Children in division custody are safe, located, and handled according to key provisions of federal and state laws, state rules and departmental policies.
- (2) Foster parents are qualified with an acceptable, non-criminal, non-violent background; adequately trained; and receive appropriate support from the division.
- (3) Social workers are appropriately performing the duties required for all foster children assigned to their caseload; including placement, required case planning, monitoring of each child, and properly documenting all case activities, conditions, and progress.

We concluded the division could better manage the foster care program administration functions to increase child safety, avoid improper payments, and retain foster parents.

We conducted our audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA, CGFM
Audit Manager:	James Helton, CPA
In-Charge Auditor:	Christina Davis
Audit Staff:	Kelly Davis, CPA
	Terri Crader

RESULTS AND RECOMMENDATIONS

Program Support Operations Need Management Attention

The Children's Division (division) could improve operational support functions and critical service operations by focusing management on the following problem areas:

- Management cannot track caseloads because the database is not kept up-to-date.
- Temporary emergency foster care placements exceeded the 30-day maximum.
- Placement providers are paid after children run away.
- Delayed entry of case information into the division's computer system created case management problems, payment errors, and delays in proper payment for services.
- Convicted felons were licensed and paid as foster parents contrary to federal foster parent licensing and funding rules.
- Prospective new child care social workers are not checked against the state's family care registry listing of persons prohibited from working in patient care positions in elder care and mental health facilities.
- Foster parents quit because of poor relationships with division workers and inefficient management of information.
- A new grievance process for foster parents is not consistently applied.
- Payment rates to foster parents are among the lowest of all states.
- Social worker salaries are low.

Many of these conditions occurred because front line staff were inundated with difficult cases and heavy caseloads, and management did not provide effective oversight of core program support functions to ensure operations met foster care program challenges. As a result, division officials left some children in inappropriate placements, incurred higher than necessary costs, and did not adequately consider foster parent grievances and pleas for guidance; and some foster parents quit the program.

Adoption and Safe Families Act

The federal Adoption and Safe Families Act (the act), Public Law 105-89 was enacted November 1997, and all states subsequently passed conforming legislation. Key provisions of the act include promoting adoption and other permanency options. Federal and state laws, state regulations, and division policies assign numerous responsibilities to the division and social workers including:

- Setting up temporary emergency child placement when a regular level or difficult placement is not possible on short notice.
- Setting up and authorizing treatment programs.
- Entering pertinent child case status, foster parent assignment, and other information into the computer system to allow payment for services and case management activities.
- Providing foster parents with support services and guidance in the event of difficulties with the foster child (example, behavior problems).
- Helping older current and former foster children adjust to their growing independence.

- Meeting other case record-keeping requirements, filing claims for reimbursement of travel, and attending training programs.

These support functions need to be effectively managed to ensure appropriate care for the child, correct payments to those providing service to or for the child, and retention of experienced foster parents and other service providers.

Foster care caseloads cannot be determined because division databases are not up to date

We wanted to determine the average caseload per foster care worker to measure against the national caseload standards used by the Council on Accreditation for Families and Children, Inc. (council).¹ This audit step would allow us to determine the division's ability to meet the standards or demonstrate the progress toward meeting the standards. However, we were unable to figure such an average because the division does not maintain reconcilable caseload data on its alternative care tracking system (tracking system).

The council accreditation process evaluates an organization against best practice standards to improve management and service quality. The standards represent up-to-date research findings, regulations, and practice experience that defines quality organizational practice. The standards are comprised of organizational and management standards and service standards, including child and family services, behavioral healthcare services, financial management/debt counseling services, employee assistance program standards, and many service areas for which no other accreditor has standards.

Regarding social work, the council recommends maximum caseload standards that will allow social workers to more effectively work with families and children. The council also recommends supervisors supervise no more than seven employees. The number of acceptable cases depends on factors such as type of cases assigned. For example, workers handling foster care cases are able to carry more children (18) in their caseload than workers investigating reports of child abuse and neglect (15) or those handling family centered services (12).

Meeting caseload standards is one critical element of many requirements necessary to attain accreditation. According to division estimates, 432 additional workers as well as additional supervisors and other support staff would be needed to meet the council's caseload standards. Those added workers would require approximately \$38.9 million in additional appropriations based on the division's estimates of the funds needed to equip and support each additional worker. The division calculated the 432 additional workers needed by comparing the 45,251 cases and case types handled during calendar year 2002 to the number of workers now working.

We attempted to verify these estimates but could not with the current tracking system. The tracking system is the foster care segment of the division's general social work case management

¹ The Council on Accreditation (COA) is an international, independent, not-for-profit, child- and family-services and behavioral healthcare accrediting organization. Founded in 1977 by the Child Welfare League of America and Family Service America, COA accredited or was in the process of accrediting more than 1,400 private and public organizations that serve more than 6 million individuals and families in the United States and Canada.

system known as PROD. The division uses this database for management reports and data collection on foster care case assignment and history.

We could not verify that there were 45,251 cases because there were numerous errors in case tracking that would affect that number. Additionally, there were 923 more social workers listed in the tracking system than on the payroll, thus making a caseload per worker comparison inaccurate. Division officials recognized this inaccuracy in their calculations and used payroll records to determine the number of social workers. However, that calculation did not consider some cases are assigned to supervisors.

Determining a meaningful average caseload per worker (which is how the division presents caseloads) was unattainable because the data in the tracking system skewed the results. For example, the system showed over 300 social workers with only 1 or 2 cases assigned while other social workers had up to 50 cases assigned. We determined some social workers had high caseloads, but many with reportedly low caseloads were not even on the payroll. The cases for these workers were reassigned, but we could not determine to whom they were reassigned. The only way for the department to determine caseload per worker was to contact the lowest level of management—the field offices, and even then the answers were not readily obtained.

The specific types of errors found in the tracking system included:

- System shows 2,254 social workers yet payroll shows 1,331.
- System shows foster care cases assigned to workers who are no longer employed by the division.
- Social workers did not update the status of cases on the system timely which was one of the primary causes for overpayments to foster parents.
- Reassignments of cases were not always recorded in the system timely.

Additionally, social workers are assigned a variety of case types of which foster care cases are only a part of the caseload. Thus, to determine foster care caseload would require some assignment of equivalency to the worker's caseload, i.e. the percent of total caseload that is foster care. As a result, until the tracking system is maintained regularly with timely updates, it cannot be an effective management tool for determining the status of foster care cases, assignment of workload and workload accomplishment.

The division recently announced that it would put efforts to seek accreditation on hold, primarily because the funding for additional social workers was not available which made many of the qualifications for accreditation unachievable, especially caseload per worker. Two states have achieved accreditation, 8 are working on meeting the requirements, and 15 other states are considering the accreditation program.

Recognizing the significant state budgetary constraints existing in early 2003, the General Assembly, officials of the Department of Social Services, and the division have struggled to find ways to improve the safety and care of at-risk children without increasing staff to meet the recognized accreditation standards.

Management weaknesses over emergency placements caused unnecessary costs

Personnel did not follow division policy that limits emergency pay to 30 days and overpaid foster parents. Foster families receive a premium pay rate of \$22 for each day the child is held in the emergency placement. If the child remains in the home over the allotted emergency time frame, the pay should revert to regular rates. Emergency placements are necessary to provide immediate placement for a child in harm's way while division personnel locate a more appropriate placement.

Auditors reviewed 40 (14 percent) of the 280 emergency payments to foster care providers for the month of March 2002.² The division overpaid foster parents for approximately 1,200 excess days of emergency placements in 14 cases. Two examples demonstrate the impact of these overpayments. These overpayments included 2 children who had emergency placements lasting 524 and 237 days, which cost the division an estimated \$9,479 in excess emergency payments as shown in Table 1.1.

Table 1.1: Overpayments for Foster Care

Child	Additional Days	Total Payment	Standard Payment	Estimated Overpayment ¹
A	524	\$11,528	\$4,838	\$6,690
B	237	5,214	2,425	2,789
Total		\$16,742	\$7,263	\$9,479

Source: Division case records

¹Estimate is based on standard rate paid for age of the child compared to emergency rate paid.

Social workers explained one case's delayed placement occurred because of attempts to place all siblings together, which did not ultimately occur. In the other case, the area director advised the decision-making authority had been delegated to field level and proper internal oversight controls had not been established. Payments should have reverted to regular foster care rates after the normal emergency period passed.

Division policy states emergency placements are not to exceed 30 days, but may be extended to 60 days if approved by the area director. We tested this approval process for the 14 cases and found approval was not received for 12 cases and not required for 2 cases because the payments were made in error. For the latter 2 cases, repayment action is in process. In addition, 7 of 40 (19 percent) children in the payment cases tested were moved to another emergency placement instead of being moved to a regular placement, which does not follow policy.

To reduce the number of payment errors resulting from emergency placements, division officials placed a new edit check in the computer system denying an extension of emergency payment rates to foster parents beyond 60 days. This new policy went into effect on June 1, 2003. While the change should help reduce the incidents of payments inappropriately extending beyond 60 days, the division still needs to address the failure of front line staff to

New payment control needs fine tuning

² Division officials indicated this month was representative of emergency payment activity.

obtain the required approval for any emergency placement days exceeding 30 days. Establishing the edit check at the 30-day period would force the appropriate approvals. Otherwise, the 30-day policy in reality becomes a 60-day policy and could increase division costs because social workers would no longer have the incentive to achieve placement within 30 days.

After we reported the overpayment and lack of approval issues to division officials, they studied the 4,124 emergency placements made in fiscal year 2002. Table 1.2 shows the results of the study and confirms a vast majority of the children were placed in more permanent settings within the 30-day time frame.

Table 1.2: Percent of Placements by Lapsed Time

Range of Days	Percent Placed
1-30	75
31-60	17
61+	8

Source: Study performed by the division

Further analysis of the study disclosed:

- 41 percent of the placements occurred in the first week after the emergency placement
- 6 percent were placed on the 31st day
- 16 percent of the placements were made at the end of the 30-day period

The placements at the end of the 30-day deadline are indicative of the time it takes to place some of the children, and the effort made by the social workers facing a 30-day deadline. These statistics suggest a 30-day period for placing the child is effective and provides the incentive to find placement opportunities.

Providers were paid for children who ran away

Division personnel overpaid residential facilities by over \$22,000 for 27 children who ran away from residential care facilities. As of October 14, 2002, there were 137 runaways in Jasper, Jackson, Greene, and St. Louis counties and the city of St. Louis, 27 who ran from residential facilities. When a child runs away from a residential facility, division policy allows payment for up to 7 extra days of care if facility officials agree to hold the opening and accept the child upon return. Consequently, this policy compensates the residential facility without reciprocal value. None of the 27 runaways from residential facilities in our analysis returned to their residential facilities. Therefore, funds that could have been spent for other services were given to the residential facilities, merely to hold a place for high flight-risk children. Table 1.3 shows the dollar impact of allowing payments to residential facilities after the children ran away.

Table 1.3: Overpayments for Runaways

Location	Total Days Overpaid	Number of Children	Total Amount
St. Louis City	104	11	\$9,734
St. Louis County	36	5	3,364
Jasper County	7	1	597
Jackson County	99	10	8,399
Greene County	0	0	0
Total	246	27	\$22,094

Source: Division case records

After we reported this matter to division officials, they conducted their own study of runaways and reported results to us. They tracked the outcome of 299 children who ran away from residential facilities in fiscal year 2002 and found only 54 (18 percent) went to the same residential facility of which 35 (12 percent) returned within 7 days. Consequently, 245 runaways did not return to the residential facilities. Because documentation for each case was not readily available, we did not compute how much the facilities were paid for these runaways. However, the daily reimbursement rates range from \$56.28 for children in emergency care to \$118.20 for children in psychiatric care, which could total between \$96,520 and \$202,713 that facilities could have received (rate * 7 days * 245 children).

Audit tests showed providers received 117 payments for the 137 runaways for the month the child ran away and for part of the subsequent month. Forty of 117 payments (34 percent) were paid in violation of division policy. We noted overpayments up to 20 days after the child ran away. Social workers did not promptly update the child's placement status in the computer system, which also caused overpayments. Retrieving these overpayments creates an unnecessary workload because the division officials deduct these amounts from one or more future payments as follows:

- If under \$500, the total is taken from the next payment.
- If between \$500 and \$1,500, the amount is prorated and deducted over 5 months.
- If over \$1,500, the amount is prorated and deducted over 12 months.
- For extraordinary amounts (over \$5,000), arrangements for a monthly deduction will be made.
- If the provider is no longer receiving payments from the division, the local county office must pursue the needed repayment.

The division is preparing to implement system improvements to identify payment errors more quickly. These changes should help decrease the amount and number of overpayments and speed up the error corrections; however, errors will not be decreased significantly until social workers promptly update the system.

Some foster parent background check results disregarded

In three cases, division workers disregarded criminal convictions noted in hard copy documentation in their files from original background checks and inappropriately licensed three foster parents. Assisted by the Office of State Courts Administrator (administrator), we matched records to identify potential foster parents having orders of protection.³ The match also identified foster parents with a history of criminal conviction(s). Under federal regulation (45 CFR 1356.30), state officials cannot approve or license a foster parent with certain convictions, such as child abuse, spousal abuse, or crimes against a child or children. Similarly, persons convicted of a physical assault or a drug-related crime within the last 5 years may not be licensed. In both instances, the regulation also prohibits the use of federal funds to pay foster parents having such convictions.

Division officials used the results of our match to identify 63 foster parents with court records they wished to review further. The division found three inappropriately licensed foster parents. Division personnel said the licenses were issued by mistake. Supervisors are required to review and document the results of foster parent background checks. When presented with the case, one supervisor immediately recognized that the license should not have been granted. However, the supervisor had not reviewed the action until we questioned it a year after the application had been approved. Timely supervisory review of the three foster parent applications could have prevented the following problems:

Three felons
received licenses
contrary to Federal
regulations

- One foster parent should not have been licensed because of assault and stealing charges disclosed in the original background check. The division removed 2 children from the home and closed the foster care license.
- Two foster parents should not have been licensed because their drug convictions disclosed in the original background checks occurred within 5 years. The division has taken action to close these licenses and stop payment to these foster parents. Both foster parents were caring for children assigned to them as relative caregiver placements ordered by the juvenile court with knowledge of the criminal history. These individuals remain court-ordered relative placements even though they cannot legally be licensed as foster parents.

Social worker background checks could be more thorough

Although the division conducts a series of background checks for prospective new social workers, staff does not use the Family Care Registry. This registry would identify if the applicant was excluded from working for the Departments of Health and Senior Services or Mental Health because of their previous history. It seems reasonable a worker considered unacceptable for working with the elderly or mentally ill should also receive more careful consideration before being accepted to serve as a children's social worker.

³ The match was limited to the records available in courts having already converted to the new electronic court records systems. Orders of protection could indicate a foster parent has a history of family violence or is unable to control his or her behavior. These are orders of the court against individuals.

Efforts needed to nurture and retain existing trained foster parents

The division does not have a systematic approach for determining why foster parents quit the program. Managers do not conduct formal exit interviews with foster parents. The division limits its efforts in this area to annotating a computer entry showing whether a foster parent left on a voluntary or involuntary basis. The local office paper files should note the parent's reason for leaving, but the division does not compile or track these reasons. As a result, there is little knowledge about system problems and a missed opportunity to concentrate training and resources on such problem areas.

Exit interviews
would help
identify problems

The division does not have formal state-level foster parent retention programs. The division also does not routinely track or maintain retention rate records to determine how effectively the division handles relationships with foster parents. Division retention efforts could potentially reduce recruitment, training, and administrative costs by encouraging foster parents to stay with the program. The outcome of a successful retention program could result in fewer disruptive moves for the child while in state custody.

While performing various audit tests as part of a previous foster care audit, *Department of Social Services Foster Care Program* issued March 2003, we noted computer system records were not accurate for some foster parents. Although listed as active foster parents they:

- Withdrew from the system.
- No longer wished to foster children.
- Did not have their current, accurate phone numbers or addresses in the division system.

These tests suggest the division needs to be proactive in keeping licensed foster parent system records accurate and up-to-date.

In response to phone conversations, e-mail, letters and surveys, foster parents gave varying reasons for quitting or being dissatisfied with the foster care program:

- Originally became licensed only to adopt one certain child or to foster the child of a relative.
- Personal health or family problems.
- Were unprepared to deal with emotional and behavior problems of the foster child.
- Believed they were not treated with respect by the child's social worker or were disillusioned by a lack of support from the division or the workers.
- Worker failed to notify or gave late notice of support team meetings.
- Unable to get responses and answers to questions from social workers.
- Pay for foster care was inadequate to cover the child's needs.

The division can design and establish focused retention efforts that address foster parent concerns if they know the reasons foster parents leave service. For example, local training programs could be directed to managing behaviorally challenged children to assist the foster

parents in coping with their responsibilities and give them confidence that the division supports them.

Foster parent survey found issues of concern with the division

The division performs limited regular surveys, which deliver mostly favorable results. In summer 2002, the Foster and Adoptive Care Coalition,⁴ with the support of the Family Support Council and division cooperation, surveyed foster parents to evaluate their experiences with the foster care program. The survey questionnaire went to 4,640 Missouri foster parents with 1,017 (22 percent) returned. Respondents gave positive comments and were generally satisfied with their foster parenting experience; however, they also identified areas of concern.

Examples of positive responses included:

- Over 93 percent said the training received allowed them to help the children in their care.
- Nearly 65 percent said the social worker reinforced the skills learned in training.
- Over 78 percent said the training received coincided with training needs.
- Over 94 percent were appropriately respected during the licensing process.

Table 1.4 describes areas of concern where foster parents said they were not properly considered or included in decisions the division made.

Table 1.4: Summary of Foster Parent Concerns

Description of Concern	Percent Concerned ¹
Rarely or never received foster child's dental care history	68
Not knowledgeable of grievance procedures	64
Rarely or never received case history on foster children	60
Rarely or never received foster child's mental health records	46
Foster care pay covered only half or less of the costs	46
Not invited or discouraged from attending court hearings	40
Rejection of placement would affect future placements	30
Views on planning were not considered	30
Foster care system is too difficult to work with	27

Source: Audit analysis of survey results compiled by The Foster Care Coalition of Missouri

¹Percentages were rounded to the nearest whole percentage number for purposes of this report.

Foster parent grievance rights need better dissemination and more consistent application

As of April 2003, only 9 grievance cases statewide had been heard by the Alternative Care Review Board (board) while three areas⁵ have not had any cases heard since the

⁴ A non-profit agency that recruits and supports Missouri foster/adopt families.

⁵ Geographic regions within the division

board's inception on August 30, 2001. The board was established to provide a formal grievance and appeal process for foster parents. When the division and the foster parent cannot agree on a resolution of the disagreement, the case is appealed to the board for hearing. After reviewing the decision being appealed, the board makes its recommendation to the division director for final consideration. The limited number of cases heard, coupled with the survey result showing 64 percent of respondents did not know how to file a grievance against division decisions indicate the division has not taken adequate steps to inform the alternative care providers.

The grievance policy does not require the original grievance requests in writing. If oral grievance requests are desirable, at least an after-the-fact written record should be made. Without a written record, the division is not able to ensure the policy is followed consistently at local county and area offices. One such inconsistency was noted when foster parents in one area reported to us they were not allowed to appeal an adoption decision for a foster child in their home. Instead, when they tried to appeal, they were told the decision did not qualify for grievance proceedings. However, our review of grievances in another area found a nearly identical case was appealed and then overturned by the board. We informed the division of our concerns over these inconsistencies so corrective action could be taken.

Reimbursement rates for foster parents rank low among states

Based on a national survey conducted by the Child Welfare League of America and the Casey Foundation, Missouri's payments to reimburse foster parents are among the lowest of all states, ranging from 33rd to 37th of 49 reporting states, depending on the child's age.⁶

Monthly reimbursements to foster parents are intended to support food and general expenses related to the care of foster children while limited annual allowance payments are provided for clothing. Foster parents caring for infants also receive an added monthly reimbursement to help cover the cost of diapers. Payment rates vary depending on the child's age, and experienced foster parents who received advanced training can receive higher payments when caring for children with severe health or behavior difficulties. Table 1.5 shows reimbursement and allowance rates by age of the foster child.

⁶ Based on the division's basic rate of pay for licensed foster parents required to complete the foster parent training program.

Table 1.5: Standard Reimbursement Rates for Foster Parents

Age of Child (Years)	Monthly Pay	Monthly Clothing Allowance¹	Monthly Infant Allowance	Actual Cost to Care Per Month²
0 - 2	\$227	\$12.50	\$50	\$571
3 - 5	\$227	\$12.50		\$581
6-8	\$277	\$16.66		\$619
9-11	\$277	\$16.66		\$638
12	\$277	\$16.66		\$713
13-14	\$307	\$20.83		\$750
over 15	\$307	\$20.83		\$761

Source: Division records. USDA Annual Report of Expenditures on Children by Families for Year 2000

¹Clothing allowance amounts are presented on a monthly basis for comparison purposes. These funds are distributed on an annual or semi-annual basis.

²Actual cost of care per month based on the United States Department of Agriculture (USDA) Expenditures on Children by Families 2000 Annual Report. Amounts used were for a two-parent family with an income level between \$38,000 and \$64,000 annually. The cost of health care was removed from the USDA estimate of expenditures, as well as child care costs for children under the age of thirteen, because they are funded separately from the standard rates paid to foster parents in Missouri.

A comparison of payments to foster parents in Missouri to a report of the estimated expenditures to raise a child by the United States Department of Agriculture (USDA) showed the Missouri rates comprise less than 50 percent of costs incurred for children ages 3 to 17. With the additional funds provided in the infant allowance, the amount paid to foster parents of children ages newborn to 2 years old is only 51 percent of the costs incurred.

The USDA creates a report each year estimating the costs of raising a child for a year based on three different income levels. Included are housing, food, health care, child care, transportation, clothing, and other miscellaneous expenses. For purposes of our comparison, the expenses for health and child care were removed from the USDA estimates because those are separately covered for foster children by the state.

Social worker pay rates are low

The division is responsible for hiring, training, and retaining enough qualified and trained social workers in all local areas to properly ensure children are protected and to handle the many associated duties. Starting pay is \$24,132 per year which is less than salaries in most surrounding states. Table 1.6 shows a comparison of social worker starting salaries in Missouri and several Midwestern states.

Table 1.6: Worker Starting Salary Comparison to Other States

State	Job Title	Annual Starting Pay
Iowa	Social Worker II ¹	\$ 30,139
Kentucky	Social Services Worker I	\$ 28,371
Illinois	Child Welfare Specialist I	\$ 25,836
Nebraska	Protection and Safety Worker I	\$ 24,816
Missouri	Social Services Worker I	\$ 24,132
Arkansas	Family Service Worker	\$ 24,089
Tennessee	Children's Services Case Manager I	\$ 22,500
Oklahoma	Child Welfare Specialist I	\$ 22,105

Source: Internet sites of the various states.

¹Iowa workers currently start at level II.

As the table shows, Missouri pay ranks in the bottom half of the eight states surveyed, only ranking above Arkansas, Tennessee, and Oklahoma.

Conclusion

More attention could be placed on operational support functions to ensure foster parents are fully prepared and properly paid for their responsibilities. Emergency placements need better monitoring to ensure overpayments do not occur. With 81 percent of the children placed within 31 days after emergency placement, the new practice of not requiring supervisory approval for extensions beyond 30 days because of automatic payment denial at 60 days may cause additional unnecessary costs. Payments to hold open beds at residential facilities for runaways are not prudent, case information updates are not timely, and interactions with foster parents need improvement.

Recommendations

We recommend the Director, Department of Social Services:

- 1.1 Take action to correct the data in the tracking system to establish a baseline of accurate data. This action would include identifying to whom cases are assigned, deletion of social workers who no longer work for the division and correction of case status. Either use this database or develop another system to accurately identify caseloads per worker on a perpetual basis.
- 1.2 Amend the recently issued policy of allowing emergency payments to continue for 60 days without review and approval to require placement within 30 days, and grant extensions only when necessary and after approval from supervisors has been obtained and documented.
- 1.3 Ensure each child's emergency placement time is actually necessary and is used for the intended purpose of locating the more appropriate placement needed.

- 1.4 Discontinue reimbursing residential facilities for runaway children during their flight status. Take action to amend current contracts if feasible, and delete the contract language in future contract bids.
- 1.5 Ensure social workers promptly initiate and enter child placement changes into the tracking system.
- 1.6 Ensure foster parents who fail to meet the applicable licensing criteria are not licensed and ensure worker licensing decisions are promptly reviewed by supervisors.
- 1.7 Expand the background check of social workers to include a review of the Family Care Registry to identify workers who are not considered acceptable to work with children, the elderly or the mentally ill.
- 1.8 Establish formal exit interviews of foster parents to determine any problem areas that contributed to the decision to end their fostering services. The interviews should be conducted by staff independent of the workers who supervised the cases of children placed in the home, and the primary and secondary reasons should be compiled on a systemwide basis. Ultimately, the information should be used to design system improvements necessary to better support and retain foster parents.
- 1.9 Review responses to the various surveys and ensure areas of foster parent concern are addressed to better support foster parent efforts and enhance the fostering experience.
- 1.10 Ensure all foster parents are fully informed of their grievance rights and understand how to file a grievance.
- 1.11 Ensure grievances are consistently authorized and administered by area and local staff and require written records of oral grievance requests.

Department of Social Services Comments

Since April 2002, the Children's Division has worked with your staff as they completed two phases of a performance audit on our agency's Foster Care Program. We appreciate the cooperation between the two agencies during the last year and a half.

Recommendations from the first part of the audit centered on three main themes: safety, permanency, and quality service. It appears that the eleven recommendations from the second part of the Foster Care Program Audit focused on four central topics for improvement: tracking and monitoring of caseload data, payment/overpayment concerns, background checks of foster parents and staff, and retention of foster parents. All four topics are very important to our agency, and the Department will review the auditor's findings, along with the recommendations, to assist our agency in making improvements to our system.

The auditor's report stated the Division needs to take action to correct the data in the tracking system to establish a baseline of accurate data. Doing so would allow the Division to identify

case assignments, up-to-date status of cases, and tracking. The report also noted a need for prompt entering of placement changes.

Tracking and monitoring of data is crucial to the work done by the Division. The agency's Alternative Care Tracking System (ACTS) is our agency's tool in assuring that caseload data and information is tracked accurately within our system. We recognize that improvements need to be made to our system, and believe this is imperative to the work we do. The Division is currently in the process of bringing our system into SACWIS compliance, however due to budgetary constraints, have been unable to make all the necessary system enhancements. The Division will look into the concerns noted by the audit staff, as well as evaluate other areas of improvement that could be made and develop an action plan to improve, not only our system, but the entering of the data into that system.

The State Auditor's report reflects on two areas of payment in which they had concerns that overpayments were made, resulting in unnecessary expenditures to the Division. During a meeting with the audit staff, these concerns were discussed at length and the Division is re-evaluating policy and practice surrounding emergency foster home placements, as well as payments to residential facilities when a youth is on runaway status. Necessary changes will be made to the contract system and policy.

The Department and Children's Division is committed to assuring that children are placed in safe out-of-home care environments and that we have quality, committed professionals working with our children and families. The audit noted concerns regarding three licensed foster parents who did not meet the licensing requirements. As reported in the previous audit response, the Department is already in the process of enhancing our background check system for alternative care providers. These concerns are ones also noted by the agency, and we will be working diligently on this area. The audit also notes that enhancement of background checks for employees are also needed and the Department will take this recommendation into consideration.

Foster parents are one of the Division's most valuable resources. They provide a safe, loving, nurturing out-of-home care environment for Missouri's at-risk children. The Division values feedback from foster parents on how to improve our system. Recommendations and suggestions concerning foster parent retention will be reviewed, along with information from our State Foster Care Advisory Committee, and the three Foster Parent Associations, as we strive to enhance our relationship and build retention efforts for out-of-home care providers across the state.

We appreciate the State Auditor including in the report that Missouri foster parents are among the lowest paid of all states, and that our staff salaries are much lower than those in surrounding states. Our Department has consistently requested increases in the amount provided to foster care providers to assist in covering the cost of care for foster children. Foster parent rates have not increased since 2001 and they continue to be reimbursed lower than those other states provide to foster parents. The Department would like to commend our foster parents and staff for their dedication to children and families and for the fine work that they do day in and day out.

Quality service to the children and families we serve will always be a goal of our Division. Missouri continues to make progress in program areas and policy development. On pages five and six the State Auditor notes, "Recognizing the significant state budgetary constraints existing in early 2003, the General Assembly, officials of the Department of Social Services, and the division have struggled to find ways to improve the safety and care of at-risk children without increasing staff to meet the recognized accreditation standards." The Division is currently involved with several initiatives directed to improve our system. They include a focus to increase use of kinship care for children in need of out-of-home care placement, assuring our Family Support Team process is enhanced to include all team members and to occur on a more timely basis, and improved coordination between the Department of Mental Health and Department of Social Services to increase access to mental health services for children. These efforts will lead both the Department and the Children's Division to serve our children and families more effectively. Our Children's Division staff work every day to ensure the safety of at-risk children, provide services to children at home with their parents, and those who are in out-of-home placements. As a result of our strong partnerships with other state agencies and professionals across the state, we are able to provide quality services to children and families in need.

The Department of Social Services and the Children's Division will analyze the recommendations from both parts of the Foster Care Program Audit as we determine how to improve our system for the families and children we serve. We are fortunate in that we have many partners willing to help us make these needed changes, and will strive to continue improving Missouri's foster care system.

ADDITIONAL COMMENTS

Career Plus Program Is a Successful Vehicle for Troubled Children

The Career Plus Program (program) was established in Area 4 (which includes the southwest part of the state) to meet the needs of foster children who are having a significantly difficult time adjusting to their life as a foster child held in state custody. A small number of workers and some especially effective and successful foster parents oversee the adjustment to state custody for these children. As of March 2003, there were 20 children in 10 foster homes equipped to handle the behavioral problems of the children. Since the program's inception about 4 years ago, 127 children have completed the program.

The program is focused toward youth who have been unsuccessful in a residential setting and have been in care for over 12 months, children whose adjustment problems are forcing their movement toward placement in a residential facility, or those in serious need to be diverted from a very difficult future. Once accepted into the program, the children are placed in the specially approved foster home for a set period of time not to exceed 6 months. The foster parents in the program must have completed all of the special licensing criteria to allow them to become a Career Foster Home.

The program features specially designed individual goals that are set for each child brought into the program. Each child participates in the goal setting process, must agree the goals are appropriate, and the child's progress toward achieving each goal is carefully monitored. In addition, progress toward successful completion of the goals is individually rewarded.

Program workers visit with each child at least weekly to assess whether the child is truly working toward the goals, and to see how the placement is working for both the child and the foster parent. These workers maintain a high level of commitment and are required to be available to help solve any problems whenever they may develop, on a 24-hour, 7-day weekly basis.

Auditors visited one large home involved in the program to tour the home, meet with some of the children, and discuss the home's involvement in the program. The philosophies employed by the home have allowed children to achieve success in the program and give them hope for a brighter future. We spoke with a few children currently participating in the program and found they credited their success to the parents in the home and the loving and respectful treatment they received on a daily basis.

Our review of this program for especially troubled children convinced us the division recognized a very serious need and has taken action to design a small but especially successful program that should be acknowledged as a job well done. While not all children taken into the program have been successful in turning their lives around, our review suggests that numerous children have done so.

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The Department of Social Services, Children's Division is responsible for the management and operation of the state's foster care program.

The objectives of the audit were to review the state's foster care program to determine whether:

- (1) Children in division custody are safe, located, and handled according to key provisions of federal and state laws, state rules and departmental policies.
- (2) Foster parents are qualified with an acceptable, non-criminal, non-violent background; adequately trained; and receive appropriate support from the division.
- (3) Social workers are appropriately performing the duties required for all foster children assigned to their caseload; including placement, required case planning, monitoring of each child, and properly documenting all case activities, conditions, and progress.

Audit Scope

Audit fieldwork started during February 2002 and continued through May 2003. Most of the cases reviewed were active during calendar year 2002 and were selected to provide a reasonable cross section representative of the variety of foster care cases handled by the division. The audit staff:

- Reviewed applicable state and federal laws and regulations, division policies and procedures, and division training programs.
- Interviewed area and local employees, supervisors, and other local, area and state level administrative officials.
- Reviewed case files of foster children, biological parents, foster parents, and participated in home visits with division social workers.
- Discussed the foster care program with concerned private individuals, foster parents, various interested public organizations, representatives of private social services providers, and biological parents.
- Reviewed available division records of the number of foster children in state custody over several years and related issues including length of time each child was maintained in state custody, number returned to their biological family, number of times taken into state custody, and number of cases involving termination of parental rights and adoption.

- Obtained information from other state foster care programs for comparative purposes.

Audit Methodology

To determine whether division workers and supervisors have performed the required procedures in compliance with laws and policies regarding payment to foster parents we reviewed computer system payment records. These records included payments for emergency placements and for children listed in run away status.

To determine if the division adequately monitors contracted residential facilities, we visited facilities of varying location and size to review their employee background check records and resident incident reports.

We reviewed foster parent files in Boone County to review the division's follow-up action on the foster parents identified by our match with the Office of State Court Administrator as having felonies and misdemeanors.

The number and type of files and computer records reviewed are listed in Table I.1:

Table I.1 Breakdown of File and Record Reviews

Test Item	Number of Items
Emergency Placement Payment Records	40
Runaway Payment Records	117
Residential Facilities Visited	4
Foster Parent Files	10

Source: Cases selected for review

STATUTES AND REGULATIONS

The State of Missouri's foster care program operated by the Department of Social Services, Children's Division is based on federal and state laws and related state regulations.

ADOPTION AND SAFE FAMILIES ACT

The federal Adoption and Safe Families Act (the act), Public Law 105-89 was enacted November 1997 and all states subsequently passed conforming legislation. The act amended the 1980 Adoption Assistance and Child Welfare Act.

The act was intended to enhance children's safety by:

- Specifying that a child's health and safety must be paramount when decisions are made about the initial removal of a child from his or her home, the return home, and the care a child receives while in foster care or in an adoptive family.
- Clarifying that there is nothing in federal law requiring that a child remain in or be returned to an unsafe home. Federal law requires that state child welfare agencies make reasonable efforts to prevent the unnecessary placement of children in foster care and to reunify children in foster care with their families.

The act was seen as necessary to move children who had been lingering in foster care without permanent placement plans into permanent homes. It was believed clearing the state systems of these cases would enable the child welfare system to better respond to new children entering care so they and their families could get the help they need so prompt permanency decisions could be made.

Key provisions of the act include promoting adoption and other permanency options by:

- Establishing expedited timelines for determining whether children entering foster care can be moved into permanent homes promptly. Options include their own family homes, adoptive homes or other planned permanent living arrangements. Two new timelines were established. First, permanency hearings must be held for children no later than 12 months after they enter foster care (6 months earlier than under prior law). Second, state agencies must track new children entering care so that termination of parental rights (termination) proceedings will be initiated for children who have been under the responsibility of the state for 15 out of the most recent 22 months, unless certain case exceptions apply.
- Requiring that termination of parental rights proceedings be initiated in additional circumstances, including when a child is an abandoned infant, or in cases where a parent has committed murder, voluntary manslaughter, or aggravated assault of another of his/her children. In certain case situations exceptions are allowed.

APPENDIX II

- Offering adoption incentive payments for states that increase their adoptions of foster children over a base year. States that increase the number of adoptions of foster children in a given fiscal year over a base year receive an incentive payment¹ for each child adopted above the base year number.

Table II.1 below shows the number of adoptions that were finalized from foster care in Missouri and the amount of incentive payments that were awarded for the increased number of adoptions in fiscal years 1998, 1999, and 2000.

Table II.1: Adoption Incentives Awarded to Missouri

Fiscal Year	1998	1999	2000	2001	Total Award
Previous Yr. Baseline	557	616	817	1205	
Current Yr. Adoptions	616	817	1,205	¹	
Increase In Adoptions	59	201	388	NA	
Bonus Award ²	\$110,999	\$430,364	\$665,819	None ¹	\$1,207,182

Source: U.S. Department of Health and Human Services (HHS) website

¹ Current adoptions were unavailable from the HHS website, however the site indicated no incentive was earned for year 2001.

² The annual incentives were awarded on a pro rata basis because the total amounts for all states exceeded the appropriation.

There are numerous provisions in federal laws that must be complied with as the states seek to respond to the ever growing problems of child abuse and neglect and the related need to remove children from homes of their biological parents for child safety reasons. State laws and regulations generally seek to parallel the federal requirements. Similarly, Children's Services has developed extensive operating policies and procedures to help guide social workers and supervisors in complying with those requirements while handling their assigned case load of children.

Definitions

"Child" any individual under 18 years of age, or in the custody of the division.

"Child Placing Agency" any person, other than the parents, who places the child outside the home of the child's parents or guardian, or advertises or holds himself forth as performing such services, except attorney, physician, or clergyman of the parents.

¹ To encourage states to not allow children to remain endlessly in foster care when they cannot safely be returned to their homes, the act provides for an incentive to a state only for adoptions that represent an increase over the number of adoptions achieved in an established base period in that state. For example, if 220 adoptions is the base level, and 222 children are adopted in a specific fiscal year, the state will receive incentive payments for only two children. The incentives are \$4,000 for each foster child adopted above the base and an additional \$2,000 (\$6,000 total) if the child has special needs and is eligible for the federal Adoption Assistance program. (Originally a capped amount of \$20 million was set aside for these incentives, that amount was increased to \$43 million only for FY 2000). The act requires states to use incentive funds for child welfare services, including post adoption services.

APPENDIX II

"Foster Home" a private residence of one or more family members providing 24-hour care to one or more but less than seven children who are unattended by parent or guardian and who are unrelated to either foster parent by blood, marriage, or adoption.

"Guardian" the person designated by a court of competent jurisdiction as the "guardian of the person of a minor" or "guardian of the person and conservator of the estate of a minor."

"License" the document issued by the division in accordance with the applicable provisions of Sections 210.481 to 210.536, RSMo 2000, to a foster home, residential care facility, or child placing agency to operate its program in accordance with the applicable provisions of Sections 210.481 to 210.536, RSMo 2000, and rules issued pursuant thereto.

"Related" any of the following by blood, marriage, or adoption: parent, grandparent, brother, sister, half-brother, half-sister, stepparent, stepbrother, stepsister, uncle, aunt, or first cousin.

"Residential Care Facility" a facility providing 24-hour care in a group setting to children who are unrelated to the person operating the facility and who are unattended by a parent or guardian.

STATE

Section 207.020, RSMo 2000, lists certain powers of the division including (in subsection 17) accepting for social services and care homeless, dependant or neglected children in all counties where legal custody is vested in the division by the juvenile court. The division typically is required to conduct an investigation of the child's background circumstance and provide a report to the court prior to the legal custody being assigned. The purpose of the background review is to determine appropriate services needed and a treatment plan for the child, and is to include consultation with the juvenile officer and others who are knowledgeable of the child or programs or services appropriate to the needs of the child and shall be completed within 30 days.

Numerous sections of the *Missouri Revised Statutes* chapter 210 covering Child Protection and Reformation and chapter 211 covering Juvenile Courts apply to and govern the state's handling of children and the foster care programs. In addition, chapter 453 covers adoption and foster care.

Similarly, numerous sections of the *Code of State Regulations*, Title 13, Division 40, chapters 30 through 73 cover many aspects relating to child care issues ranging from permanency planning for children to licensing of child placing agencies.

While all the statutes and regulations (along with the department's children's services policies) are important to the appropriate handling of the foster care program, certain statute sections and issues are particularly relevant to our review.

CHILD PROTECTION STATUTES

Section 210.486, RSMo 2000, prohibits any person to operate a foster home or residential care facility without having a license issued by the division or, in some instances, the Department of Health and Senior Services. An investigation is required of the person and an examination of the physical facility is required before the license is issued and the license period is not to exceed 2 years.

Section 210.586, RSMo 2000, requires the division to establish a grievance procedure available to licensees under Sections 210.481 to 210.536, RSMo 2000 and to inform all licensees of those procedures in writing. In addition, Section 210.551, RSMo 2000, requires a procedure allowing foster parents to appeal adverse decisions made by the division affecting their rights.

Section 210.537, RSMo 2000, requires the division to cooperate with and help promote foster parent associations in each county and to provide the associations data, information, and guidelines on the obligations, responsibilities, and opportunities of foster parenting.

Section 210.543, RSMo 2000, requires the division to train and license a separate category of foster parents who are able to provide special care and supervision to foster children who have special needs because of a history of sexual abuse, serious physical abuse, or severe chronic neglect. It also requires additional specialized training for those foster parents and provides higher payment incentives for training to be provided by the division.

Section 210.565, RSMo 2000, requires certain relatives including grandparents who request it be given preference and first consideration whenever a child is placed in a foster home. A relative is defined as a person related to another by blood or affinity within the third degree. The preference is to apply only where the **court** [*emphasis added*] finds that placement with such relatives is in the best interest of the child considering all circumstances.

Sections 210.710, through 210.730, RSMo 2000, require juvenile court involvement in decisions regarding custody of children and typically require written reports be made to the court for review every 6 months during the custody. The court is to review the reports of children continuing in foster care and is to consider whether the child is to be continued in custody. In addition, within 12 months of the initial custody (annually thereafter) the court is to hold a permanency hearing to determine in accordance with the best interests of the child whether the child should be continued in foster care, returned to a parent or guardian, or whether proceedings should be instituted by the juvenile officer or the division to terminate parental rights to legally free the child for adoption.

Further, under Section 210.730, RSMo 2000, in the case of children continued in foster care the court is to review the status of the child at least once every 6 months. The percentage of children who are in foster care in excess of 24 months is not to exceed 30 percent in any fiscal year.

APPENDIX II

Section 210.760, RSMo 2000, requires the division to provide full medical information and history to the foster parents when placing a child with them; give a minimum of 5 days notice before removing a child and provide the foster parent with a written statement of the reasons for removing a child; and arrange for a pre-placement visit of the child, except in emergencies. The division is also to work with the natural parent, using available services, in an effort to return the child to his natural home, if at all possible, or to place the child in a permanent adoptive setting.

Section 210.761, RSMo 2000, specifies that any foster parent that has provided foster care to a child at any time in a 2-year period prior to any hearing concerning the child's case shall be allowed to testify, however, the court may limit the testimony to evidence the court finds relevant and material.

JUVENILE COURTS STATUTES

Section 211.011, RSMo 2000, notes the purpose of chapter 211 is to facilitate the care, protection, and discipline of children who come within the jurisdiction of the court. The court's involvement with each juvenile is to be focused on the child's welfare as well as the best interest of the state.

Section 211.031, RSMo 2000, specifies the juvenile court is to have jurisdiction in several areas including adoption of a person, or the commitment of a child under the age of 18 to the guardianship of the division.

Section 211.101, RSMo 2000, provides for the juvenile court to order a child under the age of 18 be taken into immediate protective custody when it is required for his welfare.

Section 211.171, RSMo 2000, requires the current foster parents, or pre-adoptive parent or relative currently providing care for the child, to be provided notice of, and an opportunity to be heard in, any permanency or other review hearing to be held with respect to the child.

Section 211.177, RSMo 2000, provides for a grandparent to have a right to intervene in any proceeding in which the custody of a grandchild is in issue, unless the juvenile judge decides after considering a motion to intervene by the grandparent that such intervention is against the best interest of the child. The right of a grandparent to intervene pursuant to the provisions of this section may terminate upon the adoption of the child except where the child is adopted by a stepparent, another grandparent or other blood relative.

Section 211.183, RSMo 2000, requires the court, when hearing proceedings regarding the removal of a child from his or her home, to include a determination of whether the division of family services has made reasonable efforts to prevent or eliminate the need for removal of the child and, after removal, to make it possible for the child to return home.

Section 211.211, RSMo 2000, specifies that parties to a juvenile case are entitled to representation by counsel in all proceedings and calls for appointment of counsel for both the

APPENDIX II

child and the child's custodian when appropriate. Both the child and parent can be represented by the same counsel except when the court believes a conflict of interest exists.

Section 211.444, RSMo 2000, provides for the juvenile court, upon petition from the juvenile officer, or under a petition for adoption filed under provisions of chapter 453 to terminate the rights of a parent to a child if the court finds that such termination is in the best interests of the child and the parent has consented in writing to the termination of his or her parental rights.

Section 211.447, RSMo 2000, provides numerous conditions and situations appropriate to be considered grounds for filing a petition for termination of parental rights with the juvenile court. Among others, examples include a court of competent jurisdiction has determined a child is an abandoned infant, or has determined the parent has committed the murder of another of his/her children.

Section 211.462, RSMo 2000, provides for the appointment of a guardian ad litem in all actions to terminate parental rights, if one has not previously been appointed under Section 210.160, RSMo 2000. The guardian ad litem is intended to be the legal representative, protect the rights of, and advocate for the child in termination proceedings. Among other duties, the guardian ad litem is to ascertain the child's wishes, feelings, attachments, and attitudes and to protect the child's rights and interests.

In addition, this section provides the parent or guardian of the person of the child shall be notified of the right to have legal counsel, and if they request counsel and are financially unable to employ counsel, counsel shall be appointed by the court. Also, when the parent is a minor or incompetent, the court shall appoint a guardian ad litem to represent that parent. The parent's legal counsel is to protect the rights, interest and welfare of a minor or incompetent parent.

Section 211.464, RSMo 2000, specifies that the juvenile court is to provide foster parents, relatives, or other person the opportunity to present evidence for the consideration of the court in the termination proceedings.

ADOPTION AND FOSTER CARE STATUTES

Section 453.005, RSMo Cumulative Supp. 2002, specifies that provisions of Sections 453.005 to 453.400, RSMo 2000 and Cumulative Supp. 2002, shall be construed so as to promote the best interests and welfare of the child in recognition of the entitlement of the child to a permanent and stable home.

In addition the division and all persons involved in the adoptive placement of children shall provide for the diligent recruitment of potential adoptive homes that reflect the ethnic and racial diversity of children in the state for whom adoptive homes are needed. However, placement of a child in an adoptive home may not be delayed or denied on the basis of race, color or national origin.

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Section 453.011, RSMo 2000, calls for the court to expedite the trial proceedings and notes it is the intent of the general assembly that the permanency of the placement of a child who is the subject of a termination of parental rights proceeding or an adoption proceeding not be delayed any longer than is absolutely necessary consistent with the rights of all parties. The rights of the child to permanency at the earliest possible date must be given priority over all other civil litigation other than the division's child protection cases.

Section 453.026, RSMo 2000, requires as early as is practical the person placing the child for adoption shall furnish to the court, the guardian ad litem, and the prospective adoptive parent a written report regarding the child.

Also, the division shall promulgate rules and regulations regarding all written information that shall be furnished to the court, the guardian ad litem and the prospective adoptive parent.

Section 453.030, RSMo Cumulative Supp. 2002, specifies that court approval of adoption is required and the approval or denial by the court shall be based on the court's opinion of what is best for the welfare of the person being considered for adoption. In addition, the section covers several other aspects of adoption requirements and also requires the written consent of any person to be adopted who is age 14 or older.

Section 453.065, RSMo 2000, defines types of adoption subsidies available for a child in the custody of the division who has various needs for medical, dental, educational, or other related healthcare and services.

Section 453.070, RSMo Cumulative Supp. 2002, prevents a court from granting a decree for the adoption of a child under 18 years of age until a full investigation, which includes an assessment of the adoptive parents, an appropriate post placement assessment and a summary of written reports as provided for in Section 453.026, RSMo 2000, and any other pertinent information relevant to whether the child is suitable for adoption by the petitioner and whether the petitioner is suitable as a parent for the child, has been made. The report is also to include a statement to the effect that the child has been considered as a potential adoption subsidy recipient.

The investigation is to be made, as directed by the court, either by the division, a juvenile court officer, a licensed child-placement agency, or other suitable person appointed by the court. An exception to the investigation and reporting requirement is provided.

This section also provides when any adult person or persons over the age of 18, who, as foster parent or parents, have cared for a foster child continuously for a period of nine months or more and bonding has occurred, may apply for the placement of such child with them for the purpose of adoption if the child is eligible for adoption. The agency and court shall give preference and first consideration for adoptive placements to foster parents. However, the final determination of the propriety of the adoption of such foster child shall be within the sole discretion of the court.

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Section 453.072, RSMo Cumulative Supp. 2002, provides any subsidies available to adoptive parents pursuant to Sections 453.073 and 453.074, RSMo Cumulative Supp. 2002, shall also be available to a qualified relative of a child who is granted legal guardianship of the child in the same manner as such subsidies are available for adoptive parents. As used in this section "relative" means any grandparent, aunt, uncle, adult sibling of the child or adult first cousin of the child.

Section 453.073, RSMo Cumulative Supp. 2002, authorizes the division to grant a subsidy to a child in one of the forms of allotment defined in Section 453.065, RSMo 2000. Determination of the amount of monetary need is to be made by the division at the time of placement, if practicable. However, the subsidy amount is not to exceed the expenses of foster care and medical care for foster children paid under the homeless, dependent and neglected foster care program. A written agreement is to be entered into by the division and the parents setting forth the particulars of the subsidy, including the time period for which the subsidy is granted.

Section 453.074, RSMo 2000, lists the duties of the division in the administration of the subsidy program. The duties include notification of the adoption petitioners of the availability of a child subsidy, providing them with the related rules and eligibility and so on. This section also requires the division to comply with all federal laws relating to adoption subsidies in order to maintain the state's eligibility for federal funds.

Section 453.101, RSMo 2000, specifies that in the event that the juvenile court does not grant the adoption, the court may order that a guardian be appointed under the provisions of chapter 475, RSMo 2000, to provide long-term care for the child. The order appointing the guardian shall specify the powers and duties of the guardian and the period of time the guardianship shall remain in effect with mandatory review by the court as provided in chapter 475, RSMo 2000.

Section 453.110, RSMo 2000, prohibits any person, agency, organization or institution from the surrender of custody of a minor child, or transfer of the custody of such a child to another, and no person, agency, organization or institution is to take possession or charge of a minor child so transferred, without first having filed a petition before the circuit court sitting as a juvenile court, praying that such surrender or transfer may be made, and having obtained such an order from such court approving or ordering transfer of custody. This section provides guidance on the required actions in the event such a transfer was made without obtaining court approval of the transfer of custody.

Section 453.153, RSMo 2000, requires the director of the department of social services to develop and implement a program to work through local churches to find adoptive placements for minority and hard to place children. The program is to be known as "Missouri, One Church-One Child" program.

Section 453.325, RSMo 2000, requires the division to establish the "Grandparents as Foster Parents Program" subject to available appropriations and itemizes several key factors to be

APPENDIX II

involved, including the financial support of and providing foster parent training for participating grandparents.

CODE OF STATE REGULATIONS

13 CSR 40-30.010 requires the establishment of a case plan for every child in the custody of the division, describes the expected requirements, contents, and allowed time limits.

13 CSR 40-30.020 establishes fees rates and maximum amounts for attorneys and guardians ad litem who provide services in termination of parental rights cases. Legal representation is to be provided to financially eligible persons involved in permanency issues for the foster child.

13 CSR 40-34.012 establishes the criteria for reimbursements to foster parents and residential care facilities for the cost of foster care provided. This section also sets the maximum rates for child foster care as \$139² for a child age 0 to 5 years, \$170² for ages 6 to 12 years and \$187² for ages 13 and over. For reimbursement of care beyond the rates specified, prior authorization from the division is required.

13 CSR 40-32.060 requires the division to determine the ability of parents to support a child who must be placed in foster care and then recommend to the juvenile court that the parents be ordered to support or partially support the cost of foster care.

13 CSR 40-36.001 describes the grievance procedure for a foster/relative/adoptive parent when s/he disagrees with any decision made by the division involving the management of a particular foster/adoptive child. The aggrieved parent must notify the division county office in writing or verbally within ten days of the disputed decision. This section also requires the division to establish an Alternative Care Review Board to provide a further review over child management decisions which cannot be resolved at the division office level.

13 CSR 40-38.010 & .020 define adoption services and sets criteria for provision of adoption services by the division.

13 CSR 40-50.010 addresses the definition, approval, and payment of adoptive homes that receive placement of the child they intend to adopt prior to custody being ordered by the juvenile court.

13 CSR 40-59.020 specifically defines terms used in completing criminal and child abuse/neglect criminal records checks for foster, adoptive, and relative care providers.

13 CSR 40-59.030 establishes procedures for the submission, investigation, and evaluation of criminal and child abuse/neglect records for persons making application or re-application for licensure, approval, or certification as foster, adoptive, or relative care providers for the division.

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13 CSR 40-59.050 establishes procedures for release of information pertaining to the nature and disposition of child abuse reports, neglect report(s), or both, for employees and volunteers who are frequently present in child care facilities when children are present.

13 CSR 40-60.010 explains the division's responsibility for licensing foster homes, defines terms used, gives procedures for approval, denial, or revocation of a license. A foster home license is to be issued for not more than 2 years, subject to renewal on expiration.

13 CSR 40-60.020 limits the ages and number of children to be kept in a foster home and the allowed exceptions. The maximum number of children is not allowed to exceed six, including the foster parents' children, and not more than two children under age 2 and no more than four preschool children unless necessary to accommodate a sibling group. Exceptions are made for foster sibling groups and a minor mother and child family groups.

13 CSR 40-60.030 explains who can qualify to be a foster parent and gives the health requirements, and standards of living required. Foster parent applicants are not to receive a license when both are under age 21. Foster parents are expected to be of reputable character, meet certain medical requirements, complete specified foster parent training, and submit to an appropriate home study.

13 CSR 40-60.040 explains foster home physical structure requirements, sleeping arrangements, and fire and safety requirements. The structure of the home must be adequate to provide for the health and safety of all occupants and be large enough to comfortably accommodate the foster family and the foster children in their care.

13 CSR 40-60.050 describes the quality of care to be provided by foster parents and lists the division's expectations in several areas; including education, moral and religious training, discipline, recreation, and supervision. It also describes several responsibilities of the foster parents to the division, the child, and the child's legal custodian.

13 CSR 40-60.060 requires that with the assistance of the division, foster parents are to keep records on children placed in their care. The required record contents are listed.

13 CSR 40-72.010 serves to support Section 210.246, RSMo 2000, that makes it unlawful for any person to establish or operate a residential care facility without having in full force a written license granted by the division. This rule establishes the numerous requirements a group home must meet in order to qualify for and maintain a license. Group homes are small residential programs caring for 12 or less children.



**CITY OF GREENWOOD, MISSOURI
YEAR ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-114
December 4, 2003
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2003

The following problems were discovered as a result of an audit conducted by our office of the City of Greenwood, Missouri.

The City of Greenwood is in poor financial condition as a result of inadequate oversight and monitoring of fund balances, improper budgeting practices, and improper uses of restricted revenues. The cash balance has been declining for years and at June 30, 2003, the city's General Fund cash balance was \$(50,006). While budgets are prepared, they are not used to monitor the city's financial position and periodic comparisons of budgeted and actual receipts and disbursements are not performed. Increases in General Fund receipts have not kept up with the increases in disbursements the past several years. During the fiscal years ended June 30, 2002 and 2001, the city's disbursements exceeded receipts by \$298,430 and \$202,600, respectively. The board must continue to monitor the financial condition of the city and develop a long-range plan which will allow the city to reduce its disbursements and/or increase receipts to operate the city within its available resources.

The city accounts for all general and operating expenses from one bank account, which combines the General Fund, Sewer Fund, Park Fund, Street Fund, Fire and Ambulance Fund, and Hydrant Fund. It appears the city is using some of these restricted funds to pay for general operating expenses of the city.

In four of the past six years the city has paid more for the processing of the sewerage than it collected from customers. In addition to paying for processing and collection, the city incurs charges for salaries, repairs and maintenance, and administration which must be paid from the proceeds of the Sewer Fund. According to the audited financial statements, the Sewer Fund had a loss of (\$53,352) in fiscal year 2002, before any transfers in.

The reserves of the Sewer Fund have been depleted over the past several years paying for repairs and maintenance of the system, as well as bond principal and interest payments. The Sewer Fund borrowed \$113,193 in fiscal year 2002. While the city raised the sewer rates in March 2003 to \$37 per connection, the amount borrowed has not been repaid as of June 30, 2003, per the city clerk. In addition, the city has not established an Operation, Maintenance and Replacement Account, as required by city ordinance.

The city has not adequately segregated duties of city personnel and does not provide adequate oversight of work performed. Improvement is needed in the controls over cash handling and access to computer programs and data files is not adequately restricted. In addition, property tax revenues are not allocated to the various funds appropriately, and some motor vehicle-related revenues were deposited to the General Fund instead of the Street Fund.

(over)

YELLOW SHEET

The city's budgets need improvement and are not prepared in accordance with state law. While deficit budgets were approved for the General Fund and the Sewer Fund in fiscal year 2003, such deficits were caused by the city failing to include the beginning fund balance with the anticipated revenues for comparison to estimated expenditures. Additionally, some funds are not properly budgeted, and the board of alderman, not the park board, prepares budgets for the operations of the municipal parks.

Park funds totaling \$125,698 were transferred to the General Fund without the approval of the Park Board. The city's attorney provided a written opinion that the city could transfer monies from the restricted fund because the money originally came from the General Fund and the Park Board is only an advisory board. Per a review of the ordinance establishing the Park Board, it appears this board is an administrative board, with exclusive control of the expenditures of all money collected to the credit of the Park Fund. Because these funds were transferred without the approval of the Park Board and were previously received by the Park Fund, it appears questionable that the Board of Alderman had the authority to transfer these funds.

A formal bidding policy was not adopted until November 2002, expenditures requiring advance board approval were not always approved, and several expenditures did not appear to be prudent uses of public funds. In addition, supporting documentation was not available for some expenditures and the city financed several loans for periods of more than 12 months without a vote of the people.

The Board of Aldermen apparently violated city ordinance by investing \$11,000 with a local investment firm, who employed one of the former aldermen. While the board minutes indicate that he voted for investing funds with this firm, the monthly investment reports for June 2001 through December 2001 listed the former alderman as the representative for this account.

The audit also includes some matters related to the municipal court, board meetings, minutes and ordinances, planning and zoning, street maintenance, and fixed assets upon which the city should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.mo.gov

CITY OF GREENWOOD, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Board of Alderman
City of Greenwood, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Greenwood, Missouri. The city had engaged Troutt Beeman & Co. PC., Certified Public Accountants (CPAs), to audit the city for the year ended June 30, 2002. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended June 30, 2002. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Greenwood, Missouri.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 5, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Cynthia L. Freeman

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF GREENWOOD, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Financial Condition
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The city of Greenwood is in poor financial condition as a result of inadequate oversight and monitoring of fund balances, improper budgeting practices, and improper uses of restricted revenues.

The cash balance of the General Fund has been declining for the past several years.

General Fund Cash Balance For Five Years Ended June 30				
1999	2000	2001	2002	2003
\$227,255	\$ 343,955	\$ 141,355	\$ (157,075)	\$ (50,006)

The city accounts for all general and operating expenses from one bank account, which combines the General Fund, Sewer Fund, Park Fund, Street Fund, Fire and Ambulance Fund, and Hydrant Fund. Receipts for each fund, except the General Fund, are restricted for specified purposes. It appears the city is using some of these restricted funds to pay for general operating expenses of the city.

The city prepares annual budgets. However, these budgets are not used to monitor the city's financial position and the Board of Alderman has not periodically compared budgeted and actual receipts and disbursements. Actual disbursements exceeded budgeted amounts in the General Fund during the years ended June 30, 2002 and 2001, by \$50,000 and \$125,000, respectively. Additionally, actual receipts were less than budgeted amounts for the General Fund during the same period by \$200,000 and \$75,000, respectively. By spending more than budgeted and bringing in less receipts than expected, the city's cash balance in the General Fund steadily declined.

The General Fund operating expenses of the city increased significantly over the past few years, with the most significant increases attributable to the Police Department and Public Works Department. Increases in General Fund receipts have not kept up with the increases in disbursements as follows:

Fiscal Year Ended June 30	Receipts	Disbursements	Receipts Over (Under) Disbursements
1999	\$ 794,715	813,880	(19,165)
2000	1,084,461	967,761	116,700
2001	836,014	1,038,614	(202,600)
2002	1,000,020	1,298,450	(298,430)

In June 2003, the city eliminated the municipal coordinator position and the city engineer position, which has saved a significant amount in reduced salaries (approximately \$120,000 annual savings). While this action will not totally eliminate the operating deficit by the end of the current fiscal year, it will significantly improve the financial condition of the city. The board must continue to monitor the financial condition of the city and develop a long-range plan which will allow the city to reduce its disbursements and/or increase receipts to operate the city within its available resources. The city attempted to pass a property tax for law enforcement in April 2003, but this tax was rejected by voters. Additionally, the board needs to segregate the sewer, park, street, fire and ambulance, and hydrant funds and ensure that these revenues are only used to pay expenditures for providing these services. The recommendations contained in the remaining MARs, if implemented, will help the city establish procedures to operate within its available resources.

WE RECOMMEND the Board of Alderman develop a long-term plan to operate within its available resources. In addition, the board must closely monitor the financial condition of the city by preparing a detailed operating budget and periodically comparing budgeted and actual receipts and disbursements.

AUDITEE'S RESPONSE

We agree with the recommendation presented by the State Auditor and will continue to review the financial condition of the city. We have already taken some steps toward resolving the issues mentioned here and will continue to take steps to alleviate these issues.

2. Sewer Fund

The city's Sewer Fund is not generating sufficient revenues to operate the system and is in non-compliance with the city's ordinance.

- A. Prior to March 2003, the city's sewer user fee was not sufficient to cover operational costs and meet ordinance requirements for funding a replacement account. The city increased its sewer fee from \$24 to \$37 per customer in March 2003, based on a rate study prepared by the city engineer. This was the first rate study performed in the past several years, although city ordinance requires an annual rate study be performed.

The city contracts with Little Blue Sewer District to provide sewer system services and with Public Water Supply District #12 to bill and collect the sewer user fees. The city has paid more for the operation of its sewer system than it has charged its customers. The chart below shows the monthly per connection user fee and the per connection cost charged by Little Blue and District #12.

Year	City User Fee	Total Charged for Sewer Services and Billing & Collection	Difference
97-98	\$ 20.00	\$ 21.75	\$ (1.75)
98-99	20.00	22.75	(2.75)
99-00	24.00	22.75	1.25
00-01	24.00	22.75	1.25
01-02	24.00	24.75	(.75)
02-03	24.00	24.75	(.75)

As indicated above, in four of the past six years the city has paid more for the processing of the sewerage than it collected from customers. In addition to paying for processing and collection, the city incurs charges for salaries, repairs and maintenance, and administration which must be paid from the proceeds of the Sewer Fund. According to the audited financial statements, the Sewer Fund had a loss of (\$53,352) on operations (including interest transactions) in fiscal year 2002, but before any transfers in.

The reserves of the Sewer Fund have been depleted over the past several years paying for repairs and maintenance of the system, as well as bond principal and interest payments. The Sewer Fund borrowed a total of \$113,193 in fiscal year 2002: \$105,459 from the General Fund; \$7,675 from the Fire and Ambulance Fund; \$59 from the Hydrant Fund; to cover the cost of operations. Per city ordinance, any monies borrowed by the Sewer Fund must be repaid in the subsequent fiscal year. While the city raised the sewer rates in March 2003 to \$37 per connection, the amount borrowed from the above mentioned funds has not been repaid as of June 30, 2003, per the city clerk.

As shown below, the cost of operating the sewer system has exceeded revenues in three of the last four years.

Fiscal Year Ended June 30	Revenues	Expenditures	Revenues Over (Under) Expenditures
1999	\$ 459,589	517,381	(57,792)
2000	541,451	460,636	80,815
2001	482,450	592,704	(110,254)
2002	509,924	563,276	(53,352)

To ensure the rate assessed generates sufficient revenues to operate the system and provide for adequate reserves as required, the board needs to ensure that annual rate studies are performed and the rate is adjusted accordingly.

- B. The city has not established an Operation, Maintenance and Replacement Account as required by the city's ordinances. The Operation, Maintenance and Replacement Account does not have a specific funding requirement, but is

required to ensure sufficient reserves exist to fund major repairs, system upgrades, and system replacement. The board needs to determine the funding requirements for this fund and consider revising its ordinances to document this amount.

The failure of the city to adequately maintain and fund this account could leave the city without funds to pay for a major repair.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the sewer rate charged to customers is sufficient to pay the cost of operations, principal and interest on the bonds outstanding, and fund the required reserve accounts. In addition, the board needs to ensure an annual rate study is performed.
- B. Ensure compliance with city ordinance by establishing and funding an Operation, Maintenance and Replacement Account.

AUDITEE'S RESPONSE

- A. *We agree and will continue to monitor the Sewer Fund and regularly review the sewer rate.*
- B. *We will work to establish and fund this account, with forward progress by April 1, 2004.*

3. Accounting Controls and Procedures
--

The city has not adequately segregated duties of city personnel and does not provide adequate oversight of work performed. Improvement is needed in the controls over cash handling and access to computer programs and data files is not adequately restricted. In addition, property tax revenues are not allocated to the various funds appropriately, and some motor vehicle-related revenues were deposited to the General Fund instead of the Street Fund.

- A. The City Clerk serves as the City Treasurer, and is responsible for most of the record keeping duties of the city, which include preparing invoices for payment, preparing and signing checks, performing bank reconciliations, and preparing financial reports. The City Clerk also serves as a deputy to the City Collector, who is responsible for receiving and depositing monies. Neither the board nor other personnel independent of the cash custody and the record-keeping functions provide adequate supervision or review of the work performed by the City Clerk or the City Collector.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time

would be incompatible. This situation does not allow the segregation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law. If the duties cannot be adequately segregated, the board should ensure an independent review of the functions performed by the City Clerk and City Collector is performed on a periodic basis.

- B. The City Collector does not always issue receipts for monies received, does not always issue receipt slips in numerical sequence and does not always record the method of payment on all receipt slips issued. The Collector used rediform receipt slips, which were not specifically printed for the city and were not always issued in numerical sequence. In addition, some voided receipt slips were not maintained and the composition of receipt slips issued is not reconciled to deposits.

To properly account for all receipts and ensure they are properly deposited, official prenumbered receipt slips should be issued for all monies received, and the numerical sequence accounted for properly. The method of payment should be indicated on all receipt slips and the composition of receipt slips issued should be reconciled to deposits. In addition, to ensure that all receipts slips are properly accounted for, all voided receipt slips should be properly defaced and maintained.

- C. Receipts are not always deposited intact on a timely basis, nor are checks and money orders always restrictively endorsed when received. Deposits are made approximately two or three times weekly, but it appears in some instances that receipts were held for more than three days prior to being deposited. In one instance, a cashier's check for approximately \$108,000 was held for almost 30 days before being deposited. The city received these monies from cashing a certificate of deposit which had matured, but had not determined how to reinvest these monies at the time the certificate of deposit was cashed.

To adequately safeguard receipts and reduce the risk of loss, or misuse of funds, deposits should be made on a daily basis or when accumulated receipts exceed \$100 and all checks and money orders should be restrictively endorsed immediately upon receipt.

- D. The Police Chief maintains a separate checking account, for the depositing and expending of grant funds, that only he and another police officer are authorized signors. The grantor indicated these monies should be placed in a separate bank account and the Police Chief determined that he should maintain control of these monies. By ordinance, the Mayor, President of the board, and City Clerk are the only authorized signors on the city's accounts, therefore the account should have been placed under the control of the city and not the police department personnel.

In addition, it was discovered that the Police Chief and another police officer were the only signors on a lock box paid for by the city, but the Board of Aldermen were unable to determine who authorized this lock box. The lock box contained

\$469 in cash from a 1997 drug seizure, but was not listed on any city records. The County Prosecuting Attorney determined these monies had to be refunded to the defendant, since the application for forfeiture had not been filed timely.

To ensure all city funds are adequately controlled and properly accounted, all city monies should be deposited to the city treasury.

- E. Access to the city's computer programs and data files is not adequately restricted. Passwords with different levels of access are used, but are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords limit access to the accounting data files and programs to those individuals who need access. Passwords should be unique and changed periodically to reduce the possibility of unauthorized users.

To establish individual responsibility, and to preserve the integrity of computer programs and data files, access to information should be limited to only those individuals who need it for completion of job responsibilities.

- F. Property taxes are not properly distributed among the various funds receiving property taxes. The City Collector has not updated the distribution percentages established several years ago, even though the property tax levied for the various funds changed annually. In addition, some current tax revenues were reported as prior years' taxes. The city's CPA reviewed this situation for the current fiscal year and determined the General Fund had been allocated approximately \$27,000 too much. Adjustments were made for the current fiscal year to repay these funds to the Fire and Ambulance Fund and the Hydrant Fund, but the City Clerk was unable to provide documentation that previous years distributions have been corrected.

To ensure each fund is receiving the proper amount of property tax revenue, distribution percentages should be recalculated for the three funds receiving property taxes on an annual basis.

- G. The city deposited approximately \$91,000 of state motor vehicle-related revenues into the General Fund instead of the Street Fund during fiscal year ended June 30, 2003. During our audit, the city adjusted the General Fund balance by this amount to transfer these funds back to the Street Fund. The city's attorney indicated that some of the revenues could be used for police patrolling of the streets, and the Municipal Coordinator determined what amount should be deposited to the General Fund. No documentation was available to support the amount deposited to the General Fund as expended for patrolling the streets.

Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle-related receipts apportioned by the state of Missouri be expended for street-related purposes only, including policing, signing, lighting, and cleaning of roads and streets. The city has not properly deposited these funds to the Street Fund to be

expended for these purposes nor have they monitored the use of these funds to ensure compliance with the Missouri Constitution.

To ensure compliance with the Missouri Constitution, the city should deposit all motor vehicle-related revenues into the Street Fund and ensure these receipts are used only for the purposes allowed by the constitution.

WE RECOMMEND the Board of Aldermen:

- A. Consider segregating the cash handling, record keeping, and depositing functions. If this is impractical, an independent review of the related records and activity should be performed periodically.
- B. Issue prenumbered receipt slips for all monies received, account for the numerical sequence of receipt slips issued, and ensure the method of payment is recorded on all receipt slips and the composition of receipt slips is reconciled to deposits. In addition, voided receipt slips should be properly accounted for.
- C. Deposit receipts daily or when accumulated receipts exceed \$100 and restrictively endorse all checks and money orders immediately upon receipt.
- D. Ensure all accounts are maintained within the city treasury.
- E. Consider formalizing a system of controls and passwords for the computer systems and all significant software and data.
- F. Recalculate property tax allocation percentages annually and determine if allocations in past years were done correctly.
- G. Deposit state motor vehicle-related revenues to the street fund to ensure funds are spent in accordance with the Missouri Constitution. In addition, the board should review past year's distribution of motor vehicle-related revenues and determine if any monies are due from the General Fund to the Street Fund.

AUDITEE'S RESPONSE

- A. *The City Clerk and City Collector have already begun to review each others work and an independent third person will be selected by the Board to review the work of both officials.*
- B, C,
&D. *We agree and have already implemented these recommendations.*
- E. *We agree and will develop a policy regarding access to computer systems, software, and data by January 1, 2004.*

- F. *We agree and will recalculate the distribution for the current tax year and will also correct the prior two years allocations.*
- G. *We agree. This has already been corrected.*

4. Budgets and Financial Reporting

The city's budgets are in need of improvement, budget to actual comparisons for revenues and expenditures are not performed, and annual reports required to be filed by various city officials are not being submitted.

- A. The city's budgets need improvement and are not prepared in accordance with state law. The budgets do not include a budget message, some required information regarding the city's debt, and beginning and ending fund balances. The approved budgets include estimated revenues and expenditures for the coming year only and not the preceding two years actual amounts, as required by law. While deficit budgets were approved for the General Fund and the Sewer Fund in fiscal year 2003, such deficits were caused by the city failing to include the beginning fund balance with the anticipated revenues for comparison to estimated expenditures. Additionally, some funds are not properly budgeted, and the board of alderman, not the park board, prepares budgets for the operations of the municipal parks.

Section 67.010, RSMo 2000, requires each political subdivision of the state to prepare annual budgets with specific information. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A complete budget should include appropriate revenue and expenditure estimates by classification, and include the beginning available resources and reasonable estimates of the ending available resources for all funds,. The budget should also include a budget message and information on interest, amortization, or redemption charges on debt.

- B. Budget to actual comparisons are not performed prior to approving expenditures. Our review of the board minutes found no discussion of budgetary concerns prior to the approval of payments of expenditures. In fact, in many instances, expenditures were approved when the board was aware that the General Fund and Sewer Fund had deficit balances. The board has not adequately monitored the financial position of the city by utilizing the budget document as a tool to monitor and control city finances.

Financial reports should identify the city's financial position and any significant changes in the approved budget. Budget to actual comparison should be performed periodically to ensure that budgets are not overspent and funds are available for expenditures.

- C. The City Collector is not filing an annual report of all the city's receipts with the board as required by Section 79.310, RSMo 2000, nor are the other city officials filing annual reports with the board as required by Section 79.340, RSMo 2000. These annual reports are necessary to explain the budget to actual statements of each office and department, and to provide the board with information to prepare the upcoming budget.

WE RECOMMEND the Board of Aldermen:

- A. Ensure complete and accurate budgets are prepared in accordance with state law.
- B. Closely monitor the budget to actual statements presented for the various funds prior to approving expenditures.
- C. Ensure the City Collector and all city officials file all annual reports as required by state law.

AUDITEE'S RESPONSE

- A. *We agree and will ensure that budgets prepared in the future comply with the law.*
- B. *We agree and will implement this recommendation immediately.*
- C. *We agree and will ensure that these reports are filed in the future.*

5. Park Board

Park funds, totaling \$125,698, were transferred to the General Fund without the approval of the Park Board and the Park Board has not prepared an annual report to submit to the Board of Alderman for the past several years.

- A. Park funds were transferred to the General Fund without the approval of the Park Board. In September 2002, the Board of Aldermen authorized a transfer of \$125,698 from the Park Fund to the General Fund. During fiscal years 1999 through 2002, the city transferred approximately \$175,000 from the General Fund to the Park Fund. Due to the financial condition of the General Fund, the Board of Aldermen wanted to transfer a portion of these funds back to the General Fund during fiscal year 2003. The city's attorney provided a written opinion that the city could transfer monies from the restricted fund because the money originally came from the General Fund and the Park Board is only an advisory board. Per our review of the ordinance establishing the Park Board, it appears this board is an administrative board, with exclusive control of the expenditures of all money collected to the credit of the Park Fund. A review of the minutes of Park Board meetings showed no documentation of the approval of this transfer. Because these funds were transferred without the approval of the Park Board and were

previously received by the Park Fund, it appears questionable that the Board of Alderman had the authority to transfer these funds or whether they should have been transferred at all.

City ordinance 1.210, establishes the park board under Section 90.550, RSMo, which states the park board has exclusive control over the expenditure of all park funds. Monies received by a restricted fund become restricted at the time they are received. The transfers made from the General Fund to the Park Fund in past years represent restricted revenue of the Park Fund, and therefore can only be expended for park related purposes. The transfer of \$125,698 to the General Fund does not appear to be related to the parks and therefore appears questionable. The Board of Alderman should consider transferring these funds back to the Park Fund.

- B. The Park Board has not completed an annual report of operations for the past several years for submission to the Board of Alderman, as required by city ordinance and state law. This annual report should state the condition of the Park Fund, the various sums of money received and their sources, the sums of money expended and the purpose, and a proposed budget for the coming year. Additional report information would include improvement recommendations, planned use programs, and such other statistics, information and suggestions as the Board may deem to be of general interest. In addition, the park board has not adopted by-laws to govern their operations, as required by state law.

Section 90.560, RSMo 2000, requires an annual report to the city on or before the second Monday in June. Section 90.550, RSMo 2000, requires the park board to adopt bylaws to govern themselves. The Park Board has not complied with these statutes by completing the report and submitting it to the Board of Alderman and adopting by-laws.

WE RECOMMEND that the Board of Aldermen:

- A. Consider transferring \$125,698 from the General Fund to the Park Fund.
- B. Ensure the Park Board completes its annual reports and adopts by-laws, as required by state law.

AUDITEE'S RESPONSE

- A. *We will take under consideration the auditor's recommendations and investigate ways to resolve their concerns.*
- B. *We will ask the Park Board to implement this recommendation by April 1, 2004.*

6.**Expenditures**

A formal bidding policy was not adopted until November 2002, expenditures requiring advance board approval were not always approved, and several expenditures did not appear to be prudent uses of public funds. In addition, supporting documentation was not available for some expenditures and the city financed several loans for periods of more than 12 months without a vote of the people.

- A. The Board of Alderman did not have a formal bidding policy prior to November 2002. As a result, the decision of whether to solicit bids or proposals for a particular purchase was made on an item-by-item basis. During our audit period, bids were either not solicited or supporting documentation was not retained for on-call utility repair services (\$12,232) or for park lighting and installation (\$21,692) in recent years. In addition, written contracts are not entered into for all services obtained, including the examples mentioned above.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. Bids/proposals can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids/proposals received and reasons noted why the bid/proposal was selected.

Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing. The city should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

- B. Disbursements exceeding the spending authority of the Municipal Coordinator and City Clerk were made without invoices being reviewed and approved by the Board of Alderman, as required by ordinance. The city purchasing policy authorizes the Municipal Coordinator and City Clerk to purchase supplies up to \$500 and capital improvement items up to \$1,000 without prior board approval, if the purchase is authorized in the budget. For 11 expenditures reviewed in excess of the policy limits, none of them had prior board approval. Prior to March 2003, a listing of paid invoices was prepared for the board to review and approve, although many of these invoices exceeded the spending authority of city personnel and should not have been made until the board approved. Invoices were supplied to alderman for their review only upon request. In addition, this listing of paid invoices was not retained with the minutes.

To adequately document the board's review and approval of all disbursements, a complete and detailed listing of invoices should be prepared, signed or initialed by the alderman to denote their approval, and retained with the official minutes. In addition, supporting documentation should be reviewed by the Board of Alderman before payment is made to ensure all disbursements represent valid operating costs of the city, are within budget, and funds are available for payment. Expenditures should not be approved after payment has been made.

- C. The following expenditures do not appear to be prudent uses of public funds:
1. Approximately \$1,500 for the Police Chief's personal cell phone bill during fiscal year 2003, while also providing a city issued cell phone to the Police Chief.
 2. Approximately \$200 was spent in December 2002 for the city employee appreciation dinner.
 3. Approximately \$600 per year for a chaplain to give a blessing at one city council meeting per month, at \$50 per meeting.

The city's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The above expenses do not appear to represent a necessary and prudent use of public funds.

- D. Supporting documentation was not available for some expenditures. Adequate supporting documentation was not available for 8 of 50 expenditures reviewed, including work done on the city park, at a cost of approximately \$50,000, and a public works project totaling approximately \$40,000. All expenditures should be supported by a vendor invoice to ensure the obligation was actually incurred and the expenditure represents an appropriate use of public funds.
- E. The city entered into financing agreements for the purchase of two vehicles, indebting the city's taxpayers for terms greater than one year. A Chevrolet Tahoe SUV costing approximately \$33,000 was purchased for the Police Chief as a personally assigned vehicle and a one-ton truck, costing approximately \$25,000, was purchased for the Public Works Department. These vehicles were purchased using financing instruments with terms of five and four years. The city was unable to support how these financing agreements were done in accordance with state law. It appears the city may have entered into these financing agreements due to the fact that the General Fund cash balance was low or negative.

Financing contracts, absent a cancellation clause, obligate the city for future periods. This appears to violate the intent of the Missouri Constitution on legal indebtedness absent a vote of city taxpayers. Article VI, Section 26(a), of the Missouri Constitution states that no city shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years, except as otherwise provided in the

Constitution. Article VI, Section 26(c), of the Missouri Constitution allows cities to incur debt by bond issue only after approval of two-thirds of the qualified electors voting thereon.

WE RECOMMEND the Board of Aldermen:

- A. Follow city purchasing policy ordinances by obtaining bids, proposals or quotes for significant purchases, and support these actions by including documentation regarding the bids or quotes received and justification for the bid selected. Enter into a contract with all vendors for goods and services as required by ordinance.
- B. Review and approve the expenditure of city funds prior to the disbursements being made. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.
- C. Ensure all expenditures from city monies are a prudent use of public funds.
- D. Ensure that all expenditures are appropriately supported by adequate documentation.
- E. Not incur debt in violation of the constitution.

AUDITEE'S RESPONSE

- A. *We have a bidding policy in place. However, in the event of emergencies such as disasters, we may not be able to solicit bids, but will document this in our minutes, if this occurs.*
- B. *We agree and will begin doing this immediately.*
- C. *We agree and will take this recommendation under advisement.*
- D. *We agree and will ensure adequate documentation is maintained for all expenditures in the future.*
- E. *We agree and will avoid doing this in the future.*

7. Municipal Court

Duties are not adequately segregated and a review of the Court Clerk's work is not performed, accounting control problems were noted, court records are not always adequately safeguarded, and adequate documentation for void tickets is not maintained.

- A. The duties of receiving, recording, and depositing court receipts are not adequately segregated. Currently, the Court Clerk performs all these duties. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented supervisory review of the reconciliation between receipts and deposits.
- B. The municipal court accepts cash, checks, and money orders for fines and court costs. Although the receipt slips indicate the method of payment received, the composition of receipt slips is not reconciled to deposits. To ensure receipts are deposited intact, the composition of receipt slips issued should be reconciled with the composition of monies deposited.
- C. The Court Clerk does not maintain a bond ledger and does not prepare an open items (liabilities) listing and reconcile it to the bank balance monthly. At December 31, 2002, the balance in the bond account was \$1,300, of which only \$1,000 could be identified.

The court should establish a bond ledger indicating the related case, date and amount of receipt, and date of disbursement to ensure proper accountability of bond collections. A monthly listing of open items is necessary to ensure accountability over open cases and to ensure monies held in trust by the municipal division are sufficient to meet liabilities. In addition, an attempt should be made to determine the proper disposition of these excess monies. For those monies which remain unclaimed, Section 447.595, RSMo 2000, requires funds remaining unclaimed for one year after disposition of the case to be turned over to the state's Unclaimed Property Section.

- D. Court records are not being adequately safeguarded. The file cabinets in the clerk's office have locks, but the key is missing, so the cabinets are not locked. The balance of the records are kept in cardboard boxes in the furnace/storage room downstairs in the city hall that cannot be locked. Also, blank receipt books are not securely kept in locked areas such as a file cabinet or desk drawer. To decrease the risk of loss, theft, or misuse, all court records should be maintained in locked cabinets and not accessible to the general public.
- E. The Chief of Police voided some tickets without maintaining an affidavit documenting the reason for this action and did not maintain all copies of some voided tickets. The Police Department issues an average of 125 Uniform Traffic Tickets (UTT) monthly. Each ticket has five copies, one for the defendant, one for the officer, and three court copies. Of the 38 UTTs voided during the period December 11, 2001 to April 6, 2002, 24 were not supported by an affidavit documenting the reason for voiding the ticket. In addition, for 19 of the 38

voided tickets we reviewed, all five copies of the ticket were not on hand. The defendant had signed the ticket for 18 of these 19 tickets, and 14 of these were missing the defendant's copy of the ticket, indicating the ticket was voided after it was issued.

To ensure the proper disposition of tickets issued by the Police Department, supporting documentation to evidence the reason for voiding a ticket, and all copies of voided tickets, should be maintained.

WE RECOMMEND the municipal court:

- A. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, there should be a documented supervisory review of the reconciliation between receipts and deposits.
- B. Reconcile the composition of receipt slips to the composition of deposits.
- C. Prepare monthly listings of open items and reconcile to the cash balance. Differences between open items and cash balances should be investigated and resolved.
- D. Safeguard all court records by keeping them in a secure area.
- E. Ensure all voided tickets are accounted for properly by maintaining an affidavit for the reason being voided and all copies of the ticket.

AUDITEE'S RESPONSE

The board responded:

A&B. We agree and have implemented these recommendations.

C, D,

&E. We agree and will discuss these issues with the judge.

The Municipal Judge responded:

The city prosecutor will be the only individual that will 'void' uniform traffic summons and he will develop criteria for the justification of each such action. A log will be maintained to facilitate the tracking of all new and used uniform traffic summons. A copy of that log will be supplied to the court by the police department for verification and will be maintained in the court's files. All municipal court records will be secured in a locked area and restricted access will be maintained at all times.

Further, procedural policies have been implemented to require verification between the clerk and deputy clerk of all financial accounting and banking deposits with reconciliation occurring

routinely. The municipal judge will oversee that these practices are strictly adhered to and will sign off on a monthly accounting ledger summary detailing all transactions of the court's prior months activities.

8. Conflict of Interest

The Board of Aldermen apparently violated city ordinance by investing \$11,000 with a local investment firm, who employed one of the former aldermen. While the board minutes indicate that he voted for investing funds with this firm, the monthly investment reports for June 2001 through December 2001 listed the former alderman as the representative for this account. The former alderman indicated he received no personal financial gain from the city's investment account. This action appears to represent a conflict of interest.

City ordinance prohibits city officers and employees from engaging in any transactions with a business entity in which they are an officer, agent or member. Discussions and decisions concerning transactions where a potential conflict of interest exists should be completely documented so that the public has assurance that no city official or agent has profited improperly.

WE RECOMMEND the Board of Aldermen avoid apparent conflicts of interest. Also, in the future, if a board member is considered to provide services for the city, that member should abstain from voting on the purchase and that action should be adequately documented in the board minutes.

AUDITEE'S RESPONSE

We agree and will avoid these type of transactions in the future.

9. Board Meetings, Minutes, and Ordinances

Procedures for holding and documenting both closed and open session board meetings are in need of improvement and a policy had not been established for accessing public records. In addition, the combining of the position of Municipal Coordinator and Police Chief appears to violate state law, and compensation, terms of office, and duties have not been established for some employees by ordinance, as required.

- A. The board regularly conducts closed meetings. Minutes were not prepared to document the matters discussed in closed meetings, and board minutes did not always indicate the specific reasons for closing the meetings. Typically, the agenda and minutes would make a general reference to a closed session related to litigation, real estate transactions, and personnel issues, but would not list which issues would be discussed at the proposed meeting.

Section 610.020, RSMo 2000, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel issues. Section 610.022, RSMo 2000, requires a record or vote be held for the specific reasons announced publicly at an open session. This law provides that public governmental bodies shall not discuss other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

Without the preparation of closed minutes, there is less evidence that the provisions of the Sunshine Law, Chapter 610, RSMo 2000, regarding these closed meetings, have been followed.

- B. The board minutes do not always include sufficient detail of matters discussed and actions taken. For example, the board minutes did not include sufficient detail regarding the discussion and vote on ordinances or the appointment of the City Engineer to the Planning and Zoning Commission. Complete and accurate minutes provide an official record of board actions and decisions.
- C. Prior to March 2003, the city had not formally established a policy regarding access to city records. The city recently established written rules for accessing the records and the Board of Aldermen officially adopted these rules during our audit.

Section 610.023, RSMo 1994, indicates that each public governmental body is to appoint a custodian who is to be responsible for the maintenance of that body's records and establishes guidelines for making city records available to the public. To ensure compliance with state law, the city should adopt formal policies regarding the location of city records, the persons responsible for maintaining each record, and procedures for citizens to request access to public records and how the city will handle these requests.

Written policies would establish procedures for the residents to follow and the cost for the requested information. In addition, written policies would help avoid misunderstandings regarding the availability of public city records.

- D. Open meeting minutes are prepared by the City Clerk and signed by the Mayor and the Clerk; however, some meeting minutes were not approved timely by the Board of Aldermen. Occasionally, minutes for as many as four meetings would be approved during a session. For example, during the January 16, 2003 meeting, the minutes for the November 6, 2002, November 25, 2002, and December 9, 2002 meetings were approved and in the March 10, 2003 meeting, the minutes for January 16, 2003, February 5, 2003 and February 10, 2003 were discussed, but only the minutes for the two February meetings were approved.

By not approving minutes on a timely basis, there is less assurance the matters discussed at the board meeting are accurately reflected in the approved minutes. Approving minutes four meetings or more later does not provide a timely and

effective record of the activities of the board to the public. The minutes should be prepared and signed by the City Clerk, approved by the board and signed by the mayor immediately upon approval by the board to provide attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

- E. The combination of the positions of Municipal Coordinator and Chief of Police appears to violate state law. These two positions were combined in 1997, and internal memos and board meeting minutes reviewed referred to the municipal coordinator position as the city administrator. The job description for the city's municipal coordinator position appears to be very similar to that of a city administrator and the responsibilities assumed by the municipal coordinator appear to be that of an administrator.

Section 77.044, RSMo 2000, states that a city administrator shall devote his full time to the performance of the duties of his office. Statutes require the city administrator's position to be full time and therefore would prohibit this combination of positions.

- F. Compensation, terms of office, and duties for all appointed officials have not been established by ordinance as required by state law. The municipal coordinator provided job descriptions for all city employees, but the duties of appointed officials varied from or conflicted with those which had been established by ordinance or the duties as required by statute. In addition, the compensation of all other city employees is not established by ordinance.

Sections 79.270 through 79.320, RSMo 1994, require that duties, powers, compensation, and the term of office of city officials and employees be established by ordinance. Also, compensation rates set by ordinance, in addition to meeting statutory requirements, document the approved amounts to be paid and reduce potential misunderstandings regarding the amount of pay each city official and employee is to receive. In addition, ordinance hearings provide for public input and information concerning the salaries and benefits paid.

WE RECOMMEND the Board of Aldermen:

- A. Ensure minutes are prepared for all closed meetings and the specific reasons for going into closed session are stated in the minutes and on the agenda.
- B. Ensure all significant discussions, actions taken, and information required by state law are included in the minutes.
- C. Develop written policies regarding procedures to obtain access to, or copies of, public city records.

- D. Ensure minutes are approved for all meetings timely in order to attest to the accuracy and completeness of the minutes.
- E. Consider separating the Municipal Coordinator and Chief of Police positions.
- F. Establish by ordinance the salaries or pay rates, duties and applicable terms of office for all officials and employees.

AUDITEE'S RESPONSE

- A. *We agree and will ensure minutes are prepared for closed meetings and specific reasons for going into closed sessions are properly disclosed in the future.*
- B. *We agree and will ensure meeting minutes are more detailed in the future.*
- C. *We agree and have already implemented this recommendation.*
- D. *We agree and will ensure these are approved more timely in the future.*
- E. *We agree. The position of municipal coordinator has been eliminated.*
- F. *We agree and will correct this matter by April 1, 2004.*

10.	Planning and Zoning
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The city does not have a comprehensive city plan and does not follow its own ordinance for the establishment of the Planning and Zoning Commission.

- A. The city does not have a comprehensive city plan that would allow the Board of Aldermen to adequately plan or budget for community development and expansion, utility upgrades, street repairs, and maintenance. A comprehensive plan gives the physical development of a municipality to the extent shown by maps, plats, charts, and descriptions and explanations of the commissions' recommendation for the uses of land for present and future uses and the repair, replacement and maintenance of existing infrastructure.

Section 89.340, RSMo 2000, states that the plan may include streets and other public byways, public and privately owned lands, utilities, blighted areas for redevelopment and proposed developments, replacement of streets, annexations and other such changes to the nature and character of the area incorporated in the municipality. A comprehensive city plan would enable the city to plan and prepare for future capital expenditures, prepare effective and useful budgets, as well as plan for capital financing.

- B. The city has not followed its ordinances for the establishment of the Planning and Zoning Commission. The City Engineer sat on the board instead of the city's building inspector. City ordinance states that the mayor, one alderman, and the city's building inspector are to be the members of the Planning and Zoning Commission, with the balance of the board to be made up of six appointed citizens.

The City Clerk found no evidence that the city engineer was appointed to the board and could not be a citizen board member since he is not a resident of the city. The Municipal Coordinator and the city engineer stated that the prior city attorney indicated that the City Engineer, being the highest-level public works official, should sit on the board. We found no documentation to support this.

To ensure planning and zoning issues are dealt with properly and in accordance with state law, the board should take steps to ensure the proper individuals serve on the board in the future.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the Planning and Zoning Commission prepare and adopt a comprehensive city plan to adequately plan and budget the city's resources.
- B. Follow the city's ordinances and ensure the building inspector is a member of the planning and zoning commission and that all citizen members are residents of the city.

AUDITEE'S RESPONSE

- A. *We agree and we will ensure a plan is developed by April, 2005.*
- B. *We agree and we will review the make up of the board and take action by February 1, 2004.*

11. Street Maintenance Plan

An annual maintenance plan for city streets has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to continually and

more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Aldermen prepare a formal maintenance plan for city streets at the beginning of the fiscal year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

We agree and are already working on this. We plan to have it done by the end of the fiscal year.

12. Fixed Assets

Fixed asset records are in need of improvement and vehicle usage is not adequately monitored.

- A. The city has not prepared and maintained permanent, detailed property records for general fixed assets, including the cost of land, buildings, equipment, and furniture owned by the city, or for the sewer system. In addition, some assets have not been properly tagged with property tags and annual physical inventories are not performed.

Property records for general fixed assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. To develop appropriate records and procedures for general fixed assets and the fixed assets of the sewer system, the city needs to undertake a comprehensive review of all property owned by the city. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all fixed asset transactions, and ensure the accuracy of the recorded fixed assets. Periodically, the city should take physical counts of its assets and compare to the detailed records.

- B. The city does not monitor its vehicle usage or keep logs to support business versus personal use. The city has five vehicles assigned to the police department and five vehicles assigned to the public works department. Both departments maintain maintenance and repair logs, but neither maintains usage logs on all vehicles, which show daily usage and fuel purchases. The board does not review the records which are maintained, and since no usage or fuel logs are kept, a reconciliation of gasoline purchases to gasoline usage cannot be performed and personal use of these vehicles could go undetected. At least two employees, the Police Chief and public works Superintendent, were assigned take-home vehicles, but no personal use was reported for federal tax purposes.

Logs are necessary to document appropriate use of the vehicles and to support gasoline charges. The logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, as well as the operation and maintenance costs. These logs should be reviewed to ensure the vehicles are being properly utilized, and help identify vehicles which should be replaced. Information on the logs should be reconciled to fuel purchases and other maintenance charges. Personal use should be reported for tax purposes when required.

WE RECOMMEND the Board of Aldermen:

- A. Maintain property records for general fixed assets and the fixed assets of the sewer system that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed.
- B. Maintain complete and accurate logs reporting mileage, usage, and maintenance for each vehicle. A supervisor should review the logs periodically for completeness and reasonableness and ensure all personal use is properly reported.

AUDITEE'S RESPONSE

- A. *We will attempt to develop appropriate fixed asset records, which include all pertinent information, by July 1, 2004. We will begin to perform annual inventories of all assets during the current fiscal year.*
- B. *We do maintain some information regarding vehicle usage now, but agree that this information would be more useful if it were accumulated in a vehicle log. We plan to implement this recommendation by January 1, 2004 and will ensure these logs are reviewed periodically.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF GREENWOOD, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Greenwood is located in Jackson County. The city was incorporated in 1963 and is a fourth-class city. The population of the city in 2000 was 3,952.

The city government consists of a mayor and four-member board of aldermen. The members are elected for two-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other principal officials at June 30, 2002 were:

Elected Officials	Term Expires	Compensation Paid for the Year Ended June 30, 2002	Amount of Bond
D. Kevin Adey, Mayor	April 2004	\$ 600	\$ 50,000
Mark Pearson, Alderman (1)	April 2003	1,200	50,000
Sharon Hutinett, Alderwoman	April 2004	1,200	50,000
Joe O'Daniels, Alderman (2)	April 2003	800	50,000
Bill Regan, Alderman (3)	April 2003	1,200	50,000
 <u>Other Principal Officials</u>			
Kim Arth, City Clerk		31,218	\$ 50,000
Kendra Laudenslager, City Collector (4)		27,105	50,000
Harry Gurin, Chief of Police/Municipal Coordinator (5)		61,485	50,000
Travis Kiefer, City Engineer (6)		63,000	
Steven Mauer, City Attorney (7)		6,500	
Jerry Rellihan, City Prosecutor		8,400	
Hugh Ryan, Municipal Judge		5,400	

- (1) Tony Nunn was elected in April 2003.
- (2) Resigned in October 2002 and replaced by Victor Robles in November 2002. Mark Dziedzic was elected in April 2003.
- (3) Neil Kounkel was elected in April 2003.
- (4) Resigned in August 2003 and replaced by Cynthia Inman in September 2003.
- (5) Municipal Coordinator position was eliminated in June 2003.
- (6) Full-time City Engineer position was eliminated in May 2003. This position will be filled on an "as needed" basis.
- (7) Compensation paid to the attorney's law firm.

In addition to the officials identified above, the city employed 9 full-time employees on June 30, 2002.

Assessed valuations and tax rates for year 2002 were as follows:

ASSESSED VALUATION

Real estate	\$ 31,921,962
Personal property	<u>9,279,131</u>
Total	<u><u>\$ 41,201,093</u></u>

	<u>Rate</u>
General Fund	\$ 0.48
Fire & Ambulance Protection	0.65
Fire Hydrant Inspection & Maintenance	0.02

The city has the following sales taxes; the rates are per \$1 of retail sales:

	<u>Rate</u>	<u>Expiration Date</u>
General	0.01	None
Transportation	0.005	None
Local Parks	0.005	10/01/06



**STATE DATA CENTER
COMPREHENSIVE CONTINUITY PLANNING AND
MAINFRAME SECURITY ADMINISTRATION**

**From The Office Of State Auditor
Claire McCaskill**

The State Data Center comprehensive continuity planning is not complete. Mainframe security weaknesses increase risk for unauthorized system use or modification.

**Report No. 2003-113
November 26, 2003
www.auditor.state.mo.us**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

November 2003

Comprehensive continuity plan for the State Data Center needs to address risks and responsibilities

This audit reviewed the State Data Center's comprehensive continuity plan and security administration. The Office of Administration, Division of Information Services established the State Data Center, which processes mainframe data, stores data, and backs up state data systems. Without a complete continuity plan, there is limited assurance information technology processing could be promptly resumed after a disaster or other disruptive event. Security control weaknesses put mainframe data at risk for unauthorized use or modification. The following highlights the findings:

Data center recovery plans missing key items

The comprehensive continuity plan is used to restore the state's operating system to recover critical state agency applications during a disaster. Auditors found some necessary information was not included in the recovery plan. Examples include: guidelines on how to use the plan; assumptions used for developing the plan; different procedures for various recovery scenarios from minor to total loss of processing capability; identification of the plan's limitations; an order of succession to follow for decisions; and procedures or objectives for testing the plan. (See page 3)

Plan lacks enough detail for data center recovery teams

Division officials' plans for two of the three recovery teams rely on the teams reacting to disasters without a detailed response plan, which could be detrimental to successful recovery. Standards state a detailed plan is necessary for recovery personnel who will respond, recover capabilities, and/or return the system to normal operation. These personnel need to clearly understand each step they are to execute and how their team relates to other teams. (See pages 4 and 5)

Access to the recovery plan has not been sufficiently restricted

Weaknesses in establishing access rights to the recovery plan allowed at least 1,000 OA employees to receive unnecessary plan access. Officials have not developed formal procedures to evaluate access rights to the confidential portion of the data center's disaster recovery plan. OA officials took immediate action to remove the unnecessary plan access. (See page 6)

YELLOW SHEET

Contract procedures for alternate facility are not adequate

The initial data center contract for an alternate facility, necessary in the event the data center cannot be used, was to have ended with fiscal year 1999 and was not re-bid until over two years later. Bids were then solicited for configuration settings that would not be used. (See page 7)

Mainframe and customer security control weaknesses increase risk

Management practices and the data center customer procedures manual do not provide sufficient computer security procedures for agencies, or require agency mainframe security to be monitored. At April 30, 2003, 38 percent of over 45,000 active data center IDs had some security weakness including: no password change interval, not accessed for more than 90 days or never accessed, and no assigned or associated user name. (See pages 10 and 11)

All audit reports are available on our website: www.auditor.state.mo.us

**STATE DATA CENTER
COMPREHENSIVE CONTINUITY PLANNING AND
MAINFRAME SECURITY ADMINISTRATION**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Jacquelyn D. White, Commissioner
Office of Administration
Jefferson City, MO 65102

The State Auditor's Office audited the State Data Center's (data center) comprehensive continuity planning preparedness and administration of security controls for information and data stored on data center resources. The objectives of this audit were to evaluate if the Office of Administration's data center management had (1) defined and implemented a comprehensive continuity plan to recover state computer processing operations in case of a disaster or other unexpected interruptions and (2) established adequate administration procedures over security controls to ensure the integrity, confidentiality, and availability of data and information on the mainframe.

We concluded the current comprehensive continuity plan had several missing items and access to the confidential portions of the plan was not appropriately restricted. In addition, data center management needs to monitor agency system security as well as develop internal policies.

We conducted the audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Assistant Director of Audits:	Jon Halwes, CPA, CGFM
Information Systems Audit Manager:	Jeff Thelen, CPA
In-Charge Auditor:	Tara Shah, CPA
Audit Staff:	Frank Verslues
	Lori Melton, CPA

RESULTS AND RECOMMENDATIONS

1. Comprehensive Continuity Plan Needs To Address Risks and Responsibilities

Although State Data Center (data center) officials have developed a comprehensive continuity plan, our audit noted a risk for disruptions still exist because officials have not:

- Identified and developed all necessary contents of a continuity plan and analyzed potential risks and threats.
- Adequately restricted access to the current comprehensive continuity plan.

The data center processes mainframe data, stores data, and backs up state data systems. Without a complete continuity plan, there is limited assurance information technology processing could be promptly resumed after a disaster or other disruptive event. Unnecessary access to the plan increases the risk of compromising data center operations. Since data center operations are crucial to state business operations, recovery preparedness must be as complete as possible. The plan's missing items resulted from data center officials being unable to identify standards specific to a mainframe environment and the lack of an overall recovery framework by the Office of Administration (OA). In addition, data center officials had not reviewed disaster plan access rights since it was developed.

Description of comprehensive continuity planning

An organization must take steps to ensure it is adequately prepared to cope with a loss of operational capability. An organization's ability to accomplish its mission can be significantly affected if it loses the ability to process, retrieve, and protect information maintained electronically. Three main classes of events might affect an organization's ability to continue business operations: an unplanned incident or accident such as an explosion or fire, a natural disaster such as a tornado or earthquake, or a deliberate act.

An essential element in preparing for such catastrophes is an up-to-date, detailed, and fully tested continuity plan. Comprehensive continuity planning includes business continuity and information technology recovery. With business continuity planning, an organization is ensuring the availability of all business resources and supporting information technology necessary to continue/resume business processes. For information technology recovery planning, the organization is ensuring the availability of information technology resources required to support the continuity or recovery of business processes. A comprehensive continuity plan specifies emergency responses, backup operations, and restoration procedures to ensure the availability of critical resources and facilitate the continuity of operations. It addresses how an organization will deal with a full range of contingencies, from electrical power failures to catastrophic events, such as earthquakes, floods, and fires. The plan also identifies essential business functions and ranks resources in order of criticality. To be most effective, a continuity plan should be periodically tested in disaster simulation exercises and employees should be trained and familiar with its use.

Criteria used to evaluate the data center's comprehensive continuity planning

No state regulations currently require agencies to develop, implement, and maintain a comprehensive continuity plan. However, federal, national and international comprehensive continuity planning standards exist. For our review of comprehensive continuity planning, we used accepted standards from the following sources:

- National Institute of Standards and Technology
- American Institute of Certified Public Accountants
- Canadian Institute of Chartered Accountants
- Information Systems Audit and Control Association
- United States General Accounting Office

The OA, Division of Information Services established the data center which provides: technical and operational support, network services, and information security management. The data center disaster recovery coordinator, who is developing the comprehensive continuity plan, is assigned to the Information Security Management Office, established in August 2001.

Standards state organizational policies should require a continuity planning framework to ensure consistency in continuity plans and inclusion of all necessary items in the plans. OA officials have not established an office-wide outline guiding division management to the general issues needed in the plan.¹ The framework should define the roles, responsibilities, and the risk-based approach/methodology to be adopted, the rules and structures to document the plan, and the approval procedures. *See Appendix II, page 17, for key terms and definitions used in the report.*

Recovery plans missing key items

The data center comprehensive continuity plan has a public access section and 10 confidential appendixes. The plan is applicable to the data center operations and how personnel plan to restore the state's operating system to support the recovery of critical state agency applications during a disaster. Audit results showed the plan does not include the following necessary data:

- Guidelines on how to use the plan.
- The assumptions used for developing the plan.
- Different procedures for various recovery scenarios from minor to total loss of processing capability.
- Identification of the plan's limitations. For example, a statement that the plan does not include evacuation procedures.
- An order of succession to follow for decisions.
- Procedures or objectives for testing the plan.
- Determination of team availability and organization of schedules.
- Detailed individual and team responsibilities.
- Salvage and media reclamation procedures.

¹ Reported in report number 2003-108, *Comprehensive Continuity Planning and Information Resource Security Management of the State's Accounting System (SAM II)* issued October 23, 2003.

- Restoration planning for the alternate site including plans for: hardware, software, connectivity, communications, security, and applications and support.
- Security and control requirements for operations when alternate processing methods and/or facilities are used.
- Procedures to clean the alternate site, especially of sensitive materials.

These missing items partially resulted from the OA not having a continuity planning framework. Data center officials also said they were unable to identify standards specific to a mainframe environment. Accepted national and international standards provide informative descriptions of items, such as those listed above, that need to be considered and documented in recovery planning for all types of systems including mainframes.

Standards also state criteria necessary to activate the plan should be clearly documented. The recovery coordinator has documented criteria which states, "in the event of a disaster, the SDC Disaster Recovery Plan will be initiated..." and has defined the term "disaster." The definition is a general listing of common disasters. However, the listing of disasters is so broad the disaster recovery plan would be initiated for unnecessary events, such as a general electrical power outage. This weakness suggests the criteria to activate the plan needs to be more detailed.

The plan does not provide enough detail for data center recovery teams to carry out their responsibilities.

Division officials' plans for two of the three recovery teams rely on the teams reacting to disasters without a detailed response plan which could be detrimental to successful recovery. The plan notes three recovery teams: disaster recovery management, administrative, and enterprise (which includes technical support, operations, and network operations units). These units will be responsible for reestablishing the operating system, connections, and a workable environment between the data center, users, and the alternative site. The disaster recovery coordinator explained detailed response plans will be developed for the enterprise team units but no response plans will be developed for the other two recovery teams. This can be problematic. As an example, the disaster recovery management team has to determine the degree of facility and/or computer equipment disability. Team members have no guidance on what procedures they are to perform or conclude. Standards call for detailed procedures for damage assessment. These procedures should include activities to determine the cause of the disruption; potential for additional disruption or damage; affected physical area and status of physical infrastructure; status of information technology equipment functionality and inventory, including items to be replaced; and estimated time to repair services to normal operations. Standards state any recovery personnel who will respond to the disaster event, recover capabilities, and/or return the system to normal operation need to clearly understand each step they are to execute and how their team relates to other teams.

Tolerable down time needs to be evaluated periodically

The timeline for obtaining and packaging off-site media, transporting it to the hot site,² loading the tapes into the machine, and restoring the operating system is not based on specific agency outage limitations. Standards require management to determine a maximum tolerable outage time for critical business functions. In 2000, data center officials met with user agency representatives and presented different recovery options and the associated costs. According to data center officials, user agency representatives decided their operating system recovery preferences were not affordable and accepted the data center's current recovery plans for an outage period of up to 5 days. However, since these decisions were made 3 years ago, data center officials should evaluate the current customer requirements and assess risks to determine a tolerable outage time. This outage tolerance should be used in the planning process to meet customer needs.

Equipment replacement responsibilities and sources are not clear

The continuity plan's listing of all system hardware does not clearly state who is responsible for replacing damaged or destroyed hardware in a disaster. The listing includes hardware, which is owned by other state agencies. The coordinator explained this listing is to be used to ensure the environment of the data center can be reconstructed. However, he stated the data center would only be responsible for replacing hardware purchased and owned by the data center.

Vendor information contained in the plan does not identify the equipment or software available from the vendors and any applicable contract numbers. Without necessary vendor information readily available during a disaster situation, it will be difficult for personnel to timely purchase replacement equipment.

There is no documentation of business supplies, furniture, and personal computers and related peripheral equipment needed to maintain operations at an alternate site. For example, the current draft action plans of the enterprise team state it would need 10 personal computers at the alternative local site for restoration procedures; however, these computers are not provided for in the plan.

Configurations of the alternative site are not supported

There is no documentation to support the specific configurations outlined in the alternate facility contract that will be used in case of a disaster where the data center site is not available. The contract configurations are much lower than the current operational capacity of the data center. Data center officials stated technical support personnel instinctively know what configuration is required to support the hot site readiness and that knowledge is used to determine contract parameters. However, without documentation supporting these configurations, it is unclear if the capacity limits are sufficient to restore applications. Table 1.1 shows the total operational capacity of the data center and the current contracted capacity at the hot site.

² See Appendix II, page 17, for key terms and definitions used in the report.

Table 1.1: Capacity Comparison State Data Center and Hotsite

Capacity	Processing Capacity	System Storage	Direct Access	
			Storage Device	Internet Connectivity
Per Contract	690 MIPS ¹	16 GB ²	10.00 TB ³	10 Mbps ⁴
Current Operations	3,716 MIPS	38 GB	9.16 TB	47 Mbps
Difference	(3,026) MIPS	(22) GB	0.84 TB	(37) Mbps

Source: Data center officials and disaster recovery contract

¹ MIPS - Millions of instructions per second

² Gigabytes

³ Terabytes

⁴ Megabits per second

Standards state that management should ensure information technology recovery plans and arrangements are based on current needs. The data center customer procedures manual states: "A hardware configuration similar to what is available in the current data center will be provided at the alternate computer facility. The CPU and peripherals are sufficient to support the current production workload." This statement would infer that 100 percent of the current operational capacity will be provided in a disaster even though this is not the capacity planned for. The inconsistency could result in agency confusion over the applications to be restored.

Access to the recovery plan has not been sufficiently restricted

Weaknesses in establishing access rights to the recovery plan allowed at least 1,000 OA employees to receive unnecessary plan access. Data center officials indicated shortcuts taken by personnel in establishing access rights caused this problem. Officials have not developed formal procedures to evaluate access rights to the confidential portion of the data center's disaster recovery plan. Recovery plan access would not be necessary for most OA employees working outside of the data center. Also, some data center personnel have access rights to the plan individually and within a user group. The network administrator in charge of establishing access rights stated individual access was not necessary if access was already available through a user group. After discussion of these issues with data center officials, plan access for OA personnel outside the data center was removed and one official stated the access rights for the remaining users will be reviewed.

Officials need to evaluate the impact of risks or threats

Data center officials do not have procedures to analyze the impact of various disruptive events. According to accepted standards, potential risks and exposures should be updated on an ongoing basis. A business impact analysis would consider different types of risks and threats and their corresponding impact on business functions. Potential business interruptions as well as maximum tolerable down times should be identified. This analysis will allow officials to identify how long a critical function may be down, the impact on other business functions if it is out longer than anticipated, and what alternatives should be considered to resume business operations. Standards state the continuity plans should address disasters of varying degrees, and an impact analysis would provide the means to consider different scenarios.

Various strategies are available for recovering business operations. The appropriate strategy balances preventive and recovery costs against the business impact of possible outages. This business impact analysis would allow officials to select the most appropriate alternative to resume operations based on the risks identified.

Backup and off-site storage procedures are not adequately documented

Personnel cannot readily identify all the files and data being backed up, how often the backup is performed and how long the backup files are retained off-site. These weaknesses occur because these items are not documented or only documented in the job control language of the computerized backup job.

Accepted standards state backup and off-site storage plans should:

- Document backup procedures for data files and software.
- Document procedures for off-site storage, or availability of all material which would be required to restore and recover critical business functions within their identified maximum outage time.
- Ensure appropriate retention cycles have been established for critical off-site storage documentation based on the business needs and risks.
- Ensure information technology management approves backup and off-site storage procedures.

Standards state backup tapes should be retrieved on a regular basis from off-site storage and tested. The testing should ensure data required to resume/recover critical business processes are being stored correctly and the files may be retrieved without errors or lost data. Data center personnel do not routinely test backup systems and data outside of the annual recovery test. An October 1999 study performed by IBM stated the data center should increase the frequency of disaster recovery testing. IBM stated business continuity plans may fail while being tested because of incorrect assumptions, oversights, or changes in equipment or personnel.

Contract procedures for alternate facility are not adequate

The initial data center contract for an alternate facility was not re-bid timely and request for proposal (RFP) documents for the re-bid contract did not include appropriate configuration settings. The data center has a contract to provide an alternate computer facility in the event the data center cannot be used. In a disaster situation, data center officials will activate the disaster recovery plan and resume processing from the alternate computer facility. The alternate computer facility agreement for fiscal year 1996 was extended over 2 years past its contractual 3-year renewal period, which was to have ended with fiscal year 1999. The contract's procurement officer noted he mistakenly allowed the first year extension to occur, but stated the last year and a half extension occurred because the next new contract was under development. State data center officials stated the contract bidding was delayed due to extensive discussions with the legislature and user agencies over funding available for disaster recovery preparedness.

When the contract was re-bid, bids were solicited for configuration settings that would not be used. Data center personnel explained they did not use current system settings in the RFP because they did not expect those same settings to be relevant when the contract was finalized. The RFP included three configurations: the bare minimum production, full production without Internet capability, and full production with Internet capabilities, none of which were put into place once the contract bid was accepted. There is less assurance the data center is getting the best costs possible without re-bidding contracts timely and using actual specifications in the bidding process.

Conclusions

Data center officials have taken significant steps in development of a comprehensive continuity plan; however, the current plan still lacks several items. Officials have not performed an analysis of the risks the data center is susceptible to and the likelihood of the risks. Data center operations face significant risks without a completed comprehensive continuity plan, an impact analysis, and adequately documented and tested backup procedures. In addition, data center officials had not taken sufficient steps in restricting access to the confidential sections of the plan until we reported access problems to them.

Recommendations

We recommend the Commissioner, Office of Administration:

- 1.1 Complete development and implementation of a detailed comprehensive continuity plan which will support the data center's recovery strategy that ensures critical information systems processing functions can continue in the event of a significant disruption to normal computer operations. Procedures and objectives of testing the plan should be incorporated.
- 1.2 Establish a formal maximum tolerable outage time for the data center's operations.
- 1.3 Review the current access rights to the recovery plan to ensure they are appropriate and necessary as well as prepare procedures for establishing future access to the plan.
- 1.4 Develop procedures to incorporate a periodic impact analysis process to monitor the ongoing requirements of recovery plans.
- 1.5 Develop and document backup and off-site storage procedures for critical data files to support the recovery and resumption of business processes and system operations.
- 1.6 Test off-site backup files more frequently than during the state's annual recovery test.
- 1.7 Improve contract procedures, which should include ensuring planned specifications are used in soliciting bids and re-bidding contracts once renewal options have expired or sooner if warranted.

Office of Administration Comments

- 1.1 *We agree that a detailed comprehensive continuity plan is desirable. However, since our primary objective is to provide critical services to our customers during a disaster, our first priority is a complete disaster recovery plan. We believe that very little of our critical recovery strategy would be covered in a continuity plan. Once we have developed an adequate disaster recovery plan, we will evaluate what is necessary in the continuity area.*
- 1.2 *The State Data Center is governed by a steering committee comprised of all our customers. In the past, we have presented to the committee different disaster recovery options that include outage times and costs associated with changing those outage times. The committee agreed to the current contract's outage times and associated costs are reasonable in the event of a disaster. However, since this has not been reviewed recently, we will present it for review by the steering committee to be sure that it is still acceptable to the agencies.*
- 1.3 *This recommendation has currently been implemented. System access has been reviewed and restricted to authorized personnel within the State Data Center.*
- 1.4 *We agree that an impact analysis would provide additional helpful information to help improve our recovery plans. However, at this time the State Data Center does not have any resources to dedicate to this effort or the money to outsource it.*
- 1.5 *We have developed procedures and made the documentation an integral part of the disaster recovery plan.*
- 1.6 *We agree that having the ability to test the off-site backup files more frequently than once a year would be optimal, however, our current contract only allows for once a year testing. We do not believe the state could afford to do it more frequently. We have however created a section of the mainframe to allow agencies to test applications on a limited basis as often as they desire.*
- 1.7 *We have implemented new bid procedures through the Division of Purchasing.*

2. Mainframe Security Control Weaknesses Increase Risk

Management practices do not provide sufficient computer security procedures for agencies, or require agency mainframe security to be monitored. Other management weaknesses include:

- Lack of security policies and procedures for system administration within the data center.
- Lack of documentation of life-cycle changes for the mainframe security program.
- Inadequate segregation of duties.

Data center officials said the data center operates as a customer service function rather than a policy maker and enforcer. As a result, the state mainframe data integrity, confidentiality and availability are at risk for unauthorized use or modification.

Background

Data center officials safeguard information and data stored on data center resources. The state uses the IBM application Resource Access Control Facility (RACF) as the utility for computer security. The data center is the system administrator of computer access for 14 state entities. The remaining 22 state entities with mainframe access have approximately 250 system administrators within their information systems sections that are responsible for managing access to mainframe resources through RACF. The data center has 5 system administrators with system-wide access and 19 system administrators with access to data center IDs. As of April 2003, there were approximately 45,000 active user IDs on the mainframe system, including 301 IDs of data center staff.

In October 1999, IBM performed a security review and noted there was a lack of uniform security policies and standards which should be implemented by all sections of state government. IBM recommended establishing an information security officer position to act as a central focus for information security issues that could promote and enforce information security for all state information technology functions. The data center responded by creating the Information Security Management Office to coordinate work with steering committees, advisory boards, and the Office of Information Technology to establish "best practices," guidelines, and policies for all state agencies.

Customer security procedures need to be expanded

The data center customer procedures manual does not require agencies to (1) establish a password change interval for all user IDs, (2) periodically review inactive user IDs, (3) review for IDs with expired passwords that were reset and never used again, (4) include the user's name with the ID information, (5) segregate administrator and auditor functions, or (6) obtain and review security violation reports. As a result, 38 percent (17,341 of 45,331) of all active data center user IDs as of April 30, 2003 had some weakness which included:³

³ Includes data center staff further discussed on page 11. Some user IDs had more than one weakness.

- 3,996 IDs had no password change interval established. A password interval notifies the system how often the ID's password must be changed. These IDs will remain active without a periodic password change.
- 9,651 IDs that had been signed onto at least once had not been accessed for 90 days. An additional 3,696 IDs had never been accessed.
- 5,226⁴ IDs had not been signed onto since the password had been reset. 4,139 of these IDs are part of the 9,651 IDs noted above, which have been inactive for at least 90 days. An expired password indicates the user ID's password had been reset, but not used after the reset. Such IDs pose more of a security risk because when the passwords are reset, the reset defaults to an easily determinable password unless overridden by the system administrator.
- 6,622 IDs did not have an assigned and associated user name.
- 11 IDs have access to perform both system administrator and auditor functions.

Data center staff do not monitor the system security actions or established controls of the entities delegated authority to manage their user IDs. For the entities where the data center handles ID administration, data center employees do not automatically prepare security reports for agency staff to review unless requested by the agency. As the system and security administrator of the RACF program, the data center has the ultimate responsibility to ensure system security of the mainframe and its data. Standards state management should assume full responsibility for developing and maintaining a framework policy, which establishes the organization's overall approach to security and internal control to establish and improve the protection of information technology resources and system integrity. The data center needs to establish more detailed security policies for agency system administrators to follow and monitor compliance with those policies to provide better protection to the state's computerized data.

Security policies and procedures for the data center being developed

Data center officials stated until fall 2002, there were no security policies for administration of their staff's mainframe access or the manpower available to monitor IDs. At that time, unofficial security guidelines were created which are still waiting management's approval. A data center employee has been given the responsibility to monitor user access, but has not fully implemented all monitoring procedures. As a result, data center staff access weaknesses still exist.

User IDs need to be properly managed

Data center officials currently do not review user ID access after it is granted and also allow more than one ID to be assigned to a data center employee. As a result, during April 2003:

- 59 active user IDs for data center staff had no password interval established.
- 104 users had their passwords reset but were never logged on.
- 58 data center staff had been assigned 127 user IDs.

⁴ Of these 5,226 user IDs, 817 were reset within a week of the April 30, 2003 report date and all but 14 of those IDs had been logged onto as of June 30, 2003.

The system administrators stated the extra IDs are assigned as a backup in case the employee's main ID is not functional. Although a few of the IDs are used for test purposes, we noted 5 of these IDs were never used and 23 had not been logged on for 90 days or more. In addition to these 28 user IDs, we identified 65 other active mainframe user IDs assigned to data center staff that had not been used for over 90 days. At our request, data center officials reviewed some of these user IDs and deleted access for 19. Officials stated they would review the access for the remaining inactive user IDs as well as the extra user IDs.

Access and security violations are not sufficiently monitored

Data center officials have not taken sufficient steps to ensure system security controls are functioning properly. The first step in establishing effective security is developing procedures for logging appropriate security-related events, monitoring specific access, and investigating apparent security violations. Currently, security features are activated to create an auditing log which includes all RACF command violations for all user IDs on the system, all commands issued by privileged IDs, and all failed actions to critical resources, such as protected datasets.

There are system tools to summarize and analyze the information in the auditing log; however, they are not used. Potential violations are brought to the attention of management by personnel once the concern is noted rather than through periodic review of this log. Documented procedures are not in place to investigate and take necessary action. Accordingly, unauthorized changes to critical security controls could go undetected without routinely reviewing the log. In addition, access to confidential data is not monitored to detect failed attempts or unusual patterns of successful access to such information. Routinely monitoring the access activities of employees can help identify significant problems and deter employees from inappropriate activities.

A security monitoring program should include (1) identifying sensitive system files, programs, and data files on computer systems and networks, (2) using the audit trail capabilities of security software to document both failed and successful access to these resources, (3) defining normal patterns of access activity, (4) analyzing audit trail information to identify and report on access patterns that differ significantly from defined normal patterns, (5) investigating potential security violations, and (6) taking appropriate action to discipline perpetrators, repair damage, and remedy the control weaknesses that allowed improper access.

System administrators' changes were not properly reviewed

Data center officials fail to review the use of privileged accounts. There are five system administrators with global rights over the entire data center computer system, but no policy for monitoring their operations. Accepted standards require effective supervision and review by management and formal operating procedures to help prevent or detect unauthorized or erroneous personnel actions. The security log maintains a record of changes made by the system administrators, but these logs are not reviewed.

Documentation is lacking in system security changes

RACF system security settings were changed but not documented. When the RACF program was installed, there were features a purchaser could customize. Also, since installation, officials indicated some other changes have been made to the RACF settings. These changes occurred without complying with any change management procedures; therefore, management cannot ensure they were made properly. Data center officials stated they felt the system settings themselves were adequate documentation of the changes. No documentation showed these officials approved the changes. Standards state procedures should be implemented to ensure system software changes are controlled with the organization's change management procedures, which should include a formal evaluation and approval by management.

Responsibilities for auditing and system security need to be properly segregated

Staff duties are not properly segregated. Three technical support personnel have privileged IDs with access rights that allow them to perform administration functions as well as auditing functions, including turning on and off system logging. The staff explained the auditing function has access rights to systematically run special reports that two of the technical support personnel need to use during off-peak times and the other staff person needs the auditing function to control the auditing logs. Data center officials feel the administrators need such rights to perform their job function. Standards recommend a division of roles between data security and audit. Officials should review other means of running the reports or implement compensating controls to mitigate this control weakness.

Conclusions

The data center does not have sufficient mainframe security procedures for system users to follow for the administration of RACF user IDs. Data center personnel are not monitoring state entities to determine if they have proper control procedures in place to ensure the information and data on the state's mainframe is secure. Data center system administrators follow no procedures concerning management of data center staff system IDs. The RACF program is not properly controlled through change management procedures. There is a lack of segregation of duties between access rights allowing security and auditing functions within the system.

Recommendations

We recommend the Commissioner, Office of Administration:

- 2.1 Establish security guidelines and procedures for the state entities to ensure adequate controls of access to data.
- 2.2 Establish and perform oversight controls for the RACF system to be used to monitor state entities.
- 2.3 Implement internal security procedures and controls regarding access of data center personnel to ensure the protection of information technology resources and integrity of information technology systems for the state. These procedures should include:
 - Performing documented periodic reviews of user access rights to determine if they remain appropriate.
 - Routinely reviewing security-related events, monitoring access, investigating apparent security violations, and taking appropriate remedial action.
 - Reviewing the actions of privileged accounts.
- 2.4 Perform and document a review of current RACF system security settings to ensure they are appropriate and establish procedures to ensure future changes to system security settings are documented and approved.
- 2.5 Ensure system security duties are properly segregated from auditing duties and access rights are limited to essential job functions. If proper segregation cannot be done, implement compensating controls to limit any resulting control weaknesses.

Office of Administration Comments

- 2.1 *We have security guidelines and procedures in place to ensure adequate controls of access to data. We have reviewed them and made updates necessary to maintain that control.*
- 2.2 *We believe that the current controls in place for RACF for state agencies are adequate. Currently each agency has a RACF administrator who is responsible for the specific data access for their employees. The State Data Center does not have the resources to perform the requested oversight and monitor each state agency. This is currently not within our scope of services and we believe there is no security risk with our current process.*
- 2.3 *Currently the State Data Center does have internal security procedures and controls regarding access of data center personnel. We did perform a review of these procedures and made appropriate changes and improved the current documentation.*

- 2.4 *We have performed a review of the system settings and made changes in the documentation process to better track changes to the system.*
- 2.5 *We have reviewed system security duties and made corrections in limiting the access for each job function as recommended.*

Auditor's Comment

- 2.2 Thirty-eight percent of RACF user IDs having some type of security weakness at April 2003 does not support OA's statement that there is no security risk with current processes. Data center officials have developed new suggested user ID security procedures for data center customers that they anticipate will be added to the customer procedures manual in November 2003. These procedures address most of the weaknesses discussed on page 10. As the system and security administrator of the RACF program, the data center has the ultimate responsibility to ensure system security of the mainframe and its data. Data center officials need to monitor compliance with these new procedures once implemented to better ensure the integrity of the state's computerized data.

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The objectives of this audit were to evaluate if the Office of Administration's (OA) data center management had (1) defined and implemented a comprehensive continuity plan to ensure recovery of business and computer processing operations in case of a disaster or other unexpected interruptions and (2) established appropriate administrative controls over the state's mainframe security application.

Scope and Methodology

Auditors conducted fieldwork during March 2003 through June 2003. The audit included:

- Review of applicable federal, national, and international standards related to comprehensive continuity planning and information resource security controls.
- Review of IBM's RACF manuals.
- Discussion with department personnel involved in comprehensive continuity planning and information resource security controls.
- Review of department records related to comprehensive continuity planning and RACF administration.
- Analysis of user ID information with RACF access.
- Evaluation of management controls pertinent to comprehensive continuity planning and information resource security through RACF.

The audit reviewed the data center's practices and procedures for comprehensive continuity planning and administration of RACF resource security controls. We did not fully evaluate all computer controls and we did not perform any penetration testing.¹

During the audit, we provided OA officials with specific detail on security concerns noted for their immediate consideration.

¹ A test of a network's vulnerabilities by having an authorized individual actually attempt to break into the network. The tester may undertake several methods, workarounds and "hacks" to gain entry, often initially getting through to one seemingly harmless section, and from there, attacking more sensitive areas of the network.

DEFINITION OF TERMS

Some key terms and definitions accepted by the organizations noted on page 3 that have developed national and international standards for computer security include:

Application: Any of a class of "programs" or "software," which causes a computer to perform some useful function such as data entry, update or query.

Business Continuity: The discipline of planning for the recovery of business operations in the event that normal business resources, such as office space, terminals, microcomputers, office machines, terminals and networks, are made unavailable following a disaster. The term normally does not include the separate, but closely related, discipline of disaster recovery planning for information technology resources.

Dataset: A data file or collection of interrelated data. The term is used in a mainframe environment, whereas file is used almost everywhere else.

Hotsite: A disaster recovery facility that contains computers and equipment that an organization can use immediately.

Framework: A management level outline of the issues that need to be addressed in a comprehensive department-wide computer security plan. Provides background and rationale for information technology security, evaluation, certification and system accreditation.

Job Control Language: A command language for operating systems used to control run routines in connection with performing tasks on a computer.

Mainframe: A multi-user computer designed to meet the computing needs of a large organization.

Operating System: The master control program that runs the computer. It is the first program loaded when the computer is turned on and must reside in memory at all times. It sets the standards for all application programs that run in the computer.

Recovery: The ability to resume processing without irreparable loss of system data after an error or malfunction in software or hardware.

Security Administrator: The person(s) responsible for managing the security for computer facilities, computer systems and/or data that is stored on computer systems or transmitted via computer networks.

System Administrator: The person(s) responsible for administering use of a multi-user computer system, communications system, or both.

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APPENDIX III

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**CITY OF HOMESTOWN, MISSOURI
YEAR ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-112
November 17, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

November 2003

The following problems were discovered as a result of an audit conducted by our office of the City of Homestown, Missouri.

The City of Homestown has failed to implement 28 of the 40 recommendations made in our prior report that covered the year ended December 31, 1997. Although the city indicated in that report that most of the recommendations would be implemented, many recommendations are repeated in the current report. Failure to implement these recommendations and the city's inadequate financial records and procedures have resulted in the following:

- The city has underfunded the Sewer Replacement Fund by \$6,405 and the Sewer Fund had a negative \$2 balance at December 31, 2002. The monthly sewer rates charged appear inadequate to pay the costs of operation and maintenance of the sewer system. The city does not annually review the sewer rate to ensure sufficient revenues are generated to adequately maintain the sewer system as required by city ordinance.
- The city does not prepare or adopt annual budgets, does not publish semi-annual financial statements, and does not submit annual financial reports to the State Auditor's Office.
- A separate accounting of state motor vehicle-related monies or trash revenues and expenses is not maintained. The city may be overcharging its residents for trash services.
- Prenumbered receipt slips are not issued for some monies received, receipts are not deposited intact, nor on a timely basis, and receipt slips were not always properly voided and/or retained. The City Clerk does not adequately record all transactions in city accounting records or reconcile the accounting records to bank records and the Board has not established procedures to review her work and records.
- Vendor invoices or other supporting documentation were not retained for some expenditures, payments totaling \$1,425 made to the police officer appear to be taxable compensation but were not reported on his W-2 form, and documentation is inadequate to support the allocation of the City Clerk's wage expenses to city's funds.
- The Board has not held public hearings on the city's proposed property tax rates and the city could improve its procedures for the collection of delinquent property taxes.

(over)

YELLOW SHEET

- Improvement is needed in the organization of the city's ordinances. Many of the city's ordinances are old and outdated and some could not be accounted for or located. Board minutes are not signed by the City Clerk, the Mayor, or a member of the Board of Aldermen. Improvement is needed in the way closed meetings are held and documented. The city does not have a formal policy regarding public access to city records.

All reports are available on our website: www.auditor.state.mo.us

CITY OF HOMESTOWN, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Homestown, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Homestown, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2002. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Homestown, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 11, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Daniel Vandersteen, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF HOMESTOWN, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Sewer System Concerns
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In February 1990, the city issued \$22,500 in revenue bonds payable over 35 years to help finance the construction of a municipal sewer system. In conjunction with the issuance of the bonds, the city made certain covenants in the related bond ordinance. As of September 2003, the principal remaining on these bonds totaled \$16,361. Our review of the Sewer Fund, the revenue bond covenants, and the city's compliance with those covenants disclosed the following concerns:

- A. The city has failed to deposit a monthly amount of \$100 to the Sewer Replacement Fund as required by the bond covenants. Such deposits should have begun in 1990 upon issuance of the revenue bonds. However, the Sewer Replacement Fund had a balance of only \$469 at December 31, 2002.

The city's User Fund Ordinance also indicates deposits to the Sewer Replacement Fund shall be made in the amount of \$1,200 annually. This ordinance also estimated that the Sewer Replacement Fund after twelve years should have a balance of \$6,874, including the \$1,200 annual deposit, interest earned on monies deposited, and estimated expenses on the pumps and motors. Based on the city ordinance, the city has underfunded the Sewer Replacement Fund by \$6,405.

If the city continues to improperly fund the Sewer Replacement Fund, the city could face a critical financial shortage if the sewer system needed major repairs or replacement. In addition, the failure of the city to comply with the revenue bond covenants could allow the bondholders to take legal action to force compliance or immediate payment of all outstanding bonds.

- B. The monthly sewer rates charged to customers appears inadequate to pay the costs of operation and maintenance of the sewer system. At December 31, 2002, the Sewer Fund had a negative \$2 balance and as noted in part A, the Sewer Replacement Fund is inadequately funded. However, as noted in MAR 3E, there were some expenses charged to the Sewer Fund that may not have been appropriate.

A city ordinance establishes billing and collection procedures for the sewer system. This ordinance requires the city to annually review the rates for sewer service and revise the rates, if necessary, to generate adequate revenues to pay the costs of operation and maintenance of the sewer system. However, the city could provide no evidence of an annual review of the financial activity of the sewer system in regards to adequacy of the billing rates. The current sewer rates are

monthly charges of \$20 for residential customers and \$40 for commercial customers.

Sewer rate charges should cover the costs of providing the related service and maintaining the system, but the rates should not be set at a level which results in excessive fund balances. The city should perform a detailed annual review of its sewer costs, including depreciation, and establish rates to cover the total costs of operations.

These conditions were noted in our prior report, and the city indicated the board agreed with these issues, however no action was taken to implement the prior recommendations.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the Sewer Replacement Fund is funded in accordance with the bond covenants.
- B. Annually review the sewer rate to ensure sufficient revenues are generated to adequately maintain the sewer system as required by city ordinance.

AUDITEE'S RESPONSE

- A. *We are now putting \$100 a month into the Sewer Replacement Fund.*
- B. *We will conduct annual reviews of the adequacy of the sewer rate.*

2. Budgets and Financial Reporting

- A. The city does not prepare and adopt annual budgets. Section 67.010, RSMo 2000, requires the preparation of an annual budget which presents a complete financial plan for the ensuing year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for each area of city operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations by fund, and include the beginning available resources and reasonable estimates of ending available resources. The budget should also include a budget message and comparisons of actual or estimated revenues and expenditures for the two preceding years.

- B. The city did not publish semi-annual financial statements as required by state law. Section 79.160, RSMo 2000, requires the Board of Aldermen to prepare and publish, semi-annual financial statements. These financial statements are to

include a statement of receipts and expenditures and indebtedness of the city for the preceding six-month period. In addition, Section 79.165, RSMo 2000, states the city cannot legally disburse funds until the financial statement is published.

- C. The city has not submitted annual financial reports or audited financial statements to the State Auditor's Office, as required by state law, since the year ended December 31, 1993. Section 105.145, RSMo 2000, requires political subdivisions to file an annual report of the financial transactions of the political subdivision with the State Auditor's Office.
- D. During the year ended December 31, 2002, the city deposited \$7,203 of state motor vehicle-related receipts into the General Fund but has not kept records regarding street-related expenditures. Article IV, Section 30, of the Missouri Constitution, requires that motor vehicle-related receipts apportioned by the State of Missouri be used for street-related purposes, including policing, signing, lighting, and cleaning of roads and streets.

The city has not established a separate accounting for these receipts and related disbursements. As a result of this situation, some of the \$7,203 legally restricted for street purposes may have been used for general city operations during the year ended December 31, 2002.

To ensure compliance with the Missouri Constitution, the city should maintain a separate fund or separate accounting of motor vehicle-related receipts and ensure these receipts are used only for the purposes allowed by the constitution. The unspent balance of street revenues should be accounted for separately along with future receipts.

These conditions were noted in our prior report, and the city indicated the board agreed with these issues, however no action was taken to implement the prior recommendations.

WE RECOMMEND the Board of Aldermen:

- A. Prepare annual budgets in accordance with state law and make periodic comparisons between budgeted and actual revenues and expenditures.
- B. Publish semi-annual financial statements as required by state law.
- C. Submit annual financial reports to the State Auditor's Office as required by state law.
- D. Establish a separate fund or separate accounting of state motor vehicle-related monies to ensure compliance with the Missouri Constitution.

AUDITEE'S RESPONSE

- A. *We plan to prepare a 2004 budget and periodically compare budgeted and actual revenue and expenditures.*
- B. *We will try to do this as funds allow.*
- C. *We will submit the reports to the State Auditor's Office.*
- D. *We will establish a separate accounting for street monies.*

3. Accounting Controls and Procedures
--

A. Our review of the controls over receipts noted the following concerns:

- 1. Prenumbered receipt slips are not issued for some monies received by the city. Receipt slips are not issued for any Cemetery Fund receipts or for the franchise taxes and various state taxes (sales, gas, motor vehicle) received by the General Fund.

To adequately account for all receipts, prenumbered receipt slips should be issued in numerical order for all receipts and the numerical sequence should be accounted for properly.

- 2. Receipts are not deposited intact, nor on a timely basis. Deposits occurred approximately weekly. According to city officials, varying amounts of cash are withheld from deposits and used as a change fund. Due to the significant amount of cash receipts and to adequately account for all receipts and reduce the risk of loss or misuse, receipts should be deposited intact daily or upon accumulation of \$100. If a change fund is needed, it should be set at a constant amount.
- 3. The Board of Aldermen has not established procedures for the review of the work and records of the City Clerk. As a result, errors have occurred and remained undetected. During 2002, the City Clerk made errors when separating the amount of trash collections from sewer collections resulting in approximately \$800 being erroneously deposited to the General Fund. City residents pay a \$7 monthly fee for trash services, due to the General Fund, along with their monthly sewer bill. Monies collected by the city for trash and sewer services were not always properly allocated and appropriately deposited between the General and Sewer Funds.

The Board of Aldermen should perform periodic reviews of the records to ensure monies were deposited properly and that records are accurate. In addition, trash and sewer collections should be properly allocated among

the General and Sewer Funds to ensure sufficient funds are available to support the respective operations.

4. Receipt slips were not always properly voided and/or retained. We noted instances where the original copy of the receipt slip was retained, but was not properly voided and other instances where the original copy of the voided receipt slip was not retained. To ensure all receipts are properly accounted for, all copies of voided receipt slips should be properly defaced and maintained.

- B. The City Clerk does not adequately record all transactions on city accounting records or reconcile the accounting records to bank records. Receipts are reflected on city fund ledgers when deposited, instead of when received. Disbursements are reflected on monthly reports when checks clear the bank, instead of when paid. The cash balances reflected on the monthly reports are not accurate due to the timing of the recording of receipt and disbursement transactions. Thus the city did not know its actual cash balance, resulting in bad checks being written and bank overdraft charges of \$90 being incurred during the year ended December 31, 2002. In addition, not all receipts and disbursements are classified on the city fund ledgers and monthly reports. As a result, we prepared the city's financial summary using the city's records and bank statements.

All transactions should be properly recorded on city accounting records and account balances should be maintained and reconciled to bank balances to ensure records are in balance and errors are detected and corrected in a timely manner. In addition, summaries showing receipt sources and disbursement classifications should be prepared for each fund on a monthly basis and should be used for comparison to budgeted amounts and overall review of city operations. Complete, organized, and timely accounting records are necessary to provide accurate and timely financial information to city officials upon which effective management decisions may be made.

- C. Vendor invoices or other supporting documentation were not retained for some expenditures. For example, payments for grass mowing totaling \$1,570 and sewerage treatments totaling \$3,550 were not supported by vendor invoices or other supporting documentation. In addition, invoices and other supporting documentation are not properly cancelled upon payment.

All expenditures should be supported by paid receipts or vendor invoices to ensure the obligation was actually incurred and the expenditures represent appropriate uses of public funds. In addition, to ensure against duplicate payment of bills, all invoices and other supporting documentation should be properly marked paid when a check has been issued by the city.

- D. The city made payments totaling \$1,425 for the year ended December 31, 2002 to the police officer which appears to be taxable compensation but were not reported on his W-2 form. City officials indicated the payments were for mileage costs incurred by the police officer; however, there was no documentation to support these payments. IRS regulations require travel and expense reimbursements be reported on the recipients' W-2 forms unless the recipients were required to report the related expenses to their employer.
- E. Documentation is inadequate to support the method of allocation of the City Clerk's wage expenses to the city's funds. In addition, the employer's share of payroll taxes are paid from the General Fund.
1. The City Clerk is paid weekly from either the General, Sewer, or Cemetery Fund; however, the time sheet prepared does not identify the number of hours worked by the City Clerk related to the specific fund(s). The City Clerk indicated she is paid from a designated fund based upon a particular fund's ability to pay, instead of actual time spent conducting business for a particular fund. The proper allocation of expense is necessary to ensure costs are paid from the fund(s) that receive the benefit.
 2. Although the City Clerk's payroll checks are paid from different funds, the employer's share of payroll taxes are paid from the General Fund. As a result, there is no clear picture of the actual operating costs of these funds.

The funds of the city are established as separate accounting entities to account for specific activities of the city. Reflecting expenses in the proper fund is necessary to accurately determine the results of operations and/or specific activities; thus, enabling the city to establish the level of taxation and/or user charges necessary to meet operating costs.

Similar conditions for A1, A2, C, and D were noted in our prior report, and the city indicated the board agreed with these issues, however no action was taken to implement the prior recommendations.

WE RECOMMEND the Board of Aldermen:

- A.1. Require prenumbered receipt slips to be issued for all monies received, and ensure the numerical sequence of receipt slips is accounted for properly.
2. Ensure all receipts are deposited intact daily or upon accumulation of \$100. If a change fund is needed, it should be set at a constant amount.
3. Establish procedures for the review of the work and records of the City Clerk.
4. Ensure all copies of voided receipt slips are properly defaced and maintained.

- B. Ensure that a complete financial accounting system is maintained including summaries documenting monthly receipt sources and disbursement classifications. This information should be used to compare to budget estimates and monitor city operations. In addition, the Board should ensure officials properly record all transactions and reconcile account balances to bank balances for all city accounts on a monthly basis.
- C. Require adequate supporting documentation for all expenditures and ensure that such documentation is marked paid upon payment by the city.
- D. Require the police officer to report actual vehicle expenses incurred while conducting city business. If not required, the city should report as taxable compensation on W-2 forms the monthly allowance paid. In addition, prior years' W-2 forms should be amended as applicable.
- E. Develop and implement a reasonable method for allocating payroll and fringe benefits between the city's funds. In addition, payroll taxes should be paid from the applicable fund(s).

AUDITEE'S RESPONSE

A.1. *This will be done.*

2. *We are doing a better job of making timely deposits. However, due to the financial condition of the city and the fact we have to pay the City Clerk mileage to go to the bank and make deposits, we will continue to deposit as frequently as is practical and economical. In addition, we will maintain the change fund at a constant rate once the city's financial condition improves.*

3. *This will be done.*

4. *This is currently being done.*

B. *These recommendations have been implemented.*

C. *These recommendations are currently being done.*

D. *We currently do not have a police officer. If, in the future we get a police officer, we will implement this recommendation.*

E. *We plan to pay the City Clerk's salary from the General Fund until the Sewer Fund reaches a better financial position. At that time, we will determine the appropriate amounts of the City Clerk's salary to pay from the Sewer Fund. In addition, we will pay the payroll taxes from the proper fund.*

4.**Property Tax Procedures**

- A. The Board of Aldermen has not held public hearings on the city's proposed property tax rates. Section 67.110, RSMo 2000, requires each governing body to hold at least one public hearing prior to approval of the proposed tax rates at which citizens may be heard. This section also provides guidance on what information is to be included at the public hearing.
- B. The city could improve its procedures for the collection of delinquent property taxes.
 - 1. The city charges no penalty on delinquent taxes. Section 140.100.1, RSMo 2000, currently allows a penalty of two percent per month up to a maximum of 18 percent per year for each delinquent tax bill.
 - 2. The city does not adequately pursue collection of delinquent property taxes. The city has delinquent tax bills of approximately \$277 for 2001 as of May 2003. As of that time, the city had collected approximately 66 percent of the total amount of taxes levied for 2001. For tax year 2002, current taxes collected amounted to approximately 59 percent of the total amount levied with an estimated \$362 in delinquent taxes.

To help ensure prompt collection of property taxes, the city should establish formal procedures regarding the collection of delinquent property tax bills. Consideration should be given on sending delinquent tax notices or turning delinquent tax bills over to the County Collector for advertisement and sale of the real estate as provided under Chapter 140, RSMo 2000.

These conditions were noted in our prior report, and the city indicated the board agreed with these issues, however no action was taken to implement the prior recommendations.

WE RECOMMEND the Board of Aldermen:

- A. Hold a public hearing on proposed property tax rates as required by state law.
- B.1. Ensure the penalty for the collection of delinquent property taxes is charged in accordance with state law.
- 2. Ensure formal collection procedures related to delinquent property tax bills are established and that delinquent accounts are pursued on a timely basis.

AUDITEE'S RESPONSE

- A. *This will be done.*

B.1. We will consider implementing this recommendation.

2. We will review our delinquencies and develop procedures for their collection on a timely basis.

5. City Trash Service

The city may be overcharging its residents for trash services. The city charges its residents a monthly user fee of \$7 for trash service which is deposited into the General Fund. This fee has not been established by ordinance. Disbursements are made monthly from the General Fund for trash pick-up and hauling services. During the year ended December 31, 2002, the city collected over \$4,500 in trash fees and paid \$3,546 for trash services. The city has not identified any other costs, such as administrative costs, related to trash service.

User fee charges should be set at a level to cover the cost of providing a particular service and should not be used to pay for general operating expenses of the city. The administrative costs of providing this service should be calculated and documented and a separate accounting of trash revenues and expenses should be maintained.

This condition was noted in our prior report, and the city indicated the board agreed with this issue, however no action was taken to implement the prior recommendation.

WE RECOMMEND the Board of Aldermen identify all costs, including administrative costs, of providing trash service, and set the user fee by ordinance to cover the cost of the service without being excessive. In addition, the board should maintain a separate accounting of all trash revenues and expenses.

AUDITEE'S RESPONSE

We will annually review the costs of our trash service and ensure the fees are set appropriately. We will also establish and maintain a separate accounting of trash operations.

6. Meeting Minutes and Ordinances
--

A. Improvement is needed in the organization of the city's ordinances. Many of the city's ordinances are old and outdated and some could not be accounted for or located. For example, although duties and procedures for the Mayor and Board of Aldermen are described in the ordinances and the table of contents lists chapter 21 for compensation, the chapter was missing and could not be provided by the city. In addition, the city could not provide ordinances describing the duties of other appointed officials and employees including the City Clerk, police officer, maintenance worker, and trash hauler. A review of the city's existing ordinance

book and files indicated numerous gaps between ordinance numbers. The city was unable to determine if the unaccounted for ordinances had been replaced, repealed, or misplaced. City officials indicated that they were aware the ordinances were incomplete and some ordinance documentation had not been maintained.

Since ordinances represent legislation which has been passed by the Board of Aldermen to govern the city and its residents, it is important they be maintained in a complete, well-organized, and up-to-date manner to give the taxpayers information on how the city is to be governed.

- B. Board minutes are prepared by the City Clerk; however they are not signed by the City Clerk, or the Mayor, or a member of the Board of Aldermen. The board minutes should be signed by the City Clerk and the Mayor or a board member upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.
- C. Improvement is needed in the way closed meetings are held and documented:
 - 1. Minutes were not always prepared and retained to document the matters discussed in closed meetings. Although minutes for closed meetings are not specifically required by law, minutes constitute the record of proceedings of the Board of Aldermen.

Formal written minutes for closed meetings result in a better record of city transactions, proceedings, and decisions. In addition, minutes help the city demonstrate that closed discussions or business relate to the specific reason announced for closing the meeting pursuant to the Sunshine Law, Chapter 610, RSMo 2000.
 - 2. Open meeting minutes did not always document all items required by the Sunshine Law including the related vote to close the meeting, the specific reasons for closing the meeting, and actions taken by the board in closed meetings.

Section 610.022, RSMo 2000, requires that before any meeting may be closed, it shall be voted on at open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo 2000, requires certain matters discussed in closed meetings be made public upon final disposition.
- D. The city does not have a formal policy regarding public access to city records. A formal policy would establish guidelines for the city to make the records available

to the public. This policy should establish a person to contact, provide an address to mail such requests, and establish a cost for providing copies of public records.

Section 610.023, RSMo 2000, lists requirements for making city records available to the public. Section 610.026, RSMo 2000, allows the city to charge fees for copying public records, not to exceed the city's actual cost of document search and duplication.

Similar conditions for A, B, and D were noted in our prior report, and the city indicated the board agreed with these issues, however no action was taken to implement the prior recommendations.

WE RECOMMEND the Board of Aldermen:

- A. Update the city's ordinances and ensure a complete set of ordinances is maintained.
- B. Ensure board minutes are properly signed to attest to their accuracy.
- C.1. Ensure minutes are prepared and retained for closed meetings.
- 2. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session, and publicly disclose the final disposition of applicable matters discussed in closed session.
- D. Develop written policies regarding procedures to obtain public access to, or copies of, public city records.

AUDITEE'S RESPONSE

- A. *We will work on updating our ordinances.*
- B. *This will be done.*
- C.1. *We will prepare and retain closed meeting minutes.*
- 2. *This will be done.*
- D. *We will develop these policies.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF HOMESTOWN, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Homestown is located in Pemiscot County. The city was incorporated in 1946 as a fourth-class city. The population of the city in 2000 was 181.

The city government consists of a mayor and four-member board of aldermen. The members are elected for two-year terms. The mayor is elected for a four-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other principal officials at December 31, 2002, were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Compensation Paid for the Year Ended December 31, 2002</u>
Reginald Grant, Mayor (1)	April, 2003	\$ 900
Eddie Williams, Alderman	April, 2004	
Bobby D. Bays, Alderman (2)	April, 2003	
Vacant, Alderman (3)		
Vacant, Alderman (4)		
<u>Other Principal Officials</u>		
Brenda Myles, City Clerk (5)		7,312
Jackie Barnes, Municipal Judge (6)		1,200
Lawrence Dorroh, City Attorney		250

- (1) Replaced in April 2003 with the election of Mary L. Scott.
- (2) Reappointed in April 2003 with term expiring April 2005.
- (3) Vacancy filled with the April 2003 appointment of William Edmond with term expiring April 2005.
- (4) Remains vacant as of June 2003.
- (5) Replaced in June 2003 with the appointment of Susan Pittman.
- (6) Position vacant as of June 2003.

On December 31, 2002, the city employed five part-time employees.

Assessed valuations and tax rates for 2002 were as follows:

ASSESSED VALUATION

Real estate	\$	147,040
Personal property		<u>28,270</u>
Total	\$	<u>175,310</u>

City taxes are not levied on personal property.

TAX RATES PER \$100 ASSESSED VALUATION

		<u>Rate</u>
General	\$	.60

The city has the following sales tax; the rate is per \$1 of retail sales:

		<u>Rate</u>	<u>Expiration Date</u>
General	\$	0.01	none

A summary of the city's financial activity for the year ended December 31, 2002:

	General Fund	Sewer Fund	Cemetery Fund	Sewer Bond Reserve Fund	Sewer Replacement Fund	Total
RECEIPTS:						
Motor fuel and motor vehicle fees \$	7,203	0	0	0	0	7,203
Sales taxes	1,527	0	0	0	0	1,527
Property taxes	520	0	0	0	0	520
Trash fees	4,543	0	0	0	0	4,543
Fines and court costs	269	0	0	0	0	269
Franchise taxes	2,789	0	0	0	0	2,789
Permits and city stickers	280	0	0	0	0	280
Burial fees	250	0	1,150	0	0	1,400
Sewer fees	0	13,084	0	0	0	13,084
Interest	0	0	0	27	7	34
Transfer in	433	768	0	0	0	1,201
Other	827	0	400	0	0	1,227
Total Receipts	18,641	13,852	1,550	27	7	34,077
DISBURSEMENTS:						
Salaries and fringe benefits	5,627	5,407	404	0	0	11,438
Utilities	3,379	644	0	0	0	4,023
Mileage and fuel	1,673	524	0	0	0	2,197
Trash hauling fees	3,546	0	0	0	0	3,546
Grass mowing	1,570	0	455	0	0	2,025
Grave work	0	0	300	0	0	300
Scholarships	500	0	0	0	0	500
Community cleanup	769	0	0	0	0	769
Postage	262	0	0	0	0	262
Repairs	0	1,600	0	0	0	1,600
Office supplies	214	0	0	0	0	214
Bond payment	0	1,416	0	0	0	1,416
Sewage treatment	0	3,550	0	0	0	3,550
Transfer out	698	233	270	0	0	1,201
Other	705	620	56	538	0	1,919
Total Disbursements	18,943	13,994	1,485	538	0	34,960
Receipts Over (Under) Disbursements	(302)	(142)	65	(511)	7	(883)
Cash, January 1,	477	140	112	2,298	462	3,489
Cash, December 31, \$	175	(2)	177	1,787	469	2,606



**DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAMERON VETERANS' HOME**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-111
November 17, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

November 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Missouri Veterans Commission, Cameron Veterans' Home.

The Cameron Veterans' Home Assistance League is a not-for-profit organization which raises private funds to benefit residents of the Cameron Veterans' Home. Because of the fiscal and managerial responsibilities that state employees have assumed for the Assistance League, we reviewed the League's records and procedures. The Assistance League purchases items to sell through the canteen, coordinates and pays for events and activities for residents, and purchases items for common areas located in the facility. Some expenditures by the Assistance League, totaling \$5,310, did not appear to benefit residents. These expenditures related to volunteer banquets and staff recognition awards. Additionally, approximately \$4,900, was spent on home expenses.

A review of 25 donations found that four, totaling \$11,339, did not contain a donor specified purpose nor were these donations credited to the general account. Although not stated in the by-laws, the League's practice has been to credit unspecified donations to the general account and the use of these donations would be determined by the fund custodians or the board. Our audit noted that the supervisor of volunteer services would often designate these monies for specific projects or purchases using her own discretion.

Also included in the audit are recommendations related to vending machine commissions, the documentation of expenditures, payroll records and procedures, and capital assets.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAMERON VETERANS' HOME

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Charles R. Jackson, Director
Department of Public Safety
and
Missouri Veterans Commission
and
Celia A. Reed, Interim Administrator
Cameron Veterans' Home
Cameron, MO 64429

We have audited the Department of Public Safety, Missouri Veterans Commission, Cameron Veterans' Home. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2003 and 2002. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable statutes, regulations, and facility policy.
2. Review the efficiency and effectiveness of certain management practices and operations.
3. Review certain revenues received and certain expenditures made by the Cameron Veterans' Home.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the minutes of the meetings, written policies, financial records, and other pertinent procedures and documents, and interviewed various personnel of the facility.

As part of our audit, we assessed the facility's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the facility.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Public Safety, Missouri Veterans Commission, Cameron Veterans' Home.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 7, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Heather M. Thompson
Audit Staff:	Roberta Bledsoe
	Jennifer Martin
	Julie Tomlinson

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAMERON VETERANS' HOME
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Assistance League Fund

The Cameron Veterans' Home Assistance League is a not-for-profit organization which raises private funds to benefit residents of the Cameron Veterans' Home. Donations, as well as canteen proceeds, are used for this purpose. The Assistance League is governed by a board of directors. As provided for in the Assistance League by-laws, the facility's administrator and chief accountant are the custodians of the league assets, and have the authority to make purchases related to canteen operations or for donor specified purposes. In addition, the administrator shall maintain and make available for audit a record of receipts and disbursements. Because of the fiscal and managerial responsibilities that state employees have assumed for the Assistance League, we reviewed the League's records and procedures and noted some areas where improvements are needed.

- A. The Assistance League purchases items to sell through the canteen, coordinates and pays for events and activities for residents, and purchases items for common areas located in the facility. The Assistance League's by-laws provide that expenditures from the league assets should benefit the majority of the residents.

A review of purchases noted some expenditures did not appear to benefit residents. During 2002 and 2003, \$5,310 was spent for costs related to volunteer banquets and staff recognition awards. In addition, approximately \$4,900 was spent on home expenses.

- B. The Assistance League's by-laws provide that the custodians of the assets should make every reasonable effort to ensure the wishes of the donor are complied with and should notify the donor if those wishes cannot be accommodated. Although not specifically outlined in the by-laws, league records and practices have been developed so that unspecified donations are to be credited to the general account within the Assistance League Fund and used for any purpose as determined by the fund custodians or the board. The by-laws provide for the facility administrator and chief accountant to serve as custodians of the Assistance League's assets.

The facility's supervisor of volunteer services was assigned the task of accepting donations, documenting the purpose, and forwarding information to the chief accountant for recording in the league records. A review of 25 donations found that four, totaling \$11,339, did not contain a

donor specified purpose. In addition, these four donations were not credited to the general account. The supervisor of volunteer services would often designate these monies for specific projects or purchases using her own discretion. When asked about these transactions, she indicated that she had received verbal instructions from some donors regarding the desired use of their donations; however, documentation was not available to support these explanations.

Considering the provisions of the by-laws and general practices at the facility, the use of unspecified donations should have been determined by the fund custodians or the board. In addition, adequate documentation is necessary to thoroughly record communications with donors and demonstrate compliance with by-laws.

- C. Residents, employees, and visitors may all purchase items from vending machines owned and operated by an independent vendor. The facility receives commissions from the vendor and deposits these in a separate account known as the Employee Fund. The Employee Fund received approximately \$4,520 and \$4,410 from vending machine commissions for the years ended June 30, 2003 and 2002, respectively. These monies are used for employee recognition awards, flowers for staff members, the annual staff picnic, and the annual employee Christmas party. As a result, these expenditures do not benefit the residents.

Recent audits of other homes (including Mount Vernon, St. Louis, and St. James) noted that vending machine profits at those homes are deposited in Assistance League accounts to be used for the benefit of the residents. To ensure consistency with other homes operating in the state, vending commissions should be used for the benefit of residents.

WE RECOMMEND:

- A. The Assistance League ensure that all league disbursements benefit the majority of the residents. In addition, the facility should determine a more appropriate funding source for expenditures such as volunteer banquets, recognition awards, and home expenses.
- B. The Assistance League ensure that donor wishes are clearly and thoroughly documented and donations are accounted for appropriately within the Assistance League Fund.
- C. The Cameron Veterans' Home deposit vending machine commissions in the Assistance League Fund.

AUDITEE'S RESPONSE

- A. *At the time of the audit, the Assistance League's by-laws stated "expenditures from the league assets should benefit the majority of the residents." There were purchases for costs related to volunteers and staff functions.*

The Assistance League's by-laws have been revised to read "They may also vote to disburse assets to benefit other areas of the home, such as staff, volunteers and any additional requests brought before them." The revised by-laws were signed as approved on October 14, 2003.

- B. *At the time of the audit, unspecified donations were credited to the general account within the Assistance League Fund and used for any purpose as determined by the fund custodians or the board.*

The by-laws have been revised to read "If a donor does not specify how their gift or donation shall be used, the donation will be deposited into the general fund. However, the Trustees may vote to transfer this money to other funds for approved expenditures." A new form has been developed entitled Donated Funds. At the time donations are received, the donor can indicate on this form to which fund they wish to donate.

- C. *The money from the vending machines in the employee break room is used for employee functions. The Assistance League has never been involved in the purchase of or operation of these vending machines. The commission from these machines is deposited in the Employee Fund checking account. These vending machines may be used by anyone in the facility. However, they were placed in the facility to provide snacks for employees, primarily for those persons working a shift when the dining room is closed. We disagree that the commission from these vending machines should be deposited in the Assistance League accounts. The money is in a separate account and used for employee functions.*

The Missouri Veterans Commission is undertaking a re-evaluation of its policies regarding vending machines in the Homes in order to develop a more consistent policy state-wide.

2. Capital Assets Records and Procedures

The Cameron Veterans' Home's capital assets at June 30, 2003 were valued at approximately \$670,400, excluding land and building. We reviewed controls over these assets and noted duties are not adequately segregated. The same two individuals perform the physical inventory and maintain the records of capital assets. To provide internal controls and to adequately safeguard assets from theft or misuse, the physical inventory should be performed by an individual independent of the custodial and record keeping functions.

WE RECOMMEND the facility ensure an individual independent of the record keeping function performs the physical inventory.

AUDITEE'S RESPONSE

At the time of the audit, both the Accountant and Supply Manager were involved in the physical inventory and record keeping functions. The job descriptions have been revised to clearly delineate their specific duties.

3. Payroll Records and Procedures
--

The facility administrator, assistant administrator, director of nursing, and physician do not have to use the automated time clock as required. The Missouri Veterans Home Administrative Policy Manual, Section B-30, indicates all employees are assigned an employee card to be used to clock in when reporting for duty and clock out when leaving each day. A computerized timesheet is compiled from the time clock information and used for payroll and accounting for annual, sick, and compensatory leave balances. Time for these administrators is automatically posted by the computer and manual corrections are made when a change is needed.

The use of the time clock reduces the risk of errors going undetected. Timesheets are necessary to document hours actually worked and to substantiate payroll expenditures. Timesheets also provide documentation of leave used to maintain accurate leave records.

WE RECOMMEND the facility ensure all employees utilize the automated time clock as required.

AUDITEE'S RESPONSE

At the time of the audit, the Administrative Policy B-30 stated "All employees shall clock in using their assigned employee card. Employees shall clock in when reporting to duty and clock out when leaving the facility." The Administrator, Assistant Administrator, and Director of Nursing Services do not clock in and out.

To be in compliance with established policies and procedures, the Administrative Policy B-30 was revised to read "All employees, with the exception of the Administrator, Assistant Administrator and Director of Nursing Services, shall clock in using their assigned employee badge." This revised policy was issued July 22, 2003.

4.**Expenditures**

The administrator of the facility did not document her review and approval of some expenditures. Twelve of 24 (50 percent) invoices tested did not have the approval of the administrator before being coded into the statewide accounting system (SAM II) for payment. In addition, the receipt of goods or services is not always indicated on the invoice prior to an expenditure being approved for payment. Four of 22 (approximately 18 percent) invoices tested did not indicate if goods or services were received.

Proper review and approval by the administrator is required by the facility's policy and is necessary to ensure all disbursements represent valid operating costs of the facility. Failure to properly review supporting documentation and document such approval increases the possibility of inappropriate disbursements occurring. Additionally, the documentation of the receipt of goods or services is necessary to ensure the facility actually received the items or services.

WE RECOMMEND the facility ensure all invoices have documented authorizations before coding the expenditures into the statewide accounting system. We also recommend the facility ensure the receipt of goods or services is indicated on invoices prior to being approved for payment.

AUDITEE'S RESPONSE

At the time of the audit, the Departmental Request for Purchase forms were not consistently signed by the Administrator prior to entering into SAM II. To ensure compliance, the Accountant II ensures that these forms are signed by the Administrator prior to coding for SAM II entry. This was implemented August 1, 2003.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAMERON VETERANS' HOME
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Cameron Veterans' Home is a 200-bed nursing home care facility, providing care to Missouri veterans who are unable to support or adequately care for themselves. The facility was completed in January 2000, with the first residents being admitted on April 3, 2000. Residents of the facility are provided room, board, medication, therapy, personal care, and recreational and religious activities. The cost of care is shared by the resident, based on ability to pay, the Federal Veterans' Administration, and the state's General Revenue Fund.

The Cameron Veterans' Home Assistance League, a not-for-profit corporation, was formed 13 years prior to the opening of the facility to receive donations to be spent for the benefit of all residents if a facility was built. The Assistance League also funds the canteen operations.

The Missouri Veterans Commission operates seven homes for veterans of the state. The homes are located in St. James, Mount Vernon, Mexico, Cape Girardeau, Cameron, Warrensburg, and St. Louis. Members of the Missouri Veterans Commission, as of June 30, 2003, include:

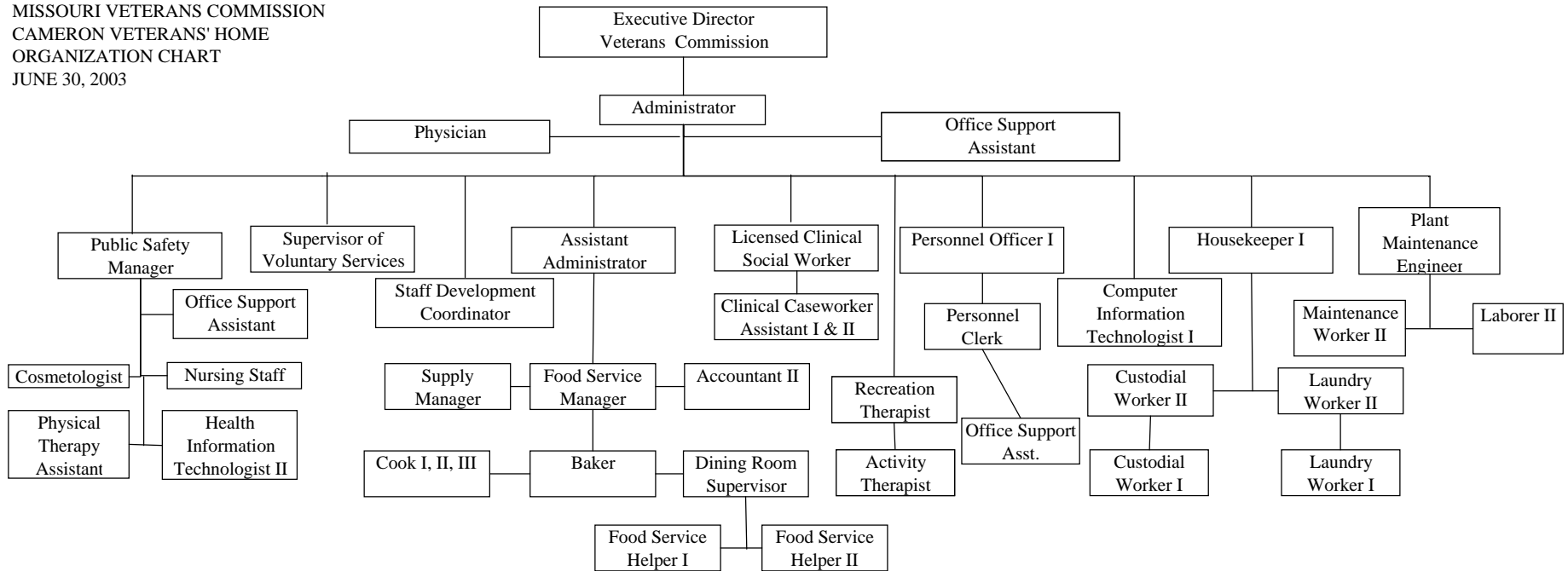
<u>Members</u>	<u>Term Expires</u>
Carl H. Niewoehner, Chairman	November 2, 1997*
Donald Gralike, Vice-Chairman	November 2, 2003
Carson Ross	November 2, 2004
Bernadette Miller	December 11, 2004
Emmett Fairfax	November 2, 2005

* Term has expired. Member continues to serve until successor is appointed.

As of June 30, 2003, the Cameron Veterans' Home employed 194 full-time employees. These employees were assigned to various administrative and service sections. Joanna Mooney assumed the position of Administrator on November 7, 2001, and served in that capacity until October 2, 2003. Celia A. Reed is currently serving as the Administrator in an interim capacity.

An organization chart and statistical data follow:

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAMERON VETERANS' HOME
ORGANIZATION CHART
JUNE 30, 2003



DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAMERON VETERANS' HOME
STATISTICAL DATA

	Year Ended June 30,	
	<u>2003</u>	<u>2002</u>
RESIDENTS	169	128
OCCUPANCY		
Total number of beds	200	150 *
Average daily census	145	127
Bed occupancy percentage	73%	85%
RESIDENT COST		
Total resident costs	\$ 7,727,456 **	7,136,814 **
Total resident days	<u>53,067</u>	<u>46,537</u>
Average Daily Resident Cost	<u>\$ 146</u>	<u>153</u>

* An additional 50 bed wing was subsequently opened in October 2002.

** These cost amounts include employee fringe benefits and depreciation, whereas the expenditure amounts on Appendix A do not. In addition, these amounts do not include property and improvement expenditures, whereas Appendix A does include these expenditure amounts.

Appendix A

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAMERON VETERANS' HOME
COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,	
	2003	2002
Salaries and wages	\$ 4,227,873	3,899,561
Travel:		
In-State	14,740	19,950
Out-of-State	0	417
Fuel and utilities	298,703	284,933
Supplies	1,085,920	964,279
Professional Development	22,887	23,439
Communication services and supplies	50,769	44,506
Services:		
Professional	65,216	44,912
Housekeeping and janitorial	22,624	18,378
Maintenance and repair	63,116	71,287
Equipment:		
Computer	4,982	3,896
Office	7,293	10,935
Other	110,440	60,795
Property and improvements	958,566	234,848
Real property rental and leases	0	126
Equipment rental and leases	21,737	24,311
Miscellaneous expenses	257	212
Total Expenditures	\$ <u>6,955,123</u>	<u>5,706,785</u>

Appendix B

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAMERON VETERANS' HOME
MISSOURI VETERANS' HOME FUND
COMPARATIVE STATEMENT OF RECEIPTS

	Year Ended June 30,	
	<u>2003</u>	<u>2002</u>
Payments from Veterans	\$ 2,254,554	1,968,878
Veterans Administration Per Diem	2,955,793	2,454,836
Other	<u>26,025</u>	<u>23,888</u>
Total Receipts	<u>\$ 5,236,372</u>	<u>4,447,602</u>

Appendix C

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
CAMERON VETERANS' HOME
AUXILIARY FUNDS
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND CASH EQUIVALENTS

	Year Ended June 30,			
	2003		2002	
	Residents Fund	Assistance League Fund	Residents Fund	Assistance League Fund
RECEIPTS				
Residents' deposits	\$ 474,098	0	338,059	0
Donations/sales from canteen	0	49,490	0	120,503
Total Receipts	474,098	49,490	338,059	120,503
DISBURSEMENTS				
Residents' withdrawals	481,318	0	285,686	0
Benefit of residents/cost of goods sold	0	47,129	0	129,814
Total Disbursements	481,318	47,129	285,686	129,814
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,221)	2,361	52,373	(9,311)
CASH AND CASH EQUIVALENTS, JULY 1	83,236	3,037	30,864	12,348
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 76,016	5,397	83,236	3,037



**METROPOLITAN ST. LOUIS SEWER DISTRICT
FOLLOW-UP ON STATE AUDITOR'S PRIOR FINDINGS**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-110
November 13, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

November 2003

In July 2003, the Metropolitan St. Louis Sewer District requested the State Auditor conduct an audit to verify the implementation status of the recommendations made in the prior audit report.

This audit presents the status of the prior audit recommendations as of September 19, 2003, which is approximately one year after the delivery of the prior report. As of this date, the Metropolitan St. Louis Sewer District has either implemented or is in the process of implementing over 90 percent of our prior recommendations.

Our previous audit made 42 management recommendations to the district. Of those recommendations, 28 (67 percent) have been implemented, 10 (24 percent) have been partially implemented and 4 (9 percent) have not been implemented by the district.

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YELLOW SHEET

METROPOLITAN ST. LOUIS SEWER DISTRICT
FOLLOW-UP ON STATE AUDITOR'S PRIOR FINDINGS

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Board of Trustees
Metropolitan St. Louis Sewer District
2350 Market Street
St. Louis, MO 63103

We have audited the Metropolitan St. Louis Sewer District. The scope of this audit included, but was not necessarily limited to, the year ended June 30, 2003. The objective of this audit was to follow-up on the status of recommendations made in our previous report issued for the two years ended June 30, 2001 (report number 2002-88).

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the district.

Our audit was limited to the specific matter described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Follow-Up On Prior Audit Findings presents the audit status of the prior recommendations made in our previous audit of the Metropolitan St. Louis Sewer District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 19, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
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Audit Staff:	Monique Williams, CPA
	Kate Petschonek
	Brenda Simpson

EXECUTIVE SUMMARY

METROPOLITAN ST. LOUIS SEWER DISTRICT
FOLLOW-UP ON STATE AUDITOR'S PRIOR FINDINGS
EXECUTIVE SUMMARY

In May 2001, the State Auditor was requested by the Honorable Bob Holden, Governor, under Section 26.060, RSMo 2000, to audit the Metropolitan St. Louis Sewer District (district). In response to this request, on September 12, 2002, the Missouri State Auditor's Office issued audit report No. 2002-88, Metropolitan St. Louis Sewer District, two years ended June 30, 2001. (A copy of the complete audit report can be obtained from Missouri State Auditor's Office, P.O. Box 869, Jefferson City, MO 65102-0869, or on the internet at www.auditor.state.mo.us.)

In July 2003, the district requested the State Auditor to conduct an audit to verify the implementation status of the recommendations made in the prior audit report. This audit presents the status of the implementation of the prior recommendations. The district has either implemented or is in the process of implementing over 90 percent of our prior recommendations. Our previous audit made 42 management recommendations to the Metropolitan St. Louis Sewer District. Of those recommendations, 28 (67 percent) have been implemented, 10 (24 percent) have been partially implemented and 4 (9 percent) have not been implemented by the district.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

METROPOLITAN ST. LOUIS SEWER DISTRICT
FOLLOW-UP ON STATE AUDITOR'S PRIOR RECOMMENDATIONS

This section reports follow-up action taken by the Metropolitan St. Louis Sewer District on recommendations made in the Management Advisory Report (MAR) on our report issued for the two years ended June 30, 2001.

1. Billing and Collection Policies, Procedures, and Records

Significant weaknesses were noted in the district's billing and collection policies, procedures and records.

- A. The district had not developed formal written policies and procedures outlining specific steps and criteria to be followed for its billing and collection activities. The lack of detailed written policies, procedures, and adequate training contributed to other problems noted with billings and collections.
- B. Adjustments to customer accounts, including writing-off delinquent account balances, were not always properly authorized and the supporting documentation for adjustments/write-offs was generally not sufficient.
 - 1. Account comments did not adequately justify the rate change for ten adjustments reviewed, and the rate calculation was not supported. These adjustments were to recalculate the sewer rate for metered residential customers based upon the previous winter quarter usage. In addition, the documentation of approval (adjustment card) for adjustments between \$100 and \$1,000 was not retained after the adjustment was posted.
 - 2. Certain adjustments posted to customer accounts were not properly approved and/or authorized and supported by adequate documentation which fully explained the reason for the adjustments. These adjustments included write-offs for delinquent charges that were uncollectable, incorrect water readings, settlement on past due amounts, and sheriff sales.
 - 3. Although the authorization forms for adjustments in excess of \$1,000 were prenumbered, the forms were not accounted for and the form number was not recorded in the customer account. Also, the adjustment cards indicating approval of adjustments between \$100 and \$1,000 were not prenumbered and accounted for properly, and were not retained after the adjustment was posted to the customer account. Additionally, although a daily report of all adjustments was prepared, documentation of review/approval for adjustments less than \$1,000 was not maintained.
 - 4. The district had not established any computer access limits for adjustments made by billing/collection personnel.

5. The accounts and amounts adjusted and/or written-off by the credit committee were not reported to the Board of Trustees.
 6. Water was not shut-off timely and in accordance with district policy for thirteen of thirty accounts reviewed, which were written-off for delinquent balances. The district coordinated the water shut-off with either the city or county water entities.
 7. The district did not always write-off delinquent account balances in a timely manner. Five instances were noted where it was in excess of one year before the district wrote-off a delinquent balance due to a sheriff's sale and/or foreclosure.
- C. Liens were not placed on customer accounts in a consistent manner. The inconsistencies between the district's ordinance, policy and general practices relating to liens contributed to the problem.
- D. The collection agency selected as a Disadvantaged Business Enterprise (DBE) firm did not appear to meet the qualifications of a DBE. In addition, the district did not adequately monitor the collection agencies' activities. Generally, the only reports provided by the collection agencies were the weekly invoices for services, which included basic information.

Recommendation:

The Board of Trustees:

- A. Develop written policies and procedures outlining specific steps and criteria to be followed for billing and collection activities.
- B.1
- &2. Ensure that all adjustments are properly authorized. In addition, adequate documentation which fully explains the reason for the adjustment should be retained.
3. Ensure that adjustment authorization forms are prenumbered, accounted for properly, and retained. In addition, the authorization number should be posted to the customer account for an audit trail. Also, the Director or Assistant Director of Finance should review/approve the daily adjustment report.
4. Establish computer access limits for district personnel who post adjustments to the customer accounts.
5. Ensure that significant adjustments and write-offs of delinquent charges are periodically reported to the Board.

6. Coordinate with the appropriate water entity to ensure that water is shut-off and/or the sewer connection is closed in accordance with district ordinance.
 7. Ensure delinquent charges are written-off in a timely manner.
- C. Ensure that policies and procedures for filing liens are clearly defined and followed by district personnel.
- D.1. Determine the status of the DBE collection agency, and terminate the agreement with the firm, if necessary.
2. Require the collection agencies to provide periodic status reports. In addition, these reports should be monitored to ensure the agencies' efforts are sufficient and effective.

Status:

A,B.1,
2,5,7,
C.&

D.2. *Partially implemented. The district is making progress in implementing these recommendations. To improve its billing and collection activities, the district outsourced these activities. In July 2003, the district signed a contract with a new vendor to provide certain customer care and billing services. In addition, the collection services were bid and the district entered into agreements with four agencies in July 2003.*

The district also started a "clean-up" effort to identify and resolve delinquent accounts and developed written policies and procedures for certain activities such as the winter quarter calculation (for 2003), sewer shut-off process (effective July 2003), liens process (effective July 2003), and oversight of collection agencies (effective July 2003).

Although the district has made a significant effort to improve its maintenance of account records, our review of twenty-five adjustments, noted the approval of and/or the reasons for the adjustment was not always documented, some accounts were not written off timely, and a lien had not been filed for some accounts, as needed. Also, during our review of the Board's Finance and Audit Committee minutes, it appears that significant adjustments and write-offs of delinquent charges were not reported on a consistent basis.

B.3.&

D.1. *Implemented.*

B.4&

6. *Not implemented. Although the district's current system does not allow the district to limit access for district personnel who post adjustments to customer accounts, district personnel indicated this issue would be addressed with the new computer system. The district did not shut-off sewer service, if applicable. The shut-off of sewer service requires the cooperation of the water companies involved. However, as part of the clean-up effort, the district is actively identifying accounts needing shut-off and sending notification.*

2. Real Property Acquisition and Relocation Assistance Program

The district had significant problems with the management of its Real Property Acquisition and Relocation Assistance (buyout) Program for the Ashland Abner neighborhood in the City of St. Louis.

- A. A Request for Proposal (RFP) was not used by the district to procure the firm which was used for negotiation and relocation services.
- B. The contract for the negotiation and relocation services was not approved by the Board and was not signed by the Executive Director.
- C. The district paid the invoices for the negotiation and relocation services without requiring adequate supporting documentation.
- D. It appeared that neither the district nor the firm handling the negotiation and relocation services maintained a detailed and complete status report of the activity for each piece of property.

Recommendation:

The Board of Trustees:

- A. Ensure that proposals are solicited for professional services related to future buyout programs.
- B. Ensure all contracts for professional services related to future buyout programs are approved by the Board and signed by the Executive Director.
- C. Require adequate supporting documentation be obtained for all disbursements and that the documentation is reviewed for completeness and propriety.
- D. Require that a complete and detailed status report is maintained for each piece of property in future buyouts.

Status:

Implemented.

The district improved its oversight and management of the buyout program. Our review of the program noted that the district solicited proposals and/or bids for its professional services, obtained written and properly signed and approved agreements for these services, and maintained a status report of the activity for each piece of property.

3. **Legal Services**

Generally, the district obtained legal services to supplement its legal staff when the work load for the district's staff was high and/or when specific areas of expertise were needed. The district's legal services costs were \$1,346,207 and \$1,903,002 for fiscal year 2001 and 2000, respectively. For each of these years, over 65 percent of the cost was for outsourced legal services.

- A. It appeared the district did not prepare a cost comparison of the estimated costs of in-house counsel versus outsourcing. In addition, the cost of legal services was not evaluated on a periodic basis. The district paid Doepken, Keevican and Weiss (DKW) over \$1.8 million for services between November 1999 and February 2001.
- B. For fiscal year 2001, 2000 and prior years, the district did not prepare RFPs when procuring legal services, nor did the district request approval of the legal service arrangements from the Board of Trustees. In addition, written agreements were generally not prepared.
- C. The district did not ensure that adequate invoices and supporting documentation were submitted for legal services. The invoices did not always include the hourly rate for each attorney, the time spent on each task, or a summary of total hours by each attorney. In several instances, only a summary of various tasks was listed with an amount due. Additionally, no supporting documentation was submitted for airfare, travel expenses, and other costs. Also, no supporting documentation was submitted for work performed by other professionals hired by law firms.
- D. There was no documentation justifying the need for manual checks written to law firms. It appeared the district's standard uniform procedures for manual checks were circumvented to benefit the firms rather than the district as a whole.

Recommendation:

The Board of Trustees:

- A. Ensure the district needs justify the cost of outsourcing legal services and periodically review this cost to ensure the outsourcing continues to be cost effective.
- B. Ensure RFPs are prepared for legal services. The agreement should be in writing and approved by the Board of Trustees.
- C. Obtain adequate supporting documentation for legal service invoices.
- D. Ensure that the district's check policy is strictly followed.

Status:

Implemented.

The district decreased its legal costs for fiscal years 2003 and 2002 from the amounts incurred in fiscal years 2001 and 2000 by 54% and reduced the use of outside legal counsel for the same time periods by 85%.

For fiscal years 2003 and 2002, the legal costs totaled \$710,866 and \$760,095, with outside legal costs of \$126,487 (18 percent) and \$193,733 (25 percent), respectively.

Currently, the district is seeking the recovery of \$138,844 related to subcontracted work obtained and invoiced by DKW.

4. **Professional Services**

The district needed to improve its process of procuring and monitoring most of its professional services (excluding engineering services). The district used professional services for areas such as real estate appraisal, public relations, training programs, general investment and advisory services, computer programming, financial audits, pension consulting, and rates consulting.

- A. The district did not seek the Board's approval for an amendment which involved substantial changes to a contract that drastically increased the contract price. The amendment, totaling over \$400,000 to a consulting contract almost doubled the original contract price.
- B. It was unclear if the district's television advertisements, "The More You Know" was a reasonable or necessary use of district funds. These advertisements did not inform, educate, or convey any relevant information about the district and/or its operations.

- C.1. The district procured some services without issuing RFPs and evaluating the proposals. We noted agreements, totaling over \$400,000, where the consultant was chosen because the district was satisfied with the consultant's previous work for the district.
- 2. The district did not reissue RFPs for its collection services in a timely manner, and could not provide any documentation of written consent to extend these contracts for over five years. The district's policy provided that professional service contracts should not be extended beyond five years.
- 3. Written evaluations of the proposal were not always prepared and/or retained. In addition, written contracts were not always prepared.
- D. The supporting documentation for invoices was not always adequate. In addition the supporting documentation and invoices were not always sufficiently reviewed before payment of the invoice. The district did not usually request and/or receive supporting documentation for expenses such as mileage, copying, postage, and telephone. Also, there were instances where the hourly rate did not agree with the district's fee schedule or where the invoice was not mathematically correct.
- E. The district did not consistently code similar expenditures to the same object code in its accounting system, and it appeared that some expenditures should have been charged to a more appropriate object code.

Recommendation:

The Board of Trustees:

- A. Ensure contract amendments are approved by the Board for contracts which were originally approved by the Board.
- B. Ensure that advertisements are necessary, reasonable, and benefit the district.
- C. Solicit proposals for professional services on a timely basis to the extent practical. The proposals should be formally evaluated and retained. In addition, written contracts should be prepared to formalize these agreements.
- D. Ensure that supporting documentation is received for all charges and reviewed for propriety before payment.
- E. Ensure expenditures are charged to appropriate object codes.

Status:

Implemented.

During our review of the procuring and monitoring of professional services (excluding engineering services), we did not observe any contract amendments which needed board approval. Currently, the district is drafting a new policy for the procurement of non-engineering professional services.

Also, we noted two of ten expenditures did not appear to be charged to the appropriate object code. However, the district is conducting, at a minimum, two reviews a year of random sampling of object codes to monitor accuracy of procedures. The district's review for the period of December 2002 to May 2003 determined that only 2 of 190 expenditures were coded to the wrong general ledger number.

5. Expenditures

- A. Disbursements such as donations, charity banquets, awards, diversity breakfast/luncheons and the employee incentive program did not appear to be a prudent, reasonable, or a necessary use of district funds or necessary and essential to the operation of the district. In addition, the supporting documentation for these disbursements did not always indicate the business purpose and/or identify those people attending.
- B. The district provided an open bar at certain functions, which is not appropriate for a political subdivision.
- C. Greater controls needed to be established to ensure only valid vendors were entered on the district's payment system. Personnel in three departments had the computer capability to add vendors to the system.

Recommendation:

The Board of Trustees:

- A. Ensure disbursements are necessary and prudent uses of public funds, provide a benefit to the district and do not violate state law or the state constitution.
- B. Discontinue the practice of providing an open bar at district sponsored events.
- C. Evaluate the controls over vendor records and consider reducing the number of people with access to these computer records. New vendor codes should be periodically reviewed by someone in a supervisory position.

Status:

- A. *Partially implemented. Although the district no longer provides donations to other entities, the district still provides benefits to employees. In fiscal year 2003, the district spent approximately \$22,900 and \$49,000 for employee service awards/banquet and incentive program, respectively. However, district personnel*

indicated the incentive program was eliminated in fiscal year 2004. In addition, the district still holds diversity breakfasts/luncheons for vendors; however, the participants pay for their meals.

B&C. Implemented.

6. Construction Projects

The district needed to improve its construction reports to provide more accountability to the public. The district did not routinely track and compare construction projects and their estimated cost to awarded costs. In addition, the reasons for the variances were not documented. Also, the district did not prepare reports which tracked and compared the awarded construction costs with the actual costs incurred.

Recommendation:

The Board of Trustees require the preparation of construction reports to better monitor its construction projects and to provide greater accountability to the public. Project cost estimates should be updated as new information becomes available. The district should track and periodically compare cost estimates to contract amounts and compare the contracted amounts with the actual costs incurred. In addition, the reasons for the variances should be documented.

Status:

Implemented.

During fiscal year 2003, seventy-three projects were completed. Overall, the contract (bid) amounts were approximately 15 percent less than the estimates and the actual costs of these projects were approximately 4 percent less than the bid amounts. For the fifty-two projects let in fiscal year 2003, the overall bid amounts were approximately 7 percent less than the engineering estimates.

The district prepares a report which provides a comparison for each project of actual construction cost to the original estimated cost, project cost estimate to the contract bid, and the contract bid to the final actual construction cost, as applicable. This report is included on the district's website and is updated quarterly. However, the reasons for the variances are not included in the report. According to district personnel, reasons for variances would be explained in change orders maintained in the project files.

7. Expense Reimbursements

The supporting documentation for the district's business expense reports (particularly for business meals and credit card charges) was not always adequate.

- A. The supporting documentation for business meals for non-district personnel recorded on expense reports did not always include the specific business purpose and/or guest(s).
- B. Documentation supporting credit card charges, such as expenses for hotels, meals, and car rentals, was not adequate. Usually, only the credit card statement and the signed charge slip were submitted for reimbursement.
- C. Generally a copy of the airline ticket was not attached to the expense report to support air travel. In addition, the business reason, if any, for upgrades (converting coach fare to first class) was not documented.
- D. Some lodging appeared excessive. There were instances when lodging was over the federal per diem and/or Runzheimer lodging rate. In addition, there was no documentation to indicate if these lodging charges were government/conference rates or why it was necessary to pay these rates.

Recommendation:

The Board of Trustees:

- A. Require all employees to submit proper documentation for meal expenses for non-employees, including the name(s) of the guest(s) and the business purpose for meals.
- B. Require credit card charges be supported by the actual charge receipts.
- C. Require a copy of the flight ticket stub be attached to the expense report. In addition, the business reason and necessity for flight upgrades should be documented.
- D. Adopt the federal per diem rate and/or another reasonable lodging rate and require a business reason and written explanation as to the reason it was necessary to incur lodging which exceed these rates.

Status:

Implemented.

Our review of twenty-four travel and business expense reimbursements indicated that supporting documentation appeared adequate. We did not observe any flight upgrades in our review. In addition, the district's business expense policy, adopted February 2003, provides that lodging charges are to be within the federal per diem rate and justification is required for any lodging exceeding the federal rates. Acceptable justification includes conference hotel and unavailability of room.

8. District Policies and Procedures

- A. The district had not established a limit on the maximum amount of unused accrued sick leave paid when an employee left the district. As part of the district's Compensation Plan, the district paid vested employees who retired, died, or left the district a portion of his/her unused accrued sick leave at the rate of 1.25 percent for each year of employment.
- B. The district had not established a formal written districtwide policy on record retention and document destruction. The district's informal shredding policy only described the type of material allowed, such as office paper, computer paper, etc., not the type of records which should be shredded such as confidential payroll records and personnel records. Also, a log for confidential records was not maintained to document the records being shredded, the date of destruction, or authorization/approval.
- C. A current list of related employees and employees with secondary employment was not maintained and monitored by the Office of Human Resources. Although the employment application required the applicant to disclose relatives already employed at the district, the Office of Human Resources did not review for conflicts when an employee moved to a different job and/or location. This was left to the individual department. In addition, employees who engaged in secondary employment only requested and received prior approval from their respective department.

Recommendation:

The Board of Trustees:

- A. Consider establishing a limit on the amount of unused accrued sick leave paid when a vested employee leaves the district.
- B. Establish a formal written policy for record retention and destruction. In addition, a destruction log for confidential records should be maintained to document the records being destroyed, the date of destruction, and authorization/approval.
- C. Establish policies and procedures to identify and monitor instances where employees are related to each other and ensure those individuals are not working in conflicting employment capacities. Each employee should complete an annual questionnaire identifying relatives working for the district. In addition, the Office of Human Resources should be notified when secondary employment is approved by the various departments. This information could also be requested using the same annual questionnaire as the questionnaire regarding relatives working at the district.

Status:

- A. *Not implemented. During fiscal year 2003, the district paid \$620,758 to vested employees for their unused accrued sick leave. Eight employees received payments over \$25,000, and one additional employee received over \$130,000 for his unused sick leave.*
- B. *Partially implemented. The district is currently working with the Office of Secretary of State to refine its retention policy. Since the district does not have a policy some departments maintain a destruction log, while other departments do not.*
- C. *Implemented.*

9. **Vehicle Fleet**

- A. The district changed its policy which no longer allowed 31 employees to use district vehicles for commuting. It did not appear necessary and/or appropriate that the district compensated employees for turning in district vehicles used solely for commuting purposes. The district paid over \$76,000 to thirty-one employees who turned in district vehicles used for commuting prior to July 2002.
- B. Vehicle usage logs were not maintained for many district vehicles. At certain district yards, there were no usage logs for pool vehicles and/or for vehicles assigned to specific individuals. When vehicle logs were maintained, the logs were not always properly completed, including the odometer readings, destination, and purpose.

Recommendation:

The Board of Trustees:

- A. Document its analysis and calculation to support its justification and the benefit to the district for payments to employees due to revisions of district policies.
- B. Require standard usage logs be completed and maintained for all district vehicles. The logs should include beginning and ending odometer readings, purpose of the trip, person making the trip, destination and date of travel. The ending mileage reported should be reconciled on a periodic basis to the vehicle odometer readings.

Status:

- A. *Implemented. We did not note any vehicle policy change(s) which resulted in additional compensation to employees.*

- B. *Partially implemented. The district requires a vehicle request form and sign out sheet be completed for pool vehicles. However, no mileage log is required for vehicles assigned to specific individuals. The district's current inventory report indicated 141 of 346 vehicles were assigned to specific employees.*

10. Meetings and Ordinances

- A. Formal written minutes were not prepared for closed meetings during fiscal years 2001 and 2000. However, the district later started preparing minutes for closed meetings.
- B. The board minutes, ordinances and resolutions maintained by the Secretary-Treasurer were not signed by the Secretary-Treasurer and/or Chairman of the Board of Trustees on a timely basis. These documents were not signed by the Secretary-Treasurer or Chairman since the latter part of 1999 or first half of 2000, respectively.
- C. The District needed to codify its ordinances and resolutions related to the policies and procedures of the district. It was difficult to determine which ordinances/resolutions were currently in effect regarding district policies and procedures because individual ordinances/resolutions dated back to when the district was originally established, and included issues unrelated to the policies and procedures of the district.

Recommendation:

The Board of Trustees:

- A. Ensure minutes are prepared for all closed meetings.
- B. Require the Secretary-Treasurer and Chairman of the Board of Trustees to sign board minutes, ordinances, and resolutions to attest to their accuracy and completeness, in a timely manner.
- C. Consider the codification of the district's ordinances and resolutions.

Status:

A&B. *Implemented.*

- C. *Not implemented. Although the district's individual ordinances/resolutions are maintained in a computerized database, the district cannot readily determine which ordinances or resolutions are currently in effect regarding district policies and procedures.*

11. Fixed Assets

The district did not conduct a physical inventory of its fixed assets on a timely basis. As of March 2001, a physical inventory had not been performed for over two years for 9 of 15 locations. In addition, we noted some items were not numbered, tagged, or otherwise identified as district property. Also, the individual performing the physical inventory was also responsible for recording and accounting for the fixed assets.

Recommendation:

The Board of Trustees ensure an annual physical inventory is conducted of all fixed assets and the results of the inventory be reconciled to the detailed property records. Property control tags should be affixed to all fixed asset items. In addition, the physical inventory should be conducted by persons independent of those having record-keeping or custodial duties.

Status:

Implemented.

The district conducts physical inventories of its various locations on a rotating basis so that all locations are inventoried on an annual basis. Although the inventories are conducted by an individual having record-keeping duties, there appears to be supervisory review of her work.

12. Inventory Records and Procedures

- A. The district allowed employees to use some district property (i.e. compressors, chain saws, electric jack hammers) for personal use. In addition, the check out list did not always include the date and time returned.
- B. The district's inventory records were not accurate and the value of the inventory could not be readily determined. The cost of numerous items was not recorded in the inventory records, and some items showed a negative number as on-hand. District personnel indicated there could be many obsolete items in inventory.
- C. The district did not conduct periodic physical inventories on a regular basis to identify the difference between the physical count and inventory records.
- D. The inventory control function was not adequately segregated. The inventory control personnel at each location generally performed all functions associated with the district's inventory at that location.

Recommendation:

The Board of Trustees:

- A. Ensure district property is used only for district business.
- B,C,
&D. Ensure inventory records are accurately maintained. To help accomplish this, the district should conduct periodic physical inventories on a regular basis and investigate discrepancies in inventory counts. In addition, inventory duties should be segregated, there should be a supervisory review of reconciliations and/or adjustments, and someone independent of the inventory function should perform annual inventory counts.

Status:

- A. *Implemented. The district's policy, adopted March 2003, provides that equipment, tools, and materials are not to be borrowed for personal use. However, with management approval, these items may be used to fulfill the district's mission and goals such as household hazardous waste collection or earth day events.*
- B,C,
&D. *Partially implemented. We noted improvement in the district's inventory system. A physical inventory on certain items in the storerooms is conducted every 90, 180, or 360 days and spot checks are conducted weekly at the garage. However, there are still many items with a zero value recorded on the inventory. Although inventory control functions are not segregated at each location, the district has established a review system for reconciliations/adjustments.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

METROPOLITAN ST. LOUIS SEWER DISTRICT
FOLLOW-UP ON STATE AUDITOR'S PRIOR FINDINGS
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Metropolitan St. Louis Sewer District is organized pursuant to Article VI, Section 30 of the Missouri Constitution and is a political subdivision of the state. The district was created in 1954 to provide a metropolitan-wide integrated sewer system to serve the city of St. Louis and parts of the county of St. Louis. In 1977, the district annexed most of the county of St. Louis, not already part of the system. The district service area now includes a system of sanitary, storm water and combined sewers totaling more than 8,700 miles of pipes and channels covering more than 524 square miles, serving approximately 1.4 million customers.

The district is governed by a six-member appointed Board of Trustees with equal representation from the city and county. A three-member Civil Service commission serves in an advisory position on problems concerning personnel administration. The Charter (Plan) which established the district was amended by voters in 2000. The amended Plan established an independent fifteen-member rate commission to review adjustments to the district's user charges before the Board of Trustees acts on them. Another major change in the Plan gave the district the authority to issue revenue bonds on a districtwide basis.

The Board of Trustees enacts district ordinances, determines policies, and appoints the Executive Director, the Secretary-Treasurer, and the Internal Auditor. The Executive Director appoints all other district officials and employees.

The Board of Trustees and other principal officials at June 30, 2003 were:

<u>Board of Trustees</u>	<u>Term Expires</u>	<u>Actual Compensation the Year Ended June 30, 2003</u>
Robert J. Baer, Chairman	March 2006	
Claude Brown, Vice Chairman	March 2006	
Dee Joyce-Hayes, Member	March 2004	
Marian A. Rhodes, Member	March 2005	
Bart J. Margiotta, Member	March 2005	
Joan M. Swartz, Member	March 2004 (1)	\$ 50
Mary Gassmann Reichert	(1)	358
Thomas W. Purcell	(2)	550
Carolyn D. Seward	(2)	500
John W. Siscel	(2)	325
Anthony J. Soukenik	(2)	(3)
Michael C. Williams	(2)	375
<u>Other Principal Officials</u>		
Charles Etwert, Acting Executive Director	(4)	180,641
Karl Tyminski, Secretary-Treasurer		119,868
Randy Hayman, General Counsel		155,571
Bernardine Rivers, Director of Diversity	(5)	87,341
Vicki Edwards, Director of Human Resources		97,531
Don Moschenross, Director of Administration	(6)	134,700
Janice Zimmerman, Director of Finance		110,715
Bernie Rains, Director of Environmental Compliance	(7)	109,591
Bruce Kozozenski, Director of Risk Management	(8)	75,924
Robert Butchko, Director of Engineering	(9)	146,401
Jeff Theerman, Director of Operations	(10)	137,753
Ollie Dowell, Director of Public Affairs	(11)	80,195
Gene Rhodes, Interim Internal Auditor	(12)	74,129

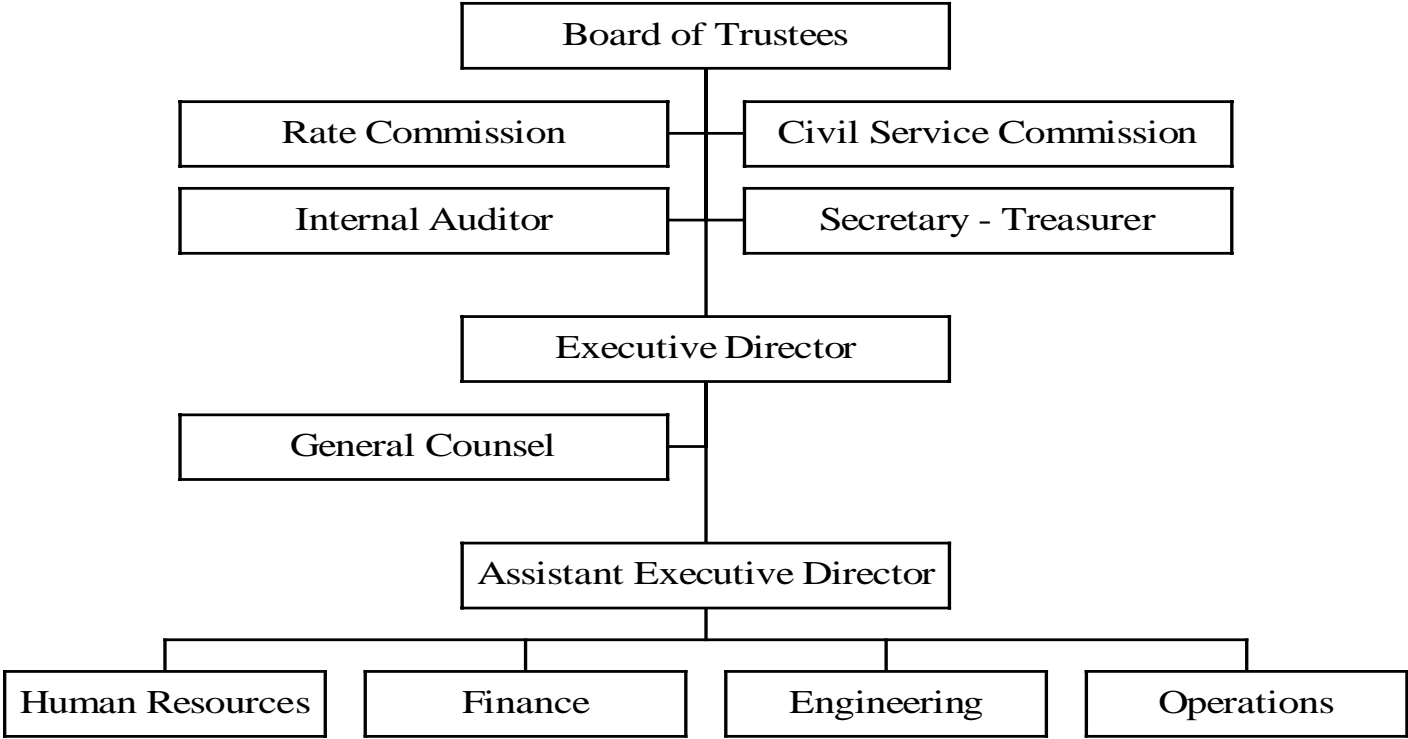
The amounts presented for the Board of Trustees represent compensation for attending meetings. These trustees receive compensation of \$25 for each day on which he/she attends a regular or special meeting. Trustees are paid in December of each year for that years' compensation. In addition, trustees are reimbursed for their necessary and reasonable expenses incurred in the discharge of their duties.

- (1) Ms. Swartz was appointed to the Board October 8, 2002 to fill the vacancy due to Ms. Reichert's resignation effective July 31, 2002.

- (2) At the request of the Mayor of the city of St. Louis and the County Executive of St. Louis County these trustees resigned from the Board effective March 6, 2003.
- (3) Mr. Soukenik directed his 2003 compensation totaling \$425 to charity.
- (4) Mr. Etwert retired from the district effective October 1, 2003. He had assumed the duties of Acting Executive Director when the Board did not renew Willie Horton's (Executive Director) contract on September 6, 2002.
- (5) Ms. Rivers retired from the district effective July 1, 2003. This position was reclassified to Manager of Diversity effective July 1, 2003.
- (6) This position was eliminated effective July 1, 2003. Mr. Moschenross received additional severance compensation totaling \$84,750.
- (7) This position was reclassified to Assistant Director of Engineering/Environmental Compliance effective July 1, 2003. Mr. Rains retired from the district effective August 1, 2003.
- (8) This position was reclassified to Manager of Risk Management effective July 1, 2003.
- (9) Mr. Butchko retired from the district effective October 1, 2003.
- (10) Mr. Theerman assumed the duties of Acting Executive Director effective October 1, 2003.
- (11) Ms. Dowell was hired August 26, 2002. Her annual salary was \$95,112. This position was eliminated effective July 1, 2003. Ms. Dowell received severance compensation totaling \$7,316.
- (12) Mr. Rhodes was appointed Interim Internal Auditor effective January 23, 2003. His annual salary is \$100,000 while functioning in this position.

An organization chart effective July 1, 2003 follows:

METROPOLITAN ST. LOUIS SEWER DISTRICT
ORGANIZATION CHART





**REVIEW OF MINORITY- AND WOMEN-OWNED
BUSINESS ENTERPRISE PROGRAM**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-109
October 27, 2003
www.auditor.state.mo.us**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

October 2003

Most state agencies did not meet participation goals of state's minority/women business enterprise program, and some program results are not accurately reflected

In fiscal year 2002, state agencies achieved participation of 9 percent minority business (MBE) and 3 percent women-owned business (WBE) on \$1 billion in goods and services and capital improvement expenditures. These percentages fell short of the state's participation goals of 10 percent MBE and 5 percent WBE as set by a 1998 executive order. State officials have not formally assessed the MBE/WBE program or determined the program's effectiveness since its 1998 inception. This audit assessed some parts of the program and focused on the Office of Administration, the program's main administrator. (See page 7)

Minority participation results higher for agencies purchasing through OA

Participation results in 2002 were higher when agencies made expenditures through OA. The 1998 executive order authorized specific actions by OA's Purchasing and Design and Construction (D&C) divisions to meet these goals. (See page 7)

For goods and services purchases: OA reported exceeding the state's MBE goal with 12 percent participation, but fell short of the WBE goal with 3 percent.

For capital improvement contracts: OA reported exceeding state goals with 15 percent MBE and 8 percent WBE.

Some results overstated by OA

OA's reporting of its program results was not entirely accurate. Auditors found OA's D&C personnel overstated MBE/WBE accomplishments on three projects by about \$2 million when they reported accomplishments from contract requirements, and not results achieved. On a \$5.4 million project, the WBE subcontractor only completed \$600,000 of its \$1.2 million portion of the project, but program results reflected \$1.2 million. Auditors also found D&C personnel counted minority, woman-owned subcontractors as both MBE and WBE. In addition, D&C's results included work completed by non-certified MBE/WBEs. In one case, if the state found the firms ineligible for certification, MBE results would lower by 39 percent and WBE results by 50 percent. (See page 8)

Opportunities are missed for minority participation

Auditors reviewed 86 D&C contracts and found OA did not require MBE/WBE participation on all eligible state contracts. For example, personnel said a \$431,000 contract to build a prison did not require participation due to difficulty in finding minority

YELLOW SHEET

firms near Springfield. Auditors, however, found MBE and WBE subcontractors in the area. In addition, OA has achieved little participation on contracts valued under \$100,000 because OA guidance did not require it and promotion for participation on smaller contracts was limited. (See page 10)

Participation waivers granted to contractors were often subjective

Auditors found D&C personnel granted complete or partial participation waivers on 45 percent of the 29 capital improvement contracts subject to participation requirements. D&C guidance states contractors can be waived from participation requirements after demonstrating "good faith" effort to achieve participation. But prime contractors had not adequately supported "good faith" efforts and D&C had not documented spot checks of such efforts. D&C personnel said they are currently working to make the process of determining "good faith" effort more objective. (See page 12)

MBE/WBEs were not routinely notified of contract opportunities

MBE/WBEs were not always made aware of all contract opportunities and OA did not ensure coordination between personnel promoting the program and personnel handling the contracts. (See page 13)

OA did not know if all contractors met participation requirements

OA cannot track participation on contracts because all contractors were not required to provide progress reports showing participation results and amounts paid to MBE/WBE subcontractors. For example, progress reports were not required on design contracts. Construction contractors must submit monthly progress reports, but D&C did not use this information to analyze actual participation accomplishments. In addition, D&C contracts have not provided for monetary penalties for contractors not meeting participation requirements. (See page 14)

OA has not ensured legitimate business relations exist

D&C and Purchasing personnel have not actively monitored contractors to ensure MBE/WBEs actually performed subcontract work and "fronting" has not occurred. D&C personnel made occasional visits to confirm MBE/WBEs were working on construction sites, but these results were not documented. Site administrators were also not required to monitor for "fronting." (See page 15)

Agencies need help in obtaining participation

Some agency officials said they needed more tangible help to achieve higher participation levels. For example, centralized reporting of non-MBE/WBE expenditures could be used to determine future contract opportunities. (See page 16)

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ABBREVIATIONS

OA	Office of Administration
D&C	Design and Construction
MBE	Minority-owned Business Enterprise
WBE	Women-owned Business Enterprise
MoDOT	Missouri Department of Transportation
OEO	Office of Equal Opportunity



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Jacquelyn D. White, Commissioner
Office of Administration
Jefferson City, MO 65102

Executive agencies spent \$1 billion on goods and services and/or capital improvements in fiscal year 2002 and are required to make every feasible effort to contract with certified minority-owned enterprises (MBE) and women-owned enterprises (WBE). We focused our review on the Office of Administration's (OA) management and oversight of the MBE/WBE program, because of the role OA plays in providing procurement opportunities to MBEs/WBEs for most state agencies. Specific objectives included determining whether (1) the state is achieving program goals, (2) opportunities to participate in state contracts have been maximized, and (3) the program has adequate oversight. We also conducted limited work at state agencies to determine what factors may impede their ability to achieve program goals.

Most state agencies have not met MBE/WBE goals established for the program. Overall, OA and state agencies spent \$1 billion in fiscal year 2002 and achieved MBE/WBE participation of 9 percent and 3 percent, respectively. Improvements in OA's management and oversight of the MBE/WBE program could enhance results. Although OA has achieved some success in increasing MBE/WBE participation in state contracts, OA could improve the accuracy of results reported for capital improvements by reporting actual results rather than contract requirements.

OA included participation requirements in the majority of contracts valued at \$100,000 or more. However, OA has missed opportunities to increase state contract participation by not encouraging participation on construction contracts and purchases of less than \$100,000. In addition, OA needs to strengthen its process in determining when to waive MBE/WBE participation requirements. We found instances in which good faith efforts of contractors had not been adequately justified and waivers had been granted. OA also has not adequately coordinated efforts to ensure MBE/WBEs are notified of contracting opportunities.

Improvements in oversight are also needed because OA has not ensured (1) an annual assessment is made of the program's status, (2) all contractors submit progress reports that can be used for tracking contract participation and all contracts contain provisions for monetary damages when prime contractors do not meet participation requirements, (3) legitimate business relationships exist between prime contractors and MBE/WBE subcontractors, and (4) an adequate MBE/WBE certification process. OA should take the lead in providing guidance and in monitoring state agency efforts to achieve program goals.

We have included recommendations to improve the management and oversight of the MBE/WBE program.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	Robert D. Spence, CGFM
Auditor In-Charge:	Darrick A. Fulton
Audit Staff:	B. Simpson

INTRODUCTION

In 1990, the General Assembly directed the OA to establish and implement a plan to increase and maintain the participation of minority business enterprises in contracts for supplies, services, and construction contracts. The General Assembly also funded a 1997 study which concluded the state had at least been a passive participant in discriminatory practices in the awarding of state contracts for construction and the purchase of goods and services. In response to the General Assembly mandate and the 1997 study, a 1998 executive order required executive branch agencies to (1) continue to make every feasible effort to increase the percentage of goods and services procured from certified MBE and WBE to 10 percent and 5 percent, respectively, and (2) participate in an executive branch contract compliance council to help agencies implement the policies and procedures recommended by an oversight review committee.

The executive order also authorizes more specific action by OA's Division of Purchasing and Materials Management (Purchasing) and Design and Construction (D&C) Division. For example, the order authorizes Purchasing to have prime contractors subcontract with MBEs and WBEs on targeted contracts of \$100,000 or greater. Participation goals for each contract are to be set by Purchasing in consultation with the Office of Contract Compliance (compliance),¹ and the user agency, depending on the availability of MBEs and WBEs in the applicable commodity/service and geographic area. The order sets the required MBE goal for all purchases at 10 percent and WBE goal at 5 percent, and sets the desired goals at 20 percent and 10 percent, respectively. The order also requires Purchasing to appoint a MBE/WBE Purchasing manager for the purpose of promoting and coordinating the participation of MBEs and WBEs in the state.

The executive order authorizes OA's D&C division to do the following:

- Require prime contractors to subcontract with MBEs and WBEs on construction contracts. D&C sets goals for each project in consultation with the compliance office, and based on the availability of MBE and WBE contractors in the applicable geographic area and construction trades. The order set the required MBE and WBE participation goals at 10 percent and 5 percent, respectively. It also set desired participation goals at 15 percent and 10 percent, respectively.
- Evaluate MBE/WBE participation in design contracts, as part of the quality-based selection process, for construction projects worth \$1.5 million or more. It sets MBE participation goals at 10 percent and WBE goals at 5 percent, and desired goals at 20 percent and 10 percent, respectively. On lesser value contracts, the order directs D&C make special efforts to target MBEs and WBEs as prime contractors.

The order requires Purchasing and D&C to establish policies implementing the program. It includes a waiver provision for prime contractors whose good faith efforts to attain program goals do not succeed. The order also requires the divisions to establish enforcement procedures, in cooperation with the compliance office, to penalize entities who fail to meet subcontracting commitments. The order also directed the creation of the compliance office, and its assignment

¹The duties and responsibilities of this office are carried out by the compliance officer within the Office of Equal Opportunity (OEO).

to OA. In addition, it directed the compliance office report to the governor and the Commissioner of Administration. Compliance office responsibilities and tasks include:

- cooperating with Purchasing and D&C in the administration and enforcement of the MBE/WBE program;
- cooperating with those divisions in the development of policies, forms, and procedures to carry out program requirements;
- participating in MBE/WBE goal setting;
- gathering information and record keeping to determine the effectiveness of state participation programs and the availability and utilization of eligible MBEs and WBEs on individual projects, including levels of participation, availability in specified areas and assessment of the continuing need for participation goals for specific contract areas;
- monitoring contractor compliance with program goals; and
- recommending sanctions for contractors who fail to faithfully execute MBE/WBE participation plans during the course of contract performance.

OA established the OEO to certify MBE/WBEs, report on program participation to state agencies, and generally oversee the program, according to an OEO official. OA officials placed the compliance office within the OEO.

The executive order also required an annual review of MBE/WBE participation levels achieved in state contracting areas during the previous year and a determination of whether the program was still needed. The order required the statutory Oversight Review Committee to complete the written assessment and deliver it to the governor and the legislature. If the report determined participation had been commensurate with MBE/WBE presence and capability in the marketplace, the program could then be terminated.

In fiscal year 1997, the state reported MBE participation of 3.3 percent. OA began reporting on WBE participation in fiscal year 1999 and reported WBE participation of 3.5 percent.

OA acts on behalf of most state agencies

Most state agencies are required to use OA when contracting for goods and services, and capital improvements exceeding \$25,000.² During fiscal year 2002, state agencies spent and/or contracted for over \$800 million for goods and services and \$200 million in capital improvements through OA.³ Table 1 depicts agency expenditures for goods and services handled through OA and in-house by the agencies for fiscal year 2002.

²Excludes Department of Transportation (MoDOT) and Department of Conservation (Conservation) capital improvements. In some cases, state agencies are granted the authority by the Office of Administration to make purchases greater than \$25,000.

³Conservation and MoDOT contract in-house for capital improvements and, therefore, did not use OA. MoDOT purchased \$289 million in goods and services and contracted for \$1.2 billion in capital improvements during fiscal year 2002.

Table 1: Purchases Made Through OA and Agencies (Dollars in millions)

Department/ Agencies ¹	OA amount	Agency amount	Totals	Percent of total	
				OA	Agency
Higher Education	\$10.1	\$1.3	\$11.5	88	12
Economic Development	21.8	5.1	26.8	81	19
OA	37.0	8.7	45.7	81	19
Social Services	99.4	25.1	124.5	80	20
Corrections	110.4	33.0	143.4	77	23
Insurance	.6	.2	.8	75	25
Health and Senior Services	29.1	12.0	41.2	71	29
Labor and Industrial Relations	6.5	2.6	9.2	71	29
Natural Resources	13.6	7.5	21.0	65	35
Public Safety	28.6	18.9	47.5	60	40
Elementary and Secondary Education	20.2	16.0	36.2	56	44
Sub-Totals	377.3	130.4	507.8	74	26
Conservation	14.3	15.3	29.6	48	52
Agriculture	1.5	2.5	4.0	38	62
Revenue ²	12.2	35.6	47.7	25	75
Mental Health	40.0	180.9	220.9	18	82
Sub-Totals	68.0	234.3	302.2	22	78
Totals³	\$445.3	\$364.8	\$810.1	55	45

¹These agencies have been delegated special authority to procure some goods and services without going through OA.

²Revenue expenditures include the Lottery Commission expenditures.

³Amounts do not sum due to rounding.

Source: Data from OA's fiscal year 2002 MBE/WBE expenditure report.

As shown in Table 1, most agencies relied heavily on OA to make an average of 74 percent of purchases for goods and services during fiscal year 2002. In-house expenditures represented 26 percent of total expenditures for the 11 agencies. Four of the agencies shown above made over half of their purchases in-house.

Most agencies
purchase through
OA

Methodology

We focused on determining whether improvements are needed in OA's management and oversight of the MBE/WBE program, which handled a substantial portion of state expenditures for goods and services and all capital expenditures (except for Conservation and MoDOT⁴). We conducted our work at OA's Purchasing and D&C divisions as well as the OEO.

To determine whether MBE/WBE program goals have been achieved, we reviewed (1) Executive Order 98-21 and applicable state statutes, (2) OA policies and procedures relating to

⁴MoDOT is required to follow federal disadvantaged business enterprise regulations. According to a MoDOT official, these regulations are different from state MBE/WBE guidelines. Under federal guidelines, MoDOT is prohibited from achieving anything greater than 9.34 percent. According to a MoDOT official, MoDOT achieved 8.8 percent disadvantaged business enterprise participation for 2002.

the program, and (3) OA records supporting results achieved. In addition, we conducted a statistical sample of capital improvement contracts and purchase contracts to determine the accuracy of reported participation accomplishments during fiscal years 2001 and 2002.

To determine whether OA has maximized opportunities for MBE/WBEs to participate in the program, we conducted statistical samples of 86 capital improvement contracts, which included 60 construction and 26 engineering/architect (design) contracts, from a study population of 504 contracts, and 100 purchase contracts from a study population of 2,632 contracts. In addition, we interviewed knowledgeable OA personnel and reviewed OA records to determine if OA personnel included participation requirements in sampled contracts and whether contractors adequately justified good faith efforts to obtain participation when requesting release from participation requirements. We also assessed efforts to increase program participation by interviewing OA personnel and reviewing OA records.

To determine whether increased oversight is needed over the program, we interviewed OA program personnel and reviewed documentation related to (1) reporting requirements for the program, (2) assessing penalties for not meeting program requirements addressed in contracts, and (3) monitoring of prime contractors. In addition, we reviewed 25 judgmentally selected MBE/WBEs certification/re-certification cases.

To determine impediments faced by agencies in meeting program goals and methods for overcoming those impediments we interviewed responsible agency staff for five agencies—Departments of Corrections, Elementary and Secondary Education, Mental Health, Natural Resources, and Social Services—and various OA officials.

To determine the reliability of computer generated data, we traced data elements from our statistical samples of 86 construction and 100 purchase contracts to corresponding information in OA's computerized system. The test disclosed an error rate of 9 percent for the D&C data and 2 percent for Purchasing data. We consider the error rates acceptable and do not believe they materially affected our analysis of data since we relied heavily on original source material from contract files.

We requested comments on a draft of our report. OA provided comments in a meeting on June 11, 2003, and a letter dated August 15, 2003. We have incorporated these comments as appropriate. We conducted our work between August 2002 and May 2003.

RESULTS AND RECOMMENDATIONS

Improvements In the Management and Oversight of Minority- and Women-Owned Business Enterprise Program Could Increase Participation

Most state agencies have not met MBE/WBE goals established for the program. Although OA has had some success in improving MBE/WBE participation, improvements in OA's management and oversight of the program are needed because OA has not always accurately reflected program results, maximized all opportunities for MBE/WBE participation, or adequately supervised the program. In addition, OA has not provided state agencies adequate assistance in overcoming impediments to achieving program participation. Improvements in these areas would provide additional opportunities for MBE/WBEs to participate in state contracts, and enhance program results.

MBE/WBE achievements fall short of most program goals

State agencies generally did not meet the state's MBE/WBE required goals of 10 percent and 5 percent, respectively, for \$1 billion in expenditures during fiscal year 2002. Overall, state agencies achieved 9 percent MBE participation and 3 percent WBE participation. Of the \$1 billion, state agencies spent \$800 million for goods and services during fiscal year 2002 and reported MBE/WBE participation of 8 percent and 2 percent, respectively, which is below the state's goals. Purchases from one MBE vendor accounted for \$34 million (55 percent) of the \$62 million in MBE participation.⁵ State agencies also spent \$200 million through OA for capital improvements. OA reported MBE/WBE participation of 15 percent and 8 percent, respectively, which exceeded the state's required goals.

MBE participation results were somewhat higher for agencies purchasing goods and services through OA during fiscal year 2002. OA reported a total of 12 percent⁶ for MBE participation, or \$52 million, for goods and services expenditures totaling \$445 million, which exceeded the state's required goal of 10 percent. However, OA fell short of meeting the state's desired goal of 20 percent. OA also reported a total of 3 percent for WBE participation, or \$12 million, for goods and services, which did not meet the state's required goal of 5 percent or desired goal of 10 percent.

OA reported a total of 15 percent for MBE participation, or \$30.7 million, on capital improvement contracts⁷ totaling \$200 million which met the state's desired goal of 15 percent. OA also reported a total of 8 percent WBE participation, or \$16.5 million, which exceeded the state's required participation requirement of 5 percent, but fell short of the desired WBE goal of 10 percent for capital improvement procurements.

Table 2 depicts MBE/WBE accomplishments achieved through OA, and by agencies, for goods and services expenditures, and capital improvement contracts, during fiscal year 2002.

⁵We estimate \$32 million in purchases were made through OA and \$2 million in purchases were made by agencies, according to state's computerized accounting system data.

⁶Purchases on one contract accounted for \$32 million of the \$52 million MBE participation reported by OA.

⁷Excludes capital improvement contracts for MoDOT and Conservation.

Table 2: Percentage Agency Participation Results for Fiscal Year 2002 Expenditures

Category/State Agency	MBE Participation			WBE Participation		
	OA	Agency	Total	OA	Agency	Total
Goods and Services						
Insurance	32 ¹	14	28	7	5	6
Labor and Industrial Relations	25	20	24	4	3	4
Natural Resources	20	4	14	3	2	3
Economic Development	17	8	15	4	3	4
Health and Senior Services	15	3	11	2	1	1
Revenue	14	3	6	1	0 ²	0 ²
Mental Health	14	3	5	0 ²	2	1
Social Services	12	2	10	3	1	2
Public Safety	10	2	7	1	2	1
Corrections	10	2	8	4	2	4
Conservation	8	0 ²	4	3	2	2
Elementary and Secondary Education	7	2	5	2	5	3
Office of Administration	7	4	6	3	0 ²	3
Higher Education	5	3	5	0 ²	0 ²	0 ²
Agriculture	9	2	5	0 ²	2	1
Total – Goods and Services	12³	3	8	3	2	2
Capital Improvements –						
OA-Design and Construction ⁴	15	N/A	15	8	N/A	8

¹Percent reported for the Department of Insurance reflects large computer purchase.

²Percentages less than 1 percent.

³Percentage reflects \$32 million in purchases from one contractor which accounts for 7 percent of participation reported by OA.

⁴Includes capital improvements for all agencies except for MoDOT and the Department of Conservation.

Source: Data from OA's fiscal year 2002 MBE/WBE expenditure report.

As shown in Table 2, results reported for agencies purchasing goods and services were substantially less than those reported when purchasing goods and services through OA. Only two agencies met or exceeded the state's required goal of 10 percent MBE participation. Overall, MBE results reported for goods and services purchased in-house by agencies totaled 3 percent, which is substantially less than the state's required goal of 10 percent. The 2 percent reported for WBE participation for goods and services purchased by state agencies also did not meet the state's required goal of 5 percent or desired goal of 10 percent.

OA has overstated some results

OA's reporting of program accomplishments has not been entirely accurate. We found examples in which D&C had overstated MBE/WBE accomplishment on three projects by about \$2 million for fiscal years 2001 and 2002. Our review of 86 sampled capital improvement contracts disclosed MBE/WBE participation accomplishments reported by D&C personnel had been overstated by \$616,000 for fiscal years 2001 and 2002. These overstatements occurred because D&C personnel reported accomplishments based on contract requirements, or estimated participation, and not actual results achieved. For example:

- On a \$5.4 million project, the WBE subcontractor could not complete its \$1.2 million portion of the project. The WBE had completed and been paid \$600,000 on the contract;

however, D&C reported the \$1.2 million contractual requirement instead of what the WBE firm accomplished.

- On a \$90,000 project to replace a cooling tower, the MBE subcontractor did not comply with contract requirements and left the project. The prime contractor replaced the subcontractor with a non-MBE contractor to finish the job. D&C reported a \$16,000 MBE accomplishment, which should have not been reported.

On another case, not included in our sample cases, D&C personnel reported \$1.3 million in WBE participation. However, case documents disclosed the WBE subcontractor went out of business before the contract started. Therefore, no accomplishment should have been reported on this contract.

We also found instances where D&C personnel had counted minority, woman-owned subcontractors as an MBE and WBE for reporting purposes, while Purchasing did not. For example, our review of sampled contracts disclosed personnel double counted approximately \$87,000 on three design contracts. D&C personnel stated they had been directed to report participation in this manner. However, policies and procedures do not address reporting results on a subcontractor who qualifies as a minority and a woman-owned business.

D&C personnel do not follow OEO guidance when reporting accomplishments

D&C personnel also included the value of work done by MBE/WBEs certified by organizations other than OEO for reporting purposes. For example, D&C personnel claimed \$14 million in MBE participation and \$8.9 million in WBE participation on a \$112 million contract. However, \$5.4 million of MBE participation and \$4.4 million of WBE participation had been paid to non-OEO certified firms. OEO guidance states certifications by other organizations, or other states, should go through "rapid certification," or an out-of-state application process, by OEO in order to validate those certifications. However, D&C personnel did not follow that guidance. If D&C had followed OEO procedures and OEO had determined those MBE/WBEs to be ineligible for certification, MBE and WBE participation results could have been reduced by as much as \$5.4 million, or 39 percent, and \$4.4 million, or 50 percent, respectively, on this contract.

In addition, D&C personnel included MBE/WBE accomplishments for "one-time" MBE/WBE certification exemptions granted by D&C personnel.⁸ OEO's guidance requires contractors be OEO certified to be included in reported accomplishments. D&C has included "one-time" certifications in its accomplishments because D&C followed its 1984 guidance developed for the program. According to an OEO official, the original program began in 1984 and D&C's guidance allowed one-time certifications to encourage participation in the program. However, the official stated one-time certification exemptions may no longer be needed because the program is established and because OEO acts as the focal point for MBE/WBE certifications.

⁸See page 15 for additional discussion on the certification process.

MBE/WBE opportunities to participate in state contracts have not been maximized

Our review of sampled cases disclosed OA did not always require MBE/WBE participation on eligible state contracts, and did not always have adequate support for waivers of MBE/WBE participation requested by contractors. Further, OA has not always notified MBE/WBEs of subcontract and/or prime contract opportunities.

Our review of a statistical sample of 86 D&C contracts disclosed D&C personnel included participation requirements in the majority of construction contracts valued at \$100,000 or more. However, they did not require participation in some eligible contracts. Our review showed 60 of 86 sampled contracts represented construction contracts.⁹ Of the 60, 29 contracts totaling \$128 million, were subject to the \$100,000 participation requirement. Of these 29, D&C personnel included participation requirements in 21 contracts totaling \$125 million. OA reported MBE participation of \$14 million (11 percent of \$128 million) and WBE participation of \$11 million (9 percent of \$128 million).

D&C personnel did not require MBE/WBE participation on 8 eligible contracts totaling \$2.2 million. For example:

- Participation requirements had not been included on a \$700,000 contract to build a dormitory at a children's camp, due to an oversight according to D&C personnel.
- On a \$431,000 contract for a building at a prison located near Springfield, personnel stated participation is hard to obtain in the Springfield area, but they probably could have established goals. Our review disclosed MBE and WBE subcontractors exist in the southwest area of the state.
- Both a \$143,000 roof replacement and a \$145,000 maintenance building repair represented small projects, which are difficult to subcontract, according to a D&C official.

Our review of sampled contracts also disclosed D&C personnel had not included participation requirements on the majority of construction contracts valued at less than \$100,000.¹⁰ Our review showed 31 of 60 sampled contracts totaling \$1.1 million, were valued at less than \$100,000. D&C personnel required MBE/WBE participation as a subcontractor on one contract totaling \$90,000, but did not require participation on the remaining 30 sampled contracts (totaling \$1 million). MBE participation reported by OA on the one contract represented \$16,000 (less than 2 percent of the \$1.1 million) while WBE participation totaled \$6,000 (less than 1 percent of the \$1.1 million).

The 1998 executive order requires executive agencies to make every feasible effort to increase the percentage of goods and services procured from certified MBE/WBEs to 10 percent and 5 percent, respectively. D&C personnel recognize the executive order applies to contracts valued at less than \$100,000, and they encourage contractors to seek participation on contracts near the

⁹D&C awarded 347 construction contracts during 2001 and 2002 totaling \$253 million. Of these, 159, or 46 percent, totaling \$247 million met the \$100,000 criteria.

¹⁰D&C awarded 188 construction contracts during fiscal years 2001 and 2002, totaling \$6 million, valued at less than \$100,000.

threshold. However, D&C guidance does not require minority participation on contracts or MBE/WBEs to serve as prime contractors on contracts valued at less than \$100,000.

Our review disclosed 26 of the 86 sampled contracts represented design contracts. The 26 contracts totaled \$5 million. The 1998 executive order also directs MBE/WBE requirements be included as part of the quality-based selection process for design contracts involving construction projects estimated to cost \$1.5 million or more. We found D&C personnel followed the guidance; however, they established \$5 million as the threshold because, according to D&C personnel, it is too time consuming to go through the quality ranking process on design contracts less than \$5 million. We found MBE/WBE requirements had been included as part of the quality-based selection process for two design contracts totaling \$3 million on the two construction projects valued at \$5 million or more.

Twenty-four of the 26 design contracts totaling \$1.9 million, involved construction projects valued at less than \$5 million. The 1998 executive order directs D&C make special efforts to target MBEs and WBEs as prime contractors for design contracts when construction projects are valued at less than \$1.5 million. D&C followed that guidance; however, under D&C's guidance the threshold is \$5 million. We found prime contracts had been awarded to MBE/WBE contractors on 6 of the 24 design contracts and D&C reported MBE participation totaling \$202,000 (11 percent of \$1.9 million) and WBE participation of \$114,680 (6 percent of \$1.9 million).¹¹

Regarding Purchasing contracts, most did not include participation requirements in contracts valued at \$100,000 or more. Our review of a statistical sample of 100¹² purchase contracts showed 22 purchases totaling \$11.8 million met the \$100,000 participation criteria.¹³ Purchasing personnel did not require participation on 18¹⁴ purchases totaling \$10.4 million, or 88 percent, of the value of the 22 sample contracts. Purchasing required participation on the remaining 4 purchases totaling \$1.4 million—two information technology contracts and two services contracts, but no commodity contracts. OA reported MBE participation of \$450,000 (4 percent, of the \$11.8 million) and WBE participation of \$273,000 (2 percent of the \$11.8 million).

Purchasing
missing
opportunities

The 1998 executive order authorizes Purchasing to require prime contractors subcontract with MBEs/WBEs on contracts valued at \$100,000 or more. However, Purchasing personnel have not required subcontract participation on commodity contracts. Commodity expenditures represented \$153 million, or 30 percent of \$512 million in purchasing expenditures for fiscal years 2001 and 2002. According to Purchasing personnel, it is not practical to include MBE/WBE participation requirements in commodity contracts due to difficulty in breaking out a meaningful portion of the contract for subcontracting. However, sampled commodity contracts disclosed opportunities may exist to include MBE/WBE participation requirements. For

¹¹See page 6 for discussion of accuracy of reporting.

¹²Includes 22 contracts with zero values or activity for fiscal years 2001 and 2002.

¹³During fiscal years 2001 and 2002, \$471 million in purchases, or 92 percent of \$512 million in total purchase expenditures, met the 1998 executive order guidance of \$100,000 for MBE/WBE participation.

¹⁴On 2 of the 18, purchasing personnel had awarded contracts to MBE/WBEs.

example, when we inquired about a \$1.7 million paper contract, Purchasing personnel contacted the firm and the contractor confirmed opportunities for subcontractors may have existed on the contract. Purchasing personnel also stated they do not include participation requirements on information technology or services contracts unless a portion of the contracts can be subcontracted or unless certified MBE/WBEs can provide the needed goods or services.

Purchasing personnel also had not included participation requirements for the majority of sampled contracts valued at less than \$100,000.¹⁵ Our review of the 100 sample contracts disclosed 56 purchases totaling \$2 million, were valued at less than \$100,000. Purchasing personnel did not require participation on 55 of 56 purchases totaling \$1.95 million. Purchasing awarded one purchase totaling \$44,000, or 2 percent, of the value of those purchases, to a WBE prime contractor and reported those amounts as WBE accomplishments. The 1998 executive order requires executive agencies to make every feasible effort to increase the percentage of goods and services procured from certified MBE/WBEs to 10 percent and 5 percent, respectively. However, on less than \$100,000 contracts, Purchasing guidance does not require participation and little effort is made to target MBE/WBEs as prime contractors or subcontractors.

Good faith efforts by contractors not always adequately supported

We found D&C personnel granted complete or partial waivers on 13, or 45 percent, of the 29 capital improvement contracts subject to the \$100,000 participation requirement criteria. D&C guidance states waivers can be granted under certain conditions when contractors demonstrate good faith efforts¹⁶ to meet participation proposal goals. D&C guidance also states 6 of 10 checklist items should be addressed adequately in order for a contractor to demonstrate a good faith effort. However, during our review of cases, we found instances where contractors had not adequately supported good faith efforts.

D&C personnel stated determining good faith efforts by contractors is very subjective and current procedures may not be adequate to ensure good faith effort by contractors. D&C personnel also stated contractors are sometimes checked for efforts in seeking out MBE/WBE subcontractors. However, D&C's effort has not been documented. For example, personnel may contact MBE/WBEs to determine if they received adequate time to prepare bids for prime contractors or were even contacted by prime contractors. In reviewing a draft of this report, a D&C official stated OA is studying ways to make the good faith evaluation more objective and plan to have a revised version in fall 2003.

Federal regulations¹⁷ provide guidance in judging whether contractors have made bona fide good faith efforts to secure minority business participation on federal transportation contracts. For example, the guidance states when an apparent successful bidder fails to meet contract participation goals, but other bidders meet requirements, you may reasonably question whether, with additional reasonable efforts, the apparent successful bidder could

¹⁵During fiscal years 2001 and 2002, \$40 million (8 percent of \$512 million) of purchases were valued at less than \$100,000.

¹⁶See Appendix I for description of items to be addressed by contractors requesting waivers.

¹⁷Parts 23 and 26 of Title 49 of the Code of Federal Regulations.

have met participation goals. Also, if the apparent low bidder meets or exceeds the average participation by other bidders, this may be evidence of the bidder making the effort. OA officials do not have procedures in place requiring the use of federal guidance in determining good faith efforts.

OA missing opportunities to increase participation

MBE/WBEs were not routinely notified of subcontract and prime contract opportunities on purchasing and capital improvement contracts by OEO's supplier diversity section,¹⁸ Purchasing, or D&C personnel. Supplier diversity personnel had access to all requests for upcoming proposals, and proposals posted on the state's Internet site. However, supplier diversity has no coordinated effort to ensure MBE/WBEs are contacted for most purchasing, or capital improvement contracts, according to supplier diversity personnel.

Purchasing relies on prime contractors to seek MBE/WBE participation on contracts valued at \$100,000 or more, according to Purchasing personnel. According to supplier diversity personnel, Purchasing personnel sometimes contact supplier diversity personnel for assistance in making MBE/WBEs aware of contract opportunities on large Purchasing contracts. However, outreach efforts are not required and have not occurred on all purchase contracts, according to supplier diversity personnel. Purchasing established a procedure referred to as "on-line registration" and MBE/WBEs are encouraged to register and indicate the types of goods and services provided. As part of this process, applicable businesses are notified by e-mail when proposals are planned. However, according to an OEO official, while OEO has had some success with MBE/WBEs registering on-line for this service, it has made on-line registration a requirement in order for a firm to be re-certified by OEO to encourage more firms to register on-line.

Purchasing also occasionally awards contracts to MBE/WBEs who act as the prime or sole contractor. However, no coordinated effort exists between supplier diversity and Purchasing to routinely contact MBE/WBEs about prime contractor opportunities on less than \$100,000 contracts, or larger contracts valued at \$100,000 or more where subcontracting was not possible.

D&C also relies on prime contractors to seek MBE/WBE participation, according to D&C personnel. State contract opportunities are posted on the state's Internet site and prime contractors are required to advertise subcontract opportunities in the news media. However, D&C does not have policies or procedures requiring personnel to notify MBE/WBEs, or OEO's supplier diversity personnel, of capital improvements projects. According to supplier diversity personnel, they have limited involvement with D&C personnel in promoting the program.

Purchasing and
D&C rely on
contractors

¹⁸OEO's supplier diversity section is responsible for promoting the MBE/WBE program.

Adequate oversight of the program not always provided

Since 1998, OA has not conducted annual reviews of the program to assess the status of the program and whether there is continued need for it. In addition, OA has not (1) ensured all contracts are monitored for adherence to contract participation requirements and all contracts provide monetary damages when contractors do not meet contract participation requirements, (2) adequately monitored prime contractors to ensure legitimate business relationships exist with MBE/WBEs, and (3) adequately documented the certification process.

The 1998 executive order establishing the program requires an oversight review committee and OA's contract compliance officer to submit yearly reports to the governor and OA Commissioner assessing program progress, and continued need for the program. Annual assessments were to address the level of MBE/WBE participation and whether the program should be continued. If the report determined MBE/WBE participation had been commensurate with MBE/WBE presence and capability in the marketplace, the program could be terminated. According to a committee member, the committee has been inactive since issuance of the executive order and no reports have been submitted. The OA compliance officer stated he had not prepared a report assessing the program since 1998.

OA does not always know whether contractors have met MBE/WBE contract requirements

D&C personnel do not always know whether prime contractors have met contract participation MBE/WBE accomplishments because D&C does not always ensure contractors submit progress reports detailing amounts paid to MBE/WBE subcontractors. For example, on design contracts D&C personnel do not require prime contractors to submit progress reports and, therefore, they may not always know whether or not the contractor actually achieved MBE/WBE requirements. D&C requires contractors on construction contracts to submit monthly progress reports to help ensure MBE/WBE subcontractors are paid in accordance with the contract. However, D&C personnel do not use this information to formally track actual MBE/WBE program accomplishments, according to a D&C official.

The 1998 executive order also states D&C and Purchasing shall establish enforcement procedures, including penalties for failing to meet contract participation requirements. Purchasing personnel included a clause in purchase contracts allowing Purchasing to cancel the contract, debar the contractor, and assess monetary penalties if the contractor did not obtain adequate MBE/WBE participation. D&C contracts contain provisions which allows the Director of D&C to (1) declare the contractor ineligible to participate in state business for up to 12 months, and (2) declare the contractor in breach of the contract. However, D&C contracts do not provide for other specific penalties such as monetary (liquidated) damages.

OA has not ensured legitimate business relationships exist

D&C personnel have not actively monitored construction contractors to ensure MBE/WBEs actually perform subcontract work. According to D&C personnel, occasional visits are made to sites to confirm MBE/WBEs are working on site; however, the results of those visits are not documented. Site administrators are on site at larger projects; however, they are not required to monitor the prime contractor to ensure MBE/WBEs do the work, according to D&C personnel. D&C personnel also stated they have done nothing to ensure MBE/WBE subcontractors perform work on design contracts. D&C personnel do not monitor these contractors or require prime contractors to submit progress reports to D&C showing amounts paid to MBE/WBEs. Progress reports are required on construction contracts when MBE/WBEs are used.

D&C personnel have not found an instance in which a prime contractor "fronted," or did the work themselves, for a MBE/WBE subcontractor to meet contract requirements. According to MoDOT officials, MoDOT monitors prime contractors for "fronting" and has found it can happen. For example, in November 2001, MoDOT personnel uncovered a subcontractor who had not performed a "commercially useful function" on a highway construction job, and MoDOT took action against the prime contractor for using the subcontractor as a "front."

Purchasing personnel also have not monitored purchase contracts to confirm MBE/WBEs performed subcontract work on contracts for goods and services, according to a Purchasing official. The official stated such oversight is not the division's responsibility, instead state agencies should monitor whether MBEs/WBEs actually do the work. However, agency personnel we contacted stated it is OA's responsibility to monitor contractors because OA has contract oversight responsibilities. In reviewing a draft of this report, the Deputy Commissioner stated Purchasing and state agencies have a shared responsibility to monitor contracts for MBE/WBE contractual compliance since they are both responsible for contract administration. However, she stated perhaps there needs to be a reminder issued as to what role each of them has in this area. We believe sound business practices dictate personnel responsible for contracting should monitor contractors to ensure "fronting" does not occur.

OA has not ensured adequate documentation of its certification process

Our review of the certification process disclosed file documents were sometimes incomplete and re-certifications were not always timely in accordance with OEO guidance. We reviewed 25 certification and re-certification files and 21 pending re-certification files processed by OEO personnel and found:

- birth certificates, drivers license, and other proof of minority status were not always on file,
- desk audits of out-of-state certifications were not documented in all case files,
- checklists to document all information had been completed were not always on file, and

- re-certifications of MBE/WBEs by OEO personnel were not always timely. OEO guidelines give state vendors six months to submit the re-certification application before they are considered inactive and removed from the list of certified vendors. In one case we noted a vendor's certification had expired over 10 months before personnel removed the vendor from the list of certified vendors.

D&C personnel also did not follow OEO guidance on MBE/WBE certification procedures. Instead, personnel granted contractors, uncertified by the OEO, a one-time exemption from certifications process so they could be counted as a MBE/WBE on the project. In addition, D&C personnel did not adhere to the one-time exemption. In one instance, D&C allowed one contractor to be used twice as an MBE without requiring OEO certification. According to D&C personnel, they used the one-time exemption to encourage MBE/WBEs to participate on state contracts. However, according to an OEO official, one-time exemptions may no longer be needed because MBE/WBE now have the opportunity to become OEO certified, thereby eliminating the need for one-time exemptions.

State agencies face impediments in achieving MBE/WBE participation

An OEO official stated OEO wants to assist state agencies in meeting their participation goals. The official told us OEO recently requested agencies provide OEO documentation of how agencies spend discretionary funds in an attempt to locate types of purchases in which MBE/WBEs are being underutilized. The official also stated information is essential to the success of the program and OEO will try to work with agencies in developing helpful reports. In addition, another OEO official told us it would be possible to create a report all agencies could access to accumulate information to help the agencies isolate opportunities to identify potential MBE/WBE contractors. The official said it is important for each agency to take ownership of the program. If the agency invests time and resources in developing reports, those agencies will be more likely to utilize report information, according to the official. However, discussions with personnel from five state agencies—four of which are failing to meet state participation goals—disclosed agencies face various impediments in getting MBE/WBE participation on state contracts. Discussions with agency personnel contacted revealed the following:

The first agency official has attempted to increase participation through various efforts. For example, the agency identified uncertified minority- and women-owned contractors the agency utilizes and sent out a letter inviting those contractors to become OEO certified. However, the agency received a very low response rate because some of the contractors did not want to submit the personal information required in the certification process, according to the official. The official requested OA's help in sending out additional letters to these contractors; however, OA did not have the resources to help, according to the agency official. The official also stated the agency has not been successful in determining a way to increase MBE/WBE participation.

The official had several suggestions for helping agencies improve program results. For example, centralized reporting of non-MBE/WBE expenditures could be used to determine future contract opportunities. Instead of each agency developing its own MBE/WBE reports

the official stated OA should develop the reports for all state agencies to use. The official stated the data is available in the state's computerized accounting system; however, the data needs to be organized into usable reports. The official also stated an annual assessment of the program would be useful providing it is an honest assessment of the program and recommendations from the report are implemented.

The second agency official stated his agency has experienced problems in obtaining MBE/WBE participation because minority- and women-owned businesses sometimes do not have a sufficient line of credit to buy goods on the scale necessary to compete for state contracts. In addition, his agency deals with minority firms; however, MBE/WBE firms do not always want to be certified by OEO because of certain required information such as tax information and other required information.

The official stated the executive order requires agencies to seek MBE/WBE participation; however, his agency has not been provided assistance needed to meet state goals. He stated the OEO often stresses to the agencies the need to increase their participation numbers, but he believes OEO provides little tangible help to state agencies.

The third agency official stated his agency has experienced problems in obtaining MBE/WBE participation because the majority of professional contractors his agency normally deals with are non-profit organizations. The official also stated OEO's decision to no longer certify non-profit organizations has lowered his agency's MBE/WBE participation percentages.

The official also stated it would be helpful if OA had centralized reporting which would identify MBE/WBE vendors used by state agencies, with information on the type of purchase. The official stated having up-to-date and accurate information is important to the success of the program. If personnel making purchasing decisions could have easy access to MBE/WBE's utilized by all agencies, it would be helpful in increasing participation. He stated OEO personnel are generally helpful and have been particularly helpful in assisting his agency in compiling MBE/WBE participation data.

The fourth agency official stated many MBE/WBE firms have difficulty obtaining sufficient capital, bonding, or other technical assistance, in order to compete for state business. The official stated a lack of collaboration between state agencies who provide technical assistance to MBE/WBE firms adds to this problem. The official also stated a broad based strategic review of the program should be performed to ensure the collaboration of efforts among state agencies who provide technical assistance to MBE/WBE firms, and to provide creative ways of assisting MBE/WBE firms. The official added a strategic review effort of this type would help increase MBE/WBE participation in state contracts.

The fifth agency official stated his agency has had difficulty in contracting with minority firms due to the low number of minority-owned firms in the Jefferson City/mid-Missouri area. Also, the minority contractors have difficulty competing against larger suppliers. The official stated the certification process could be made less stringent since required documentation, such as corporate minutes and tax returns, can create obstacles for those

firms seeking certification. Also, some minority firms do not perceive any benefit in being state certified and do not pursue certification.

Conclusions

State agencies did not meet MBE/WBE program goals for fiscal year 2002. While OA has had some success in improving program results, improvements are needed in the state's program. While OA has reported it met the 1998 executive order goal for MBE participation on capital improvement contracts, it has not met the goal for WBE participation for those contracts or MBE/WBE participation goals for purchases. In addition, OA has overstated some MBE/WBE accomplishments by not always reporting actual accomplishments and double counting some results. Some OA personnel have also reported results for non-OEO certified MBE/WBEs. Accurate reporting of MBE/WBE accomplishments is important in assessing OA's performance in meeting MBE/WBE goals established in the executive order.

OA has included participation requirements on the majority of capital improvement contracts valued at \$100,000 or more. However, OA has achieved little participation on contracts valued under \$100,000 because OA guidance does not address this requirement and OA personnel have done little to promote participation on smaller contracts. OA has not always required prime contractors to fully justify good faith efforts for a MBE/WBE requirement waiver and does not document its spot checks of good faith efforts by contractors. MBE/WBEs are not always aware of contract opportunities because OA does not ensure coordination between personnel promoting the program and personnel handling contracts.

Additional program oversight is needed because OA has not assessed the program's status since 1998, or determined the effectiveness of the program. Such an assessment would provide the governor valuable information regarding utilization of eligible MBE/WBEs. In addition, OA does not have the means to track participation on all contracts because OA has not required all contractors to provide progress reports showing participation results. We believe OA should require progress reports on all contracts and track progress payments in order to determine whether contractors are meeting MBE/WBE participation requirements. OA also has not required monetary penalties in all contracts for contractors not meeting MBE/WBE participation requirements. OA also has not adequately monitored prime contractors to ensure legitimate business relationships exist between prime and subcontractors. OA's certification of MBE/WBEs is not adequate because key documentation is missing from case files, required information is not always obtained, re-certifications are not always timely, and OEO guidance on certification procedures is not followed by all OA personnel. Agencies need help in obtaining MBE/WBE participation and OA should take the lead in providing needed assistance and monitoring agencies' progress in overcoming impediments to participation.

Recommendations

We recommend the Commissioner of Administration:

1. Report actual accomplishments achieved by MBE/WBEs, eliminate double counting of results, and require all OA personnel to follow OEO guidance for reporting accomplishments.
2. Require MBE/WBE participation on all contracts valued at \$100,000 or more, or justify why participation is not required. For contracts or purchases under \$100,000, establish procedures to include participation and target MBE/WBEs as prime contractors.
3. Strengthen procedures to ensure contractors are required to fully justify "good faith efforts" before waiving some or all MBE/WBE participation requirements and to ensure OA personnel document reviews of good faith efforts.
4. Establish policies and procedures to ensure a coordinated effort within OA to notify MBE/WBEs of contract opportunities.
5. Annually assess the program's status, determine its continued need, and report findings to the governor.
6. Require all contractors to submit progress reports on amounts paid to MBE/WBEs, monitor accomplishments through the use of progress reports, and include a monetary damages clause in all contracts as a means of penalizing contractors not meeting MBE/WBE contract requirements.
7. Establish procedures for monitoring business relationships with MBE/WBEs and prime contractors for legitimacy.
8. Establish procedures to ensure the certification process is fully documented, required information is obtained, re-certifications are timely, and all OA personnel follow OEO certification guidance.
9. Act as the focal point for the state in providing guidance and assistance to state agencies in order to increase participation in the program.
10. Monitor state agency activities to ensure state agencies are actively pursuing MBE/WBE participation whenever possible.

Agency Comments

OA provided the following comments.

1. *The Office of Administration (OA) concurs with the recommendation that the Division of Design & Construction (D&C) discontinues the practice of double counting of firms owned by minority females as both MBE and WBE for the purpose of reporting results.*

D&C will follow OEO guidance for the reporting of results. However, we believe the difference is immaterial between the amounts reported currently by D&C and those that would be reported if the method recommended by the SAO is implemented.

2. *The Division of Purchasing and Materials Management (PMM) requires M/WBE participation on all purchases over \$100,000 unless it is determined by PMM in consultation with the state's Contract Compliance Officer that participation is not feasible for a particular contract. Areas for consideration in waiving the participation requirement include but are not limited to historical bid data and availability of MBE/WBE firms.*

Annually Design & Construction establishes M/WBE goals for projects over \$100,000 based on type of work, cost, location and availability. On some projects we have far exceeded the desired goals.

All state agencies are required to meet the established goal. A significant effort is being made by the Contract Compliance Council and the Supplier Diversity program to require participation by state agencies.

3. *Procedures are currently in place that require justification of waiving MBE/WBE participation requirements and to ensure that a good faith effort has occurred. D&C is currently performing a review and revision of their good faith effort procedures to further strengthen them.*
4. *We have procedures to insure a coordinated effort that Supplier Diversity is aware of M/WBE opportunities by periodically interacting with purchasing and construction personnel; weekly monitoring the web pages of PMM and D&C for opportunities; reviewing weekly bid listings of all commodities/services provided by PMM; and routinely contacting agencies.*
5. *Program information is shared with the Governor and the Legislature. The Oversight Review Committee will issue an annual report pursuant to executive order 98-21. The Minority Business Advocacy Committee exists to monitor M/WBE participation and make recommendations to the Governor.*
6. *We will continue to require prime contractors to report the amount paid to all subcontractors or suppliers.*

PMM currently includes a clause in its contracts allowing purchasing to cancel the contract, debar the contractor, and assess monetary penalties if the contractor fails to obtain adequate M/WBE participation. We will review the feasibility of adding a similar clause in D&C contracts.

- 7. The Contract Compliance office was established to monitor and determine on the front-end the legitimacy of MBE/WBE contractor compliance. In addition, this office investigates complaints when there are issues related to business relationships.*
- 8. We concur. A check sheet is now in place to insure all required documentation has been submitted before the application is given to the certification coordinator.*
- 9. OA currently does this primarily through the Contract Compliance Council, which was established to help improve and communicate Executive Order 98-21. We will continue to work with this group and as well as other entities to increase M/WBE participation.*
- 10. We will continue to actively provide guidance and monitoring of efforts toward achievement of program goals.*

REQUEST FOR WAIVER FORM

When a bidder fails to meet the MBE or WBE participation goals in responding to a bid, and wishes to request a partial or complete waiver for the requirement, the bidder should complete and submit the application for waiver form to OA. Contractors wishing to be considered for an award are required to demonstrate good faith efforts have been made to include MBE/WBE firms as subcontractors. OA personnel use the form to evaluate good faith efforts. Table I.1 shows items to be addressed in support of a waiver request.

Table I.1: Items to be Addressed by Contractors Seeking Waivers

Item	Description
1.	List pre-bid conferences your firm attended where MBE/WBE requirements were discussed.
2.	Identify advertising efforts undertaken by your firm which were intended to recruit potential minority/women subcontractors for various aspects of this project. Provide names of newspapers, dates of ads and affidavits of ads run.
3.	Note specific efforts to contact, in writing, those MBE/WBEs capable of and likely to participate as subcontractors for this project.
4.	Describe steps taken to divide work into areas in which MBE/WBEs would be capable of performing.
5.	What efforts were taken to negotiate with prospective MBE/WBEs for specific sub-bids? Include the names, addresses and telephone numbers of those contacted, a description of the information given to MBE/WBEs regarding the plans and specifications for the assigned work, and a statement as to why additional agreements were not made with MBE/WBEs.
6.	List the reasons for rejecting MBE/WBEs indicating a desire to participate and/or that submitted bids.
7.	Describe efforts your firm may have taken to assist an MBE/WBE in overcoming legal or other requirements that needed to be met.
8.	Describe follow-up contacts with MBE/WBEs made by your firm after the initial solicitation.
9.	Describe the efforts made by your firm to provide interested MBE/WBEs with sufficiently detailed information about the plans, specifications, and requirements of the contract.
10.	Describe your firm's efforts to locate MBE/WBEs not on the directory list and assist MBE/WBEs in becoming certified as such.

Source: D&C contract files.



**COMPREHENSIVE CONTINUITY PLANNING AND
INFORMATION RESOURCE SECURITY MANAGEMENT OF
THE STATE'S ACCOUNTING SYSTEM (SAM II)**

**From The Office Of State Auditor
Claire McCaskill**

State financial operations face risk without a complete comprehensive continuity plan. In addition, management has not assessed the effectiveness of the system's security controls to ensure security measures are functioning properly.

**Report No. 2003-108
October 23, 2003
www.auditor.state.mo.us**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

October 2003

Comprehensive continuity planning framework and security controls should be established for state's accounting system

This audit reviewed the Office of Administration's (OA) management of the state's accounting system (SAM II) as it relates to plans for handling business continuity and information technology recovery should a disaster or other disruptive event occur. SAM II is the state government's integrated financial management, human resource and payroll system which processed approximately \$25 billion in expenditure and transfer transactions in fiscal year 2003. The following highlights the finding:

Recommended controls not implemented

Many suggested controls described by the SAM II software vendor in a 1998 report were not implemented. Implementing these controls would have prevented almost half of the recovery and security weaknesses noted in this report. (See page 3)

Plans and training needed for resuming critical business operations and system processing

The OA has not identified critical resources necessary to operate the SAM II system, established an alternate offsite facility for the continuation of normal business operations or documented how manual processing of transactions will be performed if the SAM II system is not available. Auditors found that OA does not have an emergency management team to develop strategies for recovery support across all business functions. Such a team would activate continuity plans and coordinate recovery activities. In addition, SAM II and OA personnel are not trained on all aspects of their specific roles and responsibilities relating to recovery procedures. (See pages 4 and 5)

Some security controls need to be addressed

The OA cannot adequately protect the integrity, confidentiality and availability of data, which may result in unauthorized use or modification to sensitive information. Current management practices do not have sufficient controls for monitoring computer access or application administrator user rights. In addition, management practices do not adequately segregate duties related to system changes, sufficiently monitor access and security violations or ensure the integrity of system users. (See page 9)

Background checks for system users may be necessary

SAM II management does not require background checks on state employees using the

YELLOW SHEET

SAM II system. High-level background checks conducted by the Missouri State Highway Patrol at our request on over 7,000 SAM II users, identified 146 system users with one or more criminal records. Forty-six of the individual offenses for these users involved potential financial-related issues such as theft, robbery, fraud, etc. (See page 12)

All audit reports are available on our website: www.auditor.state.mo.us

**COMPREHENSIVE CONTINUITY PLANNING AND
INFORMATION RESOURCE SECURITY MANAGEMENT OF
THE STATE’S ACCOUNTING SYSTEM (SAM II)**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Jacquelyn D. White, Commissioner
Office of Administration
Jefferson City, MO 65102

The State Auditor's Office audited the comprehensive continuity planning preparedness and information resource security controls for the state's accounting system (SAM II). The objectives of this audit were to evaluate if the Office of Administration's SAM II management had (1) defined and implemented a comprehensive continuity plan to ensure recovery of business and computer processing operations in case of a disaster or other unexpected interruptions and (2) established security controls to ensure the integrity, confidentiality, and availability of data on the SAM II system.

We concluded SAM II management needs to develop a comprehensive continuity plan with the guidance of a department-wide framework. In addition, personnel need training in their responsibilities related to system recovery. Regarding information resource security, SAM II management needs to periodically assess established security controls and evaluate active user IDs to ensure their necessity.

We conducted the audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA, CGFM
Assistant Director of Audits:	Jon Halwes, CPA, CGFM
In-Charge Auditor:	Tara Shah, CPA
Audit Staff:	Frank Verslues
	Lori Melton, CPA

RESULTS AND RECOMMENDATIONS

1. Recovery Planning Needs Improvement

The Office of Administration (OA), which administers the state's accounting system (SAM II), needs better preparation to prevent a significant interruption of SAM II business operations. State financial transaction and payroll processing are at risk for disruption because OA officials have not completed an office-wide comprehensive continuity plan which would include the SAM II system.

Without continuity planning, there is less assurance normal business operations and information technology processing could resume in the event of a disaster or other disruptive event. Due to the role of SAM II in state financial management, it is important critical business operations remain functioning or can be resumed promptly with the least possible disruption. Some weaknesses identified resulted from SAM II management misunderstanding who is responsible for system recovery planning. Other issues have not received adequate management consideration.

Description of comprehensive continuity planning

An organization must adequately prepare to cope with a loss of operational capability. An organization's ability to accomplish its mission can be significantly affected if it loses the ability to process, retrieve, and protect information that is maintained electronically. Three main classes of events might affect an organization's ability to continue business operations: an unplanned incident or accident such as an explosion or fire, a natural disaster such as a tornado or earthquake, or a deliberate act.

An essential element in preparing for such catastrophes is an up-to-date, detailed, and fully tested continuity plan. Comprehensive continuity planning encompasses both business continuity and information technology recovery. With business continuity planning, an organization is ensuring the availability of all business resources and supporting information technology needs to continue/resume business processes. For information technology recovery planning, the organization is ensuring the availability of information technology resources required to support the continuity or recovery of business processes. A comprehensive continuity plan specifies emergency response, backup operations, and restoration procedures to ensure the availability of critical resources and facilitate the continuity of operations. It addresses how an organization will deal with a full range of contingencies, from electrical power failures to catastrophic events, such as earthquakes, floods, and fires. The plan also identifies essential business functions and ranks critical resources. To be most effective, a continuity plan should be periodically tested in disaster simulation exercises and employees should be trained in and familiar with its use.

Criteria used to evaluate the OA

Currently, there are no state regulations requiring agencies to develop, implement, and maintain a comprehensive continuity plan. In addition, no state guidelines establish the need or specific parameters for information resource security controls. However, the State Data Center (data

center)¹ has a customer procedures manual, which outlines specific policies for state agencies as customers. The manual includes a section on business recovery planning and security.

In addition, there are federal, national and international standards related to continuity planning, information resource security controls and security program planning. For our audit, we used accepted standards from the following sources:

- National Institute of Standards and Technology
- Information Systems Audit and Control Association
- International Organization for Standardization
- American Institute of Certified Public Accountants
- U.S. General Accounting Office
- Canadian Institute of Chartered Accountants

SAM II is the state's integrated financial management, human resource and payroll system providing accounting, budgeting, procurement, inventory, and human resources management capabilities for state departments and agencies. The SAM II system processed approximately \$25 billion in expenditure and transfer transactions in fiscal year 2003.

The SAM II system is managed by the OA's Commissioner's Office. The system has two system administrators and several application administrators. Technical support is provided by the systems and programming staff under the OA's Division of Information Services and the software vendor that customized the SAM II system for the state.

See Appendix II, page 18, for key terms and definitions used in the report.

Recommended controls not implemented

Many suggested controls described in the Technical Architecture Blueprint developed by the SAM II software vendor were not implemented. The document was prepared in 1998 during the evaluation of the SAM II software and installation of the applications. Implementing these controls would have prevented almost half of the recovery and security weaknesses noted in this report.

¹ Part of the Office of Administration. The data center provides data processing services to state agencies and is responsible for safeguarding information and data stored on its resources.

Plans are needed for resuming critical business operations and system processing

The OA does not have a comprehensive continuity plan for the SAM II system. SAM II management stated the data center is responsible for information technology recovery planning for the SAM II system. This statement demonstrates a misunderstanding of data center services. The directors of the data center and Division of Information Services explained the data center only has recovery plans for its service operations, even though the data center is under the OA. SAM II management is responsible for developing, testing, and maintaining recovery plans for the SAM II system.

A recent national study showed 43 percent of companies that experience a major disaster and do not have an adequate continuity plan do not re-open, while 29 percent are out of business within 2 years. The overall survival rate without a plan is 28 percent.² Although state financial transaction processing could not cease, the length of time critical SAM II operations may not be functioning could severely impact the state. During our audit, SAM II management developed a general disaster recovery plan, which prioritized SAM II system applications and defined tolerable outage times for these applications.

The OA has not established an alternate offsite facility for the continuation of normal business operations and no other plans for ensuring the ongoing operations of SAM II business functions are documented.

If the information technology function of SAM II is not available, OA management plans for agencies to manually process transactions. However, management has not documented how this manual processing will be performed. In addition, SAM II management has not listed critical resources necessary to operate the SAM II system. Without knowing the equipment and resources necessary to run the system, it would be difficult for management to ensure the availability of these resources in a recovery situation.

According to accepted standards,³ continuity plans should:

- Be documented and approved by senior management.
- Identify all critical business applications and operations.
- Prioritize the critical business applications and operations.
- Identify resources needed to support critical functions.
- Satisfy the established maximum outage time.
- Address disasters of varying degrees.
- Include alternate processing facility agreements.
- Be periodically tested to ensure they are kept relevant and effective.

At the end of our fieldwork, SAM II management had identified and prioritized all critical business applications and operations.

² *Business Continuity Management In Today's Environment*, a seminar presented to the St. Louis Chapter of the Institute of Internal Auditors on October 25, 2001 by Jefferson Wells International.

³ Standards established by the six organizations identified on page 3.

Organizational policies should require a continuity planning framework to ensure consistency in continuity plans and that all necessary items are included in the plan. This framework should be a part of normal operational requirements and function as an outline guiding management to the general issues documented in the plan. The framework should define the roles, responsibilities, and the risk-based approach/methodology to be adopted, the rules and structures to document the plan, and the approval procedures.

Management team and personnel training would improve recovery preparedness

The OA does not have an emergency management team to develop strategies for recovery support across all business functions. In the midst of a disaster, the OA would lack the consolidated input of a management team to implement appropriate recovery strategies. This weakness could result in the loss of valuable time in the assessment and recovery phases of a disaster. For employees to respond in an orderly fashion, accepted standards suggest an emergency management team or similar function would activate continuity plans and coordinate recovery activities.

Time could be lost
during disaster
recovery efforts

SAM II and OA personnel are not trained on all aspects of their specific roles and responsibilities relating to recovery procedures. Personnel have responsibilities to uphold in the event of a disaster. The only recovery training they receive is how to perform the restoration procedures of the application data. However, they would be responsible for other duties in the event of a disaster that may include:

- Manual processing of transactions.
- Coordination with state agency recovery teams and system users.
- Damage assessment of resources.
- Assessment of data completeness.
- Obtaining replacement resources.

Without guidance and training on such issues, OA management cannot ensure personnel will react properly to a disaster and effectively and efficiently carry out their responsibilities.

Management needs to evaluate the impact of risks or threats

SAM II management does not have procedures to analyze the impact of various disruptive events. According to accepted standards, updating potential risks and exposures should be an ongoing risk management activity. A business impact analysis would consider different types of risks and their corresponding impact on business functions. Potential business interruptions and acceptable tolerable downtimes should be identified for all critical business functions. This analysis will allow management to identify how long a critical function may be down, the impact on other business functions if it is out longer than anticipated, and what alternatives should be considered to resume business operations.

Various strategies are available for recovering business operations. The appropriate strategy balances preventive and recovery costs against the business impact of possible outages. This business impact analysis would allow management to select the most appropriate alternative to resume operations based on the risks identified.

Backup and offsite procedures are not documented

Backup procedures for data files are incomplete. SAM II system data are maintained either on the mainframe system or on servers. Management has not documented backup procedures for application data maintained on the mainframe system. The vendor provided backup procedures, which support the software used for backing up server data. However, the additional procedures documented by SAM II management are not complete. These backup procedures lack documentation of the backed up files and data, the personnel responsible for the backup functions, proper description of the methods and frequency of data file backups, and definition of arrangements for collection and transportation of files to an offsite location. SAM II management said backup file and data documentation is part of the tape stored off-site and system and programming staff can produce a list.

Accepted standards state management should have documented procedures for off-site storage or availability of all material which would be required to restore and recover critical business functions. Although paper checks and forms are maintained off-site, SAM II management has not documented procedures for storing and maintaining these critical business function materials.

Restoration testing needs to be more frequent

Per accepted standards, backup data should be retrieved on a regular basis from off-site storage and tested to ensure data are being stored correctly and that the files can be retrieved without errors or lost data. Currently, SAM II system backup files are only tested during the state's annual mock disaster recovery testing.

Testing backup systems effectively identifies weaknesses

With more frequent testing of both off-site backup files, weaknesses in restoration procedures could more quickly be identified and corrected. An impact analysis would assist SAM II management in determining how often backup media should be tested.

Documentation and assessment of results critical to system recovery testing

The only documentation the SAM II management had from the July 2002 disaster recovery test was a list identifying 13 problems areas to be corrected. A written corrective action plan explaining how these problems would be resolved and their ultimate resolution was not prepared.

Once the testing phase is completed, it is important to perform a documented assessment of the testing. Accepted standards state:

- The objectives of the test should be clearly stated.
- The capability to retrieve backup data files from the offsite storage facility should be assessed.
- The overall performance of information systems should be assessed and measured. This includes documenting if the restoration was performed within a reasonable timeframe and if the applications were adequately restored.
- A performance evaluation of the personnel involved in the test should be performed.
- A corrective action plan should be developed for all problems encountered during restoration.

We discussed the July 2002 test documentation weaknesses with SAM II management prior to a March 2003 disaster test and management significantly improved the documentation prepared for that test.

2003 test
was better
documented

Conclusions

State financial operations face risk without a complete comprehensive continuity plan. Backup and offsite storage procedures need to be documented. Officials need to evaluate the potential risks to the SAM II system and ensure SAM II operations can be timely resumed in the event of a business operation disruption. For testing any procedures, management needs to document the objectives and develop corrective action plans.

Recommendations

We recommend the Commissioner, Office of Administration:

- 1.1 Define and implement an office-wide continuity planning framework, including standards and policies for the development and maintenance of comprehensive business continuity and information technology recovery plans. This framework should include provisions to:
 - Formally assign the responsibilities for recovery planning and ensure all personnel are aware of and trained in their duties.
 - Incorporate periodic business impact analysis to monitor the ongoing requirements of the business continuity plans.
- 1.2 Develop, implement, and maintain a comprehensive continuity plan for the SAM II system, which consists of both a business continuity plan and an information technology recovery plan. Once the plans are implemented, they should be periodically tested.
- 1.3 Document SAM II system backup and offsite storage procedures necessary to recover system operations and resume business processes.
- 1.4 Test off-site back up files more frequently than during the state's annual recovery test.

Office of Administration Comments

- 1.1 *The Office of Administration agrees that a continuity planning framework should be implemented. The Missouri Security Council is currently developing statewide guidelines and a template that will be reviewed by a committee made up of state department deputy directors. We will follow the guidelines adopted by the deputy directors committee for implementing a continuity planning framework if resources are available.*
- 1.2 *The Office of Administration currently has an information technology recovery plan that is tested once a year. We do agree that additional documentation of this process could be beneficial and will put that in place. The Office of Administration's comprehensive business continuity plan will cover department-wide responsibilities including the SAM II system. Therefore, we feel developing and maintaining a separate business continuity plan for SAM II will provide little benefit and is not justified given the current budget restrictions and limited resources.*
- 1.3 *The Office of Administration feels critical SAM II backup and recovery procedures are adequately documented.*
- 1.4 *The Office of Administration disagrees with this recommendation. We consider annual testing of the offsite backup files and restoration of the SAM II system to be adequate. This is currently the statewide standard testing cycle for all systems located on the mainframe in the State Data Center. More frequent testing would require additional resources for use of the offsite recovery center in excess of current contracted service and approximately 80 hours of staff time for each additional restoration exercise. We do not feel the benefits of more frequent restoration testing justify the additional costs.*

2. Some Security Controls Need to Be Addressed

The OA lacks a computer security management program to guide SAM II management regarding security policies and standards. In addition, because the SAM II system is still relatively new, management has not evaluated the security controls over the system to ensure they are working effectively and efficiently. During the audit, we noted current management practices do not:

- Have sufficient controls for monitoring computer access or application administrator user rights.
- Adequately segregate duties related to system changes.
- Sufficiently monitor security violations.
- Ensure the integrity of system users.

As a result, the OA cannot adequately protect the integrity, confidentiality and availability of data, which may result in unauthorized use or modification.

Background

Our security audit work focused primarily on the two major SAM II system applications: financial accounting (financial) and human resources (HR). The financial application, used for purchasing and payment processing, was implemented in July 1999. The HR application, used to maintain and process payroll information, was implemented in phases between November 2000 and June 2001. Users may have rights to add or change data or they may only have inquiry access. As of December 2002, there were 5,604 financial application user identification codes (IDs) and 7,652 HR application user IDs which have been created by state agencies for system users. Ninety percent of these users had more than inquiry access.

Computer security framework needed to establish guidance

The OA does not have an office-wide security framework. According to accepted standards, an organization should have a written, up-to-date security policy covering all major facilities and operations to address:

- Security planning
- Risk management
- Review of security controls
- Life-cycle management
- Authorization for processing
- Personnel
- Physical and environmental aspects
- Computer support and operations
- Contingency planning
- Documentation, training and responses to incidents
- Access controls
- Audit trails

From the framework, the organization's management should develop more detailed guidance or standards that describe an approach for implementing policy. Despite the lack of an office-wide framework, SAM II management has developed procedures which cover most security issues. However, there are some critical security issues which are not sufficiently addressed including: classifying data; assigning data ownership; assessing security controls; and reviewing user accounts for terminated employees, inactivity and redundancy. A security plan framework would provide policies for the SAM II management to follow.

SAM II management currently does not require system data to be formally classified into security levels. Data is generally classified into four levels: public, internal, confidential, and classified. Data center procedures and accepted standards require defined data classification levels. Data owners should use the classification levels to identify the data's security level and the application administrators should follow the access rules for the class type. SAM II management said they believe agency management and users know what data is confidential and what data is public. When the SAM II system was implemented, an operations committee established data owners for all the tables and documents in SAM II. The procedures for determining or changing ownership have not been documented and ownership has not been formally established for tables and documents created after system implementation. The operations committee no longer exists and the data owners have not been reviewed since established to determine if they are still adequate.

Effectiveness of security controls has not been assessed

SAM II management has not implemented procedures for assessing the effectiveness of security controls. Without such an assessment process, there is less assurance the security measures are effective and functioning properly. Accepted standards state periodic self-assessments and independent reviews should confirm compliance with established procedures. These standards recommend a security evaluation every 3 years or after a major modification to the system.

Documentation is lacking in system life-cycle changes

Although the system administrators state they review every SAM II system change request, their review is not always documented. Per SAM II work order procedures, management requires each issue needing assistance from the system administrators, system and programming staff, and/or the SAM II vendor to be assigned and reviewed by a system administrator. For 7 of the 10 work orders we reviewed, there was no documentation a system administrator reviewed the order before it was assigned to the responsible party.

In addition, after a change is made, the responsible party can close the work order and a system administrator is not required to review the final changes. Accepted standards state system administrators should periodically review program changes to determine whether controls were followed. In addition, the final acceptance or quality assurance testing of new or modified information systems should include a formal evaluation and documented approval of the test results. Although the system administrators stated they

are aware of and review all changes made to the system, there is no documentation of their review and approval of changes.

Security settings for SAM II are not sufficient

Currently, the SAM II system does not log out a user from the system after a period of inactivity. Accepted standards state computer terminals should automatically log off after a period of inactivity. The SAM II software has a setting for logging out accounts after a period of inactivity; however, that setting is currently not functioning due to a problem caused by the vendor. Management reported this problem to the vendor in October 2002; however, it remained uncorrected as of March 2003. Without proper security settings, there is less assurance data are adequately protected from unauthorized access.

Application administrators' duties are not properly reviewed

SAM II management does not review the use of application administrator accounts. Although the application administrators granting access to the SAM II applications are segregated from the individuals approving access, there is no supervisory review over the application administrators. Changes made by the application administrators are logged, but management does not review the log regularly. Additionally, management does not regularly review the list of individuals with special access rights in the SAM II system. During our audit, we identified two users with possible excessive administrative rights based on work responsibilities. A system administrator determined these rights were no longer necessary for these employees and removed them.

User IDs are not evaluated adequately

According to SAM II management, each agency is responsible for periodically reviewing user access to the SAM II system. The application administrators perform only limited reviews of user IDs. Although agencies are responsible for submitting access requests to add, change, or remove user access rights, SAM II management is ultimately responsible for the security of the system.

86 former state employees or contractors had active user IDs

During January 2003, auditors noted the following problems in access to the SAM II system that would have been identified through periodic reviews of user accounts.

- Sixty financial user IDs and 32 HR user IDs were active for 86 individuals no longer employed or contracted by the state. Forty-six of these IDs were used to access data center systems after the individual's termination date; however, the SAM II application administrators could not readily tell us if the SAM II system had been accessed.
- At least 35 employees had more than one active user ID in the financial application. SAM II personnel stated these employees should not be assigned more than one active SAM II user ID. During the audit, 13 of the redundant user IDs were removed and the financial application administrator is following up on the other IDs.

- At least 1,164 SAM II user IDs, which had been used at least once, had not been accessed for 90 days or more. In addition, 441 user IDs, which had been created over 90 days ago, had never been accessed. These inactive IDs account for approximately 16 percent of the 9,886 unique financial and HR application IDs.

Background checks for system users may be necessary

SAM II management does not require background checks on state employees using the SAM II system. We asked the Missouri State Highway Patrol to conduct a high-level background check on over 7,000 SAM II users who had more than inquiry access during December 2002. The analysis identified 146 system users with one or more criminal records. Forty-six of the individual offenses for these users involved potential financial-related issues such as theft, robbery, fraud, etc. We were not provided details of the offenses or any details related to a specific user submitted for review; however, the results indicate there may be individuals with questionable backgrounds with access to the SAM II system.

Responsibilities for changes to the system need to be properly segregated

Fourteen system programmers and technical support staff have access rights to datasets containing program code. Their access rights allow them to make changes to system programs and move those changes into the production environment. An additional three financial application programmers' job responsibilities specifically include making and moving changes into the production environment. These 17 staff also have access to live production data. Accepted standards state management should implement a division of roles and responsibilities, which should exclude the possibility for a single individual to subvert a critical process. Segregation of duties should be maintained between functions including data entry, change management, and systems development and maintenance. SAM II management explained the lack of segregation of duties was due to the small number of system programming and technical support staff. However, other compensating controls have not been implemented to mitigate these control weaknesses. If access to live data is needed by programmers, the number of users with such overlapping access rights should be limited.

Access and security violations are not sufficiently monitored

SAM II management has not taken sufficient steps to ensure system security controls are functioning properly. The first step in establishing effective security is developing procedures for logging appropriate security-related events, monitoring specific access, and investigating apparent security violations. Currently, a security feature is activated for SAM II which logs changes including those made to the tables controlling security and user access levels. There is also a separate log maintained for changes made by programmers directly to SAM II production data through the back end process.

The system administrators do not routinely review either log. Potential violations are brought to the attention of appropriate officials by personnel once the concern is noted, rather than through periodic review of these logs. Documented procedures are not in place regarding investigation of potential violations and necessary actions to be taken. SAM II management does not routinely

review computer system reports, which identify changes made to critical functions, such as system security. Accordingly, unauthorized changes to critical security controls could go undetected. In addition, access to confidential data is not monitored to detect failed attempts or unusual patterns of successful access to such information. Routinely monitoring access activities can help identify significant problems and deter employees from inappropriate activities.

The SAM II system also can log security violations. SAM II management stated they decided not to use the log because of the additional costs involved; however, a cost-benefit analysis could not be provided to support this decision.

A security monitoring program should include (1) identifying sensitive system files, programs, and data files on computer systems and networks, (2) using the audit trail capabilities of security software to document both failed and successful access to these resources, (3) defining normal patterns of access activity, (4) analyzing audit trail information to identify and report on access patterns that differ significantly from defined normal patterns, (5) investigating potential security violations, and (6) taking appropriate action to discipline perpetrators, repair damage, and remedy the control weaknesses that allowed improper access to occur.

Administrative procedures and policies need to be updated

During the implementation of the SAM II financial and HR applications, the OA documented the responsibilities for system and application administrators and procedures for system security. Officials did not revise these documents after significantly changing the structure of SAM II system. Without accurate, up-to-date system procedures and documented responsibilities, there is less assurance all staff are aware of the current procedures.

Personnel policies need improvement

Although SAM II is a statewide system used by most state agencies, we limited our review of personnel policies to the OA. During December 2002, there were 403 OA employees with access to the financial application and 271 OA employees with access to the HR application. The OA does not have a policy requiring interviews of applicants or reference checks. OA management stated although there are no office-wide hiring procedures, the individual OA divisions may have procedures. Historically, background checks have been done on new hires of the building and facilities maintenance staff and data center personnel. Due to heightened security to state buildings, the OA recently started performing reinvestigations on the building and facilities maintenance staff. However, OA management has not determined if other positions, such as those with SAM II access, should be classified as sensitive. Also, employees are not required to sign confidentiality agreements. Accepted standards require procedures to verify the background and work history of new hires and include:

- Verifying references of prospective employees.
- Obtaining and reviewing resumes.
- Performing background checks and periodic reinvestigations at least once every 5 years for sensitive positions.

The OA's administrative manual documents exit procedures for terminated employees. However, these procedures do not include removing the computer access of employees when they terminate. Consequently, supervisors could overlook submitting a request to remove the access. Divisions within the OA may have separate exit procedures that consider computer access removal.

Conclusions

The OA does not have a security framework to provide guidance to SAM II management. The system's security procedures have not been assessed and system changes lack some necessary documentation. Therefore, management cannot ensure security controls are working effectively and system changes were made properly. Current access controls may allow users to have unnecessary access to system resources. Limited policies or procedures exist to monitor access and detect security violations. The procedures describing how to administer the security controls of the SAM II system need to be updated. Personnel policies may not be sufficient to ensure the integrity of employees with access to the system.

Recommendations

We recommend the Commissioner, Office of Administration:

- 2.1 Implement an office-wide security framework and security plan. The security framework should document and ensure consistent implementation of effective and consistent security practices for all divisions and personnel. The plan should include:
 - A data classification framework scheme and guidelines for classifying data in terms of criticality and sensitivity.
 - A structure for formally appointing data resource owners and for defining their roles and responsibilities, which includes making decisions about classification and access rights.
- 2.2 Establish procedures for assessing the effectiveness of system security controls.
- 2.3 Establish procedures to improve the system administrator's documentation authorizing requests for system changes and the ultimate approval of the change before it is put in place.
- 2.4 Work with the software vendor to resolve the system inactivity user logoff feature that has been unavailable since October 2002.
- 2.5 Ensure system administrators perform supervisory reviews of the assignment and use of privileged accounts.
- 2.6 Periodically review user IDs to ensure access of terminated employees is removed. Inactive and duplicate user IDs should also be evaluated for possible removal.

- 2.7 Communicate with state agencies the importance of performing background checks by the Missouri State Highway Patrol on employees with access to state financial systems.
- 2.8 Ensure programmer duties are properly segregated and access rights are limited to essential job functions. If proper segregation cannot be done, implement compensating controls, such as increased supervisory monitoring.
- 2.9 Log appropriate security-related events, monitor access, investigate apparent security violations, and take appropriate remedial action to ensure the proper functioning of controls in the system.
- 2.10 Update SAM II documents outlining responsibilities for system and application administrators and procedures for system security for current practices and keep them updated as changes take place.
- 2.11 Establish hiring and termination procedures which give appropriate consideration to security issues and technical skills.

Office of Administration Comments

- 2.1 *The Office of Administration will consider the costs and benefits of implementing an office-wide security framework and security plan and will review the current data ownership and classification process for the SAM II system.*
- 2.2 *The Office of Administration agrees that procedures for assessing the effectiveness of system security controls should be established and will conduct security evaluations as resources are available to do so.*
- 2.3 *The Office of Administration agrees that the documentation for authorizing and approving system changes could be improved and will establish appropriate procedures.*
- 2.4 *The Office of Administration will continue to work with the software vendor to resolve the system inactivity logoff feature.*
- 2.5 *The Office of Administration agrees and will implement procedures to ensure privileged accounts are properly reviewed and authorized.*
- 2.6 *The Office of Administration agrees. Procedures have already been implemented to ensure user IDs for terminated employees are removed and inactive and duplicate user IDs are evaluated for removal.*
- 2.7 *The Office of Administration agrees and is drafting a statewide policy on background checks. The policy will allow agencies to determine whether background checks are necessary based on an individual's job duties and responsibilities.*

- 2.8 *The Office of Administration agrees that a proper segregation of programmer duties is desired. However, due to the limited technical resources supporting the SAM II system, it is not possible to completely segregate programmer duties. On-call programmers need to have access rights to make changes to system programs and move those changes into the production environment to resolve problems during critical batch processing (i.e., payroll). The Office of Administration will consider implementing other compensating controls to the extent that resources are available.*
- 2.9 *The Office of Administration agrees that security-related events should be logged, monitored and investigated. However, it is not cost effective to review the SAM II system baseline security logs because the majority of transactions recorded are routine security edits that prevent users from unauthorized activity. This would require additional resources and provide very little benefit. Alternative approaches will be evaluated to assess the risks vs. costs of implementing a more robust review of system security controls.*
- 2.10 *The Office of Administration agrees and will update documents outlining responsibilities and procedures for system and application administrators as resources are available.*
- 2.11 *The Office of Administration will consider establishing department-wide hiring and termination procedures. Some divisions in the Office of Administration currently have hiring and termination procedures that consider security issues and technical skills.*

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The objectives of this audit were to evaluate if the Office of Administration's SAM II management had (1) defined and implemented a comprehensive continuity plan to ensure recovery of business and computer processing operations in case of a disaster or other unexpected interruptions and (2) established security controls to ensure the integrity, confidentiality, and availability of data on the SAM II system.

Scope and Methodology

Auditors conducted fieldwork during October 2002 through March 2003. The audit included:

- Review of applicable federal, national, and international standards related to comprehensive continuity planning and information resource security controls.
- Discussion with OA personnel involved in comprehensive continuity planning and information resource security.
- Review of OA records related to comprehensive continuity planning and information resource security.
- Analysis of user ID information for access to the SAM II system.
- Evaluation of management controls pertinent to comprehensive continuity planning and information resource security.

The audit reviewed SAM II management practices and procedures for comprehensive continuity planning and information resource security except for activities that are the responsibility of the State Data Center (data center). Therefore, our audit did not review the security controls of the data center related to the SAM II system or the controls of the data center related to the OA's ability to recover the SAM II system after a significant disruption to business operations. Because the objective of our review was to assess the overall effectiveness of the SAM II security and access controls, we did not fully evaluate all computer controls and we did not perform any penetration testing.¹

During the audit, we provided SAM II management with specific detail on security concerns noted for their immediate consideration.

¹ A test of a network's vulnerabilities by having an authorized individual actually attempt to break into the network. The tester may undertake several methods, workarounds and "hacks" to gain entry, often initially getting through to one seemingly harmless section, and from there, attacking more sensitive areas of the network.

DEFINITION OF TERMS

Some key terms and definitions accepted by the organizations noted on page 3 that have developed national and international standards for continuity planning and computer security include:

Access Control: Controls designed to protect computer resources from unauthorized modification, loss, or disclosure. Access controls include both physical access controls, which limit access to facilities and associated hardware, and logical controls, which prevent or detect unauthorized access to sensitive data and programs that are stored or transmitted electronically.

Application: Any of a class of "programs" or "software," which causes a computer to perform some useful function such as data entry, update or query.

Back end: The support components of a computer system. It typically refers to the database management system, which is the storehouse for the data.

Business Continuity: The discipline of planning for the recovery of business operations in the event that normal business resources, such as office space, terminals, microcomputers, office machines, terminals and networks, are made unavailable following a disaster.

Dataset: A data file or collection of interrelated data. The term is used in a mainframe environment, whereas file is used almost everywhere else.

Disaster Recovery: The discipline of planning for the recovery of information technology operations in the event that normal operations are made unavailable as a result of a disaster; normally, closely related to the discipline of business continuity planning.

Framework: An outline of the issues that need to be addressed in a comprehensive department-wide computer security plan. Provides background and rationale for information technology security, evaluation, certification and system accreditation. It is intended to be used at management levels.

Information Resource: All computer-related activities involving any device capable of receiving, storing, managing, or transmitting electronic data including, but not limited to, mainframes, servers, personal computers, and network environments. Additionally, it is the procedures, equipment, facilities, software, and data that are designed, built, operated, and maintained to create, collect, record, process, store, retrieve, display, and transmit information.

Mainframe: A multi-user computer designed to meet the computing needs of a large organization.

Production data: The data that supports an agency's operational information processing activities. It is maintained in the production environment as opposed to the test environment.

APPENDIX II

Production environment: The system environment where the agency performs its operational information processing activities.

Profile: Data that describes the nature and extent of system access for a user, a group of users, or one or more computer resources.

Recovery: The ability to resume processing without irreparable loss of system data after an error or malfunction in software or hardware.

System Administrator: The person(s) responsible for administering use of a multi-user computer system, communications system, or both.

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Special Publication 800-26, *Security Self-Assessment Guide For Information Technology Systems*, November 2001, <http://csrc.nist.gov>.

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APPENDIX III

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**STATE VEHICLE MAINTENANCE FACILITY
AND FLEET FUEL CARD PROGRAM**

**From The Office Of State Auditor
Claire McCaskill**

The state vehicle maintenance facility is cost-effective and efficient. The fleet fuel card program needs evaluation.

**Report No. 2003-107
October 22, 2003
www.auditor.state.mo.us**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

October 2003

YELLOW SHEET

Vehicle maintenance facility is cost-effective and efficient, while fleet fuel card program needs evaluation

This audit reviewed the management of the state's vehicle maintenance facility and the quality of the state's fleet fuel card contract, both administered by the Office of Administration. The vehicle maintenance facility provides automotive repairs and body shop services for state vehicles primarily stationed in the Jefferson City area. The fleet fuel card contract is currently a 3-year contract with services provided by the vendor free of charge. The state purchased nearly 1.7 million gallons of fuel on the fuel cards during the year ended December 2002. The following highlights the findings:

Vehicle maintenance facility saves state money

The Jefferson City vehicle maintenance facility is managed well and provides a valuable service to state customers. Auditors found most customers are satisfied with the repair costs and the facility is run efficiently. According to the fleet manager's analysis for the year ended June 30, 2002, the facility saved the state approximately \$434,000. (See page 2)

Current fleet fuel card program may not be cost-effective and efficient

The current fleet fuel card program may not give the state the most value for its money. Other states have negotiated better deals and obtained per gallon discounts or rebates with different vendors, which could have saved the state up to \$51,000. The current 3-year contract expires June 30, 2005 and should be re-bid to maximize savings. (See page 4)

State agencies need consistent guidelines for fuel card use

A fleet card vendor report showed the state spent an additional \$11,892 to buy higher octane fuels during the year ended December 31, 2002, but documentation is not required to show the need for such purchases. State entities indicated the purchases occurred due to a lack of monitoring and lack of knowledge of acceptable purchases. The Office of Administration could provide additional guidance in an information booklet including when to allow exceptions to regular-grade fuel purchases. (See page 4)

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**STATE VEHICLE MAINTENANCE FACILITY
AND FLEET FUEL CARD PROGRAM**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Jacquelyn D. White, Commissioner
Office of Administration
Jefferson City, MO 65102

The State Auditor's Office audited the maintenance of state vehicles. The audit included maintenance performed on vehicles owned by the 17 state departments and elected officials. The objectives of this audit were to evaluate the effectiveness and efficiency of (1) the Office of Administration's vehicle maintenance facility and (2) the state's fleet fuel card program.

We concluded the practice of maintaining a state vehicle maintenance facility is cost-effective and efficient. However, the fleet fuel card contract may not be cost-effective and efficient and the state should consider re-bidding the contract to take advantage of potential discounts and fuel purchase rebates.

We conducted the audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	Randy Doerhoff, CPA
In-Charge Auditor:	Heather M. Thompson
Audit Staff:	Norma Payne

RESULTS AND RECOMMENDATIONS

1. Vehicle Maintenance Facility Provides a Cost-Effective and Efficient Method of Providing Vehicle Repairs

The vehicle maintenance facility located in Jefferson City is managed well and provides a valuable service to state customers. State officials responding to our survey said they used the facility, as required, and were generally satisfied with the service received. Facility officials effectively conduct customer satisfaction surveys to address any concerns. These officials conduct annual pricing surveys to ensure the facility is cost advantageous to customers and our audit analysis concluded the pricing surveys were accurate.

Vehicle maintenance facility

The Office of Administration - Division of General Services operates the vehicle maintenance facility (facility) to provide cost-effective automotive repairs and body shop services for state vehicles primarily stationed in the Jefferson City area. The division director and the fleet manager monitor the facility's activities, while the vehicle maintenance manager handles the facility's day-to-day operations.

Price and quality of repairs

The fleet manager annually surveys local commercial vendors to determine the average labor rate for the Jefferson City area. In addition, the fleet manager gathers cost information on routine maintenance procedures from local commercial vendors. The facility's prices are compared to local commercial vendors' average prices and then lowered to ensure less than market prices. The fleet manager also analyzes cost savings provided by the facility annually. According to the analysis for the year ended June 30, 2002, the facility saved the state approximately \$434,000.

We surveyed 86 state entities, including 46 in the Jefferson City area required to use the facility, to determine the satisfaction level of facility services. Based on the responses, state entities in the Jefferson City area used the facility as their primary repair source. Also, 40 of the 46 entities (87 percent) said they were satisfied with the services provided. The six unsatisfied entities disclosed two complaints each about prisoner labor, timeliness of services, and unreliable repairs. However, one of the two entities noting unreliable repairs also indicated the problem was due to a misunderstanding and was subsequently corrected.

Customers are
satisfied with
facility

In addition, the vehicle maintenance manager distributes written customer satisfaction surveys for each repair performed. Customers return the surveys to the division director. These surveys also noted few customer complaints. Division personnel also make quarterly telephone calls to customers to ensure satisfaction with the services and to identify areas for improvement.

Conclusion

The practice of maintaining a state vehicle maintenance facility is cost-effective and efficient. The majority of customers are satisfied with the cost and quality of repairs by the facility. In addition, division officials adequately monitor the operations of the facility to identify areas for improvement.

2. Fleet Fuel Card Program Needs Evaluation

The state may not receive the most value for its money with the current fleet fuel card vendor. Other states have negotiated better deals and obtained per gallon discounts or rebates with different vendors. The Office of Administration - Division of Purchasing competitively bid the contract in November 2001. The state received bids from four companies and evaluated the bids based on cost, experience, reliability, expertise, and method of performance. The period of the contract is July 1, 2002, through June 30, 2005, with renewal options for 3 additional years. The vendor provides its services free of charge. Although our review confirmed the state properly awarded the contract in November 2001, other states began obtaining discounts and rebates from fleet fuel card vendors in fall 2002.

Vendor rebates offered by other fleet services companies

We surveyed officials from five states to determine the methods used for vehicle maintenance services. Our analysis showed four states use a fleet fuel card vendor offering rebates for fuel purchases through a merchant rebate program. Selected merchants included on a preferred merchant list offer an average rebate of 3 cents per gallon of fuel purchased. The rebates are deducted on the monthly billing statements. The state purchased nearly 1.7 million gallons of fuel on the fuel cards during the year ended December 31, 2002. The state could have saved about \$51,000 (1.7 million x 3 cents) if rebates were available.

Other states
obtain rebates on
fuel purchases

Office of Administration officials stated they have discussed discounts and rebates with fuel company officials in the past, but have not been successful. Since other states have recently acquired discounts and rebates on fuel purchases, the state should evaluate the need to re-bid the contract for the fleet fuel card vendor.

Fuel card is not always used in a cost-effective manner

We reviewed fuel card billing statements from six state entities for October 2002. Our analysis showed these entities do not have consistent guidelines for appropriate use of the fuel cards. Some entities allow fuel purchases using full service pumps and premium-grade fuel. A fleet card vendor report showed the state spent an additional \$11,892 for the purchase of higher octane fuels during the year ended December 31, 2002. Although some vehicles may require premium-grade fuel, documentation is not required to show the need to purchase such fuel over regular-grade fuel.

State entities indicated lack of monitoring and lack of knowledge of acceptable purchases as reasons for these additional expenditures. The Office of Administration could provide additional guidance in an information booklet and include instructions for regular-grade fuel purchases at self-service pumps and when to allow exceptions.

Survey noted complaints regarding fuel cards

We surveyed state entities to determine the satisfaction level with the fuel cards. The survey showed that 17 of 84¹ entities (20 percent) were not satisfied with the services received from the fleet fuel card vendor. State personnel complained about accuracy of billing statements and lack of vendor acceptance of the fuel cards. Some specific complaints were:

Some entities not
satisfied with
fuel cards

- "The card is not accepted at many locations listed on the approved vendor listing. Software problems at gas stations cause cards to be rejected. Gas and oil purchases which appear on the gas ticket correctly appear on the monthly invoice as miscellaneous or food items which invalidates any use of their tracking system for gas and oil purchases and it creates additional problems for processing the billing for payment. Cards need to be made out of more durable material so they won't break as often or wear out as quickly needing replacement."
- "Problems have been noted with processing card and availability."
- "Some fuel stations do not accept the card."
- "On occasions we've had problems with the fuel card not working at the gas stations (i.e. unable to read card or make transaction). We can't rely on the accuracy of the reports regarding the type of fuel purchased. We have found some unleaded fuel purchases were actually E-85 fuel² purchases."
- "Stations not accepting the card or machine won't accept card and have to pay cash. Cards tend to break and magnetic strip won't read."
- "It appears some stations do not transmit odometer readings to their system all the time."
- "The inability to recover exempted federal excise taxes for E-85 purchases and for purchases made at some independent stations that accept the card."
- "There are some remote locations in the southeast region where it can be difficult to locate a station where the fuel card is accepted. In these instances, staff must search for a vendor who accepts the fuel card."

Conclusions

The fuel card contract may not be cost-effective and efficient to the state. State employees are not always using the cards in the most cost-effective and efficient manner because they occasionally purchase premium (higher octane) fuel and use full service. In addition, some state

¹ The Department of Transportation and the Missouri State Highway Patrol do not participate in the fleet fuel card program.

² E-85 is a fuel blend of 85 percent ethanol and 15 percent gasoline.

entities are not satisfied with the services, and other fleet fuel card vendors offer discounts and rebates on fuel purchases.

Recommendations

We recommend the Commissioner, Office of Administration:

- 2.1 Instead of exercising the renewal option on the current fleet fuel card contract, re-bid it to take advantage of potential discounts and rebates on fuel purchases.
- 2.2 Establish uniform instructions for use of the fuel cards by state entities. These instructions should require regular-grade fuel purchases at self service pumps, unless specified exceptions are approved by management and documented.
- 2.3 Work with the fuel card vendor to address the state entity concerns related to the fuel cards.

Office of Administration Comments

- 2.1 *The Office of Administration's State Fleet Management Program in conjunction with the Division of Purchasing and Materials Management will explore the feasibility of other options in the fleet fuel card industry prior to renewing for another year with the current contractor. Additionally, the Office of Administration is currently exploring a per gallon discount with retail fueling stations that receive a large percentage of the state's business. The Office of Administration is also reviewing data submitted by the Missouri Department of Transportation to determine if any savings could be realized by utilizing their current fuel card contract.*
- 2.2 *The Office of Administration will include this recommendation in the State Vehicle Policy.*
- 2.3 *One of the benefits of the Voyager card is its wide acceptance within the State of Missouri. The Division of Purchasing and Materials Management provides a list of stations that accept the card as well as a list of stations to avoid. The "Stations to Avoid" list includes those independent stations where the state is unable to recover exempted federal excise taxes. These lists are available on the Division of Purchasing website and updated as necessary. Voyager offers Level III reporting, which among the fuel card industry, is the highest accuracy level available. Errors in coding data are largely dependent upon station attendants coding transactions appropriately. The Office of Administration will raise concerns with the durability of the card with the vendor. Agencies are able to obtain replacement cards at no cost.*

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

To determine if the current practice of maintaining a state vehicle maintenance facility is effective and efficient. To determine if the state's fleet fuel card program is effective and efficient.

Scope and Methodology

Auditors reviewed the state's policies and procedures for maintaining state vehicles. Auditors performed the following audit steps to determine if maintaining a state vehicle maintenance facility is cost-effective and efficient:

- Interviewed management from the state vehicle maintenance facility to determine the policies and procedures used to ensure costs are competitive and interviewed management from the Office of Administration - Division of General Services to determine the management controls in place for monitoring the operation of the state vehicle maintenance facility.
- Surveyed state entities to determine the level of satisfaction with repair costs and the quality of repairs received at the state vehicle maintenance facility and to determine the policies and procedures in place for obtaining vehicle repairs outside of the Jefferson City area.
- Reviewed repair orders from the state vehicle maintenance facility for October 2002.
- Evaluated the use of the state fleet fuel cards to determine whether their use is cost-effective and efficient or if better alternatives are available.
- Contacted the management of five states to determine their policies and procedures for maintaining state vehicles.

We also analyzed vehicle maintenance expenditures for October 2002 to determine if 1) vehicle maintenance costs are reasonable; 2) invoices are reviewed and approved before payment; 3) state entities used state contracts for vehicle maintenance; and 4) state entities used the state vehicle maintenance facility, when required.

APPENDIX II

SCHEDULE OF MAINTENANCE EXPENDITURES BY STATE ENTITY

State Entity	Fiscal Year 2002	October 2002
Transportation	\$ 8,565,991	\$ 848,898
Conservation	1,046,289	108,011
Public Safety	915,050	69,183
Corrections	566,729	52,015
Natural Resources	443,399	53,515
Mental Health	431,360	42,209
Social Services	333,367	23,754
Office of Administration	160,391	15,480
Agriculture	154,882	14,674
Revenue	95,206	12,932
Economic Development	30,485	3,502
Elementary and Secondary Education	29,235	5,128
Health and Senior Services	25,029	2,029
Labor and Industrial Relations	17,872	0
Public Defender	10,435	1,186
Attorney General	9,631	4,570
Secretary of State	7,284	2,060
State Auditor	4,232	193
Insurance	3,696	19
Judiciary	2,966	2,245
Higher Education	2,353	49
Legislature	2,040	630
Governor	628	8
State Treasurer	88	193
Total	<u>\$12,858,638</u>	<u>\$1,262,483</u>

Source: State expenditure records

SURVEY RESULTS

Survey Question	<u>State Entity Response</u>	
	Yes	No
Is your office domiciled in Jefferson City?	49	37
Are you required to use the vehicle maintenance facility?	46	3 ¹
Do you use the state vehicle maintenance facility?	46	0
Are you satisfied with the state vehicle maintenance facility?	40	6
Do you have your own vehicle maintenance facility?	12 ²	74
Do you use the fleet fuel card?	84	2 ³
Are you satisfied with the fleet fuel card?	67	17

Source: SAO survey results

¹ Transportation, Conservation, and the State Highway Patrol are not required to use the state maintenance facility

² Conservation, Corrections, Transportation, Mental Health hospitals and habilitation centers, and the Natural Resources-Division of State Parks

³ Transportation and the State Highway Patrol



**PEMISCOT COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-106
September 30, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Pemiscot, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Pemiscot County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county's General Revenue Fund and Law Enforcement Sales Tax Fund are in weak financial condition. The General Revenue Fund cash balance decreased from \$204,159 at January 1, 2001 to \$6,522 at December 31, 2002, while the Law Enforcement Sales Tax Fund cash balance decreased from \$495,139 at January 1, 2001 to \$42,999 at December 31, 2002. As of September 22, 2003, the General Revenue Fund had a negative cash balance of \$11,334 and the Law Enforcement Sales Tax Fund had a zero cash balance.

A significant factor in the decline of the financial condition has been the operation of the Pemiscot County Criminal Justice Center and Jail, which opened during 2002. Personnel and other operating costs of the Sheriff's department and jail have increased from approximately \$670,000 for the year ended December 31, 2000 to over \$1,300,000 for the year ended December 31, 2002. The law enforcement sales tax of approximately \$325,000 is not sufficient to cover the increase costs of the Sheriff's department and jail.

The County Commission needs to closely monitor revenues and expenditures and take steps to increase the cash balances of the General Revenue Fund and the Law Enforcement Sales Tax Fund.

- Actual disbursements exceeded the budgeted amounts in various funds. Budgeted amounts for the General Revenue Fund, Capital Improvement Sales Tax Fund, and Law Enforcement Sales Tax Fund were exceeded by \$91,472, \$180,682, and \$246,821, respectively, for the year ended December 31, 2002.

(over)

YELLOW SHEET

- A state law, Section 50.333.13, RSMo, enacted in 1997 allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four years. Based on this law and the Prosecuting Attorney's legal opinion, in 1999 Pemiscot County's Associate County Commissioners' salaries were each increased approximately \$7,400 yearly, according to salary commission minutes.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,800 for the two years ended December 31, 2000, should be repaid.

- The County Treasurer's salary was increased \$10,400 annually, effective with the start of a new term of office on January 1, 2003, based on approval given by the salary commission at a meeting held in September 2002. There was no legal documentation supporting whether that meeting complied with Section 50.333, RSMo 2000.
- Formal budgets were not prepared for various county funds for the years ended December 31, 2002 and 2001. In addition, the county's annual published financial statements did not include the financial activity of some funds as required.
- The county has not established adequate procedures to monitor collateral securities and commercial insurance provided through surety bonds pledged by its depository bank resulting in funds being undercollateralized by approximately \$1,700,000 and \$1,300,000 for a few days during January 2003 and January 2002, respectively.
- Some expenditure concerns included the county not entering into formal written agreements with their contract laborers, not obtaining a professional appraisal prior to a \$5,040 purchase of land, paying employees a per diem of \$30 a day to cover miscellaneous travel expenses, and obtaining a bank loan without determining its legality.

Other areas where concerns were noted included employee timesheets and leave records, general fixed asset records, and computer controls. In addition, recommendations were made to improve the accounting controls and procedures of the Probate Division, Prosecuting Attorney, Public Administrator, Sheriff, Health Center, and Senate Bill 40 Board.

All reports are available on our website: www.auditor.state.mo.us

PEMISCOT COUNTY, MISSOURI

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PEMISCOT COUNTY, MISSOURI

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PEMISCOT COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Pemiscot County, Missouri

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Pemiscot County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Pemiscot County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 19, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Pemiscot County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 19, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Daniel Vandersteen, CPA
Audit Staff:	Julie Tomlinson
	John Long



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Pemiscot County, Missouri

We have audited the financial statements of various funds of Pemiscot County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 19, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Pemiscot County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Pemiscot County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our

attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 02-1, to be a material weakness. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Pemiscot County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 19, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

PEMISCOT COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 50,436	2,938,604	2,982,518	6,522
Special Road and Bridge	150,172	1,076,593	1,124,617	102,148
Assessment	172	200,361	198,451	2,082
Johnson Grass	45,752	74,779	85,769	34,762
Drainage Districts	322,565	137,044	99,646	359,963
Emergency 911	381	170,329	166,088	4,622
Law Enforcement Training	21,308	13,071	22,172	12,207
Firing Range	508	2,418	2,912	14
Prosecuting Attorney Training	(881)	1,893	663	349
Solid Waste Transfer Station	109,418	839,204	787,215	161,407
Federal Forfeiture	3,900	29,050	9,994	22,956
Criminal Investigation	9,624	41	29,542	(19,877)
Bootheel Drug Task Force	70,291	146,279	168,184	48,386
Drug Abuse Resistance Education	7,338	6,818	5,861	8,295
Domestic Violence	15,277	1,295	0	16,572
Capital Improvement Sales Tax	589,582	626,666	980,682	235,566
Law Enforcement Sales Tax	463,992	325,828	746,821	42,999
Police Apprehension of Student Traffickers	6,319	238	0	6,557
Juvenile Grant Program	15,043	100,145	112,979	2,209
Recorder's User Fees	13,506	13,331	3,345	23,492
Prosecuting Attorney Bad Check	1,130	15,137	15,042	1,225
Senate Bill 40 Board	64,410	149,281	134,344	79,347
Health Center	793,243	702,404	627,272	868,375
Election Service	1,425	2,234	944	2,715
Landfill	(328)	0	1,042	(1,370)
Sheriff Patrol	250	0	0	250
Law Library	298	8,058	8,028	328
Associate Division Interest	21,595	1,754	3,100	20,249
Circuit Division Interest	15,175	2,304	10,069	7,410
Tax Maintenance	0	1,435	0	1,435
Total	\$ 2,791,901	7,586,594	8,327,300	2,051,195

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

PEMISCOT COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 204,159	2,084,654	2,238,377	50,436
Special Road and Bridge	112,176	1,107,150	1,069,154	150,172
Assessment	(9,749)	192,658	182,737	172
Johnson Grass	50,726	75,586	80,560	45,752
Drainage Districts	349,045	182,478	208,958	322,565
Emergency 911	(15,742)	224,892	208,769	381
Law Enforcement Training	18,848	16,201	13,741	21,308
Firing Range	3,550	10,951	13,993	508
Prosecuting Attorney Training	(1,999)	2,557	1,439	(881)
Solid Waste Transfer Station	325,580	815,968	1,032,130	109,418
Federal Forfeiture	3,396	10,906	10,402	3,900
Criminal Investigation	46,043	3,141	39,560	9,624
Boothel Drug Task Force	53,684	170,503	153,896	70,291
Drug Abuse Resistance Education	4,845	6,326	3,833	7,338
Domestic Violence	13,879	1,398	0	15,277
Capital Improvement Sales Tax	623,784	615,913	650,115	589,582
Law Enforcement Sales Tax	495,139	336,520	367,667	463,992
Police Apprehension of Student Traffickers	6,055	264	0	6,319
Juvenile Grant Program	19,083	112,363	116,403	15,043
Recorder's User Fees	4,338	9,413	245	13,506
Prosecuting Attorney Bad Check	5,136	14,177	18,183	1,130
Senate Bill 40 Board	37,229	150,226	123,045	64,410
Health Center	737,951	697,602	642,310	793,243
Election Service	0	1,425	0	1,425
Landfill	(328)	0	0	(328)
Sheriff Patrol	250	0	0	250
CDBG Port Authority Road	0	226,590	226,590	0
CDBG PWSD No. 1	0	235,600	235,600	0
Law Library	236	7,307	7,245	298
Associate Division Interest	20,747	848	0	21,595
Circuit Division Interest	17,972	2,203	5,000	15,175
Total	\$ 3,126,033	7,315,820	7,649,952	2,791,901

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

PEMISCOT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 7,708,150	7,573,043	(135,107)	6,837,993	6,841,847	3,854
DISBURSEMENTS	8,723,664	8,305,061	418,603	7,646,290	7,175,517	470,773
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,015,514)	(732,018)	283,496	(808,297)	(333,670)	474,627
CASH, JANUARY 1	2,757,585	2,754,911	(2,674)	3,087,032	3,087,078	46
CASH, DECEMBER 31	1,742,071	2,022,893	280,822	2,278,735	2,753,408	474,673
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	280,000	282,868	2,868	300,000	270,102	(29,898)
Sales taxes	600,000	613,644	13,644	565,000	592,540	27,540
Intergovernmental	687,000	657,904	(29,096)	347,550	429,487	81,937
Charges for services	456,200	377,304	(78,896)	604,400	460,628	(143,772)
Interest	18,731	15,341	(3,390)	24,000	18,627	(5,373)
Other	144,460	160,015	15,555	152,200	163,270	11,070
Transfers in	656,028	831,528	175,500	150,000	150,000	0
Total Receipts	2,842,419	2,938,604	96,185	2,143,150	2,084,654	(58,496)
DISBURSEMENTS						
County Commissioner	85,900	106,943	(21,043)	86,200	85,635	565
County Clerk	64,924	65,471	(547)	67,300	68,483	(1,183)
Elections	110,050	110,513	(463)	63,050	63,653	(603)
Buildings and grounds	177,500	148,370	29,130	97,500	106,239	(8,739)
Employee fringe benefits	306,500	385,194	(78,694)	283,000	301,351	(18,351)
County Treasurer	33,000	31,660	1,340	31,575	31,130	445
County Collector	85,800	91,867	(6,067)	87,200	85,799	1,401
Recorder of Deeds	86,020	90,902	(4,882)	80,864	80,418	446
Circuit Clerk	9,500	12,450	(2,950)	13,700	7,912	5,788
Associate Circuit Court	10,000	8,855	1,145	15,000	8,971	6,029
Associate Circuit (Probate)	5,000	2,256	2,744	6,000	4,176	1,824
Court administrator	4,700	3,270	1,430	5,100	6,842	(1,742)
Public Administrator	27,000	26,608	392	27,250	34,438	(7,188)
Sheriff	787,156	849,243	(62,087)	616,613	591,077	25,536
Jail	578,620	454,405	124,215	227,800	222,311	5,489
Prosecuting Attorney	237,488	239,540	(2,052)	232,188	232,387	(199)
Juvenile Officer	38,850	69,343	(30,493)	36,900	48,267	(11,367)
County Coroner	20,900	17,921	2,979	23,300	19,648	3,652
Court Reporter	1,450	951	499	600	1,797	(1,197)
Data processing	51,000	56,662	(5,662)	85,500	74,681	10,819
Public Defender	8,500	9,676	(1,176)	0	0	0
Public health and welfare services	3,000	2,700	300	2,500	2,400	100
Other	108,528	153,718	(45,190)	113,286	121,262	(7,976)
Transfers out	19,660	44,000	(24,340)	4,000	39,500	(35,500)
Emergency Fund	30,000	0	30,000	30,000	0	30,000
Total Disbursements	2,891,046	2,982,518	(91,472)	2,236,426	2,238,377	(1,951)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,627)	(43,914)	4,713	(93,276)	(153,723)	(60,447)
CASH, JANUARY 1	50,436	50,436	0	204,159	204,159	0
CASH, DECEMBER 31	1,809	6,522	4,713	110,883	50,436	(60,447)

Exhibit B

PEMISCOT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	400,000	410,026	10,026	400,000	408,427	8,427
Intergovernmental	977,000	639,431	(337,569)	720,700	669,584	(51,116)
Interest	8,500	6,808	(1,692)	12,500	9,620	(2,880)
Other	12,500	20,328	7,828	13,500	19,519	6,019
Total Receipts	1,398,000	1,076,593	(321,407)	1,146,700	1,107,150	(39,550)
DISBURSEMENTS						
Salaries	300,000	290,462	9,538	300,000	263,406	36,594
Employee fringe benefit	92,400	93,605	(1,205)	84,000	92,250	(8,250)
Supplies	268,000	257,552	10,448	291,500	273,651	17,849
Insurance	30,000	36,686	(6,686)	25,000	28,802	(3,802)
Road and bridge materials	488,500	219,139	269,361	259,500	153,429	106,071
Equipment repairs	13,000	18,706	(5,706)	0	13,365	(13,365)
Rentals	0	0	0	5,000	0	5,000
Equipment purchase	210,000	171,777	38,223	209,000	205,237	3,763
Other	78,610	6,690	71,920	45,300	39,014	6,286
Transfers out	30,000	30,000	0	0	0	0
Total Disbursement	1,510,510	1,124,617	385,893	1,219,300	1,069,154	150,146
RECEIPTS OVER (UNDER) DISBURSEMENTS	(112,510)	(48,024)	64,486	(72,600)	37,996	110,596
CASH, JANUARY 1	150,172	150,172	0	112,176	112,176	0
CASH, DECEMBER 31	37,662	102,148	64,486	39,576	150,172	110,596
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	171,660	155,694	(15,966)	184,457	152,473	(31,984)
Interest	1,000	342	(658)	2,000	469	(1,531)
Other	1,000	325	(675)	0	216	216
Transfers in	19,660	44,000	24,340	14,052	39,500	25,448
Total Receipts	193,320	200,361	7,041	200,509	192,658	(7,851)
DISBURSEMENTS						
Assessor	193,320	198,451	(5,131)	190,760	182,737	8,023
Total Disbursement	193,320	198,451	(5,131)	190,760	182,737	8,023
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,910	1,910	9,749	9,921	172
CASH, JANUARY 1	172	172	0	(9,749)	(9,749)	0
CASH, DECEMBER 31	172	2,082	1,910	0	172	172
<u>JOHNSON GRASS FUND</u>						
RECEIPTS						
Property taxes	70,000	72,561	2,561	70,000	72,690	2,690
Interest	2,000	1,956	(44)	4,000	2,526	(1,474)
Other	0	262	262	0	370	370
Total Receipts	72,000	74,779	2,779	74,000	75,586	1,586
DISBURSEMENTS						
Salaries	48,300	47,096	1,204	58,000	46,050	11,950
Equipment	20,000	17,780	2,220	20,000	17,005	2,995
Chemicals	15,000	4,788	10,212	15,000	15,424	(424)
Fuels and lubricants	5,000	14,116	(9,116)	5,000	0	5,000
Other	2,000	1,989	11	2,000	2,081	(81)
Total Disbursement	90,300	85,769	4,531	100,000	80,560	19,440
RECEIPTS OVER (UNDER) DISBURSEMENTS	(18,300)	(10,990)	7,310	(26,000)	(4,974)	21,026
CASH, JANUARY 1	45,752	45,752	0	50,726	50,726	0
CASH, DECEMBER 31	27,452	34,762	7,310	24,726	45,752	21,026

Exhibit B

PEMISCOT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DRAINAGE DISTRICTS FUND</u>						
RECEIPTS						
Property taxes	114,250	112,527	(1,723)	150,590	164,498	13,908
Interest	11,740	24,288	12,548	19,300	14,923	(4,377)
Other	0	229	229	0	3,057	3,057
Total Receipts	125,990	137,044	11,054	169,890	182,478	12,588
DISBURSEMENTS						
Salaries	116,705	84,350	32,355	117,400	84,178	33,222
Equipment repairs	30,500	13,703	16,797	28,000	21,839	6,161
Engineering and contract service:	242,968	1,593	241,375	330,000	102,941	227,059
Other	15,700	0	15,700	9,800	0	9,800
Total Disbursements:	405,873	99,646	306,227	485,200	208,958	276,242
RECEIPTS OVER (UNDER) DISBURSEMENTS	(279,883)	37,398	317,281	(315,310)	(26,480)	288,830
CASH, JANUARY 1	322,565	322,565	0	349,045	349,045	0
CASH, DECEMBER 31	42,682	359,963	317,281	33,735	322,565	288,830
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Charges for service:	165,000	169,047	4,047	155,000	162,892	7,892
Interest	0	1,282	1,282	0	0	0
Transfers in	0	0	0	50,000	62,000	12,000
Total Receipts	165,000	170,329	5,329	205,000	224,892	19,892
DISBURSEMENTS						
Salaries	0	33	(33)	143,400	158,387	(14,987)
Equipment	10,000	43,021	(33,021)	10,000	3,133	6,867
Office supplies	0	0	0	0	75	(75)
Other	33,000	38,034	(5,034)	34,500	47,174	(12,674)
Transfers out	120,000	85,000	35,000	0	0	0
Total Disbursements:	163,000	166,088	(3,088)	187,900	208,769	(20,869)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,000	4,241	2,241	17,100	16,123	(977)
CASH, JANUARY 1	381	381	0	(15,742)	(15,742)	0
CASH, DECEMBER 31	2,381	4,622	2,241	1,358	381	(977)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	5,600	4,749	(851)	5,000	5,644	644
Charges for services:	10,000	7,719	(2,281)	13,500	9,675	(3,825)
Interest	500	434	(66)	800	760	(40)
Other	0	169	169	0	122	122
Total Receipts	16,100	13,071	(3,029)	19,300	16,201	(3,099)
DISBURSEMENTS						
Sheriff	35,000	22,172	12,828	25,000	13,741	11,259
Total Disbursements:	35,000	22,172	12,828	25,000	13,741	11,259
RECEIPTS OVER (UNDER) DISBURSEMENTS	(18,900)	(9,101)	9,799	(5,700)	2,460	8,160
CASH, JANUARY 1	21,308	21,308	0	18,848	18,848	0
CASH, DECEMBER 31	2,408	12,207	9,799	13,148	21,308	8,160

Exhibit B

PEMISCOT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>FIRING RANGE FUND</u>						
RECEIPTS						
Intergovernmental	2,500	0	(2,500)	2,500	4,291	1,791
Charges for services	6,000	2,414	(3,586)	1,500	6,549	5,049
Interest	0	4	4	150	111	(39)
Total Receipts	8,500	2,418	(6,082)	4,150	10,951	6,801
DISBURSEMENTS						
Office expenditures	4,000	1,225	2,775	2,900	9,751	(6,851)
Other	5,000	1,687	3,313	3,500	4,242	(742)
Total Disbursements	9,000	2,912	6,088	6,400	13,993	(7,593)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(494)	6	(2,250)	(3,042)	(792)
CASH, JANUARY 1	508	508	0	3,550	3,550	0
CASH, DECEMBER 31	8	14	6	1,300	508	(792)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	3,000	1,893	(1,107)	4,000	2,557	(1,443)
Total Receipts	3,000	1,893	(1,107)	4,000	2,557	(1,443)
DISBURSEMENTS						
Prosecuting Attorney	2,100	663	1,437	2,000	1,439	561
Total Disbursements	2,100	663	1,437	2,000	1,439	561
RECEIPTS OVER (UNDER) DISBURSEMENTS	900	1,230	330	2,000	1,118	(882)
CASH, JANUARY 1	(881)	(881)	0	(1,999)	(1,999)	0
CASH, DECEMBER 31	19	349	330	1	(881)	(882)
<u>SOLID WASTE TRANSFER STATION FUND</u>						
RECEIPTS						
Intergovernmental	25,000	0	(25,000)	20,000	4,504	(15,496)
Charges for services	780,000	833,863	53,863	745,000	761,451	16,451
Interest	7,000	5,316	(1,684)	15,500	8,697	(6,803)
Other	0	25	25	0	41,316	41,316
Total Receipts	812,000	839,204	27,204	780,500	815,968	35,468
DISBURSEMENTS						
Salaries	122,900	121,374	1,526	112,600	118,018	(5,418)
Contract services	550,000	535,430	14,570	560,000	532,185	27,815
Office expenditures	31,000	44,064	(13,064)	27,500	177,418	(149,918)
Equipment	82,000	18,147	63,853	270,000	135,670	134,330
Mileage and training	1,000	835	165	1,000	463	537
Bond payment and interest	48,000	46,605	1,395	48,000	47,803	197
Other	21,000	20,760	240	15,000	20,573	(5,573)
Total Disbursements	855,900	787,215	68,685	1,034,100	1,032,130	1,970
RECEIPTS OVER (UNDER) DISBURSEMENTS	(43,900)	51,989	95,889	(253,600)	(216,162)	37,438
CASH, JANUARY 1	109,418	109,418	0	325,580	325,580	0
CASH, DECEMBER 31	65,518	161,407	95,889	71,980	109,418	37,438

Exhibit B

PEMISCOT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>FEDERAL FORFEITURE FUND</u>						
RECEIPTS						
Intergovernmental	10,000	28,759	18,759	5,000	10,643	5,643
Interest	150	291	141	120	263	143
Total Receipts	10,150	29,050	18,900	5,120	10,906	5,786
DISBURSEMENTS						
Other	14,000	9,994	4,006	8,000	10,402	(2,402)
Total Disbursement:	14,000	9,994	4,006	8,000	10,402	(2,402)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,850)	19,056	22,906	(2,880)	504	3,384
CASH, JANUARY 1	3,900	3,900	0	3,396	3,396	0
CASH, DECEMBER 31	50	22,956	22,906	516	3,900	3,384
<u>CRIMINAL INVESTIGATION FUND</u>						
RECEIPTS						
Charges for services	15,000	0	(15,000)	20,000	1,912	(18,088)
Interest	0	41	41	3,000	1,229	(1,771)
Total Receipts	15,000	41	(14,959)	23,000	3,141	(19,859)
DISBURSEMENTS						
Equipment	0	0	0	15,000	3,960	11,040
Transfers out	24,000	29,542	(5,542)	40,000	35,600	4,400
Total Disbursement:	24,000	29,542	(5,542)	55,000	39,560	15,440
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,000)	(29,501)	(20,501)	(32,000)	(36,419)	(4,419)
CASH, JANUARY 1	9,624	9,624	0	46,043	46,043	0
CASH, DECEMBER 31	624	(19,877)	(20,501)	14,043	9,624	(4,419)
<u>BOOTHEEL DRUG TASK FORCE FUND</u>						
RECEIPTS						
Intergovernmental	120,000	102,240	(17,760)	115,243	120,538	5,295
Interest	1,500	1,866	366	0	2,377	2,377
Other	10,000	12,631	2,631	0	11,988	11,988
Transfers in	24,000	29,542	5,542	38,414	35,600	(2,814)
Total Receipts	155,500	146,279	(9,221)	153,657	170,503	16,846
DISBURSEMENTS						
Salaries	129,400	126,045	3,355	121,787	127,120	(5,333)
Office expenditures	1,000	1,521	(521)	1,440	827	613
Equipment	10,000	22,542	(12,542)	6,760	10,554	(3,794)
Mileage and training	20,000	7,378	12,622	18,070	8,046	10,024
Other	12,000	10,698	1,302	5,600	7,349	(1,749)
Total Disbursement:	172,400	168,184	4,216	153,657	153,896	(239)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,900)	(21,905)	(5,005)	0	16,607	16,607
CASH, JANUARY 1	70,291	70,291	0	53,684	53,684	0
CASH, DECEMBER 31	53,391	48,386	(5,005)	53,684	70,291	16,607
<u>DRUG ABUSE RESISTANCE EDUCATION FUND</u>						
RECEIPTS						
Interest	200	338	138	200	252	52
Other	6,000	6,480	480	6,000	6,074	74
Total Receipts	6,200	6,818	618	6,200	6,326	126
DISBURSEMENTS						
Office expenditures	10,000	5,861	4,139	7,500	3,833	3,667
Total Disbursement:	10,000	5,861	4,139	7,500	3,833	3,667
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,800)	957	4,757	(1,300)	2,493	3,793
CASH, JANUARY 1	7,338	7,338	0	4,845	4,845	0
CASH, DECEMBER 31	3,538	8,295	4,757	3,545	7,338	3,793

Exhibit B

PEMISCOT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	700	705	5	1,000	780	(220)
Interest	600	590	(10)	900	618	(282)
Total Receipts	1,300	1,295	(5)	1,900	1,398	(502)
DISBURSEMENTS						
Other	15,000	0	15,000	12,000	0	12,000
Total Disbursement:	15,000	0	15,000	12,000	0	12,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,700)	1,295	14,995	(10,100)	1,398	11,498
CASH, JANUARY 1	15,277	15,277	0	13,879	13,879	0
CASH, DECEMBER 31	1,577	16,572	14,995	3,779	15,277	11,498
<u>CAPITAL IMPROVEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	600,000	613,494	13,494	600,000	593,045	(6,955)
Interest	15,000	9,729	(5,271)	25,000	22,868	(2,132)
Other	0	3,443	3,443	0	0	0
Total Receipts	615,000	626,666	11,666	625,000	615,913	(9,087)
DISBURSEMENTS						
Contract services	108,296	207,900	(99,604)	20,544	33,332	(12,788)
Equipment	56,370	108,217	(51,847)	16,211	26,301	(10,090)
Furniture	41,358	79,397	(38,039)	0	0	0
Insurance	2,335	4,483	(2,148)	10,115	16,411	(6,296)
Other	1,641	3,150	(1,509)	3,130	5,079	(1,949)
Bond payment and interes	590,000	577,535	12,465	571,870	568,992	2,878
Total Disbursement:	800,000	980,682	(180,682)	621,870	650,115	(28,245)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(185,000)	(354,016)	(169,016)	3,130	(34,202)	(37,332)
CASH, JANUARY 1	589,582	589,582	0	623,784	623,784	0
CASH, DECEMBER 31	404,582	235,566	(169,016)	626,914	589,582	(37,332)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	300,000	306,796	6,796	300,000	296,526	(3,474)
Intergovernmental	0	8,767	8,767	0	0	0
Interest	15,000	10,265	(4,735)	25,000	21,550	(3,450)
Other	0	0	0	0	18,444	18,444
Total Receipts	315,000	325,828	10,828	325,000	336,520	11,520
DISBURSEMENTS						
Equipment	0	0	0	110,000	155,667	(45,667)
Office expenditures	0	25,125	(25,125)	0	0	0
Insurance	0	5,168	(5,168)	0	0	0
Transfers out	500,000	716,528	(216,528)	200,000	212,000	(12,000)
Total Disbursement:	500,000	746,821	(246,821)	310,000	367,667	(57,667)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(185,000)	(420,993)	(235,993)	15,000	(31,147)	(46,147)
CASH, JANUARY 1	463,992	463,992	0	495,139	495,139	0
CASH, DECEMBER 31	278,992	42,999	(235,993)	510,139	463,992	(46,147)

Exhibit B

PEMISCOT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>POLICE APPREHENSION OF STUDENT TRAFFICKERS FUND</u>						
RECEIPTS						
Interest	200	238	38	350	264	(86)
Total Receipts	200	238	38	350	264	(86)
DISBURSEMENTS						
Other	6,519	0	6,519	6,400	0	6,400
Total Disbursement:	6,519	0	6,519	6,400	0	6,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,319)	238	6,557	(6,050)	264	6,314
CASH, JANUARY 1	6,319	6,319	0	6,055	6,055	0
CASH, DECEMBER 31	0	6,557	6,557	5	6,319	6,314
<u>JUVENILE GRANT PROGRAM FUND</u>						
RECEIPTS						
Intergovernmental	112,000	99,701	(12,299)	126,578	111,714	(14,864)
Interest	600	444	(156)	0	649	649
Total Receipts	112,600	100,145	(12,455)	126,578	112,363	(14,215)
DISBURSEMENTS						
Salaries	109,323	101,599	7,724	109,323	98,323	11,000
Other	17,255	11,380	5,875	17,255	18,080	(825)
Total Disbursement:	126,578	112,979	13,599	126,578	116,403	10,175
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,978)	(12,834)	1,144	0	(4,040)	(4,040)
CASH, JANUARY 1	15,043	15,043	0	19,083	19,083	0
CASH, DECEMBER 31	1,065	2,209	1,144	19,083	15,043	(4,040)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	9,000	12,569	3,569	7,000	9,067	2,067
Interest	300	762	462	100	346	246
Total Receipts	9,300	13,331	4,031	7,100	9,413	2,313
DISBURSEMENTS						
Recorder of Deeds	20,000	3,345	16,655	4,338	245	4,093
Total Disbursement:	20,000	3,345	16,655	4,338	245	4,093
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,700)	9,986	20,686	2,762	9,168	6,406
CASH, JANUARY 1	13,506	13,506	0	4,338	4,338	0
CASH, DECEMBER 31	2,806	23,492	20,686	7,100	13,506	6,406
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	16,500	15,109	(1,391)	14,000	13,997	(3)
Interest	0	28	28	400	180	(220)
Total Receipts	16,500	15,137	(1,363)	14,400	14,177	(223)
DISBURSEMENTS						
Salaries	17,547	14,902	2,645	17,450	17,503	(53)
Other	0	140	(140)	0	680	(680)
Total Disbursement:	17,547	15,042	2,505	17,450	18,183	(733)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,047)	95	1,142	(3,050)	(4,006)	(956)
CASH, JANUARY 1	1,130	1,130	0	5,136	5,136	0
CASH, DECEMBER 31	83	1,225	1,142	2,086	1,130	(956)

Exhibit B

PEMISCOT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	150,000	145,037	(4,963)	140,000	146,036	6,036
Intergovernmental	0	525	525	0	0	0
Interest	4,000	3,719	(281)	6,000	4,190	(1,810)
Total Receipts	154,000	149,281	(4,719)	146,000	150,226	4,226
DISBURSEMENTS						
Pemiscot Progressive Industries Inc	200,000	134,344	65,656	180,000	123,045	56,955
Total Disbursements	200,000	134,344	65,656	180,000	123,045	56,955
RECEIPTS OVER (UNDER) DISBURSEMENTS	(46,000)	14,937	60,937	(34,000)	27,181	61,181
CASH, JANUARY 1	64,410	64,410	0	37,229	37,229	0
CASH, DECEMBER 31	18,410	79,347	60,937	3,229	64,410	61,181
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	142,802	145,038	2,236	141,000	145,298	4,298
Intergovernmental	448,644	487,539	38,895	458,814	490,397	31,583
Charges for services	19,826	21,523	1,697	18,241	23,539	5,298
Interest	39,989	40,246	257	36,185	36,548	363
Other	7,310	8,058	748	1,921	1,820	(101)
Total Receipts	658,571	702,404	43,833	656,161	697,602	41,441
DISBURSEMENTS						
Salaries	486,389	469,338	17,051	476,002	476,036	(34)
Office expenditures	54,123	62,149	(8,026)	53,527	68,513	(14,986)
Equipment	8,500	7,406	1,094	4,320	3,022	1,298
Mileage and training	13,000	12,347	653	12,233	13,558	(1,325)
Infant mortality program	50,609	51,974	(1,365)	65,000	58,487	6,513
Other	45,950	24,058	21,892	45,079	22,694	22,385
Total Disbursements	658,571	627,272	31,299	656,161	642,310	13,851
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	75,132	75,132	0	55,292	55,292
CASH, JANUARY 1	795,917	793,243	(2,674)	737,905	737,951	46
CASH, DECEMBER 31	\$ 795,917	868,375	72,458	737,905	793,243	55,338
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Intergovernmental	2,400	2,091	(309)			
Interest	100	143	43			
Total Receipts	2,500	2,234	(266)			
DISBURSEMENTS						
Equipment and supplies	1,000	0	1,000			
Training	2,000	944	1,056			
Total Disbursements	3,000	944	2,056			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	1,290	1,790			
CASH, JANUARY 1	1,425	1,425	0			
CASH, DECEMBER 31	925	2,715	1,790			

Exhibit B

PEMISCOT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LANDFILL FUND</u>						
RECEIPTS						
Transfer in				328	0	(328)
Total Receipts				328	0	(328)
DISBURSEMENTS						
Other				0	0	0
Total Disbursements				0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				328	0	(328)
CASH, JANUARY 1				(328)	(328)	0
CASH, DECEMBER 31				0	(328)	(328)
<u>SHERIFF PATROL FUND</u>						
RECEIPTS						
Other				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Sheriff				250	0	250
Total Disbursements				250	0	250
RECEIPTS OVER (UNDER) DISBURSEMENTS				(250)	0	250
CASH, JANUARY 1				250	250	0
CASH, DECEMBER 31				0	250	250

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

PEMISCOT COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Pemiscot County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2002 and 2001
Associate Division Interest Fund	2002 and 2001
Circuit Division Interest Fund	2002 and 2001
Landfill Fund	2002
Sheriff Patrol Fund	2002
Tax Maintenance Fund	2002

Election Service Fund	2001
CDBG Port Authority Road Fund	2001
CDBG PWSD No. 1 Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2002 and 2001
Emergency 911 Fund	2002 and 2001
Capital Improvement Sales Tax Fund	2002 and 2001
Law Enforcement Sales Tax Fund	2002 and 2001
Assessment Fund	2002
Criminal Investigation Fund	2002
Firing Range Fund	2001
Federal Forfeiture Fund	2001
Bootheel Drug Task Force Fund	2001
Prosecuting Attorney Bad Check Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2002 and 2001
Law Library Fund	2002 and 2001
Associate Division Interest Fund	2002 and 2001
Circuit Division Interest Fund	2002 and 2001
Tax Maintenance Fund	2002
CDBG Port Authority Road Fund	2001
CDBG PWSD No. 1 Fund	2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance, or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name, or by commercial insurance provided through a surety bond.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustment

The Drug Abuse Resistance Education Fund's cash balance at January 1, 2001, as previously stated has been increased by \$2,599 to agree to the cash balance of the County Treasurer.

The Recorder's User Fees Fund's cash balance at January 1, 2001, as previously stated has been increased by \$1,634 to agree to the cash balance of the County Treasurer.

The Landfill Fund's cash balance of (\$328) at January 1, 2001, was not previously reported, but has been added.

Supplementary Schedule

Schedule 1

PEMISCOT COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Social Services -				
10.550	Food Donation	N/A	\$ 4,664	1,971
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3178W ERS045-2178W	120,062 0	0 105,971
	Program Total		120,062	105,971
10.559	Summer Food Service Program for Children	ERS146-2178I ERS146-1178I	1,080 0	0 1,980
	Program Total		1,080	1,980
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State' Program	99-ED-09 98-PF-25	0 0	226,590 235,600
	Program Total		0	462,190
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grant	95CFWX5084	22,732	15,333
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	32,163	10,643
Passed through				
State Department of Public Safety -				
16.523	Juvenile Accountability Incentive Block Grant	99-JBVX-0029	19,407	0
16.579	Byrne Formula Grant Program	2001-NCD2-049 2000-NCD2-035 2000-NCD2-004	48,838 61,810 0	0 56,325 70,420
	Program Total		110,648	126,745
16.580	Missouri Sheriff's Meth-Amphetamine Relief Team Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	TF-2001-01	48,301	60,475
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	2001-LBG-055	8,767	0

Schedule 1

PEMISCOT COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2002	2001
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,005	1,035
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-078 (39)	31,783	0
		BRO-078 (38)	11,392	0
		BRO-078 (37)	11,392	0
		BRO-078 (36)	0	95,746
		BRO-078 (32)	0	1,600
	Program Total		54,567	97,346
	Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	HMEP 2002	1,971	0
		HMEP 2001	0	2,236
	Program Total		1,971	2,236
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state Department of Public Safety			
83.534	Emergency Management - State and Local Assistance	1412DRMO	12,890	0
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	PGA064-3178A	9,120	0
		N/A	54,480	46,234
	Program Total		63,600	46,234
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	33,288	25,510
93.569	Community Services Block Grant	A0C6000234	48,240	43,848
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Grant	PGA067-31785	2,830	0
		PGA067-21785	0	3,155
	Program Total		2,830	3,155
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-3178M	36,786	0
		ERS146-1178M	0	32,328
		AOCO1380045	4,956	24,570
		ERS175-1307F	0	9,750
		N/A	411	3,892
	Program Total		42,153	70,540

Schedule 1

PEMISCOT COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
94.003	State Commission:	01SCSMO024	0	3,000
94.007	Planning and Program Development Grant	99APSMO026	7,568	7,367
SOCIAL SECURITY ADMINISTRATION				
96.001	Social Security - Disability Insurance	DD02FED/DD03FED	92	0
		DD01FED	0	219
	Program Total		92	219
	Total Expenditures of Federal Awards:		\$ 636,028	1,085,798

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

PEMISCOT COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Pemiscot County, Missouri, except for the program accounted for in the Pemiscot County Port Authority Fund. The federal award for that fund has been audited and separately reported on by other independent auditors for its year ended June 30, 2002.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Donation Program (CFDA number 10.550) represents the dollar value assigned to commodities based on prices provided by the state Department of Social Services.

Amounts for Immunization Grants (CFDA number 93.268 and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Pemiscot County, Missouri

Compliance

We have audited the compliance of Pemiscot County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Pemiscot County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Pemiscot County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Pemiscot County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 19, 2003 (fieldwork completion date)

Schedule

PEMISCOT COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? x yes no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? x yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? yes x no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.228	Community Development Block Grants/State's Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

02-1.	Overspending Budgets
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Actual disbursements exceeded the budgeted amounts in various funds as follows:

Fund		Year Ended December 31,	
		2002	2001
General Revenue	\$	91,472	1,951
Emergency 911		3,088	20,869
Capital Improvement Sales Tax		180,682	28,245
Law Enforcement Sales Tax		246,821	57,667
Assessment		5,131	N/A
Criminal Investigation		5,542	N/A
Bootheel Drug Task Force		N/A	239
Prosecuting Attorney Bad Check		N/A	733
Firing Range		N/A	7,593
Federal Forfeiture		N/A	2,402

The County Commission indicated the budget is monitored by reviewing budget to actual amounts monthly. However, this review was not sufficient to ensure actual disbursements did not exceed budget amounts.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that county officials are required to comply strictly with the county budget laws. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

This condition was noted in our prior reports.

WE AGAIN RECOMMEND the County Commission refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We agree and will implement.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

PEMISCOT COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Pemiscot County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 2000.

00-1 Segregation of Duties

Segregation of duties were not adequate.

Recommendation:

These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Status:

Implemented.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

PEMISCOT COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

PEMISCOT COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Pemiscot County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 19, 2003. We also have audited the compliance of Pemiscot County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 19, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Pemiscot County Port Authority Board and Pemiscot Memorial Systems (Hospital) Board are audited and separately reported on by other independent auditors, the related funds are not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Pemiscot County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	Financial Condition
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Pemiscot County's General Revenue and Law Enforcement Sales Tax funds are in weak financial condition. These funds provide funding for most general operations of the county, including the Sheriff's department and jail. The following chart shows receipts, disbursements, and cash balances for the two years ended December 31, 2002:

	General Revenue Fund	Law Enforcement Sales Tax Fund
Cash Balance, January 1, 2001	\$ 204,159	495,139
Receipts	1,934,654	336,520
Transfer in from Law Enforcement Sales Tax Fund	150,000	0
Disbursements	(2,238,377)	(217,667)
Transfers out to General Revenue Fund	0	(150,000)
Cash Balance, December 31, 2001	<u>50,436</u>	<u>463,992</u>
Receipts	2,222,076	325,828
Transfer in from Law Enforcement Sales Tax Fund	716,528	0
Disbursements	(2,982,518)	(30,293)
Transfers out to General Revenue Fund	0	(716,528)
Cash Balance, December 31, 2002	<u><u>\$ 6,522</u></u>	<u><u>42,999</u></u>

Although the Law Enforcement Sales Tax Fund has been established, disbursements related to law enforcement are still budgeted in the General Revenue Fund. Thus, a large portion of the disbursements made from the Law Enforcement Sales Tax Fund are transfers to the General Revenue Fund to cover the costs of the Sheriff's department and the jail.

The county budgets estimated improved cash balances as of December 31, 2003 for the General Revenue and Law Enforcement Sales Tax funds. This improved cash forecast is due in part to the county budgeting \$585,000 in revenues for the housing of federal prisoners and those from other counties and cities. However, as of September 22, 2003, the county has only received approximately \$190,000 in revenues for housing prisoners. While the county is currently housing more prisoners for other counties and cities, as of September 2003, the county has yet to sign a contract with the federal government. Therefore, the revenues

budgeted for the housing of federal prisoners estimated to be \$350,000 have yet to be realized. Due to the county not realizing the federal revenues, the General Revenue Fund has been experiencing cash flow problems during 2003. As of September 22, 2003, the General Revenue Fund had a negative cash balance of \$11,334 and the Law Enforcement Sales Tax Fund had a \$0 balance. The County Clerk indicated they are making decisions on expenditures that can be reduced in order to help improve the financial condition.

A significant factor in the decline of the financial condition of the General Revenue and Law Enforcement Sales Tax funds has been the operation of the Pemiscot County Criminal Justice Center and Jail, which opened during 2002. Personnel and other operating costs of the Sheriff's department and jail have increased significantly subsequent to completion of the justice center and jail project. Such costs have increased from approximately \$670,000 for the year ended December 31, 2000, and from approximately \$810,000 for the year ended December 31, 2001, to over \$1,300,000 for the year ended December 31, 2002. These increases reflect the county's hiring of thirteen additional jailers and higher jail costs due to a larger jail population. In addition, the additional employees are a reason fringe benefits increased approximately \$85,000 from 2001 to 2002. The law enforcement sales tax generates approximately \$325,000 a year and is not sufficient to cover the increased costs of law enforcement operations related to the Sheriff's department and jail.

Another significant factor contributing to the decline of the financial condition of the General Revenue Fund is due to a major taxpayer in the county has paid their taxes under protest for the last four years. Currently, these monies are being held by the County Collector pending the resolution of the court case regarding the protested taxes. The case is currently in circuit court where, if decided in the county's favor, the General Revenue Fund would receive its share of the taxes, which we estimate to be approximately \$60,000.

The County Commission should review discretionary disbursements to ensure available county resources are used efficiently and to determine if long term reductions in discretionary disbursements are possible. In addition, the County Commission should ensure it maximizes receipts from all sources.

WE RECOMMEND the County Commission consider various alternatives of increasing receipts and/or reducing disbursements to improve the financial condition of the General Revenue and Law Enforcement Sales Tax funds. In addition, the county should budget specific disbursements from the Law Enforcement Sales Tax Fund versus transferring the monies to the General Revenue Fund.

AUDITEE'S RESPONSE

We have been considering various alternatives of increasing revenues and reducing expenditures. Because of federal mandates, the cost of operating and staffing the jail have become increasingly difficult to finance. However, we have made cuts at the jail and elsewhere in the county's budgets to help the county's financial condition. In addition, the state has reduced the prisoner per diems and per parcel reimbursement for assessment which have increased the county's share of these costs.

Also, we will budget specific disbursements from the Law Enforcement Sales Tax Fund instead of transferring monies to the General Revenue Fund to offset disbursements.

2. Officials' Salaries

The county has not taken action on mid-term salary increases given to the Associate County Commissioners in 1999. Actions of the salary commission in approving a raise for the County Treasurer in September 2002 were not supported by a written legal opinion. The Prosecuting Attorney was apparently underpaid \$365 for the year ended December 31, 2000.

- A. Section 50.333.13 RSMo, enacted in 1997, allowed the salary commissions meeting in 1997 to provide mid-term increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years.

In a letter to the County Clerk, dated January 14, 1999, the Prosecuting Attorney indicated, "The Statute 50.333.13 does provide for a one time increase. There are those who would argue that that part of the Statute is unconstitutional, however, Statutes are presumed to be constitutional. Therefore, unless there is a legal challenge in Court to this Statute and that a court would rule that it is not constitutional, then we are to presume that it is constitutional." The letter also indicates, "Therefore, I believe that the Associate Commissioners do have a right to take the benefit of the increase in salaries the same as other elected officials are doing."

Based upon Section 50.333.13 and the Prosecuting Attorney's legal opinion, in 1999 Pemiscot County's Associate County Commissioners' salaries were each increased approximately \$7,400 yearly, according to the salary commission minutes.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment. As of June 19, 2003, the County Commission has not reviewed the impact of this decision and has not developed a plan for obtaining repayment of the salary overpayments.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling \$14,800 for the two years ended December 31, 2000, should be repaid.

- B. The County Treasurer's salary was increased \$10,400 annually, effective with the start of a new term of office on January 1, 2003. A salary commission meeting held in September 2002 approved this increase.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. However, Section 50.333, RSMo 2000, appears to authorize salary commissions to meet only in odd-numbered years. There was no legal documentation supporting whether the meeting complied with Section 50.333, RSMo 2000.

As a result, without a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

- C. The Prosecuting Attorney was apparently underpaid \$365 for the year ended December 31, 2000. During that year, the Prosecuting Attorney was paid \$97,017; when, per Section 56.265.1 RSMo 2000, he was entitled to a salary equal to that of an Associate Circuit Judge, or \$97,382. The county could provide no documentation showing how the Prosecuting Attorney's salary was determined.

WE RECOMMEND the County Commission:

- A. Review the impact of the decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.
- C. Review the apparent underpayment of \$365 to the Prosecuting Attorney.

AUDITEE'S RESPONSE

- A. *We will review the impact, but at this time we do not believe this will be paid back. We believe this was a valid expenditure because it was believed to be legal at the time and we obtained a legal opinion from our Prosecuting Attorney indicating the increase was legal.*
- B. *We will consult with the Prosecuting Attorney to ensure the action taken was legal.*
- C. *We will review this and take action deemed appropriate.*

3.**Budgetary Practices and Financial Statements**

The county's budgets and published financial statements for the years ended December 31, 2002 and 2001, excluded some funds.

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 2002 and 2001. The County Commission indicated they had overlooked these funds when preparing the budgets. Chapter 50, RSMo 2000, requires the preparation and filing of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission can evaluate all county financial resources more effectively.
- B. The county's annual published financial statements did not include the financial activity of some funds as required. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

These conditions were noted in our prior report.

WE AGAIN RECOMMEND the County Commission:

- A. Ensure budgets for all county funds are obtained or prepared.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE

- A. *We plan to do this and will request the necessary information from other officials for funds under their control.*
- B. *We plan to report information for all county funds in the published financial statements.*

4.**County Procedures**

The county's lack of adequate procedures to monitor collateral securities has resulted in insufficient collateral securities and commercial insurance being pledged by the county's depository bank. Some departments did not submit time sheets and leave records to the County Clerk. The County Clerk does not maintain the general fixed asset records on an up to date basis or periodically reconcile equipment purchases with additions to the fixed asset records. Further, property tags are not placed upon all general fixed asset items. In addition, the County Clerk does not maintain an account book with the County Collector as required by state law.

- A. The county has not established adequate procedures to monitor collateral securities and commercial insurance provided through surety bonds pledged by its depository bank, and as a result, funds were undercollateralized at various times during the audit period. The amount of collateral securities and commercial insurance pledged by the county's depository bank to cover deposits of the County Treasurer and County Collector were insufficient by approximately \$1,700,000 and \$1,300,000 for a few days during January 2003 and January 2002, respectively. The high balance periods were primarily due to property tax monies collected by the County Collector for county funds and disbursed to the County Treasurer. While the County Treasurer indicated that she monitors the collateral securities for all bank accounts under her control and that the bank will contact her if the collateral securities pledged are not sufficient to cover the county's bank balances, there were still times where the bank accounts were undercollateralized. The bank balances eventually fell below the level of pledged collateral.

Section 110.020, RSMo 2000, requires that the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

- B. Not all departments are submitting time sheets and leave information to the County Clerk. Although time sheets and leave information are prepared by and maintained by employees of the Sheriff's and road and bridge departments, such time sheets and leave information are not submitted to the County Clerk. The County Clerk does maintain such records and information for other departments of the county. Time sheets and leave information should be submitted to the County Clerk's office by all employees to provide supporting documentation and additional assurance to the County Commission that payroll expenditures are valid and proper.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. The time records should be prepared by the employee, approved by the applicable supervisor, and filed with the County Clerk.

C. A review of the general fixed asset records revealed the following concerns:

- The County Clerk does not maintain the general fixed asset records on an up to date basis. Additions and disposals of fixed assets are not recorded as they occur and an inventory of all county property has not occurred since 1999.
- The County Clerk does not periodically reconcile equipment purchases with additions to the fixed asset records. Fixed asset and land purchases of approximately \$355,000 had not been recorded on the property records at the time of our review. Performing this reconciliation would help ensure that all purchases have been properly added to the fixed asset records.
- Property tags are not placed upon all general fixed asset items. Property control tags should be affixed to all fixed asset items to help improve accountability over these items and help ensure that assets are not lost or stolen.

Adequate general fixed asset records and procedures are necessary to meet statutory requirements, secure better internal controls over county property, and provide a basis for determining proper insurance coverage of county property. Inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

D. The County Clerk does not maintain an account book with the County Collector. As a result, the County Collector's annual settlements cannot be adequately reviewed and errors could go undetected. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. These amounts could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. These verifications are the County Clerk's means of ensuring the amount of taxes charged to the County Collector and reported credits are complete and accurate.

Section 51.150.2, RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and the County Commission to verify the County Collector's annual settlements.

These conditions were noted in our prior report.

WE AGAIN RECOMMEND the County Commission:

- A. Establish monitoring procedures to ensure the depository bank pledges adequate collateral securities at all times.
- B. Require all departments to file time sheets and leave information with the County Clerk. The County Clerk should then maintain a balance of leave accumulated and taken for each employee.
- C. Require complete and accurate general fixed asset records be maintained and annual inventories of fixed assets be performed. In addition, the County Commission should require property tags be affixed on all county property.
- D. Require the County Clerk maintain an account book with the County Collector in accordance with statute.

AUDITEE'S RESPONSE

- A. *The County Commission and County Treasurer will try harder to ensure adequate collateral securities are pledged.*
- B. *The County Commission will request all departments to file timesheets and leave information with the County Clerk. The County Clerk will maintain leave balance records.*
- C. *We plan to come up with a fixed asset listing, obtain and affix property tags on all property, and conduct annual inventories of fixed assets.*
- D. *We will look into requiring the County Clerk to maintain an account book.*

5. County Expenditure Procedures and Practices

The county did not enter into formal written agreements with three of their contract laborers. The county did not obtain a professional appraisal prior to a \$5,040 purchase of land in May 2001 for the Pemiscot County Rescue Squad. Also, the county does not have a travel policy to ensure only actual and reasonable travel expenses are incurred. Finally, the County Commission obtained a loan in 2001 for \$160,189 to purchase three road graders without obtaining legal support for their action.

- A. The county did not enter into formal written agreements with three of their contract laborers. In addition, the county did not require the contract laborers to submit adequate documentation of work performed prior to payment. Such documentation consisted only of the number of daily hours worked or the number of days worked.

There existed no documentation of the actual work performed. The county paid its janitorial contract laborer at the rate of \$700 per month, its contract mapping laborer at the rate of \$130 per day, and its contract data processing laborer at the rate of \$40 per hour. During the year ended December 31, 2002, total payments to these contract laborers amounted to \$8,400, \$31,950, and \$45,240, respectively.

Written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. In addition, Section 432.070, RSMo 2000, prohibits a county from making a contract unless it is in writing. In addition to being required by statute, written contracts are necessary to document the duties, rights, and responsibilities of each party and should establish performance criteria which must be met prior to payment for work completed. Board minutes should document approval of all agreements. Further, the county should require adequate supporting documentation be provided by the contract laborers, including details regarding work performed. Finally, the county should consult with legal counsel regarding whether these individuals are appropriately classified as laborers or if they should be classified as county employees.

- B. The county did not obtain a professional appraisal prior to a \$5,040 purchase of land in May 2001 for the Pemiscot County Rescue Squad. In addition, the county has not obtained a written agreement with the Pemiscot County Rescue Squad stating the duties and responsibilities of both the county and the squad.

According to the Pemiscot County Assessor, the estimated market value of the land prior to the county's purchase was only \$1,570. The disparity between this amount and the actual amount paid demonstrates the benefit of an independent appraisal to help establish the market value for the land. Further, the county needs to determine the relationship between itself and the Pemiscot County Rescue Squad and establish an agreement stating the duties and responsibilities of each entity.

- C. County employees are paid per diems of \$30 per day to cover food and other incidental travel expenses. The county employees are not required to submit receipts or other documentation to support the spending of these per diem payments nor does the county include these payments on their W-2 forms.

The county should adopt a travel policy to ensure the county pays for only actual and reasonable travel expenses. If the County Commission continues to provide per diem payments, the county should require the submission of receipts or other documentation to support the actual expenses covered by the per diem payments or include per diem payments as income on applicable W-2 forms.

- D. The County Commission obtained a bank loan in 2001 for \$160,189 to purchase three road graders. The loan was payable over a five-year period and contained no cancellation clause or other language relating the debt to the annual appropriation process. As such, this loan may constitute long-term debt and the County

Commission has no legal authority to enter into such agreements. Further, there was no evidence the county obtained a legal opinion in support of their action.

The county should not enter into any indebtedness except as authorized by state law or constitutional provisions. Counties are authorized to borrow funds through bonds, tax anticipation notes, and protested warrants as provided by Chapters 50 and 108, RSMo 2000, or issue bonds as authorized in the Missouri Constitution.

WE RECOMMEND the County Commission:

- A. Ensure that contracts are obtained and entered into for services received. In addition, the County Commission should require adequate supporting documentation be submitted by the contract laborers and consult legal counsel regarding the appropriate employment status of the laborers.
- B. Obtain professional appraisals on land it considers purchasing. In addition, the County Commission should determine the relationship between itself and the Pemiscot County Rescue Squad and establish an agreement stating the duties and responsibilities of each entity.
- C. Adopt a travel policy to ensure only actual and necessary travel expenses are incurred. If the county continues to make per diem payments, the county should require receipts or other documentation to support the spending of per diems or include these payments as income on applicable W-2 forms.
- D. Ensure monies are borrowed in accordance with the provisions of state law.

AUDITEE'S RESPONSE

- A. *We will obtain a contract with our data processing laborer. We no longer have contract mapping and janitorial laborers. We will also attempt to obtain more detailed supporting documentation from our data processing laborer and consult with the Prosecuting Attorney regarding the employment status of the laborer.*
- B. *We will do this in the future. In addition, we will obtain an agreement with the rescue squad.*
- C. *We will review this and take action deemed appropriate.*
- D. *We plan to do this on future loans obtained and will consult with legal counsel as needed.*

6.**Computer Controls**

The county uses a mainframe computer with which to perform its general ledger accounting, budgetary accounting and reporting, cash disbursing, assessment, and tax collection functions. The county did not change passwords on a periodic basis to ensure confidentiality, nor store backup disks of county data at an off-site location.

- A. Passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords are effectively limiting access to data files and programs to only those individuals who need access for their job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.
- B. Backup disks of county data are not stored at an off-site location. Backups of computer information provide a means of recreating destroyed data. Failure to store the computer backup disks off-site results in the backups being susceptible to the same damage as the original data on the computer. Backup disks should be maintained and stored off-site to provide increased assurance that county data can be recreated.

WE RECOMMEND the County Commission:

- A. Ensure passwords are periodically changed and remain confidential.
- B. Ensure backup disks are stored in a secure, off-site location.

AUDITEE'S RESPONSE

These recommendations will be implemented.

7.**Probate Division's Accounting Controls and Procedures**

Accounting and bookkeeping duties are not adequately segregated. The Division Clerk performs all of the duties of receiving, recording, depositing, and disbursing monies. The Probate Division processes receipts of over \$10,000 annually. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. If proper segregations of duties cannot be achieved, at a minimum, periodic supervisory or independent review of the records should be performed and documented.

WE RECOMMEND the Probate Division Judge segregate accounting and bookkeeping duties to the extent possible. At a minimum, there should be documented supervisory reviews of the accounting records.

AUDITEE'S RESPONSE

A supervisory review of the accounting records is now being performed and documented.

8. Prosecuting Attorney's Accounting Controls and Procedures

The Prosecuting Attorney's office collects bad check monies and fees and restitution. The Prosecuting Attorney's office processes receipts of over \$70,000 annually. Our review noted that accounting duties are not adequately segregated, receipt slips are not issued for some monies received, no sequential summary record (cash control) of restitution receipts and disbursements is maintained, and bad check fees are not transmitted to the County Treasurer on a timely basis.

- A. Accounting duties are not adequately segregated. Either of the two clerks may perform all of the duties of receiving, recording, and disbursing monies. The Prosecuting Attorney indicated he does not perform periodic reviews of their records.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving, recording, and disbursing monies. If proper segregations of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B. Receipt slips are not issued for some monies received. Receipt slips for restitution (non bad check payments) are only issued for payments made in person at the Prosecuting Attorney's office. In addition, no sequential summary record (cash control) of restitution receipts and disbursements is maintained. Money orders received for restitution payments are copied and filed in the applicable case file but a cash control is not maintained.

To adequately account for all receipts, prenumbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly. In addition, a cash control should be maintained for restitution transactions and periodically reconciled to the case files to ensure accuracy.

- C. Bad check fees are not transmitted to the County Treasurer on a timely basis. Fees are generally transmitted approximately weekly. In addition, money orders are not restrictively endorsed immediately upon receipt as endorsements are applied at the time of transmittal to the County Treasurer. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted daily

or when accumulated receipts exceed \$100 and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B. Issue prenumbered receipt slips for all monies received and account for the numerical sequence of receipt slips. In addition, establish a cash control record for restitution transactions and reconcile periodically to the case files.
- C. Transmit fees to the County Treasurer daily or when accumulated receipts exceed \$100. In addition, restrictively endorse money orders received immediately upon receipt.

AUDITEE'S RESPONSE

- A. *Due to cutbacks in our budget, we will not be able to implement at this time.*
- B. *Prenumbered receipt slips have been obtained and are being issued for all monies received and the numerical sequence of the receipt slips is being accounted for. Due to cutbacks in our budget, we will not be able to establish and maintain a cash control at this time.*
- C. *Due to cutbacks in our budget, we will only be able to transmit weekly. Currently, we are restrictively endorsing money orders as they are received.*

9. Public Administrator's Accounting Controls and Procedures

The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. During the two years ended December 31, 2002, the Public Administrator handled approximately sixteen cases for which annual settlements were required. Our review noted that annual settlements filed by the Public Administrator were not always complete, one estate's account had \$235 in old outstanding checks that had not been adequately followed up on, and fees charged to the estates amounting to \$1,449 were incorrectly calculated.

- A. Annual settlements filed by the Public Administrator were not always complete. For example, one annual settlement did not include the value of a vehicle owned by the ward. Accurate reporting of all estate assets is necessary to provide assurance that all assets are accounted for properly.
- B. One estate's account had four checks totaling \$235, which have been outstanding since May 2001. These checks were written to the ward. The Public Administrator

had not adequately followed up on these checks to determine the proper disposition. The Public Administrator should determine whether these checks need to be reissued or credited back to the estate.

- C. Fees charged to the estates were incorrectly calculated by the Public Administrator. During 2002, we noted excessive fees charged totaling \$1,449 being paid to the General Revenue Fund.

The Public Administrator charges estates a fee of five percent based on the annual disbursements of the estate. The excessive fees occurred because the Public Administrator assessed fees twice on the same disbursements for some estates. In calculating fees to be charged for 2002, the Public Administrator erroneously included \$28,977 in 2001 disbursements for nine different estates when calculating the fees for 2002. Therefore, these disbursements were used in calculating fees for both 2001 and 2002. The \$1,449 remains due from the General Revenue Fund to these nine estates. This error was also made in other years and the Public Administrator should review these calculations and refund excessive fees back to the applicable estates.

The Public Administrator should take steps to ensure an accurate cut off of annual disbursements is made prior to calculating fees.

WE RECOMMEND the Public Administrator:

- A. File complete and accurate annual settlements.
- B. Determine the proper disposition of the old outstanding checks.
- C. Ensure fees are accurately calculated and review prior years calculations to refund excessive fees charges to the estates. In addition, the County Commission should authorize the payment of \$1,449 from the General Revenue Fund to the various estates for excessive fee charges for 2002.

AUDITEE'S RESPONSE

- A. *This will be done. The vehicle will be properly included on the next settlement for the ward.*
- B. *This has been done and the monies have been added back to the estate.*
- C. *Fees will be accurately calculated on future settlements and will review prior years calculations for excessive fees and take appropriate action. In addition, \$1,449 will be requested from the County Commission to repay excess fees back to the various estates.*

10.**Sheriff's Accounting Controls and Procedures**

The Sheriff's department processes civil, criminal, and bond receipts of over \$215,000 annually. Our review noted that civil receipts are not deposited on a timely basis, bank reconciliations are not performed for the commissary account, and the commissary account balance is not reconciled to the individual inmate account balances (open items listing).

- A. Civil receipts are not deposited on a timely basis. Deposits are made only once per week. During the month of October 2002 deposits averaged approximately \$650. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- B. Bank reconciliations are not performed for the commissary (inmate) account. In addition, the account balance is not reconciled to the individual inmate account balances (open items listing). Individual inmate account balances are maintained on the computer system, but the clerk indicated she does not print out an open items listing, which would summarize the balance of all the accounts.

The preparation of monthly bank reconciliations is necessary to ensure that all monies are properly deposited, bank accounts are in agreement with the accounting records, and errors or discrepancies are detected on a timely basis. In addition, the preparation of an accurate open items listing and comparison to the reconciled cash balance ensures sufficient assets exist to cover liabilities and all monies are properly recorded and handled.

WE RECOMMEND the Sheriff:

- A. Deposit civil receipts daily or when accumulated receipts exceed \$100.
- B. Prepare bank reconciliations for the commissary (inmate) account and reconcile the cash balance to the open items listing on a monthly basis.

AUDITEE'S RESPONSE

- A. *We will do this.*
- B. *We will work with Keefe Commissary Network to reconcile the statements.*

11. Health Center's Accounting Controls and Procedures

Receipt slips are not issued unless requested by the payor, the bank reconciliation for December 31, 2002 included fifteen checks totaling \$2,650 that have been outstanding for over a year, and monthly bank reconciliations were not prepared for the petty cash bank account.

- A. Receipt slips are not issued unless requested by the payor. To help ensure receipts are properly recorded and deposited, prenumbered receipt slips should be issued for all monies received immediately upon receipt. In addition, the receipt slips should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be reconciled to the bank deposits to ensure all receipts have been accounted for.
- B. The bank reconciliation for December 31, 2002 included fifteen checks totaling \$2,650 that have been outstanding for over a year. Although the Health Center indicated that the CPA firm reviews for old outstanding checks, it is the responsibility of the Health Center to follow up on and determine the proper disposition of these old outstanding checks. If the payees of old outstanding checks can be identified and located, these checks should be reissued. If the payees cannot be located, various statutory provisions including Section 447.500 through 447.595, RSMo 2000, provide for the disposition of unclaimed monies.
- C. Monthly bank reconciliations were not prepared for the petty cash bank account. This account, maintained at an imprest amount of \$500, is used to make smaller purchases throughout the month and is reimbursed for expenditures made monthly. Thus, the monthly bank reconciliation should be prepared considering both the checkbook balance and the amount of non-reimbursed invoices during the month to ensure the account totals \$500. Failure to prepare monthly bank reconciliations increases the risk that errors or misstatements will not be detected on a timely basis.

WE RECOMMEND the Health Center:

- A. Issue prenumbered receipt slips for all monies received, and record the method of payment on receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- B. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- C. Prepare bank reconciliations for all accounts on a monthly basis.

AUDITEE'S RESPONSE

- A. *Receipts have always been issued for birth and death certificates and upon request. Receipts are also documented on a daily journal and ledger cards each day. The method of payment is also described on the daily journal. Prenumbered receipt slips are now available and will be issued and will also indicate the method of payment and composition will be reconciled.*
- B. *We will review for any outstanding checks on a regular basis as standard operating procedures. The old outstanding checks are being reviewed and will be taken care of.*
- C. *The petty cash account was included in our regular account and was listed in the monthly financial report, and the petty cash account was reviewed by our CPA, and the ending balance was listed in the monthly financial report. However, our CPA will include a separate petty cash reconciliation on a monthly basis.*

12.

Senate Bill 40 Board

In accordance with Section 205.971, RSMo 2000, the board provides funding from the proceeds of a property tax levy for goods and services to individuals whom are developmentally disabled. These services include funding to a not-for-profit (NFP). We noted the board approved the purchase of a mobile home costing approximately \$25,000 and had no documentation to support how this purchase complies with statutory authority for operations of senate bill 40 facilities as provided in Chapter 205, RSMo. In addition, the board approved the purchase of a parcel of land in March 2001 costing \$22,500 without obtaining an independent appraisal of the property.

- A. In August 2002, the board approved the purchase of a mobile home costing approximately \$25,000 to be placed on a lot next to the NFP. The board did not obtain or require bids for this purchase as required by state law. In addition, from our review, it is unclear as to the benefits realized by the board and the county from this purchase. According to the request for funds from the NFP, the mobile home was to be used to house a caretaker. A caretaker occupied the mobile home for approximately nine months. Although, there are still plans to have a caretaker live in the mobile home, no one is currently occupying the mobile home. The board had no documentation to support how this purchase complies with statutory authority for operations of senate bill 40 facilities as provided in Chapter 205, RSMo.
- B. The board approved the purchase of a parcel of land in March 2001 costing \$22,500 without obtaining an independent appraisal of the property. Although the price paid for the land did not exceed the Assessor's appraised value, the board should still adopt a policy requiring independent appraisals as well as documentation of the selection process and/or price negotiations be maintained to ensure the reasonableness of prices paid for real estate.

WE RECOMMEND the Senate Bill 40 Board:

- A. Carefully consider the benefits to county residents for future expenditures of this type. In addition, the board should obtain or require bids for all major purchases.
- B. Ensure independent appraisals are obtained for purchases of real estate and document the selection process and/or price negotiations.

AUDITEE'S RESPONSE

- A. *The primary purpose for the purchase of the mobile home was for the benefit of county residents in hiring a caretaker to oversee the workshop facilities. Although bids were not obtained, we did conduct a year long search for a good deal on a mobile home. We will adopt a policy requiring bids for all major purchases.*
- B. *We will adopt a policy requiring appraisals be obtained for future real estate purchases and that the selection process and/or price negotiations be documented.*

Follow-Up on Prior Audit Findings

PEMISCOT COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Pemiscot County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1998.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Financial Statements

The annual published financial statements of the county did not include the financial activity of some county funds.

Recommendation:

The County Commission ensure financial information for all county funds is properly reported in the annual financial statements.

Status:

Not implemented. See MAR No. 3.

2. Collateral Securities

Collateral securities pledged by the county's depository banks at January 19, 1999, was insufficient by approximately \$1,900,000 to cover monies in the custody of the County Treasurer and County Collector.

Recommendation:

The County Commission implement procedures to ensure collateral securities pledged by the depository banks are sufficient to protect monies at all times.

Status:

Not implemented. See MAR No. 4.

3. County Expenditure Procedures and Practices

A. The County Commission sold property for \$38,000 without advertising the sale.

- B. The County Commission authorized payments totaling \$3,000 from the General Revenue Fund for the county employees' annual Christmas party.
- C. The Unclaimed Fees Fund contained \$2,851 of unclaimed bonds which should have been turned over to the state's Unclaimed Property Section.
- D. Time sheets were not prepared by all employees and leave records were not maintained for all employees.

Recommendation:

The County Commission:

- A. Advertise future land sales to ensure the best price is received.
- B. Ensure all county expenditures are reasonable and necessary and a prudent use of public funds.
- C. Require the County Treasurer to remit the \$2,851 to the state's Unclaimed Property Section.
- D. Require all county employees to complete time sheets which reflect actual time worked. The time sheets should be prepared by employees, approved by the applicable supervisor, and filed with the County Clerk. The County Clerk should then establish and maintain centralized leave records for all county employees.

Status:

- A. The county did not have any land sales during the audit period.
- B. Implemented. We did not note any unreasonable, unnecessary, or imprudent expenditures during our review.
- C. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.
- D. Not implemented. See MAR No. 4.

4. County Clerk's Accounting Controls and Procedures

- A. The County Clerk did not maintain an account book with the County Collector.
- B. General fixed assets records were incomplete. In addition, additions were not recorded as they occurred and physical inventories of fixed assets were not performed.

Recommendation:

The County Clerk:

- A. Establish and maintain an account book of the County Collector's transactions, and the County Commission make use of this account book to verify the County Collector's annual settlements.
- B. Maintain complete and accurate general fixed asset records and perform and document annual inventories of fixed assets.

Status:

Not implemented. See MAR No. 4.

5. County Collector's Accounting Controls and Procedures

- A. Duties were not adequately segregated.
- B. Monies received were not deposited intact as personal checks were cashed for county employees from the daily receipts.
- C. The tax receipts marked paid by the County Collector did not always indicate the method of payment and the composition of tax receipts and the cash/check logs were not reconciled to the composition of bank deposits.

Recommendation:

The County Collector:

- A. Segregate the record-keeping duties, or at a minimum perform and document a periodic review of the bank reconciliations and accounting records.
- B. Deposit all monies received intact daily and discontinue cashing checks for employees.
- C. Indicate the method of payment on all tax receipts or cash/check logs and reconcile the composition of receipts to the composition of bank deposits.

Status:

A&C. Implemented.

- B. Not implemented. Cashed checks are indicated on the checks listing log and the applicable cash amount is indicated and subtracted from the cash listing log to help

provide accountability. Although not repeated in the current report, our recommendation remains as stated above.

6. Recorder of Deed's Accounting Controls and Procedures

- A. Receipts were not deposited intact or on a timely basis.
- B. The fee books and other financial records did not contain sufficient documentation to agree individual recordings to related deposits.

Recommendation:

The Recorder of Deeds:

- A. Deposit all monies received intact daily or when cash on hand exceeds \$100 and discontinue cashing checks for employees.
- B. Record fees in the fee book in sufficient detail to agree individual recordings to the related deposits. This would include documenting the method of payment in the fee book and transferring sufficient details to the accounts receivable records for identification purposes. In addition, the composition of receipts noted in the fee book should be reconciled to the composition of bank deposits.

Status:

A&B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

PEMISCOT COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1851, the county of Pemiscot was named after Pemiscot, its principal bayou. Pemiscot County is a county-organized, third-class county and is part of the 34th Judicial Circuit. The county seat is Caruthersville, Missouri

Pemiscot County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 620 miles of county roads and 58 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 24,987 in 1980 and 20,047 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 87.1	86.4	83.8	83.0	67.8	42.5
Personal property	32.2	36.3	35.1	35.0	6.8	8.1
Railroad and utilities	30.6	32.1	32.6	31.8	14.1	14.5
Total	\$ 149.9	154.8	151.5	149.8	88.7	65.1

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Pemiscot County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.2014	.1900	.1800	.1900
Special Road and Bridge Fund	.2909	.2800	.2800	.2800
Health Center Fund	.1000	.1000	.1000	.1000
Senate Bill 40 Board Fund	.1000	.1000	.1000	.1000
Johnson Grass Fund	.0500	.0500	.0500	.0500
Memorial Hospital Fund	.3740	.3600	.3600	.3600

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	\$ 43,926	43,576	43,971	42,025
General Revenue Fund	317,134	296,638	285,627	282,569
Special Road and Bridge Fund	421,033	403,962	407,474	387,965
Assessment Fund	61,848	67,805	69,220	68,827
Health Center Fund	144,879	143,724	145,022	138,078
Senate Bill 40 Board Fund	144,878	143,724	145,022	138,575
Johnson Grass Fund	72,481	71,906	72,552	69,335
Drainage Districts Fund	118,472	125,092	176,205	178,834
School districts	5,114,920	4,963,687	4,974,897	4,784,192
Hospital Maintenance Fund	536,116	514,116	518,469	493,494
Special drainage district	353,894	360,608	350,918	349,648
Tax Maintenance Fund	10,433	0	0	0
Cities	92,234	94,718	93,866	95,146
County Employees' Retirement	59,040	49,226	50,435	46,085
Commissions and fees:				
General Revenue Fund	106,375	112,163	114,571	112,998
Collector	7,219	7,390	7,176	7,214
Total	\$ 7,604,882	7,398,335	7,455,425	7,194,985

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	85.2	86.1	86.6	87.0 %
Personal property	76.3	72.0	74.4	66.9
Railroad and utilities	100.0	98.6	100.0	100.0

Pemiscot County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Capital improvements	.0050	2018	None	
Law enforcement	.0025	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Charles Moss, Presiding Commissioner	\$	28,400	28,400	28,400	28,400
David Wilkerson Jr., Associate Commissioner		26,400	26,400		
Michael Clayton, Associate Commissioner				26,400	26,400
Mike Avis, Associate Commissioner		26,400	26,400	26,400	26,400
Pam Strawbridge, Recorder of Deeds		40,000	40,000	40,000	40,000
John M. Alford, County Clerk		40,000	40,000	40,000	40,000
Michael B. Hazel, Prosecuting Attorney		96,000	96,000	97,017	87,235
Thomas D. Greenwell, Sheriff		44,000	44,000	38,850	38,850
Pat Hoskins, County Treasurer (1)		30,520	31,874	31,202	30,919
James H. Brimhall, County Coroner		12,000	12,000	7,350	7,350
Richard L. Davis, Public Administrator (2)			25,997	12,354	13,666
Carol DeRousse Miller, Public Administrator (2)		25,000	6,661		
Keith Jean, County Collector (3), year ended February 28 (29),	47,219	47,390	47,176	47,214	
Donna Champion Snider, County Assessor (4), year ended August 31,		40,900	40,900	40,900	40,900

(1) Includes fees of \$920, \$2,274, \$1,602, and \$1,319, respectively, for county drainage distributions.

(2) Includes fees received from probate cases.

(3) Includes \$7,219, \$7,390, \$7,176, and \$7,214, respectively, in commissions from drainage district's taxes.

(4) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Kelly Cagle Maners, Circuit Clerk	2,792	-	-	-
Andrew J. Crawford, Circuit Clerk	46,643	47,300	46,127	44,292
Byron D. Luber, Associate Circuit Judge	96,000	96,000	97,382	87,235
Sidney H. Chaffin, Associate Circuit Judge	96,000	96,000	97,382	87,235

In 1994, Pemiscot County contracted with Magna Trust Company to finance the building of a Solid Waste Transfer Station. Magna Trust Company issued \$360,000 in Certificates of Participation for the Solid Waste Transfer Station. Pemiscot County entered into a 10-year lease-purchase agreement with Magna Trust Company to pay for the building. At December 31, 2002, Pemiscot County owed \$85,000 in principal and \$4,725 in interest for a total of \$89,725.

In 1998, Pemiscot County contracted with Magna Trust Company to finance the building of a Criminal Justice Center and Jail. Magna Trust Company issued \$6,605,000 in Certificates of Participation for the Criminal Justice Center and Jail. Pemiscot County entered into a 20-year lease-purchase agreement with Magna Trust Company to pay for the building. At December 31, 2002, Pemiscot County owed \$5,800,000 in principal and \$2,632,890 in interest for a total of \$8,432,890.

In 2000, Pemiscot County contracted with Bank of New York Trust Company to finance additional construction costs for the building of the Criminal Justice Center and Jail. The Bank of New York Trust Company issued \$985,000 in Certificates of Participation for the Criminal Justice Center and Jail. Pemiscot County entered into a 20-year lease-purchase agreement with the Bank of New York Trust Company to pay for the building. At December 31, 2002, Pemiscot County owed \$985,000 in principal and \$806,063 in interest for a total of \$1,791,063.

In 1999, Pemiscot County obtained a five-year loan through First State Bank to finance the purchase of four motor graders. Total principal and interest payments at the origin of the loan amounted to \$300,684. At December 31, 2002, Pemiscot County owed \$71,558 in principal and interest, combined.

In 2001, Pemiscot County obtained a four-year loan through First Security Bank to finance the purchase of three motor graders. Total principal and interest payments at the origin of the loan amounted to \$181,600. At December 31, 2002, Pemiscot County owed \$136,200 in principal and interest, combined.



**HENRY COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-105
September 30, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Henry, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Henry County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Numerous personal phone calls were made utilizing the Tri-County Child Support office phone line and calling card. We identified personal calls totaling 6,171 minutes with related charges of approximately \$4,600. These calls were made by the Tri-County assistant prosecuting attorney and a friend of his daughter. This number of minutes and amounts do not represent all personal calls. Additional follow up with the Tri-County assistant prosecuting attorney confirmed there were other personal calls made. Of the \$4,600, \$3,300 was paid by the county. The county Prosecuting Attorney has obtained repayments from individuals totaling approximately \$894, and is planning additional review work related to personal phone calls. Because most of the personal phone call costs were reimbursed to the county by the state through the federal child support enforcement program, most amounts recouped by the county for inappropriate calls are due to the state.
- The county has not taken action on mid-term salary increases given to associate county commissioners elected in 1997. On May 15, 2001 the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners. The Supreme Court held this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. The County Commission responded that they were complying with the law when accepting these raises.

(over)

YELLOW SHEET

- The newly elected Prosecuting Attorney's salary was set at \$43,350 or approximately \$5,915 less than was paid to the former Prosecuting Attorney during 2002. This salary decrease was not supported by county salary commission action or a legal opinion.
- Problems were noted with Prosecuting Attorney Bad Check Fund expenditures. Meal costs in excess of the county's policy were paid to the former Prosecuting Attorney and his employees for an August 2002 training meeting. The former Prosecuting Attorney and the former assistant prosecuting attorney were reimbursed for equipment purchases without proper documentation.
- Sheriff's department bond receipts totaling at least \$2,513 were received and not deposited during September and October 2002. Through timely reconciliation procedures and follow up on concerns the Sheriff identified the problem and obtained repayment of the undeposited monies. The Prosecuting Attorney has filed charges in this matter.
- The schedule of expenditures of federal awards did not accurately report expenditures of numerous federal programs.
- There was no documentation that the County Commission considered other engineering firms when procuring engineering services for a federal bridge project, as required by state law.
- As noted in past audit reports, the county has been significantly overestimating expenditure amounts budgeted for the Special Road and Bridge Fund. As a result, administrative service fee transfers from the Special Road and Bridge Fund to the General Revenue Fund have often exceeded three percent of actual disbursements. As of December 31, 2002, \$140,000 is due back to the Special Road and Bridge Fund for these excess transfers.

Also included in the audit are recommendations related to county budgetary, bidding, and expenditure procedures. The audit also suggested improvements in accounting controls and procedures of the Sheriff, Prosecuting Attorney, County Treasurer, and Health Center Board.

All reports are available on our website: www.auditor.state.mo.us

HENRY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Henry County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Henry County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Henry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 10, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Henry County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.



Claire McCaskill
State Auditor

June 10, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Stacy Griffin-Lowery
Audit Staff:	David Gregg
	Turan Hirji
	Makada Solomon



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Henry County, Missouri

We have audited the financial statements of various funds of Henry County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 10, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Henry County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Henry County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Henry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 10, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

HENRY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 311,842	2,284,845	2,226,460	370,227
Special Road and Bridge	618,890	1,308,407	1,165,522	761,775
Assessment	9,650	231,719	237,366	4,003
Central Emergency Communications	1,637	306,147	298,546	9,238
Law Enforcement Training	2,406	11,321	10,454	3,273
Prosecuting Attorney Training	711	1,861	1,237	1,335
Prosecuting Attorney's Bad Check	15,101	30,067	42,100	3,068
Prosecuting Attorney's Delinquent Tax	2,074	1,501	550	3,025
Tri-County Child Support	5,720	80,025	79,498	6,247
Emergency 911	329,377	409,891	205,848	533,420
Victims of Domestic Violence	28	14,448	14,462	14
Local Use Tax	190,072	82,411	154,072	118,411
Local Emergency Planning Commission	2,134	6,058	4,661	3,531
D.A.R.E	912	190	1,041	61
Corps of Engineers	6,818	55,270	61,938	150
Recorder's Records, Storage, and Preservation	6,928	18,989	9,531	16,386
Federal Grant	571	52,294	51,912	953
Election Services	4,459	5,732	3,114	7,077
Sheriff's Special Project	5,653	85,185	75,655	15,183
Sheriff's Civil	4,986	26,939	31,753	172
Health Center	113,548	494,840	526,126	82,262
Juvenile Office DYS Grant	6,056	24,480	25,432	5,104
Circuit Clerk Interest	1,021	329	235	1,115
Associate Circuit Division Interest	7,047	1,297	5,070	3,274
Law Library	1,379	13,412	14,737	54
LOG JAM CDBG	500	445,401	400,467	45,434
Police Officers Training	0	1,078	1,078	0
County Grant	0	5,837	0	5,837
Tax Maintenance	0	2,825	406	2,419
Law Enforcement Contract	0	267,263	266,565	698
Total	\$ 1,649,520	6,270,062	5,915,836	2,003,746

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

HENRY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 402,933	2,122,116	2,213,207	311,842
Special Road and Bridge	901,688	1,884,864	2,167,662	618,890
Assessment	4,929	234,611	229,890	9,650
Central Emergency Communications	3,938	271,526	273,827	1,637
Law Enforcement Training	4,296	11,906	13,796	2,406
Prosecuting Attorney Training	639	1,823	1,751	711
Prosecuting Attorney's Bad Check	9,797	23,776	18,472	15,101
Prosecuting Attorney's Delinquent Tax	4,678	416	3,020	2,074
Tri-County Child Support	5,269	74,021	73,570	5,720
Emergency 911	167,529	315,219	153,371	329,377
Victims of Domestic Violence	0	24,731	24,703	28
Local Use Tax	144,942	67,747	22,617	190,072
Federal Drug Forfeiture Program	23	0	23	0
Local Emergency Planning Commission	4,129	5,796	7,791	2,134
D.A.R.E	3,719	660	3,467	912
Corps of Engineers	14,487	152,413	160,082	6,818
Recorder's Records, Storage, and Preservation	4,272	13,023	10,367	6,928
Federal Grant	556	36,394	36,379	571
Election Services	1,440	4,393	1,374	4,459
Sheriff's Special Project	5,042	99,548	98,937	5,653
Sheriff's Civil	3,551	27,824	26,389	4,986
Health Center	110,407	539,803	536,662	113,548
Juvenile Office DYS Grant	5,024	25,754	24,722	6,056
Circuit Clerk Interest	5,017	1,193	5,189	1,021
Associate Circuit Division Interest	5,323	1,832	108	7,047
Law Library	2,110	9,982	10,713	1,379
LOG JAM CDBG	0	342,599	342,099	500
Police Officers Training	0	2,328	2,328	0
Total	\$ 1,815,738	6,296,298	6,462,516	1,649,520

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

HENRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 6,400,990	6,270,062	(130,928)	6,869,162	6,270,544	(598,618)
DISBURSEMENTS	7,498,297	5,915,836	1,582,461	8,201,594	6,437,794	1,763,800
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,097,307)	354,226	1,451,533	(1,332,432)	(167,250)	1,165,182
CASH, JANUARY 1	1,649,337	1,649,520	183	1,809,891	1,810,714	823
CASH, DECEMBER 31	552,030	2,003,746	1,451,716	477,459	1,643,464	1,166,005
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	30,900	32,444	1,544	40,500	50,846	10,346
Sales taxes	1,100,000	1,116,551	16,551	1,025,000	1,076,457	51,457
Intergovernmental	447,306	419,909	(27,397)	467,700	431,914	(35,786)
Charges for service:	552,800	580,942	28,142	428,650	447,284	18,634
Interest	17,000	10,291	(6,709)	17,000	19,001	2,001
Other	41,450	63,958	22,508	56,500	38,724	(17,776)
Transfers in	53,750	60,750	7,000	51,390	57,890	6,500
Total Receipts	2,243,206	2,284,845	41,639	2,086,740	2,122,116	35,376
DISBURSEMENTS						
County Commissior	87,050	86,443	607	83,906	82,308	1,598
County Clerk	90,524	86,774	3,750	87,950	84,476	3,474
Elections	116,186	105,517	10,669	81,756	46,914	34,842
Buildings and grounds	125,748	104,777	20,971	119,278	101,465	17,813
Employee fringe benefit	206,800	180,174	26,626	192,800	159,806	32,994
County Treasurer	87,089	86,043	1,046	84,176	82,221	1,955
Ex Officio County Collecto	5,500	3,475	2,025	5,000	6,553	(1,553)
Recorder of Deeds	88,711	87,417	1,294	85,509	84,735	774
Circuit Clerk	18,950	16,457	2,493	14,625	12,697	1,928
Associate Circuit Court	19,050	17,097	1,953	18,250	16,742	1,508
Court administration	56,980	55,053	1,927	54,388	48,662	5,726
Public Administrator	1,100	726	374	1,068	902	166
Sheriff	329,219	339,451	(10,232)	327,049	343,375	(16,326)
Jail	204,886	256,742	(51,856)	195,350	245,268	(49,918)
Prosecuting Attorney	152,505	154,214	(1,709)	152,195	148,670	3,525
Juvenile Officer	438,948	338,507	100,441	465,946	413,645	52,301
County Coroner	28,414	20,266	8,148	25,181	24,275	906
Public health and welfare service	5,600	3,500	2,100	5,600	3,800	1,800
Other	229,813	187,902	41,911	225,552	196,667	28,885
Transfers out	139,100	95,925	43,175	126,825	110,026	16,799
Emergency Fund	76,650	0	76,650	75,000	0	75,000
Total Disbursements	2,508,823	2,226,460	282,363	2,427,404	2,213,207	214,197
RECEIPTS OVER (UNDER) DISBURSEMENTS	(265,617)	58,385	324,002	(340,664)	(91,091)	249,573
CASH, JANUARY 1	311,842	311,842	0	402,933	402,933	0
CASH, DECEMBER 31	46,225	370,227	324,002	62,269	311,842	249,573

Exhibit B

HENRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	79,000	80,690	1,690	79,000	78,308	(692)
Intergovernmental	1,408,500	1,154,116	(254,384)	1,986,500	1,721,837	(264,663)
Charges for service:	5,000	4,245	(755)	10,000	142	(9,858)
Interest	25,000	13,877	(11,123)	25,000	27,425	2,425
Other	57,500	55,479	(2,021)	46,500	57,152	10,652
Total Receipts	1,575,000	1,308,407	(266,593)	2,147,000	1,884,864	(262,136)
DISBURSEMENTS						
Salaries	165,000	147,072	17,928	150,000	133,809	16,191
Employee fringe benefit	62,850	33,722	29,128	48,200	30,589	17,611
Supplies	35,700	26,793	8,907	35,600	25,464	10,136
Insurance	15,500	13,807	1,693	6,500	6,036	464
Road and bridge materials	120,000	60,839	59,161	120,000	103,258	16,742
Equipment repairs	15,000	12,681	2,319	12,000	12,068	(68)
Equipment purchases	130,000	106,532	23,468	100,000	16,024	83,976
Construction, repair, and maintenance	1,466,665	710,673	755,992	2,346,165	1,784,795	561,370
Other	22,000	8,683	13,317	31,500	12,869	18,631
Transfers out	44,720	44,720	0	42,750	42,750	0
Total Disbursements	2,077,435	1,165,522	911,913	2,892,715	2,167,662	725,053
RECEIPTS OVER (UNDER) DISBURSEMENTS	(502,435)	142,885	645,320	(745,715)	(282,798)	462,917
CASH, JANUARY 1	618,890	618,890	0	901,688	901,688	0
CASH, DECEMBER 31	116,455	761,775	645,320	155,973	618,890	462,917
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	221,250	216,657	(4,593)	229,393	225,445	(3,948)
Interest	2,800	4,887	2,087	1,000	2,901	1,901
Other	1,300	10,175	8,875	5,000	6,265	1,265
Transfers in	26,020	0	(26,020)	10,041	0	(10,041)
Total Receipts	251,370	231,719	(19,651)	245,434	234,611	(10,823)
DISBURSEMENTS						
Assessor	260,682	237,366	23,316	245,434	229,890	15,544
Total Disbursements	260,682	237,366	23,316	245,434	229,890	15,544
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,312)	(5,647)	3,665	0	4,721	4,721
CASH, JANUARY 1	9,650	9,650	0	4,929	4,929	0
CASH, DECEMBER 31	338	4,003	3,665	4,929	9,650	4,721

Exhibit B

HENRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CENTRAL EMERGENCY COMMUNICATIONS FUND</u>						
RECEIPTS						
Charges for service:	143,960	143,960	0	143,960	143,960	0
Interest	300	187	(113)	300	306	6
Other	0	0	0	0	260	260
Transfers In	183,000	162,000	(21,000)	148,000	127,000	(21,000)
Total Receipts	327,260	306,147	(21,113)	292,260	271,526	(20,734)
DISBURSEMENTS						
Salaries	277,554	249,094	28,460	247,812	229,479	18,333
Office expenditure:	26,050	25,113	937	25,251	23,591	1,660
Equipment	17,100	17,362	(262)	13,200	16,832	(3,632)
Mileage and training	6,500	6,977	(477)	6,500	3,925	2,575
Total Disbursements	327,204	298,546	28,658	292,763	273,827	18,936
RECEIPTS OVER (UNDER) DISBURSEMENTS	56	7,601	7,545	(503)	(2,301)	(1,798)
CASH, JANUARY 1	1,637	1,637	0	3,938	3,938	0
CASH, DECEMBER 31	1,693	9,238	7,545	3,435	1,637	(1,798)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	10,000	11,321	1,321	11,000	11,906	906
Other	1,500	0	(1,500)	0	0	0
Total Receipts	11,500	11,321	(179)	11,000	11,906	906
DISBURSEMENTS						
Sheriff	12,200	10,454	1,746	12,750	13,796	(1,046)
Total Disbursements	12,200	10,454	1,746	12,750	13,796	(1,046)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	867	1,567	(1,750)	(1,890)	(140)
CASH, JANUARY 1	2,406	2,406	0	4,296	4,296	0
CASH, DECEMBER 31	1,706	3,273	1,567	2,546	2,406	(140)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	2,000	1,861	(139)	2,000	1,823	(177)
Total Receipts	2,000	1,861	(139)	2,000	1,823	(177)
DISBURSEMENTS						
Prosecuting Attorney	2,550	1,237	1,313	2,050	1,751	299
Total Disbursements	2,550	1,237	1,313	2,050	1,751	299
RECEIPTS OVER (UNDER) DISBURSEMENTS	(550)	624	1,174	(50)	72	122
CASH, JANUARY 1	711	711	0	639	639	0
CASH, DECEMBER 31	161	1,335	1,174	589	711	122

Exhibit B

HENRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY'S BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	31,000	30,067	(933)	30,000	23,776	(6,224)
Total Receipts	31,000	30,067	(933)	30,000	23,776	(6,224)
DISBURSEMENTS						
Prosecuting Attorney	27,500	30,671	(3,171)	27,000	10,767	16,233
Transfers out	10,000	11,429	(1,429)	11,820	7,705	4,115
Total Disbursements	37,500	42,100	(4,600)	38,820	18,472	20,348
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,500)	(12,033)	(5,533)	(8,820)	5,304	14,124
CASH, JANUARY 1	15,101	15,101	0	9,797	9,797	0
CASH, DECEMBER 31	8,601	3,068	(5,533)	977	15,101	14,124
<u>PROSECUTING ATTORNEY'S DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	500	1,501	1,001	1,000	416	(584)
Total Receipts	500	1,501	1,001	1,000	416	(584)
DISBURSEMENTS						
Prosecuting Attorney	2,000	550	1,450	3,815	3,020	795
Total Disbursements	2,000	550	1,450	3,815	3,020	795
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	951	2,451	(2,815)	(2,604)	211
CASH, JANUARY 1	2,074	2,074	0	4,678	4,678	0
CASH, DECEMBER 31	574	3,025	2,451	1,863	2,074	211
<u>TRI-COUNTY CHILD SUPPORT FUND</u>						
RECEIPTS						
Intergovernmental	83,683	75,596	(8,087)	81,820	66,316	(15,504)
Transfers in	0	4,429	4,429	11,802	7,705	(4,097)
Total Receipts	83,683	80,025	(3,658)	93,622	74,021	(19,601)
DISBURSEMENTS						
Salaries	65,633	64,759	874	63,916	62,805	1,111
Office expenditure:	11,800	14,739	(2,939)	14,100	10,717	3,383
Other expenses	250	0	250	250	48	202
Transfers Out	6,000	0	6,000	8,802	0	8,802
Total Disbursements	83,683	79,498	4,185	87,068	73,570	13,498
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	527	527	6,554	451	(6,103)
CASH, JANUARY 1	5,720	5,720	0	5,269	5,269	0
CASH, DECEMBER 31	5,720	6,247	527	11,823	5,720	(6,103)

Exhibit B

HENRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Charges for services	250,000	404,317	154,317	175,000	305,563	130,563
Interest	6,000	5,574	(426)	5,000	9,656	4,656
Total Receipts	256,000	409,891	153,891	180,000	315,219	135,219
DISBURSEMENTS						
Telephone charges	85,000	70,798	14,202	85,000	78,321	6,679
Equipment	96,500	60,228	36,272	85,000	37,976	47,024
Other	0	2,822	(2,822)	0	74	(74)
New building construction/upkeep	86,500	0	86,500	2,000	0	2,000
Training	2,000	0	2,000	1,500	0	1,500
Transfer out	93,000	72,000	21,000	58,000	37,000	21,000
Total Disbursements	363,000	205,848	157,152	231,500	153,371	78,129
RECEIPTS OVER (UNDER) DISBURSEMENTS	(107,000)	204,043	311,043	(51,500)	161,848	213,348
CASH, JANUARY 1	329,377	329,377	0	167,529	167,529	0
CASH, DECEMBER 31	222,377	533,420	311,043	116,029	329,377	213,348
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Intergovernmental	20,000	13,116	(6,884)	15,000	23,339	8,339
Charges for services	1,500	1,332	(168)	2,500	1,392	(1,108)
Total Receipts	21,500	14,448	(7,052)	17,500	24,731	7,231
DISBURSEMENTS						
Domestic violence shelter	1,500	1,346	154	2,500	1,364	1,136
Grant expenses	20,000	13,116	6,884	15,000	23,339	(8,339)
Total Disbursements	21,500	14,462	7,038	17,500	24,703	(7,203)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(14)	(14)	0	28	28
CASH, JANUARY 1	28	28	0	0	0	0
CASH, DECEMBER 31	28	14	(14)	0	28	28
<u>LOCAL USE TAX FUND</u>						
RECEIPTS						
Local use tax	55,000	62,879	7,879	70,000	52,519	(17,481)
Interest	1,000	2,212	1,212	1,000	7835	6,835
Other	0	17,320	17,320	0	7393	7,393
Total Receipts	56,000	82,411	26,411	71,000	67,747	(3,253)
DISBURSEMENTS						
Capital expenditures	220,000	140,040	79,960	195,000	16,267	178,733
Other expenses	20,000	4,107	15,893	20,000	0	20,000
Engineering Fees	6,000	9,925	(3,925)	0	6,350	(6,350)
Total Disbursements	246,000	154,072	91,928	215,000	22,617	192,383
RECEIPTS OVER (UNDER) DISBURSEMENTS	(190,000)	(71,661)	118,339	(144,000)	45,130	189,130
CASH, JANUARY 1	190,072	190,072	0	144,942	144,942	0
CASH, DECEMBER 31	72	118,411	118,339	942	190,072	189,130

Exhibit B

HENRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>FEDERAL DRUG FORFEITURE PROGRAM FUND</u>						
RECEIPTS						
Intergovernmental				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Other				23	23	0
Total Disbursements				23	23	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(23)	(23)	0
CASH, JANUARY 1				23	23	0
CASH, DECEMBER 31				0	0	0
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	5,000	6,058	1,058	5,000	5,796	796
Total Receipts	5,000	6,058	1,058	5,000	5,796	796
DISBURSEMENTS						
Salaries	1,615	3,434	(1,819)	1,615	1,615	0
Office expense	150	0	150	102	143	(41)
Equipment	200	228	(28)	283	646	(363)
Mileage and training	700	841	(141)	1,000	630	370
Other	3,335	158	3,177	4,000	4,757	(757)
Total Disbursements	6,000	4,661	1,339	7,000	7,791	(791)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	1,397	2,397	(2,000)	(1,995)	5
CASH, JANUARY 1	2,134	2,134	0	4,129	4,129	0
CASH, DECEMBER 31	1,134	3,531	2,397	2,129	2,134	5
<u>D.A.R.E FUND</u>						
RECEIPTS						
Intergovernmental	2,500	190	(2,310)	3,000	660	(2,340)
Total Receipts	2,500	190	(2,310)	3,000	660	(2,340)
DISBURSEMENTS						
Office expense	2,500	1,041	1,459	2,500	3,467	(967)
Total Disbursements	2,500	1,041	1,459	2,500	3,467	(967)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(851)	(851)	500	(2,807)	(3,307)
CASH, JANUARY 1	912	912	0	3,719	3,719	0
CASH, DECEMBER 31	912	61	(851)	4,219	912	(3,307)

Exhibit B

HENRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CORPS OF ENGINEERS</u>						
RECEIPTS						
Intergovernmental	43,500	50,770	7,270	154,384	150,913	(3,471)
Transfers in	4,500	4,500	0	0	1,500	1,500
Total Receipts	48,000	55,270	7,270	154,384	152,413	(1,971)
DISBURSEMENTS						
Salaries	25,600	23,463	2,137	86,738	92,400	(5,662)
Office expenditures	3,000	3,053	(53)	10,542	27,912	(17,370)
Equipment	22,632	27,434	(4,802)	39,899	29,055	10,844
Uniform expense	1,500	2,988	(1,488)	2,820	4,215	(1,395)
Training	0	0	0	1,500	0	1,500
Transfers out	0	5,000	(5,000)	0	6,500	(6,500)
Total Disbursements	52,732	61,938	(9,206)	141,499	160,082	(18,583)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,732)	(6,668)	(1,936)	12,885	(7,669)	(20,554)
CASH, JANUARY 1	6,818	6,818	0	14,487	14,487	0
CASH, DECEMBER 31	2,086	150	(1,936)	27,372	6,818	(20,554)
<u>RECORDER'S RECORDS, STORAGE, AND PRESERVATION FUND</u>						
RECEIPTS						
Charges for services	14,000	18,834	4,834	10,000	12,832	2,832
Interest	0	155	155		191	191
Total Receipts	14,000	18,989	4,989	10,000	13,023	3,023
DISBURSEMENTS						
Equipment expense	1,800	500	1,300	2,000	1,727	273
Supplies expense	300	0	300	500	0	500
Transfers out	9,030	9,031	(1)	8,640	8,640	0
Total Disbursements	11,130	9,531	1,599	11,140	10,367	773
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,870	9,458	6,588	(1,140)	2,656	3,796
CASH, JANUARY 1	6,928	6,928	0	4,272	4,272	0
CASH, DECEMBER 31	9,798	16,386	6,588	3,132	6,928	3,796
<u>FEDERAL GRANT</u>						
RECEIPTS						
Intergovernmental	61,249	44,294	(16,955)	100,909	22,894	(78,015)
Transfers in	0	0	0	8,000	13,500	5,500
Other	0	8,000	8,000	0	0	0
Total Receipts	61,249	52,294	(8,955)	108,909	36,394	(72,515)
DISBURSEMENTS						
Salaries	36,833	31,565	5,268	68,209	24,610	43,599
Vehicle	9,800	9,235	565	20,000	6,573	13,427
Equipment	6,411	10,947	(4,536)	12,508	5,196	7,312
Training	0	165	(165)	405	0	405
Uniforms	660	0	660	0	0	0
Total Disbursements	53,704	51,912	1,792	101,122	36,379	64,743
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,545	382	(7,163)	7,787	15	(7,772)
CASH, JANUARY 1	571	571	0	556	556	0
CASH, DECEMBER 31	8,116	953	(7,163)	8,343	571	(7,772)

Exhibit B

HENRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for service:	4,200	3,824	(376)	2,650	953	(1,697)
Other	1,500	1,908	408	1,500	3,440	1,940
Total Receipts	5,700	5,732	32	4,150	4,393	243
DISBURSEMENTS						
Salaries	4,310	2,751	1,559	1,185	821	364
Training	1,500	0	1,500	1,500	523	977
Other	4,000	363	3,637	2,900	30	2,870
Total Disbursements	9,810	3,114	6,696	5,585	1,374	4,211
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,110)	2,618	6,728	(1,435)	3,019	4,454
CASH, JANUARY 1	4,459	4,459	0	1,440	1,440	0
CASH, DECEMBER 31	349	7,077	6,728	5	4,459	4,454
<u>SHERIFF'S SPECIAL PROJECT FUND</u>						
RECEIPTS						
Intergovernmental	72,321	56,104	(16,217)	46,214	76,034	29,820
Other	21,000	29,081	8,081	10,150	20,730	10,580
Transfers In	11,032	0	(11,032)	6,784	2,784	(4,000)
Total Receipts	104,353	85,185	(19,168)	63,148	99,548	36,400
DISBURSEMENTS						
Salaries	76,248	55,479	20,769	46,578	73,123	(26,545)
Other	27,644	20,176	7,468	17,530	25,814	(8,284)
Total Disbursements	103,892	75,655	28,237	64,108	98,937	(34,829)
RECEIPTS OVER (UNDER) DISBURSEMENTS	461	9,530	9,069	(960)	611	1,571
CASH, JANUARY 1	5,653	5,653	0	5,042	5,042	0
CASH, DECEMBER 31	6,114	15,183	9,069	4,082	5,653	1,571
<u>SHERIFF'S CIVIL FUND</u>						
RECEIPTS						
Charges for service:	27,000	26,939	(61)	24,000	27,824	3,824
Total Receipts	27,000	26,939	(61)	24,000	27,824	3,824
DISBURSEMENTS						
Vehicle lease expense:	31,608	31,753	(145)	27,522	26,389	1,133
Total Disbursements	31,608	31,753	(145)	27,522	26,389	1,133
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,608)	(4,814)	(206)	(3,522)	1,435	4,957
CASH, JANUARY 1	4,986	4,986	0	3,551	3,551	0
CASH, DECEMBER 31	378	172	(206)	29	4,986	4,957

Exhibit B

HENRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	220,000	222,377	2,377	216,500	216,189	(311)
Intergovernmental	148,792	201,700	52,908	204,715	200,427	(4,288)
Charges for service:	25,000	23,590	(1,410)	34,000	25,223	(8,777)
Interest	3,000	3,288	288	0	3,904	3,904
Other	46,300	43,885	(2,415)	32,500	94,060	61,560
Transfers in	40,000	0	(40,000)	0	0	0
Total Receipts	483,092	494,840	11,748	487,715	539,803	52,088
DISBURSEMENTS						
Salaries	356,500	336,242	20,258	349,777	319,807	29,970
Office supplies:	14,700	23,878	(9,178)	27,620	13,707	13,913
Equipment	11,300	3,347	7,953	26,600	16,115	10,485
Mileage and training	13,979	15,316	(1,337)	15,579	14,475	1,104
Other	89,165	147,343	(58,178)	117,700	172,558	(54,858)
Total Disbursements	485,644	526,126	(40,482)	537,276	536,662	614
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,552)	(31,286)	(28,734)	(49,561)	3,141	52,702
CASH, JANUARY 1	113,454	113,548	94	109,584	110,407	823
CASH, DECEMBER 31	110,902	82,262	(28,640)	60,023	113,548	53,525
<u>JUVENILE OFFICER DYS GRANT FUND</u>						
RECEIPTS						
Charge for Services:	28,700	24,480	(4,220)			
Total Receipts	28,700	24,480	(4,220)			
DISBURSEMENTS						
Other	31,109	25,432	5,677			
Total Disbursements	31,109	25,432	5,677			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,409)	(952)	1,457			
CASH, JANUARY 1	6,056	6,056	0			
CASH, DECEMBER 31	3,647	5,104	1,457			
<u>CIRCUIT CLERK INTEREST</u>						
RECEIPTS						
Interest	750	329	(421)	1,000	1,193	193
Total Receipts	750	329	(421)	1,000	1,193	193
DISBURSEMENTS						
Equipment	1,771	235	1,536	5,000	5,189	(189)
Total Disbursements	1,771	235	1,536	5,000	5,189	(189)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,021)	94	1,115	(4,000)	(3,996)	4
CASH, JANUARY 1	1,021	1,021	0	5,017	5,017	0
CASH, DECEMBER 31	0	1,115	1,115	1,017	1,021	4

Exhibit B

HENRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	855	1,297	442	1,625	1,832	207
Total Receipts	855	1,297	442	1,625	1,832	207
DISBURSEMENTS						
Equipment	6,000	5,070	930	2,500	108	2,392
Total Disbursements	6,000	5,070	930	2,500	108	2,392
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,145)	(3,773)	1,372	(875)	1,724	2,599
CASH, JANUARY 1	6,958	7,047	89	5,323	5,323	0
CASH, DECEMBER 31	1,813	3,274	1,461	4,448	7,047	2,599
<u>LAW LIBRARY</u>						
RECEIPTS						
Charges for service:	8,900	11,410	2,510	9,300	8,848	(452)
Interest	15	2	(13)	75	29	(46)
Other	1,200	2,000	800	1,800	1,105	(695)
Total Receipts	10,115	13,412	3,297	11,175	9,982	(1,193)
DISBURSEMENTS						
Law Library	8,609	14,737	(6,128)	12,000	10,713	1,287
Total Disbursements	8,609	14,737	(6,128)	12,000	10,713	1,287
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,506	(1,325)	(2,831)	(825)	(731)	94
CASH, JANUARY 1	1,379	1,379	0	2,110	2,110	0
CASH, DECEMBER 31	2,885	54	(2,831)	1,285	1,379	94
<u>LOG JAM CDBG</u>						
RECEIPTS						
Intergovernmental	472,400	445,401	(26,999)	815,000	342,599	(472,401)
Total Receipts	472,400	445,401	(26,999)	815,000	342,599	(472,401)
DISBURSEMENTS						
Engineering expense:	2,500	8,970	(6,470)	48,980	56,895	(7,915)
Construction expense:	375,000	328,294	46,706	711,620	244,210	467,410
Administrative expense:	14,700	61,115	(46,415)	39,400	24,700	14,700
Other expenses:	80,700	2,088	78,612	15,000	16,294	(1,294)
Total Disbursements	472,900	400,467	72,433	815,000	342,099	472,901
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	44,934	45,434	0	500	500
CASH, JANUARY 1	500	500	0	0	0	0
CASH, DECEMBER 31	0	45,434	45,434	0	500	500

Exhibit B

HENRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>POLICE OFFICERS TRAINING FUND</u>						
RECEIPTS						
Charges for Services	2,300	1,078	(1,222)	2,500	2,328	(172)
Total Receipts	2,300	1,078	(1,222)	2,500	2,328	(172)
DISBURSEMENTS						
Training expenses	2,300	1,078	1,222	2,500	2,328	172
Total Disbursements	2,300	1,078	1,222	2,500	2,328	172
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>COUNTY GRANT FUND</u>						
RECEIPTS						
Intergovernmental	8,318	5,823	(2,495)			
Transfers in	1,188	0	(1,188)			
Other	0	14	14			
Total Receipts	9,506	5,837	(3,669)			
DISBURSEMENTS						
Microfilming cost	9,560	0	9,560			
Total Disbursements	9,560	0	9,560			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(54)	5,837	5,891			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	(54)	5,837	5,891			
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	8,480	2,825	(5,655)			
Total Receipts	8,480	2,825	(5,655)			
DISBURSEMENTS						
Office	3,600	406	3,194			
Equipment	4,030	0	4,030			
Mileage and training	850	0	850			
Total Disbursements	8,480	406	8,074			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,419	2,419			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	2,419	2,419			

Exhibit B

HENRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT CONTRACT FUND</u>						
RECEIPTS						
Charges for services	257,971	255,536	(2,435)			
Other	0	6,727	6,727			
Transfers in	0	5,000	5,000			
Total Receipts	257,971	267,263	9,292			
DISBURSEMENTS						
Salaries	196,471	194,197	2,274			
Office supplies	6,300	3,180	3,120			
Equipment	35,700	47,913	(12,213)			
Mileage and training	1,000	8,121	(7,121)			
Other	1,000	600	400			
Transfers out	17,500	12,554	4,946			
Total Disbursements	257,971	266,565	(8,594)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	698	698			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	\$ 0	698	698			

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

HENRY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Henry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed by warrant or in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Juvenile Office DYS Grant fund for the year ended December 31, 2001.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training	2001
Prosecuting Attorney Bad Check	2002
Victims of Domestic Violence	2001
Local Emergency Planning Commission	2001
D.A.R.E	2001

Corp of Engineers	2002 and 2001
Sheriff's Special Project	2001
Sheriff's Civil	2002
Health Center	2002
Circuit Clerk Interest	2001
Law Library	2002
Law Enforcement Contract	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center	2001
Juvenile Office DYS Grant	2002 and 2001
Circuit Clerk Interest	2002 and 2001
Associate Circuit Division Interest	2002 and 2001
Law Library	2002 and 2001
County Grant	2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements)*, and

Reverse Repurchase Agreements, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, or by commercial insurance provided through a surety bond.

The Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance.

3. Property Taxes

Through December 31, 2002, Henry County collected \$101,187 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Henry County voters enacted a 1/2 cent sales tax with a provision to reduce property taxes by fifty percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

4. Prior Period Adjustment

The Associate Circuit Division Interest Fund's cash balance at January 1, 2001, as previously stated has been decreased by \$1,313 to reflect expenditures not previously reported.

Supplementary Schedule

Schedule

HENRY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2141	\$ 54,166	67,571
10.559	Summer Food Service Program for Children	ERS146-000000	120	120
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	2000-PF-18	107,395	292,605
	Department of Social Services -			
14.231	Emergency Shelter Grants Program	ERO1640446	6,445	0
		ERO1640515	6,671	0
		ERO1640398	0	23,339
	Program Total		13,116	23,339
U.S. DEPARTMENT OF JUSTICE				
	Passed through			
	State Department of Public Safety -			
16.579	Byrne Formula Grant Program	2002-NCD2	42,489	0
16.588	Violence Against Women Formula Grant	2001VAWA0015	16,882	17,435
16.592	Local Law Enforcement Block Grants Program	02001LBG101	2,286	1,945
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,125	1,368
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-042	164,071	197,695
		COE-042	76,544	841,851
	Program Total		240,615	1,039,546
20.600	State and Community Highway Safety	02-UDL-03-5	0	673
		01-UDL-03-03	0	4,409
	Program Total		0	5,082

Schedule

HENRY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
20.703	Department of Public Safety - Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	585	0
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	78	0
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety			
83.534	Emergency Management - State and Local Assistance	DOT9083	5,583	5,796
83.552	Emergency Management Performance Grant	N/A	5,195	4,990
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services-			
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Level in Children	ERS146-2141L	2,500	0
93.268	Immunization Grants	PGA064-3141A	5,325	1,852
		N/A	54,926	28,858
	Program Total		<u>60,251</u>	<u>30,710</u>
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	44,354	43,769
	Department of Health and Senior Services-			
93.575	Child Care and Development Block Grant	PGA067-0141	2,125	2,735
	Department of Health and Senior Services			
93.994	Maternal and Child Health Services Block Grant to the State	ERS146-0141	16,637	19,251
		ERS046-0141	65	113
		N/A	556	3,029
	Program Total		<u>17,258</u>	<u>22,393</u>
	Total Expenditures of Federal Awards		<u>\$ 616,123</u>	<u>1,559,404</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

HENRY COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Henry County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Property Program (CFDA number 39.003) represent the estimated fair market value of property at time of receipt. Additionally, amounts for Immunization Grants (CFDA number 93.268), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines

obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Henry County, Missouri

Compliance

We have audited the compliance of Henry County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Henry County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB

Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 and 02-2.

Internal Control Over Compliance

The management of Henry County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 and 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Henry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 10, 2003 (fieldwork completion date)

Schedule

HENRY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program:

CFDA or
Other Identifying

Number
20.205

Program Title

Highway Planning and Construction Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1. Schedule of Expenditures of Federal Awards
--

Federal Grantor:	U.S. Department of Transportation
Pass-through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-042 and COE-042
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. The SEFA prepared for the year ended December 31, 2002, contained numerous errors and omissions. As an example, for several programs either revenue information only or no information was presented. While the SEFA prepared for the year ended December 31, 2001, was more complete, the amounts presented for several programs did not match the county's expenditure records. Federal expenditures were understated by approximately \$58,000 and \$147,000 for the years ended December 31, 2002 and 2001, respectively.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

WE RECOMMEND the County Clerk implement procedures to ensure more accurate information about federal grants is received from elected officials and the SEFA is complete and accurate.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

I will work with the other officials and boards to better identify federal programs and the related expenditure amounts, so that a more complete and accurate SEFA can be prepared.

02-2. Procurement of Professional Services Contract
--

Federal Grantor:	U.S. Department of Transportation
Pass-through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-042 and COE-042
Award Years:	2002 and 2001
Questioned Costs:	\$23,978

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Off-System Bridge Replacement and Rehabilitation Program. These projects are 80 percent federally funded.

The county incurred engineering costs of \$29,973 for project BRO-042(21). Although a letter to the state Department of Transportation indicated the county had considered three engineering firms, there was no documentation to show the county commissioners' considerations or criteria for selecting the firm chosen for this project.

Section 8.289 and 8.291, RSMo 2000, provide that when obtaining engineering services for any capital improvement project, at least three firms should be considered. The firms should be evaluated based upon specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located. As a result, we have questioned costs of \$23,978, which is the federal share of engineering costs paid during 2002.

WE RECOMMEND the County Commission obtain information as required by law when contracting for professional services.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We believe we are in compliance with statutory provisions but in the future we will provide further documentation in the file regarding our considerations and decision-making process.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

HENRY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

HENRY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

HENRY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Henry County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 10, 2003. We also have audited the compliance of Henry County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 10, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our finding arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Henry County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial

reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	Budgets and Expenditures
-----------	---------------------------------

- A. As similarly discussed in prior reports, disbursements were made in excess of approved budgeted amounts for the following funds:

Fund	Year Ended December 31,	
	2002	2001
Law Enforcement Training	\$ N/A	1,046
Prosecuting Attorney Bad Check	4,600	N/A
Victims of Domestic Violence	N/A	7,203
Local Emergency Planning Commission	N/A	791
D.A.R.E	N/A	967
Corps of Engineers	9,206	18,583
Sheriff's Special Project	N/A	34,829
Sheriff's Civil Fund	145	N/A
Law Enforcement Contract	8,594	N/A
Health Center	40,482	N/A
Circuit Clerk Interest	N/A	189
Law Library	6,128	N/A

For all funds listed above, except the Health Center, Circuit Clerk Interest, and Law Library funds, which are in the custody of officials or boards outside the county treasury, monthly reports comparing budgeted and actual receipts and disbursements are available. While budget to actual data is provided to the various county officials, the county's procedures and reports are not resulting in effective monitoring of various budgets.

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954) that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. As similarly discussed in prior reports, the county has been significantly overestimating the amounts budgeted for Special Road and Bridge Fund expenditures for several years. As Exhibit B illustrates, budgeted expenditures

significantly exceeded actual expenditures of the Special Road and Bridge Fund during the years ended December 31, 2002 and 2001.

Section 50.515, RSMo 2000, authorizes the County Commission to impose an administrative service fee on the Special Road and Bridge Fund. The fee is limited to a maximum of three percent of the budget of the Special Road and Bridge Fund.

Because estimates of expenditures for the Special Road and Bridge Fund are significantly in excess of actual expenditures, the amounts transferred to the General Revenue fund during 1999, 2000, and 2002 were approximately \$25,000 higher than they would have been had the transfers been based on more reasonable amounts. For 2001 the county did transfer significantly less than 3 percent of budgeted expenditures (approximately \$21,000).

It was noted in prior audit reports that \$136,000 was due from the General Revenue Fund to the Special Road and Bridge Fund for excess administrative transfers. The amount has not been repaid and at December 31, 2002, \$140,000 is due from the General Revenue Fund to the Special Road and Bridge Fund.

- C. As similarly discussed in a prior report, bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases. In addition, sole source procurement situations were not documented. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Item or Service</u>	<u>Cost</u>
Programming and software for 2002 elections	\$ 29,623
Used I-Beams	19,575
Installation of lightning rods	11,930
Mower deck replacement	7,039
Mailing of 2002 personal assessments	6,250

Section 50.660, RSMo 2000, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be

obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- D. The County Commission sometimes approves expenditures without reviewing the detailed supporting documentation and ensuring the goods or services have been received. Rather, they rely on the review of other county officials and pay based on a warrant request and minimal documentation (ie; front page of a cellular phone bill), if any. To ensure the validity and propriety of payments from county funds, the County Commission should require that sufficient detailed documentation and notation of receipt of goods or services be provided along with warrant requests.
- E. During 2001, 2002, and 2003, the county contracted with and paid three deputy county clerks to prepare the county's published financial statements. Each clerk was paid \$200 per year for this work. The work was to be performed outside regular working hours. No time records were maintained that showed how much time was spent or when the work was done. These payments were not included in the county payroll records, were not subject to payroll withholdings, and were not reported on the employees' W-2 forms. It is not clear whether these clerks are providing these services as county employees or independent contractors. The failure to correctly identify and handle such arrangements may result in noncompliance with the Fair Labor Standards Act (FLSA) and not properly withholding and paying various taxes and/or fringe benefits.

WE RECOMMEND the County Commission:

- A. And Health Center Board of Trustees not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- B. Review procedures used to establish the Special Road and Bridge Fund budget and prepare more reasonable estimates. In addition, the County Commission needs to reevaluate its procedure for determining the administrative service fee amount, and transfer \$140,000 from the General Revenue Fund to the Special Road and Bridge Fund.
- C. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- D. Require that sufficient detailed documentation and notation of receipt of goods or services be provided along with warrant requests before approving expenditures from county funds.

- E. Review this situation to determine if these services are being performed under an employee or independent contractor status, and also determine the required time reporting and wage reporting guidelines.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *Currently, each official gets a copy of the monthly reports. We will monitor and notify the other officials when disbursements start getting close to their budgeted amount to determine if an amendment to the budget is needed. If needed, the budget amendments will be made following the same process by which the annual budget is approved.*
- B. *We will consider this recommendation when completing budgets and when transferring monies from the Special Road and Bridge Fund to the General Revenue Fund.*
- C. *We will ensure better documentation is maintained to document the overall bid process.*
- D. *We will be more careful to ensure supporting documentation is reviewed.*
- E. *We will give consideration to this recommendation when completing financial statements in the future.*

The Health Center Administrator provided the following response:

- A. *The health center will make every effort to stay within budgeted amounts, and will amend the budgets when changes occur that effect the financial situation of the health center.*

2. County Officials' Salaries and Bonding
--

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Henry County's Associate County Commissioners' salaries were each increased approximately \$3,281 yearly, according to information from the County Clerk. The 1997 Henry County Salary Commission minutes did not specifically address the issue of midterm raises for the associate county commissioners.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term in office. This case, *Laclede County v.*

Douglass et al., holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$6,562 for the two years ended December 31, 2000, should be repaid. Although the County Commissioners are aware of the Supreme Court opinion, a formal decision has not been made regarding repayment.

- B. A new Prosecuting Attorney took office in 2003. According to the county's 2003 budget and discussions with county officials, the new Prosecuting Attorney's salary was set at \$43,350 or approximately \$5,915 less than was paid to the former Prosecuting Attorney during 2002. A review of the county's 1997 salary commission minutes indicates that officials' salaries were to be set at 85 percent of the state recommended salary with an annual cost of living adjustment beginning in 1999. The \$43,350 represents 85 percent of the salary provided for in Section 56.265, RSMo 2000 with no cost of living adjustments. The salaries of other county officials were not decreased and this salary decrease was not supported by salary commission action or a legal opinion. The county's 2003 budget document shows that the salary initially requested for the Prosecuting Attorney was \$50,743 (the 2002 salary adjusted for a 3 percent cost of living increase).

The County Commission should re-evaluate the propriety of the Prosecuting Attorney's salary and ensure all future salary changes are supported by actions of the salary commission.

- C. Several county employees from various offices with access to money are not covered by an employee bond. Adequate bonding is necessary to reduce the risk of loss if funds are mishandled. Failure to properly bond all persons with access to assets exposes the county to unnecessary risks.

WE RECOMMEND the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Re-evaluate and adjust, if necessary, the Prosecuting Attorney's current salary and ensure future elected officials' salaries are supported by actions of the salary commission.
- C. Obtain adequate bond coverage for all employees with access to negotiable assets.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *In 1997 the state legislature passed into law Section 50.333(13), RSMo "At the salary commission meeting in 1997 which establishes the salaries for those offices to be elected at the general election in 1998, the salary commission of each noncharter county may provide salary increases for associate county commissioners elected in 1996. This one-time increase is necessitated by the change from two- to four-year terms for associate commissioners pursuant to house bill 256*, passed by the first regular session of the eighty-eighth general assembly in 1995."*

The Henry County Commission observed the law, and accepted the state recommended salary.

The Missouri State Supreme Court has not requested reimbursement.

Henry County elected officials receive only 85 percent of the state recommended salary.

- B. *We believe the 85 percent of the state recommended salary is the salary for the office. The cost-of-living adjustment is for the person holding that office and relates to experience and seniority. Had the incumbent official retained the office, the salary would not have been changed.*
- C. *We will check into obtaining bond coverage for employees.*

The Prosecuting Attorney provided the following response:

- B. *I agree that the County Commission's action of reducing the salary of the Prosecuting Attorney was completely without salary commission action or a legal opinion.*

AUDITOR'S COMMENT

- B. According to the county's 2001 salary commission minutes no salary increases or decreases (other than possible cost of living adjustments) were approved. Section 50.333, RSMo provides that if the salary commission votes for no increase or decrease in compensation, the salary being paid during the term in which the vote was taken will continue as the salary of such offices or officers during the subsequent term of office.

3.**Bond Forfeitures**

The County Treasurer has not distributed bond forfeiture monies in accordance with state statute. Section 166.300, RSMo 2000, requires all forfeitures to be transmitted to the state for deposit into the School Building Revolving Fund annually. A review of the County Treasurer's Capital Schools Fund ledger shows that as of December 31, 2002, bond forfeitures totaling approximately \$21,516, have been disbursed to the schools rather than being transmitted to the state.

WE RECOMMEND the County Treasurer review past distributions to determine any necessary corrections, and, in the future, distribute all bond forfeiture monies in accordance with state law.

AUDITEE'S RESPONSE

There have been some questions regarding whether the courts correctly identified the monies as bond forfeitures. In the future, I will transmit all bond forfeitures to the state as long as the courts clearly identify these monies.

4.**Prosecuting Attorney's Expenditures**

The county Prosecuting Attorney's office collects an administrative fee for the collection of bad check restitution. The fees are deposited into the Prosecuting Attorney Bad Check Fund and expended at the discretion of the Prosecuting Attorney. In addition, the County has an agreement with the Division of Child Support Enforcement to be the primary location for a multiple county project, which includes Henry, Bates, and St. Clair counties. The county has established the Tri-County Child Support Fund to handle receipts (state reimbursements and transfers from other county funds) and disbursements (payroll, office equipment, and operating costs) related to this child support enforcement office. While the County Treasurer maintains custody of these funds, the expenditures are not reviewed and approved through the county's normal expenditure process and supporting documentation is retained in the Prosecuting Attorney's office and the Tri-County child support office. Receipts and disbursements in the Prosecuting Attorney Bad Check Fund totaled \$53,843 and \$60,572, respectively, during the two years ended December 31, 2002. Receipts and disbursements in the Tri-County Child Support Fund totaled \$154,046 and \$153,068, respectively, during the two years ended December 31, 2002.

Our review of transactions from these funds identified questionable expenditures, expenditures without adequate supporting documentation, noncompliance with county policy, and insufficient oversight and review prior to approval of payments.

- A. Phone costs of the Tri-County child support office are initially paid from the Tri-County Child Support Fund and subsequently included on child support

enforcement (Title IV-D) reimbursement claims to the state. We reviewed the phone bills for the periods May 2001, July 2001 and December 2001 through March 2003 and identified numerous personal calls that were made from the child support office phone and calling card. We identified personal calls totaling 6,171 minutes with related charges of approximately \$4,600. According to the Tri-County assistant prosecuting attorney these calls were made by himself and a friend of his daughter. Of this \$4,600, the Tri-County assistant prosecuting attorney did not request payment from the Tri-County Child Support Fund for approximately \$1,300, leaving \$3,300 that was paid by the county. Based on a review of state reimbursement claims, it appears approximately \$3,261 of this amount was subsequently reimbursed by the state. In addition, \$240 was repaid to the county by an individual for some of these personal calls.

The number of minutes and amounts noted above do not represent all personal calls. Additional inquiries and further follow up with the Tri-County assistant prosecuting attorney confirmed that there were other personal calls made. However, we did not compile the amount of minutes or costs related to these additional calls. The new Prosecuting Attorney became aware of this problem and requested that the Tri-County assistant prosecuting attorney review the 2003 phone bills to identify personal calls. The Prosecuting Attorney has received reimbursements totaling approximately \$654 for calls made by individuals not employed by the county. This amount does not pertain to the \$4,600 cited above.

Because most of the personal phone call costs discussed above were included on state reimbursement claims and paid by the state, most amounts recouped by the county for inappropriate personal calls are due to the state.

The personal phone calls could have been identified earlier if proper review of detailed phone bills would have been completed. However, it appears the former Prosecuting Attorney did not adequately review the detailed phone bill. Detailed phone bills were reviewed by the Tri-County assistant prosecuting attorney who determined the amount to be charged to the Tri-County Child Support Fund. A review of the warrant requests determined the former Prosecuting Attorney had only signed two denoting his approval. All others were either not signed, signed by the Tri-County assistant prosecuting attorney, or signed by the Tri-County office secretary.

As of June 2003, the Prosecuting Attorney was planning additional review work related to personal phone calls. The Prosecuting Attorney indicated he plans to require that long distance calls be recorded in a log and will utilize these logs when reviewing the detailed phone billings prior to approving the warrant request for payment.

Effective procedures should be implemented to monitor phone usage and review detailed billings for propriety prior to approval for payment. In addition, past phone bills should be reviewed to determine the total amount of personal calls.

This information will need to be considered in conjunction with any state and personal reimbursement amounts. The Prosecuting Attorney needs to seek repayment for the cost of the personal calls discussed above and any others identified, ensure the county and state are properly reimbursed, and consider any other action deemed appropriate in the circumstances.

- B. In August 2002, the former Prosecuting Attorney and four of his employees attended a training seminar at the Lake of the Ozarks. All of these individuals were reimbursed for meal costs in excess of the county's policy (which allows a maximum of \$23 a day) for some of the days. We noted daily meal costs as high as \$97. Approximately \$300 was reimbursed in excess of the county meal allowance.

A similar condition was noted in a prior report.

- C.1. The former Prosecuting Attorney and the former Assistant Prosecuting Attorney purchased some equipment items for the office and were later reimbursed for those purchases. We noted problems with some of the amounts paid and with the documentation. For example, the former Prosecuting Attorney purchased a projector and screen for \$2,047 and was reimbursed without submitting an invoice or evidence of his payment. Also, the former Assistant Prosecuting Attorney was reimbursed \$248 for a printer purchase although the actual cost was only \$214. The reimbursement was made before the printer was received and without proper review of the invoice as compared to the reimbursement request. The county also paid some sales taxes unnecessarily on these purchases. Because the county is a governmental entity and has sales tax exempt status, had such purchases been made by the county rather than by individuals, no sales tax would have been paid.
- 2. The \$175 monthly rent paid to the Tri-County assistant prosecuting attorney for office space is not supported by a lease agreement.

The monies in these funds represent public funds and county officials have a fiduciary responsibility to ensure expenditures are appropriate and reasonable, and supported with adequate documentation.

WE RECOMMEND the Prosecuting Attorney:

- A. Develop procedures to monitor phone usage and review detailed billings for propriety. In addition, the Prosecuting Attorney should review past phone bills for personal calls, seek repayment for the related charges, reimburse the county and state as needed, and consider any other action that may be appropriate given the circumstances.
- B. Ensure the county's policy for reimbursement of meal costs is followed and obtain repayment for excess reimbursements that cannot be justified.

- C. Ensure that warrant requests are not approved without adequate documentation and thorough review.

AUDITEE'S RESPONSE

- A. *The office of the Tri-County Child Support Assistant Prosecutor is housed in a place away from the courthouse due to space limitations at the Prosecuting Attorney's office. The Tri-County Assistant Prosecutor operates a private law practice out of the same office, as does another attorney. Although each of those different functions have their own phone lines, the Tri-County Assistant Prosecutor did not have in place adequate procedures to ensure that phone calls made on the Tri-County Child Support line were limited to child support business. I have counseled the Tri-County Assistant Prosecutor regarding the inadequacies of these procedures and plan to institute a formal policy requiring the Tri-County Assistant Prosecutor to maintain a written long distance telephone call log which would briefly state the purpose of each call which will be charged.*

Commencing at the beginning of this year, which was the beginning of my term as Prosecuting Attorney, I began reviewing the detailed phone bills as they came to my office. I began to notice apparent problems with the phone bills and when the field portion of the audit began in the spring of 2003 I ceased my investigation deferring to the field auditors to complete their audit. I have asked the Tri-County Assistant Prosecutor to review 2003 phone bills that were not audited by the State Auditor and identify any possible personal or non-child support related phone calls. In addition, I will ask the Tri-County Assistant Prosecutor to reimburse the county for the personal calls previously identified. I will ensure that monies are repaid to the state and/or county Tri-County Child Support Fund as appropriate.

- B. *The meals costs referred to from the August 2002 training seminar were paid from the Prosecuting Attorney Bad Check Fund. Section 570.120, RSMo, dictates the use of that fund rather than county policy. However, the noted meal costs were nonetheless excessive. Because the training seminars are typically conducted at high-cost areas an examination will be made prior to each training seminar and a reasonable amount will be instituted keeping in mind the area where the seminar is being conducted.*
- C.1. *Future purchases from the Prosecuting Attorney Bad Check Fund will be done in conformity with the requirements of Section 570.120, RSMo, and properly documented.*
2. *The rent paid to the Tri-County Assistant Prosecutor is set by the agreement that is entered into between the three counties and the Missouri Division of Child Support Enforcement.*

AUDITOR'S COMMENT

- C.2. The county should have a lease agreement with the owner of the building space that is being leased.

The Sheriff receives monies for civil and criminal fees, gun permits, board bills, local patrolling contracts, calendar sales, jail phone commissions, bonds, and other miscellaneous receipts which are handled in the Sheriff's fee account. The Sheriff also maintains a separate inmate checking account to handle personal inmate monies and operate a commissary for inmates. The Sheriff handled receipts totaling approximately \$550,000 and \$400,000 during the years ended December 31, 2002 and 2001, respectively. Our review of the Sheriff's accounting controls and procedures noted the following areas in need of improvement.

- A. It appears bond receipts totaling at least \$2,513 were received and not deposited during September and October 2002. The Sheriff identified the problem and obtained repayment of these undeposited monies. He made our office aware in February 2003 when we began audit work in his office. A comparison of recorded receipts to deposits showed that cash receipts totaling approximately \$2,513, were recorded, but apparently not deposited. Our review of receipt records and deposits for periods before and after September and October 2002 did not identify additional undeposited bond monies.

However, there were also problems in other areas. The Sheriff could not document that approximately \$100 in gun permit fees were properly handled and deposited. The number of gun permits issued could not be reconciled to the related gun permit amounts recorded in the receipt records. The Sheriff needs to further review gun permit activity for the audit period and compare to the related receipt records. The Sheriff's office maintains a jail food cash fund and a travel reimbursement cash fund. Office personnel indicated these cash funds were established on an imprest basis at a combined total of \$350. However, according to the jail administrator, shortages totaling approximately \$81 occurred in late 2002. Cash counts performed in March 2003 showed that monies on hand plus invoices totaled only about \$269. It appears that these funds have either been handled inappropriately or invoices have not been submitted for all monies used out of these funds. This could represent an additional shortage in the office.

The Sheriff performs bank reconciliations himself as a way to oversee and monitor the financial transactions in his office. The jail secretary did not provide him with the fee account bank statement for September or October 2002. Thus, he obtained copies of the bank statements directly from the bank in November 2002 and discovered the \$2,513 shortage through his reconciliation procedure. The reconciled fee account cash balance continues to show a \$100 discrepancy from the records. The Sheriff believes this may be due to improper handling of gun permit fees and plans to do an extensive review of this area.

On November 24, 2002, the jail secretary was terminated. On that same day she repaid \$2,513 which has been deposited into the fee bank account. The Sheriff

provided information regarding the misappropriation to the Prosecuting Attorney's office.

- B. Upon incarceration, any monies in the custody of an inmate are deposited into the Inmate Fund bank account. This account is also used to operate a commissary for inmates. Records are maintained for each inmate which reflect monies received on the inmate's behalf, purchases made from the commissary, and the available cash balance. When an inmate purchases commissary items, the purchase amount is deducted from that inmate's account balance. Invoices for the replenishment of commissary inventory are paid from this account. Any amount in the commissary account in excess of the total of the inmate balances is assumed to be profits by the Sheriff.

The total of the inmates' monies in the commissary checking account is not adequately reconciled to the total of the individual inmate balances. A monthly listing of individual inmate balances is prepared and compared to the book balance; however, the balances cannot be reconciled to the balance in the bank account because the account also contains the commissary monies for which no record of inventory purchases, commissary sales and commissary balance is maintained. At December 31, 2002, the open items listing for the inmate account totaled \$1,738, and the reconciled cash balance was \$2,007.

To allow for complete reconciliations and to adequately account for commissary activity, the Sheriff's department should establish records that account for commissary sales, inventory purchases, and the commissary balance. Reconciliations of the inmate and commissary balances to the bank account is necessary to ensure all monies received are accounted for properly.

- C. The Sheriff's office also maintains a PETRO bank account. This account is used to handle personal reimbursements related to gas purchases and cell phone usage. The Sheriff drives a personally-owned car but uses a county gas credit card. Gas purchases are billed to the Sheriff's office. Each month he identifies the portion of the bill that is for personal usage, and reimburses the PETRO account for that amount. A check from this account is then sent to the vendor. A warrant request is prepared and submitted to the County Commission to pay the remainder of the gas bill from the General Revenue Fund. During part of the audit period personal cell phone usage was also handled through this account. The deputies reimbursed the account for personal cell phone usage and then a check was written to the vendor. However, this situation no longer exists. It does not appear there is a need for this account. Rather, the Sheriff should reimburse the county for personal gas usage and the entire gas bill should be paid from the General Revenue Fund.

WE RECOMMEND the Sheriff:

- A. Continue to work with the Prosecuting Attorney regarding prosecution and pursue restitution for any additional amounts determined to be misappropriated.
- B. Establish records that account for commissary sales, inventory purchases, and the commissary balance, and perform complete reconciliations of the inmate and commissary balances to the bank account.
- C. Eliminate the PETRO bank account and have gas bills paid entirely from the General Revenue Fund. In addition, the gas bills should be provided to the County Commission for their review prior to approving the warrant request.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *I have worked to improve controls and segregation related to the collection and deposit of monies. Charges have been filed in this case and I will continue to work with the Prosecuting Attorney regarding prosecution and in pursuing any additional restitution amounts.*
- B. *A new software program is now being utilized to track commissary receipts and disbursements. At the beginning of the next calendar year, the commissary profits will be turned over to the one of the special sheriff's funds held by the County Treasurer.*
- C. *This account will be closed at the end of the year and the method for paying gas bills will be discussed with the County Commission and revised.*

The Prosecuting Attorney provided the following response:

- A. *Appropriate criminal charges were filed against the former jail secretary.*

6. Prosecuting Attorney's Procedures

The Prosecuting Attorney's office collects fees and restitution on bad checks and court-ordered restitution monies. The Prosecuting Attorney's office policy requires offenders to remit money orders, payable to the merchant or victim for restitution and payable to the county for bad check administrative fees. Prosecuting Attorney's office personnel indicated their procedure is to transmit restitution money orders to merchants and/or victims weekly and transmit bad check administrative fee money orders to the County Treasurer twice a month.

Some problems were noted with receipting and transmitting procedures. Receipt slips are only issued for court-ordered restitution monies or if requested by the payor. A February

20, 2003, cash count determined that of the \$10,725 in restitution and administrative fees on hand receipt slips had been issued for only \$5,308. Some of the restitution money orders had been on hand in excess of one week. It was also noted that administrative fees were transmitted to the County Treasurer only once per month for several months of the audit period. To adequately safeguard receipts and reduce the risk of loss, theft or misuse of funds, prenumbered receipts should be issued for all monies received and transmittals should be made more timely.

WE RECOMMEND the Prosecuting Attorney issue prenumbered receipts for all monies received and require transmittals to be made timely.

AUDITEE'S RESPONSE

The office policy requiring offenders to remit money orders allows the payor to have a copy of their money order which they may retain as a receipt. Separate receipts are issued by our office to the payor if they so request. We think this policy adequately provides for a receipt for the payor's use. In addition, the office has purchased a software program that internally accounts for the payments that we believe adequately provides for internal controls and accountability. Restitution money orders and administrative fees will be transmitted on a more regular basis.

7. Health Center

- A. The Health Center has not updated the fixed asset listing since 1999 or performed a physical inventory of property records since 2000. Fixed assets are not numbered, tagged, or otherwise identified as Health Center property.

The Health Center disposed of some property items during its move to a new facility in 2001. However, there were no records maintained to document items disposed of, date and method of disposition, or board approval for the dispositions.

Adequate general fixed assets records and procedures are necessary to secure better internal controls over property, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories and property tags are necessary to improve accountability over assets, ensure fixed asset records are accurate, identify unrecorded additions and dispositions, detect theft or loss of assets, and identify obsolete assets. Further, the Health Center needs to establish procedures to ensure the disposition of assets is properly handled, approved, and recorded in the fixed asset records.

- B. Health Center board meeting minutes could not be located for three months during 2002 and two months during 2001. Section 610.020.6, RSMo 2000, states a journal or minutes of open meetings shall be taken and retained by the public governmental body. Failure to maintain minutes results in an inadequate record of board transactions, proceedings, and decisions.

- C. The mileage reimbursement requests submitted by Health Center employees do not always include detailed information regarding the purpose, origin, and destination of a trip. To ensure mileage reimbursement requests are reasonable and represent valid expenditures, the board should require the requests to be adequately detailed, including the purpose, origin, and destination of each trip.

WE RECOMMEND the Health Center Board of Trustees:

- A. Require the fixed asset listing be updated to include all fixed asset items currently on hand and develop procedures to record purchases and affix tags to items at the time of purchase. Once this is complete a periodic physical inventory should be performed and reconciled to the fixed asset listing. In addition, dispositions should be approved by the board and a record of the date and method of dispositions maintained.
- B. Ensure all board minutes are retained.
- C. Require employees to record detailed information as to actual mileage, origins and destinations, and purpose of official county business on mileage reimbursement requests.

AUDITEE'S RESPONSE

- A. *We are working on updating the fixed assets and our expected target date for completion is by the beginning of 2004.*
- B. *We are now keeping minutes in a locked file cabinet in the bookkeeper's office.*
- C. *We have implemented a new policy requiring all employees to submit a detailed mileage log when requesting mileage reimbursement.*

Follow-Up on Prior Audit Findings

HENRY COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Henry County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Sales Tax

The county did not sufficiently reduce its property tax revenues by 50 percent as provided in the ballot issue passed by the Henry County voters under the provisions of Section 67.505, RSMo 1994.

Recommendation:

The County Commission should reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in prior years.

Status:

Partially implemented. Although the County Commission rolled the General Revenue Fund levy back to \$.00 for the 1993, 1994, 1995, 1996, and 1997 tax years, the amount of the property tax reduction was less than the required 50 percent of the actual sales tax revenues. As of December 31, 1997, the county was still required to reduce property taxes by \$101,187. However, the county has not considered this cumulative liability when establishing the General Revenue Fund levy for 1998 through 2002. Rather, the County Clerk considers only the previous year's required and actual property tax reduction when determining the General Revenue Fund levy. As a result, the county has assessed a General Revenue levy for each year since 1997. The county should have left the levy at \$.00 until property taxes had been reduced as required by statute. As of December 31, 2002, the county was still required to reduce property taxes by approximately \$101,187 for past liabilities. Based on responses provided in prior reports and current discussions with the County Commission, it appears the county does not plan to consider this excess when setting its future tax levies. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Budgetary Practices and Published Financial Statements

- A. Disbursements were made in excess of approved budgeted amounts.
- B. Formal budgets were not prepared and filed with the State Auditor's office for several county funds.
- C. The annual published financial statements of the county did not include the financial activity of some county funds as required.
- D. The County has been significantly overestimating the amounts budgeted for Road and Bridge Fund expenditures for several years. As a result, at December 31, 2000, \$136,000 in excess administrative transfers was due from the General Revenue Fund to the Special Road and Bridge Fund.

Recommendation

The County Commission:

- A. And the Health Center Board of Trustees should not authorize warrants in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office.
- B. Ensure that budgets are prepared or obtained for all county funds in accordance with state law.
- C. And the Health Center Board of Trustees ensure financial information for all county funds is properly reported in the annual published financial statements.
- D. Base administrative transfers on actual or reasonable budgeted expenditures of the Special Road and Bridge Fund. In addition, a transfer of \$136,000 should be made from the General Revenue Fund to the Special Road and Bridge Fund.

Status:

- A&D. Not implemented. See MAR finding number 1.
- B. Implemented.
- C. Partially implemented. Improvement was noted. However, financial information for five funds was not presented in the county's financial statements for both 2002 and 2001. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Expenditures

- A. Bids were not always solicited nor was bid documentation retained for various purchases made by the county.
- B. The county's policy for meal reimbursement was not being followed.
- C. IRS Forms 1099-MISC were not issued for services rendered by a special prosecutor.

Recommendation:

The County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be retained by the County Clerk. If it not practical to obtain bids in a specific instance, or if sole source procurement is necessary, the circumstances should be thoroughly documented.
- B. Ensure the county's policy for reimbursement of meal expenditures is followed and obtain reimbursement for any of the excess meal reimbursements that cannot be justified.
- C. Issue IRS Forms 1099-MISC as required by the Internal Revenue Code.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Not implemented. See MAR finding number 4.
- C. Implemented.

4. Collateral Securities

The amount of collateral securities pledged by the county's depository banks was not sufficient to cover the monies in the custody of the County Treasurer and Ex Officio County Collector.

Recommendation:

The County Treasurer and Ex Officio County Collector ensure collateral securities pledged by the depository banks are sufficient to protect county monies at all times.

Status:

Implemented.

5. General Fixed Assets

- A. General fixed asset items were not numbered, tagged, or otherwise identified as county property.
- B. An annual inventory of general fixed assets was not conducted. In addition, the County Clerk did not reconcile general fixed asset purchases to additions to the general fixed asset inventory.

Recommendation:

The County Clerk:

- A. Ensure all fixed asset items are properly numbered, tagged, or otherwise identified as county property.
- B. Perform and document inventories of county-owned property and update the fixed asset records for unrecorded property additions and dispositions.

Status:

A&B. Implemented.

6. Juvenile Officer's Accounting Controls and Procedures

- A. The Juvenile Office did not issue receipts for some monies received for the Division of Youth Services account.
- B. The Juvenile Office provided gas credit cards to office employees and the Circuit Judge. The gas cards were used to fuel personal vehicles and the gas purchases were billed to the Juvenile Office. At the end of the month, each employee reimbursed the Juvenile Office for his/her share of the gas bill.
- C. Checks and money orders were not always restrictively endorsed immediately upon receipt.

Recommendation:

The Juvenile Office:

- A. Issue receipts for all monies received and the method of payment indicated on each receipt slip should be reconciled to the composition of the monies deposited.
- B. Review the practice of allowing employees to use Juvenile Office gas cards to purchase gas for personal use.
- C. Ensure all checks and money orders are restrictively endorsed immediately upon receipt.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

HENRY COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1834, the county of Henry was named after Patrick Henry. Henry County is a township-organized, third-class county and is part of the twenty-seventh Judicial Circuit. The county seat is Clinton.

Henry County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining 147 county bridges, and performing miscellaneous duties not handled by other county officials. The townships maintain approximately 748 miles of county roads.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 19,672 in 1980 and 21,997 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 146.4	142.5	136.0	133.0	86.4	35.7
Personal property	65.3	62.2	61.3	57.4	20.9	15.9
Railroad and utilities	18.6	21.5	21.0	21.9	13.7	14.2
Total	\$ 230.3	226.2	218.3	212.3	121.0	65.8

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Henry County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$ 0.01	0.01	0.02	0.02
Health Center Fund	0.10	0.10	0.10	0.10

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bills and collect property taxes for themselves and most other local governments.

Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
\$				
State of Missouri	68,067	66,731	64,554	63,181
General Revenue Fund	29,212	27,584	45,903	46,540
Special Road and Bridge Fund	65,796	63,528	61,742	47,777
Township Road Districts	608,704	596,739	571,443	565,491
Townships	281,745	289,791	259,378	259,896
Assessment Fund	133,581	120,551	126,267	105,258
Health Center Fund	224,342	220,106	212,703	208,641
School districts	8,372,567	8,382,258	7,790,995	7,530,193
Library district	408,706	400,069	386,869	379,002
Ambulance district	81,864	83,654	78,819	76,996
Fire protection district	39,651	36,470	25,799	24,439
Hospital	33,418	32,942	32,271	31,173
State Fair Community College	16,192	15,653	15,714	14,364
Cities	698,900	730,877	649,714	647,001
County Employees' Retirement	62,980	61,067	51,319	53,070
Tax Maintenance Fund	4,520	0	0	0
Commissions and fees:				
General Revenue Fund	104,968	109,668	106,754	126,816
Ex Officio County Collector	11,294	10,752	9,883	10,365
Total	\$ 11,246,507	11,248,440	10,490,127	10,190,204

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	92	92	92	92 %
Personal property	83	83	84	84
Railroad and utilities	91	92	92	93

Henry County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Greg Lowe, Presiding Commissioner	\$	28,731	27,626	26,821	26,040
Don Bullock, Associate Commissioner		26,458	25,440	24,699	23,980
Richard W. Nichols, Associate Commissioner		26,458	25,440	24,699	23,979
Becky Raysik, Recorder of Deed:		40,088	38,546	37,423	36,333
Gene Pogue, County Clerk		40,088	38,546	37,423	36,333
John J. Kopp, Jr., Prosecuting Attorney		49,265	47,370	45,990	44,651
Kent Oberkrom, Sheriff		43,845	42,184	40,542	39,380
John J. Prince, County Coroner		13,204	12,696	7,426	7,210
Leona Wilson, Public Administrator (1)		70,859	72,163	62,289	67,027
Mildred Johnson, Treasurer and Ex Officio County (2) Collector, year ended February 28 (29),	51,382	49,298	46,644	46,056	
James Keck, County Assessor (3), year ended August 31,		47,162	45,348	44,027	42,745

(1) Compensation includes only fees received from estate cases filed with Division III and no additional salary.

(2) Includes \$11,294, \$10,752, \$9,883, and \$10,365, respectively, of commissions earned for collecting city property taxes.

(3) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Janice Sloan, Circuit Clerk	47,300	47,300	46,127	44,292
Wayne Strothmann, Associate Circuit Judge	96,000	96,000	97,382	87,235



**MADISON COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-104
September 30, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Madison, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Madison County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

Many of the findings noted in this audit report were noted in past audit reports; however, little or no improvement has been made.

- Problems with county budgetary practices have been noted in past audit reports and county officials indicated their intent to implement reported recommendations; however, little or no improvement has been made. The budget documents contained numerous inaccuracies and deficiencies. In addition, the budgets for several funds were overspent. Formal budgets were not prepared for several county funds and in 2001 the county failed to budget the required three percent for emergency situations. The published financial statements did not include all funds, did not agree to the actual numbers presented on the budget, and did not list disbursements by vendor.
- As noted in prior reports, bids were not always solicited or advertised by the county nor was bid documentation retained for various purchases including road repair work reimbursed with federal grants.
- Also as noted in our prior report, the county does not have adequate procedures in place to track federal financial assistance for the preparation of the schedule of expenditures of federal awards. The county's schedules for 2002 and 2001 contained several errors and omissions. Without an accurate schedule, federal financial activity may not be audited and reported in accordance with federal audit requirements, which could result in future reductions in federal funds.

(over)

YELLOW SHEET

- As noted in prior audit reports, the financial condition of the county remains weak. At December 31, 2002, the combined debt of the General Revenue, Special Road and Bridge, and Law Enforcement Sales Tax Funds was \$426,069. While \$150,000 of this was reimbursed by state reimbursements for storm damage, the remaining \$276,069 represents monies borrowed to lease purchase land and equipment.
- The county has not taken action on mid-term salary increases given to the associate county commissioners in 1997. On May 15, 2001, the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo. This section of law allowed salary commissions in 1997 to provide mid-term salary increases for associate commissioners elected in 1996. As noted in our prior report, the 1997 salary commission voted to give the associate commissioners the mid-term increase.
- The County Treasurer's salary was increased \$7,514 annually, effective with the start of a new term of office on January 1, 2003, based on approval given by the salary commission at a meeting held in July 2002. There was no legal documentation supporting whether that meeting complied with Section 50.333, RSMo 2000.
- Problems were noted regarding the Tax Increment Financing Project including the bonds not sold competitively, the county not competitively seeking proposals for various services, and some of the TIF monies not properly invested.
- Controls over the preparation of and additions to the property tax books were not adequate. Prior audit reports have also addressed this problem and conditions have not improved.
- Many similar conditions from previous reports were noted in the County Collector's procedures including inadequate reconciliations, the failure to properly compare collections to deposits, and incomplete and incorrect annual settlements. Although the County Collector indicated in prior reports he would implement these recommendations, conditions have not improved.
- Several problems were noted regarding the records and procedures for the Sheriff's Commissary Account including inadequate records to track profit and loss on the sale of items, lack of segregation of duties, lack of bank reconciliations, poor receipt and disbursement records, and questionable disbursements. Problems were also noted regarding the Sheriff's fee account controls and procedures including lack of segregation of duties, and untimely deposits and bank reconciliations.
- Several problems from prior audit reports are repeated for the Prosecuting Attorney including inadequate supervision and review, untimely deposits, no bank reconciliations being performed, and no monthly reports filed with the County Commission.

The audit also includes recommendations to improve contracts, disbursement procedures, various payroll procedures and policies, telephone policies, and vehicle records. In addition, the audit included recommendations to the Madison County Health Center regarding fixed assets, leave records, and disbursements.

All reports are available on our website: www.auditor.state.mo.us

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Madison County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Madison County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Madison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 10, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Madison County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 10, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Norma Payne
Audit Staff:	A. Dailey
	Kate Petschonek



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Madison County, Missouri

We have audited the financial statements of various funds of Madison County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 10, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Madison County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 and 02-2. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Madison County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that

we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 and 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Madison County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 10, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

MADISON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 34,296	1,192,932	1,211,137	16,091
Special Road and Bridge	55,274	1,383,176	1,397,185	41,265
Assessment	4,436	132,303	132,226	4,513
Law Enforcement Training	21,440	6,247	15,590	12,097
Prosecuting Attorney Training	745	998	791	952
911	5,125	179,575	170,546	14,154
Prosecuting Attorney Bad Check	827	8,406	9,187	46
Special Law Enforcement	6,128	116	1,078	5,166
Domestic Violence	6,272	2,154	2,750	5,676
Recorder's User Fees	12,818	11,530	883	23,465
Capital Improvement	62	2,235	0	2,297
Forfeiture	14,619	10,358	10,532	14,445
Health Center	73,874	421,612	478,479	17,007
Circuit Clerk Interest	1,709	594	242	2,061
Associate Circuit Division Interest	66	425	290	201
Madison County Law Enforcement				
Sales Tax	17,196	491,751	491,754	17,193
Sheriff Commissary	1,332	25,663	25,845	1,150
TIF Project Construction	0	908,500	0	908,500
TIF Debt Service Reserve	0	57,281	0	57,281
TIF Debt Service	0	33,643	26,103	7,540
Tax Maintenance Collector	0	752	0	752
Total	\$ 256,219	4,870,251	3,974,618	1,151,852

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MADISON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 15,315	1,127,946	1,108,965	34,296
Special Road and Bridge	20,272	606,235	571,233	55,274
Assessment	1,346	119,177	116,087	4,436
Law Enforcement Training	19,931	7,588	6,079	21,440
Prosecuting Attorney Training	1,719	1,211	2,185	745
911	11,612	140,380	146,867	5,125
Prosecuting Attorney Bad Check	5,111	6,748	11,032	827
Special Law Enforcement	5,439	689	0	6,128
Domestic Violence	7,055	1,717	2,500	6,272
Recorder's User Fees	9,620	5,692	2,494	12,818
Capital Improvement	26,290	25,349	51,577	62
Forfeiture	9,222	16,060	10,663	14,619
Health Center	76,488	444,659	447,273	73,874
Circuit Clerk Interest	1,432	933	656	1,709
Associate Circuit Division Interest	801	1,241	1,976	66
Madison County Law Enforcement				
Sales Tax	0	30,046	12,850	17,196
Flood Buy-Out	5,800	20,581	26,381	0
Sheriff Commissary	375	24,367	23,410	1,332
Total	\$ 217,828	2,580,619	2,542,228	256,219

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MADISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 2,960,589	3,844,412	883,823	2,449,826	2,505,625	55,799
DISBURSEMENTS	3,037,332	3,922,670	(885,338)	2,310,841	2,479,587	(168,746)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(76,743)	(78,258)	(1,515)	138,985	26,038	(112,947)
CASH, JANUARY 1	254,887	254,887	0	211,137	211,653	516
CASH, DECEMBER 31	178,144	176,629	(1,515)	350,122	237,691	(112,431)
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	138,000	107,828	(30,172)	178,700	154,190	(24,510)
Sales taxes	393,449	405,352	11,903	390,703	381,989	(8,714)
Intergovernmental	203,406	310,961	107,555	173,117	186,265	13,148
Charges for services	182,659	194,420	11,761	182,082	200,138	18,056
Reimbursement for Tax Increment Financing cos	0	0	0	0	24,430	24,430
Interest	1,200	1,346	146	1,500	1,246	(254)
Other	67,385	83,296	15,911	108,094	114,336	6,242
Transfers in	19,401	89,729	70,328	29,293	65,352	36,059
Total Receipts	1,005,500	1,192,932	187,432	1,063,489	1,127,946	64,457
DISBURSEMENTS						
County Commissioner	63,772	65,127	(1,355)	63,402	63,514	(112)
County Clerk	67,396	64,783	2,613	61,787	61,881	(94)
Elections	60,259	53,714	6,545	19,276	28,815	(9,539)
Buildings and grounds	61,708	108,113	(46,405)	53,788	59,851	(6,063)
Employee fringe benefit	96,621	136,059	(39,438)	117,775	146,092	(28,317)
County Treasurer	24,829	23,326	1,503	23,839	23,310	529
County Collector	58,039	55,200	2,839	56,167	55,904	263
Circuit Clerk	25,252	21,985	3,267	21,187	20,311	876
Associate Circuit Court	10,630	9,771	859	10,344	8,035	2,309
Court Administration	3,150	3,150	0	2,119	7,598	(5,479)
Public Administrator	14,027	13,903	124	13,484	13,721	(237)
Sheriff	0	0	0	196,261	227,066	(30,805)
Jail	0	0	0	62,500	63,186	(686)
Prosecuting Attorney	63,906	64,323	(417)	61,402	65,159	(3,757)
Juvenile Officer	0	0	0	44,622	26,000	18,622
County Coroner	20,275	17,516	2,759	16,225	19,107	(2,882)
Tax Increment Financing	0	0	0	0	24,430	(24,430)
Other	114,513	125,243	(10,730)	85,227	80,303	4,924
Debt service	206,000	202,265	3,735	52,740	57,931	(5,191)
Transfers out	77,000	246,659	(169,659)	26,765	56,751	(29,986)
Emergency Fund	30,855	0	30,855	0	0	0
Total Disbursements	998,232	1,211,137	(212,905)	988,910	1,108,965	(120,055)
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,268	(18,205)	(25,473)	74,579	18,981	(55,598)
CASH, JANUARY 1	34,296	34,296	0	15,315	15,315	0
CASH, DECEMBER 31	41,564	16,091	(25,473)	89,894	34,296	(55,598)

Exhibit B

MADISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	231,500	255,150	23,650	216,600	229,470	12,870
Intergovernmental	337,180	693,221	356,041	353,276	352,938	(338)
Charges for services	12,000	15,595	3,595	7,000	13,570	6,570
Interest	1,200	1,217	17	1,800	1,158	(642)
Loan proceeds	0	283,000	283,000	0	0	0
Other	11,500	14,993	3,493	36,000	9,099	(26,901)
Transfers in	20,000	120,000	100,000	0	0	0
Total Receipts	613,380	1,383,176	769,796	614,676	606,235	(8,441)
DISBURSEMENTS						
Salaries	176,000	192,565	(16,565)	176,000	168,838	7,162
Employee fringe benefit	64,664	65,825	(1,161)	58,050	55,070	2,980
Supplies	101,600	110,644	(9,044)	94,800	91,073	3,727
Insurance	19,000	11,944	7,056	14,000	16,147	(2,147)
Road and bridge materials	93,500	80,031	13,469	112,000	81,040	30,960
Equipment repairs	20,500	23,647	(3,147)	5,000	6,403	(1,403)
Rentals	3,000	0	3,000	8,000	1,068	6,932
Equipment purchases	114,670	137,845	(23,175)	100,180	103,490	(3,310)
Construction, repair, and maintenance	0	556,677	(556,677)	16,295	17,302	(1,007)
Debt service	0	104,633	(104,633)	0	0	0
Other	43,200	25,845	17,355	18,100	12,362	5,738
Transfers out	18,401	87,529	(69,128)	0	18,440	(18,440)
Total Disbursements	654,535	1,397,185	(742,650)	602,425	571,233	31,192
RECEIPTS OVER (UNDER) DISBURSEMENTS	(41,155)	(14,009)	27,146	12,251	35,002	22,751
CASH, JANUARY 1	55,274	55,274	0	20,272	20,272	0
CASH, DECEMBER 31	14,119	41,265	27,146	32,523	55,274	22,751
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	97,144	69,482	(27,662)	101,655	96,779	(4,876)
Interest	190	136	(54)	190	191	1
Other	5,490	9,579	4,089	3,715	6,097	2,382
Transfers in	39,586	53,106	13,520	16,110	16,110	0
Total Receipts	142,410	132,303	(10,107)	121,670	119,177	(2,493)
DISBURSEMENTS						
Assessor	141,230	132,226	9,004	118,140	116,087	2,053
Total Disbursements	141,230	132,226	9,004	118,140	116,087	2,053
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,180	77	(1,103)	3,530	3,090	(440)
CASH, JANUARY 1	4,436	4,436	0	1,346	1,346	0
CASH, DECEMBER 31	5,616	4,513	(1,103)	4,876	4,436	(440)

Exhibit B

MADISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	7,000	6,055	(945)	7,000	7,252	252
Interest	350	192	(158)	375	336	(39)
Total Receipts	7,350	6,247	(1,103)	7,375	7,588	213
DISBURSEMENTS						
Sheriff	6,000	15,590	(9,590)	6,000	6,079	(79)
Total Disbursements	6,000	15,590	(9,590)	6,000	6,079	(79)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,350	(9,343)	(10,693)	1,375	1,509	134
CASH, JANUARY 1	21,440	21,440	0	19,931	19,931	0
CASH, DECEMBER 31	22,790	12,097	(10,693)	21,306	21,440	134
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,200	990	(210)	1,200	1,184	(16)
Interest	30	8	(22)	48	27	(21)
Total Receipts	1,230	998	(232)	1,248	1,211	(37)
DISBURSEMENTS						
Prosecuting Attorney	1,900	791	1,109	2,000	2,185	(185)
Total Disbursements	1,900	791	1,109	2,000	2,185	(185)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(670)	207	877	(752)	(974)	(222)
CASH, JANUARY 1	745	745	0	1,719	1,719	0
CASH, DECEMBER 31	75	952	877	967	745	(222)
<u>911 FUND</u>						
RECEIPTS						
Charges for service:	118,000	117,850	(150)	116,150	117,481	1,331
Interest	150	186	36	600	182	(418)
Other	0	1,039	1,039	0	517	517
Transfers in	48,853	60,500	11,647	0	22,200	22,200
Total Receipts	167,003	179,575	12,572	116,750	140,380	23,630
DISBURSEMENTS						
Salaries	114,948	124,498	(9,550)	44,041	57,926	(13,885)
Office expenditures:	45,350	41,113	4,237	45,698	43,366	2,332
Equipment	6,500	2,878	3,622	10,800	4,251	6,549
Mileage and training	1,000	1,057	(57)	1,000	817	183
Other	500	0	500	2,000	5,214	(3,214)
Transfers out	0	1,000	(1,000)	0	35,293	(35,293)
Total Disbursements	168,298	170,546	(2,248)	103,539	146,867	(43,328)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,295)	9,029	10,324	13,211	(6,487)	(19,698)
CASH, JANUARY 1	5,125	5,125	0	11,612	11,612	0
CASH, DECEMBER 31	3,830	14,154	10,324	24,823	5,125	(19,698)

Exhibit B

MADISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	7,000	8,379	1,379	6,000	6,714	714
Interest	40	27	(13)	15	34	19
Total Receipts	7,040	8,406	1,366	6,015	6,748	733
DISBURSEMENTS						
Prosecuting Attorney	7,000	9,187	(2,187)	2,400	11,032	(8,632)
Total Disbursements	7,000	9,187	(2,187)	2,400	11,032	(8,632)
RECEIPTS OVER (UNDER) DISBURSEMENTS	40	(781)	(821)	3,615	(4,284)	(7,899)
CASH, JANUARY 1	827	827	0	4,423	5,111	688
CASH, DECEMBER 31	867	46	(821)	8,038	827	(7,211)
<u>SPECIAL LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Charges for service:	600	50	(550)	1,000	596	(404)
Interest	90	66	(24)	95	93	(2)
Total Receipts	690	116	(574)	1,095	689	(406)
DISBURSEMENTS						
Equipment	5,500	1,078	4,422	1,000	0	1,000
Office expenditure:	0	0	0	500	0	500
Total Disbursements	5,500	1,078	4,422	1,500	0	1,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,810)	(962)	3,848	(405)	689	1,094
CASH, JANUARY 1	6,128	6,128	0	5,439	5,439	0
CASH, DECEMBER 31	1,318	5,166	3,848	5,034	6,128	1,094
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	1,600	2,084	484	1,625	1,599	(26)
Interest	120	70	(50)	0	118	118
Total Receipts	1,720	2,154	434	1,625	1,717	92
DISBURSEMENTS						
Domestic Violence Shelter	3,060	2,750	310	5,060	2,500	2,560
Office expenditure:	0	0	0	10	0	10
Total Disbursements	3,060	2,750	310	5,070	2,500	2,570
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,340)	(596)	744	(3,445)	(783)	2,662
CASH, JANUARY 1	6,272	6,272	0	7,055	7,055	0
CASH, DECEMBER 31	4,932	5,676	744	3,610	6,272	2,662

Exhibit B

MADISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	9,830	11,333	1,503	5,600	5,692	92
Interest	0	197	197	0	0	0
Total Receipts	9,830	11,530	1,700	5,600	5,692	92
DISBURSEMENTS						
Ex Officio Recorder of Deed	1,200	883	317	4,610	2,494	2,116
Total Disbursements	1,200	883	317	4,610	2,494	2,116
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,630	10,647	2,017	990	3,198	2,208
CASH, JANUARY 1	12,818	12,818	0	9,620	9,620	0
CASH, DECEMBER 31	21,448	23,465	2,017	10,610	12,818	2,208
<u>CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Sales taxes	0	2,233	2,233	150	376	226
Charges for services	0	0	0	26,925	6,440	(20,485)
Interest	0	2	2	50	93	43
Transfer in	0	0	0	0	18,440	18,440
Total Receipts	0	2,235	2,235	27,125	25,349	(1,776)
DISBURSEMENTS						
Debt service	0	0	0	26,725	51,577	(24,852)
Total Disbursements	0	0	0	26,725	51,577	(24,852)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,235	2,235	400	(26,228)	(26,628)
CASH, JANUARY 1	62	62	0	26,290	26,290	0
CASH, DECEMBER 31	62	2,297	2,235	26,690	62	(26,628)
<u>FORFEITURE FUND</u>						
RECEIPTS						
Intergovernmental	0	10,200	10,200	8,000	15,863	7,863
Interest	100	158	58	120	197	77
Total Receipts	100	10,358	10,258	8,120	16,060	7,940
DISBURSEMENTS						
Operating expenses	0	10,532	(10,532)	250	5,663	(5,413)
Transfer out	0	0	0	0	5,000	(5,000)
Total Disbursements	0	10,532	(10,532)	250	10,663	(10,413)
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	(174)	(274)	7,870	5,397	(2,473)
CASH, JANUARY 1	14,619	14,619	0	9,222	9,222	0
CASH, DECEMBER 31	14,719	14,445	(274)	17,092	14,619	(2,473)

Exhibit B

MADISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	71,485	85,427	13,942	71,059	80,665	9,606
Intergovernmental	429,715	270,681	(159,034)	331,599	289,474	(42,125)
Charges for services	2,398	1,588	(810)	750	768	18
Interest	3,785	1,987	(1,798)	1,125	4,171	3,046
Other	51,905	61,929	10,024	64,965	69,581	4,616
Transfers in	0	0	0	3,540	0	(3,540)
Total Receipts	559,288	421,612	(137,676)	473,038	444,659	(28,379)
DISBURSEMENTS						
Salaries	455,345	394,793	60,552	347,298	350,148	(2,850)
Office expenditure:	30,465	35,476	(5,011)	37,505	43,132	(5,627)
Equipment	2,425	2,331	94	8,790	8,343	447
Mileage and training	17,000	16,248	752	14,650	14,666	(16)
Building	10,000	9,712	288	1,500	1,304	196
Insurance	2,620	2,574	46	3,220	2,574	646
Utilities	9,600	9,201	399	11,505	9,779	1,726
Contract services	28,700	6,766	21,934	15,313	14,238	1,075
Building project	52,744	0	52,744	0	0	0
Other	2,000	1,378	622	6,102	3,089	3,013
Total Disbursements	610,899	478,479	132,420	445,883	447,273	(1,390)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(51,611)	(56,867)	(5,256)	27,155	(2,614)	(29,769)
CASH, JANUARY 1	73,874	73,874	0	76,488	76,488	0
CASH, DECEMBER 31	22,263	17,007	(5,256)	103,643	73,874	(29,769)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	1,000	594	(406)	1,000	933	(67)
Total Receipts	1,000	594	(406)	1,000	933	(67)
DISBURSEMENTS						
Office expenditure:	1,000	242	758	2,000	656	1,344
Total Disbursements	1,000	242	758	2,000	656	1,344
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	352	352	(1,000)	277	1,277
CASH, JANUARY 1	1,709	1,709	0	1,432	1,432	0
CASH, DECEMBER 31	1,709	2,061	352	432	1,709	1,277

Exhibit B

MADISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	600	425	(175)	1,000	1,241	241
Total Receipts	600	425	(175)	1,000	1,241	241
DISBURSEMENTS						
Equipment	600	0	600	789	1,018	(229)
Office expenditures	0	290	(290)	600	958	(358)
Total Disbursements	600	290	310	1,389	1,976	(587)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	135	135	(389)	(735)	(346)
CASH, JANUARY 1	66	66	0	973	801	(172)
CASH, DECEMBER 31	66	201	135	584	66	(518)
<u>MADISON COUNTY LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	393,448	400,230	6,782			
Intergovernmental	35,000	30,517	(4,483)			
Interest	0	506	506			
Loan Proceeds	0	47,000	47,000			
Other	0	445	445			
Transfers in	15,000	13,053	(1,947)			
Total Receipts	443,448	491,751	48,303			
DISBURSEMENTS						
Salaries	255,607	250,743	4,864			
Office expenditures	13,900	12,345	1,555			
Repairs and equipment	30,500	41,956	(11,456)			
Mileage and training	0	1,288	(1,288)			
Prisoner expense	15,810	16,754	(944)			
Debt service	26,494	74,940	(48,446)			
Jail	39,000	38,161	839			
Juvenile	44,622	41,920	2,702			
Grant expenses	10,745	12,447	(1,702)			
Transfers out	1,200	1,200	0			
Total Disbursements	437,878	491,754	(53,876)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,570	(3)	(5,573)			
CASH, JANUARY 1	17,196	17,196	0			
CASH, DECEMBER 31	22,766	17,193	(5,573)			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MADISON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Madison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Commissary Fund	2002 and 2001
Madison County Law Enforcement	
Sales Tax Fund	2001
Flood Buy-Out Fund	2001
TIF Project Construction Fund	2002
TIF Debt Service Reserve Fund	2002
TIF Debt Service Fund	2002
Tax Maintenance Collector Fund	2002

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2002 and 2001
911 Fund	2002 and 2001
Law Enforcement Training Fund	2002 and 2001
Prosecuting Attorney Bad Check Fund	2002 and 2001
Forfeiture Fund	2002 and 2001
Special Road and Bridge Fund	2002
Madison County Law	
Enforcement Sales Tax Fund	2002
Prosecuting Attorney Training Fund	2001
Capital Improvement Fund	2001
Health Center Fund	2001
Associate Circuit Division Interest Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Commissary Fund	2002 and 2001
TIF Project Construction Fund	2002
TIF Debt Service Reserve Fund	2002
TIF Debt Service Fund	2002
Tax Maintenance Collector Fund	2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The county's and the Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The various funds' investments are composed of the following:

<u>December 31,</u>		
<u>2002</u>		
	<u>Reported</u>	<u>Fair</u>
	<u>Amount</u>	<u>Value</u>
U.S. Treasury Bill	\$ 908,176	908,326
Fidelity U.S. Treasury Money Market Fund	7,863	7,863
Total	\$ <u>916,039</u>	<u>916,189</u>

Of the reported amount at December 31, 2002, \$908,176 represents investments that were insured or registered or for which the securities were held by the county's custodial bank in the county's name; \$7,863 represents investments in a Fidelity U.S. Treasury Money Market Fund. State law does not authorize the investment of county monies in money market funds.

Supplementary Schedule

Schedule

MADISON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3162W	47,424	0
	Program Total	ERS045-2162	0	52,701
			47,424	52,701
Office of Administration				
10.665	Schools and Roads - Grants to State	N/A	89,040	123,520
Direct programs:				
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	0	8,640
Passed through:				
Missouri Sheriff's Meth-Amphetamine Relief Team				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	N/A	37,973	24,535
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,920	1,035
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-062(6)	0	13,036
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	MO-16-0034	0	3,024
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	11,649	0
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grants	FEMA-1412-DR-MO	563,974	0
83.548	Unmet Needs	FEMA-1270-DR-MO	0	19,762

Schedule

MADISON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.161	Health Program for Toxic Substances and Disease Registr	AOC03380126	0	101,581
		AOC02380065	48,508	0
	Program Total		<u>48,508</u>	<u>101,581</u>
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Level in Children	ERS146-2162L	0	46
93.268	Immunization Grants	PGA0643162A	4,104	0
		N/A	39,397	27,349
	Program Total		<u>43,501</u>	<u>27,349</u>
Department of Social Services -				
93.563	Child Support Enforcemen	N/A	2,442	3,256
Department of Health and Senior Services -				
93.575	Child Care and Development Block Gran	PGA067-3162S	3,393	0
		PGA067-2162C	0	3,000
	Program Total		<u>3,393</u>	<u>3,000</u>
93.994	Maternal and Child Health Service: Block Grant to the States	ERS146-3162M	16,552	0
		ERS146-2162M	0	16,508
		DH020027043	2,003	3,013
		C100074001	0	5,000
		N/A	0	2,680
	Program Total		<u>18,555</u>	<u>27,201</u>
	Total Expenditures of Federal Award:		<u>\$ 868,379</u>	<u>408,686</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

MADISON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Madison County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property Program (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Madison County, Missouri

Compliance

We have audited the compliance of Madison County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Madison County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance

with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-3 and 02-4.

Internal Control Over Compliance

The management of Madison County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-3 and 02-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Madison County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 10, 2003 (fieldwork completion date)

Schedule

MADISON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

Noncompliance material to the financial statements
noted? x yes no

Federal Awards

Internal control over major programs:

Material weakness identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
83.544	Public Assistance Grants
93.161	Health Program for Toxic Substances and Disease Registry

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

02-1.

County Budgets and Financial Records

Problems with county budgetary practices have been noted in the past several audit reports and county officials indicated their intent to implement reported recommendations where possible. However, little or no improvement has been made and similar budgetary problems still existed during the current audit. The budget documents prepared by the county for the years ended December 31, 2002 and 2001, contained numerous inaccuracies and deficiencies. As a result, the County Commission did not have sufficient information to make informed decisions for the county and did not provide the citizens of Madison County with reliable information about the county's finances. In addition, due to lack of oversight by the County Commission and County Clerk, budget amendments were not submitted for all funds and many funds were overspent.

- A. The county does not have procedures in place to ensure the county's budget documents are properly prepared and that they accurately present financial activity of the county. In numerous instances, we noted that the actual receipts and disbursement amounts were not correctly reported, and did not agree with the records maintained by the County Treasurer. Errors included incorrect amounts being reported and inconsistent and erroneous classifications of receipts, disbursements, and transfers. The County Clerk reconciles total receipts and disbursements to the County Treasurer's records on a monthly basis. However, it appears that when the budget documents were prepared, the actual reconciled amounts for the General Revenue Fund and the Madison County Law Enforcement Sales Tax Fund were not used. Actual disbursements related to law enforcement disbursements made from the General Revenue Fund were shown as disbursements from the Madison County Law Enforcement Sales Tax Fund to show as comparison to the 2002 budgeted amounts. However, as a result, the General Fund appeared to be under budget when, in fact, it was not. Actual disbursements were under or overstated by the county at December 31, 2001, by the following amounts:

<u>Fund</u>		<u>Actual per Budget</u>	<u>Actual per Audit</u>	<u>Difference</u>
General Revenue	\$	762,760	1,108,965	346,205
Madison County Law Enforcement Sales Tax		297,100	12,850	(284,250)

In addition, transfers between funds of \$336,388 and \$122,103 in 2002 and 2001, respectively, were misclassified as debt service payments or other miscellaneous disbursements and had to be reclassified.

The county's budgets should include accurate financial information and classifications of receipts and disbursements to ensure the county's financial information is properly presented and to increase the effectiveness of the budgets as management tools.

- B. The County Commission approved disbursements in excess of budgeted amounts for various funds during the years ending December 31, 2002 and 2001. Budget amendments were not submitted for the disaster relief monies received in the Special Road and Bridge Fund in 2002. In addition, there was no evidence that the County Commission and County Clerk monitored disbursements adequately to ensure actual disbursements did not exceed budgeted amounts. Although the County Treasurer provided the County Commission and County Clerk with quarterly budget to actual amounts for various line items for the General Revenue, Special Road and Bridge, and Madison County Law Enforcement Sales Tax funds, no action was taken to prevent overspending. In addition, reports are not prepared for the other funds and the amount overbudget in total for the fund is not reported. According to disbursement records, the General Revenue Fund and the Special Road and Bridge Fund exceeded the budgeted amount by the end of the third quarter in 2002.

Actual expenditures exceeded budgeted amount in the following funds:

<u>Fund</u>	Year Ending December 31,	
	<u>2002</u>	<u>2001</u>
General Revenue	\$ 212,905	120,055
Special Road and Bridge	742,650	N/A
Law Enforcement Training	9,590	79
Prosecuting Attorney Training	N/A	185
911	2,248	43,328
Prosecuting Attorney Bad		
Check	2,187	8,632
Capital Improvement	N/A	24,852
Forfeiture	10,532	10,413
Health Center	N/A	1,390
Associate Circuit Interest	N/A	587
Madison County Law		
Enforcement Sales Tax	53,876	N/A

It was ruled in State ex. Rel. Strong v. Cribbs, 364 Mo. 1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

To allow the budgets to be used as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures, valid reasons which necessitate excess disbursements should be provided to support amendments, and public hearings should be held prior to the adoption of all budget amendments.

WE AGAIN RECOMMEND the County Commission:

- A. And the County Clerk ensure all significant receipts, disbursements, and transfers are accurately and consistently reported in the county budget documents.
- B. And the Health Center Board not authorize warrants in excess of budgeted disbursements. If valid reasons necessitate excess disbursements, or unexpected revenues are received, the original budget should be formally amended and filed with the State Auditor's Office.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

- A. *The County Clerk will try to implement this recommendation with the next budget to actual statements.*
- B. *The County Commission will review the quarterly reports and amend the budget as necessary. This will be implemented with the next quarterly report. The Health Center Board has already implemented this recommendation.*

02-2.	Bidding Compliance
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Bids were not solicited or advertised by the county nor was bid documentation retained for various purchases. The county failed to obtain bids for several purchases made during the years ended December 31, 2002 and 2001.

<u>Items or Services</u>	<u>Cost</u>
Gravel hauling/road repair	\$ 486,218
Black top/oil	105,911
Used road grader	20,000
Used dump truck	12,500
Road equipment rental	11,200
Air conditioning unit	9,000
Signs and sign post	5,125

The County Commission did not believe that the gravel hauling, road repair, and blacktopping disbursements reimbursed by the Federal Emergency Management Agency were required to follow the regular bidding process. In addition, the payments for the signs and sign posts were divided so that the individual payments did not exceed the \$4,500 bid purchase requirement amount.

Section 50.660, RSMo 2000, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

This condition was noted in our prior two audit reports.

WE AGAIN RECOMMEND the County Commission solicit bids for purchases in accordance with state law and retain documentation of these bids and the justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the County Clerk should retain documentation of these circumstances.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated that they had received price quotes on these purchases. However, documentation of this was not maintained. The Commission is currently trying to better document all purchases and bidding.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-3. Federal Emergency Management Agency Project Bidding
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Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	FEMA-1412-DR-MO
Award Year:	2002
Questioned Costs:	N/A

The county received federal dollars through the state Department of Public Safety to help recover from storm damage. As a part of the projects, the county hired several companies to help in rebuilding various county roads. As discussed in finding number 02-2, this work was not bid in accordance with Section 50.660, RSMo 2000. The county indicated that they were not aware that the disbursements related to the storm damages were required to be bid.

Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, in Part I of the Compliance Supplement, requires that states, and government recipients of states, use the same policies and procedures used for procurements of non-federal funds. As a result, the procurement of these services should comply with Section 50,660, RSMo 2000, which requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

WE RECOMMEND, for future projects, the County Commission should solicit bids for purchases in accordance with state law and retain documentation of these bids and the justification for bid awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission will ensure compliance with the bid laws in future projects.

02-4.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	FEMA-1412-DR-MO
Award Year:	2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	93.161
Program Title:	Health Program for Toxic Substances and Disease Registry
Pass-Through Entity	
Identifying Number:	AOC03380126
Award Year:	2002 and 2001
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States and Local Governments, and Non-profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2002 and 2001, the county's SEFA included amounts totaling \$220,653 that were not federal awards. In addition, expenditures relating to several federal grants were reported incorrectly or not included on the schedules. For the years ended December 31, 2002 and 2001, the county's SEFA did not include federal awards totaling \$94,836. Misclassifications totaled \$665,555 during the two years 2002 and 2001. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. Although the County Clerk has indicated in prior audits that she would try to comply, little or no improvement has been noted.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds.

WE AGAIN RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk will try to develop a system to track federal awards and prepare a more accurate schedule for the 2003 federal expenditures.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MADISON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Madison County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2000.

00-1. Indebtedness

The county's General Revenue Fund had tax anticipation notes payable and other debt totaling \$294,180 and \$224,958 at December 31, 2000 and 1999, respectively. The General Revenue Fund debt had increased yearly due to the county renewing or consolidating the tax anticipation notes. The county's Special Road and Bridge Fund had lease purchase agreements and other bank loans totaling \$200,125 and \$181,231 at December 31, 2000 and 1999, respectively. The Special Road and Bridge Fund debt had increased yearly due to the county buying equipment. The debt balances of the General Revenue Fund and the Special Road and Bridge Fund significantly exceeded the income and revenue less expenditures that were budgeted for other purposes plus any unencumbered balances from previous years.

Recommendation:

The County Commission ensure the county's indebtedness is in compliance with the statutes and the constitution.

Status:

Partially implemented. It appears the county is in compliance with statutes and the constitution regarding debt limitations; however, the county's financial condition is still in need of improvement. See MAR No. 1.

00-2. County Sales Tax

The county had not sufficiently reduced its property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by the Madison County voters under the provisions of Section 67.505, RSMo 2000. The county calculated the sales tax rollback but did not rollback the property tax levy due to the county's poor financial condition.

The county's net excess property tax revenues collected as of December 31, 2000, were \$49,268.

Recommendation:

The County Commission ensure appropriate adjustments are made to the levy to reflect excess property taxes collected in prior years.

Status:

Implemented. During 2002 and 2001, the county reduced property tax levies to nine cents. The majority of the reduction was for the sales tax rollback; however, according to the County Clerk, the county also voluntarily rolled back the tax rate due to the passage of the law enforcement sales tax. However, this is not indicated on the county's tax rate certification.

00-3. Budgetary Practices

Warrants were issued in excess of approved budgeted expenditures for several county funds and the Health Center Fund during the two years ended December 31, 2000.

Recommendation:

The County Commission and the Health Center not authorize warrants in excess of budgeted expenditures.

Status:

Not implemented. See finding number 02-1.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

MADISON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

00-4. Highway Planning and Construction

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-062(5) and BRO-062(6)
Award Year:	2000 and 1999
Questioned Costs:	\$27,735

The county incurred engineering costs of \$34,669 for projects BRO-062(5) and BRO-062 (6) during the two years ended December 31, 2000. The engineering firm was not selected in compliance with state statutes. As a result, we have questioned costs of \$27,735 which is the federal share of the engineering costs paid during the audit period.

Recommendation:

The County Commission resolve the questioned costs with the grantor agency. For future projects, a statement of qualifications and performance data should be obtained from at least three engineering firms before contracting for these services.

Status:

Partially implemented. The County Commission did not enter into any new engineering agreements during our audit period. However, the questioned costs have not been resolved with the grantor agency.

00-5. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads – Grants to States
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Year:	2000 and 1999
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-062(5)(6)
Award Year:	2000 and 1999
Questioned Costs:	Not Applicable
Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.548
Program Title:	Hazard Mitigation Grant
Pass-Through Entity	
Identifying Number:	FEMA-1270-DR-MO
Award Year:	2000 and 1999
Questioned Costs:	Not applicable
Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.unknown
Program Title:	Unmet Needs
Pass-Through Entity	
Identifying Number:	FEMA-1270-DR-MO
Award Year:	2000
Questioned Costs:	Not applicable

The county did not have a procedure to adequately track federal awards for the preparation of the SEFA. As a result, the county over reported expenditures on its SEFA schedule by approximately \$3,000 and \$46,000, for 2000 and 1999, respectively.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 02-4.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

MADISON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Madison County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 10, 2003. We also have audited the compliance of Madison County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 10, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Madison County Memorial Hospital Board and the Madison County Developmentally Disabled Board are audited and separately reported on by other independent auditors, the related funds are not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials and the county boards referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Madison County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	County Financial Condition
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As similarly noted in prior audit reports, the financial condition of the county remains weak. The cash balances of the General Revenue, Special Road and Bridge, and the Madison County Law Enforcement Sales Tax (LEST) Funds all decreased from December 31, 2001 to December 31, 2002.

The half-cent law enforcement sales tax approved by voters in 2001 generated receipts of approximately \$400,000 for the LEST Fund in 2002 which allowed the majority of the law enforcement expenses to be moved to the LEST Fund. However, property tax collections decreased approximately \$50,000 because the county also voluntarily rolled back its general property tax rate as promised when campaigning for the sales tax.

The following shows the ending cash balances and liabilities at December 31, 2002, for the General Revenue Fund, the Special Road and Bridge Fund, and the LEST Fund:

	Cash Balance	Total Liabilities
General Fund	\$ 16,094	100,000
Special Road and Bridge Fund	41,265	233,507
LEST Fund	17,193	92,562

Of the total Special Road and Bridge Fund debt at December 31, 2002, \$150,000 was for expenses related to storm damage. These costs were reimbursed by the state in early 2003. Although the county has not had to borrow by use of tax anticipation notes or interfund borrowing in 2002, the county continues to borrow to lease-purchase land and equipment. In addition, although the debt balances are less than the projected cash balance at December 31, 2003, the county has budgeted to repay only a portion of these amounts in 2003.

The County Commission should review disbursements and reduce discretionary amounts as much as possible. In addition, the County Commission should review budgetary and accounting controls and attempt to maximize all revenues. Several factors contributed to the weak financial condition:

- A. The county issued warrants in excess of its budgeted disbursements in the General Revenue Fund, the Special Road and Bridge Fund, and the LEST Fund, as noted in finding 02-1. In addition, the county disbursements exceeded receipts in 2002 in the General Revenue Fund and the Special Road and Bridge Fund.
- B. The County Commission did not solicit bids for major purchases, as noted in finding 02-2. Considering the financial condition of the funds, all county officials should be using extreme diligence when directing the use of county resources.
- C. The County is currently involved in legal action with the State Tax Commission concerning assessed valuations in the county. As a result, the county has not been receiving reimbursements from the state for assessment disbursements and the General Revenue Fund is paying these costs. During 2002, the county paid \$53,106 for assessment costs from the General Revenue Fund.

WE AGAIN RECOMMEND the County Commission continue to take the necessary steps to improve the financial condition of the county.

AUDITEE'S RESPONSE

The County Commission believes that the county's financial condition has significantly improved. The real estate lease/purchase was the only General Revenue Fund debt at the end of 2002. There are no longer any outstanding tax anticipation notes. They believe they have done all they can do, and believe the county has turned around.

2. Budgetary Practices and Published Financial Statements
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The county did not comply with Chapter 50, RSMo 2000, regarding various budget and financial reporting requirements.

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 2002 and 2001. Five of these funds, including the TIF funds, were new funds. The Flood Buy-Out Fund was not budgeted as it was almost completed and only a few disbursements were made in 2001, and the County Commission and County Clerk were unaware of the Sheriff Commissary Fund. Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all funds, the County Commission can evaluate all county financial resources more effectively.
- B. The county did not budget emergency expenditures for the year ended December 31, 2001. The County Commission and County Clerk indicated that the county did not have sufficient resources to budget the required three percent for emergency situations and doing so would have resulted in a deficit budget. Section 50.540,

RSMo 2000, requires at least three percent of anticipated General Revenue Fund revenues be budgeted for emergency situations.

- C. The annual published financial statements did not agree to the actual amounts presented in the budget statements prepared by the county for the General Revenue and LEST funds. (See finding number 02-1.) In 2001 the differences in receipts and disbursements resulted in differences in the ending fund balances for both funds.

		Published Cash Balance	Cash Balance in Budget Document	Difference
General Revenue	\$	34,296	380,472	346,176
LEST		17,196	(305,479)	(288,283)

In addition, the published financial statements did not include the financial activity of the Sheriff Commissary Fund, the various TIF funds, and the Tax Maintenance Collector Fund, as required. The County Clerk indicated she was not aware of the Sheriff Commissary Fund and the other funds were new in 2002. Also, disbursements were not listed by vendor for the funds presented. Section 50.800, RSMo 2000, provides that the financial statements show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. The statute also requires detail lists of disbursements by vendor. For the published financial statements to adequately inform the citizens of the county's financial activities, all information required by law should be included.

Conditions similar to these were noted in our prior two audit reports. Although the County Commission stated they agreed with our prior recommendations, corrective action has not been taken.

WE AGAIN RECOMMEND the County Commission:

- A. Ensure budgets are prepared for all funds.
- B. Ensure emergency funds are budgeted in the General Revenue Fund.
- C. Ensure financial information for all county funds is properly reported in the annual published financial statements and disbursements are listed by vendor.

AUDITEE'S RESPONSE

- A. *The County Commission and County Clerk will prepare budgets for all funds for 2004.*
- B. *The County Commission did not have the money to budget the three percent emergency funds in 2001. The County Commission did budget for the three percent reserve for the past two budget years.*
- C. *The County Clerk will try to ensure that the published financial statements and the budget/actual numbers agree and are correct. All funds will be included and the county will consult with their computer programmer to determine if disbursement information by vender can be presented.*

3. Officials' Salaries and Payroll Policies
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We noted concerns regarding the Associate Commissioners' and County Treasurer's salaries. Also, concerns were noted regarding the pay of the Prosecuting Attorney's secretary and the Sheriff's deputies. Leave records are not properly maintained and the county does not have a comprehensive employee manual.

- A. The county has not taken action on mid-term salary increases given to the associate county commissioners in 1997.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo. This section of law allowed salary commissions in 1997 to provide mid-term salary increases for associate commissioners elected in 1996. The Supreme Court held that this section of law violated Article VII, Section 13, of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

As noted in the prior report, the 1997 salary commission voted to give the associate commissioners the mid-term increase. The County Commission indicated that an opinion letter was requested from the Prosecuting Attorney. However, there is no documented written request or response.

In light of the Supreme Court ruling, raises given to officials within their term of office should be re-evaluated for propriety. Any legal opinions should be documented.

- B. The County Treasurer's salary was increased \$7,514 annually, effective with the start of her new term of office on January 1, 2003. A salary commission meeting held in July 2002 approved this increase.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission **may** authorize the use of the alternative salary schedule. However, Section 50.333, RSMo 2000, appears to authorize salary commissions to meet only in odd-numbered years. Although the Prosecuting Attorney indicated he verbally approved the meeting, there was no written documentation supporting whether the meeting complied with Section 50.333, RSMo 2000.

As a result, without a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

- C. In addition to her regular county salary the Prosecuting Attorney's secretary received additional compensation from the county for the years ended December 31, 2002 and 2001, as noted below.

		2002	2001
Regular County Salary	\$	15,065	8,577
Bad Check Fund		9,188	10,270
IV-D receipts		650	7,800
Total County Compensation	\$	24,903	26,647

The payments made from the Prosecuting Attorney Bad Check Fund and the IV-D receipts were not processed through the normal county payroll records and procedures, and \$13,720 of the payments were actually made payable to the Prosecuting Attorney who in turn endorsed the checks and gave them to the secretary. These payments were supposedly for time spent related to child support enforcement activities and processing bad checks; however, the county and Prosecuting Attorney do not require the secretary to prepare timesheets to support her county salary or this additional pay. In addition, the secretary is employed and earns additional compensation as the secretary for the Prosecuting Attorney's private practice. Also, because the additional payments were not processed through the normal county payroll records and procedures, they were not subject to the proper withholdings and were not reported on the employee's W-2 forms.

To ensure compliance with the Fair Labor Standards Act (FLSA) and ensure the propriety of payments made, time worked should be properly recorded on monthly timesheets and paid through the regular county payroll process. In addition, the Internal Revenue code requires employers to report all wages on W-2 forms. This condition was noted in our previous two reports and the Prosecuting Attorney indicated he would request the county to pay the secretary through the payroll system.

- D. Instead of receiving overtime pay, sheriff's deputies serving as guards in the transportation of prisoners during off duty hours, are paid the per diem and mileage fees established by Section 57.290, RSMo 2000. In addition to \$8 and \$6 per diems, the transporter and each guard receive fees of 25 cents per mile. The Sheriff indicated he believed these payments were allowable and equitable for the services rendered.

Because these payments are not processed through the normal county payroll procedures, they are not subject to payroll withholdings and are not reported on the respective W-2 forms. In addition, the hours spent in transporting prisoners are not included on timesheets. Our review indicated that \$16,504 was paid to deputies for guard fees during the two years ended December 31, 2002.

The FLSA requires employers to keep accurate records of actual time worked by employees including compensatory time earned, taken, or paid. It also requires that all covered employees working overtime are entitled to time and one-half in wages or in compensatory time.

Any full-time county employee serving as a guard should be compensated under normal county payroll procedures, documenting hours worked and any overtime incurred. In addition, all compensation should be reported on the employees' W-2 forms. This condition was noted in our prior report.

- E. Records are not maintained of annual leave, sick leave, and compensatory time earned, taken, and accumulated for some employees. The County Clerk indicated these records are maintained by each individual office but our review noted that some offices, including the Collector, Assessor, and Prosecuting Attorney, are not maintaining these records. The various officials believed these records were maintained by the County Clerk. Accurate records of leave and compensatory time are necessary to ensure compliance with the FLSA and to ensure employees are properly compensated for accumulated leave. In addition, without accurate leave records, the county can not quickly and easily determine the amount of leave that is due an employee upon termination of employment, and the accrued liability of the county for the employees' earned leave. When an employee terminates employment, the County Clerk must go through all of the employee's timesheets and determine the leave hours earned and used for the past year. This condition was noted in our three previous reports and although the County Commission indicated they would implement this recommendation in our 1998 report, nothing has been done.

- F. The county does not have a comprehensive employee manual. Such a manual should detail personnel matters, such as vacation and sick leave policies, overtime and compensatory time policies, employee duties and responsibilities, lines of authority, grievance procedures, and any other items of interest to employees. Because the county does not have a policy on the payment of sick leave upon termination, the county has not been consistent in paying this leave. The County Commission apparently did not recognize the importance of such a manual.

A comprehensive employee manual can benefit both county officials and employees by providing a basic understanding between management and employees regarding each other's rights and responsibilities. It can also help ensure that management's policies are fairly and consistently applied to all county employees. The County Commission has not established formal written policies and procedures to ensure operations are conducted in compliance with applicable legal provisions and to assist employees in properly performing their assigned responsibilities.

- G. Timesheets completed by the 911 supervisor and the road and bridge supervisor did not include documentation of supervisory approval. The County Clerk and County Commission did not think approval was necessary for supervisory positions. Supervisory approval is necessary to ensure time reported was actually worked.

WE RECOMMEND the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of any salary overpayments.
- B. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.
- C. And the Prosecuting Attorney ensure all salary payments are supported by timesheets showing actual time worked, are subject to payroll withholdings, and are reported on W-2 forms.
- D. And the Sheriff review this situation. Deputies who serve as guards should be paid their normal salary for the amount of time spent and all payments should be included on W-2 forms.
- E. Require records be maintained by the County Clerk's office of vacation, sick, and compensatory leave earned, used, and accumulated.
- F. Establish written policies and procedures to ensure operations are conducted in compliance with applicable legal provisions and to assist employees in properly performing their assigned duties.
- G. Require all timesheets include supervisory approval.

AUDITEE'S RESPONSE

- A. *The County Commission verbally discussed the salary increases with the Prosecuting Attorney in a commission meeting, but did not receive a written legal opinion. They will again request a written legal opinion within the next thirty days.*
- B. *The County Commission will seek a written legal opinion from the Prosecuting Attorney within the next thirty days.*
- C. *The County Commission will request a time sheet for the next pay period, and will start processing the checks through the regular payroll process. The Prosecuting Attorney indicated he would require the secretary to prepare a timesheet.*
- D. *The time spent by deputies transporting prisoners will be compensated through the regular payroll process. The Sheriff indicated that to avoid overtime, he will restrict the use of full-time employees and will try to budget for the guard duty wages in the next budget.*
- E. *The County Commission will require the County Clerk to maintain these records beginning in 2004.*
- F. *This has been implemented. The county now has an employee manual that addresses these issues.*
- G. *This has been implemented. The supervisors' timesheets are now approved by one of the commissioners.*

4. Tax Increment Financing Project

In July 2001, the Madison County Commission established a Tax Increment Financing District (TIF) northwest of the city of Fredericktown to try to stimulate business growth. In December 2002, the county sold revenue bonds totaling \$1,035,000 to finance the TIF project. We noted several concerns regarding the TIF including the bonds were not sold competitively, the county did not competitively seek proposals for various bond services, and some of the TIF monies were not properly invested.

- A. The County Commission sold the bonds through a negotiated, instead of a competitive sale, and did not seek open bids assuring the most competitive rate of return for the taxpayers.

Historically, negotiated bond sales result in increased interest costs. As a result of the negotiated sale, taxpayers may have more debt to pay for less services. While Missouri law does not require competitive bond sales, the historically lower interest costs on competitive sales suggest such sales may be in the best interest of the county.

- B. The County Commission did not competitively select the bond underwriter, legal counsel, or the servicing bank. In addition, the county did not seek the advice of an independent financial advisor to represent the county's interests in the bond transaction. Competitive requests for proposals are necessary to provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best firm. A competitive selection process ensures all interested parties are given an equal opportunity to participate in county business. In addition, Section 50.660, RSMo 2000, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any 90 day period.
- C. Some of the TIF monies are not properly invested. At December 31, 2002, the county had \$7,863 in a money market fund. The County Commission relied on the advice of their bank when investing these monies. Investments of local public funds are limited to insured or collateralized banking deposits or direct investments in government securities that can be held to maturity.

WE RECOMMEND the County Commission:

- A. Pursue fair and open competition in any future bond sales.
- B. Request competitive proposals for all services related to bond issuances.
- C. Invest funds only in allowable investments.

AUDITEE'S RESPONSE

- A&B. *The County Commission will seek competitive bond sales and proposals for all future bond transactions.*
- C. *The County Commission will speak with the Southeast Regional Planning Commission representative and will correct this within the next thirty days.*

5. Disbursement Procedures

Several problems were noted regarding disbursements including payments made without supporting documentation and invoices not marked as paid or with acknowledgment of receipt of goods or services.

- A. The county processed some payments to vendors without proper supporting documentation. We noted payments totaling \$16,162 that did not have original invoices or receipts.

Blacktopping county road	\$ 5,000
Sheriff's department equipment	4,500
Computer and supplies	3,272
Travel expenses	2,079
Prisoner food purchases	1,311

The Prosecuting Attorney, Sheriff and 911 employee submitted only a memo requesting payment for travel related expenses; however, the original invoices supporting the amounts claimed were not submitted. In addition, some reimbursed travel expenses paid to the Prosecuting Attorney appeared questionable or personal in nature. On two separate occasions, the Prosecuting Attorney requested reimbursement for lodging while attending training at the Lake of the Ozarks. The dates stated on his reimbursement request indicated that the Prosecuting Attorney attended training on January 14-15 and April 10-12, 2001. According to the Missouri Office of Prosecution Services, the conference dates were January 12 and April 12-13, 2001, respectively. There was no documentation explaining these inconsistencies.

To ensure the validity and propriety of the disbursements, adequate documentation should be required and obtained.

- B. Invoices were not always noted as paid or otherwise canceled upon payment. The possibility that an invoice will be paid twice is increased when invoices are not properly canceled. To ensure against duplicate payment of bills, invoices should be marked paid when a check has been issued by the county.
- C. The County Commission approved some payments to vendors without requiring acknowledgment of receipt of goods or services. Some examples are groceries for the county jail, signs and posts, and gravel hauling services. To ensure that payments are valid and for goods or services actually received, evidence of receipt of goods or services should be noted.

Similar conditions were noted in our prior four reports and, although the County Commission indicated they would implement the recommendations, this has not occurred. The County Clerk indicated she believes she must pay out the money upon the request of the various officials even if the documentation is inadequate.

WE AGAIN RECOMMEND the County Commission:

- A. Ensure all payments are supported by an invoice documenting the purchase.
- B. Ensure invoices are properly canceled upon payment.
- C. Ensure all invoices contain an indication of receipt of goods or services.

AUDITEE'S RESPONSE

- A. *This has been implemented. The County Commission is now requiring invoices for all payments.*
- B. *This has been implemented. The County Clerk and Commission indicated that invoices are now cancelled upon payment.*
- C. *This has been implemented. The County Commission is now requiring that all invoices be reviewed and approved by the office holders prior to payment.*

6.	Contract Procedures
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The county does not always enter into written signed contracts defining services to be provided and benefits to be received

- A. The county did not have written agreements for the following items:

Service	Amount Received	Amount Paid
Prisoner boarding	\$ 222,455	N/A
Dispatch services	107,021	N/A
TIF project services	N/A	26,103
Law enforcement office rent	22,000	N/A
Attorney fees	N/A	10,181
Computer services	N/A	8,520

- B. The Prosecuting Attorney maintains an office outside the courthouse, which is used for both county business and his private practice. Although there is a written agreement between the Prosecuting Attorney and the county, it is not signed by either party.

The contract states the county is to pay up to \$435 per month for rent, copies, and phone charges; however, the contract does not detail the exact charges for each service. During 2002 and 2001, a total of \$10,192 was paid to the Prosecuting Attorney for these services. The county did not prepare an IRS Form 1099-MISC information for these payments.

In addition, the contract did not outline what would be provided by the Prosecuting Attorney's private practice. Since county resources should be used only for county business and to ensure the Prosecuting Attorney is not personally benefiting from this arrangement, it is important to document the adequacy of the financial arrangement and the basis for allocation of resources between county and private use. There needs to be a clear distinction between county and private practice resources

and work effort to avoid the appearance of impropriety and alleviate questions regarding possible inappropriate use of public resources.

Written contracts are necessary to document the rights and responsibilities of both parties. Section 432.070, RSMo 2000, states all contracts entered into by the county shall be in writing and signed by each of the parties. Disbursements under contractual agreements should be monitored to ensure the reasonableness and propriety of expenditures, and compliance with contractual terms. Although the importance of such contracts and written agreements was included in our two prior audit reports and the County Commission indicated that they would enter into contracts for all services, this recommendation has not been implemented.

WE AGAIN RECOMMEND the County Commission enter into written contracts that specifically state the services to be provided to the county. Any disbursements made should be monitored for compliance with the terms of the contract. In addition, documentation should be retained of the allocation of resources between the county and the Prosecuting Attorney's private practice to ensure there is a clear distinction between them. IRS Forms 1099-MISC should be prepared when required.

AUDITEE'S RESPONSE

The County Commission will implement this recommendation for all contracts at the beginning of the new year. The Prosecuting Attorney stated he would negotiate terms with the County Commission and obtain a signed contract.

7. Telephone Policies

A formal telephone policy has not been established or approved by the county and controls over employee telephone usage should be improved. In addition to multiple standard telephone lines, the county owns five cellular telephones. During our audit period, these were used by the Presiding Commissioner, sheriff's department, road and bridge department, and Assessor. Currently, only the sheriff's department, road and bridge department, and Assessor have cellular telephones. During 2002 and 2001, the county paid \$40,545 for regular telephone service and \$6,420 for cellular telephone equipment and services.

- A. Cellular telephone users are not required to identify personal calls and detailed billings are not obtained for all cellular phones. Without the use of detailed billing, the county cannot determine if personal calls are made on county telephones. Some users exceeded the airtime provided in their plans and incurred roaming charges. Without detailed billing, the county cannot determine if personal use contributed to the additional airtime or if roaming charges were associated with personal calls.
- B. The county pays state and local sales taxes for cellular telephone equipment and services. Political subdivisions are exempt from paying these sales taxes.

- C. Detailed bills for regular telephones are not reviewed for personal calls. Without such a review, the county cannot determine if all telephone charges are for county business. We noted many long distance calls for extended lengths of time with no documentation of the business reason for the calls.

The County Commission has not recognized a need for a telephone usage policy. To ensure proper controls are established, the county should adopt formal policies and procedures regarding employee telephone usage. These policies and procedures should include supervisory review of the detail of the phone bills and should help ensure county telephones are not used inappropriately.

WE RECOMMEND the County Commission establish a formal written policy regarding telephone usage including cellular telephone usage. This policy should outline proper controls over the use of the telephones, such as prohibiting personal use. In addition, the county should discontinue paying state and local sales taxes on cellular telephone usage.

AUDITEE'S RESPONSE

The County Commission indicated this has been implemented. The policy and procedure manual addresses telephone usage and the county is now reviewing each bill for any unusual charges.

8. Vehicle Records

The county road and bridge department owns nine vehicles, four of which were purchased during 2002 and 2001, and pays for the maintenance, insurance, and fuel expenses for these vehicles. Although similar recommendations were made in our prior three reports, the county still does not maintain adequate vehicle records.

- A. The road and bridge department does not maintain vehicle usage logs which document how the vehicles are used. Without adequate vehicle logs, the county cannot effectively monitor that vehicles are used for official business only. These logs should identify the employee the vehicle is assigned to, the dates used, miles driven, destination, and purpose of the trips.
- B. The road and bridge department does not reconcile fuel and oil usage to fuel and oil purchased. To reduce the risk of loss, misuse, or theft, fuel and oil usage should be reconciled to fuel and oil purchased, and significant differences should be investigated.

Given the number of vehicles owned by the road and bridge department, it is essential that vehicle records be maintained.

WE AGAIN RECOMMEND the County Commission:

- A. Require vehicle logs be maintained for all county vehicles. In addition, the Commission should review these logs to monitor the usage of county owned vehicles.
- B. Reconcile fuel and oil usage to fuel and oil purchased and investigate significant differences.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *This has been implemented.*
- B. *This will be implemented immediately.*

9. Property Tax Book Procedures
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Controls over the preparation of and additions to the property tax books are not adequate. The county is not in compliance with various statutes regarding the segregation of duties involving the tax books. Prior audit reports have also addressed the inadequacy of the county's property tax book procedures. While the County Commission and County Clerk responded in the 1998 audit, as well as other previous audits, that recommendations would be implemented, conditions have not improved. The County Commission and County Clerk have failed to implement the procedures necessary to adequately comply with state law regarding tax books.

- A. Although the County Clerk attempted to maintain an account book with the County Collector, it was not complete or accurate. The account book has not been updated since October 2002. In addition, the account book only includes information presented on the monthly settlements of the County Collector, but does not include tax book charges, delinquent credits, abatements and additions, and protested amounts. An account book should summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly reports, and totals of charges and credits. These verifications are the County Clerk's means of ensuring the amount of taxes charged to the County Collector and reported credits are complete and accurate.

Section 51.150(2) , RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and County Commission to verify the County Collector's annual settlements. Such a review is necessary to detect errors in the annual settlement as noted in MAR No.10.

- B. 1) Controls over property tax additions need improvement. Tax book additions are initiated by the County Assessor who assigns an assessed value and enters it into the property tax computer system. The County Collector then prepares a tax statement of the taxes due and collects the tax. At the end of the year, the County Collector prints a report of all property tax additions and charges himself with these additions. The County Commission does not approve these additions.
- 2) The County Clerk does not prepare the current or back tax books or verify the tax book totals. Personnel from the County Collector's office prepare the current and back tax books.

State law provides for segregation of duties related to property tax charges and collections, provides for the County Clerk to prepare the tax books and charge the County Collector with the taxes collected, and provides for the County Commission to approve changes to the tax books. To ensure proper segregation of duties over tax book preparation and additions, the County Clerk should prepare all tax books and additions and charge the County Collector with these amounts. In addition, the County Commission should approve all tax book additions.

WE AGAIN RECOMMEND the County Clerk:

- A. Maintain a complete account book with the County Collector. The County Commission should use the account book to verify the County Collector's annual settlements.
- B. 1) Prepare all additions to the tax books and charge the County Collector with the additions at the time the additions are prepared. All additions should be approved by the County Commission.
- 2) Prepare the current and back tax books in accordance with state law.

AUDITEE'S RESPONSE

- A. *The County Clerk will update the account book as she has time. She will try to include all necessary information.*
- B. 1) *The County Commission will start approving all additions with the beginning of the next tax year.*

- 2) *The County Clerk has reviewed the tax books in prior years; however, due to time constraints she did not review the tax book during the audit period. The County Clerk will implement the recommendation when the tax books are prepared for the next tax year.*

10.

County Collector's Controls and Procedures

Several problems were noted concerning the County Collector's controls and procedures including inadequate bank reconciliations and annual settlements, deposit concerns, improper surtax and interest distributions, and incorrect commission withholding. Similar conditions have been noted in many previous audit reports and, although the County Collector indicated he would try to implement the recommendations, little has been done. The County Collector has failed to implement the proper procedures to effectively run his office in compliance with Missouri laws.

- A. As a result of the County Collector not maintaining a complete and accurate list of monies held in his bank account such as partial payments, he cannot perform a complete reconciliation of his bank balance. The County Collector's bank reconciliation only indicates outstanding checks and deposits in transit and does not tie to any other record. Based on his records, we attempted to prepare a listing of liabilities at December 31, 2002. The reconciled bank balance exceeded the liability listing by over \$15,500.

To ensure all monies are accounted for properly, complete and accurate lists of open items, including partial payments, should be maintained and reconciled to the bank balance each month. In addition, any differences noted should be promptly investigated and resolved. Various statutory provisions including Sections 447.500 through 447.995, RSMo 2000, provide for the disposition of unclaimed and unidentified monies.

- B. The County Collector does not compare the composition and amount of collections received to deposits made to the bank account. To ensure all monies collected are properly recorded and deposited, daily comparisons of collections and deposits should be performed. The Collector is unable to perform such comparisons due, in part, to the following:
- 1) The County Collector does not deposit duplicate tax receipt fees, copy fees, and county merchant license fees that are collected in cash, on a daily basis. The Collector indicated that the amounts collected were small, so the cash amounts are held until the end of the month and deposited at one time.
 - 2) The County Collector refunds overpayments by cash or money order. Cash refunds should not be made.

To adequately safeguard against loss, theft, or misuse of funds, all receipts should be deposited intact daily and all disbursements should be made in the form of a check.

- C. Surtax collections are not properly distributed. Surtax collections are supposed to be distributed based on percentages derived from a combination of the 1984 merchants' and manufacturers' taxes paid and the current assessed valuation for subclass 3 commercial property for each year compared to the 1985 valuation. The County Collector does not recalculate the distribution percentages each year. Instead, he continues to use the percentages calculated 18 years ago in 1985. The County Collector should obtain information from the County Assessor indicating the changes in the assessed valuation of commercial property.

Section 139.600, RSMo 2000, outlines the procedures to be followed to calculate the percentages for the first and each succeeding year the surtax is imposed. Since significant changes have occurred in subclass 3 commercial property assessed valuation amounts, political subdivisions have not received the proper allocation of surtax collections.

- D. The County Collector's annual settlements were not complete or correct. Total collections did not agree to the total distributions. The settlements did not include all activity of his office and some activity was incorrectly reported. The collections and related distributions for licenses and fees were not included on the annual settlement. The surtax distributions were reported twice and the amount distributed to schools was incorrectly reported in the 2003 settlement. These errors were not corrected, in part, because the County Clerk and County Commission do not adequately review the annual settlement as discussed in MAR No. 9.

Section 139.600.3, RSMo 2000, states that "...the collector shall ... settle his accounts of all monies received by him on account of taxes and other sources of revenue...." By not accurately reporting all sources of revenues and disbursements, the County Collector's annual settlement is incomplete and the County Commission cannot properly examine or approve it.

- E. The County Collector is not properly withholding commissions from tax collections. He is incorrectly withholding a one-half percent commission on current railroad and utility taxes collected. More than \$5,000 was over withheld in the years ended February 28, 2003 and 2002. Section 52.250, RSMo 2000, allows this commission on all current taxes exclusive of railroad and utility taxes as compensation for mailing the statements and receipts. In addition, the County Collector is not withholding commissions from interest paid on back taxes in compliance with Section 52.290, RSMo 2000. While the effect on the total amount of commissions was not determined for the entire audit period, the proper amount of commissions was not withheld from tax collections of the various taxing authorities and turned over to the General Revenue Fund.

- F. The County Collector does not distribute interest earned on bank deposits properly. According to the County Collector, these allocations are based on a percentage derived from the respective tax levies. No consideration of assessed valuation and its effect on overall collections is included in the allocation. In addition, the County Collector used the same percentages to allocate interest earned each year, even though the various tax levies and assessed valuations have changed. The County Collector's method distributes more monies than should be to subdivisions with smaller assessed valuations. For example, the Marquand School District received \$573 in interest in 2001; however, if its assessed valuation was considered, it should have received only \$210. State law and various Attorney General Opinions provide for the allocation of interest to various funds. To allocate the interest equitably, the percentage of tax collections should be used.

WE AGAIN RECOMMEND the County Collector:

- A. Perform complete monthly reconciliations of his records and attempt to identify and distribute the unidentified monies in his account.
- B. Deposit all monies received daily and intact. For any overpayments, the excess should be refunded by check.
- C. Ensure future distributions of surtax collections take into consideration the current year's assessed valuation for subclass 3 commercial property of each political subdivision as required by law. The County Collector should obtain information from the County Assessor indicating the changes in the assessed valuation of commercial property.
- D. File complete and accurate annual settlements.
- E. Recalculate commissions for the audit period and past years and withhold from or make adjustments to the various political subdivisions' future distributions to correct for errors noted. In the future, the County Collector should calculate and withhold commissions in accordance with state statutes.
- F. Allocate interest based on tax collections and in accordance with state statutes and Attorney General Opinions.

AUDITEE'S RESPONSE

- A. *The County Collector will try to correctly reconcile the account, update the partial payment listing, and disburse the remaining money to the appropriate parties within six months.*
- B. *The County Collector will immediately start depositing all monies daily, including copy fees and merchant license monies. He will continue issuing cash refunds but will start tracking all cash refunds.*

- C. *The County Collector will obtain the required information from the Assessor and will implement this recommendation with the next distribution of surtax.*
- D. *The County Collector will make the necessary adjustments and will try to issue a correct annual settlement next year.*
- E. *The County Collector will properly calculate all commissions beginning in September 2003.*
- F. *The County Collector will calculate all future distributions of interest proceeds according to the percentage of total collections. This will be implemented in February 2004.*

11. Sheriff's Commissary Account Controls and Procedures

The jailer is responsible for all operations of the Sheriff's commissary bank account held outside the county treasury. Money is used to purchase items to sell to jail inmates and the profits are used to buy items for use by the Sheriff's Department. The inmates' monies are held as cash in various envelopes with their names. The Sheriff and the jailer indicated they were unaware of the proper procedures necessary to maintain this account and records. Several problems were noted in the operation of this system.

- A. The Sheriff does not have a system for tracking the profit and loss from the sales of commissary items. In addition, all monies earned from the sale of commissary items are retained in the sheriff's commissary account. The Sheriff does not keep records indicating what is purchased for the commissary or the receipts received from the sales. To adequately account for commissary merchandise, records should be maintained in a manner to allow for the tracking of profit and loss on all sales from the commissary. The profits from the commissary account should be deposited into the county treasury. Section 50.370, RSMo 2000, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasury. Accountable fees should be turned over to the County Treasurer. Section 50.550, RSMo 2000, authorizes the County Commission to establish separate funds as necessary.
- B. The duties of receiving, recording, depositing, and disbursing monies are not adequately segregated. Due to the lack of available personnel, the jailer currently performs all of these duties. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly. At a minimum, there should be a documented independent comparison of receipt slips issued to amounts deposited and the bank reconciliation should be reviewed by an independent person.

- C. Monthly bank reconciliations are not performed. During our review of the checkbook ledger, we noted many errors such as amounts posted twice, deposits not listed, and mathematical errors. At December 31, 2002, the checkbook ledger showed a balance of \$791 in the account. However, the reconciled bank statement balance was \$1,150. Of the \$359 difference, \$121 represented errors noted in the checkbook ledger. Monthly bank reconciliations are necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors on a timely basis. Without maintaining records of cash balances and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner. Any differences noted should be promptly investigated and resolved.
- D. Several problems were noted regarding disbursements from this account.
- 1) Many payments were processed without proper supporting documentation. We were unable to tie disbursements per the check ledger to invoices and some disbursements were made by cash and no ledger was maintained of these disbursements. In addition, we noted a check issued to cash for \$200. There was no documentation indicating how the \$200 was spent. To ensure the validity and propriety of the disbursements, adequate documentation should be maintained.
 - 2) Invoices were not noted as paid or otherwise canceled upon payment. The possibility that an invoice will be paid twice is increased when invoices are not properly canceled. To ensure against duplicate payment of bills, invoices should be marked paid.
 - 3) Payments were made without any indication of proper approval. In addition, payments were made without requiring acknowledgement of receipt of goods or services. To ensure that payments are valid and for goods or services actually received, proper approval should be noted along with evidence of receipt of goods or services.
 - 4) Several items purchased appear to be questionable in nature. These include a diamond accent ring purchased for \$64. The jailer stated this was purchased with inmate monies for an inmate's girlfriend; however, the payment was made in cash and there was no documentation of inmate money being used for such a purchase. Another purchase was for \$37 for women's pants. The jailer indicated this was for her uniform. Jail employees are not provided uniforms by the county and this appears to be a personal expense. We noted other questionable disbursements including dog and cat food; charcoal and charcoal lighter; Christmas paper plates and gift wrap; car supplies including air filters, oil filters, and headlights; flowers and potting soil; and flowers to be sent to a deputy. Without adequate explanation of the purpose of these items, the items appear to be personal in nature. These disbursements do not

appear to be necessary or prudent uses of public funds.

- 5) Sales tax was paid on several items. For appropriate county expenditures, the county is exempt from paying sales tax.
- E. Pre-numbered receipt slips are not issued for monies received. In addition, there is no receipt ledger or record of receipts. To ensure receipts are handled properly, pre-numbered receipt slips should be issued for all monies received. In addition, to adequately safeguard receipts, the method of payment should be indicated on each receipt slip and the composition (cash and money orders) should be reconciled to the composition of bank deposits.
- F. Monies received are not deposited intact or on a timely basis. During the audit period, deposits were made approximately once per week. On April 30, 2003, we counted cash on hand for the commissary account totaling \$760. In addition, disbursements are made from cash and the jailers and deputies are allowed to purchase items and write personal checks in excess of the amount purchased. As a result, the composition of receipts does not agree to the composition of deposits. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.
- G. Checks and money orders received for deposit to the commissary account are not restrictively endorsed immediately upon receipt. They are endorsed by the jailer when the deposit is prepared. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- H. The Sheriff does not deposit inmates' monies, but rather keeps the cash in separate envelopes for each inmate. During a cash count on April 30, 2003, \$1,349 in cash and \$167 in money orders was on hand that belonged to various inmates. The envelopes are supposed to indicate the original amount received and any additions and subtractions from the monies; however, this has not been done consistently and amounts in the envelopes did not agree to the amounts indicated on the outside of the envelopes.

To adequately protect this money from loss or misuse, it should be deposited into a separate inmate bank account and a ledger should be maintained documenting each inmate's balance and receipts and disbursements. This ledger should be reconciled monthly to the inmate bank account.

WE RECOMMEND the Sheriff:

- A. Develop records to adequately track profits and losses on the commissary operations and turn all profits over to the County Treasurer as accountable fees.

- B. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Perform complete monthly bank reconciliations.
- D.
 - 1) Maintain adequate documentation for all disbursements. Records should be established so that disbursements can be tied directly to their supporting documentation.
 - 2) Ensure invoices are properly canceled upon payment.
 - 3) Ensure all invoices contain an indication of approval and receipt of goods or services.
 - 4) Ensure all purchases are proper.
 - 5) Discontinue paying sales tax on items purchased for the county.
- E. Issue pre-numbered receipt slips for all monies received. In addition, the composition of the receipts should be recorded on the receipt slips and reconciled to the deposits.
- F. Deposit all monies daily or when receipts exceed \$100. The Sheriff should discontinue the practice of allowing deputies and jailers to buy items with personal checks. In addition, all disbursements should be made by check.
- G. Restrictively endorse all checks and money orders immediately upon receipt.
- H. Deposit all inmate money into a separate bank account and maintain a ledger indicating balances, receipts, and disbursements by inmate. This ledger should be reconciled monthly to the bank account balance.

AUDITEE'S RESPONSE

A,D

&E. *These recommendations will be implemented within six months.*

B. *The Sheriff will review the commissary account records on at least a monthly basis.*

C,F

&G. *These recommendations will be implemented within thirty days.*

- H. *The Sheriff will try to maintain inmate records in a more orderly fashion, but does not agree to deposit this money into a bank account. He wants to be able to give this money to the inmates at any time and not have to write checks.*

12. Sheriff's Fee Account Controls and Procedures
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The Sheriff's fee receipts and disbursements total over \$53,000 each year. The Sheriff did not adequately review and supervise the work of the bookkeeper to ensure it was performed.

We noted several concerns including receipts were not deposited intact and on a timely basis, the composition and amount of collections received were not compared to deposits made to the bank account, monthly bank reconciliations were not performed timely, and bond money received was not distributed on a timely basis.

- A. Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. The Sheriff reviews the monthly bank reconciliation, but there is no documentation that an independent review of the deposits and accounting records is performed. The Sheriff is not the immediate supervisor of the employee handling the accounting duties and, therefore, does not believe he has any authority over that employee's work. The County Commissioner supervises this individual.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B. Receipts are not deposited intact and on a timely basis. For example, summons receipts are deposited once a month and averaged over \$300 during 2002 and 2001. In addition, receipts are not recorded immediately upon receipt. Excessive cash on hand, accompanied by a lack of receipting, increases the possibility of loss or misuse of funds.
- C. The composition and amount of collections received is not compared to deposits made to the bank account. To ensure all monies collected are properly recorded and deposited, daily comparisons of collections and deposits should be performed. Such a comparison is more difficult due, in part, to the Sheriff's bookkeeper cashing personal checks. As a result, the composition of receipts does not always agree to the composition of deposits.

To adequately safeguard against loss, theft, or misuse of funds, the composition of receipts should be compared to the composition of bank deposits and employees should not be allowed to cash personal checks.

- D. Monthly bank reconciliations are not performed timely. We noted instances where the bank reconciliation was performed up to 60 days after the month ended. Monthly bank reconciliations are necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors on a timely basis.
- E. Bond monies received are not deposited or distributed on a timely basis. The Sheriff collects monies posted as bond for Madison County as well as other political subdivisions. This money is deposited into the bank account and then paid to the applicable entity. We noted that bond receipts were held from seven to fourteen days before the bond monies were deposited and paid to the correct political subdivision. Timely deposit and distribution of bond monies is necessary to ensure the corresponding court cases are processed correctly and in a timely manner.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B. Deposit all monies daily or when receipts exceed \$100. In addition, receipts should be recorded immediately upon receipt.
- C. Reconcile the composition of receipts to the composition of bank deposits. The Sheriff should disallow the practice of cashing personal checks.
- D. Perform complete monthly bank reconciliations on a timely basis.
- E. Deposit and distribute bond receipts in a timely manner.

AUDITEE'S RESPONSE

The Sheriff indicated:

A-E. The above recommendations have been implemented.

13. Prosecuting Attorney's Controls and Procedures

Although the Prosecuting Attorney indicated in our prior report that he would try to implement the recommendations, several are repeated including untimely receipt deposits, no bank reconciliations performed, and no monthly reports filed with the County Commission. In addition, better procedures are needed to follow up on outstanding checks

and to track undercover operations money. The Prosecuting Attorney does not adequately supervise the work of his secretary and does not require proper records and procedures.

- A. The duties of receiving, recording, and depositing monies are not adequately segregated. Currently, the Prosecuting Attorney's secretary performs all of these duties. The Prosecuting Attorney indicated he only reviews the bank statement; however, the bank statement is not reconciled. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly. At a minimum, there should be a documented independent review of the bank reconciliations and a comparison of receipt slips issued to amounts deposited.
- B. Receipts are not deposited in a timely manner. In 2002, only 14 deposits were made each averaging approximately \$5,482. On March 31, 2003, we counted money orders on hand for the collection of bad check fees totaling approximately \$3,500. Several money orders dated back to January 2003. To adequately safeguard monies and reduce the risk of loss or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.
- C. Monthly bank reconciliations are not performed. As a result, the Prosecuting Attorney cannot reconcile his receipts and disbursement records with the bank statements, and an unidentified overage of \$1,659 existed in the account at December 31, 2002. Without maintaining records of cash balances and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner. Any differences noted should be promptly investigated and resolved. Various statutory provisions including Sections 447.500 through 447.995, RSMo 2000, provide for the disposition of unclaimed or unidentified monies.
- D. The Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks. At December 31, 2002, checks totaling \$987 had been outstanding for over a year. Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section, as required by Section 447.595, RSMo 2000.
- E. Voided checks are not properly retained. To ensure all checks are properly accounted for, all voided checks should be properly defaced and retained.
- F. The Prosecuting Attorney and his secretary are not covered by an employee bond. Properly bonding all persons with access to monies would better protect the official and the county from risk of loss.

- G. The Prosecuting Attorney does not file a monthly report with the County Commission. Section 50.370, RSMo 2000, requires county officials to prepare and file with the county commission monthly reports of fees collected.
- H. The Prosecuting Attorney does not require any accounting over money used in undercover operations. On July 8, 2003, we counted this money and it totaled only \$300 out of the original \$350. Documentation was not provided to verify what happened to the other \$50. To properly account for the money and prevent misuse or loss, the Prosecuting Attorney should require monthly reports, with an independent person performing a count of the money.

WE AGAIN RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit monies daily or when accumulated receipts exceed \$100.
- C. Require complete and accurate bank reconciliations be performed each month and attempt to identify and distribute the unidentified monies in his account.
- D. Establish procedures to routinely follow up on old outstanding checks.
- E. Require all voided checks be defaced and retained.
- F. Consider obtaining adequate bond coverage for all employees with access to monies.
- G. File monthly reports of fees with the County Commission as required by state law.
- H. Require a monthly report and independent count of the undercover money.

AUDITEE'S RESPONSE

- A. *The Prosecuting Attorney will review the bank reconciliation after it is prepared by his secretary.*
- B. *The deposits are now being made two times per month. Due to time constraints, it is not possible to deposit more frequently.*
- C. *The Prosecuting Attorney will try to have his secretary perform the bank reconciliations and he will then review them.*
- D. *The outstanding checks will be taken care of with the bank reconciliation and the Prosecuting Attorney will try to monitor the outstanding checks more closely.*

- E. *This has been implemented.*
- F. *This has been partially implemented. The Prosecuting Attorney's secretary has been added to the county's blanket bond and the Prosecuting Attorney will contact the Presiding Commissioner about obtaining his bond.*
- G. *This will be implemented in October 2003.*
- H. *The Prosecuting Attorney considers the \$350 as having been spent for drug enforcement and will not provide money for drug enforcement in the future.*

14. Health Center Procedures

Problems were noted with the fixed asset and leave records. In addition, the Health Center Administrator earns time and one-half for overtime hours worked, invoices were not always noted as paid or otherwise canceled upon payment, and the health center paid for Christmas dinners for employees and their spouses.

- A. Additions of fixed assets are not recorded as they occur, and fixed asset disbursements are not reconciled to additions in the inventory records. In addition, property tags are not always affixed to assets when acquired. We noted that a hemoglobin machine and a television set were not properly tagged. In addition, the television set had not been added to the fixed asset records, and it appeared that the fixed asset records have not been updated since 2001. Also, the total value of the health center's land and buildings are not included in the property records.

Adequate general fixed asset records are necessary to secure better internal controls over the health center's property and provide a basis for determining insurance coverage.

- B. Leave records are not properly reviewed, and several problems were noted concerning the employees' leave records and balances.
 - 1) Two employees received donated sick leave during 2002. Records indicated that one employee was credited a total of 150 hours during a two month period. The second employee was credited a total of 45 hours during a one month period. Both employees used all sick leave that was credited during this time. The Health Center Administrator indicated that three health center employees donated their leave to these employees to cover excessive sick leave used; however, there was no Health Center policy allowing this.
 - 2) Employees' compensatory time earned was miscalculated for time worked during a holiday week. The health center's policy allows employees to earn compensatory time at a rate of one and one-half hours for each holiday hour

worked. Our review indicated that the employees who worked a holiday in November 2002 were compensated double time for holiday hours worked. In addition, the employees earned compensatory time at a rate of one and one-half hours for time worked during that same week that was not in excess of forty hours. The Health Center Administrator indicated that anytime an employee works a holiday, that compensatory time is earned at double time; however, this is not in compliance with the health center policy.

- 3) Employees' leave balances are not monitored to ensure that the maximum amount of accrual is not exceeded. Health center policy allows employees to accrue up to various amounts depending on their length of service. At the end of each month any annual leave which exceeds the maximum accrual amount lapses. During 2002, three employees exceeded the maximum amount allowed by at least fifteen to twenty hours. The health center's employees leave balances were not reviewed to ensure the accrued balances were in compliance with health center policies.
 - 4) The three employees that were allowed to accumulate annual leave in excess of the amount allowed were also allowed to carry-over compensatory time from one year to another. The health center policy states that compensatory time must be used by the end of the year. A total of 216 hours was carried forward at the end of 2002.
- C. The Health Center Administrator earns time and one-half for overtime hours worked and the Health Center Board did not approve this overtime. Although the FLSA considers the position of Health Center Administrator as exempt from overtime requirements, the Health Center Board has not formally determined if the administrator's position is exempt from earning overtime. The Health Center Administrator earned 287 hours in compensatory time during 2002.
- D. Invoices were not always noted as paid or otherwise canceled upon payment. The possibility that an invoice will be paid twice is increased when invoices are not properly canceled. To ensure against duplicate payment of bills, invoices should be marked paid when a check has been issued by the health center.
- E. The health center paid for Christmas dinners for employees and their spouses during 2002 and 2001, costing \$180 and \$458, respectively. The Health Center Board believed these disbursements were appropriate because monies other than tax dollars are received by the health center. Although the health center receives additional funds, these funds are public monies. These disbursements do not appear to be necessary or prudent uses of public funds. The county's residents have placed a fiduciary trust in their public officials to spend tax revenues and fees in a necessary and prudent manner.

WE RECOMMEND the Health Center Board:

- A. Require the Administrator to record all additions of fixed assets as they occur, reconcile additions to the property records periodically, affix property tags to assets at the time of purchase, and record the value of land and buildings on the fixed asset records.
- B. Require health center policies be followed regarding leave balances and usage.
- C. Discontinue paying the Administrator time and one-half for overtime.
- D. Ensure invoices are properly canceled upon payment.
- E. Discontinue the practice of using health center funds for Christmas dinners.

AUDITEE'S RESPONSE

The Health Center Board provided the following responses:

- A. *This will be implemented within the next thirty days.*
- B. *The Administrator will draft a policy to address donated leave guidelines to be presented at the October 2003 board meeting. The Administrator brought to the board's attention the compensatory time errors and she will ensure that future compensatory time is properly calculated. A new policy has been implemented to address the excess annual leave and the carry over on the compensatory time.*
- C. *An amendment will be made to the current policy manual that allows the Administrator to earn overtime at a rate of time and one-half.*
- D. *This has been implemented.*
- E. *We disagree with the finding and view the expenditures as legitimate.*

Follow-Up on Prior Audit Findings

MADISON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Madison County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Financial Condition

The financial condition of the county's General Revenue Fund was weak.

Recommendation:

The County Commission take the necessary steps to improve the financial condition of the county.

Status:

Partially implemented. The county no longer has tax anticipation notes and in 2001 a law enforcement sales tax was implemented. However, the county continues to have debt in the form of lease purchase agreements for land and equipment and the fund balances of the General Revenue and Special Road and Bridge Funds have not increased. See MAR No. 1.

2. Budgets and Financial Statements

- A. Actual disbursements exceeded budgeted amounts in various funds.
- B. County budget documents contained several errors and misclassifications.
- C. Formal budgets were not prepared for various county funds.
- D. The county did not budget emergency expenditures.
- E. The financial statements published by the County Clerk did not contain all necessary information.

Recommendation:

The County Commission:

- A. And the Health Center Board refrain from authorizing warrants in excess of budgeted disbursements. If valid reasons necessitate excess disbursements, the original budget should be formally amended.
- B. And the County Clerk ensure all significant receipts and disbursements are accurately and consistently reported in the county budget documents.
- C. Ensure budgets are prepared for all funds.
- D. Ensure emergency funds are budgeted with the General Revenue Fund.
- E. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

A&B. Not implemented. See finding number 02-1.

C, D,

&E. Not implemented. See MAR No. 2.

3. Written Agreements and Disbursements

- A. Payments for services were made or services were performed without current written agreements. The county did not have a written agreement with the Prosecuting Attorney outlining what costs would be paid and what office personnel and equipment would be provided by the county and what would be provided by the Prosecuting Attorney's private practice. In addition, the county did not prepare an IRS Form 1099-MISC information return for the amounts paid the Prosecuting Attorney.
- B. Bids were not always solicited or advertised by the county nor was the selection process always documented for various purchases made by the county. Documentation retained did not include reasons for awarding bids, or sole source procurement documentation.
- C. The County Commission approved some payments to vendors without requiring acknowledgement of receipt of goods or services.

Recommendation:

The County Commission:

- A. Enter into written contracts that specifically state the services to be provided to the county. Any disbursements made should be monitored for compliance with the terms of the contract. In addition, documentation should be retained of the allocation of resources between the county and the Prosecuting Attorney's private practice to ensure there is a clear distinction between them. IRS Forms 1099-MISC should be prepared when required.
- B. Solicit bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the County Clerk should retain documentation of these circumstances.
- C. Ensure all invoices contain an indication of receipt of goods or services and fuel receipts indicate which vehicle is fueled.

Status:

- A. Not implemented. See MAR No. 6.
- B. Not implemented. See finding number 02-2.
- C. Not implemented. See MAR No. 5.

4. Personnel and Payroll Policies and Procedures

- A. Additional compensation was paid to the Prosecuting Attorney's secretary for child support enforcement and bad check processing activities. There was no supporting documentation for this additional compensation and the additional payments were not included in the county payroll records and were not reported on the employee's W-2 form.
- B. Instances were noted in which Sheriff's deputies worked additional hours for which the payments were not subjected to payroll withholdings, were not reported on the W-2 forms, and were not reported as overtime.
- C. Records were not maintained of annual leave, sick leave, and compensatory time earned, taken, and accumulated for some employees.
- D. Several employees from various offices with access to money were not covered by an employee bond.

Recommendation:

The County Commission:

- A.1. And the Prosecuting Attorney ensure all salary payments are subject to payroll withholdings and reported on W-2 forms.
- A.2. And the Prosecuting Attorney ensure additional compensation is supported by documentation of actual time worked.
- B. Along with the County Clerk and Sheriff ensure all hours worked are properly reported to the county and all salary payments are subject to payroll withholdings and any overtime requirements, and are reported on W-2 forms.
- C. Require records to be maintained by the County Clerk's office of vacation, sick leave, and overtime earned, used, and accumulated.
- D. Consider obtaining adequate bond coverage for all employees with access to monies.

Status:

- A, B,
&C. Not implemented. See MAR No. 3.
- D. Partially implemented. Bond coverage was obtained for all county employees except the Prosecuting Attorney and his secretary. See MAR No. 13.

5. Collateral Securities

- A. The amount of collateral securities pledged by the county's depository banks was insufficient to cover balances at all times for accounts held by the County Treasurer, County Collector, Health Center Board, and Madison County Council for Developmentally Disabled Board.
- B. Particular securities pledged were not in compliance with statutory requirements.

Recommendation:

The County Commission:

- A. Ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.
- B. Implement procedures to ensure that securities pledged are in compliance with Section 30.270, RSMo 1994.

Status:

A&B. Implemented.

6. Lost Revenue

- A. The County Collector did not properly withhold all applicable commissions, and did not withhold Proposition C commissions from the various school districts.
- B. Amounts withheld from school tax collections were not adjusted to take into consideration the effects of Proposition C, and the appropriate portion for assessment was not withheld.

Recommendation:

The County Collector:

- A. Recalculate commissions for the audit period and withhold from or make adjustments to the various political subdivisions' future distributions to correct for errors noted. In the future, the County Collector should calculate and withhold commissions in accordance with the statutes.
- B. Adjust the amounts withheld from school tax collections to take into consideration the effects of Proposition C and withhold the appropriate portion for assessment purposes as provided by statute.

Status:

A&B. Not implemented. The Collector continues to improperly calculate commissions. See MAR No. 10. Adjustments were not made to the current school tax collections to account for the applicable Proposition C withholdings; however, these amounts currently are not material due to Proposition C rollback votes in the local school districts. Although not repeated in the current report, our recommendation remains as stated above.

7. Property Tax System and Computer Controls

- A. The county did not have a formal contingency plan for the computer system.
- B. The county did not have all program documentation prepared by the contract computer programmer.
- C. The County Clerk did not maintain a complete account book with the County Collector.

- D. Controls over property tax additions needed improvement.

Recommendation:

- A. The County Commission seek arrangements of alternate data processing equipment for use during emergency situations.
- B. The County Commission obtain an agreement with the county's computer programmer which specifies the county's rights regarding program documentation.
- C. The County Clerk maintain a complete account book with the County Collector. The County Commission should use the account book to verify the County Collector's annual settlements.
- D. The County Clerk prepare all additions to the tax books and charge the County Collector with the additions at the time the additions are prepared. All additions should be approved by the County Commission.

Status:

- A. Implemented. The county maintains backup files at the local bank and backup computers are now available at the Madison County Law Enforcement Center.
- B. Not implemented. See MAR No. 6.
- C&D. Not implemented. See MAR No. 9.

8. County Collector's Accounting Controls and Procedures

- A. The County Collector did not perform adequate reconciliations of his records. The Collector's account had \$3,280 of unidentified funds at December 31, 1998.
- B. The County Collector did not compare the composition and amount of collections received to deposits made to the bank account.
- 1) The County Collector did not deposit all cash received for tax collections. Overpayments and partial payments were held in the vault.
- 2) The County Collector's change fund was not maintained on an imprest basis.
- 3) The County Collector did not make deposits intact. Personal checks were occasionally cashed.
- 4) The County Collector made refunds for overpayments by cash or money order and did not maintain adequate documentation to support the disbursements.

- C. The County Collector did not adequately keep records of and follow up on overpayments and partial payments maintained in his vault.
- D. The County Collector did not properly recalculate the surtax distribution percentages each year.
- E. The County Collector's annual settlements did not include all activity of his office.

Recommendation:

The County Collector:

- A. Perform complete monthly reconciliations of his records and attempt to identify and distribute the unidentified monies in his account.
- B.1. Deposit all monies received, including partial payments. For any overpayments of current taxes, the excess should be refunded by check when received and not held for future use.
- B.2. Maintain the change funds at a constant amount.
- B.3. Discontinue the practice of cashing personal checks.
- B.4. Discontinue the practice of making cash refunds for overpayments and maintain adequate supporting documentation for refunds made by money order indicating the purpose of the disbursement.
- C. Maintain adequate records of and follow up on partial payments and overpayments. These records should include the name of the taxpayer making the payment, the date of the payment, the amount paid, which tax year the payment was made for, and the date the payment was applied.
- D. Ensure future distributions of surtax collections take into consideration the current year's assessed valuation for subclass 3 commercial property of each political subdivision as required by state law.
- E. File complete and accurate annual settlements.

Status:

A, B.4,
& C-E. Not implemented. See MAR No. 10.

B.1. Partially implemented. All receipts are now deposited. See MAR No. 10.

B.2&

B.3. Implemented.

9. Vehicle Records

A. The road and bridge department did not maintain vehicle logs which documented how the vehicles were used.

B. Fuel and oil usage was not reconciled to fuel and oil purchased.

Recommendation:

The County Commission:

A. Require vehicle logs be maintained for all county vehicles and review the logs to monitor the usage of county owned vehicles.

B. Reconcile fuel and oil usage to fuel and oil purchased and investigate significant differences.

Status:

A&B. Not implemented. See MAR No. 8.

10. Assessor's Accounting Controls and Procedures

A. Receipts were not transmitted to the County Treasurer intact and did not always agree to the amount of monies per the Assessor's receipt slips. The amount of monies per the receipt slips were not reconciled to the amount transmitted to the County Treasurer. Receipt slips were not issued for all monies, did not always indicate the method of payment and were written for the amount due and not actually collected until a later date. Personal checks were cashed and the change fund was not maintained at a constant amount.

B. Accounting duties were not segregated nor was there a documented independent comparison of receipt slips issued to amounts transmitted to the County Treasurer.

C. Checks were not restrictively endorsed upon receipt.

- D. No reconciliation was performed between amounts billed and amounts collected from companies for maps and copies. No follow-up was performed on amounts that were not paid.
- E. Voided receipt slips were not retained.
- F. The County Assessor's office did not maintain inventory records to account for plat books or maps.

Recommendation:

The County Assessor:

- A. Ensure all receipts are transmitted to the County Treasurer and reconcile the amount and composition of monies transmitted to receipt slips. The County Assessor should ensure that receipt slips are issued for all monies received, the method of payment is indicated on all receipt slips, receipt slips are issued only for monies actually received, the change fund is maintained at a constant amount, and personal checks are not cashed. In addition, the County Commission should review this situation and decide if further investigation is warranted to determine the extent of monies not accounted for.
- B. Adequately segregate duties among available employees and/or establish a documented review of the accounting records by an independent person.
- C. Restrictively endorse checks immediately upon receipt.
- D. Reconcile amounts billed to amounts received and follow up on billings not paid. In addition, receipt slips should be written when monies are received instead of when billed.
- E. Retain all voided receipt slips.
- F. Maintain records of the number of plat books and maps sold, given away, or used by the county, and periodically reconcile the number of plat books and maps reported on the inventory to the number of plat books and maps on hand.

Status:

A-F. Implemented.

11. Prosecuting Attorney's Accounting Controls and Procedures

- A. The Prosecuting Attorney was serving as the custodian of the Bad Check Fees Fund, and there was no statutory authority to allow this.

- B. The duties of receiving, recording, and depositing monies were not adequately segregated.
- C. Bad check fees and restitutions were not deposited in a timely manner. Money orders were not restrictively endorsed immediately upon receipt.
- D. Monthly bank reconciliations were not performed and a running checkbook balance was not maintained.
- E. The Prosecuting Attorney did not file a monthly report of bad check fees collected.

Recommendations:

The Prosecuting Attorney:

- A. Turn over custody of the Bad Check Fees Fund to the County Treasurer, as required by state law.
- B. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Deposit monies daily or when accumulated receipts exceed \$100 and restrictively endorse money orders immediately upon receipt.
- D. Maintain a checkbook balance and prepare complete and accurate bank reconciliations.
- E. File monthly reports of fees with the County Commission as required by state law.

Status:

- A. Implemented.
- B, D,
&E. Not implemented. See MAR No. 13.
- C. Partially implemented. The money orders are endorsed upon receipt. See MAR No. 13.

12. Madison County Council For Developmentally Disabled Accounting Controls and Procedures

- A.1. The Madison County Council For Developmentally Disabled (MCCDD) requested and received reimbursement for forty hours of work when the employee was paid for less than forty hours. MCCDD was reimbursed \$422 in excess of what the timesheets reported.

- A.2. The MCCDD participated in the Missouri Elderly and Handicapped Transportation Assistance Program (MEHTAP) through the Missouri Highway and Transportation Department (MoDOT). The program reimbursed on the basis of actual program expenses less funding that was received from other services. Revenues were understated and expenditures were overstated in order to receive grant funds.
- B. The MCCDD did not pay overtime at time and one-half for all covered employees working overtime.
- C. Summary records were not maintained of annual leave, sick leave, and compensatory time earned, taken, and accumulated.
- D. The MCCDD paid Christmas bonuses to supervisors and employees.
- E. The MCCDD did not solicit or advertise for bids for applicable purchases.
- F. The MCCDD fixed asset records did not always include complete and accurate information.
- G. The MCCDD board did not properly include all cash on hand at January 1 on their annual budgets.

Recommendation:

The MCCDD Board:

- A. Develop and implement procedures to ensure services are adequately documented and billed correctly. In addition, the board should contact the applicable state agencies to resolve the over billings.
- B. Pay overtime in accordance with the employee manual and FLSA requirements.
- C. Require summary records be maintained of vacation, sick leave, and overtime earned, used, and accumulated.
- D. Ensure disbursements are a necessary and prudent use of public funds.
- E. Solicit bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the circumstances should be documented.

F. Maintain complete and accurate general fixed asset records in a manner that beginning balances, additions, and deletions can be reconciled to year-end balances. In addition, additions of fixed assets should be recorded as they occur and fixed asset purchases should be reconciled to additions to the property records.

G. Include all cash on hand at January 1 on their annual budget.

Status:

A, C, D,

E, F

&G. Implemented.

B. Partially implemented. The MCCDD Board has addressed this issue for all employees except for the Administrative Assistant. The Administrative Assistant was not paid overtime at time and one-half for all hours in excess of 40 hours worked. Although not repeated in the current report, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MADISON COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1818, the county of Madison was named after President James Madison. Madison County is a county-organized, third-class county and is part of the Twenty-Fourth Judicial Circuit. The county seat is Fredericktown.

Madison County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 309 miles of county roads and 47 county bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 10,725 in 1980 and 11,800 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 46.9	45.1	43.7	43.0	31.9	14.8
Personal property	23.5	22.6	20.2	17.2	8.2	4.7
Railroad and utilities	11.1	11.5	11.3	10.9	10.4	10.6
Total	\$ 81.5	79.2	75.2	71.1	50.5	30.1

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Madison County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.0900	.0900	.1800	.1800
Special Road and Bridge Fund	.2900	.2900	.2800	.2800
Health Center Fund	.1000	.1000	.1000	.1000
Madison County Council for the Developmentally Disabled Board Fund	.2000	.1900	.1900	.1900

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	26,141	25,030	23,442	21,665
General Revenue Fund	100,959	108,198	161,425	129,720
Special Road and Bridge Fund	255,024	248,163	218,768	199,681
Assessment Fund	40,111	38,160	36,275	35,290
Health Center Fund	86,961	83,104	77,062	71,458
Madison County Council for the Developmentally Disabled Board	170,942	156,442	146,609	134,770
School districts	2,518,868	2,380,875	2,244,828	2,046,805
Library district	86,961	83,104	77,062	71,458
Hospital	171,688	163,571	146,985	135,111
Colleges	337,348	295,613	298,204	302,850
Cities	45,366	44,261	43,766	10,001
County Clerk	603	594	640	719
County Employees' Retirement	27,486	25,689	22,040	21,801
Tax Maintenance Fund	5,328	0	0	0
Tax Increment Financing	72,933	0	0	0
Land Sales Over Plus	11	2,342	2,695	2,624
Commissions and fees:				
General Revenue Fund	71,552	68,020	66,185	60,873
Total	<u>\$ 4,018,282</u>	<u>3,723,166</u>	<u>3,565,986</u>	<u>3,244,826</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	92	91	90	91 %
Personal property	88	89	91	88
Railroad and utilities	100	100	100	100

Madison County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Law Enforcement	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Robert Mooney, Presiding Commissioner	\$	21,074	21,074	21,074	21,074
Roy Roberts, Associate Commissioner		19,074	19,074	19,074	19,074
Larry Mungle, Associate Commissioner		19,074	19,074	19,074	19,074
Joan Whitener, County Clerk		28,900	28,900	28,900	28,900
M. Dwight Robbins, Prosecuting Attorney		34,850	34,850	34,850	34,850
David Lewis, Sheriff		33,150	33,150	28,900	28,900
Kay Rehkop, County Treasurer		21,386	21,386	21,386	21,386
Charles C. Follis, County Coroner		8,075	8,075	5,100	5,100
Ken Pate, Public Administrator (1)		8,075	8,075	9,769	5,550
Danny Thompson, County Collector , year ended February 28 (29),	28,900	28,900	28,900	28,900	
Grace Thomas, County Assessor (2), year ended August 31,		29,800	29,800	29,800	29,800
William Douglas McFarland, County Surveyor (3)		0	0	0	0

(1) Includes fees received from probate cases in 2000 and 1999.

(2) Includes \$900 annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Kay Bradford, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	46,127	44,292
Robert Stilwell, Associate Circuit Judge	96,000	96,000	97,382	87,235



**PULASKI COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-103
September 30, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Pulaski, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Pulaski County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The financial condition of the county's General Revenue Fund declined through 2001 due primarily to a large increase in disbursements in 2001. In 2001, various lawsuits filed by county officials resulted in approximately \$114,000 in legal fees and other costs incurred from the General Revenue Fund. (The Sheriff incurred approximately \$138,000 in attorney fees from the Civil Fees Fund.)

In addition, the cost of boarding prisoners increased significantly as the Sheriff made an effort to keep the county jail's prisoner population at or below the maximum capacity. As a result, the amount paid for prisoners housed in other jails increased by over \$200,000 in 2001. Based on the daily prisoner counts, it appears the county could have done a better job of maximizing the capacity of the county jail during 2001 and 2002, which could have decreased the amount spent for boarding prisoners at other jails. In addition, due to a budget dispute between the Sheriff and other county officials, the jail was not utilized as a full-time facility for 18 days in February 2002. As a result, the county incurred approximately \$15,000 in additional prisoner boarding costs.

- Various concerns were noted regarding county officials salaries. Salary increases of \$11,193 annually given to the county treasurer in 2003 and \$1,000 annually given to the sheriff in 2002 appear questionable. In addition, salary increases given the former associate county commissioners for the period September 1, 1997 to December 31, 2000, were ruled unconstitutional; however, the County

(over)

YELLOW SHEET

Commission has not sought repayment of these amounts, totaling approximately \$19,000 for each of the two former associate commissioners.

- The county receives an administrative fee from the county's tourism tax, which is deposited into the General Revenue Fund. The fee ranged from one to ten percent of total taxes collected. The county has not documented its administrative costs to justify the fees retained, and there appears to be no statutory authority to retain such an administrative fee.
- Minutes are not prepared for closed session meetings of the County Commission. In addition, it is not evident that the final disposition of matters discussed in closed session is made to the public, as required by state law.
- The County Clerk's account book of property tax charges and credits has not been properly maintained. As a result, the County Clerk and County Collector are not reconciling their records of tax book charges, collections, additions, and abatements. In addition, the County Collector has not filed an annual settlement of property tax transactions, as required by state law, since 1996.
- The County Clerk and County Treasurer maintain the majority of the county's accounting records in both manual and computerized formats. Maintaining records both manually and by computer increases the workload of these officials and appears to represent an unnecessary expense to the county.
- The county does not maintain vehicle usage or maintenance logs for its 27 county vehicles. Usage and maintenance logs would allow the county to better monitor the costs of operating and maintaining the vehicles and provide assurance that vehicles are used only for official purposes.
- The county has established several neighborhood improvement districts (NID) to develop roads within these districts. The county started charging an administrative fee on each lot within the districts in 2001 to cover the county's administrative costs; however, the county has not documented its actual administrative costs. In addition, the county has a significant balance in the H Highway NID Fund, and it appears the county could use a portion of this balance for early retirement of the bonds issued for applicable road improvements.

Also included in the audit are recommendations to improve the published financial statements, personnel policies and procedures, and accounting for county expenditures. The audit also includes recommendations for improving controls and procedures for the Prosecuting Attorney, Public Administrator, County Collector, Sheriff, Circuit Clerk, 911 Emergency Services Board, and Senate Bill 40 Board.

Several of these issues had been noted in prior reports. While explanations were offered regarding some of the findings, the county officials indicated they agreed with and will implement most of the current recommendations.

All reports are available on our website: www.auditor.state.mo.us

PULASKI COUNTY, MISSOURI

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PULASKI COUNTY, MISSOURI

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PULASKI COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Pulaski County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Pulaski County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Pulaski County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 15, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Pulaski County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.



Claire McCaskill
State Auditor

May 15, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Terrie Laswell, CPA
Audit Staff:	Christy Marsh
	Anne Jenkins
	Zeb Tharp
	Adrian Kennedy



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Pulaski County, Missouri

We have audited the financial statements of various funds of Pulaski County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 15, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Pulaski County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Pulaski County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial

statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Pulaski County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 15, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

PULASKI COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 63,259	2,698,414	2,529,236	232,437
Special Road and Bridge	66,014	1,520,114	1,204,048	382,080
Assessment	17,584	164,579	146,960	35,203
Law Enforcement Training	10,358	11,185	10,632	10,911
Prosecuting Attorney Training	5,440	1,832	6,793	479
Courthouse Sales Tax	2,410,452	123,735	131,731	2,402,456
Road and Bridge Sales Tax	119	70	152	37
Prosecuting Attorney User Fee	26,076	40,462	43,025	23,513
Prosecuting Attorney Delinquent Tax	6,352	1,010	6,211	1,151
Recorder User Fee	33,052	23,086	17,933	38,205
Crisis Center	10,663	16,265	9,231	17,697
Civil Fees	0	53,650	49,458	4,192
Criminal Investigation	20,582	8,708	12,572	16,718
Family Reunion	1,186	878	562	1,502
Sewer Grant	22	0	0	22
Election Services	7,434	4,811	883	11,362
Tourism Tax	25,454	304,451	308,827	21,078
Recorder Technology	3,644	10,978	0	14,622
Timbers NID	16,316	13,950	13,097	17,169
Country Hills NID	10,478	8,174	6,495	12,157
Northwood NID	21,334	19,704	18,589	22,449
Dye Estates NID	13,734	4,223	3,043	14,914
Eagle Point NID	10,372	6,061	6,488	9,945
H Highway NID	180,182	90,332	47,397	223,117
Northlake NID	9,545	7,279	7,525	9,299
White Oaks NID	15,243	8,018	8,519	14,742
911 Emergency Services Board	20,579	407,430	326,345	101,664
Senate Bill 40 Board	93,850	175,725	130,849	138,726
Senior Citizens Services Board	43,008	100,995	94,614	49,389
Law Library	7,145	10,810	14,440	3,515
Circuit Clerk Interest	26,595	20,491	6,688	40,398
Family Court	2,439	0	0	2,439
Collector Maintenance	0	2,067	0	2,067
Total	\$ 3,178,511	5,859,487	5,162,343	3,875,655

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

PULASKI COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 332,676	2,441,214	2,710,631	63,259
Special Road and Bridge	75,923	1,034,659	1,044,568	66,014
Assessment	2,084	174,051	158,551	17,584
Law Enforcement Training	9,267	12,854	11,763	10,358
Prosecuting Attorney Training	8,734	2,425	5,719	5,440
Courthouse Sales Tax	2,321,239	120,049	30,836	2,410,452
Road and Bridge Sales Tax	111	8	0	119
Prosecuting Attorney User Fee	21,130	39,856	34,910	26,076
Prosecuting Attorney Delinquent Tax	25,539	5,477	24,664	6,352
Recorder User Fee	25,175	15,563	7,686	33,052
Crisis Center	10,771	36,548	36,656	10,663
Civil Fees	1	48,369	48,370	0
Criminal Investigation	21,964	9,949	11,331	20,582
Family Reunion	643	1,597	1,054	1,186
Sewer Grant	22	361,749	361,749	22
Election Services	4,684	4,410	1,660	7,434
Tourism Tax	18,134	223,366	216,046	25,454
Recorder Technology	0	3,644	0	3,644
Timbers NID	15,970	12,822	12,475	16,316
Country Hills NID	10,472	5,615	5,609	10,478
Northwood NID	19,087	20,448	18,201	21,334
Dye Estates NID	13,969	2,865	3,100	13,734
Eagle Point NID	10,982	6,049	6,659	10,372
H Highway NID	228,926	50,357	99,101	180,182
Northlake NID	8,925	8,386	7,766	9,545
White Oaks NID	14,071	1,444	272	15,243
911 Emergency Services Board	3,357	349,048	331,826	20,579
Senate Bill 40 Board	191,758	163,480	261,389	93,850
Senior Citizens Services Board	41,233	91,934	90,159	43,008
Law Library	5,660	10,082	8,597	7,145
Circuit Clerk Interest	28,951	17,518	19,874	26,595
Family Court	8,444	0	6,005	2,439
Total	\$ 3,479,902	5,275,836	5,577,227	3,178,511

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

PULASKI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 5,932,140	5,836,929	(95,211)	5,476,433	5,254,674	(221,759)
DISBURSEMENTS	6,153,890	5,155,655	998,235	5,188,992	5,551,348	(362,356)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(221,750)	681,274	(1,093,446)	287,441	(296,674)	(584,115)
CASH, JANUARY 1	3,128,352	3,149,477	21,125	3,439,588	3,442,507	2,919
CASH, DECEMBER 31	2,906,602	3,830,751	924,149	3,727,029	3,145,833	(318,034)
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	42,000	0	(42,000)	27,500	0	(27,500)
Sales taxes	1,302,839	1,384,465	81,626	1,370,675	1,202,839	(167,836)
Intergovernmental	232,550	239,609	7,059	255,750	260,689	4,939
Charges for service:	566,000	619,089	53,089	613,110	523,625	(89,485)
Interest	7,000	8,209	1,209	19,500	8,911	(10,589)
Other	105,500	103,003	(2,497)	115,000	85,797	(29,203)
Transfers in	364,039	344,039	(20,000)	300,683	359,353	58,670
Total Receipts	2,619,928	2,698,414	78,486	2,702,218	2,441,214	(261,004)
DISBURSEMENTS						
County Commissior	164,835	163,864	971	106,591	150,636	(44,045)
County Clerk	94,945	93,032	1,913	106,520	85,646	20,874
Elections	64,185	62,151	2,034	37,986	29,410	8,576
Buildings and grounds	116,969	110,469	6,500	114,498	154,794	(40,296)
Employee fringe benefit	191,186	162,750	28,436	343,800	266,421	77,379
County Treasurer	34,807	32,763	2,044	34,907	34,823	84
County Collector	79,014	78,476	538	84,870	84,972	(102)
Ex Officio Recorder of Deed	40,455	39,309	1,146	40,455	39,528	927
Circuit Clerk	19,100	18,207	893	19,850	18,966	884
Associate Circuit Court	2,000	1,337	663	2,500	551	1,949
Associate Circuit (Probate)	5,835	5,175	660	7,700	4,698	3,002
Court administration	66,470	63,515	2,955	84,898	64,812	20,086
Public Administrator	76,357	72,660	3,697	73,707	64,929	8,778
Sheriff	717,500	742,730	(25,230)	643,200	687,115	(43,915)
Jail	261,075	251,877	9,198	35,000	258,226	(223,226)
Prosecuting Attorney	195,582	194,779	803	187,370	188,968	(1,598)
Juvenile Office	109,000	81,750	27,250	130,861	101,507	29,354
County Coroner	20,650	18,703	1,947	20,490	19,426	1,064
Tax Increment Financing Commission	50,000	36,943	13,057	70,000	45,461	24,539
Other	252,359	225,808	26,551	403,860	335,681	68,179
Transfers out	40,863	40,863	0	75,350	70,061	5,289
Emergency Fund	80,000	32,075	47,925	90,000	4,000	86,000
Total Disbursements	2,683,187	2,529,236	153,951	2,714,413	2,710,631	3,782
RECEIPTS OVER (UNDER) DISBURSEMENTS	(63,259)	169,178	232,437	(12,195)	(269,417)	(257,222)
CASH, JANUARY 1	63,259	63,259	0	332,676	332,676	0
CASH, DECEMBER 31	0	232,437	232,437	320,481	63,259	(257,222)

Exhibit B

PULASKI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	396,523	421,521	24,998	664,450	358,488	(305,962)
Intergovernmental	1,002,800	1,039,881	37,081	617,000	599,468	(17,532)
Interest	8,000	14,863	6,863	9,000	8,464	(536)
Other	0	2,986	2,986	5,500	678	(4,822)
Transfers in	40,863	40,863	0	67,561	67,561	0
Total Receipts	1,448,186	1,520,114	71,928	1,363,511	1,034,659	(328,852)
DISBURSEMENTS						
Salaries	381,506	387,745	(6,239)	373,960	358,895	15,065
Employee fringe benefit	99,703	78,149	21,554	80,173	55,963	24,210
Supplies	87,000	103,778	(16,778)	113,000	87,374	25,626
Insurance	15,000	24,791	(9,791)	25,000	9,029	15,971
Road and bridge materials	91,605	131,110	(39,505)	95,000	152,656	(57,656)
Equipment repairs	90,000	104,684	(14,684)	90,000	91,599	(1,599)
Rentals	1,000	150	850	3,300	398	2,902
Equipment purchases	200,669	61,083	139,586	177,669	8,185	169,484
Construction, repair, and maintenance	406,000	1,767	404,233	6,000	0	6,000
Other	135,000	300	134,700	149,000	0	149,000
Transfers out	30,000	310,491	(280,491)	0	280,469	(280,469)
Total Disbursements	1,537,483	1,204,048	333,435	1,113,102	1,044,568	68,534
RECEIPTS OVER (UNDER) DISBURSEMENTS	(89,297)	316,066	405,363	250,409	(9,909)	(260,318)
CASH, JANUARY 1	66,014	66,014	0	75,923	75,923	0
CASH, DECEMBER 31	(23,283)	382,080	405,363	326,332	66,014	(260,318)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	156,716	161,725	5,009	161,000	170,180	9,180
Interest	1,200	2,854	1,654	1,000	1,088	88
Other	200	0	(200)	200	283	83
Transfers in	0	0	0	7,789	2,500	(5,289)
Total Receipts	158,116	164,579	6,463	169,989	174,051	4,062
DISBURSEMENTS						
Assessor	147,432	146,960	472	172,073	158,551	13,522
Total Disbursements	147,432	146,960	472	172,073	158,551	13,522
RECEIPTS OVER (UNDER) DISBURSEMENTS	10,684	17,619	6,935	(2,084)	15,500	17,584
CASH, JANUARY 1	17,584	17,584	0	2,084	2,084	0
CASH, DECEMBER 31	28,268	35,203	6,935	0	17,584	17,584

Exhibit B

PULASKI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	4,500	3,718	(782)	4,200	4,448	248
Charges for service:	8,000	6,903	(1,097)	14,000	7,992	(6,008)
Interest	400	564	164	250	414	164
Total Receipts	12,900	11,185	(1,715)	18,450	12,854	(5,596)
DISBURSEMENTS						
Sheriff	12,000	10,632	1,368	12,000	11,763	237
Total Disbursements	12,000	10,632	1,368	12,000	11,763	237
RECEIPTS OVER (UNDER) DISBURSEMENTS	900	553	(347)	6,450	1,091	(5,359)
CASH, JANUARY 1	10,358	10,358	0	9,267	9,267	0
CASH, DECEMBER 31	11,258	10,911	(347)	15,717	10,358	(5,359)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	2,552	1,725	(827)	3,352	1,999	(1,353)
Interest	491	107	(384)	500	426	(74)
Other	66	0	(66)	75	0	(75)
Total Receipts	3,109	1,832	(1,277)	3,927	2,425	(1,502)
DISBURSEMENTS						
Prosecuting Attorney	8,549	6,793	1,756	12,000	5,719	6,281
Total Disbursements	8,549	6,793	1,756	12,000	5,719	6,281
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,440)	(4,961)	479	(8,073)	(3,294)	4,779
CASH, JANUARY 1	5,440	5,440	0	8,734	8,734	0
CASH, DECEMBER 31	0	479	479	661	5,440	4,779
<u>COURTHOUSE SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	300	712	412	150	404	254
Interest	125,000	123,023	(1,977)	110,000	119,645	9,645
Total Receipts	125,300	123,735	(1,565)	110,150	120,049	9,899
DISBURSEMENTS						
Courthouse maintenance and repair	200,000	131,731	68,269	45,000	1,606	43,394
Transfer out	0	0	0	0	29,230	(29,230)
Total Disbursements	200,000	131,731	68,269	45,000	30,836	14,164
RECEIPTS OVER (UNDER) DISBURSEMENTS	(74,700)	(7,996)	66,704	65,150	89,213	24,063
CASH, JANUARY 1	2,410,452	2,410,452	0	2,321,239	2,321,239	0
CASH, DECEMBER 31	2,335,752	2,402,456	66,704	2,386,389	2,410,452	24,063

Exhibit B

PULASKI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ROAD & BRIDGE SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	0	65	65	0	2	2
Interest	5	5	0	500	6	(494)
Total Receipts	5	70	65	500	8	(492)
DISBURSEMENTS						
Equipment	124	152	(28)	611	0	611
Total Disbursements	124	152	(28)	611	0	611
RECEIPTS OVER (UNDER) DISBURSEMENTS	(119)	(82)	37	(111)	8	119
CASH, JANUARY 1	119	119	0	111	111	0
CASH, DECEMBER 31	0	37	37	0	119	119
<u>PROSECUTING ATTORNEY USER FEE FUND</u>						
RECEIPTS						
Charges for service:	42,390	39,596	(2,794)	36,000	39,150	3,150
Interest	0	866	866	450	706	256
Total Receipts	42,390	40,462	(1,928)	36,450	39,856	3,406
DISBURSEMENTS						
Prosecuting Attorney	34,890	30,000	4,890	30,000	24,756	5,244
Transfers out	8,000	13,025	(5,025)	6,000	10,154	(4,154)
Total Disbursements	42,890	43,025	(135)	36,000	34,910	1,090
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(2,563)	(2,063)	450	4,946	4,496
CASH, JANUARY 1	26,076	26,076	0	21,130	21,130	0
CASH, DECEMBER 31	25,576	23,513	(2,063)	21,580	26,076	4,496
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	4,139	791	(3,348)	10,000	4,475	(5,525)
Interest	472	219	(253)	1,000	1,002	2
Total Receipts	4,611	1,010	(3,601)	11,000	5,477	(5,523)
DISBURSEMENTS						
Prosecuting Attorney	5,500	6,211	(711)	25,000	3,336	21,664
Transfers out	0	0	0	0	21,328	(21,328)
Total Disbursements	5,500	6,211	(711)	25,000	24,664	336
RECEIPTS OVER (UNDER) DISBURSEMENTS	(889)	(5,201)	(4,312)	(14,000)	(19,187)	(5,187)
CASH, JANUARY 1	6,352	6,352	0	25,539	25,539	0
CASH, DECEMBER 31	5,463	1,151	(4,312)	11,539	6,352	(5,187)

Exhibit B

PULASKI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for services	15,100	21,182	6,082	13,500	14,438	938
Interest	1,200	1,904	704	1,000	1,125	125
Total Receipts	16,300	23,086	6,786	14,500	15,563	1,063
DISBURSEMENTS						
Ex Officio Recorder of Deed	49,000	17,933	31,067	18,000	7,686	10,314
Total Disbursements	49,000	17,933	31,067	18,000	7,686	10,314
RECEIPTS OVER (UNDER) DISBURSEMENTS	(32,700)	5,153	37,853	(3,500)	7,877	11,377
CASH, JANUARY 1	33,052	33,052	0	25,175	25,175	0
CASH, DECEMBER 31	352	38,205	37,853	21,675	33,052	11,377
<u>CRISIS CENTER FUND</u>						
RECEIPTS						
Intergovernmental	20,000	8,126	(11,874)	12,000	27,210	15,210
Charges for services	7,500	7,260	(240)	8,000	7,149	(851)
Interest	450	879	429	500	466	(34)
Other	0	0	0	0	1,723	1,723
Total Receipts	27,950	16,265	(11,685)	20,500	36,548	16,048
DISBURSEMENTS						
Payments to Crisis Center	29,231	9,231	20,000	21,446	36,656	(15,210)
Total Disbursements	29,231	9,231	20,000	21,446	36,656	(15,210)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,281)	7,034	8,315	(946)	(108)	838
CASH, JANUARY 1	10,663	10,663	0	10,771	10,771	0
CASH, DECEMBER 31	9,382	17,697	8,315	9,825	10,663	838
<u>CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	50,000	53,164	3,164	50,000	48,297	(1,703)
Interest	0	486	486	50	72	22
Total Receipts	50,000	53,650	3,650	50,050	48,369	(1,681)
DISBURSEMENTS						
Prisoner meals	0	0	0	50,000	48,370	1,630
Attorney fees	0	43,824	(43,824)	0	0	0
Supplies	50,000	5,634	44,366	0	0	0
Total Disbursements	50,000	49,458	542	50,000	48,370	1,630
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	4,192	4,192	50	(1)	(51)
CASH, JANUARY 1	0	0	0	1	1	0
CASH, DECEMBER 31	0	4,192	4,192	51	0	(51)

Exhibit B

PULASKI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CRIMINAL INVESTIGATION FUND</u>						
RECEIPTS						
Charges for services	10,000	7,725	(2,275)	8,000	9,034	1,034
Interest	900	983	83	800	915	115
Total Receipts	10,900	8,708	(2,192)	8,800	9,949	1,149
DISBURSEMENTS						
Sheriff	22,000	12,572	9,428	22,000	11,331	10,669
Total Disbursements	22,000	12,572	9,428	22,000	11,331	10,669
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,100)	(3,864)	7,236	(13,200)	(1,382)	11,818
CASH, JANUARY 1	20,582	20,582	0	21,964	21,964	0
CASH, DECEMBER 31	9,482	16,718	7,236	8,764	20,582	11,818
<u>FAMILY REUNION FUND</u>						
RECEIPTS						
Intergovernmental	1,200	823	(377)	0	1,554	1,554
Interest	50	55	5	25	43	18
Total Receipts	1,250	878	(372)	25	1,597	1,572
DISBURSEMENTS						
Other	1,200	562	638	668	1,054	(386)
Total Disbursements	1,200	562	638	668	1,054	(386)
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	316	266	(643)	543	1,186
CASH, JANUARY 1	1,186	1,186	0	643	643	0
CASH, DECEMBER 31	1,236	1,502	266	0	1,186	1,186
<u>SEWER GRANT FUND</u>						
RECEIPTS						
Intergovernmental	300,000	0	(300,000)	7,000	361,749	354,749
Total Receipts	300,000	0	(300,000)	7,000	361,749	354,749
DISBURSEMENTS						
Construction projects	300,000	0	300,000	7,022	361,749	(354,727)
Total Disbursements	300,000	0	300,000	7,022	361,749	(354,727)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(22)	0	22
CASH, JANUARY 1	22	22	0	22	22	0
CASH, DECEMBER 31	22	22	0	0	22	22

Exhibit B

PULASKI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for services	9,000	4,375	(4,625)	2,000	4,166	2,166
Interest	100	436	336	0	244	244
Total Receipts	9,100	4,811	(4,289)	2,000	4,410	2,410
DISBURSEMENTS						
Elections	10,000	883	9,117	1,700	1,660	40
Total Disbursements	10,000	883	9,117	1,700	1,660	40
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	3,928	4,828	300	2,750	2,450
CASH, JANUARY 1	7,434	7,434	0	4,684	4,684	0
CASH, DECEMBER 31	6,534	11,362	4,828	4,984	7,434	2,450
<u>TOURISM TAX FUND</u>						
RECEIPTS						
Lodging taxes	260,000	303,343	43,343	185,000	219,632	34,632
Charges for services	19,000	0	(19,000)	0	2,834	2,834
Interest	1,200	1,108	(92)	1,000	900	(100)
Total Receipts	280,200	304,451	24,251	186,000	223,366	37,366
DISBURSEMENTS						
Payments to tourism board	260,000	308,827	(48,827)	185,000	216,046	(31,046)
Attorney fees	20,000	0	20,000	0	0	0
Total Disbursements	280,000	308,827	(28,827)	185,000	216,046	(31,046)
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	(4,376)	(4,576)	1,000	7,320	6,320
CASH, JANUARY 1	25,454	25,454	0	18,134	18,134	0
CASH, DECEMBER 31	25,654	21,078	(4,576)	19,134	25,454	6,320
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for services	7,000	10,599	3,599			
Interest	25	379	354			
Total Receipts	7,025	10,978	3,953			
DISBURSEMENTS						
Ex Officio Recorder of Deed	10,000	0	10,000			
Total Disbursements	10,000	0	10,000			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,975)	10,978	13,953			
CASH, JANUARY 1	3,644	3,644	0			
CASH, DECEMBER 31	669	14,622	13,953			

Exhibit B

PULASKI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TIMBERS NID FUND</u>						
RECEIPTS						
Property taxes	12,500	12,910	410	25,021	11,944	(13,077)
Interest	900	1,040	140	768	878	110
Total Receipts	13,400	13,950	550	25,789	12,822	(12,967)
DISBURSEMENTS						
Bond repayment	14,500	12,627	1,873	14,474	12,005	2,469
Transfers out	940	470	470	0	470	(470)
Total Disbursements	15,440	13,097	2,343	14,474	12,475	1,999
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,040)	853	2,893	11,315	347	(10,968)
CASH, JANUARY 1	16,316	16,316	0	15,970	15,970	0
CASH, DECEMBER 31	14,276	17,169	2,893	27,285	16,316	(10,968)
<u>COUNTRY HILLS NID FUND</u>						
RECEIPTS						
Property taxes	5,100	7,497	2,397	13,024	5,083	(7,941)
Interest	500	677	177	511	532	21
Total Receipts	5,600	8,174	2,574	13,535	5,615	(7,920)
DISBURSEMENTS						
Bond repayment	5,800	6,320	(520)	5,200	5,434	(234)
Transfers out	350	175	175	0	175	(175)
Total Disbursements	6,150	6,495	(345)	5,200	5,609	(409)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(550)	1,679	2,229	8,335	6	(8,329)
CASH, JANUARY 1	10,478	10,478	0	10,472	10,472	0
CASH, DECEMBER 31	9,928	12,157	2,229	18,807	10,478	(8,329)
<u>NORTHWOOD NID FUND</u>						
RECEIPTS						
Property taxes	22,000	18,209	(3,791)	20,800	19,168	(1,632)
Interest	100	1,495	1,395	1,091	1,280	189
Total Receipts	22,100	19,704	(2,396)	21,891	20,448	(1,443)
DISBURSEMENTS						
Bond repayment	20,000	18,354	1,646	18,379	17,966	413
Transfers out	470	235	235	0	235	(235)
Total Disbursements	20,470	18,589	1,881	18,379	18,201	178
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,630	1,115	(515)	3,512	2,247	(1,265)
CASH, JANUARY 1	21,334	21,334	0	19,087	19,087	0
CASH, DECEMBER 31	22,964	22,449	(515)	22,599	21,334	(1,265)

Exhibit B

PULASKI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DYE ESTATES NID FUND</u>						
RECEIPTS						
Property taxes	2,500	3,473	973	11,704	2,108	(9,596)
Interest	760	750	(10)	600	757	157
Total Receipts	3,260	4,223	963	12,304	2,865	(9,439)
DISBURSEMENTS						
Bond repayment	3,500	2,948	552	2,644	3,005	(361)
Transfers out	190	95	95	0	95	(95)
Total Disbursements	3,690	3,043	647	2,644	3,100	(456)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(430)	1,180	1,610	9,660	(235)	(9,895)
CASH, JANUARY 1	13,734	13,734	0	13,969	13,969	0
CASH, DECEMBER 31	13,304	14,914	1,610	23,629	13,734	(9,895)
<u>EAGLE POINT NID FUND</u>						
RECEIPTS						
Property taxes	7,000	5,493	(1,507)	8,280	5,506	(2,774)
Interest	500	568	68	494	543	49
Total Receipts	7,500	6,061	(1,439)	8,774	6,049	(2,725)
DISBURSEMENTS						
Bond repayment	7,500	6,373	1,127	6,166	6,544	(378)
Transfers out	230	115	115	0	115	(115)
Total Disbursements	7,730	6,488	1,242	6,166	6,659	(493)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(230)	(427)	(197)	2,608	(610)	(3,218)
CASH, JANUARY 1	10,372	10,372	0	10,982	10,982	0
CASH, DECEMBER 31	10,142	9,945	(197)	13,590	10,372	(3,218)
<u>H HIGHWAY NID FUND</u>						
RECEIPTS						
Property taxes	88,000	36,272	(51,728)	37,835	37,564	(271)
Interest	10,000	10,110	110	12,000	9,887	(2,113)
Maintenance assessmen	0	43,950	43,950	0	2,906	2,906
Total Receipts	98,000	90,332	(7,668)	49,835	50,357	522
DISBURSEMENTS						
Bond repayment	46,950	45,222	1,728	45,860	46,758	(898)
Road maintenance	50,000	0	50,000	50,000	50,000	0
Other	0	0	0	0	43	(43)
Transfers out	2,300	2,175	125	2,300	2,300	0
Total Disbursements	99,250	47,397	51,853	98,160	99,101	(941)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,250)	42,935	44,185	(48,325)	(48,744)	(419)
CASH, JANUARY 1	180,182	180,182	0	228,926	228,926	0
CASH, DECEMBER 31	178,932	223,117	44,185	180,601	180,182	(419)

Exhibit B

PULASKI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>NORTHLAKE NID FUND</u>						
RECEIPTS						
Property taxes	8,100	6,810	(1,290)	18,378	7,966	(10,412)
Interest	400	469	69	791	420	(371)
Total Receipts	8,500	7,279	(1,221)	19,169	8,386	(10,783)
DISBURSEMENTS						
Bond repayment	8,190	7,345	845	8,190	7,586	604
Transfers out	360	180	180	0	180	(180)
Total Disbursements	8,550	7,525	1,025	8,190	7,766	424
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	(246)	(196)	10,979	620	(10,359)
CASH, JANUARY 1	9,545	9,545	0	8,925	8,925	0
CASH, DECEMBER 31	9,495	9,299	(196)	19,904	9,545	(10,359)
<u>WHITE OAKS NID FUND</u>						
RECEIPTS						
Property taxes	10,000	7,309	(2,691)	9,875	769	(9,106)
Interest	0	709	709	726	675	(51)
Total Receipts	10,000	8,018	(1,982)	10,601	1,444	(9,157)
DISBURSEMENTS						
Bond repayment	10,000	8,394	1,606	24,672	272	24,400
Transfers out	250	125	125	0	0	0
Total Disbursements	10,250	8,519	1,731	24,672	272	24,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(250)	(501)	(251)	(14,071)	1,172	15,243
CASH, JANUARY 1	15,243	15,243	0	14,071	14,071	0
CASH, DECEMBER 31	14,993	14,742	(251)	0	15,243	15,243
<u>911 EMERGENCY SERVICES BOARD FUND</u>						
RECEIPTS						
Telephone surcharges	327,703	337,522	9,819	303,510	305,213	1,703
Charges for services	46,200	66,900	20,700	42,000	42,000	0
Interest	1,000	808	(192)	1,600	1,327	(273)
Other	0	2,200	2,200	0	508	508
Total Receipts	374,903	407,430	32,527	347,110	349,048	1,938
DISBURSEMENTS						
Salaries	272,800	236,682	36,118	260,293	247,368	12,925
Office expense:	31,100	42,561	(11,461)	39,067	40,822	(1,755)
Equipment	36,265	33,784	2,481	23,617	34,019	(10,402)
Other	7,235	13,318	(6,083)	7,025	9,617	(2,592)
Total Disbursements	347,400	326,345	21,055	330,002	331,826	(1,824)
RECEIPTS OVER (UNDER) DISBURSEMENTS	27,503	81,085	53,582	17,108	17,222	114
CASH, JANUARY 1	20,579	20,579	0	3,357	3,357	0
CASH, DECEMBER 31	48,082	101,664	53,582	20,465	20,579	114

Exhibit B

PULASKI COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	153,290	166,093	12,803	144,902	150,248	5,346
Intergovernmental	50	25	(25)	49	704	655
Interest	5,000	4,952	(48)	9,954	7,085	(2,869)
Other	5,800	4,655	(1,145)	5,800	5,443	(357)
Total Receipts	164,140	175,725	11,585	160,705	163,480	2,775
DISBURSEMENTS						
Salaries	3,000	3,450	(450)	3,000	2,925	75
Office expenditures	4,500	2,168	2,332	4,500	1,224	3,276
Sheltered workshop building loan	25,000	25,000	0	25,000	125,000	(100,000)
Transportation payments	1,200	0	1,200	1,200	833	367
Real property purchase	0	0	0	0	50,239	(50,239)
Contractual services	98,108	100,231	(2,123)	96,108	81,168	14,940
Total Disbursements	131,808	130,849	959	129,808	261,389	(131,581)
RECEIPTS OVER (UNDER) DISBURSEMENTS	32,332	44,876	12,544	30,897	(97,909)	134,356
CASH, JANUARY 1	73,670	93,850	20,180	190,159	191,758	1,599
CASH, DECEMBER 31	106,002	138,726	32,724	221,056	93,850	135,955
<u>SENIOR CITIZENS SERVICES BOARD FUND</u>						
RECEIPTS						
Property taxes	95,567	99,229	3,662	88,650	89,480	830
Intergovernmental	400	16	(384)	500	438	(62)
Interest	1,500	1,750	250	2,500	2,016	(484)
Total Receipts	97,467	100,995	3,528	91,650	91,934	284
DISBURSEMENTS						
Office expenditures	5,556	1,872	3,684	5,556	1,802	3,754
Contractual services	99,000	92,742	6,258	99,706	88,357	11,349
Total Disbursements	104,556	94,614	9,942	105,262	90,159	15,103
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,089)	6,381	13,470	(13,612)	1,775	15,387
CASH, JANUARY 1	43,008	43,008	0	41,233	41,233	0
CASH, DECEMBER 31	35,919	49,389	13,470	27,621	43,008	15,387
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	10,000	10,810	810	10,000	10,082	82
Total Receipts	10,000	10,810	810	10,000	10,082	82
DISBURSEMENTS						
Law Library	10,000	14,440	(4,440)	10,000	8,597	1,403
Total Disbursements	10,000	14,440	(4,440)	10,000	8,597	1,403
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(3,630)	(3,630)	0	1,485	1,485
CASH, JANUARY 1	6,200	7,145	945	4,340	5,660	1,320
CASH, DECEMBER 31	\$ 6,200	3,515	(2,685)	4,340	7,145	2,805

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

PULASKI COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Pulaski County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Senate Bill 40 Board, the Senior Citizens Services Board, or the 911 Emergency Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Family Court	2002 and 2001
Circuit Clerk Interest	2002 and 2001
Collector Maintenance	2002
Recorder Technology	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Tourism Tax	2002 and 2001
Country Hills NID	2002 and 2001
Road and Bridge Sales Tax	2002
Prosecuting Attorney User Fees	2002
Prosecuting Attorney Delinquent Tax	2002
Law Library	2002
Crisis Center	2001
Family Reunion	2001
Sewer Grant	2001
Dye Estates NID	2001
Eagle Point NID	2001
H Highway NID	2001
911 Emergency Services Board	2001
Senate Bill 40 Board	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the Special Road and Bridge Fund for the year ended December 31, 2002. However, the budget of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balance presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2002 and 2001, did not include the Law Library Fund, the Circuit Clerk Interest Fund, and the Family Court Fund.

In addition, for the Senate Bill 40 Board Fund and the Senior Citizens Services Board Fund for the years ended December 31, 2002 and 2001, and for the 911 Emergency Services Board Fund for the year ended December 31, 2002, the county's published financial statements included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's, the Senate Bill 40 Board's, the 911 Emergency Services Board's, and the Senior Citizens Services Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by county's or board's custodial banks in the county's or board's names.

3. Subsequent Event

On April 8, 2003, the citizens of Pulaski County passed a county sales tax of one quarter cent (\$.0025) per \$1 of retail sales for the purpose of providing central dispatching of emergency services (911 emergency services). In conjunction with the passage of this sales tax, the citizens repealed the telephone tariff which currently funds 911 emergency services and generates annual revenues of approximately \$350,000. The telephone tariff will expire and the sales tax will take effect on October 1, 2003, and the sales tax is expected to generate annual revenues of approximately \$700,000.

4. Prior Period Adjustment

The Recorder User Fee Fund's cash balance at January 1, 2001, as previously stated has been increased by \$14,000 to reflect a disbursement recorded in 2000 that was subsequently voided in 2001. The beginning budgeted cash balance for the year ended December 31, 2001, was also increased by this amount.

Supplementary Schedule

Schedule

PULASKI COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Childre	ERS045-3185W	\$ 126,538	159,729
10.559	Summer Food Service Program for Childre	ERS 146-2185	600	480
	Office of Administration			
10.665	Schools and Roads - Grants to State	N/A	83,935	113,978
U.S. DEPARTMENT OF DEFENSE				
	Passed through state Department of Public Safety			
12. unknown	Surplus Property	N/A	0	874
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State's Program	98-PF-26	0	361,749
	Department of Social Services			
14.231	Emergency Shelter Grants Program	ER01640525	6,802	27,210
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.607	Bulletproof Vest Partnership Program	N/A	0	4,000
	Passed through:			
	State Department of Public Safety			
16.554	National Criminal History Improvement Program	N/A	0	12,862
	Missouri Sheriff's Association			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,050	1,535
U.S. DEPARTMENT OF TRANSPORTATION				
	Passed through State Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	2,048	1,928

Schedule

PULASKI COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	8	60
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through State Department of Public Safety				
83.544	Public Assistance Grants	1412-DR	124,719	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	N/A	0	1,000
93.268	Immunization Grants	PGA064-3185A	12,450	30,066
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	N/A	3,631	2,955
Department of Social Services -				
93.563	Child Support Enforcement	N/A	30,773	31,369
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-2185C	4,145	4,460
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-20044	9,995	6,595
93.945	Assistance Programs for Chronic Disease Prevention and Control	C906267001	25,000	0
93.991	Preventive Health and Health Services Block Grant	DH030029001	20,997	26,184
93.994	Maternal and Child Health Services Block Grant to the State	ERS146-2185M	43,726	42,533
Total Expenditures of Federal Award:			\$ 496,417	829,567

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

PULASKI COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Pulaski County, Missouri, except for the programs accounted for in the Pulaski County Public Housing Agency Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended December 31, 2002 and 2001.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Property program (CFDA number 39.003) and the Surplus Property program (CFDA number 12.Unknown) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268), the Preventive Health and Health Services Block Grant (CFDA number 93.991), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$6,802 and \$27,210 to a subrecipient under the Emergency Shelter Grants Program (CFDA number 14.231) during the years ended December 31, 2002 and 2001, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Pulaski County, Missouri

Compliance

We have audited the compliance of Pulaski County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Pulaski County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

Internal Control Over Compliance

The management of Pulaski County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weaknesses.

This report is intended for the information and use of the management of Pulaski County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 15, 2003 (fieldwork completion date)

Schedule

PULASKI COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? x yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable condition identified that is
not considered to be material a weakness? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
10.665	Schools and Roads - Grants to States
14.228	Community Development Block Grants/State's Program
83.544	Public Assistance Grants

\$300,000

 yes x no

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Disbursements were made in excess of the approved budgets in the following funds during the years ended December 31, 2002 and 2001:

Fund	Year Ended December 31,	
	2002	2001
Road and Bridge Sales Tax	28	N/A
Prosecuting Attorney User Fee	135	N/A
Prosecuting Attorney Delinquent Tax	711	N/A
Crisis Center	N/A	15,210
Family Reunion	N/A	386
Sewer Grant	N/A	354,727
Tourism Tax	28,827	31,046
Country Hills NID	345	409
Dye Estates NID	N/A	456
Eagle Point NID	N/A	493
H Highway NID	N/A	941
911 Emergency Services	N/A	4,193
Senate Bill 40 Board	N/A	131,580
Law Library	4,440	N/A
Total	\$ 34,486	539,441

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, SW 2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted, and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

A similar condition was noted in a prior report.

WE RECOMMEND the County Commission and the Senate Bill 40 Board adopt procedures to periodically compare budgeted and actual disbursements and ensure the county and applicable officials do not authorize disbursements in excess of budgeted expenditures. If valid reasons necessitate excess expenditures, the original budgets should be formally amended.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We agree and will amend budgets in the future when necessary.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-2.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads - Grants to States
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Year:	2002 and 2001
Questioned Costs:	Not Applicable

Federal Grantor: U.S. Department of Housing and Urban Development
Pass-Through Grantor: State Department of Economic Development
Federal CFDA Number: 14.228
Program Title: Community Development Block Grants/State's Program
Pass-Through Entity
Identifying Number: 98-PF-26
Award Year: 2001
Questioned Costs: Not Applicable

Federal Grantor: Federal Emergency Management Agency
Pass-Through Grantor: State Department of Public Safety
Federal CFDA Number: 83.544
Program Title: Public Assistance Grants
Pass-Through Entity
Identifying Number: 1412-DR
Award Year: 2002
Questioned Costs: Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county does not have procedures in place to adequately track federal awards for preparation of the SEFA. For the years ended December 31, 2002 and 2001, the county's SEFA did not include expenditures related to numerous federal grants. In total, federal expenditures were understated by approximately \$53,000 and \$188,000 for 2002 and 2001, respectively. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards, or consider appointing a county-wide grants coordinator to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

A similar condition was noted in a prior report.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as a part of the annual budgets. The County Commission should take steps to ensure other departments and/or officials properly track federal awards, or consider appointing a county-wide grants coordinator.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We agree and will present more accurate information in the future. We have already appointed a grants coordinator.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

PULASKI COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

PULASKI COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings - Two Years Ended December 31, 2000

00-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass- Through Entity	
Identifying Number:	ERS045-1185
Award Years:	2000 and 1999
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads - Grants to States
Pass- Through Entity	
Identifying Number:	Not Applicable
Award Years:	2000 and 1999
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing Grants
Pass- Through Entity	
Identifying Number:	Not Applicable
Award Years:	2000 and 1999
Questioned Costs:	Not Applicable

The county did not have procedures in place to adequately track federal awards for preparation of the schedule of federal awards (SEFA). For the years ended December 31, 2000 and 1999, the county's SEFA contained numerous errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget. The County Commission should take steps to ensure other offices properly track federal awards, or consider appointing a county-wide grants coordinator.

Status:

Not implemented. See finding number 02-2.

00-2. Emergency Shelter Grants Program

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Social Services
Federal CFDA Number:	14.231
Program Title:	Emergency Shelter Grants Program
Pass- Through Entity	
Identifying Number:	ERO1640386
Award Years:	2000 and 1999
Questioned Costs:	\$14,200

The county did not have a written agreement with the Pulaski County Crisis Center to ensure that funds provided for the Emergency Shelter Grants program were used in accordance with the grant requirements.

Recommendation:

The County Commission enter into a written agreement with the Crisis Center regarding the use of Emergency Shelter Grant monies.

Status:

Implemented.

00-3. Local Law Enforcement Block Grants Program

Federal Grantor:	U.S. Department of Justice
Pass- Through Grantor:	Not Applicable
Federal CFDA Number:	16.592
Program Title:	Local Law Enforcement Block Grants Program
Pass- Through Entity	
Identifying Number:	Not Applicable
Award Year:	1999
Questioned Costs:	\$17,630

The county did not adequately monitor the expenditures or comply with applicable federal regulations for the Local Law Enforcement Block Grants program. The county did not separately account for these funds to ensure they were spent for allowable purposes.

Recommendation:

The County resolve the questioned costs with the U.S. Department of Justice and ensure appropriate federal regulations are followed for future federal awards.

Status:

Partially implemented. On March 3, 2003, the county contacted the grantor agency regarding the questioned costs and are waiting on the grantor agency's reply. Although this finding is not repeated in the current Schedule of Findings and Questioned Costs, the County Commission should continue to work with the grantor agency to resolve the questioned costs.

Findings - Two Years Ended December 31, 1998

98-1. Emergency Shelter Grants Program

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Social Services
Federal CFDA Number:	14.231
Program Title:	Emergency Shelter Grants Program
Pass- Through Entity	
Identifying Number:	ERO1640156
Award Years:	1998 and 1997
Questioned Costs:	\$18,200

The county did not have a written agreement with the Pulaski County Crisis Center to ensure that funds provided for the Emergency Shelter Grants program were used in accordance with the grant requirements.

Recommendation:

The County Commission enter into a written agreement with the Crisis Center regarding the use of Emergency Shelter Grant monies.

Status:

Implemented.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

PULASKI COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Pulaski County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 15, 2003. We also have audited the compliance of Pulaski County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 15, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Health Center Board and the Pulaski County Public Housing Agency are audited and separately reported on by other independent auditors, the related funds are not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Pulaski County but do not meet the criteria for

inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	General Revenue Disbursements
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The financial condition of the county's General Revenue Fund declined through 2001 due primarily to a large increase in disbursements in 2001. The following chart shows the General Revenue Fund's receipts, disbursements, and cash balances for the past five years.

		2002	2001	2000	1999	1998
Cash Balance, January 1	\$	63,259	332,676	423,242	473,745	500,542
Receipts		2,698,414	2,441,214	2,244,700	2,212,057	2,312,578
Disbursements		(2,529,236)	(2,710,631)	(2,335,266)	(2,262,560)	(2,339,375)
Cash Balance, December 31		232,437	63,259	332,676	423,242	473,745

The county's 2003 budget projects an estimated cash balance of \$221,437, at December 31, 2003.

Two factors contributed to the significant increase in the disbursements of the General Revenue Fund during 2001 and early 2002 as follows:

- A. In 2001, various lawsuits were filed by county officials, which among other things, sought clarification of certain statutory authority and duties of the Sheriff and other county officials. Before the lawsuits went to trial, the Sheriff, Presiding Commissioner, County Clerk, County Treasurer, and 911 Board Chairman signed a settlement agreement on September 12, 2002. The county spent approximately \$114,000 in attorney fees and associated costs related to the lawsuit (approximately \$52,000 was spent in 2001). These costs were paid from the General Revenue Fund. (The Sheriff incurred approximately \$138,000 in attorney fees related to the lawsuit which are being paid from the Civil Fees Fund.)
- B. The cost of boarding prisoners significantly increased during 2001, as follows:

		2002	2001	2000	1999	1998
Board of prisoner costs	\$	244,324	241,816	25,243	10,265	6,241

Prisoner attendance records indicate while the number of prisoners housed in the county jail prior to 2001 routinely exceeded the jail's maximum capacity, little was done to alleviate the overcrowding. Starting in April 2001, the Sheriff indicated he made an effort to keep the number of prisoners housed in the county jail at or below the maximum capacity, so more prisoners needed to be sent to other jails. As a result, significant increases in county prisoners housed in jails located outside the county caused the significant increase in board of prisoner costs. However, while the total number of county prisoners did increase after 2000, prisoner attendance records

indicate the county jail was not fully utilized during 2002 and 2001, and prisoners were housed in other jails every day that there was room in the county jail.

The maximum capacity of the county jail is 28 prisoners, and a circuit court order requires the Sheriff to keep an extra spot open if a prisoner needs to be moved to the jail on short notice. The daily prisoner count indicates the county jail was at 25 prisoners or less 32 percent and 41 percent of the time for the years ended December 31, 2002 and 2001, respectively, and on a few occasions, 20 or fewer prisoners were housed in the county jail for several consecutive days. The cost of boarding a prisoner outside the county jail is normally \$30 per day while the county's out-of-pocket costs are much lower for prisoners kept in the county jail. Thus, it appears the cost for boarding of prisoners could have been decreased if the county jail's capacity was maximized before prisoners were boarded outside the county.

In addition, the jail was not utilized as a full-time facility for approximately two weeks in February 2002. For a period of 18 consecutive days, the daily prisoner count indicates no prisoners were housed in the county jail and all prisoners were housed in other jails. The Sheriff indicated only prisoners who were scheduled to appear in court were kept at the jail during the day and all other prisoners were housed in other jails. The Sheriff indicated this was done because county officials had tried to reduce the budget of his employees' salaries by a total of approximately \$22,000 (out of a total salary budget of approximately \$400,000) and he could not staff the jail on a 24-hour basis. As a result, the county incurred approximately \$15,000 in additional costs to house county prisoners in other jails.

While the county continues to incur significant costs for board of prisoners, additional attorney fees have not been incurred since 2002. It appears the county incurred significant costs on attorney fees and board of prisoners because the county officials did not work together and resolve their differences. County officials indicated that cutbacks were made to other items beginning in 2002, such as employee fringe benefits, because of the unavailability of money in the General Revenue Fund.

WE RECOMMEND the County Commission and Sheriff work together to ensure county funds are spent in a prudent manner. In addition, the County Commission should continue to monitor the financial condition of the General Revenue Fund.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The jail has been currently operating at capacity, and the current commissioners and county clerk have a good working relationship with the sheriff.

The Sheriff provided the following response:

I recognize and agree with the need to maximize the use of the jail, and have attempted to do this since I have been Sheriff. One of the difficulties with doing this, which has been discovered during

this audit, is that we only take a jail population count at approximately 5:30 a.m., which is the time when the jail population is at its lowest. We have discovered that this procedure produces an inaccurate method of determining the jail population and does not reflect the need to transport prisoners. I have instituted a new policy of taking the jail population at approximately 5:30 a.m. each day, and again at noon, and an additional time, immediately prior to the last prisoner transport of the day.

This procedure will allow the Sheriff and the county in the future to accurately track the number of prisoners, and more accurately determine the reasons for transportation. The jail population ebbs and flows throughout the course of each day, with prisoners being added throughout a 24-hour period, and released by the court or upon bond.

I was unable to safely utilize the county jail other than as a holding facility during an approximate 18-day period in February 2002, due to a decision by the Circuit Court which had the effect of reducing the Sheriff's available salary funds by \$22,000 from the salary funds which had been spent during 2001. Because of the decrease in available salary funds, I had to lay off two jailers, which left an insufficient staff to safely run a 24-hour jail facility. This situation was shortly resolved when Circuit Judge Wiggins held a public hearing and restored the funds, which allowed me to rehire sufficient staff to safely use the jail as a 24-hour facility. It is not anticipated that this misunderstanding will occur in the future.

2. County Officials' Compensation

- A. The County Treasurer's salary was increased \$11,193 annually, effective with the start of a new term of office on January 1, 2003. The county did not hold a salary commission meeting to approve this increase. The former Prosecuting Attorney indicated an opinion that he had previously issued was still valid and that the County Treasurer was entitled to the raise without specific approval of the salary commission. However, Section 50.333, RSMo 2000, provides that the county salary commission shall set the salaries of all elected officials.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. However, Section 50.333, RSMo 2000, appears to authorize salary commissions to meet only in odd-numbered years.

As a result, without salary commission approval, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

- B. The Sheriff's salary was increased by \$1,000 in January 2002 based on Section 57.403, RSMo 2000, which states a sheriff in a third class county shall receive an additional \$1,000 per year for the performance of certain duties. However, this statute was in effect prior to the establishment of the salary commission, and the current applicability of this statute is questionable. In addition, there is no evidence

that the county held a salary commission meeting and the county did not obtain a written opinion from the Prosecuting Attorney to support the salary increase.

- C. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in August 1997, Pulaski County's former Associate County Commissioners salaries were each increased approximately \$5,800 yearly, according to information from the former County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third-class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioner, totaling approximately \$19,000 for the period September 1, 1997 to December 31, 2000, should be repaid. Although the County Commission indicated they reviewed this matter with the former Prosecuting Attorney, no plan has been developed for obtaining repayment of the salary overpayments.

The County Commission should review these matters with the Prosecuting Attorney to ensure the proper amounts were paid to the applicable officials and to obtain repayment from the former Associate County Commissioners. Also, the County Commission should ensure all future salary commission decisions are thoroughly documented and all future officials' salaries are supported by actions of the County Salary Commission.

WE RECOMMEND the County Commission:

- A. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.
- B. Ensure salary commission minutes clearly document all decisions made and all future elected officials' salaries are supported by actions of the salary commission. In addition, written legal opinions should be obtained from the Prosecuting Attorney to support the decisions of the salary commission.
- C. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.

AUDITEE'S RESPONSE

A. *We acted on the advice of the former Prosecuting Attorney and believe our actions were in accordance with state law.*

B&C. *We will seek advice from the current Prosecuting Attorney and take appropriate action.*

3. Expenditures and Related Matters
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- A. By order of the County Commission, a loan of \$270,000 was made from the General Revenue Fund to the Special Road and Bridge Fund on August 17, 1998. The loan was to be repaid within six months or when sufficient monies were available in the Special Road and Bridge Fund, along with interest at the rate which the county's money market account was earning. The former County Clerk indicated the loan was needed to cover general operating costs of the Special Road and Bridge Fund. The loan was repaid in twenty-four equal monthly installments during 2001 and 2002; however, no interest was paid. Based on the county's money market interest rates in 1998, it appears interest of approximately \$29,000 should have been paid from the Special Road and Bridge Fund to the General Revenue Fund if the county had followed the terms of the August 17, 1998 order.

The county should adopt policies to ensure a sufficient cash flow is available to meet current needs. If interfund loans are necessary, the county should develop a system to track the loans to ensure the loans are properly repaid.

- B. The County Treasurer handles the collection of county tourism taxes from the various lodging establishments in the county. Collections in 2002 and 2001 were \$303,343 and \$219,632, respectively. These monies are accounted for in the Tourism Tax Fund and are paid monthly to the Pulaski County Convention and Visitors Bureau which provides tourism services for the county. The Pulaski County Convention and Visitors Bureau remits to the county's General Revenue Fund a percentage of the total tourism taxes. The percentage was three percent prior to June 1, 2001, ten percent from June 1, 2001 to November 1, 2002, and one percent since November 1, 2002. Total amounts remitted to the General Revenue Fund were \$23,478 and \$15,823 during 2002 and 2001, respectively.

These remittances are intended to cover the county's costs to collect and account for the tourism taxes; however, the county has not calculated its actual costs nor does the county have any justification for the significant changes to the percentage of taxes remitted. Also, there does not appear to be any statutory authority for the county to retain a collection fee for tourism taxes.

Similar conditions were noted in our two prior reports. While the County Commission indicated it would document the county's related administrative costs in response to our prior findings, no action has been taken by the County Commission.

- C. In May 2001, the County Commission authorized the turnover of approximately \$12,000 of unidentified and unclaimed monies to the General Revenue Fund. These unidentified and unclaimed monies were turned over to the County Treasurer from other county officials, such as the Circuit Clerk, Sheriff, and Prosecuting Attorney. However, there appears to be no statutory authority to transfer unidentified or unclaimed monies to the General Revenue Fund, and it appears unclaimed monies should be remitted to the state Unclaimed Property Section. Sections 447.500 through 447.595, RSMo, apply to the Uniform Disposition of Unclaimed Property which requires unclaimed property to be remitted to the Unclaimed Property Section of the State Treasurer's Office. The county should review these sections of state law and take appropriate action.
- D. The County Treasurer did not properly disburse monies received in 2002 for private car taxes received from the state which represent taxes collected by the state on private railroad cars. The county received approximately \$21,000 in 2002 and disbursed the entire amount to the school districts. Section 137.1021, RSMo 2000, requires that seventy percent of the monies be disbursed to the school districts within in the county and the remaining thirty percent to be disbursed to the General Revenue Fund.
- E. During 2002, the county deposited into the Civil Fees Fund \$3,164 more than allowed by state law. Section 57.280, RSMo 2000, provides that a maximum of \$50,000 annually in civil fees collected by the Sheriff be deposited into the Civil Fees Fund, and any excess collections be deposited into the General Revenue Fund. It appears that neither the Sheriff or the County Treasurer monitored for compliance with state law, and the County Treasurer deposited all civil fees turned over by the Sheriff into the Civil Fees Fund. The County Commission should review this situation and authorize the transfer of amounts to the General Revenue Fund that exceeded the statutory maximum.
- F. During the year ended December 31, 2002, the County Commission authorized expenditures totaling \$24,791 from the Special Road and Bridge Fund for property insurance. Approximately \$5,600 of this amount was for insurance coverage on county owned computer equipment. Although the county normally pro-rates insurance costs to the various county funds, it appears information provided by the insurance agent did not provide adequate documentation to properly pro-rate these costs.
- Section 137.555, RSMo 2000, requires the Special Road and Bridge Fund to be used only for road and bridge purposes. The county should review the insurance costs related to computer equipment and reimburse the Special Road and Bridge Fund for amounts not related to road and bridge purposes.
- G. The County Commission approved payments to the Probate Clerk without requiring or retaining any documentation to support the propriety of the payments. In addition to her regular salary paid by the state, the Probate Clerk is paid \$2,700 annually (\$225 per month) for performing one hour per-day of genealogy work. The Probate

Clerk does not prepare a timesheet to document the amount of time spent on genealogy work. The County Commission should review these payments and ensure adequate documentation is maintained to support these payments.

WE RECOMMEND the County Commission:

- A. Develop policies to ensure a sufficient cash flow is available to meet current needs. If interfund loans are needed, the County Commission should develop a system to track interfund loans to ensure the loans are properly repaid. In addition, the County Commission should calculate the amount of interest that should have been paid on this loan and transfer that amount from the Special Road and Bridge Fund to the General Revenue Fund.
- B. Review this situation with the Prosecuting Attorney to ensure monies collected for the tourism tax are being handled correctly.
- C. Review the county's procedures for disposing of unclaimed and unidentified monies and ensure applicable state laws are followed. The county should review the \$12,100 turned over to General Revenue Fund and determine if any of this money should be remitted to the state Unclaimed Property Section.
- D. Review the county's procedures for disbursing private car tax collections and ensure applicable state laws are followed.
- E. Review the monies collected and deposited in the Civil Fees Fund and determine if any of these money should be remitted to the General Revenue Fund.
- F. Reimburse the Special Road and Bridge Fund for the amount paid for insurance coverage that was not related to road and bridge purposes, and ensure all future expenditures from the Special Road and Bridge Fund comply with state law.
- G. Review the payments to the Probate Clerk and ensure adequate documentation is maintained to support the propriety of these payments.

AUDITEE'S RESPONSE

- A. *In 2002, we transferred \$30,000 from the Special Road and Bridge Fund to the General Revenue Fund for administrative costs. Because we were under no obligation to make this transfer, we believe this sufficiently compensates the General Revenue Fund for the amount of interest that was owed on this loan.*
- B. *We will document the county's costs for administering the tourism tax in the future and compute the percentage of taxes to be retained based on the amount of administrative costs.*
- C&F. *We will follow up on these and take appropriate action.*

D&E. We agree and have already implemented these recommendations.

G. We agree and plan to implement this recommendation.

4. Published Financial Statements
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The annual published financial statements of the county did not include financial activity of the Law Library Fund, Circuit Clerk Interest Fund, Family Court Fund, and Pulaski County Public Housing Agency Fund, and included only those amounts that passed through the County Treasurer for the Health Center Fund, Senate Bill 40 Board Fund, 911 Emergency Services Board Fund, and Senior Citizens Services Board Fund. Section 50.800, RSMo 2000, requires published financial statements to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds.

For the published financial statements to adequately inform the citizens of the county's financial activity, all monies received and disbursed by the county and all other required information should be included in the level of detail required by law.

WE RECOMMEND the County Commission ensure all required financial information for all county funds is properly reported in the published financial statements.

AUDITEE'S RESPONSE

We agree and plan to implement this recommendation.

5. County Procedures

- A. The county owns 27 vehicles that are used for road and bridge, assessment, and law enforcement purposes. Logs, which document vehicle usage, are not maintained. Without adequate vehicle usage logs, the county cannot effectively monitor the cost of operating and maintaining the vehicles or ensure that vehicles are used for official business only. These logs should indicate at a minimum, the date used, beginning/ending odometer reading, destination/purpose, and the employee utilizing the vehicle, as well as fuel and maintenance costs for each vehicle.
- B. The County Clerk does not prepare minutes for the closed session meetings of the County Commission. The County Commission held numerous closed sessions during the two years ended December 31, 2002, and while the regular meeting minutes did appear to disclose the reason for entering into closed session, minutes were not maintained for the closed portion of the meetings. In addition, it is not evident that the final disposition of matters discussed in closed meeting is made public. Section 610.021, RSMo Cumulative Supplement 2002, allows the County Commission to close meetings to the extent the meetings relate to certain subjects, including litigation, real estate transactions, and personnel matters, and requires the

final vote and disposition of certain matters discussed in closed meetings to be made public.

Section 51.120, RSMo 2000 requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission. Minutes constitute the official record of proceedings of the County Commission. Without adequate minutes, the County Commission cannot demonstrate that actions taken or business conducted during closed sessions related solely to the specific allowable reason announced for closing the meeting.

- C. The County Clerk maintains an account book that summarizes property tax amounts that the County Collector is charged with collecting and the corresponding credits for these amounts. The charges include the original property tax bills and subsequent additions to the tax books. Credits include monthly tax collections, abatements, amounts paid in protest and unpaid delinquent taxes. At the end of February when the delinquent tax books are run, the total charges and credits should equal; however, the County Clerk does not reconcile the amounts in the account book to the County Collector's records, and the total charges do not agree to the total credits. Keeping an accurate account book and reconciling to the County Collector's records would enable the County Clerk to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate.

Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and County Commission to verify the County Collector's records and annual settlements.

- D. The County Clerk and the County Treasurer maintain the majority of the county's accounting records on both computerized and manual records. These duplicate records include fund receipts and disbursement ledgers, check registers, and payroll records. Maintaining accounting records both manually and on computer increases the workload of the County Clerk's and County Treasurer's offices and appears to be an unnecessary expense to the county.

WE RECOMMEND the County Commission:

- A. Require usage logs to be maintained on all county vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred.
- B. Ensure minutes are prepared, approved, and retained for all closed meetings, and the final disposition of matters discussed in closed meetings is made public as required by state law.
- C. Require the County Clerk maintain a complete and accurate account book that includes all information regarding property tax charges and credits. The County

Clerk and County Commission should make use of this account book to verify the County Collector's annual settlements.

- D. Review all current computerized and manual accounting records and determine if any duplicate records and work can be discontinued.

AUDITEE'S RESPONSE

- A. *We will take this under advisement.*
- B. *This has already been implemented.*
- C. *We agree and the County Clerk has started maintaining a more accurate account book.*
- D. *The current County Clerk and Treasurer have been reviewing all accounting records and will work toward eliminating unnecessary and duplicate records.*

6. Personnel Policies and Procedures

- A. Time sheets for the Sheriff department's employees are maintained by the Sheriff and are not submitted to the County Clerk. Centralized records help ensure that employees' vacation leave, sick leave, and overtime records are accurate and comply with county policy, better document compliance with the Fair Labor Standards Act (FLSA), and aid in determining final pay for employees leaving county employment.
- B. The County Commission has established written personnel policies regarding vacation and sick leave, and compensatory time for all county employees. During our review of leave records, we noted the following concerns:
1. Some employees have accumulated more vacation hours than allowed by county policy. The County Personnel Policies Manual states that employees can accumulate and carry-forward 40 hours of vacation leave beyond their anniversary date. On December 31, 2002, 13 of 32 (41 percent) full-time employees had carried forward more than the maximum 40 hours of vacation leave on their anniversary date. The County Commission should ensure all employees comply with the vacation leave policy.
 2. The Sheriff has adopted leave policies for his employees effective January 1, 2001, which are different from the leave policies in the County Personnel Policies Manual for law enforcement personnel. The Sheriff's policy allows his employees to accumulate a maximum of 320 vacation hours, while the county policy allows a maximum of 40 hours.

In addition, the County Personnel Policies Manual states that law enforcement employees will be paid overtime after accumulating a maximum of 20 hours of compensatory time. The Sheriff's policy allows his employees

to accumulate a maximum of 480 hours of compensatory time as allowed by the FLSA; however, it is unclear if this policy applies to both law enforcement and regular (civilian) employees. The FLSA allows compensatory time to be accrued to a maximum of 480 hours for law enforcement personnel and 240 hours for most other employees.

The County Commission and Sheriff should work together to adopt one official set of leave policies for the Sheriff's employees. These policies should clearly define the distinction between the Sheriff's law enforcement and civilian employees. Additionally, the officials should evaluate whether they want to use the Sheriff's approach of allowing the large accrual of vacation leave and compensatory time or use the county's approach of paying overtime after the accumulation of only 20 hours of compensatory time.

WE RECOMMEND the County Commission:

- A. Work with the Sheriff to ensure time records and records of leave earned, used, and accumulated are maintained in a central location for all county employees.
- B.1. Ensure employees are not allowed to accumulate vacation leave above the maximum established by county personnel policies.
- 2. Work with the Sheriff to adopt one set of leave policies for the Sheriff's employees.

AUDITEE'S RESPONSE

The County Commission provided the following response:

- A. *We will discuss this with the Sheriff.*
- B.1. *We agree and have implemented this recommendation.*
- B.2. *We will change the county personnel policy for law enforcement employees to agree to the Sheriff's policy.*

The Sheriff provided the following response:

I have met with the current County Commission. The matter covered in Part A is one of the subjects of prior litigation, and that issue was resolved by an agreement between the parties, that the Sheriff would continue to be the central custodian of his employees' timesheets, and that he would provide the County Clerk with a detailed summary of all accumulated hours of work, a running total of the use and accrual of sick leave, vacation leave, holiday leave, and compensatory time worked, on each payday. There was an actual form which was agreed to be used, and approved by the Circuit Court, and that has been used to the satisfaction of the County Clerk, County Commission, and Sheriff. The reasoning behind this agreement is that the Sheriff, as the direct supervisor of his employees, is in the best position to monitor and control this information, because how an employee is utilized may

effect an employee's FLSA rights as to whether the employee is an exempt or non-exempt FLSA law enforcement employee. The Sheriff is uniquely in possession of this information. The Sheriff and the County Commission are working together to adopt and document a uniform set of policies which will reflect the differences between law enforcement employees and the general employees of the county. I adopted the FLSA policies for the benefit of the county. If I utilized the same personnel policies as the county, with regard to my employees, the cost of overtime paid after 20 hours would be prohibitive.

7.

Neighborhood Improvement Districts

Since 1996, the Pulaski County Commission has established eight neighborhood improvement districts (NIDs) pursuant to a petition or public vote from the residents in the proposed districts. The NIDs were established to develop certain roads in the respective districts. Temporary notes were issued by the County Commission to fund each project's construction. General obligation special assessment bonds were issued to pay off the temporary notes related to these various projects. These bonds are to be paid off over periods up to fifteen years.

While the County Commission is ultimately responsible for the repayment of the general obligation bonds, the bonds are intended to be repaid through the collection of special assessments on the benefited properties within each district. Two payment options were developed by the County Commission. The options allowed property owners to pay the assessments in one lump sum or allocate the special assessment and related interest costs over payment periods of up to fifteen years.

The following concerns were noted regarding the NIDs:

- A. The county started receiving administrative fees in 2001, totaling \$3,570 in both 2002 and 2001. The administrative fees represent \$5 per lot on each lot within the eight NIDs. Section 67.453, RSMo 2000, allows work done by the county in the administration and supervision of NID improvements to be included in the overall costs assessed to NID property owners. However, the county has not documented its administrative costs to support the \$5 per lot fee. The County Commission should document its administrative costs and collect additional amounts from the landowners or refund any excess amounts received, as applicable.
- B. At December 31, 2002 the H Highway NID Fund had an ending balance of \$223,117, while the bond debt balance was \$400,000. A portion of the fund balance represents monies that were received from property owners as a lump sum payment for their assessment after the permanent general obligation bonds were issued. Bond documents indicate that as of March 2003, bonds can be retired early without penalty. Because the interest rate on the bonds is higher than the amount the county earns on its deposits, the county should consider early retirement of some of these bonds. The County Commission should review the fund balance and determine what portion of the available funds could be used for early retirement of the bonds.

WE RECOMMEND the County Commission:

- A. Document the administrative costs incurred by the county and charged to the NIDs. Any additional unreimbursed costs should be collected from the landowners, and any excess amounts collected should be refunded to landowners.
- B. Review the balance of the H Highway NID Fund and determine the feasibility of early retirement of a portion of the general obligation bonds.

AUDITEE'S RESPONSE

- A. *We agree and will document the county's administrative costs in the future.*
- B. *We agree and have already made an additional \$40,000 bond principal payment.*

8. Prosecuting Attorney's Accounting Controls and Procedures

The Prosecuting Attorney's office collected bad check and other restitution and fees totaling approximately \$417,000 and \$399,000 for the years ended December 31, 2002 and 2001, respectively. Administrative fees are remitted to the County Treasurer monthly. Our review of the Prosecuting Attorney's accounting controls and procedures indicated the following concerns:

- A. Accounting duties are not adequately segregated. Currently all accounting duties, including receiving and recording bad checks complaints and payments, depositing and disbursing monies, and following-up on amounts still due, are performed by one clerk with no independent review or oversight.

Internal controls would be improved by segregating the duties of receiving and recording complaints and payments from the duties of depositing and disbursing monies and following up on amounts due. If duties cannot be adequately segregated, at a minimum, someone independent should periodically review the accounting records, compare monies received with deposits and disbursements, and ensure recorded dispositions appear proper. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. Formal bank reconciliations have not been performed since June 30, 2002 for the Prosecuting Attorney's three bank accounts. The Prosecuting Attorney indicated the clerk responsible for the preparation of the bank reconciliation fell behind in her duties and left the position before the bank reconciliations were prepared. Monthly bank reconciliations are necessary to ensure bank and book records are in agreement and to ensure errors are detected and corrected in a timely manner. The current Prosecuting Attorney opened a new bank account effective January 1, 2003, and bank reconciliations have been prepared for that account.

A similar condition was noted in a prior report.

- C. At June 30, 2002, fifty-two checks written on the bank accounts totaling approximately \$6,900 had been outstanding for over one year. These old outstanding checks create additional and unnecessary record keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, monies should be disposed of as provided by state law. In addition, procedures should be established to periodically investigate checks outstanding for a considerable time.
- D. Monthly listings of open items (liabilities) are not prepared and, consequently, liabilities are not reconciled to cash balances. As of June 30, 2002, the last time a bank reconciliation was prepared, the reconciled balances of the three bank accounts totaled \$48,759, which was not identified to open items. Our prior audit at December 31, 1998, noted approximately \$30,000 of unidentified monies. It appears the amount of unidentified monies in the bank accounts has continued to grow and little effort has been made to identify these monies. The total bank balances of the three accounts totaled \$86,693 at December 31, 2002.

Preparation of monthly open items listings, in conjunction with reconciliations to book and bank balances, is necessary to ensure the cash balance is sufficient to cover liabilities and allow for timely correction of errors. Unidentified balances should be disposed of as provided by state law.

A similar condition was noted in a prior report.

- E. Receipts are not deposited intact on a timely basis. During the two years ended December 31, 2002, deposits were made approximately four to five times per month and averaged approximately \$6,500. In addition, employees are allowed to cash personal checks from receipts.

To adequately safeguard assets and reduce the risk of theft or misuse of funds, personal checks should not be cashed with official receipts, and all receipts should be deposited intact daily or when accumulated receipts exceed \$100.

- F. The Prosecuting Attorney is the custodian of the Law Library Fund. Our review of the Law Library Fund noted the following concerns:
 - 1. Formal bank reconciliations for the Law Library account are not prepared. The balance recorded on the check register at December 31, 2002, was understated by approximately \$875, and periodic bank reconciliations should have detected this error. Monthly bank reconciliations are necessary to ensure bank and book records are in agreement and to ensure errors are detected and corrected in a timely manner.
 - 2. Monies received monthly from the Circuit Court for the Law Library Fund are not deposited timely. On more than one occasion, monies were held for 3

or 4 months before deposit. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited immediately upon receipt.

Similar conditions were noted in a prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.
- B. Prepare bank reconciliations on a monthly basis.
- C. Follow up on old outstanding checks and reissue them or dispose of unclaimed amounts in accordance with state law. Procedures should be established to periodically investigate checks outstanding for a considerable time.
- D. Prepare monthly listings of open items and reconcile the listings to cash balances. Unidentified monies should be disposed of in accordance with state law.
- E. Deposit receipts intact daily or when accumulated receipts exceed \$100, and discontinue the practice of cashing personal checks for employees.
- F.1. Prepare monthly bank reconciliations for the Law Library Fund and resolve any differences between the bank and book balances.
- 2. Deposit the monthly checks received for the Law Library Fund immediately upon receipt.

AUDITEE'S RESPONSE

- A. *I agree and will document my review of the accounting records.*
- B. *The prior office manager who was responsible for all accounting duties was relieved of her duties on January 2, 2003. The position remained vacant for three months because I was unable to find a qualified individual. Since April 1, 2003, I have had three different people in this position. The current employee is performing an excellent job. We are still working on catching up on the reconciliations from 2002.*
- C&D. *We have already located applicable individuals and reissued some of these checks. We will have the two inactive accounts closed by December 31, 2003. It appears the majority of the funds in the two inactive accounts belong to unknown people due to prior inadequate methods of recording unpaid restitution. Our goal is to have the former Prosecuting Attorney's active account closed by December 31, 2004. We will make an attempt to locate all known unpaid victims one last time prior to turning over the funds as unclaimed, unless we have records indicating two prior attempts were made, in which case we will automatically turn over to the state as unclaimed. Regarding any returned or outstanding*

checks on my new account, we will attempt to locate and reissue checks on a monthly basis and turn over unclaimed amounts a minimum of one time per year.

Furthermore, we will prepare and maintain a monthly open items list for proper reconciliation.

- E. We only accept money orders and cashier's checks. They are immediately stamped "for deposit only" upon receipt. Deposits are currently made once per week. All receipts are kept in a locked cabinet within our office prior to being deposited. Due to staffing and time constraints, daily depositing is currently not feasible; however, we will consider increasing the frequency of deposits when current office staff are completely trained in their current duties. As of January 2003, no cash is accepted and no employee is allowed to cash personal checks from receipts.*
- F. I now make all law library deposits either the day of or the day after receipt from the circuit clerk's office. The check register balance of the law library fund has been corrected and monthly bank reconciliations are being performed.*

9. Public Administrator's Accounting Controls and Procedures

The Public Administrator acts as the court-appointed personal representative for wards of the Associate Circuit Division (Probate Court) and is responsible for receiving, disbursing, and accounting for the assets of those individuals. Annually, the Public Administrator is required to file an annual settlement with the Probate Court which reflects a detailed list of assets held as well as financial activity for the year. During the two years ended December 31, 2002, the Public Administrator had responsibility for approximately 100 wards. The following concerns were noted:

- A. Accounting duties are not adequately segregated. Currently all accounting duties, including receiving, recording, depositing, and disbursing monies for each of the cases are performed by one clerk. While the Public Administrator indicated she reviews the bank reconciliations periodically, there is no documentation of this review.

Internal controls would be improved by segregating the duties of receiving and recording monies from the duties of depositing and disbursing monies. If duties cannot be adequately segregated, at a minimum, the Public Administrator should periodically review the case records, compare monies received with deposits, and ensure records appear accurate. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. A review of the annual settlements filed by the Public Administrator indicated the following problems:

1. Annual settlements are not filed in a timely manner. During the audit period, at least 49 annual settlements were filed as much as three months late, including 11 settlements that were over one year late.

Sections 473.540 and 475.270, RSMo 2000, require the Public Administrator to file with the court an annual settlement for each ward. Failure to file settlements on a timely basis for review by the Associate Circuit Judge increases the risk that errors or misuse of funds could go undetected.

2. Most estates handled by the Public Administrator are charged a fee of \$45 per month, and it is the policy of the court that these fees be paid out after the annual settlement is filed and approved by the Associate Circuit (Probate) Judge. The fees are turned over to the county and disbursed to the Public Administrator as her official compensation. Our review noted 21 instances where the Public Administrator withheld fees from various estates, totaling approximately \$10,600, prior to filing the annual settlement, and therefore, prior to approval by the Associate Circuit Judge.
3. Monthly the Public Administrator prepares reports of fees, which list fees for all estates with anniversary dates during the month. This report is turned over to the County Clerk and used to determine the Public Administrator's monthly compensation and to prepare required payroll reports. During the two years ended December 31, 2002, the Public Administrator listed and received payment for estate fees of approximately \$14,400 that had not been withheld from the estates and turned over to the county. Failure to turn over estate fees prior to requesting reimbursement from the county could result in possible misuse of county funds. The Public Administrator should ensure all fees are turned over to the county before compensation payments are requested.

The Public Administrator and Probate Court need to establish procedures to better monitor and follow up on the timely filing of annual settlements and to ensure fees are not paid from estates prior to the judge's approval. In addition, the county should adopt procedures to ensure the Public Administrator turns over fees before they are paid to her as compensation.

WE RECOMMEND the Public Administrator:

- A. Adequately segregate accounting duties or periodically perform and document reviews of the accounting records.

- B.1. File annual settlements on a timely basis as required by state law.
2. Discontinue the practice of withholding estate fees prior to the annual settlement being filed and approved by the Associate Circuit Judge.
3. Turn over applicable fees to the county before the corresponding compensation is paid to the Public Administrator.

AUDITEE'S RESPONSE

I did get behind on annual settlements and I did miss a few by not receiving notice of them. I have no excuse except that when an emergency or a client needs my attention, I will always take care of them first.

There was a time when the Probate Clerk was ill and the settlements were not being reconciled by the Probate Office. This resulted in me not receiving a paycheck, so the County Commission told me to turn in my accounts due each month and then when settlements were approved by the Judge to turn them over to the County Treasurer. We discontinued doing this as of March 1, 2003.

I have already brought all my settlements up-to-date. No fees are released to me until court approval is obtained and turned over to the County Treasurer. Everything is receipted and reviewed by me monthly and documented.

10. County Collector's Accounting Controls and Procedures
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The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. During the years ended February 28, 2003 and 2002, the County Collector collected property taxes totaling approximately \$9.1 and \$8.5 million, respectively. Improvements are needed in the internal control and accounting procedures used by the County Collector, as follows:

- A. The County Collector has not established effective controls over monies received for tax payments in his office. While tax receipts are recorded on a daily ledger and are deposited daily, procedures are not adequate to ensure all receipts are properly recorded and deposited intact.

The method of payment (cash, check, money order, etc.) is not always indicated on the paid tax receipts and the composition of receipts is not reconciled to the daily deposits. In addition, while each paid tax receipt is given a sequential receipt number when paid, the sequence of the numbers is not accounted for to ensure each payment is listed on the daily ledger. The computerized accounting system allows employees to void or reverse receipt information that was originally entered; however, there is no accounting or audit trail for these voids and reversing entries, which allows for unaccountable gaps in the numerical sequence of paid tax receipt numbers.

Reconciliations, along with accounting for the numerical sequence of receipts, and indicating the method of payment on the paid tax receipts, would help the County Collector ensure all tax payments have been properly processed, recorded, and deposited in the bank account.

B. The County Collector maintains a deposit bank account which is interest bearing and all deposits are made into this account. When the County Collector needs to disburse property taxes, he transfers money from this account to a disbursement bank account, which is also interest bearing. A bank account for protested taxes is also maintained.

1. Bank reconciliations are not prepared for the deposit and protested accounts. In addition, bank reconciliations are prepared for the disbursement account only during the non-peak tax months of March through September.

Monthly bank reconciliations are necessary to ensure bank and book records are in agreement and to ensure errors are detected and corrected in a timely manner. Without maintaining and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded.

2. The County Collector does not have adequate policies and procedures in place to ensure the insufficient funds (NSF) checks are collected or added back to the tax books. The checks that remain uncollected, notices from the bank, and notices of checks turned over to the Prosecuting Attorney for collection are placed in a box. This box contained documentation for approximately \$2,965 in NSF checks which were not collected at February 28, 2003. The County Collector's collection efforts were not always documented, and some checks were not turned over to the Prosecuting Attorney for collection in a timely manner. Four NSF checks, which had been returned prior to December 31, 2002, had not been turned over to the Prosecuting Attorney.

In addition, the County Collector does not always add the amounts back to the tax books for NSF checks remaining uncollected. In many instances, the funds have already been disbursed to the various political subdivisions even though the amounts were not actually received. In these cases, the County Collector needs to add the amounts back to the tax books and reduce future distributions to the political subdivisions for the amount of NSF checks remaining uncollected.

3. At February 28, 2003, sixteen checks written on the disbursement account totaling \$3,900 had been outstanding for over one year. Some of these checks date back to 1994. These old outstanding checks create additional and unnecessary record keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, monies should be disposed of as provided by state law. In addition, procedures should be

established to periodically investigate checks outstanding for a considerable time.

- C. At February 28, 2003, the County Collector had an unidentified balance totaling approximately \$3,800 in the bank accounts. The unidentified balance fluctuates each month as a result of errors made in processing tax payments. As noted in our prior audit reports, some tax payments were not entered in the computer system and distributed, and are unidentified in the bank accounts. The County Collector indicated he periodically identifies some of these amounts and distributes them to the applicable taxing authorities, and therefore, the unidentified balance has gradually decreased over the past several years. Had the County Collector performed the reconciliations noted in B above, these errors could have been detected and corrected more timely rather than waiting several years to make the correction.
- D. The County Collector has not prepared annual settlements since 1996. Section 139.160, RSMo 2000, requires settlements to be filed with the County Commission by the first Monday in March.

To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is imperative the County Collector file annual settlements on a timely basis. In addition, timely annual settlements are an essential part of the checks and balances system established by state law.

Failure to adequately perform basic accounting procedures and reconciliations, and prepare annual settlements severely lessens the County Collector's ability to adequately account for property taxes that are statutorily charged to him to collect. Timely action should be taken to correct these deficiencies. Although these problems were noted in previous audits, little attempt was apparently made to implement these recommendations.

WE AGAIN RECOMMEND the County Collector:

- A. Account for the numerical sequence of numbers assigned to paid tax receipts, indicate the method of payment on all paid tax receipts, and reconcile receipts to the daily deposits. In addition, the County Collector should ensure changes are made to the computerized accounting system to provide for proper documentation and/or audit trails of void and reversing receipt entries.
- B.1. Prepare monthly bank reconciliations for all bank accounts. Any discrepancies should be investigated and resolved immediately.
- 2. Maintain adequate records of NSF checks and remit all checks to the Prosecuting Attorney for collection in a timely manner. In addition, amounts which remain uncollected should be added back to the tax books and adjusted from future distributions to the taxing authorities, as applicable.

3. Follow up on old outstanding checks and reissue them or dispose of unclaimed amounts in accordance with state law. Procedures should be established to periodically investigate checks outstanding for a considerable time.
- C. Attempt to identify liabilities for all amounts in the bank account. Any amounts remaining unidentified should be distributed to the political subdivisions in the county on a pro-rata basis.
- D. Prepare and file annual settlements annually as required by state law.

AUDITEE'S RESPONSE

- A. *I have recently implemented a new computerized accounting system which should take care of these problems and allow for an audit trail of void and reversing receipt entries.*
- B. *I agree and will implement these recommendations.*
- C. *I agree and will continue to attempt to identify all liabilities.*
- D. *The new accounting system that was recently installed should help in the preparation of annual settlements.*

11. Sheriff's Accounting Controls and Procedures

The Sheriff's office collected approximately \$168,500 and \$158,600 for the years ended December 31, 2002 and 2001, respectively, in various fees. The Sheriff's accounting controls and procedures should be improved as follows:

- A. The Sheriff's office receives billing invoices for the boarding of prisoners outside the county jail. Sheriff's personnel indicated the invoices are reviewed by a deputy to ensure the prisoners on the billings are county inmates, but the invoices are not reviewed to ensure the number of days billed agrees to the county's records of number of days incarcerated. Our review of two billing invoices noted that the county was billed for three inmates who were either not county inmates or were housed in the county jail.

Without adequate procedures to monitor board of prisoner invoices, the Sheriff cannot ensure either the reasonableness or propriety of the invoices. This could result in overpayments for prisoner incarceration costs. The monthly invoices should be reconciled to the county's prisoner attendance records.

- B. The Sheriff's office received approximately \$2,150 and \$1,100 for the years ended December 31, 2002 and 2001, respectively, for vending machine commissions. These monies are not deposited in a bank account or turned over to the County Treasurer, and the Sheriff does not maintain a ledger to account for receipts, disbursements, and cash balances. The monies are kept in a locked file cabinet in the

Sheriff's office. The Sheriff keeps a file of invoices and other documentation, and it appears these monies are used for travel advances to deputies, flowers for funerals, employee Christmas dinners, and undercover drug buys. This fund was established in 2000 and had a cash balance of approximately \$2,300 on February 19, 2003.

The vending machines are operated by the Sheriff for the benefit of the county prisoners and office employees, and these monies should be turned over to the county. If the Sheriff needs a petty cash fund for official duties, such as travel advances and undercover drug buys, a fund should be established at a constant amount and should be reimbursed by replenishment checks upon warrants approved by the County Commission. Ledgers to account for all petty cash receipts and disbursements should be maintained. Expenditures which are not necessary for the operation of the Sheriff's office, such as flowers for funerals and employee Christmas dinners, should be discontinued.

- C. The Sheriff has an old bank account with a balance of \$877 at December 31, 2002. Of this amount, \$37 consists of interest earnings, \$296 consists of miscellaneous fees, and \$544 consists of 28 checks written on the account which have been outstanding for over one year. The interest and fees should be disbursed to the County Treasurer, and an attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, monies should be disposed of as provided by state law and the account should be closed.
- D. Receipts are not deposited on a timely basis. During the two years ended December 31, 2002, deposits were made approximately two to three times a week and averaged approximately \$1,000. To adequately safeguard receipts and reduce the risk of theft or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100.

WE RECOMMEND the Sheriff:

- A. Establish procedures to ensure all invoices for board of prisoners are reviewed for reasonableness and propriety.
- B. Transmit vending machine commissions to the County Treasurer for deposit into the county treasury. If a petty cash fund is needed, it should be maintained at a constant amount and records of all petty cash receipts and disbursements should be maintained. Expenditures which are not necessary for the operation of the Sheriff's office should be discontinued.
- C. Attempt to resolve the old outstanding checks. In addition, the balance of this bank account should be disbursed and the account closed.
- D. Deposit all receipts daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

- A. *All invoices will be checked against the jail list to ensure all expenses incurred are accurate and accounted for.*
- B. *The vending machine monies will be deposited into the county treasury in a pre-determined and earmarked account.*
- C. *The outstanding account was closed on August 14, 2003, and all outstanding checks are accounted for.*
- D. *Deposits will be made on a timely basis as suggested.*

12. Circuit Clerk's Accounting Controls and Procedures

The Circuit Clerk's office collected approximately \$1.2 million and \$1.3 million for the years ended December 31, 2002 and 2001, respectively, in various fees, which includes the Associate Circuit Division. Review of the Circuit Clerk's controls and procedures disclosed the following concerns:

- A. Accounting duties are not adequately segregated. Currently most accounting duties, including receiving, depositing, and disbursing monies, preparing bank reconciliations, and maintaining the accounting records are performed by one clerk for the circuit account. While the Circuit Clerk indicated she reviews bank deposits, bank reconciliations, and disbursement reports, there is no documentation of this review.

Internal controls would be improved by segregating the duties of receiving and recording monies from the duties of depositing and disbursing monies. If duties cannot be adequately segregated, at a minimum, someone independent should periodically review the records. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. At December 31, 2002, fifty-two checks totaling \$7,149 on the Circuit Clerk's various bank accounts had been outstanding for more than one year. These old outstanding checks create additional and unnecessary record-keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, the monies should be disposed of as provided by state law. In addition, procedures should be established to periodically investigate checks outstanding for a considerable time.

A similar condition was noted in a prior report.

- C. The Circuit Clerk's office maintains an old bank account with a balance of \$126,008 at December 31, 2002. This account was established by a former Circuit Clerk and \$123,033 of this balance has not been reconciled to open items (liabilities). It appears that little or no attempt has been made to identify the amounts in this account to open items since 1997. The Circuit Clerk should attempt to identify the balances in these accounts and disburse amounts to the appropriate parties. Amounts that cannot be identified and remain unclaimed should be disposed of as provided by state law.

WE RECOMMEND the Circuit Clerk:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.
- B. Attempt to resolve the old outstanding checks and establish procedures to periodically investigate checks outstanding for a considerable time.
- C. Attempt to identify the monies held in the old bank accounts and disburse the monies to the appropriate parties so the accounts can be closed. Amounts which cannot be identified and remain unclaimed should be disposed of as provided by state law.

AUDITEE'S RESPONSE

- A. *In the past to segregate duties, I would review the bank reconciliations prepared by my deputy clerks. In the future when I review these bank reconciliations, I will sign and date them to document that I have completed the review.*
- B. *In the past, my caseload has been so great that I have not been able to work on the outstanding check list. Pulaski County has the third highest weighted workload according to the Office of the State Courts Administrator. I have scheduled this task to be completed by December 31, 2003.*
- C. *The accounts opened since I became Circuit Clerk in November 2000 do have an open items list and all funds are identified and accounted for. I am currently working on the previous Circuit Clerk's account to identify the funds and disburse the monies appropriately. I have scheduled this task to be completed by December 31, 2003.*

13. 911 Emergency Services Board

The 911 Emergency Services Board provides 911 county emergency dispatching services. In addition the board provides central dispatching for the Sheriff's Department and other entities located in Pulaski County. Our review noted the following concerns:

- A. In December 2002, the 911 Emergency Services Board paid Christmas bonuses to its employees totaling \$1,200. These payments represent additional compensation in the form of a bonus for services previously rendered and, as such, appear to violate

Article III, Section 39 of the Missouri Constitution. In addition, these payments were not included in the county payroll records, were not subject to the proper withholdings, and were not reported on the employees' W-2 forms.

- B. The 911 Emergency Services Board entered into written contracts with six entities, including the county, to provide dispatching services. The board received \$66,900 for these services in 2002. No documentation was prepared of the cost of providing dispatching services to these entities, and therefore, there is no documentation to show that the amounts charged are reasonable to cover the cost of providing these services while not being excessive. The board should review the costs of providing dispatching services, including any indirect costs, and establish an appropriate billing rate for all entities receiving services.

WE RECOMMEND the 911 Emergency Service Board:

- A. Discontinue the practice of paying employee bonuses.
- B. Perform and document cost analyses of providing dispatching services to other entities and establish rates for providing these services based on the analyses.

AUDITEE'S RESPONSE

- A. *We agree and this practice has been discontinued.*
- B. *We agree and will prepare the appropriate cost studies.*

14. Senate Bill 40 Board

In October 2001, the Senate Bill 40 Board purchased land and a building for \$50,239 located in the City of Crocker next to an existing group home for the purpose of expanding the group home. The board did not prepare or obtain formal written plans for the use of the land and building prior to purchase. This property has not been utilized by the Senate Bill 40 Board as planned and is currently vacant. The board chairman indicated there were three clients planned to locate in the proposed new group home, but at least two of them could no longer be residents so the new home was not opened. The board subsequently discussed plans for leasing the property; however, no formal plans were prepared or finalized. The board should either develop formal plans for the use of this property or consider selling the property.

In addition, the board chairman indicated the seller of the property had obtained an appraisal of the property (indicated an appraised value of \$50,000) and another board member had seen a copy of the appraisal; however, the seller apparently will not provide a copy of the appraisal to the board. The County Assessor appraised this property as residential property for \$22,700 immediately prior to the board's purchase of this property, which is less than half of the purchase price. Independent appraisals should be obtained prior to the purchase of real property to ensure fair value is paid for the property.

WE RECOMMEND the Senate Bill 40 Board establish a formal plan for the use of the property or consider selling the property. In addition, independent appraisals should be obtained, and copies of the appraisals retained, prior to all real property purchases.

AUDITEE'S RESPONSE

We agree and will prepare formal plans for the property.

Follow-Up on Prior Audit Findings

PULASKI COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Pulaski County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendation is not repeated, the county should consider implementing this recommendation.

1. Budgetary Practices

- A. Formal budgets were not prepared for various county funds.
- B. Warrants were issued in excess of approved budgeted amounts for various funds.
- C. The County Commission budgeted a deficit balance for the 911 Emergency Service Fund for 1998.

Recommendation:

The County Commission:

- A. Ensure budgets are prepared for all county funds.
- B. Not authorize disbursements in excess of budgeted expenditures.
- C. Discontinue deficit budgeting.

Status:

- A. Not implemented. Formal budgets were not prepared for the Family Court Fund and the Circuit Clerk Interest Fund for 2002 and 2001, the Collector Maintenance Fund for the year ended December 31, 2002, and the Recorder Technology Fund for the year ended December 31, 2001. Although not repeated in the current report, our recommendation remains as stated above.
- B. Not implemented. See finding number 02-1.
- C. Implemented.

2. Collateral Securities

Collateral securities pledged by the county's depository bank were insufficient to cover monies in the custody of the County Treasurer and the County Collector.

Recommendation:

The County Treasurer and County Collector ensure collateral securities pledged by the depositary bank are sufficient to protect monies at all times.

Status:

Implemented.

3. Tourism Tax Collection Fees

The County Commission retained a collection fee of 10 percent from the county's lodging tax to promote tourism. There was no statutory authority for the county to retain this collection fee and the county had no documentation to show that this amount represented the county's actual collection costs.

Recommendation:

The County Commission review this situation with the Prosecuting Attorney to ensure monies collected for the tourism tax are being handled correctly.

Status:

Not implemented. See MAR finding number 3.

4. County Collector's Controls and Procedures

- A.1. The County Collector did not reconcile deposits to the daily abstract of taxes paid.
- 2. The County Collector did not account for the numerical sequence of tax receipts or reconcile paid tax receipts to the daily abstract.
- 3. No procedures were in place to ensure mail was processed sequentially or in a timely manner.
- 4. The County Collector did not maintain the change fund at a constant amount.
- 5. No records were kept for partial payments received, and partial payments were held and were not deposited into bank account until the taxes were paid in full.
- B.1. The County Collector did not prepare monthly bank reconciliations.
- 2. The County Collector did not have policies or procedures in place or sufficient records to account for checks returned by the bank due to insufficient funds.

- C. Approximately \$26,000 of unidentified funds were in the bank accounts.
- D. Annual settlements were not filed with the County Clerk.

Recommendation:

The County Collector:

- A.1. Reconcile daily cash collections to the daily abstract of taxes paid from the computer system.
- 2. Account for the numerical sequence of numbers assigned to paid tax receipts and reconcile paid tax receipts to daily cash collections.
- 3. Establish procedures to ensure the processing of collections received in the mail is performed in a timely manner.
- 4. Maintain the change fund at a constant amount.
- 5. Not accept partial payments of taxes. If partial payments are accepted, the County Collector should keep adequate records of partial payments.
- B.1. Reconcile all bank accounts monthly and agree reconciled bank balances to all liabilities of the office.
- 2. Maintain adequate records of insufficient fund checks and remit all insufficient funds checks to the Prosecuting Attorney for collection.
- C. Attempt to identify liabilities for all amounts in the bank account. Any amounts remaining unidentified should be distributed to the political subdivisions in the county on a pro-rata basis.
- D. File annual settlements in a timely manner.

Status:

A.1,
A.3-5. Implemented.

A.2&
B-D. Not implemented. See MAR finding number 10.

5. Circuit Clerk's Controls and Procedures

- A. The Circuit Clerk did not reconcile open items listings to the bank balance for the civil fees account.
- B. Formal bank reconciliations for the civil fees account were not prepared on a timely basis.
- C. The Circuit Clerk did not routinely follow up on old outstanding checks. Checks totaling \$2,003 on the civil fees account had been outstanding for more than one year.

Recommendation:

The Circuit Clerk:

- A. Prepare monthly listings of open items and reconcile such listings to the cash balance. Any differences should be investigated and resolved.
- B. Ensure formal bank reconciliations are prepared on a monthly basis and review the reconciliations for propriety.
- C. Adopt procedures to routinely follow up on old outstanding checks. Any remaining unclaimed amounts should be disbursed in accordance with state law.

Status:

A&B. Implemented.

C. Not implemented. See MAR finding number 12.

6. Prosecuting Attorney's Procedures

- A. The Prosecuting Attorney did not prepare bank reconciliations, open items listings, or maintain a book balance. There was approximately \$30,000 of unidentified monies in the bank accounts.
- B.1. The Prosecuting Attorney did not prepare bank reconciliations for the Law Library Fund.
 - 2. Monies received from the Circuit Court for the Law Library Fund were not deposited in a timely manner.
 - 3. The Prosecuting Attorney did not maintain original invoices to support any disbursements from the Law Library Fund.

Recommendation:

The Prosecuting Attorney:

- A. Prepare monthly bank reconciliations and open items listings, and reconcile them to the cash balance. Any discrepancies should be investigated and resolved.
- B.1. Prepare monthly bank reconciliations for the Law Library Fund and reconcile them to the cash balance. Any discrepancies should be investigated and resolved immediately.
- 2. Deposit receipts for the Law Library Fund daily or when accumulated receipts exceed \$100.
- 3. Retain original invoices to support all disbursements made from the Law Library Fund.

Status:

A, B.1

&B.2 Not implemented. See MAR finding number 8.

B.3 Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

PULASKI COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1833, the county of Pulaski was named after Polish Count Casimir Pulaski, a Revolutionary War General. Pulaski County is a county-organized, third-class county and is part of the 25th Judicial Circuit. The county seat is Waynesville.

Pulaski County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 427 miles of county roads and 35 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 42,011 in 1980 and 41,165 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 147.9	143.2	131.4	122.8	48.5	22.2
Personal property	46.5	43.6	41.9	38.9	12.5	7.4
Railroad and utilities	12.7	13.0	13.3	14.0	6.2	5.4
Total	\$ 207.1	199.8	186.6	175.7	67.2	35.0

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Pulaski County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
Special Road and Bridge Fund	\$.1976	.2000	.1842	.2200
Health Center Fund	.0788	.0802	.0802	.0800
Senate Bill 40 Board Fund	.0788	.0802	.0802	.0800
Senior Citizens Services Board Fund	.0492	.0500	.0500	.0500

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	\$ 2003	2002	2001	2000
State of Missouri	65,146	64,413	58,787	53,474
General Revenue Fund	365	276	340	1,615
Special Road and Bridge Fund	420,645	413,446	356,349	382,707
Assessment Fund	87,879	82,442	73,362	69,239
Health Center Fund	166,312	163,608	149,256	140,134
Senate Bill 40 Board Fund	166,312	163,608	149,256	140,134
School districts	6,052,655	5,682,024	5,083,224	4,771,066
Library district	297,667	290,675	267,867	251,823
Ambulance districts	602,239	581,610	531,089	509,435
Fire protection districts	323,728	311,726	291,832	275,397
Senior Citizens Services Board Fund	101,349	97,518	89,148	85,527
Tax Increment Financing Commission	432,803	270,521	240,377	201,430
Neighborhood Improvement Districts	100,444	143,794	87,940	79,864
Cities	73,453	65,678	49,808	55,732
County Clerk	363	374	398	422
County Employees' Retirement	57,049	55,160	55,826	52,418
Collector Maintenance Fund	12,217	0	0	0
Commissions and fees:				
General Revenue Fund	153,319	144,374	130,623	121,751
Total	\$ 9,113,945	8,531,247	7,615,482	7,192,168

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	89	86	86	86 %
Personal property	87	89	89	89
Railroad and utilities	99	100	100	98

Pulaski County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50 %

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Harold York, Presiding Commissioner	\$	30,513	30,513	30,513	28,400
Gary Carmack, Associate Commissioner		28,413	28,413		
Dennis Thornsberry, Associate Commissioner		28,413	28,413		
Bland R. Smith, Associate Commissioner				28,413	26,400
Art Helms, Associate Commissioner				28,413	26,400
Stephanie Leuthen, County Clerk		43,050	43,050	43,050	40,000
Michael V. Headrick, Prosecuting Attorney		53,025	53,025	53,025	48,500
J.T. Roberts, Sheriff		49,300	48,300	48,300	45,000
Joyce M. Thomas, County Treasurer		31,857	31,857	31,857	29,600
Mikel Hartness, County Coroner		13,650	13,650		
Gary Carmack, County Coroner				13,650	12,000
Paula Long Weber, Public Administrator (1)		53,373	46,804	41,243	40,417
George Berry, County Collector, year ended February 28 (29),	43,050	43,050	43,050	40,000	
Roger Harrison, County Assessor (2), year ended August 31,		43,950	43,950	43,950	40,900
John H. Mackey, County Surveyor (3)					

(1) Includes fees received from probate cases.

(2) Includes \$900 annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Rachelle Beasley, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	47,300	13,673	
Nancy E. Doolin, Circuit Clerk and Ex Officio Recorder of Deeds				32,454	44,292
David Greogory Warren, Associate Circuit Judge		96,000	96,000	97,382	87,235
Tracie L. Storie, Associate Circuit Judge		96,000	96,000	97,382	87,235



**NODAWAY COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-102
September 30, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Nodaway, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Nodaway County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county has not established adequate procedures to track the amount of outstanding reimbursements due from the state for BRO projects. The county had submitted reimbursement requests totaling \$456,000 which were not received on a timely basis and no follow up action was taken. The county paid approximately \$4,700 to a check locator service and found approximately \$93,000 was an outstanding check from the state. This payment would not have been necessary if the county had adequate procedures in place to monitor reimbursement requests. Another reimbursement for approximately \$322,000 was outstanding for five months before the county resubmitted an accurate request.
- The Schedule of Expenditures of Federal Awards prepared by the county was not complete or accurate.
- Salaries for the Associate Commissioners, Sheriff, and Coroner increased significantly in January 1999. Section 50.333.13 RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increase for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Nodaway County's Associate County Commissioners' salaries were each increased approximately \$7,060 yearly, according to information from the County Clerk.

(over)

YELLOW SHEET

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,120 for the two years ended December 31, 2000, should be repaid.

Increases for the Sheriff and Coroner were \$7,000 and \$6,000, respectively and were given during their term of office. In light of the Supreme Court ruling, raises given to officials within their term of office should be re-evaluated for propriety.

- The county's budgets and published financial statements for the years ended December 31, 2002 and 2001 excluded some funds required to be included by law. In addition, the County Commission approved expenditures in excess of budgeted amounts for various funds.
- The Juvenile Office procured legal services from an attorney, who also serves as the county Prosecuting Attorney, but maintained no documentation to support how the attorney was selected. No agreement exists detailing the services to be performed and the amount to be paid and no supporting documentation was available from the Juvenile Office to support the monthly payments of \$1,000 per month in 2002 and \$500 per month in 2001. The Circuit Judge provided an opinion that this situation was appropriate because the payments to the Prosecuting Attorney were for work performed on Juvenile cases for the other four counties in the circuit and not for work performed on Nodaway County cases. Considering that Nodaway County is responsible for 51% of the 4th Judicial Circuit expenses, and there is no documentation to show which cases are charged for, the county may, unknowingly, be paying for work performed on Nodaway County cases.

The audit also suggested improvements to procedures over county bidding practices, the reconciliation of aggregate abstracts to tax books, and reporting and tracking of employee leave balances. In addition, the audit included recommendations to the Sheriff, Health Center, Associate Division, and the Senate Bill 40 Board.

All reports are available on our website: www.auditor.state.mo.us

NODAWAY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Nodaway County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Nodaway County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Nodaway County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 5, 2003 , on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Nodaway County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 5, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Rosemarie Edwards
Audit Staff:	Naima Ramlatchman
	Marty Carter



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Nodaway County, Missouri

We have audited the financial statements of various funds of Nodaway County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 5, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Nodaway County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Nodaway County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that

we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report

This report is intended for the information and use of the management of Nodaway County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 5, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

NODAWAY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 2,692,412	2,560,230	2,125,889	3,126,753
Special Road and Bridge	1,248,269	2,237,197	2,896,540	588,926
Assessment	(21,166)	253,089	200,663	31,260
Law Enforcement Training	27,557	7,324	9,081	25,800
Prosecuting Attorney Training	(66)	1,470	900	504
Recorder User Fee	12,664	16,290	17,614	11,340
Tax Incentive Payment	7,889	0	0	7,889
911	(85,763)	202,236	247,465	(130,992)
Sheriff Crime Cost	12,947	19,072	22,060	9,959
Nuclear Accident Emergency Preparedness	3,944	5,000	1,798	7,146
Senior Citizen Tax	31,847	108,530	104,400	35,977
Local Emergency Preparedness	10,116	3,548	967	12,697
Election Services	6,380	1,957	0	8,337
Health Center	364,204	427,055	418,302	372,957
Senate Bill 40	22,050	112,417	105,812	28,655
Circuit Division Interest	6,930	2,570	4,110	5,390
Law Library	4,148	3,288	2,134	5,302
Collector Tax Maintenance	0	187	0	187
Adult Abuse	2,970	2,740	3,000	2,710
Associate Division Interest	25,036	1,480	562	25,954
Probate Division Interest	283	23	25	281
Total	\$ 4,372,651	5,965,703	6,161,322	4,177,032

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

NODAWAY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 2,177,311	2,489,252	1,974,151	2,692,412
Special Road and Bridge	1,496,722	2,047,779	2,296,232	1,248,269
Assessment	(32,615)	252,241	240,792	(21,166)
Law Enforcement Training	18,854	10,717	2,014	27,557
Prosecuting Attorney Training	87	1,876	2,029	(66)
Recorder User Fee	11,216	11,228	9,780	12,664
Tax Incentive Payment	8,415	0	526	7,889
911	(73,901)	176,906	188,768	(85,763)
Sheriff Crime Cost	6,428	27,581	21,062	12,947
Nuclear Accident Emergency Preparedness	624	5,000	1,680	3,944
Senior Citizen Tax	13,567	114,280	96,000	31,847
Local Emergency Preparedness	7,202	6,631	3,717	10,116
Election Services	1,163	5,217	0	6,380
Health Center	311,276	448,060	395,132	364,204
Senate Bill 40	31,661	119,719	129,330	22,050
Circuit Division Interest	11,260	4,413	8,743	6,930
Law Library	3,713	3,737	3,302	4,148
Adult Abuse	3,110	2,860	3,000	2,970
Associate Division Interest	28,383	5,596	8,943	25,036
Probate Division Interest	239	44	0	283
Total	\$ 4,024,715	5,733,137	5,385,201	4,372,651

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

NODAWAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 6,072,569	5,740,326	(332,243)	5,977,684	5,724,637	(253,047)
DISBURSEMENTS	6,327,837	5,947,523	380,314	6,628,536	5,373,258	1,255,278
RECEIPTS OVER (UNDER) DISBURSEMENTS	(255,268)	(207,197)	48,071	(650,852)	351,379	1,002,231
CASH, JANUARY 1	4,282,576	4,282,576	0	3,992,983	3,992,983	0
CASH, DECEMBER 31	4,027,308	4,075,379	48,071	3,342,131	4,344,362	1,002,231
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	8,800	17,325	8,525	15,300	8,791	(6,509)
Sales taxes	1,742,150	1,850,587	108,437	1,750,000	1,749,036	(964)
Intergovernmental	159,557	176,487	16,930	32,850	139,471	106,621
Charges for services	321,950	414,180	92,230	293,800	410,260	116,460
Interest	91,750	66,800	(24,950)	100,000	134,933	34,933
Other	25,987	34,851	8,864	71,150	46,761	(24,389)
Total Receipts	2,350,194	2,560,230	210,036	2,263,100	2,489,252	226,152
DISBURSEMENTS						
County Commissior	107,170	89,776	17,394	107,820	90,092	17,728
County Clerk	98,050	93,012	5,038	96,435	90,553	5,882
Elections	58,300	54,521	3,779	60,300	41,638	18,662
Buildings and grounds	478,327	287,960	190,367	310,208	144,513	165,695
Employee fringe benefit	205,800	180,857	24,943	193,500	184,116	9,384
County Treasurer	77,304	73,773	3,531	71,564	72,192	(628)
County Collector	0	0	0	0	0	0
Ex Officio Recorder of Deed	73,523	75,469	(1,946)	70,761	73,720	(2,959)
Circuit Clerk	44,300	34,701	9,599	43,000	35,153	7,847
Associate Circuit Court	12,350	10,636	1,714	11,300	8,018	3,282
Court administration	7,040	11,365	(4,325)	4,184	88,086	(83,902)
Public Administrator	27,135	25,864	1,271	27,135	54,474	(27,339)
Sheriff	360,279	347,281	12,998	320,444	306,739	13,705
Jail	267,552	274,320	(6,768)	261,335	236,294	25,041
Prosecuting Attorney	143,775	133,795	9,980	138,156	137,956	200
Juvenile Offices	148,891	124,359	24,532	59,715	102,473	(42,758)
County Coroner	27,575	26,274	1,301	22,400	20,525	1,875
Public health and welfare service	5,000	125	4,875	2,250	1,100	1,150
Debt service	0	0	0	0	0	0
Other	184,550	173,731	10,819	174,250	179,509	(5,259)
Transfers out	133,360	108,070	25,290	727,030	107,000	620,030
Emergency Fund	50,000	0	50,000	45,000	0	45,000
Total Disbursements	2,510,281	2,125,889	384,392	2,746,787	1,974,151	772,636
RECEIPTS OVER (UNDER) DISBURSEMENTS	(160,087)	434,341	594,428	(483,687)	515,101	998,788
CASH, JANUARY 1	2,692,412	2,692,412	0	2,177,311	2,177,311	0
CASH, DECEMBER 31	2,532,325	3,126,753	594,428	1,693,624	2,692,412	998,788

Exhibit B

NODAWAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	111,300	122,232	10,932	102,500	111,698	9,198
Intergovernmental	2,260,000	1,687,774	(572,226)	1,925,000	1,536,438	(388,562)
Charges for services	145,000	139,713	(5,287)	125,000	149,376	24,376
Interest	50,000	31,032	(18,968)	104,000	67,571	(36,429)
Other	155,000	256,446	101,446	7,000	182,696	175,696
Transfers in	0	0	0	340,000		(340,000)
Total Receipts	2,721,300	2,237,197	(484,103)	2,603,500	2,047,779	(555,721)
DISBURSEMENTS						
Salaries	190,000	168,770	21,230	190,000	164,121	25,879
Employee fringe benefit	49,400	38,022	11,378	44,000	34,057	9,943
Supplies	40,000	34,843	5,157	41,000	30,385	10,615
Insurance	27,000	15,288	11,712	27,000	23,789	3,211
Road and bridge materials	1,315,000	1,590,538	(275,538)	1,265,000	1,304,428	(39,428)
Equipment repairs	20,000	8,093	11,907	25,000	5,522	19,478
Rentals	0	0	0	0	0	0
Equipment purchases	50,000	21,960	28,040	200,000	200,000	0
Construction, repair, and maintenance	1,160,000	1,018,799	141,201	975,000	533,137	441,863
Other expenditures	1,500	227	1,273	0	793	(793)
Total Disbursements	2,852,900	2,896,540	(43,640)	2,767,000	2,296,232	470,768
RECEIPTS OVER (UNDER) DISBURSEMENTS	(131,600)	(659,343)	(527,743)	(163,500)	(248,453)	(84,953)
CASH, JANUARY 1	1,248,269	1,248,269	0	1,496,722	1,496,722	0
CASH, DECEMBER 31	1,116,669	588,926	(527,743)	1,333,222	1,248,269	(84,953)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	236,960	227,215	(9,745)	218,000	215,819	(2,181)
Interest	1,000	1,130	130	0	1,560	1,560
Other	250	2,744	2,494	1,800	1,862	62
Transfers in	47,290	22,000	(25,290)	98,000	33,000	(65,000)
Total Receipts	285,500	253,089	(32,411)	317,800	252,241	(65,559)
DISBURSEMENTS						
Assessor	284,500	200,663	83,837	285,150	240,792	44,358
Total Disbursements	284,500	200,663	83,837	285,150	240,792	44,358
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	52,426	51,426	32,650	11,449	(21,201)
CASH, JANUARY 1	(21,166)	(21,166)	0	(32,615)	(32,615)	0
CASH, DECEMBER 31	(20,166)	31,260	51,426	35	(21,166)	(21,201)

Exhibit B

NODAWAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	7,500	7,274	(226)	7,281	10,717	3,436
Other revenues	0	50	50	0	0	0
Total Receipts	7,500	7,324	(176)	7,281	10,717	3,436
DISBURSEMENTS						
Sheriff	12,000	9,081	2,919	12,000	2,014	9,986
Total Disbursements	12,000	9,081	2,919	12,000	2,014	9,986
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,500)	(1,757)	2,743	(4,719)	8,703	13,422
CASH, JANUARY 1	27,557	27,557	0	18,854	18,854	0
CASH, DECEMBER 31	23,057	25,800	2,743	14,135	27,557	13,422
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,100	1,224	124	950	1,876	926
Other revenues	0	176	176	0	0	0
Transfers in	70	70	0	0	0	0
Total Receipts	1,170	1,470	300	950	1,876	926
DISBURSEMENTS						
Prosecuting Attorney	1,000	900	100	1,000	2,029	(1,029)
Total Disbursements	1,000	900	100	1,000	2,029	(1,029)
RECEIPTS OVER (UNDER) DISBURSEMENTS	170	570	400	(50)	(153)	(103)
CASH, JANUARY 1	(66)	(66)	0	87	87	0
CASH, DECEMBER 31	104	504	400	37	(66)	(103)
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for service:	10,600	15,847	5,247	8,000	10,709	2,709
Interest	0	443	443	0	519	519
Total Receipts	10,600	16,290	5,690	8,000	11,228	3,228
DISBURSEMENTS						
Recorder	3,000	17,614	(14,614)	2,400	9,780	(7,380)
Total Disbursements	3,000	17,614	(14,614)	2,400	9,780	(7,380)
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,600	(1,324)	(8,924)	5,600	1,448	(4,152)
CASH, JANUARY 1	12,664	12,664	0	11,216	11,216	0
CASH, DECEMBER 31	20,264	11,340	(8,924)	16,816	12,664	(4,152)

Exhibit B

NODAWAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX INCENTIVE PAYMENT FUND</u>						
RECEIPTS						
Charges for services:				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Training				2,000	526	1,474
Total Disbursements				2,000	526	1,474
RECEIPTS OVER (UNDER) DISBURSEMENTS				(2,000)	(526)	1,474
CASH, JANUARY 1				8,415	8,415	0
CASH, DECEMBER 31				6,415	7,889	1,474
<u>911 FUND</u>						
RECEIPTS						
Charges for services:	142,000	116,236	(25,764)	83,500	102,035	18,535
Other	0	0	0	0	871	871
Transfers in	86,000	86,000	0	185,000	74,000	(111,000)
Total Receipts	228,000	202,236	(25,764)	268,500	176,906	(91,594)
DISBURSEMENTS						
Salaries	103,517	99,172	4,345	89,170	83,481	5,689
Supplies	90,700	129,457	(38,757)	91,700	86,218	5,482
Office expenditure:	13,500	18,836	(5,336)	12,000	19,069	(7,069)
Total Disbursements	207,717	247,465	(39,748)	192,870	188,768	4,102
RECEIPTS OVER (UNDER) DISBURSEMENTS	20,283	(45,229)	(65,512)	75,630	(11,862)	(87,492)
CASH, JANUARY 1	(85,763)	(85,763)	0	(73,901)	(73,901)	0
CASH, DECEMBER 31	(65,480)	(130,992)	(65,512)	1,729	(85,763)	(87,492)
<u>SHERIFF CRIME COST FUND</u>						
RECEIPTS						
Charges for services:	27,300	15,790	(11,510)	0	27,581	27,581
Interest	600	0	(600)	0	0	0
Intergovernmental revenue:	0	2,682	2,682	0	0	0
Other	0	600	600	0	0	0
Total Receipts	27,900	19,072	(8,828)	0	27,581	27,581
DISBURSEMENTS						
Sheriff	22,000	22,060	(60)	0	21,062	(21,062)
Total Disbursements	22,000	22,060	(60)	0	21,062	(21,062)
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,900	(2,988)	(8,888)	0	6,519	6,519
CASH, JANUARY 1	12,947	12,947	0	6,428	6,428	0
CASH, DECEMBER 31	18,847	9,959	(8,888)	6,428	12,947	6,519

Exhibit B

NODAWAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>NUCLEAR ACCIDENT EMERGENCY PREPAREDNESS FUND</u>						
RECEIPTS						
Intergovernmental	5,000	5,000	0	3,000	5,000	2,000
Total Receipts	5,000	5,000	0	3,000	5,000	2,000
DISBURSEMENTS						
Training	5,000	1,798	3,202	2,000	1,680	320
Total Disbursements	5,000	1,798	3,202	2,000	1,680	320
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	3,202	3,202	1,000	3,320	2,320
CASH, JANUARY 1	3,944	3,944	0	624	624	0
CASH, DECEMBER 31	3,944	7,146	3,202	1,624	3,944	2,320
<u>SENIOR CITIZEN TAX FUND</u>						
RECEIPTS						
Property taxes				95,000	113,514	18,514
Intergovernmental				0	134	134
Interest				0	632	632
Total Receipts				95,000	114,280	19,280
DISBURSEMENTS						
Senior services				95,000	96,000	(1,000)
Total Disbursements				95,000	96,000	(1,000)
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	18,280	18,280
CASH, JANUARY 1				13,567	13,567	0
CASH, DECEMBER 31				13,567	31,847	18,280
<u>LOCAL EMERGENCY PREPAREDNESS FUND</u>						
RECEIPTS						
Intergovernmental	0	3,548	3,548	7,200	6,631	(569)
Total Receipts	0	3,548	3,548	7,200	6,631	(569)
DISBURSEMENTS						
Local Emergency Planning Commission	10,000	967	9,033	7,200	3,717	3,483
Total Disbursements	10,000	967	9,033	7,200	3,717	3,483
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,000)	2,581	12,581	0	2,914	2,914
CASH, JANUARY 1	10,116	10,116	0	7,202	7,202	0
CASH, DECEMBER 31	116	12,697	12,581	7,202	10,116	2,914

Exhibit B

NODAWAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for services	4,000	1,818	(2,182)	1,100	5,103	4,003
Interest	100	139	39	0	114	114
Total Receipts	4,100	1,957	(2,143)	1,100	5,217	4,117
DISBURSEMENTS						
County Clerk	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,100	1,957	(2,143)	1,100	5,217	4,117
CASH, JANUARY 1	6,380	6,380	0	1,163	1,163	0
CASH, DECEMBER 31	10,480	8,337	(2,143)	2,263	6,380	4,117
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	115,000	111,656	(3,344)	106,000	119,344	13,344
Intergovernmental	262,305	262,753	448	243,553	268,935	25,382
Charges for services	14,000	16,137	2,137	14,000	15,090	1,090
Interest	10,000	7,021	(2,979)	12,000	15,251	3,251
Other	22,000	29,488	7,488	18,000	29,440	11,440
Total Receipts	423,305	427,055	3,750	393,553	448,060	54,507
DISBURSEMENTS						
Salaries	266,707	262,981	3,726	280,287	263,390	16,897
Office expenditures	90,332	88,057	2,275	80,242	93,847	(13,605)
Equipment	3,500	10,378	(6,878)	3,500	1,198	2,302
Mileage and travel	12,200	11,619	581	12,600	7,268	5,332
Other	35,200	45,267	(10,067)	32,500	29,429	3,071
Total Disbursements	407,939	418,302	(10,363)	409,129	395,132	13,997
RECEIPTS OVER (UNDER) DISBURSEMENTS	15,366	8,753	(6,613)	(15,576)	52,928	68,504
CASH, JANUARY 1	364,204	364,204	0	311,276	311,276	0
CASH, DECEMBER 31	379,570	372,957	(6,613)	295,700	364,204	68,504
<u>SENATE BILL 40 FUND</u>						
RECEIPTS						
Property taxes				0	119,263	119,263
Interest				0	456	456
Total Receipts				0	119,719	119,719
DISBURSEMENTS						
Contractual payments				100,000	129,330	(29,330)
Total Disbursements				100,000	129,330	(29,330)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(100,000)	(9,611)	90,389
CASH, JANUARY 1				31,661	31,661	0
CASH, DECEMBER 31				(68,339)	22,050	90,389

Exhibit B

NODAWAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	4,000	2,570	(1,430)	4,500	4,413	(87)
Total Receipts	4,000	2,570	(1,430)	4,500	4,413	(87)
DISBURSEMENTS						
Circuit Clerk	8,000	4,110	3,890	3,500	8,743	(5,243)
Total Disbursements	8,000	4,110	3,890	3,500	8,743	(5,243)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,000)	(1,540)	2,460	1,000	(4,330)	(5,330)
CASH, JANUARY 1	6,930	6,930	0	11,260	11,260	0
CASH, DECEMBER 31	2,930	5,390	2,460	12,260	6,930	(5,330)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Interest	4,000	3,288	(712)	4,200	3,737	(463)
Total Receipts	4,000	3,288	(712)	4,200	3,737	(463)
DISBURSEMENTS						
Circuit Clerk	3,500	2,134	1,366	2,500	3,302	(802)
Total Disbursements	3,500	2,134	1,366	2,500	3,302	(802)
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	1,154	654	1,700	435	(1,265)
CASH, JANUARY 1	4,148	4,148	0	3,713	3,713	0
CASH, DECEMBER 31	4,648	5,302	654	5,413	4,148	(1,265)

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

NODAWAY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Nodaway County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senior Citizens Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Adult Abuse Fund	2002 and 2001
Associate Division Interest Fund	2002 and 2001
Probate Division Interest Fund	2002 and 2001
Tax Incentive Payment Fund	2002
Senior Citizen Tax Fund	2002
Senate Bill 40 Fund	2002

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder User Fee Fund	2002 and 2001
Sheriff Crime Cost Fund	2002 and 2001
Special Road and Bridge Fund	2002
911 Fund	2002
Health Center Fund	2002
Prosecuting Attorney Training Fund	2001
Senior Citizen Tax Fund	2001
Senate Bill 40 Fund	2001
Circuit Division Interest Fund	2001
Law Library Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, deficit balances were budgeted in the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2002
911 Fund	2002
Senate Bill 40 Fund	2001

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Tax Incentive Payment Fund	2002 and 2001
Nuclear Accident Emergency Preparedness Fund	2002 and 2001
Senior Citizen Tax Fund	2002 and 2001
Election Services Fund	2002 and 2001
Health Center Fund	2002 and 2001

Adult Abuse Fund	2002 and 2001
Senate Bill 40 Fund	2002 and 2001
Circuit Division Interest Fund	2002 and 2001
Associate Division Interest Fund	2002 and 2001
Law Library Fund	2002 and 2001
Probate Division Interest Fund	2002 and 2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's or board's custodial bank in the county's or board's name.

The Senate Bill 40 Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of the county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustment

The Election Services Fund's cash balance of \$1,163 at January 1, 2001, was not previously reported but has been added.

Supplementary Schedule

Schedule

NODAWAY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Service			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Childre	ERS045-1174W ERS045-2174	47,630	44,451
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development			
14.228	Community Development Block Grants/State' Program	B00DC290001	4,325	0
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.523	Juvenile Justice Accountability Gran	99JAIBG-INT-12	6,891	0
16.579	Byrne Formula Grant Program	2000-NCD2-033	6,604	35,244
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Constructor	BRO-074(21) BRO-074(22) BRO-074(25) BRO-074(31) BRO-074(32) BRO-074(33) BRO-074(34)	9,328 320,819 75,021 203,402 376,653 4,718	 273,800 255,249 8,644
	Program Total		989,941	537,693
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant:	NA	0	3,341

Schedule

NODAWAY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	NA	11,320	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Service			
93.268	Immunization Grants	NA	38,204	39,372
		PGA064-3174A	7,325	0
	Program Total		45,529	39,372
93.283	Centers For Disease Control & Prevention Investigations and Technical Assistance	AOC03380094 NA	27,917	2,143
	Department of Social Services			
93.569	Community Services Block Grant	HCP-48	5,911	5,911
	Department of Health and Senior Service			
93.575	Child Care and Development Block Grant Sanitarian Inspection for Child Care Facilities	PGA067-32226C PGA067-21745	515	3,589
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161 ERS161-10055	4,209	6,622
93.991	Preventive Health and Health Services Block Grant	AOC02380053 AOC01380054	22,054	27,412
93.994	Maternal and Child Health Services Block Grant to the States	NA ERS146-3174M ERS146-1174/2174M ERS175-2049F DH20027005	372 18,305 6,260	3,641 17,371 2,450 464
	Program Total		24,937	23,926
SOCIAL SECURITY ADMINISTRATION				
	Passed through state			
	Department of Secondary and Elementary Education			
96.001	Social Security Disability Insurance	NA	0	24
	Total Expenditures of Federal Awards:		\$ 1,197,783	729,728

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

NODAWAY COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Nodaway County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property Program (CFDA number 39.003) represents the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Nodaway County, Missouri

Compliance

We have audited the compliance of Nodaway County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Nodaway County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with

OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-2.

Internal Control Over Compliance

The management of Nodaway County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 02-2, to be a material weakness.

This report is intended for the information and use of the management of Nodaway County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 5, 2003 (fieldwork completion date)

Schedule

NODAWAY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified? x yes no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying <u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

02-1.

Cash Management

The county has not established adequate procedures to track the amount of outstanding reimbursements due from the state for BRO projects. Contractors are paid by the county when the invoices are submitted and subsequently, the county requests reimbursement through the Highway Planning and Construction program. The county had submitted three reimbursement requests, totaling approximately \$456,000, which were not received on a timely basis and no follow up action was taken. Two of these requests, totaling approximately \$93,000, were submitted in July and November 2001, but the funds were not received from the state until May 2002. The other request, totaling approximately \$363,000, was submitted in December 2002, but was not received until June 2003. No follow up action was taken by the county to determine why these reimbursements had not been received. In addition, a request that was submitted in November 2002, totaling approximately \$322,000, had to be resubmitted in April 2003 due to some items being requested that were not allowable. This reimbursement was eventually received in May 2003.

Apparently, a check was issued in December 2001 to the county for reimbursement of the \$93,000 requests, but was not received by the county. Because no procedures were in place to track these requests, no follow up action was taken to locate these funds. The Treasurer was contacted by a check locator service in March 2002 about helping the county collect some unclaimed funds. The county entered into a contract with this check locator service in April 2002, at a cost of approximately \$4,700, and the county was then notified the unclaimed monies were an outstanding check from the state treasury. Had the county periodically compared project payments to outstanding reimbursements, this expense would not have been necessary and the county could have followed up with the state in a more timely fashion.

Failure to adequately track reimbursements due from the state can result in unnecessary expenses and increase the amount of time between payments to contractors and reimbursement of federal funds.

WE RECOMMEND the County Commission establish procedures to track monies outstanding for federal projects and ensure they are received in a timely manner from the state.

AUDITEE'S RESPONSE

The County Commission responded:

We agree and have already implemented procedures to track this.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-2. Schedule of Expenditures of Federal Awards
--

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass through Entity	
Identifying Number:	BRO-074(21), BRO-074(22), BRO-074(25), BRO-074(31), BRO-074(32), BRO-074(33), BRO-074(34)
Award Years:	2001 and 2002
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county and the Health Center do not have procedures in place to track federal assistance for preparation of the SEFA. For the years ended December 31, 2002 and 2001, while the county's SEFA did include their major program, Highway Planning and Construction (CFDA 20.205), the schedule did not include expenditures for the majority of its federal grants. In total, expenditures were understated by approximately \$125,000 and \$198,000 for 2002 and 2001, respectively. The schedules only included four of the seventeen federal programs the county participated in during the two years ended December 31, 2002. Most of the awards that were not properly reported or were omitted were handled by the Health Center. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

AUDITEE'S RESPONSE

The County Clerk responded:

I will work with all entities involved with federal grants to ensure that SEFA expenditures have been reported.

The Health Center Administrator responded:

Steps have been taken during 2003 to properly track federal expenditures. We will ensure the 2003 SEFA is complete and accurate.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

NODAWAY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

NODAWAY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

NODAWAY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Nodaway County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 5, 2003. We also have audited the compliance of Nodaway County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 5, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Nodaway County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Budgetary Practices**

The county does not have adequate budget preparation procedures and approved expenditures in excess of budgeted amounts for various funds.

- A. The county does not have adequate procedures to ensure budgets are prepared for all county funds, and as a result, budgets were not prepared for various county funds for the years ended December 31, 2002 and 2001. In addition, the county's annual published financial statements presented no information for some county funds.

The County Commission is responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo. Section 50.800, RSMo 1994, requires the County Commission to prepare and publish in the local newspaper a detailed financial statement of the county and provides that the financial statements show receipts, disbursements, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

- B. The County Commission approved expenditures in excess of budgeted amounts for various funds for the years ended December 31, 2002 and 2001. Procedures have not been established to monitor budget to actual amounts, which allowed some funds to overspend their budgets.

It was ruled in *State ex. Rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office prior to incurring the expenditures.

WE RECOMMEND the County Commission:

- A. Ensure budgets are prepared for all county funds and include all county funds in the published financial statements as required by state law.
- B. Refrain from incurring expenditures in excess of budget amounts. If the county receives additional funds which could not be anticipated when the budget was adopted, the County Commission should amend its budget by following procedures required by state law.

AUDITEE'S RESPONSE

- A. *We will ensure all county funds are budgeted in the future and will encourage all other elected officials to submit their budgets accordingly.*
- B. *We agree and will make every effort to keep funds within their budgetary constraints and make appropriate amendments as necessary.*

2. County Officials' Compensation
--

Salaries for the Associate Commissioners, Sheriff and Coroner increased significantly in January of 1999.

Section 50.333.13 RSMo, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Nodaway County's Associate County Commissioners salaries were each increased approximately \$7,060 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of Section 50.333.13 RSMo. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, Laclede County v. Douglass et al., holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Increases for the Sheriff and Coroner were \$7,000 and \$6,000, respectively. These raises were given in the middle of their term and there was no documentation to support these increases.

Based upon the Supreme Court decision, the raises given to the associate county commissioners, totaling approximately \$14,120 should be repaid. In addition, in light of the Supreme Court ruling, raises given to officials within their term of office should be re-evaluated for propriety.

WE RECOMMEND the County Commission review the impact of this court decision and develop a plan for obtaining repayment of any salary overpayments.

AUDITEE'S RESPONSE

The County Commission responded:

We took those raises in good faith based upon existing state law. At this time we will not request repayment. Regarding raises of the Sheriff and Coroner, we will obtain an opinion from the Prosecuting Attorney to determine if any action needs to be taken.

The Sheriff responded:

This raise was taken after obtaining advice and opinions from various sources, including the Missouri Association of Counties, the director of the Missouri Sheriff's Association, other legal experts, and the Nodaway County Commissioners. It was recommended that if the proposed raises were taken by the Associate Commissioners, the raise should also be given to the Sheriff.

The Coroner responded:

I was appointed as County Coroner in 1998 by the Governor and was not a member of the 1997 salary commission where these raises were discussed. During a 1998 meeting with the County Commission and the Sheriff, I was informed that based on the newly enacted State law, the Associate Commissioner, Sheriff and Coroner would be receiving an increased salary in 1999, based upon the conversations the Commissioners had with the Missouri Association of Counties.

3. Expenditures

The county did not solicit bids through advertisement, did not document reasons for not selecting the lowest bid in one instance, nor did they indicate receipt of goods on several invoices.

- A. While bids were taken, they were not always solicited through advertisement. Examples of items purchased which were not advertised for bid: construction of a metal frame building costing \$68,641 (partial payment), sheet piling costing \$29,856, and lumber costing \$19,795. The commissioners indicated they utilized their own list of individuals for sending invitations for bids since there are often no available suppliers within the county. In addition, the county commission did not accept the low bid on an excavator, which was \$17,485 less than the bid accepted, and did not document in the commission minutes the reason for not accepting the low bid.

Section 50.660, RSMO 2000, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. The commission minutes should clearly document the reasons for accepting a bid other than the low bid.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county receives fair value by contracting with the lowest and best bidders. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.

- B. A county employee's signature on the invoice, indicating receipt of goods or services, was not evident on 12 of 29 (41%) items tested. These items primarily consisted of labor, lumber, and numerous loads of road rock. There is less assurance the county actually received these items without the invoice being signed to evidence receipt of the goods or services.

WE RECOMMEND the County Commission:

- A. Solicit bids through advertisement for all purchases in accordance with state law and retain justification for the bid selected, if it is not the low bid.
- B. Ensure the receipt of goods or services is indicated on all invoices prior to payment.

AUDITEE'S RESPONSE

- A. *We agree and will improve our advertising procedure for bids. In the future, we will document more clearly reasons for not accepting low bids.*
- B. *We agree and will ensure this is indicated on all invoices in the future.*

4. Property Tax Books and Procedures

The County Clerk did not reconcile the aggregate abstracts to the tax books and annual settlement. While the tax books and annual settlement were in agreement, they differed from some amounts reported on various aggregate abstracts. One difference was a \$30,000 correction made to the tax books in 2002, after the preparation of the aggregate abstract. The corrected amount was properly reported on the annual settlement, but the aggregate abstract was not corrected and resubmitted.

Failure of the County Clerk to verify the accuracy of aggregate abstracts could result in failure to detect errors on the annual settlement.

WE RECOMMEND the County Clerk reconcile the aggregate abstracts, tax books and annual settlement.

AUDITEE'S RESPONSE

I agree and will do this in the future.

5.**Payroll and Leave Balances**

Leave taken is not accurately reported on some employee's timesheets and some leave balances exceeded the maximum allowed by the county's leave policy. Employees in the Prosecuting Attorney's office did not report leave taken on their timesheets. Periodically, the Prosecuting Attorney would report leave balances on the employee's timesheet. The balances reported indicated leave had been taken, but this was not reflected on the monthly timesheets. In addition, the balances reported by the Prosecuting Attorney for one employee exceeded the maximum accrued balance allowed on several occasions. The County policy manual states that employees are allowed to accrue and accumulate a maximum of 20 days sick leave and 20 days of annual leave. To ensure that all employees are treated equitably, the leave policy should be followed for all employees.

WE RECOMMEND the County Commission ensure leave taken is accurately reported on the timesheets and leave balances do not exceed the maximum allowed by the county's leave policy. If the commission believes the policy should be changed, it should be revised accordingly.

AUDITEE'S RESPONSE

We will continue to request accurate leave information from all county employees.

6.**Sheriff's Accounting Controls and Procedures**

The Sheriff's Department does not always deposit receipts or make disbursements timely nor did they make timely and appropriate dispositions of seized property.

A. The Sheriff's Department maintains bank accounts for both general and board of prisoner receipts. Our review of these accounts noted the following concerns:

1. Receipts are not deposited intact on a timely basis for both the general and board of prisoner's accounts. Bank deposits are made approximately four to five times a month into both bank accounts and averaged between \$800 and \$1,500 per deposit. Several instances were noted where deposits were not made intact, due to cash refunds being given. In addition, checks are not restrictively endorsed upon receipt. The Sheriff's Department indicated that funds received are placed immediately in the lock box until deposited in the bank, and sometimes checks are placed in the lock box without being restrictively endorsed first.

To adequately safeguard monies and reduce the risk of loss or misuse of funds, receipts should be restrictively endorsed and deposits should be made

intact daily or when accumulated receipts exceed \$100. Refunds should be made by check to ensure receipts are deposited intact.

2. Disbursements to the state, county, and other applicable parties for fees collected are not made timely. We noted time lags between the date fees were received and the date fees were distributed frequently exceeded one month. For example, fees collected in November 2001 were not disbursed until February 2002. Other months were also noted where fees were not distributed timely.

State law requires that all fees collected by the Sheriff be distributed monthly to the state and county treasurer.

- B. Several items on the seized property inventory listing have been on hand for several years and there is no documentation that these items are still needed for trial. For example, a ring seized in December 1993 was still on hand and drugs and alcohol seized in 1999 and 2000 have not been disposed of. The Sheriff indicated they attempt to dispose of drug paraphernalia and alcohol approximately twice a year, but the last disposal was made in January 2002. The items noted above were not disposed of at that time because they related to ongoing cases, which have now been resolved.

Section 542.301 RSMo, 2000 states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure. Proper disposal of such items would eliminate the significant risks of unauthorized access, use, or theft, and the related potential liability of the county for such possible improper access or use.

A condition similar to part A.1 was noted in our prior report.

WE RECOMMEND the Sheriff:

- A.1. Deposit receipts intact daily or when receipts exceed \$100, restrictively endorse checks immediately upon receipt, and issue all refunds by check.
2. Distribute fees collected in a timely manner.
- B. Make timely and appropriate dispositions of seized property.

AUDITEE'S RESPONSE

- A.1. *We will attempt to make deposits more timely in the future. We have already begun to restrictively endorse checks upon receipt. We will make every effort to discontinue issuing cash refunds.*

2. *We will attempt to pay these out as timely as possible, based upon our workload.*
- B. *We have always disposed of unneeded seized property on a timely basis in the past. Currently, we have prepared destruction orders to dispose of numerous unneeded items in our property room. The Associate Judge has indicated he would sign the destruction orders related to controlled substances still on hand within 30 days, but is seeking the advice of the Attorney General's office regarding his responsibilities for the disposal of some other items.*

7. Health Center Procedures

The Health Center does not issue checks sequentially and some voided checks were not handled properly. Additionally, they do not adequately monitor expenditures for the Family Planning Program. Formal procedures were not established for fixed assets nor do they perform annual inventories.

- A. The Health Center did not consistently issue checks sequentially and the numerical sequence of checks was not always adequately accounted for. When checks were prepared, the Health Center personnel did not ensure the check number posted to the accounting records agreed to the check number on the prenumbered checks. Personnel posted the check numbers, amounts, and payees to the system prior to printing the checks, which caused the amounts and payees for some checks issued in 2002 to not agree to the information posted to the system. As a result, the check numbers are not always posted to the system sequentially and some check numbers were posted twice, with different payees and amounts. While bank reconciliations were prepared, they did not always reconcile to book records because the outstanding check amounts were not correct for most checks listed as outstanding.
- B. The Health Center did not adequately monitor expenditures and track program costs of the Comprehensive Family Planning Program. Documentation was not maintained for the amount of time spent by personnel servicing family planning clients. Instead, the Health Center allocated approximately 54% of the salaries paid to personnel who service family planning clients, based on the number of participants they served through the women's health clinic. As a result, the Health Center failed to comply with the contractual requirements of tracking costs. Additionally, administrative expenses were inappropriately being included in actual costs of comprehensive family planning services, contrary to the contract.
- C. The Health Center has not established formal policies and procedures for general fixed assets, which includes procedures to update property records, number, and tag or otherwise identify property items. In addition, annual physical inventories of property have not been performed. Various fixed asset purchases over \$250 were not recorded in the fixed asset listing. Items not recorded in the fixed asset records included a Sony notebook computer for \$1,424, a refrigerator for \$476, and Treasure Island Hand Print toy box for \$849.

WE RECOMMEND the Health Center Board of Trustees:

- A. Ensure the preprinted prenumbered check numbers are accurately posted to the computer system and the numerical sequence of checks is accounted for monthly.
- B. Adequately monitor expenditures and track program costs of the Comprehensive Family Planning Program to comply with the program contract. Additionally, administrative expenses should not be included in actual costs of comprehensive family planning services.
- C. Ensure that policies and procedures for general fixed assets with an original cost of \$250 or more are properly added to the fixed asset listing and actual physical inventory of the various property items should be performed periodically.

AUDITEE'S RESPONSE

The Health Center Administrator responded:

- A. *I took over as Health Center Administrator in July 2002 and was unfamiliar with the accounting program and printer. We now have procedures in place to ensure the check numbers are accurately posted to the system and we account for the numerical sequence of checks monthly.*
- B. *We have already begun tracking these program costs in accordance with the contract and will ensure administrative costs are not included in program expenditures for 2003.*
- C. *We will develop and implement policies and procedures for fixed assets by December 31, 2003. Annual physical inventories will be performed by an independent person in the future.*

8. Associate Division Accounting Controls and Procedures

The Associate Division does not follow up on outstanding checks, disburse fees collected timely, nor did they determine the source of funds in an inactive bank account.

- A. The Associate Division has not established procedures to routinely follow up on outstanding checks. At December 31, 2002, the Associate Division had 28 outstanding checks over one year old, totaling approximately \$1,262. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

- B. Disbursements to the state, county, and other applicable parties for fees collected are not made timely. The fees collected in February, March, and April, 2003, totaling approximately \$88,000, were not disbursed until May 2003. In order to make it appear these disbursements were made timely, several checks were not used at the end of each month. While the checks were actually written in May 2003, the check stubs were dated as if the checks had been written at the end of each month.

State law requires that all fees collected by the Associate Clerk for court cases be distributed monthly to the state and county treasurer. Timely disbursements of fees collected are necessary to provide adequate controls over account balances and increase the likelihood that discrepancies are detected in a timely manner. To provide an accurate record of when disbursements are made, the check stubs should be dated the same day the checks are written.

- C. The Associate Division currently maintains a bank account with a balance at December 31, 2002 of \$4,472, that has been inactive for several years. While the Associate Judge has indicated they believe this money represents accumulated interest, there is no documentation available to support that claim and no listing of open items (liabilities) is maintained. An attempt should be made to locate the payees of this money, and if the Associate Judge determines this money represents accumulated interest, a court order should be prepared to transfer this money to the Associate Division Interest Fund. This old, inactive account creates additional and unnecessary record keeping responsibilities.

A condition similar to part B was noted in our prior report.

WE RECOMMEND the Associate Division:

- A. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- B. Distribute fees collected to the county and state in a timely manner.
- C. Resolve the balance of this old account and disburse the funds to the appropriate party.

AUDITEE'S RESPONSE

The Associate Judge responded:

- A. *We will make every effort to disburse these old outstanding checks timely.*
- B. *We agree and will attempt to disburse these fees timely based upon our staffing & work load.*
- C. *We will transfer these monies into our interest fund by the end of 2003.*

9. Juvenile Office

The Juvenile Office procured legal services for juvenile cases but maintained no documentation to support how the attorney was selected. The attorney selected to provide these services, who also serves as the Nodaway County Prosecuting Attorney, was paid \$1,000 per month in 2002 (\$12,000) and \$500 per month in 2001 (\$6,000) by the county. The other four counties in the circuit then reimburse Nodaway County 49% of these costs. No agreement exists detailing the services to be performed and the amount to be paid and supporting documentation was not available from the Juvenile Office to support these monthly payments. An analysis of the amount of time spent on Juvenile cases by the Prosecuting Attorney was performed during 2001, and it was determined the amount paid to him should be increased, however, no documentation was maintained of this analysis.

No other attorneys are used for Juvenile case work and it does not appear reasonable for the county to pay the Prosecuting Attorney to perform legal work for the county. The Circuit Judge provided an opinion that this arrangement was appropriate because the Prosecuting Attorney only charged a fee on cases involving juveniles from the other four counties in the circuit. Considering that Nodaway County is responsible for 51% of the 4th Judicial Circuit expenses, and there is no documentation to show which cases are charged for, the county may, unknowingly, be paying for work performed on Nodaway County cases.

WE RECOMMEND the Juvenile Office ensure documentation is maintained to support the selection of an attorney and that detailed invoices are maintained to support all payments for legal services.

AUDITEE'S RESPONSE

The Juvenile Officer, Prosecuting Attorney, and Circuit Judge responded:

All recommendations have been implemented. The Auditor's Office has been provided a copy of the contract, reflecting that no legal fees are paid for representation on Nodaway County cases, and a documentation process has been implemented. The Nodaway County Prosecuting Attorney continues to represent the Juvenile Office in Nodaway County cases without compensation.

The Prosecuting Attorney provided an additional response:

The Prosecuting Attorney has never been hired by the Juvenile Office for representation on juvenile cases and has never charged a fee on any cases. In accordance with the procedures outlined by the Missouri Court of Appeals, in his private practice, the individual who serves as Prosecuting Attorney for Nodaway County also represents the Juvenile Office in other counties of the Circuit. As noted by the Circuit Judge in his response, none of the counties, including Nodaway County, has ever expended any funds for the Prosecutor's representation of Nodaway County. The Prosecuting Attorney for Nodaway County has always represented the Juvenile Office in Nodaway County cases without compensation.

10.

Senate Bill 40 Board

The Senate Bill 40 Board did not prepare budgets as required, nor did they prepare formal monthly bank reconciliations. Additionally, adherence to contracts with a not-for-profit organization was not enforced. Finally, the Senate Bill 40 Board does not have a policies and procedures manual governing the operations of the Board.

- A. The Senate Bill 40 Board did not prepare a budget for 2002. While a budget was prepared for 2001, estimated revenues for the year were \$0, no actual amounts for the previous two years were reported, and a cash reconciliation and budget summary were not included. In addition, actual expenditures exceeded budgeted amounts by \$29,330 for 2001.

Chapter 50, RSMo 1994, requires preparation of an annual budget for all funds to present a complete financial plan for the ensuing year. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A complete budget should include appropriate revenue and expenditure estimates by classification, and include the beginning available resources and reasonable estimates of the ending available resources for all funds. The budget should also include a budget message.

It was ruled in *State ex rel. Strong v. Cribb* 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.662, RSMo Supp. 1997, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

A similar condition was noted in our previous audit.

- B. The Senate Bill 40 treasurer did not prepare formal monthly bank reconciliations or record receipts in the check register. Monthly bank reconciliations are necessary to ensure the accounting records balance with the bank and to detect errors timely. Additionally, book balances should be maintained in order to ensure records are in balance.
- C. Payments to a not-for-profit organization in 2002 and 2001 totaled \$89,568 and \$112,288 respectively. A contract with a not-for-profit organization requires the organization provide the board with annual budgets specifying how the funds will be expended, and also requires the board to monitor the use of the funds. The board did not receive annual budgets from the not-for-profit and did not monitor the use of the funds to ensure they were spent appropriately.

By failing to monitor the proposed and actual uses of contractual payments, the Senate Bill 40 Board cannot be assured that the financial assistance provided to the not-for-profit has been spent appropriately.

WE RECOMMEND the Senate Bill 40 Board:

- A. Prepare budgets as required by state law and ensure expenditures do not exceed budgeted amounts. If additional expenditures are necessary, the budget should be amended and the circumstances adequately documented.
- B. Perform monthly bank reconciliations and record receipts and disbursements in the check register.
- C. Monitor any expenditures made for compliance with the terms of the contract.

AUDITEE'S RESPONSE

The Senate Bill 40 Board Treasurer responded:

- A. *We agree and will ensure this is done in the future including a cash reconciliation and budget summary.*
- B. *We agree and will prepare monthly bank reconciliations and will ensure receipts and disbursements are properly recorded.*
- C. *We agree and will develop procedures to implement this recommendation.*

Follow-Up on Prior Audit Findings

NODAWAY COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Nodaway County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Published Financial Statements

The annual published financial statements did not include the financial activity of some county funds and did not include all required information for other county funds. In addition, no information was included regarding the Senate Bill 40 Board Fund.

Recommendation:

The County Commission ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

Not implemented. See MAR finding number 1.

2. Personnel Policies and Procedures

- A. There was no clear written policies detailing the employee's work week and the requirements for earning compensatory time off.
- B. The County Clerk did not maintain records of vacation leave, sick leave, and compensatory time earned or subsequently taken by county employees.
- C. Personnel files did not always include current signed authorizations for payroll deductions. Complete personnel files were not being kept for each county employee.
- D. Time sheets were not being signed by the appropriate supervisor.
- E. There were inconsistencies in holiday pay for part-time employees. Some part-time employees were receiving a full day of holiday while other employees received only a proportionate amount of holiday pay.

Recommendations:

The County Commission:

- A. Develop written policies that provide clear guidance as to when compensatory time can be earned.
- B. Require the County Clerk maintain centralized records of vacation leave, sick leave, and compensatory time earned, taken, and paid for all county employees.
- C. Maintain complete personnel files for each county employee, including current authorizations for payroll deductions and payments.
- D. Ensure employee time sheets are signed by applicable supervisors indicating their approval.
- E. Ensure part-time employees are compensated for holiday pay in accordance with county policy.

Status:

A, C,
D&E. Implemented.

B. Not implemented. See MAR finding number 5.

3. General Fixed Asset Records and Procedures

General fixed asset records are not complete and accurate. The County Clerk did not reconcile purchases to additions and formal disposition approval and documentation procedures were not in place.

Recommendation:

The County Clerk establish procedures to ensure fixed asset purchases and dispositions are properly recorded on the general fixed asset records as they occur, periodically reconcile asset purchases to the fixed asset records addition, work with the County Commission to establish a formal method of disposing of general fixed assets, and ensure the fixed asset records provide a detailed description of each item.

Status:

Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

4. Public Administrator Controls and Procedures

- A. The Public Administrator and Associate Circuit Judge did not establish fee guidelines which would ensure all estates were charged fees in an equitable manner.
- B. The value of assets reported on the annual settlement prepared by the estate's attorney was less than the value of the assets reported on the Public Administrator's annual report and request for compensation.
- C. The office space made available to the Public Administrator in the Courthouse Annex did not provide privacy or security necessary for case records.

Recommendations:

- A. The Public Administrator should work with the Associate Circuit Judge in order to establish fee guidelines that will ensure all estates are charged fees in an equitable manner.
- B. The Public Administrator ensure accurate values of assets are presented on annual reports and request for compensation.
- C. The County Commission work with the Public Administrator to evaluate the costs to wards associated with the current working arrangement and the potential benefits of providing suitable office space.

Status:

A&C. Implemented.

- B. Partially implemented. It appears that the Public Administrator is updating the values of the estate's assets annually. However, a title to a vehicle was found in one of the ward's files and it is unclear whether it should have been listed on the annual settlement. Additionally, we did note some immaterial errors in the recording of dollar amounts of assets. Although not repeated in the current report, our recommendation remains as stated above.

5. Associate Division's Accounting Controls and Procedures

- A. Disbursements to the state, county, and other applicable parties for fees collected were untimely.
- B. Monthly listings of open items (liabilities) and formal bank reconciliations were not prepared on a timely basis for the Associate Division bank account.

Recommendations:

The Associate Division:

- A. Distribute fees on a monthly basis.
- B. Prepare a listing of open items and bank reconciliation on a monthly basis, and ensure the total open items reconciles to the cash balance.

Status:

- A. Not implemented. See MAR finding number 8.
- B. Implemented.

6. Sheriff's Accounting Controls and Procedures

- A. Receipts pertaining to both the general and board of prisoners accounts were not deposited on a timely basis.
- B. Accounting duties were not adequately segregated. Responsibilities of collecting, recording, depositing receipts, performing month-end reconciliations, and preparing and signing checks were assigned to one employee. There was no documented independent review of the accounting records and reconciliations.

Recommendations:

The Sheriff:

- A. Require monies to be deposited daily or when accumulated receipts exceed \$100.
- B. Adequately segregate the record keeping duties or perform and document periodic reviews of the accounting records.

Status:

- A. Not implemented. See MAR finding number 6.
- B. Implemented.

7. Assessor's Controls and Procedures

- A. The Assessor did not transmit receipts to the County Treasurer intact. The change/petty cash fund was not maintained at a constant amount and no documentation of expenditures was retained.

- B. Checks and money orders received were not restrictively endorsed immediately upon receipt.
- C. The Assessor did not file monthly reports of fees collected with the County Commission.

Recommendations:

The Assessor:

- A. Transmit all monies received to the County Treasurer intact. The composition of checks and cash received should be reconciled to the amounts turned over to the County Treasurer. In addition, if a change/petty cash fund is needed it should be maintained at a constant amount and documentation to support expenditures retained.
- B. Restrictively endorse all checks and money orders immediately upon receipt.
- C. File monthly reports of fees in accordance with state law.

Status:

A, B,
&C. Implemented.

8. County Clerk's Controls and Procedures

- A. Prenumbered receipt slips were not issued for some monies received in the County Clerk's office.
- B. The monthly report of fees collected that the County Clerk files with the County Commission contained only notary fees and clerk fees received from the Ex-Officio Collector. Other monies received by the County Clerk were not included on the monthly reports.

Recommendations:

The County Clerk:

- A. Issue receipt slips for all monies received.
- B. Include all monies received on the monthly reports of fees collected.

Status:

A&B. Implemented.

9. Senate Bill 40 Board

- A. Actual expenditures exceeded budgeted amounts.
- B. The Senate Bill 40 Board's budgets were not complete. The budgets did not include a comparative statement of actual receipts and disbursements for two previously completed fiscal years, and the beginning and ending cash balance information provided was inaccurate or not provided. The SB 40 Board did not perform a reconciliation of prior year's beginning cash, receipts, and disbursements to the ending cash balance.

Recommendation:

- A. Ensure the annual budget includes reasonable estimates of expenditures and keep expenditures within budgetary limits. Extenuating circumstances should be fully documented and budgets properly revised.
- B. Ensure budgets are complete and accurate.

Status:

A&B. Not implemented. See MAR finding number 10.

STATISTICAL SECTION

History, Organization, and
Statistical Information

NODAWAY COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1845, the county of Nodaway was named after the Nodaway River. Nodaway County is a township-organized, third-class county and is part of the Fourth Judicial Circuit. The county seat is Maryville

Nodaway County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 1276 miles of county roads and 354 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 21,996 in 1980 and 21,912 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 146.4	143.6	136.4	126.5	95.6	55.8
Personal property	73.1	69.8	65.3	60.8	32.3	24.6
Railroad and utilities	15.8	14.1	15.0	15.1	9.6	11.5
Total	\$ 235.3	227.5	216.7	202.4	137.5	91.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Nodaway County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
Health Center Fund	\$.0500	.0500	.0500	.0500
Senate Bill 40 Fund	.0500	.0500	.0500	.0500
Senior Citizen Tax Fund	.0500	.0500	.0500	.0500

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
	\$			
State of Missouri	72,212	71,581	66,601	58,390
General Revenue Fund	22,686	20,972	20,668	20,491
Township Road and Bridge Fund	920,750	891,067	829,880	809,872
County Road and Bridge Fund	122,817	122,232	103,756	102,682
Assessment Fund	151,820	148,065	134,345	126,946
Health Center Fund	120,416	117,356	109,834	103,210
Senate Bill 40 Fund	120,413	117,335	109,776	103,173
School districts	10,186,617	10,040,209	8,944,521	8,463,463
Ambulance district	434,938	423,621	395,914	352,526
Fire protection district	172,170	163,779	159,482	149,939
Watershed Districts	13,675	14,346	16,013	28,506
Senior Citizen Tax Fund	116,262	111,995	102,884	0
Road Bonds	349,442	387,282	316,046	357,625
Townships	152,251	149,016	139,078	127,397
Cities	1,205,955	1,179,604	1,070,483	1,038,690
County Clerk	183	171	157	172
County Employees' Retirement Fund	30,832	32,855	25,382	26,787
Other	6,717	4,351	10,789	4,560
Commissions and fees:				
Township Collectors	110,586	107,536	97,960	93,234
EOC Commissions	3,262	77,214	2,280	2,429
General Revenue Fund	74,699	3,494	66,879	66,204
Total	\$ 14,388,703	14,184,081	12,722,728	12,036,296

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	96	95	95	96 %
Personal property	94	94	94	95
Railroad and utilities	100	100	100	100

Nodaway County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Capital improvements	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Lester Keith, Presiding Commissioner	\$	29,390	29,390	29,390	29,060
Wayne Nelson, Associate Commissioner		27,390	27,390	27,390	27,060
Larry Dougan, Associate Commissioner		27,390	27,390	27,390	27,060
Donna Carmichael, Recorder of Deeds		41,500	41,500	41,500	41,000
John W. Zimmerman, County Clerk		41,500	41,500	41,500	41,000
David Baird, Prosecuting Attorney		51,000	51,000	51,000	49,000
Ben Espy, Sheriff		46,000	46,000	46,000	45,000
Rex Wallace, County Assessor (1), year ended August 31,		42,400	42,400	10,835	
Patrick Nelson, County Assessor (1), year ended August 31,				31,065	41,900
Mary Noel, Treasurer and Ex Officio County Collector(2), year ended March 31,	44,816	45,048	43,834	43,983	
Thomas Scarbrough, County Coroner		14,000	14,000	14,000	13,000
Julia D. Lyle, Public Administrator		25,000	25,000		
Margaret Cordell, Public Administrator (3)				36,859	44,653

(1) Includes \$900 annual compensation from the state.

(2) Includes \$3,262, \$3,494, \$2,280 and \$2,249 , respectively, of commissions earned for collecting city property taxes.

(3) Includes fees received from probate cases.

State-Paid Officials:

Patrick O'Riley, Circuit Clerk	47,300	47,300	46,127	44,292
Glen Dietrich, Associate Circuit Judge	96,000	96,000	97,382	87,235



**RIPLEY COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-101
September 30, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Ripley, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Ripley County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The Ripley County hospital was not tracking the balance of a \$2 million liability to the Internal Revenue Service for payroll taxes. The Hospital Administrator was reimbursed for his personal tax refunds that were applied to a penalty assessed by the IRS. The hospital had no documentation to support the payments nor did they have a complete understanding of the penalties and their relationship to the liability. In addition, the Hospital Administrator paid himself \$1,000 for reimbursement of medical expenses, however, there was no documentation of board approval. Further, numerous payroll advances were paid to hospital employees which appear to violate Article VI, Section 23 of the Missouri Constitution. Several thousand dollars of these had been outstanding for some time.
- Improvements are needed with the property tax system controls and procedures. In addition, the County Clerk does not prepare the current or back tax books or maintain an account book with the County Collector and controls over property tax additions and abatements are not adequate.
- Documentation was not maintained by the county to support situations in which the low bid was not accepted, and sole source procurement was not always documented by the county for various expenditures. Vehicle logs and equipment maintenance logs are not maintained for some vehicles and equipment in the Road and Bridge Department.

(over)

YELLOW SHEET

- In late December of both 2002 and 2001, the County Commission amended various county budgets to reflect increased expenditures for the year. Prior to the amendment of these budgets, expenditures had already exceeded the original budget.
- Numerous problems were noted relating to both the current and former Prosecuting Attorneys' accounting controls and procedures. Weaknesses included inadequate segregation of accounting duties and controls over receipts, the failure to make deposits timely and intact, and not remitting bad check fees to the County Treasurer monthly. Additionally monthly bank reconciliations were not prepared, liabilities were not reconciled to cash balances and there was no follow up on old outstanding checks.

Also included in the audit were recommendations related to the hospital's budgetary practices and published financial statements, the county's federal awards, personnel policies and procedures, and general fixed assets. The audit also suggested improvements in the procedures of the Sheriff, County Collector, Circuit Clerk, Associate Circuit Court, Health Center, Senior Citizen Services Board, and the Senate Bill 40 Board.

All reports are available on our website: www.auditor.state.mo.us

RIPLEY COUNTY, MISSOURI

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RIPLEY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Ripley County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Ripley County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Ripley County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 3, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Ripley County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.



Claire McCaskill
State Auditor

June 3, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J Kremer, CPA
Audit Manager:	Pamela Crawford, CPA
In-Charge Auditor:	Ted Fugitt, CPA
Audit Staff:	Jay, Ross
	Troy Royer
	Monte Davault



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Ripley County, Missouri

We have audited the financial statements of various funds of Ripley County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Ripley County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Ripley County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Ripley County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 3, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

RIPLEY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 418,165	550,221	532,853	435,533
CART	130,711	489,306	520,511	99,506
Assessment	46	117,106	116,741	411
Law Enforcement Training	733	2,073	1,647	1,159
Prosecuting Attorney Training	190	368	248	310
Law Enforcement Sales Tax	276	595,780	594,897	1,159
Children's Trust	0	628	628	0
Crisis Intervention	1,623	1,538	1,521	1,640
Domestic Violence	806	1,038	1,251	593
Prosecuting Attorney Bad Check	3,080	11,460	7,335	7,205
Prosecuting Attorney Delinquent Tax	2,903	2,122	4,088	937
Prosecuting Attorney Retirement	210	4,397	4,500	107
Recorder's User Fees	21,096	12,797	10,403	23,490
Sheriff Civil Fees	16,942	11,224	20,449	7,717
Community Development Block Grant-Caring Communities	500	115,099	115,099	500
Community Development Block Grant-Public Water Supply District # 2	500	4,825	5,325	0
Election	1,523	38,836	40,274	85
Election Services	4,267	2,632	214	6,685
Senior Citizens	7,334	34,251	34,709	6,876
Health Center	204,695	398,029	376,788	225,936
Senate Bill 40 Board	62,480	67,647	62,333	67,794
Law Library	4,290	7,550	4,990	6,850
Circuit Interest	1,471	687	1,698	460
Tax Maintenance	0	892	122	770
Total	\$ 883,841	2,470,506	2,458,624	895,723

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

RIPLEY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 372,202	555,309	509,346	418,165
CART	134,186	426,577	430,052	130,711
Assessment	2,691	120,907	123,552	46
Law Enforcement Training	2,698	2,208	4,173	733
Prosecuting Attorney Training	334	362	506	190
Law Enforcement Sales Tax	17,285	528,780	545,789	276
Children's Trust	0	633	633	0
Crisis Intervention	1,256	2,263	1,896	1,623
Domestic Violence	0	806	0	806
Prosecuting Attorney Bad Check	2,097	8,822	7,839	3,080
Prosecuting Attorney Delinquent Tax	326	3,245	668	2,903
Prosecuting Attorney Retirement	100	4,610	4,500	210
Recorder's User Fees	11,970	9,126	0	21,096
Sheriff Civil Fees	9,671	14,779	7,508	16,942
Community Development Block Grant-Caring Communities	0	60,500	60,000	500
Community Development Block Grant-Public Water Supply District # 2	500	2,971	2,971	500
Election	1,703	13,780	13,960	1,523
Election Services	2,247	2,020	0	4,267
Senior Citizens	6,081	35,401	34,148	7,334
Law Enforcement Block Grant	0	2,067	2,067	0
Health Center	209,122	365,864	370,291	204,695
Senate Bill 40 Board	52,621	70,687	60,828	62,480
Law Library	4,430	6,877	7,017	4,290
Circuit Interest	712	826	67	1,471
Total	\$ 832,232	2,239,420	2,187,811	883,841

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 2,465,569	2,469,614	4,045	2,176,258	2,239,420	63,162
DISBURSEMENTS	2,680,621	2,458,502	222,119	2,302,949	2,187,811	115,138
RECEIPTS OVER (UNDER) DISBURSEMENTS	(215,052)	11,112	226,164	(126,691)	51,609	178,300
CASH, JANUARY 1	883,540	883,841	301	832,106	832,232	126
CASH, DECEMBER 31	668,488	894,953	226,465	705,415	883,841	178,426
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	225,000	219,021	(5,979)	215,000	220,555	5,555
Intergovernmental	95,725	115,339	19,614	94,375	127,740	33,365
Charges for services	126,772	138,016	11,244	114,260	124,649	10,389
Interest	25,000	26,415	1,415	20,000	27,647	7,647
Other	29,390	38,430	9,040	28,510	40,768	12,258
Transfers in	13,000	13,000	0	13,950	13,950	0
Total Receipts	514,887	550,221	35,334	486,095	555,309	69,214
DISBURSEMENTS						
County Commissior	72,170	71,293	877	67,910	67,866	44
County Clerk	63,600	52,728	10,872	61,600	47,528	14,072
Buildings and grounds	49,120	41,065	8,055	56,820	44,827	11,993
Employee fringe benefit	25,000	23,716	1,284	23,500	21,842	1,658
County Treasurer	27,635	27,116	519	25,799	25,611	188
County Collector	83,537	82,793	744	65,320	70,090	(4,770)
Recorder of Deeds	22,950	28,972	(6,022)	23,250	21,678	1,572
Associate Circuit Court	15,450	15,256	194	14,450	10,742	3,708
Court administration	8,900	3,494	5,406	10,850	6,638	4,212
Public Administrator	22,655	22,616	39	22,700	21,463	1,237
Child support enforcement uni	20,655	19,778	877	19,430	19,064	366
Community projects	7,750	2,500	5,250	7,500	7,750	(250)
Other	52,870	57,901	(5,031)	57,410	61,663	(4,253)
Transfers out	118,100	83,625	34,475	62,625	72,700	(10,075)
Emergency Fund	15,600	0	15,600	14,600	9,884	4,716
Total Disbursements	605,992	532,853	73,139	533,764	509,346	24,418
RECEIPTS OVER (UNDER) DISBURSEMENTS	(91,105)	17,368	108,473	(47,669)	45,963	93,632
CASH, JANUARY 1	418,165	418,165	0	372,202	372,202	0
CASH, DECEMBER 31	327,060	435,533	108,473	324,533	418,165	93,632

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CART</u>						
RECEIPTS						
Intergovernmental	408,000	466,699	58,699	401,000	407,182	6,182
Interest	9,000	8,015	(985)	9,000	9,293	293
Other	8,700	14,592	5,892	4,600	10,102	5,502
Total Receipts	425,700	489,306	63,606	414,600	426,577	11,977
DISBURSEMENTS						
Salaries	135,000	132,748	2,252	107,000	107,804	(804)
Employee fringe benefit	15,000	16,955	(1,955)	19,000	14,238	4,762
Supplies	42,000	47,609	(5,609)	45,000	48,486	(3,486)
Insurance	6,600	10,080	(3,480)	7,000	6,545	455
Road and bridge materials	26,200	40,367	(14,167)	28,500	23,775	4,725
Equipment repairs	12,000	6,399	5,601	20,000	11,772	8,228
Rentals	400	368	32	1,000	365	635
Equipment purchases	76,500	76,807	(307)	51,000	29,246	21,754
Construction, repair, and maintenance	58,000	54,143	3,857	55,000	35,399	19,601
Maintenance building	25,000	29,242	(4,242)	35,000	41,095	(6,095)
Other	113,880	92,793	21,087	96,735	97,377	(642)
Transfers out	13,000	13,000	0	13,950	13,950	0
Total Disbursements	523,580	520,511	3,069	479,185	430,052	49,133
RECEIPTS OVER (UNDER) DISBURSEMENTS	(97,880)	(31,205)	66,675	(64,585)	(3,475)	61,110
CASH, JANUARY 1	130,711	130,711	0	134,186	134,186	0
CASH, DECEMBER 31	32,831	99,506	66,675	69,601	130,711	61,110
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	99,855	105,462	5,607	89,688	89,688	0
Charges for services	752	959	207	600	600	0
Interest	900	593	(307)	914	914	0
Other	0	92	92	5	5	0
Transfers in	24,000	10,000	(14,000)	29,700	29,700	0
Total Receipts	125,507	117,106	(8,401)	120,907	120,907	0
DISBURSEMENTS						
Assessor	125,453	116,741	8,712	123,552	123,552	0
Total Disbursements	125,453	116,741	8,712	123,552	123,552	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	54	365	311	(2,645)	(2,645)	0
CASH, JANUARY 1	46	46	0	2,691	2,691	0
CASH, DECEMBER 31	100	411	311	46	46	0

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	650	601	(49)	700	654	(46)
Charges for service:	1,400	1,436	36	1,500	1,407	(93)
Interest	100	36	(64)	100	147	47
Total Receipts	2,150	2,073	(77)	2,300	2,208	(92)
DISBURSEMENTS						
Sheriff	2,000	1,647	353	4,998	4,173	825
Total Disbursements	2,000	1,647	353	4,998	4,173	825
RECEIPTS OVER (UNDER) DISBURSEMENTS	150	426	276	(2,698)	(1,965)	733
CASH, JANUARY 1	733	733	0	2,698	2,698	0
CASH, DECEMBER 31	883	1,159	276	0	733	733
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	350	358	8	351	351	0
Interest	5	10	5	11	11	0
Total Receipts	355	368	13	362	362	0
DISBURSEMENTS						
Prosecuting Attorney	350	248	102	507	506	1
Total Disbursements	350	248	102	507	506	1
RECEIPTS OVER (UNDER) DISBURSEMENTS	5	120	115	(145)	(144)	1
CASH, JANUARY 1	190	190	0	334	334	0
CASH, DECEMBER 31	195	310	115	189	190	1
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	388,500	389,293	793	381,376	381,376	0
Intergovernmental	140,500	140,362	(138)	92,445	92,445	0
Charges for service:	1,300	1,466	166	1,267	1,267	0
Interest	1,200	2,157	957	1,294	1,294	0
Other	0	207	207	13,898	13,898	0
Transfers in	64,795	62,295	(2,500)	38,500	38,500	0
Total Receipts	596,295	595,780	(515)	528,780	528,780	0
DISBURSEMENTS						
Prosecuting Attorney	69,254	62,122	7,132	59,804	59,804	0
Sheriff	320,460	330,053	(9,593)	284,029	284,029	0
Jail	92,900	91,401	1,499	114,722	114,722	0
Juvenile office	48,000	48,000	0	26,836	26,836	0
Coroner	18,100	10,107	7,993	19,429	19,429	0
Fringe benefits	31,250	34,498	(3,248)	27,197	27,197	0
Other	15,150	18,716	(3,566)	13,772	13,772	0
Total Disbursements	595,114	594,897	217	545,789	545,789	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,181	883	(298)	(17,009)	(17,009)	0
CASH, JANUARY 1	276	276	0	17,285	17,285	0
CASH, DECEMBER 31	1,457	1,159	(298)	276	276	0

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for services	800	615	(185)	825	580	(245)
Interest	50	13	(37)	25	53	28
Total Receipts	850	628	(222)	850	633	(217)
DISBURSEMENTS						
Domestic violence shelte	850	628	222	850	633	217
Total Disbursements	850	628	222	850	633	217
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>CRISIS INTERVENTION FUND</u>						
RECEIPTS						
Intergovernmental	2,500	1,450	(1,050)	2,187	2,047	(140)
Interest	75	88	13	76	76	0
Other	0	0	0	0	140	140
Total Receipts	2,575	1,538	(1,037)	2,263	2,263	0
DISBURSEMENTS						
Family allocations	2,250	1,384	866	1,725	1,725	0
Administrative expense:	225	137	88	171	171	0
Total Disbursements	2,475	1,521	954	1,896	1,896	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	17	(83)	367	367	0
CASH, JANUARY 1	1,623	1,623	0	1,256	1,256	0
CASH, DECEMBER 31	1,723	1,640	(83)	1,623	1,623	0
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	1,000	1,018	18	600	790	190
Interest	30	20	(10)	25	16	(9)
Total Receipts	1,030	1,038	8	625	806	181
DISBURSEMENTS						
Domestic violence shelte	1,260	1,251	9	625	0	625
Total Disbursements	1,260	1,251	9	625	0	625
RECEIPTS OVER (UNDER) DISBURSEMENTS	(230)	(213)	17	0	806	806
CASH, JANUARY 1	806	806	0	0	0	0
CASH, DECEMBER 31	576	593	17	0	806	806

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY BAD CHECK FUND						
RECEIPTS						
Charges for services	8,000	11,207	3,207	8,000	8,725	725
Interest	50	253	203	100	97	(3)
Total Receipts	8,050	11,460	3,410	8,100	8,822	722
DISBURSEMENTS						
Prosecuting Attorney	8,000	7,335	665	10,000	7,839	2,161
Total Disbursements	8,000	7,335	665	10,000	7,839	2,161
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	4,125	4,075	(1,900)	983	2,883
CASH, JANUARY 1	3,080	3,080	0	2,097	2,097	0
CASH, DECEMBER 31	3,130	7,205	4,075	197	3,080	2,883
PROSECUTING ATTORNEY DELINQUENT TAX FUND						
RECEIPTS						
Intergovernmental	2,020	2,008	(12)	3,200	3,200	0
Interest	110	114	4	45	45	0
Total Receipts	2,130	2,122	(8)	3,245	3,245	0
DISBURSEMENTS						
Prosecuting Attorney	4,575	4,088	487	668	668	0
Total Disbursements	4,575	4,088	487	668	668	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,445)	(1,966)	479	2,577	2,577	0
CASH, JANUARY 1	2,903	2,903	0	326	326	0
CASH, DECEMBER 31	458	937	479	2,903	2,903	0
PROSECUTING ATTORNEY RETIREMENT FUND						
RECEIPTS						
Interest	60	97	37	0	110	110
Transfers in	4,300	4,300	0	4,500	4,500	0
Total Receipts	4,360	4,397	37	4,500	4,610	110
DISBURSEMENTS						
Prosecuting Attorney	4,500	4,500	0	4,500	4,500	0
Total Disbursements	4,500	4,500	0	4,500	4,500	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(140)	(103)	37	0	110	110
CASH, JANUARY 1	210	210	0	100	100	0
CASH, DECEMBER 31	70	107	37	100	210	110

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	8,000	11,354	3,354	6,000	8,299	2,299
Interest	500	1,443	943	800	827	27
Total Receipts	8,500	12,797	4,297	6,800	9,126	2,326
DISBURSEMENTS						
Recorder of Deeds	12,500	10,403	2,097	7,500	0	7,500
Total Disbursements	12,500	10,403	2,097	7,500	0	7,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,000)	2,394	6,394	(700)	9,126	9,826
CASH, JANUARY 1	21,096	21,096	0	11,970	11,970	0
CASH, DECEMBER 31	17,096	23,490	6,394	11,270	21,096	9,826
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	9,500	10,877	1,377	8,668	8,668	0
Interest	500	347	(153)	844	844	0
Other	0	0	0	5,267	5,267	0
Total Receipts	10,000	11,224	1,224	14,779	14,779	0
DISBURSEMENTS						
Sheriff	4,150	2,454	1,696	7,508	7,508	0
Transfers out	17,995	17,995	0	0	0	0
Total Disbursements	22,145	20,449	1,696	7,508	7,508	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,145)	(9,225)	2,920	7,271	7,271	0
CASH, JANUARY 1	16,942	16,942	0	9,671	9,671	0
CASH, DECEMBER 31	4,797	7,717	2,920	16,942	16,942	0
<u>COMMUNITY DEVELOPMENT BLOCK GRANT-CARING COMMUNITIES FUND</u>						
RECEIPTS						
Intergovernmental	190,000	115,099	(74,901)	60,500	60,500	0
Total Receipts	190,000	115,099	(74,901)	60,500	60,500	0
DISBURSEMENTS						
Property acquisition and renovation	190,500	115,099	75,401	60,000	60,000	0
Total Disbursements	190,500	115,099	75,401	60,000	60,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	0	500	500	500	0
CASH, JANUARY 1	500	500	0	0	0	0
CASH, DECEMBER 31	0	500	500	500	500	0

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
COMMUNITY DEVELOPMENT BLOCK GRANT-PUBLIC WATER SUPPLY DISTRICT#2 FUND						
RECEIPTS						
Intergovernmental	4,825	4,825	0	8,000	2,971	(5,029)
Total Receipts	4,825	4,825	0	8,000	2,971	(5,029)
DISBURSEMENTS						
Grant expenditures	5,325	5,325	0	8,500	2,971	5,529
Total Disbursements	5,325	5,325	0	8,500	2,971	5,529
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(500)	0	(500)	0	500
CASH, JANUARY 1	500	500	0	500	500	0
CASH, DECEMBER 31	0	0	0	0	500	500
ELECTION FUND						
RECEIPTS						
Intergovernmental	14,100	13,734	(366)	15,645	13,654	(1,991)
Interest	200	77	(123)	0	126	126
Transfers in	38,000	25,025	(12,975)	2,425	0	(2,425)
Total Receipts	52,300	38,836	(13,464)	18,070	13,780	(4,290)
DISBURSEMENTS						
Elections	51,550	38,595	12,955	17,520	13,316	4,204
Transfers out	2,000	1,679	321	600	644	(44)
Total Disbursements	53,550	40,274	13,276	18,120	13,960	4,160
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,250)	(1,438)	(188)	(50)	(180)	(130)
CASH, JANUARY 1	1,523	1,523	0	1,703	1,703	0
CASH, DECEMBER 31	273	85	(188)	1,653	1,523	(130)
ELECTION SERVICES FUND						
RECEIPTS						
Intergovernmental	0	653	653	0	1,201	1,201
Interest	150	300	150	100	175	75
Transfers in	2,000	1,679	(321)	600	644	44
Total Receipts	2,150	2,632	482	700	2,020	1,320
DISBURSEMENTS						
Equipment	5,500	214	5,286	500	0	500
Total Disbursements	5,500	214	5,286	500	0	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,350)	2,418	5,768	200	2,020	1,820
CASH, JANUARY 1	4,267	4,267	0	2,247	2,247	0
CASH, DECEMBER 31	917	6,685	5,768	2,447	4,267	1,820

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENIOR CITIZENS FUND</u>						
RECEIPTS						
Property taxes	33,882	33,417	(465)	35,055	34,365	(690)
Intergovernmental	0	118	118	0	202	202
Interest	0	716	716	0	834	834
Total Receipts	33,882	34,251	369	35,055	35,401	346
DISBURSEMENTS						
Contracted services	34,310	34,241	69	34,500	33,689	811
Other	555	468	87	555	459	96
Total Disbursements	34,865	34,709	156	35,055	34,148	907
RECEIPTS OVER (UNDER) DISBURSEMENTS	(983)	(458)	525	0	1,253	1,253
CASH, JANUARY 1	7,334	7,334	0	6,081	6,081	0
CASH, DECEMBER 31	6,351	6,876	525	6,081	7,334	1,253
<u>LAW ENFORCEMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental				1,860	1,860	0
Other				207	207	0
Total Receipts				2,067	2,067	0
DISBURSEMENTS						
Sheriff				2,067	2,067	0
Total Disbursements				2,067	2,067	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	101,646	101,738	92	92,526	104,513	11,987
Intergovernmental	248,983	249,757	774	235,288	218,873	(16,415)
Charges for services	13,000	8,691	(4,309)	13,000	7,937	(5,063)
Interest	4,000	2,266	(1,734)	6,000	4,025	(1,975)
Other	35,234	35,577	343	38,731	30,516	(8,215)
Total Receipts	402,863	398,029	(4,834)	385,545	365,864	(19,681)
DISBURSEMENTS						
Salaries	325,510	311,274	14,236	315,667	301,395	14,272
Office expenditures	50,352	44,027	6,325	42,878	45,052	(2,174)
Equipment	10,000	1,946	8,054	3,000	2,882	118
Mileage and Training	8,000	6,275	1,725	8,000	7,052	948
Other	14,700	13,266	1,434	16,000	13,910	2,090
Total Disbursements	408,562	376,788	31,774	385,545	370,291	15,254
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,699)	21,241	26,940	0	(4,427)	(4,427)
CASH, JANUARY 1	204,695	204,695	0	209,122	209,122	0
CASH, DECEMBER 31	198,996	225,936	26,940	209,122	204,695	(4,427)

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	69,000	67,060	(1,940)	63,865	69,613	5,748
Intergovernmental	25	14	(11)	0	25	25
Interest	760	573	(187)	1,000	1,049	49
Total Receipts	69,785	67,647	(2,138)	64,865	70,687	5,822
DISBURSEMENTS						
Sheltered workshop	62,000	61,621	379	62,000	60,006	1,994
Other	1,900	712	1,188	1,700	822	878
Total Disbursements	63,900	62,333	1,567	63,700	60,828	2,872
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,885	5,314	(571)	1,165	9,859	8,694
CASH, JANUARY 1	62,179	62,480	301	52,495	52,621	126
CASH, DECEMBER 31	68,064	67,794	(270)	53,660	62,480	8,820
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	6,500	7,499	999	6,250	6,780	530
Interest	75	51	(24)	100	97	(3)
Total Receipts	6,575	7,550	975	6,350	6,877	527
DISBURSEMENTS						
Law library	8,125	4,990	3,135	6,620	7,017	(397)
Total Disbursements	8,125	4,990	3,135	6,620	7,017	(397)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,550)	2,560	4,110	(270)	(140)	130
CASH, JANUARY 1	4,290	4,290	0	4,430	4,430	0
CASH, DECEMBER 31	2,740	6,850	4,110	4,160	4,290	130
<u>CIRCUIT INTEREST FUND</u>						
RECEIPTS						
Interest	800	687	(113)	900	826	(74)
Total Receipts	800	687	(113)	900	826	(74)
DISBURSEMENTS						
Circuit Clerk	1,500	1,698	(198)	1,500	67	1,433
Total Disbursements	1,500	1,698	(198)	1,500	67	1,433
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	(1,011)	(311)	(600)	759	1,359
CASH, JANUARY 1	1,471	1,471	0	712	712	0
CASH, DECEMBER 31	\$ 771	460	(311)	112	1,471	1,359

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

RIPLEY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Ripley County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Senior Citizen's Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Tax Maintenance Fund for the year ended December 31, 2002.

Warrants issued were in excess of budgeted amounts for the Circuit Interest Fund and the Law Library Fund in both 2002 and 2001. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show

receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the Circuit Interest Fund for the year ending December 31, 2002.

In addition, for the Senate Bill 40 Board Fund, the county's published financial statements for the years ended December 31, 2002 and 2001, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by commercial securities held by the county's custodial bank in the county's name.

The Health Center and Senate Bill 40 Boards' deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the boards' custodial banks in the boards' names.

3. Prior Period Adjustment

The Prosecuting Attorney Retirement Fund's, the Election Fund's, and the Election Services Fund's cash balances of \$100, \$1,703, and \$2,247, respectively, at January 1, 2001, were not previously reported but have been added.

Supplementary Schedule

Schedule

 RIPLEY COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Social Services -				
10.550	Food Donation	N/A	\$ 719	0
Department of Health and Senior Services-				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-1191W	0	33,553
		ERS045-2191W	36,091	22,194
		ERS045-3191W	11,179	0
	Program Total		47,270	55,747
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	200,015	30,281
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	2000-PF-28	115,099	60,000
		98PF30	5,325	2,971
	Program Total		120,424	62,971
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO164-0496	10,032	0
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety -				
16.580	Byrne Discretionary Grant Program	2000DDVX0055	34,349	31,332
16.588	Violence Against Women Formula Grants	2000VAWA-0043	0	23,750
		2001VAWA-0035	11,685	0
	Program Total		11,685	23,750
16.592	Local Law Enforcement Block Grants Program	2000-LBG-072	0	1,860
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,027	1,019

Schedule

 RIPLEY COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration -			
39.003	Donation of Federal Surplus Personal Property	N/A	24,751	17,921
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety:			
83.534	Emergency Management - State and Local Assistance	N/A	3,624	5,445
83.544	Public Assistance Grants	N/A	19,355	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-1191L	0	311
		ERS146-2191L	1,500	0
	Program Total		1,500	311
93.268	Immunization Grants	N/A	27,368	24,181
		PGA064-2191A	3,545	0
	Program Total		30,913	24,181
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	7,804	10,896
	Department of Health and Senior Services-			
93.575	Child Care and Development Block Grant	PGA067-1191C	0	865
		PGA067-1191S	0	560
		PGA067-2191C	980	0
		PGA067-2191S	3,085	0
	Program Total		4,065	1,425

Schedule

 RIPLEY COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
	Department of Health and Senior Services-			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-10041	0	6,525
		ERS161-20023	6,825	3,053
		ERS161-30019	2,399	0
	Program Total		9,224	9,578
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-1191M	0	12,307
		ERS146-2191M	14,186	4,729
		ERS146-3191M	4,661	0
		ERS175-1191F	0	3,933
		ERS175-2062F	3,105	759
		ERS175-3063	863	0
		C10001-5062	0	2,462
		DHO2002-7063	1,442	0
		N/A	250	2,023
	Program Total		24,507	26,213
	Total Expenditures of Federal Awards		\$ 551,264	302,930

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

RIPLEY COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Ripley County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Donation Program (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the State Department of Social Services, and amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for the Immunization Grants (CFDA number 93.268) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services. Amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$120,424 and \$62,971 to subrecipients under the Community Development Block Grant/State's Program (CFDA number 14.228) during the years ended December 31, 2002 and 2001, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Ripley County, Missouri

Compliance

We have audited the compliance of Ripley County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Ripley County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance

with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 and 02-2.

Internal Control Over Compliance

The management of Ripley County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Ripley County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 3, 2003 (fieldwork completion date)

Schedule

RIPLEY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 20001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major program(s): Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Schools and Roads-Grants to States
14.228	Community Development Block Grants/States Program

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1. Schools and Roads Program
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads-Grants to States
Pass-Through Entity Identifying Number:	Not applicable
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

The county made an error in its distribution of National Forest Receipts to public schools and public roads. During the year ended December 31, 2002, the county received its distribution of National Forest Receipts which included the full payment amount and mineral receipts for January-October 2001. The County elected to receive its distribution of 2001 National Forest Receipts using the full payment option, which was the first year this option was available to the counties. Full payment amount funds must be used for public roads and public schools of the county in which the national forest is situated (Title I), special projects

on Federal lands (Title II), or county projects (Title III) (16 USC 500 note sections 102,202,and 302). A county that elects to receive its share of the full payment amount and that amount is \$100,000 or more, must use at least 80 percent of the funds for public roads and public schools. The county's breakdown of National Forest Receipts was as follows: full payment amount, \$161,067; mineral receipts, \$38,948, for a total of \$200,015. The county calculated the 20% distribution to Title III projects based on the total amount received, including the mineral receipts, instead of the full payment amount only. This resulted in public schools and public roads receiving less than 80% of the full payment amount. The amount not distributed to schools and roads was \$5,842 and \$1,948 respectively, for a total of \$7,790.

WE RECOMMEND the County Commission make the necessary adjustments to ensure public schools and public roads receive the \$7,790 not distributed to them in 2002.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated that this will be corrected by January 2004.

02-2.

Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-1191W, ERS045-2191W, ERS045-3191W
Award Years:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads-Grants to States
Pass-Through Entity	
Identifying Number:	Not applicable
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	2000-PF-28, 98PF30
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. For the years ended December 31, 2002 and 2001, the county's SEFA included several errors which resulted in expenditures being overstated by approximately \$56,586 and \$176,607, respectively. For example, the county's SEFA for 2001 included additional expenditures related to the Schools and Roads-Grants to States totaling \$102,597 which did not represent expenditures of federal awards in that year. The 2002 and 2001 SEFA also included monies received for forest patrolling contracts and payments in lieu of taxes which did not represent expenditures of federal awards. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk indicated they will work with the County Treasurer to ensure the accuracy of the SEFA.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

RIPLEY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

RIPLEY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings -Two Years Ended December 31, 2000

99-01. Unauthorized Reprogramming of Grant Amounts

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grant/State's Program
Pass-through Entity	
Identifying Number:	98-PF-30
Award Year:	1998
Questioned Costs:	\$1,001

During the year ended December 31, 1999, \$11,001 was reprogrammed from acquisition costs to water costs (\$9,651) and to administrative expenses (\$1,350) without prior approval of the Department of Economic Development (DED).

Recommendation:

The county refer to the grant agreement prior to reprogramming costs and discuss any future reprogramming of budget costs with the DED.

Status:

Implemented. The County Commission discussed this issue with the third party administrator of the grant. The County did not reprogram any more costs for the remainder of this grant.

99-02. Inadequate Monitoring of Cash Management

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grant/State's Program
Pass-through Entity	
Identifying Number:	98-PF-30
Award Year:	1998
Questioned Costs:	Not applicable

The county exceeded the maximum 5 day time lapse between draw-down of funds and payment to vendors.

Recommendation:

The county monitor its draw-down and disbursement dates more closely.

Status:

Implemented. The county properly monitored the time lapse between its draw down and disbursement dates during the current audit period.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

RIPLEY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Ripley County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 3, 2003. We also have audited the compliance of Ripley County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 3, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Ripley County Hospital Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed that audit report and other applicable information for the fiscal year ending August 31, 2002. The Ripley County Hospital Board did not obtain an audit for the preceding fiscal year ending August 31, 2001.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Ripley County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. County Hospital Board

The hospital does not have procedures in place to track the balance of a liability to the Internal Revenue Service (IRS) for payroll taxes totaling over \$2 million. The hospital reimbursed the Hospital Administrator for his 2002, 2001, and 2000 personal tax refunds that were applied to a personal penalty assessed by the IRS. In addition, the Hospital Administrator wrote himself a \$1,000 check for reimbursement of medical expenses he appears to have incorrectly claimed were covered under the hospital's self insurance plan. Further, various board members voted to approve pay increases, payroll expenditures, and other payments to relatives employed by the hospital. Numerous payroll advances were also paid to hospital employees which appear to violate Article VI, Section 23 of the Missouri Constitution. The Hospital Administrator allowed an employee to accumulate a negative leave balance, and some timesheets were not sufficiently detailed. In addition, the hospital's budgets did not include a comparative statement of actual revenues and expenditures for the two preceding years as required by law. Further, the Ripley County Hospital has not published financial statements as required by state law.

Because the Ripley County Hospital Board is audited and separately reported by other independent auditors, a limited review of citizen concerns, legal provisions, and management practices was performed by our office.

A. The hospital is currently making monthly payments to the IRS for a payroll tax liability which exceeds \$2 million and includes delinquent taxes dating back to 1997. Our review of this liability and a related expenditure noted the following concerns.

1. The hospital does not have procedures in place to track the payroll tax liability. Hospital officials indicated the hospital is paying \$10,000 a month to the IRS, but the current balance was unknown. We confirmed with the IRS that the hospital's payroll tax liability as of August 8, 2003 was \$2,023,471.

Due to the large amount of the payroll tax liability to the IRS, the hospital should maintain records documenting payments made and balances due. This is necessary to ensure the Hospital Board is fully informed of the financial condition of the hospital.

2. The hospital reimbursed the Hospital Administrator \$1,885 in June 2001 for his 2000 personal tax refund that was applied to a penalty assessed against him by the IRS. The hospital also reimbursed the Hospital Administrator for his 2002 and 2001 personal tax refunds of \$74 and \$432 which were applied to the penalty assessed against him. The hospital did not retain adequate documentation to support why these reimbursements were made to the Hospital Administrator nor did the Board have a complete understanding of the personal penalties assessed against the Hospital Administrator and their relationship to the hospital's tax liability.

All expenditures should represent a necessary and prudent use of hospital funds. Since the personal tax refunds of the Hospital Administrator were applied to a tax penalty owed by him, it is unclear why the hospital would pay the Hospital Administrator for the amount of his tax refunds.

Further, the Board should ensure it has a complete understanding of the tax liability owed to the IRS and that all decisions related to this issue are adequately documented.

- B. The Hospital Administrator made a \$1,000 payment to himself from hospital funds on December 23, 2002 for reimbursement of medical expenses he had incurred. The hospital's procedures allow the Hospital Administrator to sign checks for amounts up to \$1,000 without a board member also signing the check. In addition, although the hospital's policy provides for all employee check requests for reimbursements to be approved by the Hospital Administrator, there was no documentation that anyone reviewed his \$1,000 check request for accuracy or propriety.

The Hospital Administrator indicated the expenses claimed for reimbursement should have been covered by the hospital's past self insurance plan. However, our review of the reimbursement revealed that some of the expenses were not covered under the plan. For example, the Hospital Administrator claimed reimbursement of \$252 for a personal deductible under the hospital's current insurance plan and \$225 for expenses incurred by his daughter after she was no longer covered under the above mentioned self insurance plan. In addition, it appears that at least another \$369 of expenses reimbursed may not have been covered based on the nature of the expenses, and some of the other remaining expenses may represent additional deductibles for which the employee was responsible.

The Board should implement procedures to ensure payments to the Hospital Administrator are reviewed for accuracy and propriety by the Board or other personnel independent of the Hospital Administrator prior to the expenditure being made. In addition, checks issued to the Hospital Administrator should be signed by the Board or other personnel independent of the Hospital Administrator.

- C. Various board members voted to approve pay increases, payroll expenditures, and other payments to relatives employed by the hospital. Board members vote to approve hospital expenses, in total, at their monthly meeting and do not abstain from the approval of payroll and other expenditures to relatives included in the monthly expenditures. In addition, board members did not abstain on votes to approve percentage pay increases which applied to all hospital employees including relatives.

Discussions and decisions concerning situations where potential conflicts of interest exist should be completely documented so that the public has assurance that no hospital official has benefited improperly. In addition, the board should consider establishing a policy which addresses these types of situations and provides a code of conduct for hospital officials.

- D. During our review of hospital expenditures, we noted numerous interest free payroll advances to hospital employees. Most of these advances were to be paid back through payroll deductions often taken over a period of time until the advance was fully repaid. For example, the following table shows the payroll advances given to the Business Office Manager:

Date of Check	Amount	Status (As of May 21, 2003)
05/30/01	\$ 500.00	Paid in Full 6/5/01
06/29/01	300.00	Paid in Full 7/3/01
12/11/01	200.00	Paid in Full 1/2/02
03/08/02	100.00	Paid in Full 5/08/02
04/26/02	300.00	Paid in Full 6/5/02
06/11/02	200.00	Paid in Full 7/31/02
08/09/02	1,500.00	Paid in Full 1/1/03
11/19/02	2,000.00	\$2,000.00 Outstanding balance
01/21/03	1,000.00	\$1,000.00 Outstanding balance
01/29/03	<u>1,302.74</u>	Paid in Full 5/21/03
Total	<u>\$7,402.74</u>	

Two of the advances noted in the above table, dated November 19, 2002 and January 21, 2003 for \$2,000 and \$1,000, respectively, were to be repaid with the Business Office Manager's personal income tax refunds for tax years 2001 and 2002; however, these balances still remained unpaid as of May 21, 2003. The balance owed by the Business Manager began to be repaid through a payroll deduction in June 2003 when we brought this to the hospital's attention. The balance was \$2,600 as of August 13, 2003. In addition to the Business Office Manager, six other employees had outstanding payroll advances totaling \$1,455 as of May 21, 2003. These six other employees were paying their payroll advances back through payroll deductions and have made timely repayments of these advances.

Payroll advances were issued through the accounts payable system and recorded under the line item of miscellaneous vendor. The normal procedure for payroll advances required the employee to sign a payroll deduction authorization witnessed by the personnel director. The Hospital Administrator would then approve the payroll advance. We noted that the Chief Financial Officer (CFO) received a \$1,600 payroll advance in December 2002 and was not required to sign a payroll deduction authorization.

These payments appear to violate Article VI, Section 23 of the Missouri Constitution, which prohibits any political subdivision of the state from granting or lending money to an individual. In addition, it is not prudent for a hospital to compensate employees in advance. Doing so could result in the hospital paying an individual for services not performed.

- E. The Hospital Administrator also allowed the Business Office Manager to accumulate a negative leave balance. To ensure employees receive leave benefits only as allowed by the hospital's policy, employees should not be allowed to carry negative leave balances. In addition, sufficiently detailed timesheets were not always maintained for all employees. For example, the Business Manager's timesheet for the two week period ending March 14, 2003 only consisted of a handwritten note showing the total number of hours worked and the amount of vacation hours used. There was no documentation by day of the hours worked or the vacation time taken. The Hospital Administrator indicated that detailed timesheets were not required for professional employees of the hospital. Sufficiently detailed timesheets should be prepared to support payments to employees.
- F. The Ripley County Hospital prepared budgets for the years ended December 31, 2002 and 2001; however, the budgets did not include a comparative statement of actual revenues and expenditures for the two preceding years as required by law. Chapter 50, RSMo 2000, requires the preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool. A complete budget should include a comparative statement of actual revenues and expenditures for the two preceding fiscal years.

- G. The Ripley County Hospital has not published financial statements as required by state law. Section 50.800, RSMo 2002, requires the county hospital to prepare and publish financial statements. The publishing of complete financial statements, besides meeting statutory requirements, will provide information to citizens as to the operations of their county hospital and how tax dollars are spent.

WE RECOMMEND the Board of Trustees:

- A. Ensure the amount owed to the IRS is adequately tracked. The Board should also ensure they have a full understanding of all issues related to this tax liability and should adequately document all decisions made related to this liability.
- B. Determine which, if any, of the medical expenses for which the Hospital Administrator was reimbursed were amounts covered under the self insurance plan. The Board should then request the Hospital Administrator pay back all remaining medical expenses for which he was improperly reimbursed. Furthermore, the Board should implement procedures to ensure payments to the Hospital Administrator are reviewed for accuracy and propriety by the Board or other personnel independent of the Hospital Administrator prior to the expenditure being made. In addition, checks issued to the Hospital Administrator should be signed by the Board or other personnel independent of the Hospital Administrator.
- C. Ensure individual board members abstain from voting on any decision where a potential conflict of interest exists and that this action is fully documented in board minutes. In addition, the board should consider adopting a code of conduct for hospital officials to address these types of situations.
- D. Discontinue the practice of making payroll advances to employees and seek timely reimbursement of all outstanding advances to protect the hospital from potential losses.
- E. Periodically review employee leave balances and ensure compliance with the hospital's policy. Ensure timesheets are sufficiently detailed to support any compensation paid to hospital employees and to properly track leave accrued and taken.
- F. Ensure budgets are prepared in accordance with state law.
- G. Ensure financial statements are published in accordance with state law.

AUDITEE'S RESPONSE

The Board of Trustees provided the following responses:

- A. *The Hospital Administrator will report to the Board of Trustees on a monthly basis the amounts due to the IRS as per reports received from the IRS.*

The Hospital Administrator will develop a special IRS file with documentation of all decisions made and documents received from the IRS. The board will ask their attorney to draw up a written agreement which will require the Hospital Administrator to repay any amounts reimbursed by the IRS.

- B. *A thorough analysis will be made of the amount paid to the Hospital Administrator for the medical bills in question. An agreement will be signed for the repayment of the amount due to the hospital between the board and the Hospital Administrator.*

All checks made out to the Hospital Administrator will be signed by a board member. A check request will be signed by the Hospital Administrator and approved by a board member with documentation for the expenditure prior to the check being issued.

- C. *We will develop a code of conduct concerning the conflict of interest of board members as per Missouri Revised Statutes Section 105.*

The Board of Trustees will also adopt a resolution for board members to abstain from voting where a potential conflict of interest exists with documentation addressed in the board minutes.

- D. *The Hospital adopted the following policy: Effective with the Policies and Procedures Manual approved by the Hospital Board of Trustees dated June 23, 2003, cash advances will no longer be available to any employee.*

- E. *A detailed report is kept on each employee of the hospital. This report details the amount of accrued vacation, holidays, and sick leave. If negative balances accrue in the future, the employee's paycheck will be adjusted accordingly.*

Timesheets will be approved and signed by each Department Head to assure the accuracy of timesheet for their department. The Hospital Administrator will review all Department Head's timesheets for accuracy.

- F. *A budget will be prepared in accordance with the state law which will include the budget plus the prior two years financial statements for comparison.*

- G. *An audited financial statement will be published each year upon receipt of that statement.*

2. Property Tax System Controls and Procedures

The Assessor's office is allowed access to the assessment data during periods when changes to the data are not allowed by statutes. In addition, the County Clerk does not prepare the current or back tax books, and controls over property tax additions and abatements are not adequate. The County Clerk also does not maintain an account book with the County Collector. Further, the County Assessor and County Collector do not maintain confidential passwords to the property tax system nor do they change their passwords periodically.

- A. The county's assessment lists and tax books are maintained on a computerized property tax system. The County Assessor is responsible for entering the assessed valuation data from the assessment sheets. This data entry is to be completed by May 31 of each year. In addition, the County Assessor is allowed access to the

assessment data in the property tax system during the meetings of the county Board of Equalization so he can change assessed valuations when approved by the board. After the meetings of the Board of Equalization are completed, the County Assessor has no statutory authority to make changes to the assessment data. However, the County Assessor and his staff are allowed access to the assessment data at all times. As a result, there is an increased risk that unauthorized changes can be made to the assessment data.

- B. The County Clerk does not prepare the current or back tax books. Currently, the County Collector is responsible for entering the tax rates and extending and printing the tax books. Sections 137.290 and 140.050, RSMo 2000, require the County Clerk to extend the tax books and charge the County Collector with the total amount of the current tax books and the aggregate amount of taxes, interest, and clerk's fees contained in the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and act as a form of checks and balances on the Assessor, County Clerk, and County Collector. Failure of the County Clerk to prepare the tax books as required by statutes may result in errors and irregularities going undetected.
- C. Controls over property tax additions and abatements are not adequate. The County Assessor makes changes to the property tax system for personal property tax additions and abatements, and the County Collector makes changes to the property tax system for real estate tax additions and abatements. The County Collector then prints out the personal property and real estate property tax additions and abatements at the end of the year for the County Commission to review.

Section 137.260, RSMo 2000, requires the tax books only be changed by the County Clerk under the order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system and charge these amounts to the County Collector. Further, court orders should be approved, at least monthly, by the County Commission for all additions and abatements to the property tax system.

- D. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. Section 51.150.2, RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A complete account book would help the County Clerk ensure that the amount of taxes

charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlement.

A similar condition was noted in our prior report.

- E. The County Assessor and County Collector do not maintain confidential passwords to the property tax system nor do they change their passwords periodically. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit unauthorized access to computer files.

WE RECOMMEND the County Commission work with the applicable county officials to:

- A. Restrict access to the assessment data during periods when changes to the data are not allowed by statutes.
- B. Ensure the County Clerk prepares the current and back tax books in accordance with state law.
- C. Ensure the County Clerk reconciles additions and abatements to the County Collector's annual settlements. In addition the County Commission should review and approve all additions and abatements to the County Collector's annual settlement.
- D. Ensure the County Clerk maintains an account book with the County Collector and use this information to verify the accuracy of the County Collector's annual settlements.
- E. Consult with the property tax system programmer and establish procedures including the use of unique passwords to restrict access to computer files to authorized individuals.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A-E. *The Commission will consult the computer programmer to try and correct these problems immediately.*

The County Clerk provided the following responses:

- B. *The reason I do not prepare the property tax books is that I do not have the computer software to perform the function; such software is in the office of the County Collector. I understand that the tax books being prepared by the County Collector rather than the County Clerk is not unique to Ripley County but is the practice of many counties. It is my understanding that sometime during the 1980's, after reassessment, the county procured*

assessment and taxation software and installed computer systems in the offices of the County Assessor and County Collector. At that time, in as much as the County Clerk did not have access to the system, the County Collector began preparing the tax books. Because the system did not provide for assessment and collection of state-assessed utility taxes, the County Clerk continued to manually prepare the Utility Tax Book and prepared the Utility Tax Statements. The system was in place prior to my taking office in January 1995 and I continued the same practices as my predecessor. The current software system provides the function of assessment and taxation of state-assessed utilities and the County Collector now prepares the utility tax book. I have attempted to verify the accuracy of the computations of the real and personal tax books by selecting random samples, at least one for each taxing entity, and making sure the tax rates were correctly entered and that the formula was correct for calculating the tax based on the assessed value and levy. I will admit; however, that the system of checks and balances is somewhat sporadic in that I am not always timely advised the tax books have been prepared and have somewhat limited access to the records in that they are in the custody of the County Collector and are in use for tax collections.

- C. *I have repeatedly expressed concern to the County Commission and the State Tax Commission that the tax additions and abatements are not properly presented to the County Commission and apparently not all changes in assessment are being processed through the Board of Equalization (BOE). For each of the eight years I have been preparing the Aggregate Abstracts, Form 11 and Form 11A, I have not been able to reconcile the assessment book and changes processed through the BOE with the tax book. When I have asked the County Assessor for documentation of the changes to reconcile with those before the BOE, records have not been available. The County Collector presents the tax additions and abatements annually with the settlement and the County Commission does a blanket approval in mass. Without the tax additions and abatements being properly presented on a regular basis, I am not able to maintain an account book with the County Collector. In the past I have kept an account book but it only duplicated the County Collector's monthly collection report because that was the only information I was presented.*
- D. *Please understand that without the taxation software, I cannot prepare the tax books and without proper procedures being followed by other officeholders and correct data being provided on a timely basis, I cannot maintain an account book with the County Collector.*

3. County Expenditures and Employee Bonding
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Documentation was not maintained by the county to support situations in which the low bid was not accepted, and sole source procurement was not always documented by the county for various expenditures. Vehicle logs and equipment maintenance logs are not maintained for some vehicles and equipment in the Road and Bridge Department. In addition, various county employees who handle monies are not bonded. Centralized records of leave balances and leave earned are also not updated monthly, and timesheets or other records of actual time worked were/are not maintained by the Assistant Prosecuting Attorney or the Emergency Management Director.

- A. Documentation was not maintained by the county to support situations in which the low bid was not accepted for various expenditures including: a grader (\$147,750), a new computerized property tax system (\$39,420), computer hardware for the new property tax system (\$18,999), and a copier for the Circuit Clerk's office (\$4,769). In addition, sole source procurement was not documented by the county for expenditures made for parts and repairs to a grader (\$6,678) and fuel (approximately \$23,000 and \$22,000 in 2002 and 2001, respectively).

Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- B. Vehicle logs and equipment maintenance logs are not maintained for some vehicles and equipment in the Road and Bridge Department. Such logs are necessary to document appropriate use of the vehicles and equipment and to support fuel and maintenance charges. The logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings for vehicles or hour readings for equipment, and the operation and maintenance costs. These logs should be reviewed by a supervisor to ensure vehicles and equipment are used only for county business and to help identify vehicles and equipment which should be replaced. Information in the logs should be periodically reconciled to fuel purchases and other maintenance charges.
- C. Various county employees who handle monies are not bonded. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.
- D. Centralized records of leave balances and leave earned are not updated monthly. The County Clerk updates balances quarterly based on leave taken on each employee's monthly timesheet and leave earned in accordance with the county's personnel policy. The County Clerk indicated leave records are also to be maintained by each individual office, but our review noted most offices are not maintaining these

records. In addition, timesheets or other records of actual time worked were not maintained by the Assistant Prosecuting Attorney or the Emergency Management Director.

Without centralized leave records the County Commission cannot ensure that employees' vacation and sick leave balances are accurate and that all employees are treated equitably. In addition, as a result of the lack of timesheets, the County Commission has no documentation to support payroll expenditures for these employees.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. The timesheets should be prepared by the employee, approved by the applicable supervisor, and filed in a central location with the county's payroll records.

WE RECOMMEND the County Commission:

- A. Document in the official commission minutes any circumstances in which the low bid is not selected or in which bids cannot be obtained and sole source procurement is necessary.
- B. Ensure the Road and Bridge Department maintains logs for vehicles and equipment which include the purpose and destination of each trip, the daily beginning and ending odometer readings for vehicles or hour readings for equipment, and the operation and maintenance costs. Ensure these logs are reviewed by a supervisor to ensure vehicles and equipment are used only for county business and to help identify vehicles and equipment which should be replaced. In addition, ensure information on the logs is periodically reconciled to fuel purchases and other maintenance charges.
- C. Review current bonds and ensure there is adequate bond coverage for all county employees with access to monies.
- D. Ensure vacation and sick leave balances are updated monthly, and require all county employees to complete timesheets which reflect actual time worked.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The minutes will better document the County Commission's decisions in the future.*
- B. *Personal use of road and bridge vehicles is not allowed, and we will request the maintenance supervisor to ensure logs are maintained for all vehicles and equipment immediately.*

- C. *This is currently being implemented.*
- D. *This will be implemented immediately.*

4. Budgetary Practices

On December 18, 2002 and December 31, 2001, the County Commission amended various county budgets to reflect increased expenditures made during the year. In 2002 the County Commission amended the CART Fund and the Law Enforcement Sales Tax Fund expenditures by \$65,000 and \$33,000, respectively. In 2001 the County Commission amended the Assessment Fund, the Law Enforcement Sales Tax Fund, and the Community Development Block Grant-Caring Communities Fund expenditures by \$20,287, \$70,034, and \$60,000, respectively. Various other funds were also amended on these dates in 2002 and 2001. Prior to the amendment of these budgets, expenditures had already exceeded the original budget. In addition, no other amendments were made prior to these dates. Amendments made after expenditures have exceeded the budget do not allow for the budget to be used as an effective management tool.

It was ruled in *State ex rel Strong v. Cribb* 364 Mo. 1122, 273 SW 2d 246 (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures.

WE RECOMMEND the County Commission ensure budget amendments are made prior to incurring the actual expenditures.

AUDITEE'S RESPONSE

The County Commission indicated they will attempt to amend the budgets prior to expenditures being made in the future.

5. General Fixed Assets

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Currently, the County Commission maintains inventory lists submitted by various county officials; however, the lists are not complete because various county officials or their designees have not conducted inventories.

County owned land and buildings are not included on the general fixed asset record. Further, some fixed assets are not properly numbered, tagged or otherwise identified as county owned property.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required by the county.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual value of \$250 or more and any property with an aggregate original value of \$1,000 or more. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. In addition, property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

A similar condition was noted in our prior report.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Also, general fixed asset purchases should be periodically reconciled to general fixed asset additions. In addition, property control tags should be affixed to all general fixed assets, and county owned land and buildings should be included in the general fixed asset records.

AUDITEE'S RESPONSE

The County Commission indicated they sent a memo to all county officials in July 2003, requesting inventories and listings of all assets to be submitted to the County Commission and property tags to be affixed to the assets. County owned land and buildings will be included on the County Commission's inventory listings.

6. Prosecuting Attorney's Controls and Procedures
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The Prosecuting Attorney's office collected and processed court ordered restitution, bad check restitution and fees, and delinquent sales taxes totaling \$73,911 and \$81,662 during the years ending December 31, 2002 and 2001, respectively. A new Prosecuting Attorney took office on January 1, 2003. Our review of the controls and procedures of the former and current Prosecuting Attorneys noted the following concerns:

- A. Currently, the duties of receiving, recording, depositing, and disbursing monies are all performed by the Prosecuting Attorney's Office Manager. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are

accounted for properly and assets are adequately safeguarded. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Prosecuting Attorney.

- B. The former and current Prosecuting Attorneys' did not issue receipts slips for some monies received. For example, during a cash count conducted on March 24, 2003 \$1,799 of money orders on hand had not been issued a receipt slip. In addition, the top copies of voided receipt slips were not retained by the current Prosecuting Attorney for proper documentation. To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received, voided receipt slips should be retained, and the numerical sequence of receipt slips should be accounted for properly.
- C. The former and current Prosecuting Attorneys' did not always deposit receipts intact or on a timely basis. Some examples include:
- A \$152 receipt was received on January 9, 2003, and \$87 of the receipt was deposited on January 24, 2003 and the remaining \$65 was not deposited until January 31, 2003. Another \$122 receipt was received on January 9, 2003, and \$98 of the receipt was deposited on January 24, 2003 and the remaining \$24 was not deposited until January 31.
 - Monies received on December 30 and 31, 2002 totaling \$1,814 were not deposited until February 7, 2003, and monies received on January 21 and 28, 2003 totaling \$455 and \$310, respectively, were not deposited until March 25, 2003. Deposits were made by the Prosecuting Attorney's office between the dates noted above.
 - During a cash count conducted on March 24, 2003, we noted \$4,011 on hand which included some receipts dating back to January 9, 2003. In addition, monies counted included \$939 of partial payments being held by the Prosecuting Attorney's office until full payment of the restitution and bad check fees was made.

Numerous other instances were noted where monies received were not deposited intact or on a timely basis.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

Conditions similar to Parts B. and C. were noted in our prior report.

D. Receipts are kept on a desk in the current Prosecuting Attorney's office until they are deposited. In addition, money orders received are not restrictively endorsed immediately upon receipt. For example, during a cash count conducted on March 24, 2003, we counted \$4,011 of money orders on hand, and \$716 of these money orders had not been restrictively endorsed. In addition, as noted above, some of these money orders had been on hand since January 9, 2003. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be kept in a secure location, and money orders payable to the Prosecuting Attorney should be restrictively endorsed immediately upon receipt.

E. We noted the following concerns with the current Prosecuting Attorney's bank account and the related open items listings:

1. Monthly bank reconciliations had not been performed since November 30, 2002. At our request, monthly bank reconciliations were performed for December 2002 through April 2003.

Without preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner.

2. Monthly listings of open items (liabilities) are not prepared, and consequently, liabilities are not reconciled with cash balances. The reconciled bank balance at April 30, 2003, was \$1,565. The Prosecuting Attorney's Office Manager indicated the reconciled cash balance contained only bad check fees; however, these monies could not be identified to specific cases.

Only by preparing open items listings on a monthly basis and reconciling them to the cash balance can the Prosecuting Attorney be assured the records are in balance and that sufficient cash is available to cover liabilities.

3. At April 30, 2003, the current Prosecuting Attorney's bank account had outstanding checks totaling \$76 that were over a year old with some dating back to 1999.

These old outstanding checks create additional and unnecessary record-keeping responsibilities. The Prosecuting Attorney should adopt procedures to routinely follow up on old outstanding checks and reissue them if the payees can be located. If the payees cannot be located, these monies should be disposed of in accordance with state law.

- F. Bad check fees are not turned over by the current Prosecuting Attorney to the County Treasurer on a timely basis. For example, monthly collections of bad check fees for March and April 2003 totaling \$766 were not turned over to the County Treasurer until July 2003. Bad check fees should be turned over to the County Treasurer monthly as required by Section 50.360, RSMo 2000.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue pre-numbered receipt slips for all monies received, retain all copies of voided receipt slips, and account for the numerical sequence of receipt slips.
- C. Deposit all monies received intact daily or when accumulated receipts exceed \$100.
- D. Restrictively endorse all money orders payable to the Prosecuting Attorney immediately upon receipt and store all receipts in a secure location until deposited.
- E.1. Prepare and vouch monthly bank reconciliations.
2. Prepare monthly listings of open items and reconcile the listing to the cash balance.
3. Ensure procedures to routinely follow up and reissue old outstanding checks are adopted. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- F. Turn over all fees to the County Treasurer monthly as required by state law.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *We now have three staff members involved in the accounting process for our bad check collection. The first person involved collects the restitution from the debtors and endorses the monies immediately. The second person prepares the deposits. Then, I am responsible for delivering the deposits to our bank and returning the deposit slip to the person who prepares the deposit. I have also implemented reviews of each persons role in this process on a monthly basis.*
- B. *At the present time, my office is issuing receipts for all monies received using pre-numbered receipts. Any voided receipts are retained in the receipt book along with carbon copies of the receipts which have been issued. Because my current procedure is one which you recommend, I will continue to operate in such fashion.*

- C. *I am making efforts to deposit all monies in a timely fashion. Because my position is part time, I am unable to be at the office every day in order to deposit the monies we have received. However, I do take deposits to the bank in a quick manner as practical for me. All monies are now being deposited as quickly as possible when the accumulated receipts total or exceed \$100.*
- D. *My office is restrictively endorsing all monies received. The office procedure provides for all monies received (which are only cashier's checks and money orders) to be endorsed with a "For Deposit Only" stamp. The monies received are then secured in a safe box that only two employees and I have access to. The two employees that have access to the box are the person collecting the monies and the person making the deposits. Once the deposits are prepared, they are placed in the box again until I retrieve them for deposit.*
- E. *My office manager is currently preparing and vouching monthly bank reconciliations for our bad check account. While we have had some difficulty finding a system that works well for preparing monthly listings of open items, we are in the process of improving our open items list and reconciling the list to the cash balance. I have also initiated procedures to follow up on outstanding checks by visiting the outstanding check list once each month. Any person or business holding an outstanding check more than three months is sent a letter asking why the check has not been cashed or deposited. When an outstanding check reaches five months in age, my office will issue another letter indicating we will stop payment on the original check and reissue another check. If the second check goes outstanding for the same period as above, this office stops payment on the second check and disposes of the funds as provided for by state law.*
- F. *I have also adopted office policies to ensure all fees are turned over to our County Treasurer in a timely, monthly fashion as required by law.*

7.	Sheriff's Controls and Procedures
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The Sheriff's department receives monies for civil and criminal process fees, gun permits, and ATV permits. The Sheriff's department handled receipts of \$12,825 and \$11,080 during the years ending December 31, 2002 and 2001, respectively. The Sheriff's department is also responsible for accounting for seized property and tickets issued. Our review of the Sheriff's controls and procedures disclosed the following concerns:

- A. Receipts are not always deposited on a timely basis. Deposits are generally made once or twice a month and range from \$200 to \$800. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- B. Adequate control over seized property has not been established. A complete log of seized property is not maintained and periodic inventories of the property on hand are not conducted.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory record should include information such as description of the property, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. Periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

Conditions similar to parts A and B were noted in our prior report.

- C. Tickets issued are not adequately accounted for. A log of tickets issued is not maintained, ticket books are not issued in numerical order, and the numerical sequence of tickets issued is not accounted for. In addition, the ultimate disposition of tickets is not recorded by the Sheriff's department. The Associate Circuit Court indicated that the Sheriff's office issued less than a hundred tickets annually.

Without a proper accounting for the numerical sequence and ultimate disposition of tickets, the sheriff's department cannot be assured all tickets issued are properly submitted to the court for processing. Properly maintained logs would ensure accountability of all tickets as well as their ultimate disposition.

WE RECOMMEND the Sheriff:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- B. Prepare and maintain complete inventory records of seized property. Periodic physical inventories should be performed and compared to the inventory records.
- C. Maintain a log of ticket books issued, issue ticket books in numerical order, and account for the numerical sequence and ultimate disposition of all tickets issued.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *We plan to make deposits weekly starting on September 12, 2003.*
- B. *We plan to perform an inventory and implement new procedures to adequately account for seized property by December 2003.*
- C. *We plan to implement procedures by December 2003.*

8.**County Collector's Controls and Procedures**

The County Collector's office processed property taxes in excess of \$3.9 million during the years ending February 28, 2003 and 2002. Our review noted the following concerns:

- A. Receipts are not always deposited on a timely basis. Deposits are made daily during November and December of each year. However, during other months, deposits are usually made twice a week. For example, during a cash count conducted on March 26, 2003 \$8,792 was on hand and \$260 of this amount had been held since March 21. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- B. The method of payment is not always indicated on the tax receipts. Therefore, the composition of tax receipts is not reconciled to the composition of bank deposits.

To properly reconcile receipts to deposits and ensure all monies are being deposited intact, the method of payment should be indicated on all tax receipts, and the composition of receipts should be reconciled to the composition of deposits.

Conditions similar to Parts A and B were noted in our prior report.

- C. The County Collector opened a Tax Maintenance Fund bank account in September 2002 per Section 52.312, RSMo 2002, and he maintains custody of the bank account. The County Treasurer maintains custody of most other county special revenue funds similar to the Tax Maintenance Fund and has established internal controls to properly account for these funds. In addition, the County Collector failed to budget this fund in accordance with Chapter 50, RSMo in 2002. To ensure adequate internal controls have been established to account for these county funds, the County Collector should consider turning over control of the Tax Maintenance Fund to the County Treasurer.
- D. Surtax collections were distributed by the County Collector using percentages calculated for distributing the 1988 collections. The County Collector does not recalculate the distribution percentages each year. Section 139.600, RSMo 2000, outlines the procedures to be followed to calculate the percentages for the first and each succeeding year the surtax is imposed. Since significant changes have occurred since 1988 in the subclass 3 commercial property assessed valuation amounts, political subdivisions may not have received the proper allocation of surtax collections.

WE RECOMMEND the County Collector:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- B. Indicate the method of payment on all paid tax statements and reconcile the composition of paid tax statements to the composition of deposits.
- C. Turn over control of the Tax Maintenance Fund to the County Treasurer and ensure a budget is prepared in accordance with state law.
- D. Ensure future distributions of surtax collections are made in accordance with state law.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *We will consider implementing this.*
- B. *Our normal policy is to record this on the tax receipt; however, we missed a few.*
- C. *This fund was budgeted in 2003. The County Collector plans to maintain custody of this fund and will maintain accurate records.*
- D. *We have attempted to locate the lost revenue amounts for 1984 and 1988 and have been unsuccessful. We will consider updating the percentages each year for changes in commercial property assessed valuation amounts.*

9. Circuit Clerk's Controls and Procedures

The former Circuit Clerk processed receipts from fines and costs for criminal and civil cases of \$132,355 and \$87,697 during the years ending December 31, 2002 and 2001, respectively. The current Circuit Clerk took office on January 1, 2003. Our review of the former and current Circuit Clerks' controls and procedures disclosed the following concerns:

- A. Receipts are not always deposited on a timely basis. The current Circuit Clerk generally deposits receipts twice a week. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- B. Monthly listings of open items (liabilities) were prepared for the fee account by the former Circuit Clerk; however, the listings did not reconcile with the cash balance. At December 31, 2002, the open items listing was \$1,695 less than the cash balance. In our review of some individual open items on the listing, we noted one case had a balance of partial payments collected of \$845 which had been held since 1994 and

only \$30 of remaining court costs were due; however, it was still being held by the court at December 31, 2002.

A complete and accurate listing of open items should be prepared monthly and reconciled to the cash balance to ensure records are in balance and sufficient funds are available for the payment of all liabilities. In addition, the Circuit Clerk should attempt to determine the reasons for the differences identified and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law. The status of old open items should also be routinely reviewed to determine if any disbursement is necessary. If disbursement is possible but proper payees cannot be located, the monies should be disposed of in accordance with state law. Various statutory provisions including Sections 50.470 through 50.490, RSMo 2000, and Sections 447.500 through 447.995, RSMo 2000, provide for the disposition of unclaimed monies.

- C. The prior Circuit Clerk did not maintain records of the Circuit Clerk Interest Fund receipts, disbursements, and cash balances. In addition, receipts or vendor-provided invoices were not retained for adequate supporting documentation.

Adequate records and controls are necessary to ensure that all interest funds earned and disbursed are accounted for properly. In addition, all expenditures should be adequately supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure purchases are valid and necessary expenditures of interest funds.

WE RECOMMEND the Circuit Clerk:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- B. Reconcile the monthly listing of open items to the cash balance. An attempt should be made to investigate the unidentified monies. In addition, adopt procedures to periodically follow up on old open items. Any unclaimed or unidentified monies should be disposed of in accordance with state law.
- C. Establish and maintain an interest ledger to record interest transactions and balances. In addition, maintain adequate supporting documentation of all disbursements from the interest fund.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *Deposits are made each day accumulated receipts exceed \$100. This procedure was implemented March 2003.*

- B. *Beginning January 2003, open items are balanced monthly to the cash balance. Old open items containing partial payments of court costs due, with no activity for one year, were disbursed in February and March 2003. All future partial payments will be disbursed within six months of last payment, after all collection efforts are exhausted.*
- C. *In January 2003, a checking account was established for the Circuit Clerk's interest monies. The account is balanced monthly to ensure funds earned and disbursed are properly accounted. All expenditures are documented with paid receipts or invoices.*

10.	Associate Circuit Court
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The Associate Circuit Division was responsible for processing receipts for criminal and civil cases, traffic tickets, and bonds of \$201,243 and \$182,661 during the years ending December 31, 2002 and 2001, respectively. Our review of the Associate Circuit Division's operations noted the following areas in need of improvement:

- A. The Associate Circuit Clerk maintains substantial funds in two non-interest bearing accounts. At December 3, 2002, \$15,810 was maintained in these accounts. The failure to have funds in interest-bearing accounts results in the loss of revenues. To maximize interest earnings, all funds should be placed in interest-bearing accounts.
- B. Receipts are not always deposited on a timely basis. Deposits are generally made twice a week. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- C. The method of payment is not recorded on receipt slips. The method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.

WE RECOMMEND the Associate Circuit Judge:

- A. Maintain all funds in interest-bearing accounts to the extent possible.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.

AUDITEE'S RESPONSE

The Associate Circuit Judge provided the following responses:

- A. *A study of time required to reconcile interest received from interest bearing accounts and the requisite budgeting and reporting to the County Clerk determined that:*
1. *A maximum of \$13 per month would be realized from maintaining monies in the interest bearing accounts.*
 2. *The amount of clerk time to account for, budget and reconcile interest received would amount to approximately 2 hours per month.*
- Thus a savings is realized by not maintaining interest bearing accounts, since the lowest paid clerk is paid at a rate of more than \$9 per hour.*
- B. *This recommendation will be implemented as soon as and to the extent that clerk time can be diverted from other duties. Each deposit requires approximately 45 minutes to prepare the deposit, travel to the depository, make the deposit and return to the office. Limited clerk staffing make it difficult to divert more than 90 minutes per week from other clerk time requirements.*
- C. *This recommendation will be immediately implemented by identification of each check received on the deposit slip.*

11. Health Center's Controls and Procedures
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The Health Center did not issue IRS Forms 1099-MISC as required. In addition, the Health Center does not always enter into written contracts defining services to be provided and benefits to be received. Also, employees' timesheets and expense reimbursement claim forms do not always contain documentation of the health center administrator's approval.

- A. The Health Center did not issue IRS Forms 1099-MISC as required. The Health Center issued some Form 1099-MISC, but has not established any procedures to identify all payments during the year or at year-end to ensure compliance with federal requirements. For example, the Health Center did not prepare Forms 1099-MISC for payments for administrative services for the Mentoring Mom's Program totaling \$11,909 and \$13,659 during 2002 and 2001, respectively; physician services totaling \$2,950 and \$2,400 during 2002 and 2001, respectively; and mowing services totaling \$800 during 2001.

Sections 6041 through 6051 of the Internal Revenue Code require non-employee payments of at least \$600 or more in one year for professional services or for services performed as a trade or business by non-employees (other than corporations) be reported to the federal government on Forms 1099-MISC.

- B. The Health Center did not always enter into written contracts defining services to be provided and benefits to be received.
 - 1. The Ripley County Health Center provided sanitation and nutritionist services to Carter County Health Center in return for \$31,968 and \$36,766 in 2002 and 2001, respectively, without entering into a written agreement.
 - 2. The Health Center does not have a written agreement with its current depository bank.

Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid. In addition, Section 432.070, RSMo 2002, requires contracts for political subdivisions to be in writing. Further, a written depository contract helps both the bank and the health center understand and comply with the requirements of any banking arrangement. The contract's provisions should include, but not be limited to, collateral security requirements; any bank fees for check printing, checking account services, and safe deposit boxes; interest charges on any borrowed funds; and interest rates for invested funds.

- C. The Health Center's policies provide for the administrator to review and approve all employees' timesheets and expense reimbursement claim forms, however; employees' timesheets and expense reimbursement claim forms do not always contain documentation of the administrator's approval. Employee timesheets and expense reimbursement claim forms should include documentation of supervisory approval to ensure all salary payments are based upon hours actually worked and expenses actually incurred.

WE RECOMMEND the Board of Trustees:

- A. Establish procedures to ensure IRS Forms 1099-MISC are issued as required by the Internal Revenue Code.
- B. Enter into written contracts as required by state law. In addition, obtain a bank depository agreement.
- C. Require documentation of the administrator's approval on all timesheets and expense reimbursement claims.

AUDITEE'S RESPONSE

The Ripley County Health Center provided the following responses:

- A. *IRS Forms (1099) for contract services will be issued.*
- B. *Initial agreements were signed between Carter and Ripley Counties on the Sanitation and Nutrition programs with both counties sharing equal costs and that practice has continued. We will revise yearly contracts as recommended. We will obtain bank depository agreements.*
- C. *The Administrator will initial the time sheets and expense forms even though there are only eight employees. She does review all documents and is aware of time worked and expenses. These are also reviewed by the Board of Trustees at the monthly meeting.*

12. Senior Citizen Services Board
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The Senior Citizens Board vice-chairperson is the husband of a board member of a funding recipient of the Senior Citizens Board. The funding recipient received \$12,000 annually during the years ending December 31, 2002 and 2001.

To provide maximum assurance the Senior Citizens Board is acting independently and in the best interest of the taxpayers, no administrative ties should exist between members of the board and its funding recipients.

WE RECOMMEND the Senior Citizens Board ensure that Senior Citizen Board members do not have administrative ties with its funding recipients. If Senior Citizen Board members are related to individuals that serve on boards of funding recipients, they should either remove themselves from the board or ensure that the minutes of board meetings clearly indicate that they are abstaining from discussing and voting on funding requests for these entities. Such matters should be completely documented so that the public has assurance that no board members have acted improperly. The board should also consider adopting a code of conduct for board members.

AUDITEE'S RESPONSE

The Senior Citizens Board provided the following responses:

Board members who have a spouse serving on one of the providers board will abstain from voting on anything pertaining to their program.

The Senate Bill 40 Board members are appointed by the County Commission, and the members of the board elect the officers. The board elected two members, as the chairperson and treasurer who are father and daughter, respectively. The board minutes did not document whether the daughter abstained from the election of her father as the chairperson. In addition, the secretary for the Current River Sheltered Work Shop, a funding recipient of the Senate Bill 40 Board, is the wife and mother to the Senate Bill 40 Board chairperson and treasurer, respectively. The funding recipient received approximately \$60,000 annually during the years ending December 31, 2002 and 2001.

To provide maximum assurance the Senate Bill 40 Board is acting independently and in the best interest of the taxpayers, discussions and decisions concerning appointments where nepotism or a potential conflict of interest exists should be documented, and no administrative ties should exist between members of the board and its funding recipients.

WE RECOMMEND the Senate Bill 40 Board ensure Senate Bill 40 Board members abstain from voting when a relative's employment or appointment is involved. In addition, ensure that Senate Bill 40 Board members do not have administrative ties with funding recipients. If Senate Bill 40 Board members have relatives that serve on the boards of funding recipients, they should either remove themselves from the board or ensure that the minutes of board meetings clearly indicate that they are abstaining from discussing and voting on funding requests for these entities. Such matters should be completely documented so that the public has assurance that no board members have acted improperly. The board should also consider adopting a code of conduct for board members.

AUDITEE'S RESPONSE

The Senate Bill 40 Board provided the following response:

Your report indicates that the minutes did not document that the daughter abstained from the election of her father. This happened because another board member moved to reelect all of the officers by acclamation, seconded by another member other than the daughter and the motion passed by voice vote. At the time it seemed unnecessary to ask for the daughter's abstinence. At our next board meeting on the third Tuesday of October the board will discuss this issue and the Secretary will be asked to duly note that the daughter should abstain from voting for or against the father for any office. Also the father will abstain from voting for anything having to do with the daughter. Our board meetings are open to the public, the County Commissioners, and anyone else who wishes to come. It should be noted that none of the board members are compensated in any way nor have they ever been since the foundation of the SB40 Board in Ripley County.

Your report also indicates that the chairperson's wife is the secretary of the workshop board and therefore a recipient of the funding. It was true that she was Secretary of the Workshop Board. However, last night, September 15th, was the annual Workshop Meeting where the public members

nominate and elect Workshop Board members. She resigned as secretary to eliminate any possible conflict of interest. But she was nominated and overwhelmingly reelected to the board by the public vote. She consented to serve another term but not as an officer. The Current River Sheltered Workshop has a full board of eleven members and a new slate of officers.

The Ripley County SB40 Board has always had since its inception in 1988 the desire to serve the developmentally disabled people in our county. We know that to get public support that our operation must be above board in every way. We have worked hard to keep it that way and for 15 years we have done so. No one has ever questioned the integrity of the board for the 15 years of its existence. Our “code of conduct” has essentially been the “Ten Commandments” although this has not been officially designated as such. However, we will discuss the need for such a code at the next meeting in October. In any case we will strictly adhere to the law as it relates to SB40 Board operations.

In conclusion we, the SB40 Board, will make every effort to avoid conflicts due to nepotism. We will be sure to document whenever there is a vote involving related parties on the Board and between the boards involved.

Follow-Up on Prior Audit Findings

RIPLEY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Ripley County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Personnel and Payroll Policies and Procedures

Timesheets submitted by employees and approved by the employee's supervisor were not always accurate. In addition, compensatory time earned and taken was not always calculated or posted to employee's leave records correctly.

Recommendation:

The County Commission ensure accurate time sheets and leave records are maintained.

Status:

Partially implemented. Timesheets or other records of actual time worked were/are not maintained by the Assistant Prosecuting Attorney or the Emergency Management Director. In addition, leave balances and leave earned is not updated monthly by the County Clerk. See MAR finding number 3.

2. County Clerk's Accounting Controls and Procedures

- A. The County Clerk did not maintain an account book with the County Collector.
- B. Various fixed asset purchases were not recorded in the fixed asset listing. In addition, the physical inventory performed by the County Clerk was not documented, and there was no explanation of how items not included on the listing were missed.

Recommendation:

The County Clerk:

- A. Establish and maintain an account book of the County Collector's transactions and the County Commission make use of this account book to verify the County Collector's annual settlements.

- B. Maintain the general fixed asset records on a current basis to reflect all additions as they occur, and periodically reconcile additions of assets to expenditures for equipment to ensure additions are properly recorded. In addition, the County Clerk should document the annual physical inventory performed and any adjustments made as a result of the physical inventory.

Status:

- A. Not implemented. See MAR finding number 2.
- B. Not implemented. See MAR finding number 5.

3. Assessor's Accounting Controls and Procedures

- A. The Assessor's office did not detect a shortage of \$330 in receipts remitted to the County Treasurer during the period December 1997 to January 1999.
- B. Receipt slips were not prenumbered and were not issued for some monies received.
- C. The method of payment was not indicated on the receipt slips.
- D. Monies received were not remitted to the County Treasurer intact. A personal check from an employee was cashed from receipts, and a \$5 IOU from an employee was in the cash receipts.
- E. Receipts were not remitted to the County Treasurer on a timely basis, and no cash was remitted to the County Treasurer in 1998.
- F. The Assessor's office was unable to locate receipt slips for January 1997 through November 1997.

Recommendation:

The Assessor:

- A. Remit all receipts to the County Treasurer, including the \$330 that cannot be accounted for. In addition, the County Commission should review this situation and decide if further investigation is warranted.
- B. Issue prenumbered receipt slips for all monies received.
- C. Indicate the method of payment on all receipt slips and reconcile the composition of receipt slips to the composition of monies remitted to the County Treasurer.

- D. Transmit all receipts intact and discontinue the practice of cashing personal checks and allowing employees to borrow from receipts with an IOU.
- E. Remit all monies to the County Treasurer intact daily or when accumulated receipts exceed \$100.
- F. Retain all records in accordance with the Secretary of State record retention guidelines.

Status:

A. Partially implemented. Receipts are remitted to the County Treasurer monthly; however, the \$330 shortage was not investigated nor remitted to the County Treasurer. Although not repeated in the current report, our recommendation remains as stated above.

B,
D-F. Implemented.

C. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

4. County Collector's Accounting Controls and Procedures

- A. Monies received were not deposited intact. Personal checks were cashed for county employees from the daily receipts.
- B. Monies received were not always deposited timely.
- C. Tax receipts marked paid by the County Collector's office did not consistently indicate the method of payment. In addition, the composition of tax receipts was not reconciled to the composition of bank deposits.

Recommendation:

The County Collector:

- A. Deposit all receipts intact and discontinue the practice of cashing personal checks.
- B. Deposit intact daily or when accumulated receipts exceed \$100.
- C. Indicate the method of payment on all paid tax statements and reconcile the composition of paid tax statements to the composition of deposits.

Status:

A. Implemented.

B&C. Not implemented. See MAR finding number 8.

5. Prosecuting Attorney's Accounting Controls and Procedures

A. Prenumbered receipts slips were not issued for monies received.

B. Bad check fees were not remitted to the County Treasurer by the former Prosecuting Attorney or deposited timely by the current Prosecuting Attorney.

C. If bad check restitution was received prior to court, all documentation (bad checks complaint form, and check letter, copies of money orders, etc.) was disposed of.

D. The final disposition of bad check restitution cases was not always documented.

E. The former Prosecution Attorney did not prepare case fee sheets or maintain a record for each court-ordered restitution case. Defendants were allowed to make partial payments; however, records and procedures were not adequate to ensure all payments were received and accounted for.

Recommendations:

The Prosecuting Attorney:

A. Issue prenumbered receipt slips for all monies received.

B. Deposit all monies received daily or when accumulated receipts exceed \$100.

C. Retain all records until completion of the audit.

D. Implement procedures to ensure the final disposition is documented for each bad check restitution case.

E. Maintain case fee sheets or some other adequate record for court-ordered restitution and ensure all receipts and disbursements are received and accounted for.

Status:

A&B. Not implemented. See MAR finding number 6.

C-E. Implemented.

6. Sheriff's Accounting Controls and Procedures

- A. From January 1997 to December 1997, a shortage of at least \$483 went undetected by the Sheriff's office.
- B. The duties of cash custody and record-keeping were not adequately segregated.
- C. Receipts were not deposited on a timely basis. In addition, the amount of deposits was not reconciled to the amounts contained on receipt slips written.
- D. Bank balances were not reconciled with the cash control records on a monthly basis.
- E. An open-items listing was not prepared and reconciled to the cash control record on a monthly basis.
- F. Adequate control over seized property had not been established. A complete log of seized property was not maintained and periodic inventories of the property on hand were not conducted.

Recommendation:

The Sheriff:

- A. Remit all receipts to the County Treasurer. In addition, the County Commission should obtain \$483 from the former Sheriff that cannot be accounted for and review this situation and decide if further investigation is warranted.
- B. Implement procedures to segregate cash custody and recording functions and ensure there is supervisory review of the work performed.
- C. Deposit all monies received daily or when accumulated receipts exceeds \$100. In addition, reconcile the amount of the deposit including the cash/check composition of the deposit to the cash/check composition of the receipt slips.
- D. Perform monthly bank reconciliations and reconcile to the cash control balance.
- E. Prepare a monthly listing of open items and reconcile it to the cash balance.
- F. Maintain a complete inventory record of all seized property. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.

Status:

A. Partially implemented. Receipts are remitted to the County Treasurer monthly; however, the \$483 shortage was not obtained from the former Sheriff. Although not repeated in the current report, our recommendation remains as stated above.

B, D
& E. Implemented.

C&F. Not implemented. See MAR finding number 7.

7. Senior Citizens' Board

The Senior Citizens' Board handled a bank account which was used for miscellaneous items such as insurance and advertising expenses, and there appeared to be no statutory authority that allowed the board to maintain a bank account outside the county treasury.

Recommendations:

The Senior Citizens' Board maintain all monies with the County Treasurer.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

RIPLEY COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1833, the county of Ripley was named after General Eleazer W. Ripley of the War of 1812. Ripley County is a county-organized, third-class county and is part of the Thirty-Sixth Judicial Circuit. The county seat is Doniphan.

Ripley County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 392 miles of county roads and 53 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 12,458 in 1980 and 13,509 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 47.9	47.2	43.3	42.2	30.9	11.7
Personal property	16.5	16.6	16.2	14.9	4.0	4.5
Railroad and utilities	4.9	5.1	5.0	4.8	2.5	2.7
Total	\$ 69.3	68.9	64.5	61.9	37.4	18.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Ripley County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.3082	.3082	.3100	.3100
CART (Special Road and Bridge) Fund*	N/A	N/A	N/A	N/A
Health Center Fund	.1497	.1491	.1500	.1500
Senate Bill 40 Board Fund	.0998	.0994	.1000	.1000
Senior Citizens Fund	.0499	.0497	.0500	.0500

* The county has nineteen special road districts that receive the tax collections from property within each district. All of this levy is retained by the road districts.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	21,271	21,462	19,910	19,167
General Revenue Fund	223,050	225,667	210,265	202,124
Special Road Districts Fund	255,083	255,106	224,791	215,058
Assessment Fund	39,083	39,411	36,362	35,003
Health Center Fund	104,102	104,683	97,616	94,005
Senate Bill 40 Board Fund	68,443	68,785	64,095	61,683
School districts	1,916,935	1,936,282	1,794,545	1,723,603
Library district	142,503	124,636	116,029	111,205
Ambulance district	104,764	121,575	112,840	109,109
Hospital	205,432	206,475	192,340	185,147
Junior College	170,388	171,967	159,636	153,676
Fourchee Creek O & M	3,404	4,446	3,932	3,812
Naylor Drainage	44,002	44,138	11,666	11,861
Senior Citizens Fund	34,216	34,401	32,069	30,863
Tax sale costs	863	1,166	859	498
Tax sale surplus	8,758	14,058	15,668	21,328
Cities	9,262	9,632	9,298	8,956
County Clerk	1,231	1,228	1,184	1,216
County Employees' Retirement	27,131	29,071	29,448	20,142
Tax Maintenance Fund	4,986	0	0	0
Commissions and fees:				
General Revenue Fund	56,555	57,028	54,257	50,449
County Collector	887	898	236	229
Total	3,442,349	3,472,115	3,187,046	3,059,134

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	90.1	90.8	89.3	90.3 %
Personal property	86.8	87.3	87.1	87.4
Railroad and utilities	100.0	100.0	100.0	100.0

Ripley County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
Law Enforcement Sales Tax	\$.0050	None	None %

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
William Kennon Jr., Presiding Commissioner	\$	24,440	23,120	23,120	23,120
Jesse Roy, Associate Commissioner		22,440	21,120	21,120	21,120
Jerry Halley, Associate Commissioner		22,440	21,120		
Ray Joe Hastings, Associate Commissioner				21,120	21,120
Becky York, County Clerk		34,000	32,000	32,000	32,000
Christopher J. Miller, Prosecuting Attorney		41,000	39,000	39,000	39,000
Michael P. Cochran, Sheriff		39,000	38,000	34,000	34,000
Bob Featherston, County Treasurer		25,160	23,680	23,680	23,680
Mike Jackson, County Coroner		9,500	9,000		
Howard L. Jackson, County Coroner				6,000	6,000
Corine Dean, Public Administrator (1)		20,000	20,000	14,877	13,128
Jerry Martin, County Collector (2), year ended February 28 (29),	34,887	32,898	32,236	32,229	
Tom Skaggs, County Assessor (3), year ended August 31,		34,900	32,900	32,900	32,900
William (Troy) Ayers, County Surveyor (4)					

(1) Includes fees received from probate cases totaling \$6,877 and \$5,128 in 2000 and 1999, respectively.

(2) Includes \$887, \$898, \$236 and \$229, respectively, of commissions earned for collecting drainage ditch taxes for Naylor.

(3) Includes \$900 annual compensation received from the state.

(4) Compensation on a fee basis.

State-Paid Officials:

Roberta Belcher, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	47,300	46,126	44,292
James R. Hall, Associate Circuit Judge		96,000	96,000	97,382	87,235

* * * * *



**CHRISTIAN COUNTY, MISSOURI
YEAR ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-100
September 29, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties which do not have a county auditor. The State Auditor had performed an audit of Christian County for the two years ended December 31, 2001. As Christian County became a second-class county with a County Auditor in 2003, this final state audit is only for the year ended December 31, 2002.

This audit of Christian County was a financial and compliance audit of various county operating funds. The following concerns were noted as part of the audit:

- The county has experienced significant growth in revenues and expenditures of the General Revenue Fund; however, the county has spent more than it received during the last two years, resulting in a significant decline in the General Revenue Fund's cash balance. In addition, the General Revenue Fund's 2003 budget projects a zero ending cash balance, as all revenues and the beginning balance have been appropriated.

A contributing factor to the weakening financial condition of the General Revenue Fund is the distribution of about \$1 million of the county's one-half cent general sales tax to the Special Road and Bridge Fund, special road districts, and cities. Other significant factors include salary increases ranging from 3 to 35 percent for county employees and the addition of approximately 35 new employees resulting in approximately \$1 million in salary and fringe benefit increases in 2002. In addition, transfers from General Revenue to supplement other county funds have increased. Prisoner board revenues fell short of budget estimates but law enforcement expenses increased. The County Commission should closely monitor the financial condition of the county taking the necessary steps to improve the financial condition of the General Revenue Fund.

- Bids were not always solicited in accordance with statute nor was bid documentation always retained for various purchases. In addition, controls over county expenditures need improvement, as various questionable expenditures were noted, including the payments of compensatory time to employees that did not follow county policy. Further, supporting documentation was not retained for several expenditures, and some invoices were not paid timely. Considering the financial condition of the General Revenue Fund, all county officials should be using extreme diligence when directing the use of county resources.

(over)

YELLOW SHEET

- Improvement is needed in the preparation of the county's budgets. Budgets for some funds did not include all available beginning cash balances and did not adequately reflect the anticipated financial condition. Expenditures exceeded budgeted amounts for several funds, and budgets were not prepared for some funds.
- The county does not have specific procedures in place to track federal assistance for preparation of the Schedule of Federal Awards (SEFA). The county's SEFA schedule contained numerous errors and omissions including only reporting 8 of 18 federal programs resulting in federal grant expenditures being understated by \$258,700.
- The County Commission does not maintain adequate minutes of its meetings. Minutes do not exist for some scheduled County Commission meetings, and during April and May 2003 the County Commissioners did not have a secretary and only unofficial, manual notes were maintained of motions made.

The audit also includes some matters related to county sales tax, county expenditures, personnel and payroll procedures, computer controls, general fixed assets, and the Senior Services Board.

All reports are available on our website: www.auditor.state.mo.us

CHRISTIAN COUNTY, MISSOURI

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CHRISTIAN COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Christian County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Christian County, Missouri, as of and for the year ended December 31, 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Christian County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the year ended December 31, 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 31, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 31, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Rachel A. Simons
Audit Staff:	Sandi Ohern, CPA



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Christian County, Missouri

We have audited the financial statements of various funds of Christian County, Missouri, as of and for the year ended December 31, 2002, and have issued our report thereon dated July 31, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Christian County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-2. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Christian County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However,

we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 and 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above, finding numbers 02-1 and 02-2, to be material weaknesses. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Christian County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

July 31, 2003 (fieldwork completion date)

Financial Statements

Exhibit A

CHRISTIAN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,091,641	2,989,293	3,442,942	637,992
Special Road and Bridge	997,577	2,996,138	2,537,300	1,456,415
Assessment	7,229	492,660	497,175	2,714
Law Enforcement Training	7,749	7,989	13,483	2,255
Prosecuting Attorney Training	3,390	4,802	5,837	2,355
CART	3,000	345,199	345,199	3,000
County Law Enforcement	10,281	2,493,467	2,541,143	(37,395)
Emergency 911	51,501	477,616	556,595	(27,478)
Federal Forfeiture #1	29,666	341	29,975	32
Family Violence	0	2,585	2,585	0
Prosecuting Attorney Administrative Fee	43,440	11,555	4,195	50,800
Building	3,435,453	43,945	1,637,556	1,841,842
Recycling	(876)	34,364	35,118	(1,630)
Local Emergency Planning Commission	9,118	2,980	3,123	8,975
Sales Tax	0	1,390,092	1,390,092	0
Building Bond Retirement	533,950	1,135,081	1,048,053	620,978
Record Retention	29,121	47,779	40,863	36,037
Family Access	422	7	0	429
Record Technology	11,594	29,749	18,322	23,021
Tax Maintenance	0	5,494	0	5,494
Sheriff Civil Fee	100	0	0	100
Federal Forfeiture #2	1,077	606	1,680	3
Election Service	0	1,665	0	1,665
Health Center	445,697	748,808	660,397	534,108
Senate Bill 40 Board	227,797	424,796	509,450	143,143
Senior Services Board	23,731	248,421	190,951	81,201
Associate Circuit Division I Interest	4,940	517	2,233	3,224
Associate Circuit Division II Interest	4,524	728	3,558	1,694
Law Library	16,673	4,228	5,335	15,566
Probate Division Interest	961	65	703	323
Total	\$ 6,989,756	13,940,970	15,523,863	5,406,863

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CHRISTIAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>			
RECEIPTS	\$ 15,200,336	13,933,161	(1,267,175)
DISBURSEMENTS	16,912,236	15,510,354	1,401,882
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,711,900)	(1,577,193)	134,707
CASH, JANUARY 1	5,193,388	6,961,481	1,768,093
CASH, DECEMBER 31	3,481,488	5,384,288	1,902,800
<u>GENERAL REVENUE FUND</u>			
RECEIPTS			
Sales taxes	1,200,000	1,121,947	(78,053)
Intergovernmental	212,000	299,530	87,530
Charges for services	1,193,500	1,413,028	219,528
Interest	50,000	41,333	(8,667)
Other	148,000	113,455	(34,545)
Total Receipts	2,803,500	2,989,293	185,793
DISBURSEMENTS			
County Commissioner	122,340	123,969	(1,629)
County Clerk	137,040	119,546	17,494
Elections	197,520	131,531	65,989
Buildings and grounds	163,570	234,171	(70,601)
Employee fringe benefit	281,000	320,050	(39,050)
County Treasurer	63,740	61,689	2,051
County Collector	160,793	151,061	9,732
Ex Officio Recorder of Deed	167,880	143,525	24,355
Associate Circuit Court	29,420	26,916	2,504
Associate Circuit (Probate)	57,025	45,157	11,868
Court administration	99,076	76,998	22,078
Public Administrator	60,140	56,907	3,233
University Extension Office	53,380	55,623	(2,243)
Planning and Zoning	112,676	113,116	(440)
Other	162,310	157,568	4,742
Prosecuting Attorney	317,491	349,096	(31,605)
Juvenile Officer	126,830	96,150	30,680
County Coroner	36,800	30,817	5,983
Emergency Management	12,450	11,342	1,108
Transfers out	1,194,740	1,124,640	70,100
Emergency Fund	100,000	13,070	86,930
Total Disbursements	3,656,221	3,442,942	213,279
RECEIPTS OVER (UNDER) DISBURSEMENTS	(852,721)	(453,649)	399,072
CASH, JANUARY 1	1,091,691	1,091,641	(50)
CASH, DECEMBER 31	238,970	637,992	399,022

Exhibit B

CHRISTIAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>			
RECEIPTS			
Sales taxes	3,000,000	1,975,748	(1,024,252)
Intergovernmental	1,158,000	952,175	(205,825)
Interest	65,000	26,922	(38,078)
Other	30,000	41,293	11,293
Total Receipts	4,253,000	2,996,138	(1,256,862)
DISBURSEMENTS			
Salaries	465,000	509,225	(44,225)
Employee fringe benefit	143,000	167,228	(24,228)
Supplies	121,000	110,958	10,042
Insurance	0	21,501	(21,501)
Road and bridge materials	1,724,124	1,233,441	490,683
Equipment repairs	141,000	101,941	39,059
Rentals	13,000	20,832	(7,832)
Equipment purchases	350,000	254,980	95,020
Construction, repair, and maintenance	820,000	71,930	748,070
Other	38,200	45,264	(7,064)
Total Disbursements	3,815,324	2,537,300	1,278,024
RECEIPTS OVER (UNDER) DISBURSEMENTS	437,676	458,838	21,162
CASH, JANUARY 1	1,728,072	997,577	(730,495)
CASH, DECEMBER 31	2,165,748	1,456,415	(709,333)
<u>ASSESSMENT FUND</u>			
RECEIPTS			
Intergovernmental	365,000	408,396	43,396
Interest	2,000	1,068	(932)
Other	500	3,196	2,696
Transfers in	150,600	80,000	(70,600)
Total Receipts	518,100	492,660	(25,440)
DISBURSEMENTS			
Assessor	525,260	497,175	28,085
Total Disbursements	525,260	497,175	28,085
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,160)	(4,515)	2,645
CASH, JANUARY 1	7,851	7,229	(622)
CASH, DECEMBER 31	691	2,714	2,023

Exhibit B

CHRISTIAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>			
RECEIPTS			
Intergovernmental	4,500	3,527	(973)
Charges for service:	6,100	4,406	(1,694)
Interest	100	56	(44)
Total Receipts	10,700	7,989	(2,711)
DISBURSEMENTS			
Sheriff	18,449	13,483	4,966
Total Disbursements	18,449	13,483	4,966
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,749)	(5,494)	2,255
CASH, JANUARY 1	7,749	7,749	0
CASH, DECEMBER 31	0	2,255	2,255
<u>PROSECUTING ATTORNEY TRAINING FUND</u>			
RECEIPTS			
Intergovernmental	2,500	3,592	1,092
Charges for service:	1,500	1,174	(326)
Interest	100	36	(64)
Total Receipts	4,100	4,802	702
DISBURSEMENTS			
Prosecuting Attorney	7,490	5,837	1,653
Total Disbursements	7,490	5,837	1,653
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,390)	(1,035)	2,355
CASH, JANUARY 1	3,390	3,390	0
CASH, DECEMBER 31	0	2,355	2,355
<u>CART FUND</u>			
RECEIPTS			
Intergovernmental	361,276	345,155	(16,121)
Interest	100	44	(56)
Total Receipts	361,376	345,199	(16,177)
DISBURSEMENTS			
Road signs	25,000	8,823	16,177
Distribution to special road district:	336,376	336,376	0
Total Disbursements	361,376	345,199	16,177
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0
CASH, JANUARY 1	13,294	3,000	(10,294)
CASH, DECEMBER 31	13,294	3,000	(10,294)

Exhibit B

CHRISTIAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>COUNTY LAW ENFORCEMENT FUND</u>			
RECEIPTS			
Sales taxes	1,108,750	1,122,322	13,572
Intergovernmental	407,881	196,059	(211,822)
Interest	1,500	553	(947)
Other	13,000	41,893	28,893
Transfers in	1,133,640	1,132,640	(1,000)
Total Receipts	2,664,771	2,493,467	(171,304)
DISBURSEMENTS			
Salaries	1,559,216	1,562,567	(3,351)
Fringe benefits	488,705	304,986	183,719
Board of prisoners	314,000	271,094	42,906
Office expenditures	54,900	102,075	(47,175)
Insurance	53,000	63,129	(10,129)
Equipment	191,000	96,478	94,522
Mileage and training	5,000	102,354	(97,354)
Other	9,000	37,460	(28,460)
Transfers out	0	1,000	(1,000)
Total Disbursements	2,674,821	2,541,143	133,678
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,050)	(47,676)	(37,626)
CASH, JANUARY 1	10,435	10,281	(154)
CASH, DECEMBER 31	385	(37,395)	(37,780)
<u>EMERGENCY 911 FUND</u>			
RECEIPTS			
Charges for service	455,000	386,730	(68,270)
Interest	6,000	55	(5,945)
Other	0	2,831	2,831
Transfers in	85,500	88,000	2,500
Total Receipts	546,500	477,616	(68,884)
DISBURSEMENTS			
Salaries	341,000	328,170	12,830
Employee fringe benefit	105,000	83,395	21,605
Phone line charges	80,000	82,018	(2,018)
Office expenditures	3,000	3,123	(123)
Equipment	50,000	48,393	1,607
Mileage and training	5,500	2,174	3,326
Other	13,501	9,322	4,179
Total Disbursements	598,001	556,595	41,406
RECEIPTS OVER (UNDER) DISBURSEMENTS	(51,501)	(78,979)	(27,478)
CASH, JANUARY 1	51,501	51,501	0
CASH, DECEMBER 31	0	(27,478)	(27,478)

Exhibit B

CHRISTIAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>FEDERAL FORFEITURE #1 FUND</u>			
RECEIPTS			
Intergovernmental	15,000	0	(15,000)
Interest	1,000	341	(659)
Total Receipts	16,000	341	(15,659)
DISBURSEMENTS			
Sheriff	46,412	29,975	16,437
Total Disbursements	46,412	29,975	16,437
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30,412)	(29,634)	778
CASH, JANUARY 1	30,412	29,666	(746)
CASH, DECEMBER 31	0	32	32
<u>FAMILY VIOLENCE FUND</u>			
RECEIPTS			
Charges for service:	2,500	2,585	85
Total Receipts	2,500	2,585	85
DISBURSEMENTS			
Domestic violence shelte:	2,500	2,585	(85)
Total Disbursements	2,500	2,585	(85)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0
CASH, JANUARY 1	0	0	0
CASH, DECEMBER 31	0	0	0
<u>PROSECUTING ATTORNEY ADMINISTRATIVE FEE FUND</u>			
RECEIPTS			
Charges for service:	11,000	10,819	(181)
Interest	1,200	736	(464)
Total Receipts	12,200	11,555	(645)
DISBURSEMENTS			
Prosecuting Attorney	55,000	4,195	50,805
Total Disbursements	55,000	4,195	50,805
RECEIPTS OVER (UNDER) DISBURSEMENTS	(42,800)	7,360	50,160
CASH, JANUARY 1	43,440	43,440	0
CASH, DECEMBER 31	640	50,800	50,160

Exhibit B

CHRISTIAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>BUILDING FUND</u>			
RECEIPTS			
Interest	5,000	43,945	38,945
Total Receipts	5,000	43,945	38,945
DISBURSEMENTS			
Buildings and grounds	953,143	1,637,280	(684,137)
Other	0	276	(276)
Total Disbursements	953,143	1,637,556	(684,413)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(948,143)	(1,593,611)	(645,468)
CASH, JANUARY 1	948,143	3,435,453	2,487,310
CASH, DECEMBER 31	0	1,841,842	1,841,842
<u>RECYCLING FUND</u>			
RECEIPTS			
Intergovernmental	5,000	5,987	987
Interest	150	73	(77)
Other	4,000	3,304	(696)
Transfers in	25,000	25,000	0
Total Receipts	34,150	34,364	214
DISBURSEMENTS			
Salaries	16,808	16,348	460
Employee fringe benefit	0	2,025	(2,025)
Equipment	7,500	13,786	(6,286)
Mileage and training	390	821	(431)
Office	4,500	2,138	2,362
Total Disbursements	29,198	35,118	(5,920)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,952	(754)	(5,706)
CASH, JANUARY 1	(876)	(876)	0
CASH, DECEMBER 31	4,076	(1,630)	(5,706)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>			
RECEIPTS			
Intergovernmental	3,500	2,849	(651)
Interest	300	131	(169)
Total Receipts	3,800	2,980	(820)
DISBURSEMENTS			
Office expenditure	500	203	297
Equipment	11,918	1,920	9,998
Mileage and training	1,000	1,000	0
Total Disbursements	13,418	3,123	10,295
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,618)	(143)	9,475
CASH, JANUARY 1	9,618	9,118	(500)
CASH, DECEMBER 31	0	8,975	8,975

Exhibit B

CHRISTIAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>SALES TAX FUND</u>			
RECEIPTS			
Sales taxes	1,390,092	1,390,092	0
Total Receipts	1,390,092	1,390,092	0
DISBURSEMENTS			
Disbursements to special road districts and citie	1,390,092	1,390,092	0
Total Disbursements	1,390,092	1,390,092	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0
CASH, JANUARY 1	0	0	0
CASH, DECEMBER 31	0	0	0
<u>BUILDING BOND RETIREMENT FUND</u>			
RECEIPTS			
Sales taxes	1,098,087	1,122,543	24,456
Interest	10,000	12,538	2,538
Total Receipts	1,108,087	1,135,081	26,994
DISBURSEMENTS			
Equipment	200,000	52,753	147,247
Debt service	750,000	795,300	(45,300)
Transfers out	200,000	200,000	0
Total Disbursements	1,150,000	1,048,053	101,947
RECEIPTS OVER (UNDER) DISBURSEMENTS	(41,913)	87,028	128,941
CASH, JANUARY 1	533,950	533,950	0
CASH, DECEMBER 31	492,037	620,978	128,941
<u>RECORD RETENTION FUND</u>			
RECEIPTS			
Charges for service:	42,000	47,202	5,202
Interest	800	577	(223)
Total Receipts	42,800	47,779	4,979
DISBURSEMENTS			
Ex Officio Recorder of Deed	71,000	40,863	30,137
Total Disbursements	71,000	40,863	30,137
RECEIPTS OVER (UNDER) DISBURSEMENTS	(28,200)	6,916	35,116
CASH, JANUARY 1	29,121	29,121	0
CASH, DECEMBER 31	921	36,037	35,116

Exhibit B

CHRISTIAN COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>FAMILY ACCESS FUND</u>			
RECEIPTS			
Charges for service:	0	0	0
Interest	0	7	7
Total Receipts	0	7	7
DISBURSEMENTS			
Family access	400	0	400
Total Disbursements	400	0	400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(400)	7	407
CASH, JANUARY 1	422	422	0
CASH, DECEMBER 31	22	429	407
<u>RECORD TECHNOLOGY FUND</u>			
RECEIPTS			
Charges for service:	25,200	29,454	4,254
Interest	0	295	295
Total Receipts	25,200	29,749	4,549
DISBURSEMENTS			
Ex Officio Recorder of Deed	36,794	18,322	18,472
Total Disbursements	36,794	18,322	18,472
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,594)	11,427	23,021
CASH, JANUARY 1	11,594	11,594	0
CASH, DECEMBER 31	0	23,021	23,021
<u>TAX MAINTENANCE FUND</u>			
RECEIPTS			
Charges for service:	5,400	5,494	94
Total Receipts	5,400	5,494	94
DISBURSEMENTS			
Collector	5,400	0	5,400
Total Disbursements	5,400	0	5,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	5,494	5,494
CASH, JANUARY 1	0	0	0
CASH, DECEMBER 31	0	5,494	5,494

Exhibit B

CHRISTIAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>			
RECEIPTS			
Property taxes	243,000	237,962	(5,038)
Intergovernmental	344,317	337,085	(7,232)
Charges for service	126,000	153,557	27,557
Interest	14,000	15,588	1,588
Other	3,600	4,616	1,016
Total Receipts	730,917	748,808	17,891
DISBURSEMENTS			
Salaries	530,166	490,851	39,315
Office expenditures	24,500	23,110	1,390
Equipment	57,200	54,822	2,378
Mileage and training	4,000	3,894	106
Buildings and grounds	5,000	47,704	(42,704)
Other	60,051	40,016	20,035
Total Disbursements	680,917	660,397	20,520
RECEIPTS OVER (UNDER) DISBURSEMENTS	50,000	88,411	38,411
CASH, JANUARY 1	445,784	445,697	(87)
CASH, DECEMBER 31	495,784	534,108	38,324
<u>SENATE BILL 40 BOARD FUND</u>			
RECEIPTS			
Property taxes	400,000	420,689	20,689
Intergovernmental	0	42	42
Interest	9,000	4,065	(4,935)
Total Receipts	409,000	424,796	15,796
DISBURSEMENTS			
Contractual services	530,964	507,358	23,606
Office expenditures	36,975	2,092	34,883
Total Disbursements	567,939	509,450	58,489
RECEIPTS OVER (UNDER) DISBURSEMENTS	(158,939)	(84,654)	74,285
CASH, JANUARY 1	227,797	227,797	0
CASH, DECEMBER 31	68,858	143,143	74,285

Exhibit B

CHRISTIAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,		
	2002		
			Variance
	Budget	Actual	Favorable
			(Unfavorable)
<u>SENIOR SERVICES BOARD FUND</u>			
RECEIPTS			
Property taxes	253,143	245,425	(7,718)
Intergovernmental	0	637	637
Interest	0	2,359	2,359
Total Receipts	253,143	248,421	(4,722)
DISBURSEMENTS			
Office expenditures	3,200	710	2,490
Insurance	4,000	4,172	(172)
Equipment	28,150	14,660	13,490
Contractual services	194,000	161,548	32,452
Professional services	2,000	3,843	(1,843)
Other	21,731	6,018	15,713
Total Disbursements	253,081	190,951	62,130
RECEIPTS OVER (UNDER) DISBURSEMENTS	62	57,470	57,408
CASH, JANUARY 1	0	23,731	23,731
CASH, DECEMBER 31	62	81,201	81,139

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

CHRISTIAN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Christian County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Senior Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds during 2002:

Fund

Sheriff Civil Fee Fund
Federal Forfeiture #2 Fund
Election Service Fund
Associate Circuit Division I Interest Fund
Associate Circuit Division II Interest Fund
Law Library Fund
Probate Division Interest Fund

Warrants issued were in excess of budgeted amounts for the Family Violence Fund, Recycling Fund and the Building Fund in 2002. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statement for the year ended December 31, 2002, did not include the Election Service Fund, Senate Bill 40 Board Fund or the Senior Services Board Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's deposits at December 31, 2002 were entirely covered by federal depositary insurance or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

The Senate Bill 40 Board and Senior Service Board's deposits at December 31, 2002, were entirely covered by federal depositary insurance. However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

CHRISTIAN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,
			2002
U.S. DEPARTMENT OF NATIONAL DRUG CONTROL POLICY			
Passed through State Department of Public Safety			
7.unknown	High Intensity Drug Trafficking Area - Task Force	I1PMWP551	\$ 21,801
		I2PMWP551	29,590
	Program Total		51,391
U. S. DEPARTMENT OF AGRICULTURE			
Passed through state:			
Department of Health and Senior Services-			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2121	95,698
		ERS045-3121W	28,338
	Program Total		124,036
10.559	Summer Food Service Program for Childrer	ERS146-2121I	120
Office of Administration -			
10.665	Schools and Roads - Grants to States	N/A	107,697
U.S. DEPARTMENT OF JUSTICE			
Direct programs:			
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	29,975
Passed through:			
Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	2,028
Cape Girardeau County Sheriff's Office -			
16.580	Edward Byrne Memorial State and Local Law Enforcemen Assistance Discretionary Grants Program	2000DDVX0055	6,242
U. S. DEPARTMENT OF TRANSPORTATION			
Passed through state:			
Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-022(6)	949
Division of Highway Safety			
20.unknown	Mini-Grant DWI Saturation	02-164-AL-89	17,268

Schedule

CHRISTIAN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures
			Year Ended December 31, 2002
U.S. DEPARTMENT OF TREASURY			
Direct Programs:			
20.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	1,680
GENERAL SERVICES ADMINISTRATION			
Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	571
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed through state Department of Public Safety			
83.544	Public Assistance Grants	FEMA-1412-DR-MO	58,930
83.552	Emergency Management Performance Grants	EMK-2002-GR-2523	3,869
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through state:			
Department of Health and Senior Service -			
93.268	Immunization Grants	N/A	57,335
		PGA064-2121A	6,145
		PGA064-3131A	1,600
	Program Total		65,080
Department of Social Services -			
93.563	Child Support Enforcement	N/A	17,309
Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-2121S	2,685
		PGA067-3121S	560
		PGA067-2121C	1,695
	Program Total		4,940
Department of Social Services -			
93.667	Social Services Block Gran	N/A	50
Department of Health and Senior Services -			
93.994	Maternal and Child Health Service: Block Grant to the States	N/A	533
		ERS146-2121M	19,277
		ERS146-3121M	6,393
		ERS175-2014F	12,678
		ERS175-3012F	5,576
	Program Total		44,457
	Total Expenditures of Federal Award:		\$ 536,592

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

CHRISTIAN COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Christian County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Donation of Federal Surplus Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the year ended December 31, 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Christian County, Missouri

Compliance

We have audited the compliance of Christian County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Christian County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002. However, the results of our auditing procedures disclosed an instance of

noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-3.

Internal Control Over Compliance

The management of Christian County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Christian County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 31, 2003 (fieldwork completion date)

Schedule

CHRISTIAN COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEAR ENDED DECEMBER 31, 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? x yes no

Reportable conditions identified that are
not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements
noted? x yes no

Federal Awards

Internal control over major programs:

Material weakness identified? yes x no

Reportable conditions identified that are
not considered to be material weakness? x yes none reported

Type of auditor's report issued on compliance for
major program(s): Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program(s):

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Schools and Roads – Grants to States
83.544	Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

02-1.	Financial Condition
--------------	----------------------------

During the last several years, the county has experienced significant growth in the revenues and expenditures of the General Revenue Fund. Despite the growth in county revenues, the county has spent more than it received during the last two years and projects a similar situation during 2003, resulting in a decline of the cash balance as follows:

		Year ended December 31,			
		2003	2002	2001	2000
		Projected	Actual	Actual	Actual
Beginning Balance	\$	637,992	1,091,641	1,279,893	1,136,662
Revenues		3,047,307	2,989,293	2,589,045	2,417,134
Expenditures		(2,681,142)	(2,318,302)	(1,922,873)	(1,735,903)
Transfers out		(1,004,157)	(1,124,640)	(854,424)	(538,000)
Ending Balance		0	637,992	1,091,641	1,279,893

As shown in the above table, the financial condition of the General Revenue Fund has declined significantly since 2000. In addition, the General Revenue Fund's 2003 budget projects a zero ending cash balance, as all revenues and the beginning balance have been appropriated. According to the County Treasurer's records, the General Revenue Fund has continued to decline as projected, as the balance at July 31, 2003 was \$497,975.

A significant factor in the decline of the financial condition of the General Revenue Fund was salary expenditures in 2002. The County Commission approved a salary matrix that provided salary increases ranging from approximately 3 to 35 percent for county employees.

In addition, approximately 35 new employees were hired in 2002 to operate the new judicial facility and other county offices. Salary and fringe benefit costs increased by approximately \$1 million for the year ended December 31, 2002.

The General Revenue Fund supplements several county funds by transferring monies as needed. Because of the increase in salary expenditures, more monies were transferred from the General Revenue Fund to other funds in comparison to prior years. Monies transferred from General Revenue to other funds for the three years ended December 31 were as follows:

	Transfers from General Revenue		
	2002	2001	2000
Assessment	\$ 80,000	80,000	60,000
County Law Enforcement	932,640	754,424	475,000
Emergency 911	87,000	0	0
Recycling	<u>25,000</u>	<u>20,000</u>	<u>3,000</u>
Total Transfers from General Revenue	<u>1,124,640</u>	<u>854,424</u>	<u>538,000</u>

The 2003 General Revenue Fund budget projects transferring only \$581,609 to the County Law Enforcement (COLE) Fund. However, the Building Bond Retirement Fund, which receives revenues from one of the county's ¼ cent law enforcement sales taxes, has budgeted to transfer \$500,000 to subsidize the COLE Fund in 2003. The Building Bond Retirement Fund was established to pay the bond principal and interest payments on the judicial facility. The County Commission determined that the revenues in the Building Bond Retirement Fund were sufficient to allow for a one-time transfer of the \$500,000 to the COLE Fund.

In addition to projecting a zero balance at December 31, 2003 in the General Revenue Fund, the county's 2003 budget for funds subsidized by the General Revenue Fund (Assessment, COLE, Emergency 911, and Recycling Funds) are also projected to be at or near zero at December 31, 2003. As a result, the county anticipates beginning 2004 with little or no cash for these funds.

Additional factors contributing to the weakening of the cash balance are as follows:

- In November 1996, county voters approved a ½ cent general county sales tax, which requires a reduction of county property taxes equivalent to 50 percent of the sales tax revenues. The County has rolled the general revenue property tax levy to zero, which resulted in a \$1.24 million property tax reduction in 2002; however, the General Revenue Fund has not benefited from the \$2.24 million the ½ cent sales tax generated, as \$1.1 million was transferred to the Special Road and Bridge Fund, special road districts, and cities. See MAR finding number 1.

- In the 2002 budget, the county estimated receiving \$327,000 in prisoner board revenues; however, only \$136,500 was generated for boarding other county's prisoners. Even though there was a shortfall in these revenues, the expenditures for the Sheriff's department increased by approximately \$600,000 from the prior year, causing the COLE Fund to end 2002 with a negative cash balance of \$37,395. Further, after hiring additional personnel in 2002, 11 jailers were laid off due to budget cuts in January 2003.
- During 2002, Emergency 911 Fund revenues did not reach budget estimates causing unanticipated additional transfers from the General Revenue Fund; however, even with the additional transfers, the Emergency 911 Fund still had a negative cash balance of \$27,478 at year-end. In addition, the Recycling Fund, (also supported by General Revenue) expended more than budgeted and had a year-end negative cash balance of \$1,630.
- The County Commission did not always solicit bids for major purchases, as noted in finding number 02-2. Considering the financial condition of the General Revenue Fund, all county officials should be using extreme diligence when directing the use of county resources.
- There were various questionable expenditures including the payments of compensatory time to employees that did not follow county policy (see MAR finding numbers 2 and 3). In addition, controls over expenditures need to be improved and discretionary disbursements such as \$2,162 paid for employee Christmas dinners should be evaluated.

Considering these factors, the County Commission should review disbursements and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize all revenues in consideration of the General Revenue Fund's financial condition.

WE RECOMMEND the County Commission closely monitor the financial condition of the county taking the necessary steps to improve the financial condition of the General Revenue Fund and consider various alternatives of increasing revenues and reducing expenditures.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission provided the following response:

Although the county projects a zero balance on December 31, 2003, there is an Emergency Fund of \$91,500 as stipulated by state statutes. The utilities of the new judicial building were also a contributing factor in the weakening of the cash balance. The 2001 buildings and grounds expenditures were \$73,353. The 2002 buildings and grounds expenditures were \$234,171, which was over budget by \$70,601.

The county felt the salary schedule needed to be upgraded. The matrix was established and the county upgraded the pay scale in two short years. The 2004 budget plans for very small cost of living increases, if at all.

The 2003 budget was more realistic in budgeting the prisoner board revenues due to the enormous shortfall in the 2002 budget. The Recycling Fund is being closed to the General Revenue Fund to assure no negative balance at the end of the year.

The Commission has written a policy of bidding anything over \$4,500. However, some office holders do not understand that this means in a 90-day period. A memo will be sent addressing the need to abide by state statutes.

Since the county has become second-class, there is a county auditor. We expect the auditor to stay abreast of revenues and especially to monitor expenditures.

02-2.

Budgetary Procedures

Budgets were not adequately prepared for some county funds. Budgets for some funds did not include all available beginning cash balances and did not adequately reflect the anticipated financial condition. Expenditures exceeded budgeted amounts for several funds. In addition, budgets were not prepared for some county funds.

- A. The approved budgets for some county funds did not adequately reflect all available resources. For instance, the county failed to include bond funds used to construct the judicial center in the Building Fund's beginning cash balance, resulting in the balance being understated by approximately \$2.5 million. In addition, the Special Road and Bridge Fund budget overstated beginning cash by approximately \$730,500. Budgets for several smaller funds also included errors.

The former County Clerk could not identify where beginning balances presented in the budget were obtained. These errors could have been detected if reconciliations between the County Clerk's and County Treasurer's revenues, expenditures, and cash balances had been properly performed and if a thorough review of the final budget had been performed by the County Clerk and County Commission. The County Auditor reviewed the financial information provided by the County Treasurer and County Clerk to obtain accurate beginning balances to report in the 2003 budget. In addition, in 2003 the County Clerk and the County Treasurer began performing monthly reconciliations.

For the budget documents to be of maximum assistance to the county and to adequately inform the county residents of the operations and current financial position, the budgets should reflect actual total resources on hand at the beginning of the year.

- B. The approved budget documents for some county funds (including those prepared by elected officials) did not adequately reflect the anticipated financial condition for the year ended December 31, 2002. The County Commission typically budgets to spend all expected current revenues plus the prior year's ending cash balance for the smaller county funds, effectively zero budgeting the funds and allowing much latitude to county officials for discretionary expenses. For example, the anticipated ending cash balance for the Local Emergency Planning Commission and Tax Maintenance funds for December 31, 2002 were projected at zero, while the actual ending cash balances were \$8,975 and \$5,494, respectively. The County Commission should review these budgetary controls. This should include reviewing disbursements to identify further potential reductions in discretionary expenses, ensure attempts are made to maximize receipts, and budgeting to provide reasonable ending cash balances as a cushion against potential future financial strains.

To be of maximum assistance to the county and to adequately inform the public, the budgets should accurately reflect the anticipated receipts, expenditures and ending cash balance. The practice of routinely budgeting to spend the majority of all available resources decreases the effectiveness of the budget as a management planning tool and as a control over expenditures.

- C. Disbursements were approved in excess of budgeted amounts. The County Commission approved disbursements in excess of the budgeted amount during the year ended December 31, 2002, for the Building Fund (\$684,413), the Family Violence Fund (\$85), and the Recycling Fund (\$5,920). The Building Fund's budget was exceeded because amounts were not appropriated for equipment, architectural costs, and the balance of the construction costs for the new judicial facility. The Recycling Fund purchased a truck for \$6,000 that was not included in the budget.

It was ruled in State Ex. Rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

- D. The county does not have adequate procedures to ensure budgets are prepared for all county funds, and as a result, budgets were not prepared for various county funds for the year ended December 31, 2002. Although most of the unbudgeted funds are not under the direct control of the County Commission, budgets for these funds are needed to comply with statutory provisions.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission and other county officials would be able to more effectively evaluate all county financial resources.

WE RECOMMEND the County Commission:

- A. Ensure the budget document contains complete and accurate information about the county's finances and available resources and agrees to the County Treasurer's records. In addition, the County Commission and County Clerk should thoroughly review the budget document before it is finalized and filed with the State Auditor's Office.
- B. Estimate receipts and disbursements as reasonable as possible to the anticipated actual amounts so that the budget documents present a reasonable estimate of the county's financial plan and ending cash balances.
- C. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended.
- D. Along with other applicable officials, ensure budgets are prepared for all county funds as required by state law.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission provided the following responses:

- A. *Due to the lack of internal controls by the prior County Clerk, expenditures were often coded to funds that were not appropriate. We agree that accurate numbers are necessary to provide a good financial picture. When elected officials are unable to rely on the numbers provided, it is difficult, if not impossible, to establish a realistic budget.*
- B. *In the future, the budget will become a more professional financial tool and expenditures will be based on need, not want. When we prepared the 2003 budget, we budgeted the anticipated revenues conservatively.*
- C. *We do not anticipate disbursements of any fund to exceed budgeted amounts this year.*
- D. *Budgets will be prepared for all funds, as required by law.*

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding(s) that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-3.**Schedule of Expenditures of Federal Awards**

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity Identifying Number:	ERS045-2121, ERS045-3121W
Award Year:	2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads – Grants to States
Pass-Through Entity Identifying Number:	Not applicable
Award Year:	2002
Questioned Costs:	Not applicable

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance
Pass-Through Entity Identifying Number:	FEMA-1412-DR-MO
Award Year:	2002
Question Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of State and Local Government, and Nonprofit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have specific procedures in place to track federal assistance for preparation of the SEFA. For the year ended December 31, 2002, the county's SEFA contained numerous errors and omissions. For example, expenditures relating to several federal grants were reported incorrectly or not included on the schedules and the County Clerk and County Auditor failed to include the required pass-through grantor's number on the programs that were reported. In addition, some non-federal programs were included in the schedule and the county only reported expenditures for 8 of 18 federal programs. As a

result, expenditures were understated by approximately \$258,700 for the year. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk and County Auditor prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

County Auditor Yarnell and County Clerk Brown provided the following response:

Due to the fact that neither the new clerk or the new auditor had ever prepared a governmental budget or worked with federal grants, this part of the budget was lacking. In the future, the auditor will prepare an accurate schedule of expenditures of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

CHRISTIAN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Christian County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2001.

01-1. Reconciliation of County Records

The County Clerk and County Treasurer were not periodically reconciling their records and investigating differences. The County Commission was not reviewing the County Treasurer's semi-annual settlements.

Recommendation:

The accounting records of the County Clerk and County Treasurer be periodically reconciled and all reconciling items documented and fully investigated. In addition, the County Commission should review and approve the Treasurer's semi-annual settlements.

Status:

Partially implemented. This was not implemented during the audit period, resulting in the beginning cash balances being understated for the year ended December 31, 2002. See finding number 02-2. However, in 2003 the County Auditor established controls related to the reconciling of the County Clerk and County Treasurer's records so any reconciling items are followed up on properly.

01-2. County Financial Records and Procedures

- A. Revenues, expenditures, and beginning cash balances were incorrectly stated for various county funds.
- B. The county did not budget various county funds.
- C. Actual expenditures exceeded budgeted amounts in several county funds.
- D. The estimated ending cash balance was significantly understated for several large county funds.

Recommendation:

The County Commission:

- A. Ensure the budget document contains complete and accurate information about the county's finances and agrees to the County Treasurer's records. In addition, the County Commission and County Clerk should thoroughly review the budget document before it is finalized and filed with the State Auditor's Office.
- B. Ensure budgets are prepared for all county funds as required by state law.
- C. Ensure expenditures are kept within the amounts budgeted. If additional funds are received which could not be estimated when the budget was adopted, the County Commission should amend the budget by following the procedures required by state law.
- D. Estimate receipts and disbursements to closely reflect anticipated actual amounts so that the budget documents present a reasonable estimate of the county's financial plan and ending balances.

Status:

- A. Partially implemented. Although the receipts and disbursements were materially correct, the beginning balances did not agree with the Treasurer's records. See finding number 02-2.
- B, C
&D. Not implemented. See finding number 02-2.

01-3. Published Financial Statements

- A. The county's annual published financial statements did not include financial activity for several county funds, and bond proceeds to construct the new judicial center were not included in the published financial statements.
- B. The annual published financial statements were not published timely.

Recommendation:

The County Commission:

- A. Ensure financial information for all county funds is properly reported in the annual published financial statements in accordance with state law.
- B. Ensure financial statements are published by the first Monday in March of each year.

Status:

- A. Partially implemented. Although the activity from the bond proceeds was properly included in the published financial statements, the county did not publish financial statements for the Election Service Fund, Senior Services Board Fund and Senate Bill 40 Board Fund. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

CHRISTIAN COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings - Two Years Ended December 31, 2001

01-4. Schedule of Expenditure of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERO045-0121, ERS045-1121W, ERS045-2121
Award Year:	2001 and 2000
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads – Grants to States
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	2001 and 2000
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.unknown
Program Title:	Equitable Sharing of Seized and Forfeited Property
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	2001 and 2000
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-022(6)
Award Year:	2001
Questioned Costs:	Not applicable

The county did not have specific procedures in place to track federal assistance for preparation of the schedule of expenditures of federal awards (SEFA). During the years ended December 31, 2001 and 2000, the county's SEFA contained numerous errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 02-3.

Findings - Two Years Ended December 31, 1999

99-3. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children

Pass-Through Entity	
Identifying Number:	ERO45-6121
Award Year:	1999 and 1998
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.unknown
Program Title:	Equitable Sharing of Seized and Forfeited Property
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	1999 and 1998
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-022-5
Award Year:	1998
Questioned Costs:	Not applicable

The county did not have specific procedures in place to track federal assistance for the preparation of the SEFA. During the years ended December 31, 1999 and 1998, the county's SEFA contained numerous errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's Office as part of the annual budget.

Status:

Not implemented. See finding number 02-3.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

CHRISTIAN COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Christian County, Missouri, as of and for the year ended December 31, 2002, and have issued our report thereon dated July 31, 2003. We also have audited the compliance of Christian County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002, and have issued our report thereon dated July 31, 2003.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. We did not audit the operations of elected officials with funds other than those presented in the financial statements. The operations of such officials were audited and reported on during the state auditor's last scheduled audit of the county.

Our audit was limited to selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Christian County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	County Sales Tax
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The annual roll back in property tax levies is not properly classified on the annual levy certification form. In addition, the General Revenue Fund has not benefited from the general revenue sales tax, as one half (approximately \$1.1 million in 2002) is distributed to the Special Road and Bridge Fund, road districts and cities, and the calculation used to distribute these funds is not adequately documented.

- A. In November 1996, voters authorized a ½ cent county sales tax with a ballot restriction that provided the county would annually reduce its property tax levy by 50 percent of the total amount of sales tax collected. Since 1997, the county has rolled back the general revenue and common I and II road districts' property tax levies to zero.

The county is required to compute the annual property tax levy to meet the 50% rollback requirement, and certify to the State Auditor's Office the annual property tax levy including the amount the levy is required to be rolled back, as well as any voluntary roll back. In 2002, the county certified that it voluntarily rolled back the

entire 23-cent general revenue levy to zero and did not certify any required roll back related to sales tax. In addition, there was no documentation maintained to indicate that the County Clerk computed the amount of roll back required due to sales tax revenue.

To ensure the tax levy is properly computed and certified, calculations should be prepared documenting the required sales tax roll back. If the County Commission determines it wants to further reduce the property tax beyond the required roll back, the remaining roll back should be reported as a voluntary roll back.

Given the deteriorating financial condition of the General Revenue Fund, it is imperative that county officials who are responsible for computing and setting the tax levies understand the basic principles and concepts of calculating such levies.

The County Commission should ensure the calculation for the property tax levy is accurate and meets the rollback requirement. In addition, the calculations should be well documented so the intentions of the reductions are clear.

- B. During 2002 the county received approximately \$2.24 million from the ½ cent general sales tax and rolled the general revenue property tax levy to zero resulting in a \$1.24 million property tax reduction. As noted in part A. above, the county is required to roll back their property tax for one half of the sales taxes collected. The common road and special road districts also rolled back their tax levies, resulting in approximately \$274,000 in additional property tax reductions. In addition to rolling back the property tax levy more than what was required, the County Commission transferred \$1.1 million of the general sales tax revenues to the Special Road and Bridge Fund, special road districts, and cities.

The County Commission indicated they believed one half of these general sales tax funds were required to be used for roads; however, they could not provide any documentation legally requiring the distribution of the general sales tax revenue to the road funds. Given the ballot language for the general sales tax, there appears to be no requirement to distribute these monies for road improvements.

Further, the basis for the calculation used to distribute these funds to the various road districts and cities is not adequately documented. While it appears the sales tax monies are distributed based on county road miles, the County Commission could not provide any documentation for the basis of the distribution percentages. (This allocation is also used for the distribution of the county's other ½ cent general sales tax earmarked for road improvements).

Due to the weakening financial condition of the county, the County Commission should review the distribution of the general sales tax revenue and determine if the current distribution percentages are benefiting the appropriate funds.

WE RECOMMEND the County Commission:

- A. Obtain a better understanding of the sales tax rollback requirement and document decisions regarding tax levy reductions, tax levies set, and the intentions with regard to voluntary reductions.
- B. Review the sales tax distribution to determine if it is benefiting the appropriate funds.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *In the future, the tax levy calculations and levy reductions will be properly documented. We have rolled back our tax levy by .2191 for sales tax collections, and approved to levy property taxes of .0113 for the coming year.*
- B. *We are planning to review the sales tax distribution. Due to the fact that fewer dollars are being received from the state, it will be necessary to change the sales tax distribution.*

2. County Expenditures

Controls and procedures over county expenditures need improvement. Bids were not always solicited, controls were not adequate resulting in some questionable expenditures, documentation was not retained for some expenditures, and Form 1099 Miscellaneous was not issued as required. The county does not require mileage or usage logs for all county vehicles to support fuel charges. In addition, the county does not have a written policy on whether sheriff department employees should be provided meals at the county's expense.

- A. Bids were not always solicited in accordance with statute nor was bid documentation always retained for various purchases made by the county during the audit period. Examples of items purchased for which no evidence of bidding could be located are as follows:

<u>Item or Service</u>	<u>Amount</u>
Motor grader	\$96,200
Furniture and shelving	26,061
Food costs for prisoner meals	93,111
Prisoner uniforms and jail bedding	13,359
Moving services	4,814

The County Commission indicated that it did solicit and advertise for bids on the motor grader, but was unable to find the related documentation. Amounts paid for

prisoner meals and uniforms and jail bedding represent the total amount paid during 2002 to various vendors for these items.

Section 50.660, RSMO 2000 requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of 90 days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.

Documentation of bids should always be retained as evidence of the county's established purchasing procedures as well as compliance with statutory requirements. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice, a copy of all bids received, a summary of the basis and justification for awarding the bid, and documentation of all discussions with vendors.

- B. The County Commission reviews and approves all invoices prior to payment; however, no one independent of the check preparation and signing process compares actual checks written with the approved invoices and requisitions. Although the checks require the signature of the Presiding Commissioner, County Treasurer, and County Clerk, the computer applies the Presiding Commissioner's signature when checks are printed and neither the County Clerk nor the County Treasurer compares the checks to the approved invoices and requisitions.

During our review of expenditures we noted questionable reimbursements paid to the former County Clerk. Two reimbursements totaling \$306 were paid to the former County Clerk, of which one invoice was paid approximately 1 year after the purchase date and one invoice was apparently altered by the former County Clerk after the County Commission approved the invoice.

The County Commission or someone independent of the disbursement process should closely scrutinize all disbursements. Failure to properly review and compare approved invoices and requisitions to checks issued increases the possibility of inappropriate disbursements occurring and not being detected timely.

- C. The county did not retain adequate supporting documentation for several expenditures. Two invoices for professional services, totaling approximately \$10,600, could not be found. Invoices for three expenditures totaling \$6,845 were inadequate, showing little to no detail of services performed. This included mailing service for the County Assessor's office (\$4,500), planning and zoning consulting fees (\$1,325), and contract employee services (\$1,020).

To ensure the validity and propriety of expenditures, adequate supporting documentation should be obtained for all payments to vendors and contracts should be sufficiently detailed to allow the County Commission a basis for adequately monitoring the services received and determining whether the amount paid was reasonable.

- D. Invoices not paid in a timely manner were noted. For example, an invoice totaling \$5,460 for professional services rendered in September 2002 was not paid until January 31, 2003. As a result, this expenditure was applied to the 2003 budget. Good business practices require timely payments of invoices. Failure to make timely payments could result in unnecessary penalties and interest.
- E. Form 1099 Miscellaneous was not prepared by the county for six of nine vendors we reviewed, totaling \$32,400. In addition, the amount on one Form 1099 Miscellaneous did not agree to the county's expenditure records. The County Clerk's office did not have adequate controls to ensure all vendors requiring Form 1099 Miscellaneous were sent one. Sections 6041 and 6051 of the Internal Revenue Code require payments of at least \$600 or more in 1 year to an individual for professional services or for services performed as a trade or business by nonemployees (other than corporations) be reported to the federal government on Form 1099.
- F. The county owns numerous vehicles and, while mileage or usage logs are maintained for some vehicles, the logs do not contain adequate information and are not reconciled to fuel purchases.
 - The county spent over \$94,000 on fueling and maintaining county-owned patrol cars for the year ended December 31, 2002. Vehicle mileage logs and maintenance logs are not adequately maintained by the Sheriff's office for the patrol cars. While deputy activity reports include car number operated and odometer readings, no detailed record by vehicle is kept allowing reconciliation to fuel purchases. In addition, maintenance logs are not kept for each vehicle.
 - The county spent approximately \$61,650 on fuel for the road and bridge fuel tanks for the year ended December 31, 2002. While the road and bridge department maintains fuel logs for each of its tanks, maintenance logs and mileage and usage logs are not maintained for each vehicle. In addition, fuel usage is not reconciled to fuel purchases.
 - The county spent over \$1,400 on fueling and maintaining planning and zoning vehicles for the year ended December 31, 2002. The planning and zoning department does not maintain mileage, usage, or maintenance logs to document vehicle usage or maintenance performed.

Logs are necessary to document appropriate use of the vehicles and to support fuel charges. The logs should include the date, vehicle operator, purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by the County Commission or applicable official to ensure all mileage is recorded and the vehicles are being properly utilized. Information on the logs should be reconciled to fuel purchases and other maintenance charges.

- G. Sheriff department employees are provided meals at no cost from the jail. During July 2003, the jail served 3,972 meals of which 487 (approximately 12 percent of meals served) were for employee meals. Based upon calculations by the sheriff's department, approximately \$340 was spent on employee meals during July 2003; however, this only includes food cost and does not reflect the cost of overhead or labor for food preparation. The jail administrator indicated jail employees and Sheriff secretaries are provided meals because they cannot leave the building during the business day. The county's personnel policy does not address whether employees of the sheriff's department are to be provided meals by the county. A written personnel policy addressing this issue is necessary to provide assurance all employees are treated equitably and to prevent misunderstandings.

Conditions similar to Parts A and F were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If bids cannot be obtained and sole source procurement is necessary, or the low bid is not selected, these circumstances should be documented in the commission minutes.
- B. Ensure someone independent of the check preparation and signing process compares actual checks written with the approved invoices and requisitions.
- C. Require adequate supporting documentation prior to approving expenditures for payment.
- D. Ensure invoices are paid in a timely manner.
- E. Issue IRS Forms 1099 Miscellaneous as required by the Internal Revenue Code.
- F. Require the road and bridge, planning and zoning, and sheriff's departments to maintain usage logs on all county vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred. In addition, fuel usage should be compared to the number of miles driven to evaluate reasonableness and the fuel efficiency of the county's vehicles, and road and bridge fuel usage should be reconciled to fuel purchases.

- G. Review whether sheriff department employees should be provided meals at the county's expense and if necessary, update the county personnel policy.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The county has a purchasing agent and we are trying to obtain bids for all items according to state statutes. We will be working to assure that all bids are listed in the minutes of the weekly meetings.*
- B. *The County Auditor will work out a system of checking the approved invoices with the written checks.*
- C. *Some office holders are reluctant to use the requisition system that is currently in place. We will continue to encourage using the requisitions. We have established controls to help ensure documentation is obtained prior to approving expenditures.*
- D. *The County Clerk's office is improving and paying invoices more timely. In the past couple of weeks, the longest date is 40 days from the time the invoice was received until paid. Again, this is improving.*
- E. *The County Clerk's current accounts payable employee has a much better grasp of whom should receive a 1099.*
- F. *We have begun paperwork to establish a fuel card to enable us to track the mileage and fuel used in all county vehicles. The county road employees are already providing monthly reporting of fuel usage. This will be compared with either the gas used from bulk or the fuel card.*
- G. *We will address the Sheriff department meal expense and establish a written policy.*

3. Personnel and Payroll Procedures
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Some payroll expenditures were processed without supporting documentation and the county did not always comply with their policies related to compensatory and holiday leave. In addition, the county incurred penalties for not submitting payroll taxes timely.

- A. The County Commission processes payroll for all employees even though there is not adequate supporting documentation for salaried employees to support these payroll expenditures. Although hourly-paid employees prepare time sheets, salaried employees are not required to submit a time sheet or any other record of actual time worked. In addition, leave records are not maintained for these employees. Salaried employees include the emergency management director, emergency 911 director, an assistant prosecuting attorney and seven Sheriff employees.

Timesheets are necessary to document hours actually worked and substantiate payroll expenditures. To support payroll expenditures, the county should require all employees to prepare detailed timesheets.

- B. The County Commission has established policies for leave and compensatory time benefits; however, the county does not always comply with the various policies. In addition, the County Commission does not review and approve payroll expenditures and some employees were paid excess wages. Payroll is processed by the County Clerk's office and according to the County Clerk it is the payroll clerk's responsibility to ensure employees are paid in accordance with county policy.

1. Wages were paid for compensatory and holiday time to employees who had not reached the maximum hours allowed to be accrued. This violated county policy and resulted in the county paying excess payroll expenditures. County policy indicates that compensatory and holiday leave is to be used as time off and will be paid as excess wages only after the employee has reached the maximum accrual.

One Sheriff Department employee was paid for 4 hours of vacation, 36 hours of compensatory time, and 12 hours of holiday leave even though the maximum accrual had not been reached. Controls over payroll are inadequate and the county is unsure of total wages paid for the various leave accruals; however, for one 2 week period ending December 7, 2002 we noted \$2,618 paid for leave balances to employees who had not reached their maximum accrual.

2. Some county employees used compensatory time in excess of their balance, resulting in negative compensatory balances. For example, the January 13, 2003 payroll detail report showed one employee with a negative compensatory leave balance of 41.5 hours. The employees with negative compensatory leave had accrued annual, sick or holiday leave they were not required to take. All available leave should be used, rather than allowing employees to maintain negative leave balances. Should employees require leave in excess of their balances, it appears the employee should be placed on leave-without-pay status.

Adherence to the county's personnel policy is necessary to ensure the cost incurred by the county for overtime payments or compensatory time off does not exceed the amounts allowed by policy. In addition, as noted in MAR finding number 2.B.,

someone independent of the check preparation and signing process should compare actual checks with approved amounts and adequate controls over payroll should be established to ensure payroll transactions are appropriate.

- C. The county withholds social security, medicare, and federal income taxes from employee wages and deposits them at the local bank. The county failed to deposit federal payroll taxes timely and as a result, penalties and interest totaling \$650 were assessed and paid during 2002 and \$3,238 has been paid for 2003 as of August 1. Timely deposits of tax withholdings prevents unnecessary penalty and interest charges.

Payroll transactions should be closely monitored to ensure taxes are remitted timely and penalties investigated so that the county does not incur future penalties or erroneous penalties. The county's failure to do so has resulted in \$3,888 of unnecessary penalty and interest charges.

WE RECOMMEND the County Commission:

- A. Require all county employees to prepare detailed time sheets and maintain adequate leave balances for all employees.
- B. Establish adequate controls over payroll transactions and ensure compensatory time is handled in accordance with county policy.
- C. Ensure payroll taxes are deposited timely to avoid unnecessary penalties and interest charges. In addition, any questionable penalties should be adequately investigated.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We have established a policy that timesheets are to be turned in each pay period on all employees. The only individuals receiving a county paycheck that do not fill out a timesheet are elected officials.*
- B. *We have a new policy manual, which addresses compensatory time. We have established controls to help ensure payroll transactions are in accordance with county policy.*
- C. *The county is currently using the Electronic Funds Transfer Payment Systems (EFTPS) to expedite payroll taxes.*

Prior audit reports have addressed the inadequacy of the County Commission's official minutes. While the County Commission responded to previous audits that recommendations would be implemented, conditions have not improved.

The County Commission does not maintain adequate minutes of its meetings to demonstrate how the Commissioners are complying with the Sunshine Law. Unofficial minutes from meetings are kept by the County Commission's secretary and are used to prepare the official minutes for the record book. As of July 21, 2003, the last approved, official minutes were for April 10, 2003. For the months of April and May, the County Commissioners did not have a secretary and one of the Associate Commissioners documented motions made by the County Commission. However, these minutes are unofficial, manual notes that have not been added to the official record book. The County Commission hired a secretary at the end of May and although she has typed some minutes for June and July, they have not been approved by the County Commissioners and added to the official record book. In addition, minutes do not exist for some scheduled County Commission meetings.

Section 610.023(2), RSMo 2000, states that each public governmental body shall make available for inspection and copying by the public of that body's public records. Because the official minute book is not updated timely, the only record of the County Commission meetings available to the public is the unofficial notes. By maintaining an accurate record of County Commission proceedings the county demonstrates compliance with statutory provisions related to issues such as budget approval, the Sunshine Law, (Chapter 610, RSMo), bidding, and purchasing decisions.

Pursuant to Section 51.120 RSMo 2000, the Clerk of the County Commission is to maintain an accurate record of orders, rulings, and proceedings of the County Commission. Accurately documenting the members present provides assurance as to the accuracy and authenticity of the official County Commission minutes. Timely approval not only adds assurance to the authenticity of official minutes, but also allows a review of the contents to ensure the minutes include all important information regarding the meetings held.

A similar condition was noted in our prior report.

WE RECOMMEND the County Commission ensure a formal and complete record of County Commission meetings is made and approved on a timely basis.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will do better in completing and approving minutes on a timely basis. Currently, all minutes are up to date and we will be keeping all minutes according to statute.

5.**General Fixed Assets and Computer Controls**

- A. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. Currently, the County Auditor maintains a computerized inventory listing of fixed assets held by county officials. However, during our review of equipment purchases we noted 8 of 13 items that either were not recorded on the county's general fixed asset listing or were recorded but a value was not assigned. These items were purchased for approximately \$167,000, and included Emergency 911 equipment, chairs for the judicial facility, courtroom conference tables and chairs, and two laptop computers. We also noted that additions to the inventory listing are not reconciled to equipment expenditures to ensure all fixed assets are properly recorded.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property.

Section 55.160, RSMo 2000, requires the county auditor to keep an inventory of all county property under the control and management of the various offices and departments and to annually take an inventory of such property at an original value of \$250 or more showing the amount, locations, and estimated value thereof.

A similar condition was noted in our prior report.

- B. The County Clerk maintains backup disks of county financial and payroll information (including records of the county treasurer and county auditor) to provide a means of recreating information; however, the disks are not stored at an off-site location. As a result, they are susceptible to the same damage as the master files. Back-up disks should be maintained and stored off-site to provide increased assurance that any lost data can be recreated.

WE RECOMMEND the County Commission:

- A. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.
- B. And the County Clerk ensure backup disks are prepared and stored in a secure, off-site location.

AUDITEE'S RESPONSE

The County Commission and County Clerk Brown provided the following responses:

- A. *The County Auditor has begun working with establishing the fixed asset listing. Currently, all but two offices have turned in their fixed asset listing. The County Auditor will be going from office to office to make a physical inventory and place numbers on each item.*
- B. *The County Clerk is taking disks off site once a week.*

6. Senior Services Board

The budgets prepared by the Senior Services Board were incomplete and collateral securities were not pledged for deposits in excess of the Federal Deposit Insurance Corporation (FDIC).

- A. Budgets prepared by the Senior Services Board were incomplete and did not adequately inform the public of the financial status of the board. The 2003 budget document had mathematical errors, resulting in inaccurate totals for expenditures, and did not include a cash reconciliation page. In addition, actual expenditures included cash on hand and reserve fund monies. The 2002 budget did not include a cash reconciliation page or beginning available resources and was not filed with the State Auditor's office.

Chapter 50, RSMo 2000, requires the preparation of annual budgets to present a complete financial plan for the ensuing year. In addition, to be of maximum assistance to the Senior Services Board and to inform the public adequately, the budget documents should be complete and accurate.

- B. Collateral securities were not pledged by the Senior Services Board's depository bank for deposits in excess of the (FDIC) coverage leaving the board unsecured and subject to loss in the event of bank failure. During January 2003, the Senior Services Board's bank balance exceeded FDIC coverage by approximately \$172,600.

Section 110.020, RSMo 2000, requires the value of securities pledged to be at all times not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave board funds unsecured and subject to loss in the event of bank failure.

WE RECOMMEND the Senior Services Board:

- A. Ensure that budgets are prepared in accordance with state law.
- B. Ensure collateral securities are pledged for all deposits in excess of FDIC coverage.

AUDITEE'S RESPONSE

The Senior Services Board provided the following responses:

- A. *Future budgets will be proofed for accuracy and will be prepared in accordance with statutes. Recommendation will be implemented December 1, 2003.*
- B. *Due to a misunderstanding with the bank officer, separate collateral was not obtained. Effective July 19, 2003, adequate additional collateral has been obtained that is separate from the county's "blanket" collateral.*

Follow-Up on Prior Audit Findings

CHRISTIAN COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Christian County, Missouri, on the applicable findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures and Mileage Logs

- A. The county did not solicit or advertise for bids for some purchases or ensure all efforts to obtain bids were adequately documented.
- B. The county did not adequately maintain mileage or usage logs or maintenance logs on Road and Bridge vehicles, or county owned vehicles used by the Planning and Zoning Department, Assessor's office, and Sheriff's office. While fuel logs were maintained for Road and Bridge vehicles, fuel usage was not reconciled to fuel purchases.
- C. The County Commission authorized expenditures to local restaurants from the General Revenue Fund for the annual Christmas luncheons for county employees.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If bids cannot be obtained and sole source procurement is necessary, or the low bid is not selected, these circumstances should be documented in the commission minutes.
- B. Require the road and bridge department, planning and zoning department, assessor's office, and sheriff's office to maintain usage logs on all county vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred. In addition, fuel usage should be compared to the number of miles driven to evaluate reasonableness and the fuel efficiency of the county's vehicles, and Road and Bridge fuel usage should be reconciled to fuel purchases.
- C. Ensure all expenditures of county monies are a necessary and prudent use of public funds.

Status:

- A. Not implemented. See MAR finding number 2.
- B. Partially implemented. The Assessor's office maintains usage logs, however, the road and bridge, planning and zoning, and sheriff's departments do not have usage logs. In addition, road and bridge fuel usage logs are not reconciled to fuel purchases. See MAR finding number 2.
- C. Not implemented. See finding number 02-1.

2. County Procedures and Written Agreements

- A. Additions and abatements of personal property taxes were not approved or reviewed by the County Commission.
- B. The contracts with the special road districts and cities which required the county sales tax monies to be used for the construction and repair of roads did not provide the County Commission with a system of monitoring the political subdivisions' use of the county monies.
- C. The county shared the cost of chipping and sealing roads with county residents requesting road projects; however the county did not have a written policy defining the amounts to be charged for county road projects and how road projects were prioritized.

Recommendation:

The County Commission:

- A. Review and approve all additions and abatements, as they occur, prior to changes being made to the tax book information.
- B. Obtain written agreements with the special road districts and the cities which allow the County Commission to monitor the political subdivisions' expenditures of the county monies, and document the review of financial information regarding the use of these monies.
- C. Establish a formal written policy for providing chipping and sealing services and develop a system to ensure that the county is receiving adequate reimbursement for such services.

Status:

A, B
&C. Implemented.

3. County Commission Minutes

The County Commission did not maintain adequate minutes of its meetings. The official record book was not up to date and several official minutes appeared to be incomplete and were generally vague.

Recommendation:

The County Commission ensure a formal and complete record of County Commission meetings is made and approved on a timely basis.

Status:

Not implemented. See MAR finding number 4.

4. County Officials' Compensation and Bonding

- A. Associate County Commissioners received a mid-term salary increase in accordance with Section 50.333.13, RSMo, enacted in 1997. In May 2001 the Missouri Supreme Court challenged the validity of that statute and held that this section of statute violated Article VII, Section 13 of the Missouri Constitution.
- B. Several county employees from various offices with access to money were not covered by an employee bond.

Recommendation:

The County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Obtain adequate bond coverage for all county employees with access to monies.

Status:

- A. Not implemented. The County Commission does not plan to take any action to obtain repayment from the Associate Commissioners. Although not repeated in the current MAR, our recommendation remains as stated above.

B. Implemented.

5. General Fixed Assets

Fixed asset records were not properly maintained. Various fixed asset purchases were not recorded on the fixed asset listing.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

Not implemented. See MAR finding number 5.

6. Construction of New Judicial Center

The county did not solicit proposals for bond underwriter services for leasehold revenue bonds issued in September 2000 for the purpose of constructing a new judicial center.

Recommendation:

The County Commission ensure proposals are solicited for professional services and maintain adequate documentation of the various proposals received.

Status:

Implemented. Although the county did not utilize underwriter services during the audit period, we noted that the county requested proposals for other professional services utilized.

13. Senate Bill 40 Board

The chairperson and secretary of the Senate Bill 40 Board also served on the board of not-for-profit (NFP) organizations which received funding from the Senate Bill 40 Board. Although the Senate Bill 40 Board members indicated they abstained from voting on issues related to the NFP's they serve, these abstentions were not documented in the Board minutes.

Recommendation:

The Senate Bill 40 Board ensure members do not have administrative or financial ties with its funding recipients. If Senate Bill 40 Board members serve on the boards of funding recipients, they should either remove themselves from one of the boards or ensure that

minutes of board meetings clearly indicate that they are abstaining from voting on funding requests for these entities and have no involvement in monitoring their NFP board's activities on behalf of the Senate Bill 40 Board.

Status:

Implemented.

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**LAWRENCE COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-99
September 29, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Lawrence County, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Lawrence County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county paid a reserve officer \$173,328 in wages and expenses to transport prisoners between January 1, 2001 and June 5, 2003 and has not performed a cost/benefit analysis of costs related to the transporting of prisoners. Additionally, documentation was not always maintained to substantiate reimbursement of some transportation expenses.
- Bids were not always solicited nor was bid documentation always retained by the county for various purchases. While the county officials provided some explanations, documentation was not always maintained.
- As similarly noted in several prior audit reports, controls are in need of improvement with the property tax system. The Assessor's office is allowed access to the assessment data during periods when changes to the data are not allowed by statutes. In addition, controls over the property tax additions and abatements are not adequate, and the County Clerk does not maintain an account book with the County Collector. Further, the county does not have an adequate password system or procedures to restrict access to the computer systems.
- Improvements are needed with the county's personnel policies and bond coverage. The county does not require the Sheriff's office to submit documentation of actual time worked to support payroll expenditures. As similarly noted in prior audit reports, records of vacation or sick leave earned, taken and accumulated are not maintained for some county employees. Also, the county does not appear to have adequate bond coverage for some elected officials.

(over)

YELLOW SHEET

- As similarly noted in prior audit reports, weaknesses were identified in the Recorder's office including inadequate reconciliation of total receipts to total fees abstracted and disbursed. Approximately \$6,900 remains unidentified in the Recorder's bank account at December 31, 2002. The Recorder also maintained custody of the Recorder User Fee Fund, which should be maintained by the County Treasurer.
- As similarly noted in prior audit reports, annual settlements filed by the Public Administrator were often one to two months late and were not always complete. The Public Administrator also held client funds in a non-interest bearing account, which did not have adequate securities pledged.

Also included in the audit are recommendations related to the county's schedule of federal awards, closed meeting minutes, and general fixed asset records. The audit also suggested improvements in the procedures of the County Collector, Sheriff, Circuit Clerk, County Treasurer, Prosecuting Attorney, Health Center, the Board of the Developmentally Disabled, and the Senior Citizens Service Board.

All reports are available on our website: www.auditor.state.mo.us

LAWRENCE COUNTY, MISSOURI

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LAWRENCE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Lawrence County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Lawrence County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Lawrence County, Missouri, and comparisons of such information with the corresponding budgeted

information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 7, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Lawrence County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.



Claire McCaskill
State Auditor

August 7, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela Crawford, CPA
In-Charge Auditor:	April McHaffie Lathrom, CPA
	Amy Baker
Audit Staff:	Jay Ross
	Troy Royer
	Monte Davault
	Roberta Bledsoe



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Lawrence County, Missouri

We have audited the financial statements of various funds of Lawrence County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Lawrence County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Lawrence County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Lawrence County, Missouri, federal awarding agencies and pass through entities, and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 7, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

LAWRENCE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 743,846	3,052,345	3,148,874	647,317
Special Road and Bridge	260,873	2,240,674	2,234,050	267,497
Assessment	317,006	250,026	215,893	351,139
Law Enforcement Training	207	6,657	5,462	1,402
Prosecuting Attorney Training	1,725	1,293	631	2,387
Common #1 Road District	42,134	371,322	352,166	61,290
Common #2 Road District	69,181	243,498	264,697	47,982
Prosecuting Attorney Bad Check	27,926	27,505	16,050	39,381
Domestic Violence	0	1,180	1,180	0
Drug and Dare	3,761	555	2,516	1,800
Emergency 911	243,735	218,509	259,557	202,687
Sheriff Special	9,154	16,094	16,841	8,407
Election Services	1,334	1,539	654	2,219
Developmentally Disabled	172,794	249,088	208,224	213,658
Senior Citizens Service	60,090	147,511	139,403	68,198
Law Library	4,772	5,148	8,724	1,196
Circuit Clerk Interest	6,157	1,553	142	7,568
Recorder User Fee	74,960	38,227	18,043	95,144
Family Access	50	0	50	0
Collector's Tax Maintenance	0	2,692	0	2,692
Associate Circuit Division Interest	8,365	1,013	0	9,378
Sheriff's Justice	1,694	15,354	1,042	16,006
Prosecuting Attorney's Forfeiture	3,712	0	0	3,712
Sheriff's Vest	0	2,956	0	2,956
Total	\$ 2,053,476	6,894,739	6,894,199	2,054,016

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

LAWRENCE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 638,346	2,923,573	2,818,073	743,846
Special Road and Bridge	223,338	2,563,743	2,526,208	260,873
Assessment	256,334	231,031	170,359	317,006
Law Enforcement Training	4,714	3,773	8,280	207
Prosecuting Attorney Training	2,443	1,354	2,072	1,725
Common #1 Road District	21,671	405,196	384,733	42,134
Common #2 Road District	44,615	231,502	206,936	69,181
Prosecuting Attorney Bad Check	21,863	24,947	18,884	27,926
Domestic Violence	0	1,350	1,350	0
Drug and Dare	9,951	518	6,708	3,761
Emergency 911	182,062	246,640	184,967	243,735
Sheriff Special	7,038	22,570	20,454	9,154
Election Services	32	3,825	2,523	1,334
Developmentally Disabled	140,943	249,367	217,516	172,794
Senior Citizens Service	68,926	145,804	154,640	60,090
Law Library	7,624	4,470	7,322	4,772
Circuit Clerk Interest	5,286	1,075	204	6,157
Recorder User Fee	73,597	22,441	21,078	74,960
Family Access	50	0	0	50
Associate Circuit Division Interest	7,660	782	77	8,365
Sheriff's Justice	0	1,694	0	1,694
Prosecuting Attorney's Forfeiture	2,959	753	0	3,712
Total	\$ 1,719,452	7,086,408	6,752,384	2,053,476

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

LAWRENCE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 6,916,305	6,872,724	(43,581)	6,732,063	7,060,738	328,675
DISBURSEMENTS	7,805,743	6,893,107	912,636	7,541,673	6,731,229	810,444
RECEIPTS OVER (UNDER) DISBURSEMENTS	(889,438)	(20,383)	869,055	(809,610)	329,509	1,139,119
CASH, JANUARY 1	2,034,990	2,039,655	4,665	1,656,397	1,635,186	(21,211)
CASH, DECEMBER 31	1,145,552	2,019,272	873,720	846,787	1,964,695	1,117,908
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	281,600	279,460	(2,140)	258,000	274,298	16,298
Sales taxes	1,128,000	1,130,185	2,185	1,100,000	1,108,035	8,035
Intergovernmental	852,054	799,998	(52,056)	713,350	829,354	116,004
Charges for services	626,041	709,721	83,680	562,500	590,883	28,383
Interest	65,000	48,334	(16,666)	60,000	73,654	13,654
Other	47,079	62,162	15,083	25,105	43,511	18,406
Transfers in	43,000	22,485	(20,515)	41,500	3,838	(37,662)
Total Receipts	3,042,774	3,052,345	9,571	2,760,455	2,923,573	163,118
DISBURSEMENTS						
County Commission	188,140	158,762	29,378	185,640	168,273	17,367
County Clerk	77,477	79,775	(2,298)	79,243	76,972	2,271
Elections	91,849	86,569	5,280	52,430	41,712	10,718
Buildings and grounds	120,435	170,527	(50,092)	139,986	106,144	33,842
Employee fringe benefits	257,300	263,930	(6,630)	253,300	243,232	10,068
County Treasurer	33,770	33,842	(72)	34,220	33,697	523
County Collector	80,436	78,821	1,615	78,750	76,071	2,679
Recorder of Deeds	89,434	80,764	8,670	88,917	81,436	7,481
Circuit Clerk	13,600	16,635	(3,035)	13,600	13,137	463
Associate Circuit Court	44,179	33,341	10,838	35,372	30,127	5,245
Court administration	27,127	21,138	5,989	19,861	21,225	(1,364)
Public Administrator	59,202	58,723	479	56,436	55,373	1,063
Sheriff	759,698	803,002	(43,304)	689,257	767,661	(78,404)
Jail	276,798	321,837	(45,039)	226,264	231,756	(5,492)
Prosecuting Attorney	231,571	219,194	12,377	220,093	211,365	8,728
Juvenile Officer	59,705	58,134	1,571	61,823	60,875	948
Child support enforcement	114,577	112,415	2,162	109,830	109,014	816
County Coroner	30,500	24,966	5,534	24,694	28,185	(3,491)
Health Center	442,295	396,200	46,095	363,014	352,052	10,962
Insurance and bonds	50,000	57,229	(7,229)	50,000	49,714	286
University extension	35,000	35,000	0	34,176	34,176	0
Emergency management	13,420	11,985	1,435	11,568	8,610	2,958
TIF distribution	10,000	13,729	(3,729)	8,000	8,381	(381)
Other	11,700	6,780	4,920	11,200	7,191	4,009
Emergency Fund	91,000	5,576	85,424	83,000	1,694	81,306
Total Disbursements	3,209,213	3,148,874	60,339	2,930,674	2,818,073	112,601
RECEIPTS OVER (UNDER) DISBURSEMENTS	(166,439)	(96,529)	69,910	(170,219)	105,500	275,719
CASH, JANUARY 1	743,846	743,846	0	638,346	638,346	0
CASH, DECEMBER 31	577,407	647,317	69,910	468,127	743,846	275,719

Exhibit B

LAWRENCE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	47,000	45,079	(1,921)	43,000	44,166	1,166
Sales taxes	1,120,000	1,130,148	10,148	1,132,000	1,109,474	(22,526)
Intergovernmental	1,135,200	999,403	(135,797)	1,376,200	1,367,949	(8,251)
Interest	4,000	3,377	(623)	3,000	5,034	2,034
Other	0	667	667	50	120	70
Loan repayment proceeds	50,000	62,000	12,000	20,000	37,000	17,000
Total Receipts	2,356,200	2,240,674	(115,526)	2,574,250	2,563,743	(10,507)
DISBURSEMENTS						
Distributions to special road districts	1,675,828	1,612,194	63,634	1,642,600	1,589,598	53,002
Road sign project	10,000	14,227	(4,227)	10,000	8,940	1,060
Construction, repair, and maintenance	135,000	0	135,000	360,000	340,415	19,585
TIF distribution	10,000	13,729	(3,729)	10,000	8,381	1,619
Other	17,050	13,414	3,636	12,000	1,472	10,528
Loans to road districts	50,000	42,000	8,000	20,000	67,000	(47,000)
Transfers out	573,172	537,806	35,366	546,400	510,402	35,998
Emergency Fund	146,023	680	145,343	196,588	0	196,588
Total Disbursements	2,617,073	2,234,050	383,023	2,797,588	2,526,208	271,380
RECEIPTS OVER (UNDER) DISBURSEMENTS	(260,873)	6,624	267,497	(223,338)	37,535	260,873
CASH, JANUARY 1	260,873	260,873	0	223,338	223,338	0
CASH, DECEMBER 31	0	267,497	267,497	0	260,873	260,873
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	228,950	231,298	2,348	210,060	206,396	(3,664)
Charges for services	5,000	12,080	7,080	500	11,488	10,988
Interest	10,000	6,648	(3,352)	10,000	12,901	2,901
Other	0	0	0	0	246	246
Total Receipts	243,950	250,026	6,076	220,560	231,031	10,471
DISBURSEMENTS						
Assessor	239,950	213,408	26,542	208,060	166,521	41,539
Transfers out	4,000	2,485	1,515	2,500	3,838	(1,338)
Total Disbursements	243,950	215,893	28,057	210,560	170,359	40,201
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	34,133	34,133	10,000	60,672	50,672
CASH, JANUARY 1	317,006	317,006	0	256,334	256,334	0
CASH, DECEMBER 31	317,006	351,139	34,133	266,334	317,006	50,672
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	2,476	2,476	0	0	0
Charges for services	4,000	4,181	181	7,000	3,678	(3,322)
Other	0	0	0	0	95	95
Total Receipts	4,000	6,657	2,657	7,000	3,773	(3,227)
DISBURSEMENTS						
Sheriff	4,207	5,462	(1,255)	11,714	8,280	3,434
Total Disbursements	4,207	5,462	(1,255)	11,714	8,280	3,434
RECEIPTS OVER (UNDER) DISBURSEMENTS	(207)	1,195	1,402	(4,714)	(4,507)	207
CASH, JANUARY 1	207	207	0	4,714	4,714	0
CASH, DECEMBER 31	0	1,402	1,402	0	207	207

Exhibit B

LAWRENCE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,300	1,293	(7)	1,600	1,354	(246)
Total Receipts	1,300	1,293	(7)	1,600	1,354	(246)
DISBURSEMENTS						
Prosecuting Attorney	3,025	631	2,394	4,043	2,072	1,971
Total Disbursements	3,025	631	2,394	4,043	2,072	1,971
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,725)	662	2,387	(2,443)	(718)	1,725
CASH, JANUARY 1	1,725	1,725	0	2,443	2,443	0
CASH, DECEMBER 31	0	2,387	2,387	0	1,725	1,725
<u>COMMON #1 ROAD DISTRICT FUND</u>						
RECEIPTS						
Property taxes	42,000	42,458	458	39,000	40,933	1,933
Intergovernmental	0	25,339	25,339	0	0	0
Interest	0	0	0	100	0	(100)
Other	0	2,104	2,104	0	315	315
Loan proceeds	0	0	0	0	67,000	67,000
Transfers in	312,328	301,421	(10,907)	297,000	296,948	(52)
Total Receipts	354,328	371,322	16,994	336,100	405,196	69,096
DISBURSEMENTS						
Salaries and fringe benefits	119,789	107,547	12,242	110,000	113,172	(3,172)
Maintenance	160,000	167,520	(7,520)	262,000	215,636	46,364
Equipment	30,000	22,024	7,976	26,000	32,893	(6,893)
Mileage and training	400	66	334	600	197	403
Other	6,500	5,009	1,491	5,800	5,835	(35)
Loan repayment	50,000	50,000	0	0	17,000	(17,000)
Total Disbursements	366,689	352,166	14,523	404,400	384,733	19,667
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,361)	19,156	31,517	(68,300)	20,463	88,763
CASH, JANUARY 1	42,134	42,134	0	21,671	21,671	0
CASH, DECEMBER 31	29,773	61,290	31,517	(46,629)	42,134	88,763
<u>COMMON #2 ROAD DISTRICT FUND</u>						
RECEIPTS						
Property taxes	20,000	17,901	(2,099)	16,500	18,040	1,540
Intergovernmental	0	9,212	9,212	0	0	0
Other	0	0	0	0	8	8
Transfers in	221,844	216,385	(5,459)	210,400	213,454	3,054
Total Receipts	241,844	243,498	1,654	226,900	231,502	4,602
DISBURSEMENTS						
Salaries and fringe benefits	50,587	46,059	4,528	53,918	55,419	(1,501)
Maintenance	218,000	189,572	28,428	181,000	138,445	42,555
Equipment	16,500	20,139	(3,639)	8,500	7,793	707
Mileage and training	600	795	(195)	300	477	(177)
Building and grounds	0	0	0	6,000	0	6,000
Other	7,000	8,132	(1,132)	4,500	4,802	(302)
Total Disbursements	292,687	264,697	27,990	254,218	206,936	47,282
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50,843)	(21,199)	29,644	(27,318)	24,566	51,884
CASH, JANUARY 1	69,181	69,181	0	44,615	44,615	0
CASH, DECEMBER 31	18,338	47,982	29,644	17,297	69,181	51,884

Exhibit B

LAWRENCE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	26,000	27,334	1,334	23,000	24,892	1,892
Other	0	171	171	0	55	55
Total Receipts	26,000	27,505	1,505	23,000	24,947	1,947
DISBURSEMENTS						
Prosecuting Attorney	51,926	16,050	35,876	44,863	18,884	25,979
Total Disbursements	51,926	16,050	35,876	44,863	18,884	25,979
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,926)	11,455	37,381	(21,863)	6,063	27,926
CASH, JANUARY 1	27,926	27,926	0	21,863	21,863	0
CASH, DECEMBER 31	2,000	39,381	37,381	0	27,926	27,926
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	1,500	1,180	(320)	1,200	1,350	150
Total Receipts	1,500	1,180	(320)	1,200	1,350	150
DISBURSEMENTS						
Domestic violence shelters	1,500	1,180	320	1,200	1,350	(150)
Total Disbursements	1,500	1,180	320	1,200	1,350	(150)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>DRUG AND DARE FUND</u>						
RECEIPTS						
Other	500	555	55	2,000	518	(1,482)
Total Receipts	500	555	55	2,000	518	(1,482)
DISBURSEMENTS						
Sheriff	4,261	2,516	1,745	11,951	6,708	5,243
Total Disbursements	4,261	2,516	1,745	11,951	6,708	5,243
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,761)	(1,961)	1,800	(9,951)	(6,190)	3,761
CASH, JANUARY 1	3,761	3,761	0	9,951	9,951	0
CASH, DECEMBER 31	0	1,800	1,800	0	3,761	3,761
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Charges for services	227,000	218,509	(8,491)	209,584	246,640	37,056
Total Receipts	227,000	218,509	(8,491)	209,584	246,640	37,056
DISBURSEMENTS						
Salaries and fringe benefits	166,029	150,068	15,961	98,538	95,398	3,140
Supplies	5,500	5,485	15	6,000	5,160	840
Mileage and training	2,000	1,548	452	1,500	820	680
Telephone networking	70,000	65,753	4,247	60,000	66,539	(6,539)
Equipment	175,000	36,703	138,297	225,608	17,050	208,558
Total Disbursements	418,529	259,557	158,972	391,646	184,967	206,679
RECEIPTS OVER (UNDER) DISBURSEMENTS	(191,529)	(41,048)	150,481	(182,062)	61,673	243,735
CASH, JANUARY 1	243,735	243,735	0	182,062	182,062	0
CASH, DECEMBER 31	52,206	202,687	150,481	0	243,735	243,735

Exhibit B

LAWRENCE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND!

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF SPECIAL FUND</u>						
RECEIPTS						
Intergovernmental	0	1,052	1,052	0	2,625	2,625
Charges for services	20,000	15,042	(4,958)	17,000	19,945	2,945
Total Receipts	20,000	16,094	(3,906)	17,000	22,570	5,570
DISBURSEMENTS						
Sheriff	29,154	16,841	12,313	24,038	20,454	3,584
Total Disbursements	29,154	16,841	12,313	24,038	20,454	3,584
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,154)	(747)	8,407	(7,038)	2,116	9,154
CASH, JANUARY 1	9,154	9,154	0	7,038	7,038	0
CASH, DECEMBER 31	0	8,407	8,407	0	9,154	9,154
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	3,800	1,539	(2,261)	2,000	3,825	1,825
Total Receipts	3,800	1,539	(2,261)	2,000	3,825	1,825
DISBURSEMENTS						
Election expense	5,134	654	4,480	2,032	2,523	(491)
Total Disbursements	5,134	654	4,480	2,032	2,523	(491)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,334)	885	2,219	(32)	1,302	1,334
CASH, JANUARY 1	1,334	1,334	0	32	32	0
CASH, DECEMBER 31	0	2,219	2,219	0	1,334	1,334
<u>DEVELOPMENTALLY DISABLED FUND</u>						
RECEIPTS						
Property taxes	224,000	237,486	13,486	196,000	232,373	36,373
Intergovernmental	0	1,219	1,219	800	2,098	1,298
Interest	6,000	5,772	(228)	8,345	7,989	(356)
Loan proceeds	0	0	0	6,855	6,855	0
Other	0	4,611	4,611	0	52	52
Total Receipts	230,000	249,088	19,088	212,000	249,367	37,367
DISBURSEMENTS						
Contractual services	220,000	158,102	61,898	243,000	186,048	56,952
Equipment	0	0	0	10,000	3,032	6,968
Administration	51,000	48,484	2,516	10,000	26,820	(16,820)
Insurance	1,700	1,638	62	3,000	1,616	1,384
Emergency Fund	73,300	0	73,300	0	0	0
Total Disbursements	346,000	208,224	137,776	266,000	217,516	48,484
RECEIPTS OVER (UNDER) DISBURSEMENTS	(116,000)	40,864	156,864	(54,000)	31,851	85,851
CASH, JANUARY 1	173,355	172,794	(561)	166,305	140,943	(25,362)
CASH, DECEMBER 31	57,355	213,658	156,303	112,305	172,794	60,489

Exhibit B

LAWRENCE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENIOR CITIZENS SERVICE FUND</u>						
RECEIPTS						
Property taxes	130,000	145,188	15,188	127,746	141,905	14,159
Intergovernmental	0	762	762	0	766	766
Interest	1,745	1,561	(184)	3,000	3,133	133
Total Receipts	131,745	147,511	15,766	130,746	145,804	15,058
DISBURSEMENTS						
Contractual services	161,600	135,237	26,363	156,234	153,414	2,820
Office expenditures	3,145	4,166	(1,021)	1,000	1,226	(226)
Emergency Fund	22,000	0	22,000	23,512	0	23,512
Total Disbursements	186,745	139,403	47,342	180,746	154,640	26,106
RECEIPTS OVER (UNDER) DISBURSEMENTS	(55,000)	8,108	63,108	(50,000)	(8,836)	41,164
CASH, JANUARY 1	60,090	60,090	0	68,926	68,926	0
CASH, DECEMBER 31	5,090	68,198	63,108	18,926	60,090	41,164
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	4,800	5,148	348	5,600	4,470	(1,130)
Total Receipts	4,800	5,148	348	5,600	4,470	(1,130)
DISBURSEMENTS						
Law Library	6,300	8,724	(2,424)	5,000	7,322	(2,322)
Total Disbursements	6,300	8,724	(2,424)	5,000	7,322	(2,322)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	(3,576)	(2,076)	600	(2,852)	(3,452)
CASH, JANUARY 1	4,772	4,772	0	7,624	7,624	0
CASH, DECEMBER 31	3,272	1,196	(2,076)	8,224	4,772	(3,452)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	2,084	1,553	(531)	2,068	1,075	(993)
Total Receipts	2,084	1,553	(531)	2,068	1,075	(993)
DISBURSEMENTS						
Circuit Clerk	100	142	(42)	1,000	204	796
Total Disbursements	100	142	(42)	1,000	204	796
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,984	1,411	(573)	1,068	871	(197)
CASH, JANUARY 1	931	6,157	5,226	1,135	5,286	4,151
CASH, DECEMBER 31	2,915	7,568	4,653	2,203	6,157	3,954

Exhibit B

LAWRENCE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for services	24,000	36,742	12,742			
Interest	480	1,485	1,005			
Total Receipts	24,480	38,227	13,747			
DISBURSEMENTS						
Recorder of Deeds	19,250	18,043	1,207			
Total Disbursements	19,250	18,043	1,207			
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,230	20,184	14,954			
CASH, JANUARY 1	74,960	74,960	0			
CASH, DECEMBER 31	80,190	95,144	14,954			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

LAWRENCE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Lawrence County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Developmentally Disabled Board, or the Senior Citizens Service Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder User Fee Fund	2001
Family Access Fund	2002 and 2001
Collector's Tax Maintenance Fund	2002
Associate Circuit Division Interest Fund	2002 and 2001
Sheriff's Justice Fund	2002 and 2001
Prosecuting Attorney's Forfeiture Fund	2002 and 2001
Sheriff's Vest Fund	2002

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2002
Domestic Violence Fund	2001
Election Services Fund	2001
Law Library Fund	2002 and 2001
Circuit Clerk Interest Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the Common # 1 Road District Fund for the year ended December 31, 2001. However, the budget of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balance presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2002 and 2001
Family Access Fund	2002 and 2001
Associate Circuit Division Fund	2002 and 2001
Sheriff's Justice Fund	2002 and 2001
Prosecuting Attorney's Forfeiture Fund	2002 and 2001
Sheriff's Vest Fund	2002

In addition, for the Developmentally Disabled Fund and the Senior Citizens Service Fund, the county's published financial statements for the years ended December 31, 2002 and 2001, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

The Developmentally Disabled Board's and the Senior Citizens Service Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance. However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustment

The Prosecuting Attorney's Forfeiture Fund's cash balance of \$2,959 at January 1, 2001, was not previously reported but has been added.

Supplementary Schedule

Schedule

LAWRENCE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS0451-155W	\$ 0	81,963
		ERS045-2155	86,524	28,313
		ERS045-3155W	29,620	0
	Program Total		116,144	110,276
10.559	Summer Food Service Program for Childrer	ERS146-0514I	0	180
		ERS146-2155I	180	0
	Program Total		180	180
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	2001-LB-BX-4076	1,042	0
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	54	1,024
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission				
20.005	Boater Safety Financial Assistanc	N/A	1,052	0
20.205	Highway Planning and Construction	BRO-055(10)	1,334	0
		BRO-055(15)	0	45,625
		BRO-055(16)	0	294,790
	Program Total		1,334	340,415
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.534	Emergency Management - State and Local Assistanc	N/A	5,408	4,126
83.544	Public Assistance Grant:	FEMA-1412-DR-MO	21,931	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Level in Children	ERS146-1155L	0	718

Schedule

LAWRENCE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2002	2001
93.268	Immunization Grants	N/A	58,440	44,946
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	80,865	78,684
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-1155C	0	1,978
		PGA067-1155S	0	2,215
		PGA067-2155C	1,775	475
		PGA067-2155S	1,785	910
		PGA067-3223C	1,035	0
		PGA067-3155S	970	0
	Program Total		<u>5,565</u>	<u>5,578</u>
	Department of Social Services -			
93.667	Social Services Block Gran	N/A	60	0
	Department of Health and Senior Services -			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cance Early Detection Programs	ERS161-10003	0	5,770
		ERS161-20026	8,692	4,642
		ERS161-30031	5,932	0
	Program Total		<u>14,624</u>	<u>10,412</u>
93.940	HIV Prevention Activities - Health Department Based	N/A	0	20
93.994	Maternal and Child Health Service: Block Grant to the States	ERS175-1155	0	5,100
		ERS175-1304	0	33,900
		ERS175-2039	42,300	11,700
		ERS175-3036	12,900	0
		ERS146-1155M	0	20,902
		ERS146-2155M	19,807	6,603
		ERS146-3155M	6,648	0
		C100015039	0	130
		DH020027038	162	162
		N/A	560	4,354
	Program Total		<u>82,377</u>	<u>82,851</u>
	Total Expenditures of Federal Awards		<u>\$ 389,076</u>	<u>679,230</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

LAWRENCE COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Lawrence County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Immunization Grants (CFDA number 93.268) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services. Amounts for the Maternal and Child

Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Lawrence County, Missouri

Compliance

We have audited the compliance of Lawrence County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Lawrence County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an

instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

Internal Control Over Compliance

The management of Lawrence County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Lawrence County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

August 7, 2003 (fieldwork completion date)

Schedule

LAWRENCE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major program(s): Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1. Schedule of Expenditures of Federal Awards
--

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS0451-155W, ERS045-2155, ERS045-3155W,
Award Years:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-055(10), BRO-055(15), BRO-055(16)
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the year ended December 31, 2002, the county's SEFA did not include expenditures related to several of its federal grants which resulted in total expenditures being understated by approximately \$84,000. The SEFA prepared for the year ending December 31, 2001 included several errors which resulted in expenditures being overstated by a total of approximately \$21,000. While the total for 2001 may not appear as significant as the total in 2002, some programs were significantly overstated while others were significantly understated. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk will work with the other county officials to ensure the SEFA is accurate next year.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

LAWRENCE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

LAWRENCE COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

00-1. Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-055(13), BRO-055(14), BRO-055(15), BRO-055(16)
Award Years:	2000 and 1999
Questioned Costs:	Not applicable

The county had not established cash management procedures to ensure minimum time lapses between receipt of federal project monies and the disbursement to contractors.

Recommendation:

The County Commission establish procedures to minimize the time elapsed between receipt of federal monies and disbursement of such funds.

Status:

Implemented.

00-2. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ER0045-9155, ER0045-0155, ER00451-155W
Award Years:	2000 and 1999
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-055(13), BRO-055(14), BRO-055(15), BRO-055(16)
Award Years:	2000 and 1999
Questioned Costs:	Not applicable

The county did not have adequate procedures to track federal awards for the preparation of the schedule of expenditures of federal awards (SEFA).

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 02-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

LAWRENCE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Lawrence County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003. We also have audited the compliance of Lawrence County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Lawrence County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**County Expenditures**

Neither the Sheriff nor the County Commission has performed a formal cost/benefit analysis to determine the reasonableness of costs incurred related to the transporting of prisoners. In addition, adequate supporting documentation was not always maintained for the reimbursement of mileage and expenses. The county also did not always solicit bids nor was bid documentation always retained for various purchases. Further, during the year ending December 31, 2002, the county incurred expenditures totaling \$832 for an employee appreciation dinner.

- A. The county paid a reserve officer wages and reimbursed mileage and expenses to transport prisoners as follows:

<u>Type of payment</u>	Through June 5,	Years Ending December 31,	
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Wages	\$10,410	\$20,889	\$15,420
Mileage	17,090	36,844	26,559
Expenses	<u>8,822</u>	<u>27,396</u>	<u>9,898</u>
TOTAL	<u>\$36,322</u>	<u>\$85,129</u>	<u>\$51,877</u>

Wages were paid at a rate of \$9 per hour in 2003 and 2002 and \$8 per hour in 2001. The mileage was reimbursed at a rate of 31 and 36 ½ cents per mile inside and outside of Lawrence County, respectively. The reserve officer received mileage reimbursements for 47,507 miles as of June 5, 2003, 103,183 miles in 2002, and 85,673 miles in 2001. Expense reimbursements typically included the cost of airline tickets, meals, and lodging for this officer and the prisoners transported. The Sheriff indicated he utilized this reserve officer in lieu of a transport service or other on-duty officers due to the officer's reliability and the amount of travel. During our review of expenditures related to the transporting of prisoners, we noted the following concerns:

1. Neither the Sheriff nor the County Commission has performed a formal cost/benefit analysis to determine the reasonableness of costs incurred related to the transporting of prisoners. Given the excessive amounts of mileage reimbursements and wages paid to this officer, the County Commission and Sheriff should review the costs of purchasing and maintaining a vehicle for transporting prisoners and utilizing a full-time officer or a private transport company. A formal cost/benefit analysis of the costs related to transporting prisoners would better support the county's decision-making process.
2. Adequate supporting documentation was not always maintained for the reimbursement of mileage and expenses.

The reserve officer is required to submit a monthly expense report for the Sheriff's review that summarizes the date, type of transport, name of the prisoner, destination, number of miles traveled, and any expenses incurred for the transports made. The reserve officer also prepares a more detailed report of each transport listed on the monthly expense report that includes copies of receipts for the related expenses incurred; however, the monthly expense report and the detailed transport report did not always agree nor was supporting documentation of expenses incurred always maintained.

For example, the county reimbursed the reserve officer \$4,353 for expenses incurred during the month of September 2002. Supporting documentation was not maintained for \$283 of these expenses.

All expenditures should be supported by paid receipts, and the monthly expense report should be adequately reviewed for accuracy and propriety. Such documentation is necessary to ensure expenditures are a valid and necessary use of county funds.

- B. The county did not always solicit bids nor was bid documentation always retained for various purchases. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Item or Services</u>	<u>Cost</u>
Jail food and supplies	\$47,400
Electrical and wiring services	9,891
Gravel spreading	9,577
Plat books and wall maps	8,563
Printing of assessment forms	8,341
Equipment repairs	7,338
Assessor's computer equipment	7,056
Vaccines	6,749
Used truck with snowplow	4,650

The County Commission and County Clerk indicated that bids were solicited for some of these purchases through telephone calls or some items were only available from one vendor in the area; however, documentation of these calls and sole source procurement situations were not maintained.

Section 50.660, RSMo 2000, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

- C. During the year ending December 31, 2002, the county incurred expenditures totaling \$832 for an employee appreciation dinner. This expenditure does not appear to be necessary for county operations or a prudent use of public funds. Further, the county's residents have placed a fiduciary trust in their public officials to spend tax revenues in a necessary and prudent manner.

A condition similar to Part B. was noted in our prior report.

WE RECOMMEND the County Commission:

- A. And the Sheriff perform a cost/benefit analysis of costs related to the transporting of prisoners. In addition, ensure adequate documentation is received and maintained to support all expenditures and monthly expense accounts are adequately reviewed for accuracy and propriety.
- B. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- C. Ensure all expenditures of county monies are necessary and prudent uses of public funds.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will work with the Sheriff to perform a cost/benefit analysis and look at a better way for travel. The Commission will request the Sheriff to ensure all supporting documentation is retained for expenses.*
- B. *We have bid jail food and supplies in 2003 and will in the future better document the reasons for accepting bids and sole source providers.*
- C. *We will review the benefit of the dinner as it relates to employee morale.*

The Sheriff provided the following response:

- A. *Adequate documentation and receipts will be maintained.*

The county's assessment lists and tax books are maintained on a computerized property tax system. The County Assessor is responsible for entering the assessed valuation data. The County Clerk enters the tax rates and extends and prints the tax books. In addition to the property tax computer system, the County Clerk maintains a computer system for preparing checks and maintaining receipt and disbursement information. In our review of controls relating to the two computer systems, we noted the following concerns:

- A. The County Assessor is responsible for entering the assessed valuation data from the assessment sheets. This data is to be completed by May 31 of each year. In addition, the County Assessor has access to the assessment data in the property tax system during the meetings of the county Board of Equalization so he can change assessed valuations when approved by the board. After the meetings of the Board of Equalization are completed, the County Assessor has no statutory authority to make changes to the assessment data. However, the County Assessor and his staff are allowed access to the assessment data at all times. As a result, there is an increased risk that unauthorized changes can be made to the assessment data. In addition, Section 137.260, RSMo 2000, requires that the tax book only be changed by the County Clerk under order of the County Commission.
- B. Controls over property tax additions and abatements are not adequate. The County Collector makes manual changes to the property tax records for additions and abatements occurring throughout the year, while the County Assessor makes these changes to the computer property tax data files. The County Collector provides monthly totals of abatements and additions to the County Commission for their approval. However, the manual changes to the tax books are not compared to the actual changes in the tax data files or to amounts reflected on the County Collector's annual settlement by someone independent of tax collection duties.

Since the County Collector is responsible for collecting the taxes, this procedure for making changes, without independent and subsequent review of actual changes made, weakens controls over the collection of taxes.

Section 137.260, RSMo 2000, requires the tax books only be changed by the County Clerk under order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system and charge these amounts to the County Collector.

- C. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures would be verified by the County Clerk from aggregate abstracts, court orders, monthly statements of collections and the tax books. These

verifications are the County Clerk's means of ensuring the amount of taxes charged to the County Collector is complete and accurate.

Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book can be used by the County Commission to verify the County Collector's annual settlements.

- D. The county does not have an adequate password system or procedures to restrict access to the computer systems. Passwords are not kept confidential and are not changed on a regular basis. In addition, user identification codes (IDs) are not used.

User IDs should identify the employee signing on to the computer system and should restrict each employee's access to only his or her assigned responsibilities. Confidential passwords should be used to authenticate these claimed identities by helping to ensure the person using the ID has the authority to use it. Since user IDs are not needed to gain access to the system, the county does not have an effective method to verify the identity of those using the system. In addition, the sharing of passwords can significantly reduce the effectiveness of the security because confidentiality is lost. As a result, there is an increased risk of unauthorized changes to the computer files.

While the County Commission responded in the 1998 audit, as well as other previous audits, that these recommendations would be implemented, conditions have not improved.

WE AGAIN RECOMMEND the County Commission work with the applicable county officials to:

- A. Restrict access to the assessment data during periods when changes to the data are not statutorily allowed.
- B. Establish controls over the property tax addition and abatements process that would allow the County Clerk to periodically reconcile all additions and abatements to changes made to the property tax records and charge these amounts to the County Collector.
- C. Ensure the County Clerk maintains an account book with the County Collector.
- D. Implement a password system which requires each user be assigned a unique user ID and password, and require passwords to be changed periodically.

AUDITEE'S RESPONSE

The County Commission indicated they will work with the computer programmer and various county officials to implement these recommendations.

3. Personnel Policies and Elected Official's Bonds

Timesheets or other records of actual time worked by employees of the Sheriff's office are not filed with the County Clerk's office. In addition, records of vacation or sick leave earned, taken and accumulated are not maintained for some county employees. The county also does not appear to have adequate bond coverage for several elected officials.

- A. The Sheriff's office submits employee's planned monthly work schedules; however, time sheets or other records of actual time worked are not filed with the County Clerk's office. As a result, the County Commission has no documentation of work performed to support some payroll expenditures. The time records should be filed in a central location with the county's payroll records.
- B. Records of vacation or sick leave earned, taken and accumulated are not maintained for some county employees. Currently, each individual officeholder or department is responsible for maintaining leave records. However, the Health Center, Public Administrator, and Sheriff are the only county offices which maintain leave records.

Without centralized leave records, the County Commission cannot ensure that employees' annual and sick leave balances are accurate and that all employees are treated equitably. Centralized leave records will also aid in determining final pay for employees leaving county employment.

- C. The county does not appear to have adequate bond coverage for several elected officials. The county secured a \$10,000 blanket bond for all county employees and believed it covered some of the elected officials; however, wording of the bond is not clear on officials who are required by law to furnish an individual bond to qualify for office. The elected officials who may not be in compliance with statutory bonding provisions are as follows:

<u>Elected Official</u>	<u>Statutory Minimum</u>
County Clerk	\$ 5,000
Sheriff	5,000
Coroner	1,000
Recorder of Deeds	1,000
Surveyor	1,000

Sections 51.070, 57.020, 58.050, 59.100, 60.030, RSMo 2000, requires these county officials to obtain minimum amounts of bond coverage as shown above. In addition, as a means of safeguarding assets and reducing the county's risk in the event of any misappropriation of funds, these officials should be adequately bonded.

Conditions similar to Parts A. and B. were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Require Sheriff's employees to file time sheets with the County Clerk's office to be filed in a central location with the county's payroll records.
- B. Maintain centralized leave records for all county employees.
- C. Ensure all elected officials are bonded as required by statute.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will request in writing for the Sheriff's office to submit time sheets.*
- B. *We will make an effort to centralize these leave records and revise the time sheets.*
- C. *We will get bonds for those officials covered by statutes.*

The Sheriff provided the following response:

- A. *Work schedules and time records are available at the Sheriff's office and available for review by the County Clerk.*

4. Closed Meeting Minutes

Minutes were not always prepared to document the matters discussed in closed meetings. In addition, open meeting minutes did not always document the reasons for closing the meeting, or the final disposition of matters discussed in closed meetings. The County Commission held three closed sessions between January and March 2003, and while the regular meeting minutes did appear to disclose the reason for entering into closed session, minutes were not maintained for the closed portion of the meetings. Further, we noted the County Commission held a closed session meeting in July 2003 to discuss a personnel issue; however, the regular session minutes did not disclose the reason for entering into closed session and did not document the final disposition of matters discussed in closed session.

Section 610.021, RSMo 2000, allows the County Commission to close meetings to the extent they related to certain specified subjects, including litigation, real estate transactions, and personnel issues. Without the preparation of closed minutes, there is less evidence that the provisions of the Sunshine Law, Chapter 610, RSMo, regarding these closed meetings, have been followed.

Section 610.022, RSMo 2000, requires that before any meeting may be closed, the reason for the closed meeting shall be voted on at an open session. This law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo 2000, requires certain matters discussed in closed meetings to be made public upon final disposition.

WE RECOMMEND the County Commission ensure minutes are prepared, and retained for all closed meetings, reasons for closing a meeting are documented, and the final disposition of matters discussed in closed meetings is made public as required by state law.

AUDITEE'S RESPONSE

The County Commission indicated this has been implemented.

5.	General Fixed Assets
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The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Currently, the County Clerk maintains a computerized inventory listing of fixed assets held by county officials; however, periodic inventories and inspections are not made by each county official or the County Clerk, and as a result, a reconciliation is not performed between the property and the inventory listing.

Additions to the inventory listing are also not always reconciled to equipment expenditures, and as a result, the following items were not recorded on the county's general fixed asset listing:

<u>Item</u>	<u>Cost</u>	<u>Office</u>
6 patrol cars	\$123,088	Sheriff
Courthouse improvements	40,000	County
911 recording equipment	36,000	Sheriff
Jeep	20,849	Sheriff
Jeep	19,977	Assessor
Used truck with snow plow	4,650	Road District Common II
Rifle	450	Sheriff

In addition, property tags are not affixed to newly purchased assets immediately upon receipt. Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required by the county. Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual value of \$250 or more and any property with an aggregate original value of \$1,000 or more. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. In addition, property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

A similar condition was noted in our prior report.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Also, inventories and inspections should be performed by each county official and the County Clerk. In addition, general fixed asset purchases should be periodically reconciled to general fixed asset additions. Further, property control tags should be affixed.

AUDITEE'S RESPONSE

The County Commission indicated the County Clerk is currently working with the office holders to complete an inventory and it will be completed by September 30, 2003. The County Commission will implement a written policy.

6. Collector's Controls and Procedures

The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. During the years ended February 28, 2003 and 2002, the County Collector collected property taxes totaling approximately \$13.1 million and \$12.7 million, respectively. During our review we noted the following concerns:

- A. The County Collector did not distribute the interest received from bank deposits on a timely basis. Interest earned from October 1999 through December 2000, totaling in excess of \$20,000, was not distributed to various political subdivisions within the county until July of 2001. As of February 28, 2003, the Collector had not distributed interest earned during 2002 and 2001 totaling \$38,846. In May 2003, interest earned in 2001 totaling \$20,370 was distributed. The 2002 interest remains undistributed. The County Collector indicated that he holds the interest in his bank account to cover any insufficient funds checks received.

Timely distribution of the interest earned to the political subdivisions is important because most political subdivisions rely on these type of revenues to fund their operation and it also reduces the amount of reconciling items on the monthly bank reconciliation.

B. The County Collector has not established effective controls over monies received for tax payments in his office. Our review of the controls used by the County Collector to process tax payments revealed the following concerns:

- The County Collector does not deposit receipts intact or on a timely basis. During October through January of each year, deposits are made daily; however, at other times, deposits are generally made once or twice a week. For example, during a cash count performed on August 6, 2003, we noted some receipts that had been held since August 1, 2003. Further, during the cash count \$861 was identified as excess tax collections that the County Collector could not match to specific tax payments; however, the cash book indicated the excess amount should have been \$912, resulting in a shortage of \$51. The excess tax collections are maintained in the balance of the change fund and the balance fluctuates from day to day. A cash book is used by the County Collector to track the balance of the change fund; however, the balance has accumulated to a significant amount and should be investigated.
- The method of payment received (cash, check, and money order) is not consistently indicated on the paid tax receipt.

The failure to deposit receipts intact makes it difficult to ensure all monies collected have been deposited. To adequately safeguard against theft or misuse of funds and to provide assurance that all receipts are deposited, all receipts should be deposited intact daily, the method of payment should be indicated on each tax receipt, the composition of receipts should be reconciled to the composition of deposits, and any excess tax collections should be identified and investigated immediately.

C. The County Collector maintains two bank accounts. One account is for the deposit of partial payments of property taxes and the other "regular account" is for the deposit of all other property tax payments. During our review of these accounts, we noted the following concerns:

1. Bank reconciliations were not documented monthly for the partial payment account. Documented bank reconciliations are necessary to ensure all receipts and collections are properly accounted for and facilitate reconciliation procedures between cash in the bank and liabilities.

2. At February 28, 2003, seventeen checks written on the regular account, totaling \$134, and a \$106 check written on the partial payment account had been outstanding for over a year. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, various statutory provisions including Sections 447.400 through 447.595, RSMo 2000 provide for the disposition of unclaimed monies.

WE RECOMMEND the County Collector:

- A. Allocate interest on a timely basis.
- B. Deposit all monies received intact daily and ensure the method of payment is indicated on each paid tax receipt. Any excess tax collections should be identified and investigated immediately. In addition, the County Collector should reconcile the composition of receipts to the composition of bank deposits.
- C. Document monthly bank reconciliations. In addition, reissue old outstanding checks to any payees who can be located or dispose of these monies through the applicable statutory provisions, and establish routine procedures to investigate checks outstanding for a considerable time.

AUDITEE'S RESPONSE

The Collector provided the following responses:

- A. *Interest will be distributed on a yearly basis beginning in 2003.*
- B. *New equipment and software will be purchased in April 2004 which will document the method of payment and assist in correcting this situation.*
- C. *This is currently being done. We are currently following up on old outstanding checks periodically. If payees can't be located, we will turn those over to the Unclaimed Property every 3 years.*

7.**Sheriff's Controls and Procedures**

The Sheriff receives monies for civil and criminal process fees, gun permit fees, cash bonds, board bills, and phone commissions. The Sheriff handled receipts totaling approximately \$244,000 and \$241,000 during the years ending December 31, 2002 and 2001, respectively. Our review of the Sheriff's accounting controls and procedures noted the following areas in need of improvement:

- A. One employee in the Sheriff's office is responsible for recording and depositing receipts, preparing and signing checks, and maintaining the accounting records. To safeguard against loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps provide this assurance. This could be achieved by designating an employee who does not have access to cash receipts to perform reconciliations of accounting records to bank statements. At a minimum, there should be a review made and documented by a supervisor or by someone independent of these duties.
- B. Receipts are not deposited on a timely basis. Deposits are made approximately once a week and average from \$1,500 to \$5,000. For example, receipts totaling \$4,455 were held up to six days before being deposited on June 9, 2003. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.
- C. The Sheriff's office received \$17,048 of law enforcement block grant funds during the years ending December 31, 2002 and 2001. The receipts were deposited into a special bank account maintained by the Sheriff and \$1,042 of the grant funds were spent during the year ending December 31, 2002, for security improvements to the jail.

In addition, the Sheriff's office received bullet proof vest grant monies totaling \$2,956 during 2002. These vest grant monies were deposited into the Sheriff's fee bank account until they were expended in 2003 rather than being turned over to the County Treasurer.

There is no statutory authority for the Sheriff to maintain such accounts outside the county treasury. Attorney General's Opinion No. 45, 1992 to Henderson, states, "...sheriffs are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury." The remaining account balances should be transferred to the County Treasurer and future receipts should be transmitted directly to the County Treasurer.

Conditions similar to Parts A. and B. were noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit monies daily or when accumulated receipts exceed \$100.
- C. Discontinue all bank account transactions except for the deposit and disbursement of bonds and accountable monies received for the performance of official duties. Ensure all monies which are presently held in the accounts are disbursed to the County Treasurer, and in the future, turn over all fees to the County Treasurer.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *We segregated receipting and depositing duties on September 10, 2003.*
- B. *We will consider depositing more timely. In addition, we have implemented procedures to ensure cash bonds are deposited immediately.*
- C. *The block grant will be maintained in a separate bank account in the control of the County Commission and the County Treasurer starting in October 2003. The bullet proof vest funds have been completely expended.*

8. Recorder of Deed's Controls and Procedures
--

Total receipts are not reconciled to total fees abstracted and disbursed, and listings of marriage license fees remaining in the bank account are not prepared. Approximately \$6,900 remains unidentified in the bank account at December 31, 2002. In addition, the Recorder of Deeds maintains custody of the Recorder User Fee Fund, but has not established adequate internal controls to properly account for the revenues and expenditures of this fund, and a Form 1099-MISC was not prepared as required.

- A. Total receipts are not reconciled to total fees abstracted and disbursed, and listings of marriage license fees remaining in the bank account are not prepared. Approximately \$6,900 remains unidentified in the bank account at December 31, 2002.

All receipts are recorded in a daily receipt book which is reconciled to total bank deposits. When the related document is filed and recorded, the document and fee are recorded in the abstract book. The abstract book is totaled each month and the fees are disbursed to the applicable parties. In most instances, the document and fee are

recorded in the abstract book at the same time the fee is received. However, marriage licenses are not recorded in the abstract book until the license is returned.

Monthly reconciliations between total receipts, total fees abstracted, and undistributed marriage license fees would provide assurance that the records are in balance and that sufficient cash is available for fees which will be distributed at a later date.

- B. The Recorder of Deeds maintains custody of the Recorder User Fee Fund, but has not established adequate internal controls to properly handle the revenues and expenditures of these funds. For example, a Form 1099-MISC was not prepared for the construction of office cabinets totaling \$3,400 which was expended from the Recorder User Fee Fund during 2002.

Section 59.319, RSMo 2000, requires the Recorder User Fee Fund to be maintained by the County Treasurer. In addition, Sections 6041 through 6051 of the Internal Revenue Code require payments of at least \$600 or more in one year to an individual for professional services or for services performed as a trade or business by nonemployees (other than corporations) be reported to the federal government on Forms 1099-MISC.

Although similar problems were noted in the 1998 audit, as well as other previous audits, conditions have not improved.

WE AGAIN RECOMMEND the Recorder of Deeds:

- A. Perform monthly reconciliations of total receipts and total fees abstracted, and prepare monthly listings of marriage license fees to ensure the cash balance agrees to the amount of undistributed fees. Any amounts remaining unidentified should be investigated to determine the proper disposition.
- B. Turn custody of the Recorder User Fee Fund to the County Treasurer and ensure Forms 1099-MISC are issued in accordance with IRS regulations.

AUDITEE'S RESPONSE

The Recorder of Deeds provided the following responses:

- A. *This was implemented July 2003.*
- B. *The custody of the Recorder User Fee Fund will be turned over to the County Treasurer by January 2004.*

9.**Public Administrator's Procedures**

The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. During the years ending December 31, 2002 and 2001, the Public Administrator handled approximately eighty-six cases. A review of the annual settlements filed by the Public Administrator indicated the following problems:

- A. Four of the five annual settlements reviewed that were required to be filed by the Public Administrator during the years ending December 31, 2002 and 2001 were not filed in a timely manner. These annual settlements were filed one to two months late.

Section 473.540, RSMo 2000, requires the Public Administrator to file with the court an annual settlement for each ward on the anniversary of the date of becoming the personal representative.

- B. Annual settlements filed by the Public Administrator were not always complete. Real estate owned by one client was not accounted for on the annual settlements. The real estate was appraised at \$71,900 by the Assessor's office.

For settlements to accurately present the activity and status of a particular case, all assets should be properly reflected on the settlements.

- C. The Public Administrator maintained funds for a client in a non-interest bearing checking account totaling \$199,395 as of July 17, 2002. The failure to have funds in interest-bearing accounts results in the loss of revenues. To maximize interest earnings, all funds should be placed in interest-bearing accounts.

These funds were also not adequately covered by collateral securities. The Public Administrator apparently did not monitor the funds on deposit to ensure adequate collateral securities were pledged. Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of a bank failure.

Although conditions similar to Parts A. and B. were noted in the 1998 audit, as well as other previous audits, these conditions have not improved.

WE RECOMMEND the Public Administrator and the Associate Circuit Judge:

- A. Ensure annual settlements are filed on a timely basis.
- B. Ensure annual settlements are accurate prior to filing, including listing any real estate assets on the settlements.

- C. Maintain estate's funds in interest-bearing accounts, and ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.

AUDITEE'S RESPONSE

The Associate Circuit Judge provided the following responses:

- A. *Delay is often caused by the busy schedule of the attorneys who prepare the settlement. The Public Administrator will set up her own independent docket/tickler system for annual settlements for each file so that each month will list the annual settlements for the next succeeding month.*

The Public Administrator will maintain in each protectee's file a "check list" showing the date the settlement information was given to the attorney preparing the settlement; a follow up reminder communication to the attorney if the settlement has not been received in time to file with the court on the annual settlement date; and notification to the court if the settlement is more than 30 days late.

- B. *The Public Administrator has been instructed to check with the Lawrence County Assessor for any new estate opened for a protectee to identify any real property held in the name of the decedent, individually or jointly. This would not identify any real property held by a protectee outside Lawrence County but to require contacting other counties or entities would be unduly burdensome.*

- C. *The court is informed there are only two protectee estates with assets exceeding \$100,000 invested in one institution. The Public Administrator will diversify the certificates of deposits with other FDIC institutions as the certificates mature. Alternatively, the public administrator has been instructed to consult with the preset institutions to explore the feasibility of additional collateral securities being pledged by the bank.*

The Public Administrator has been also instructed to review each protectee's checking account at monthly intervals. The present interest rate on checking accounts is .45% and might be subject to a monthly charge. The court feels that it is feasible to consider an interest bearing checking account if the average balance in the account exceeds \$25,000 for two consecutive months.

The Public Administrator provided the following responses:

- A. *Often times the settlements could be delayed because attorneys may not have had enough time to prepare the settlements, or they had difficulty preparing them in a timely manner. In order to rectify the problem, I believe the solution would be to develop a spread sheet on the computer with a tickler system which would aid in preparation of the settlements, so that the information would be prepared, delivered and monitored on a closer basis with our attorneys. This system has already been implemented.*

- B. *I believe the client who is in question regarding his real estate not being accounted for on his annual settlement was an oversight in previous years before I took office, however a second amended inventory which reflects the changes regarding his real estate has been prepared.*
- C. *The client in question who had a non-interest bearing account with a checking account balance of \$199,395 had a previous personal representative who established this account. Then upon my appointment as the successor personal representative I didn't realize his checking account wasn't an interest bearing account. In the future, I will monitor this more closely, by reviewing every account on a monthly basis in order to get the best revenues for my protectee's checking accounts.*

Regarding clients who have over \$100,000 in one banking institution, I believe that would only consist of two of my wards at the present time. I will speak to the president of the bank where the majority of my wards checking accounts are established, and see if he has a solution for securing any accounts who currently exceed \$100,000. If not, I will remove funds from this bank, upon the maturity dates of my certificate of deposits, in order to avoid any early penalties.

Then the funds would then be placed in another FDIC banking institution.

However, the majority of my ward's would have a average monthly balance of less than one thousand dollars every month. Therefore, the interest earned, if they have an interest-bearing account would not be beneficial to their account in fact it could be detrimental to their finances since the banks would charge them a monthly service charge fee of between \$7.50 and \$10.00 every month.

10. Circuit Clerk's Controls and Procedures
--

The Circuit Clerk collects cash receipts for making photocopies, which were held as a change fund and used for postage. Copy monies received and spent were recorded on a receipt log that indicated \$721 of copy monies had been collected and \$6 had been spent for postage during the time period November 2, 2000 through June 18, 2003. However, during a cash count of these copy monies conducted on June 18, 2003 only \$448 was on hand, resulting in a shortage of \$267. The Circuit Clerk turned the balance of these copy fees plus additional copy monies over to the County Treasurer on June 20, 2003, and indicated that she no longer needed a change fund. The shortage occurred because an adequate segregation of duties did not exist, the copy receipts were not transmitted to the County Treasurer monthly, and copy receipts were not periodically counted and reconciled to recorded receipts by an independent person. This discrepancy could have been prevented or detected on a more timely basis if adequate oversight and reviews had been performed.

WE RECOMMEND the Circuit Clerk investigate the shortage and take appropriate action. In the future, the Circuit Clerk should remit copy monies received to the County Treasurer at least monthly.

AUDITEE'S RESPONSE

The Circuit Clerk indicated that it is agreed that the audit report reflecting monies collected for copy expenses and disbursements is as stated. When the shortage was discussed, I did state it was highly probable that some of the funds were used to purchase postage for juror questionnaires. This practice was not unusual in that when postage was needed, the county was not always able to cut a check at that precise time. It was not unusual to use the petty cash fund 2 or 3 times a year for purchase of postage. Previous records would reflect this. When this was done, we tried to write the amount expended on the receipt log as a deduction. However, with most certainty, I feel that the amounts failed to get logged as a deduction and was a total oversight due to shortage of staff and working so hard to keep things done.

All monies were turned over to the county on June 20, 2003. It is the intention of the Circuit Clerk to only receive copy monies of \$5.00 or less. Said fees will be balanced by a designated employee monthly and remitted to the County Treasurer upon total receipt of \$50.00 or more. It is with 99% probability that the shortage of funds was due to postage usage for juror questionnaires. Due to the above, I do not feel that there is any further action to take regarding investigation of a shortage.

11. County Treasurer's Procedures
--

Interest earned on the County Treasurer's general checking account is not properly allocated. Various funds, including schools, special road and bridge, assessment, and prosecuting attorney bad check, are included in the account; however, interest earned on the account totaling \$72,229 during the two years ending December 31, 2002, was credited solely to the General Revenue Fund.

Section 110.150, RSMo 2000, and the Missouri Attorney General's Opinion No. 126, 1981 to Antonio; No. 108, 1981 to Busker; No. 148, 1980 to Antonio; and No. 40, 1965 to Owensby, provide the interest on school funds, county hospital and hospital district funds, county library funds, county health center funds, special road and bridge funds, and assessment funds, be placed to the credit of those funds, and the interest on all other funds to the credit of the county's General Revenue Fund. In addition, Section 570.120, RSMo. 2002, requires that the Prosecuting Attorney Bad Check Fund be maintained by the County Treasurer in an interest-bearing account.

A similar condition was noted in our prior report.

WE AGAIN RECOMMEND the County Treasurer distribute all interest earned in accordance with statutory provisions and opinions of the Attorney General.

AUDITEE'S RESPONSE

The County Treasurer indicated road and school monies are dispersed monthly, as received. To accommodate the annual budgeting process, interest will be allocated per your recommendation at the beginning of the new budget year.

12. Prosecuting Attorney's Procedures
--

The Prosecuting Attorney maintained U.S. Treasury forfeiture monies totaling \$4,172 at December 31, 2002, in the Prosecuting Attorney bad check fee account. There appears to be no statutory authority for the Prosecuting Attorney to maintain custody of these monies. Missouri Attorney General's Opinion No. 45, 1992, to Henderson states that the Prosecuting Attorney of a third class county is not authorized to maintain a bank account for law enforcement purposes separate from the county treasury. The remaining account balances should be transferred to the County Treasurer and future receipts should be transmitted directly to the County Treasurer.

WE RECOMMEND the Prosecuting Attorney turn over the remaining balance of forfeiture monies held in the bad check fee account to the County Treasurer.

AUDITEE'S RESPONSE

The Prosecuting Attorney indicated he intended to expend or transfer to the County Treasurer the remaining funds by January 2004.

13. Health Center's Controls and Procedures
--

Donations are not recorded on the daily receipt log until the end of the month, and the method of donation payments received (cash, check, money order, etc.) is not always indicated on the receipt log. In addition, receipts are not always transmitted to the County Treasurer intact on a timely basis, and receipts are kept in an unattended file room accessible to all employees. Health Center personnel also do not periodically calculate and monitor the average cost per client of providing Comprehensive Family Planning (CFP) services.

- A. The health center maintains a daily log of all receipts; however, donations are not recorded on the daily receipt log until the end of the month, and the method of donation payments received (cash, check, money order, etc.) is not always indicated on the receipt log.

To ensure receipts are accounted for properly and transmitted intact, all receipts should be recorded on the receipt log and the method of payments received should be recorded and the composition of recorded receipts should be reconciled to the composition of amounts transmitted to the County Treasurer.

- B. Receipts are not always transmitted to the County Treasurer intact on a timely basis. Receipts are transmitted approximately once a week, and the Health Center retains \$1 to \$10 in cash from each transmittal to provide change and purchase office supplies. As a result, the change fund is not maintained at a set amount. In addition, receipts are kept in an unattended file room accessible to all employees.

To adequately safeguard against theft or misuse of funds and to provide assurance that all receipts are properly transmitted, receipts should be transmitted intact on a daily basis or when accumulated receipts exceed \$100, the change fund should be maintained at a constant amount, and all receipts should be maintained in a secure location.

- C. Health Center personnel do not periodically calculate and monitor the average cost per client of providing Comprehensive Family Planning (CFP) services. The health center's CFP contract with the Missouri Department of Health provides the average cost of providing CFP services should be at least \$150 (excluding administrative costs). Based upon CFP expenditures documented by the health center for the federal fiscal year ended September 30, 2001, we calculated an average cost of approximately \$139 per client excluding administrative costs. Failure to comply with provisions of the contract could result in decreased funding of future services.

Conditions similar to Parts A. and B. were noted in our prior report.

WE RECOMMEND the Health Center to:

- A. Record all receipts, including method of payment, on the receipt log and reconcile the composition of receipts to the composition of transmittals to the County Treasurer.
- B. Transmit all monies intact daily or when receipts exceed \$100, maintain the change fund at a constant amount, and store receipts in a secure location.
- C. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health to resolve this situation.

AUDITEE'S RESPONSE

The Health Center provided the following responses:

- A. *Donations will be logged daily and will be recorded on the daily receipt log and method of payments will be indicated. Composition of recorded receipts will be reconciled to the composition of amounts transmitted to the County Treasurer starting September 11, 2003.*
- B. *Currently, receipts are transmitted each Friday. The only time the County Treasurer does not receive and log monies weekly from the Health Department is when her office is closed. The change fund is kept in the safe in the back room and the Administrator and clerk have access to the safe. The change fund is currently \$50 and is kept at constant amount. When funds exceed \$100 in the receipt box they will be transmitted to the safe to safeguard against theft or misuse of funds.*
- C. *CFP contracts were discontinued as of May 2003.*

14. Board of the Developmentally Disabled
--

- A. The Board of the Developmentally Disabled's funds on deposit were not adequately covered by collateral securities. Coverage was deficient by approximately \$8,000 during February 2002. While the Board of the Developmentally Disabled deposited funds in several banks to maximize FDIC coverage, they apparently did not monitor the funds closely to ensure adequate collateral securities were pledged.

Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of a bank failure.

- B. The financial activity presented in the 2002 budget prepared by the Board of the Developmentally Disabled was inaccurate. Actual disbursements for the year ended December 31, 2002, were understated by \$10,260 because the Board Treasurer failed to include checks that had not cleared the bank at year-end. This error also caused the cash balance reported on the budget to be inaccurate.

To be of maximum assistance to the Board of the Developmentally Disabled and to adequately inform the public, the budget should accurately reflect the financial activity of the board. In addition, accurate information is essential to provide reasonable estimates of anticipated receipts and disbursements so that the board may utilize the budget as a management planning tool and as a control over expenditures.

WE RECOMMEND the Board of the Developmentally Disabled:

- A. Ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.
- B. Ensure the budget is prepared accurately to reflect the financial activity of the board.

AUDITEE'S RESPONSE

The Board for the Developmentally Disabled provided the following responses:

- A. *As of January 1, 2003, the Lawrence County Board for the Developmentally Disabled funds held on deposit with Great Southern Bank that are in excess of \$100,000 will be backed by acceptable securities as required by Section 30.270 RSMo.*
- B. *We were using the date the checks cleared the bank instead of when they were written.*

We thought at the last county audit, that this was the way the State Auditor said it should be done. We obviously misunderstood their statement on when to post checks. We now understand the process and will take action to correct this problem.

15. Senior Citizens Service Board
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- A. A member of the Senior Citizens Service Board has been appointed treasurer and serves as custodian of the Senior Citizens Service Fund. There appears to be no statutory authority that allows the board to maintain an account outside the county treasury, and the board has not obtained a legal opinion to support its decision to maintain custody of the fund. Section 67.993, RSMo 2000, indicates the Senior Citizens Service Fund should be established within the county treasury. Further, due to inaccuracies noted between the accounting records and the budgets prepared by the board treasurer, the Senior Citizens Service Board should consider turning the custody of this fund over to the county.
- B. The Senior Citizens Service Board's funds on deposit were not adequately covered by collateral securities. Coverage was deficient by approximately \$45,000 and \$25,000 during January 2003 and February 2002, respectively. The Senior Citizens Service Board apparently did not monitor the funds on deposit to ensure adequate collateral securities were pledged.

Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the Senior Citizens Service Board:

- A. Turn over custody of the Senior Citizens Service Fund to the County Treasurer.
- B. Ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.

AUDITEE'S RESPONSE

The Senior Citizens Service Board provided the following responses:

- A. *The philosophy of the Lawrence County Senior Service Board in regards to having funds in the care of the board is as follows:*

- 1. Checks require two signatures, which allows more security.*
- 2. The board can probably watch to see that the highest interest is paid for the board's funds.*
- 3. There is less time elapsed between filing of the requests and payment of the approved requests than is possible with the funds being disbursed by the County Treasurer.*

It should be noted that the board is bonded and has liability insurance. Also, as we understand, when we met with other senior boards, they have managed their funds and not their County Treasurer.

The board has met with the County Treasurer in January 2002, and we were mutually agreeable that the funds should remain with the Senior Citizens Service Board.

- B. *The Lawrence County Board for Senior Citizens has a depository agreement as of February 2003. This will ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage. We believe this will correct the problem.*

Follow-Up on Prior Audit Findings

LAWRENCE COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Lawrence County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures

- A. Bids were not always solicited nor was bid documentation always retained for various purchases.
- B. Amounts paid to reserve officers for transporting prisoners to the state penitentiary were not subjected to payroll withholdings and reported on the employee's W-2 forms.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Ensure amounts paid to reserve officers are properly reported on W-2 forms. Amended W-2 forms should be prepared for amounts paid to reserve officers in prior years.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Implemented.

2. Revenue Maximization

The county did not receive reimbursement of \$5,528 for which it was entitled under a federal bridge project which was administered by the Missouri Department of Transportation.

Recommendation:

The County Commission develop procedures to ensure all federal grant reimbursements are requested and received, and seek reimbursement of the \$5,528 from MODOT.

Status:

Implemented. The reimbursement was received on July 12, 1999, and the County Commission has developed procedures to compare expenditures to the related reimbursements.

3. Personnel Policies and Procedures

- A. Time sheets or other records of actual time worked were not maintained by employees of the County Clerk, County Assessor, County Collector, Recorder of Deeds and the Prosecuting Attorney.
- B. Records of vacation or sick leave earned, taken and accumulated were not maintained for some county employees.
- C. The county did not have a comprehensive employee manual.
- D. The Health Center and the Prosecuting Attorney had written compensatory time policies that did not appear to comply with the Fair Labor Standards Act (FLSA).

Recommendation:

The County Commission:

- A. Require all county employees to complete time sheets which reflect actual time worked and leave taken. The records should be prepared by employees, approved by the applicable supervisor, and filed in a central location with the county's payroll records.
- B. Maintain centralized leave records for all county employees.
- C. Develop a comprehensive employee manual.
- D. Ensure overtime and compensatory time policies adopted by the Prosecuting Attorney and Health Center comply with the FLSA.

Status:

- A. Partially implemented. All employees complete time sheets; however, employees of the Sheriff's office do not submit their time sheets to the County Clerk's office. See MAR finding number 3.
- B. Not implemented. See MAR finding number 3.
- C. Partially implemented. A comprehensive employee manual was adopted April 10, 2001; however, the manual did not address the need for centralized leave records and require time sheets to be submitted to the County Clerk's office. See MAR finding number 3.
- D. Implemented. The Prosecuting Attorney discontinued his policy, and his employees are currently covered under the county's policy. The Health Center adopted a new policy that is in compliance with the FLSA.

4. County Officials' Compensation

- A. Salary adjustments were made to the Assessor's and Collector's salaries as of January 1, rather than the date of their incumbency as set forth by the salary commission minutes.
- B. The County Treasurer was overpaid for the years of 1996 through 1998.
- C. The Public Administrator received an annual salary of \$4,000 during the year ending December 31, 1998, even though fees received from various cases assigned to him exceeded the statutory limit of \$25,000. It was questionable whether any additional salary was allowable.

Recommendation:

The County Commission review these matters with the various officials and Prosecuting Attorney to ensure the proper amounts were paid to the various officials and seek reimbursement for any overpayments.

Status:

- A&B. Not implemented. Although not repeated in our current report, our recommendation remains as stated above.
- C. Implemented. The Public Administrator returned the \$4,000 to the county on September 15, 1999.

5. Property Tax System and Computer Controls

- A. The County Assessor and his staff had access to assessment data during periods when changes to the data were not statutorily allowed.
- B. The County Collector made manual changes to the property tax records for additions and abatements occurring throughout the year while the County Assessor made these changes to the computer property tax data files; however, the manual changes to the tax books were not compared to the actual changes in the tax data files or to amounts reflected on the County Collector's annual settlements by someone independent of tax collection duties.
- C. The County Clerk did not maintain an account book with the County Collector.
- D. The county did not have an adequate password system or procedures to restrict access to the computer systems. In addition, user identification codes (IDs) were not used.

Recommendation:

The County Commission:

- A. Restrict access to the assessment data during periods when changes to the data are not statutorily allowed.
- B. Establish controls over the property tax addition and abatements process that would allow the County Clerk to periodically reconcile all additions and abatements to changes made to the property tax records and charge these amounts to the County Collector.
- C. Ensure the County Clerk maintains an account book with the County Collector.
- D. Implement a password system which requires each user be assigned a unique user ID and password, and require passwords to be changed periodically.

Status:

A-D. Not implemented. See MAR finding number 2.

6. General Fixed Asset Records and Procedures

The county manual general fixed asset records had not been updated for property acquired or disposed of since June 1997. In addition, the County Clerk did not perform physical inventories of assets and compare the results to the property records. Also, most fixed assets were not properly numbered, tagged, or otherwise identified as county owned property.

Recommendation:

The County Clerk maintain general fixed asset records on a current basis, periodically reconcile these records to property purchases and deletions, and conduct annual physical inventories of all county-owned property. In addition, property control tags should be affixed on all fixed assets immediately upon receipt.

Status:

Not implemented. See MAR finding number 5.

7. County Treasurer's Procedures

- A. The county did not have procedures to monitor collateral securities pledged by the county's depository bank, and as a result, the county's funds were under collateralized by over \$2,600,000 for a few days in January 1998.
- B. Interest earned on the County Treasurer's general checking account was not allocated properly.

Recommendation:

The County Treasurer:

- A. Work with other applicable officials and establish monitoring procedures to ensure the depository bank pledges adequate collateral securities at all times.
- B. Distribute all interest earned in accordance with statutory provisions and opinions of the Attorney General.

Status:

- A. Implemented.
- B. Not implemented. See MAR finding number 11.

8. Health Center's Controls and Procedures

- A. The number of certificates, permits, and inspections issued did not always agree with the corresponding receipts on the daily receipt log. In addition, donation receipts were not recorded on the daily receipt log and the method of payment was not always indicated on the receipt log.

- B. Receipts were not always transmitted intact on a timely basis, the change fund was not maintained at a set amount, and receipts were kept in a file room accessible to all employees.

Recommendation:

The County Commission require the Health Center to:

- A. Record all receipts, including method of payment, on the receipt log and reconcile the composition of receipts to the composition of transmittals to the County Treasurer. In addition, the number of certificates, permits, and inspections issued should be reconciled to applicable receipts.
- B. Maintain receipts in a secure location, transmit all monies intact to the County Treasurer on a timely basis, and maintain the change fund at a constant amount.

Status:

- A. Partially implemented. The number of certificates, permits, and inspections issued are reconciled to applicable receipts; however, donation receipts and the method of payment are not always indicated on the receipt log. See MAR finding number 13.
- B. Not implemented. See MAR finding number 13.

9. County Collector's Controls and Procedures

- A. Monthly reconciliations of the current and former County Collectors' bank account balance were not reconciled to the existing liabilities. In addition, the former County Collector did not distribute interest earned or attempt to collect on insufficient funds (NSF) checks in a timely manner.
- B. The method of payment received was not always indicated on tax receipts, and employees routinely cashed personal checks from tax receipts. Cash refunds were also made for overpayments of taxes and licenses.
- C. Receipts were not always deposited on a timely basis.
- D. Partial payments of property taxes were held in the vault until the taxes were paid in full, and there was no record showing the cumulative amount of monies on hand, nor the corresponding amounts still due.
- E. The County Collector made manual adjustments and adjusted distributions of commissions during July 1997 through August 1998 which resulted in overpayments of \$19,471 to the County Employees' Retirement Fund (CERF).

Recommendation:

The County Collector:

- A. Reconcile the amounts in the bank account to related liabilities and other reconciling items on a monthly basis. In addition, interest income should be distributed on a timely basis and follow-up on NSF checks should be performed on a timely basis.
- B. Indicate the method of payment on each tax statement issued and reconcile total cash, checks, and money orders received to bank deposits. In addition, the County Collector should discontinue the practice of cashing personal checks from tax receipts, and make refunds by check.
- C. Deposit all receipts daily or when accumulated receipts exceed \$100.
- D. Deposit partial payments into the bank and maintain records of total partial payments held in the bank.
- E. Withhold \$19,471 of future distributions from the County Employee's Retirement Fund (CERF) and distribute this amount to the General Revenue Fund.

Status:

A&D. Implemented.

- B. Partially implemented. The Collector no longer cashes personal checks; however, the method of payment is not always indicated on the property tax receipt. See MAR finding number 6.
- C. Not implemented. See MAR finding number 6.
- E. Implemented. The General Revenue Fund was reimbursed \$19,741 from the CERF in September 1999.

10. Recorder of Deeds' Controls and Procedures

- A. Receipts were not always deposited intact, and employees were allowed to cash personal checks from official receipts.
- B. The total of receipts received were not reconciled to the total of fees abstracted and disbursed, and listings of marriage license fees remaining in the bank account were not prepared.

- C. The Recorder of Deeds maintained custody of the Recorder User Fee Fund although state law requires the fund to be maintained by the County Treasurer. In addition, bids were not solicited for equipment and software purchased from this fund.

Recommendation:

The Recorder of Deeds:

- A. Deposit monies intact and discontinue the practice of allowing employees to cash personal checks from official receipts.
- B. Perform monthly reconciliations of total receipts and total fees abstracted, and prepare monthly listings of undistributed marriage license fees to ensure the cash balance agrees to the amount of undistributed fees. Any amounts remaining unidentified should be investigated to determine the proper disposition.
- C. Turn custody of the Recorder User Fee Fund to the County Treasurer and solicit bids for all purchases as required by state law.

Status:

- A. Implemented.

B&C. Not implemented. See MAR finding number 8.

11. Sheriff's Controls and Procedures

- A. One employee was responsible for recording and depositing receipts, preparing and signing checks, and maintaining the accounting records.
- B. Civil process fees collected were not recorded and deposited until the related process papers were served. In addition, if the papers could not be served, the checks received for these fees were returned to the payor.
- C. Receipts were not deposited on a timely basis, and checks were not restrictively endorsed when received.

Recommendation:

The Sheriff:

- A. Segregate the duties of receiving, recording, depositing, and reconciling. If segregation of duties cannot be achieved, at a minimum the accounting records should be periodically reviewed by a supervisor or someone independent of those duties.

- B. Issue receipt slips for civil process fees immediately upon receipt and deposit them in the bank account. Any refunds should be made by check.
- C. Restrictively endorse checks as received and deposit monies daily or when accumulated receipts exceeds \$100.

Status:

A&C. Not implemented. See MAR finding number 7.

B. Implemented.

12. Public Administrator's Controls and Procedures

- A. The value of some assets were not included in settlement balances.
- B. The Public Administrator did not always file annual settlements by the required due dates.

Recommendation:

The Public Administrator:

- A. File settlements which are accurate and include all assets of the respective estates.
- B. File annual settlements on a timely basis as required by state law.

Status:

A&B. Not implemented. See MAR finding number 9.

STATISTICAL SECTION

History, Organization, and
Statistical Information

LAWRENCE COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1845, the county of Lawrence was named after James Lawrence, a naval hero of the War of 1812. Lawrence County is a county-organized, third-class county and is part of the Thirty-Ninth Judicial Circuit. The county seat is Mount Vernon

Lawrence County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 914 miles of county roads and 118 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 24,585 in 1980 and 35,304 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 187.9	182.9	176.3	169.5	91.1	35.3
Personal property	82.2	80.7	77.5	72.1	23.2	14.0
Railroad and utilities	31.5	31.5	32.6	32.0	16.3	15.6
Total	\$ 301.6	295.1	286.4	273.6	130.6	64.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Lawrence County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.0900	.0900	.0900	.0900
Special Road and Bridge Fund*	.0700	.0700	.0700	.0700
Developmentally Disabled Fund	.0800	.0800	.0700	.0700
Senior Citizens Service Fund	.0500	.0500	.0500	.0500

* The county has thirteen special and two common road districts that receive four-fifths of the tax collections from property within these districts, and the County Special Road and Fund retains one-fifth. The two common road districts and most special road districts have additional tax levies which are distributed entirely to those districts.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
\$	2003	2002	2001	2000
State of Missouri	91,618	88,955	86,909	82,182
General Revenue Fund	288,151	270,513	265,927	252,823
Road funds	781,848	761,179	743,260	702,206
Assessment Fund	130,289	126,187	122,170	115,484
Developmentally Disabled Fund	242,423	233,926	202,419	191,442
Senior Citizens Service Fund	148,181	143,751	140,531	132,812
School districts	9,819,799	9,546,879	9,237,046	8,720,731
Library district	536,343	518,876	495,362	450,011
Ambulance districts	218,614	212,977	206,363	194,519
Fire protection district	20,865	14,374	14,187	12,643
Nursing home district	335,498	325,573	318,004	300,639
Junior College	5,001	4,887	4,945	4,424
Cities	178,812	159,451	161,569	149,749
Tax Increment Financing	31,257	31,249	31,180	31,131
County Employees' Retirement	28,490	27,751	26,346	24,547
Collector's Tax Maintenance Fund	13,535	0	0	0
Commissions and fees:				
General Revenue Fund	260,586	249,321	242,158	219,708
County Collector	2,049	1,693	1,815	1,625
Total	\$ 13,133,359	12,717,542	12,300,191	11,586,676

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	93	93	93	93 %
Personal property	90	89	89	88
Railroad and utilities	99	99	100	100

Lawrence County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Capital improvements	.0050	2006	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Joe Ruscha, Presiding Commissioner	\$	30,380	30,380	30,380	30,380
J. Everett Ament, Associate Commissioner		28,380	28,380	22,000	22,000
Rodney Barnes, Associate Commissioner		28,380	28,380	22,000	22,000
Pam Robertson, Recorder of Deeds		43,000	43,000	43,000	43,000
Don Maupin, County Clerk (1)		39,237			
Bob Bartelsmeyer, County Clerk (1)		3,583	43,000	43,000	43,000
Robert E. George, Prosecuting Attorney		96,000	96,000	91,558	87,235
Doug Seneker, Sheriff		48,000	48,000	40,000	40,000
Sharon Kleine, County Treasurer		31,820	31,820	31,820	31,820
Don C. Lakin, County Coroner		15,000	15,000	8,000	8,000
Pam Fobair, Public Administrator		43,000	43,000		
Austin Barrett, Public Administrator (2)				42,820	39,896
Kelli McVey, County Collector (3), year ended February 28 (29),	45,049	44,693	44,814	44,625	
David Tunnell, County Assessor (4), year ended August 31,		43,900	43,900	43,900	43,900
Sam Goodman, County Surveyor (5)					

(1) Bob Bartelsmeyer resigned January 31, 2002 and Don Maupin was appointed February 4, 2002.

(2) Includes fees received from probate cases.

(3) Includes \$2,049, \$1,693, \$1,815 and \$1,625, respectively, of commissions earned for collecting city property taxes.

(4) Includes \$900 annual compensation received from the state.

(5) Compensation on a fee basis.

State-Paid Officials:

Cindy Faucett-Supiran, Circuit Clerk	47,300	47,300	46,127	44,292
Larry W. Meyer, Associate Circuit Judge	96,000	96,000	97,382	87,235
Scott S. Sifferman, Associate Circuit Judge	96,000	96,000	97,382	87,235

* * * * *



**PHELPS COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-98
September 29, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Phelps, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Phelps County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The County Commission has not annually set the E911 tax rate as required by state law. The maximum authorized rate has been levied since the E911 tax was established by the county voters. The balance of the E911 Fund has increased from \$369,246 at January 1, 2000, to \$1,043,752 at December 31, 2002. The County Commission should annually review the E911 tax rate and set it to provide sufficient operating funds but not create an excessive fund balance. If the county plans to accumulate a balance for future capital improvements, specific plans should be documented in the county budgets. The County Commission provided various explanations and indicated that in future budget messages reasons for the balance will be clearly defined.
- The county makes numerous interfund transfers, many of which do not appear necessary. Many of the transfers represent reimbursement of expenses incurred in one fund that could have been incurred in another fund. It appears the county could incur many of these expenses directly from the appropriate fund, which would reduce the amount of required interfund transfers. In addition, the county maintains separate funds from which interfund loans are made for cash flow purposes, and it appears the county could combine certain funds to eliminate the need for interfund loans. The County Commission indicated progress has been made in these areas but believes some transfers are necessary and the separate funds have been effective management tools.

(over)

YELLOW SHEET

- Mid-term salary increases totaling approximately \$12,000, given to each of the two associate county commissioners in 1999 and 2000, were ruled unconstitutional by the Missouri Supreme Court. While the Prosecuting Attorney advised the County Commission to seek repayment of these increases the county has not sought repayment. In addition, contrary to the advice of the Prosecuting Attorney, the county Salary Commission met in 2002 and authorized a salary increase of \$8,599 annually for the County Treasurer beginning in 2003. Because state law appears to authorize salary commissions to only meet in odd-numbered years, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.
- Concerns noted in our prior audit related to the procedures and controls over seized property were not addressed timely. As a result, problems with the Sheriff's seized property and evidence room resulted in internal and external investigations and the demoting of the property custodian. In 2002, at the direction of the circuit court, an investigation was made into the status of about 730 cases involving seized weapons and drugs, and for most of these cases, the Sheriff's department could not locate the property or documentation of the property's disposal. The Sheriff conducted an internal investigation in March 2003 which concluded that the property custodian had failed to obtain the proper authorization from the Prosecuting Attorney prior to disposing of the property. The Sheriff adopted new policies and procedures in March 2003, and investigations regarding this matter continue. In addition, the Sheriff maintains a bank account for seized monies which totaled \$86,000 at December 31, 2002, but has not prepared listings of open items to reconcile the balance of this account to the related liabilities.

Also included in the audit are recommendations to improve controls over the Prosecuting Attorney's receipts and the County Collector's commissions and liabilities.

All reports are available on our website: www.auditor.state.mo.us

PHELPS COUNTY, MISSOURI

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PHELPS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Phelps County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Phelps County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Phelps County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 7, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Phelps County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 7, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	John Lieser, CPA
Audit Staff:	Turan Hirji, CPA
	Christy Marsh
	Terese Summers, CPA



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Phelps County, Missouri

We have audited the financial statements of various funds of Phelps County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Phelps County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Phelps County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce

to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Phelps County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 7, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

PHELPS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 669,593	4,170,113	4,232,501	607,205
Special Road and Bridge	837	2,354,003	2,354,197	643
Assessment	161,594	347,929	349,897	159,626
Law Enforcement Training	1,107	10,153	11,134	126
Prosecuting Attorney Training	639	1,844	2,249	234
Senior Companions	2,494	342,249	344,743	0
Law Enforcement Sales Tax	3,748,915	2,376,999	825,046	5,300,868
Shelter	1,570	5,047	3,556	3,061
Developmentally Disabled Board	123,391	291,186	290,112	124,465
Unemployment	14,066	27,142	10,716	30,492
Road and Bridge Debt Service	58,026	105,324	0	163,350
Prosecuting Attorney Bad Check	8,432	46,971	35,561	19,842
Prosecuting Attorney Delinquent Tax	508	204	100	612
Recorder User Fees	13,832	30,684	29,506	15,010
Sheriff Drug Enforcement	9,042	128,849	78,504	59,387
25th Juvenile FPS	1,018	120	120	1,018
Public Facilities Authority	1,039,031	53,088	76,724	1,015,395
Use Tax	259,898	85,462	221,715	123,645
E911	751,758	563,259	271,265	1,043,752
Jay White Estate	398,917	24,892	21,759	402,050
Health Department	101,773	1,033,415	1,005,873	129,315
Crisis Intervention	1,221	3,414	3,080	1,555
Sheriff Civil Fees	5,722	46,316	52,005	33
Community Care Clinic	31,158	180,546	173,037	38,667
Election Services	11,463	10,453	3,604	18,312
Prosecuting Attorney Drug Enforcement	3,287	767	0	4,054
Collector Tax Maintenance	0	579	0	579
Circuit Interest	14,686	4,332	2,038	16,980
Law Library	37,541	12,686	5,381	44,846
Job Access Grant	0	121,920	121,920	0
Total	\$ 7,471,519	12,379,946	10,526,343	9,325,122

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

PHELPS COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 402,554	3,989,351	3,722,312	669,593
Special Road and Bridge	746	2,656,392	2,656,301	837
Assessment	148,208	337,272	323,886	161,594
Law Enforcement Training	655	9,180	8,728	1,107
Prosecuting Attorney Training	212	1,911	1,484	639
Senior Companions	3,079	330,464	331,049	2,494
Law Enforcement Sales Tax	1,709,102	2,761,420	721,607	3,748,915
Shelter	2,607	4,337	5,374	1,570
Developmentally Disabled Board	95,911	275,520	248,040	123,391
Unemployment	2,674	21,704	10,312	14,066
Road and Bridge Debt Service	168,831	164,195	275,000	58,026
Prosecuting Attorney Bad Check	2,572	36,927	31,067	8,432
Prosecuting Attorney Delinquent Tax	591	1,548	1,631	508
Recorder User Fees	16,529	24,924	27,621	13,832
Sheriff Drug Enforcement	7,993	91,259	90,210	9,042
25th Juvenile FPS	331	784	97	1,018
Public Facilities Authority	1,045,189	65,803	71,961	1,039,031
Use Tax	317,093	42,282	99,477	259,898
E911	524,909	480,941	254,092	751,758
Jay White Estate	394,387	25,972	21,442	398,917
Health Department	23,371	1,013,156	934,754	101,773
Crisis Intervention	1,195	10,332	10,306	1,221
Sheriff Civil Fees	252	39,743	34,273	5,722
Community Care Clinic	23,676	210,725	203,243	31,158
Election Services	4,253	7,313	103	11,463
Prosecuting Attorney Drug Enforcement	3,050	237	0	3,287
Family Court	3,312	850	4,162	0
Circuit Interest	11,962	4,639	1,915	14,686
Law Library	30,709	11,605	4,773	37,541
Job Access Grant	0	100,378	100,378	0
Total	\$ 4,945,953	12,721,164	10,195,598	7,471,519

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 13,004,867	12,379,946	(624,921)	13,503,416	12,721,164	(782,252)
DISBURSEMENTS	13,891,808	10,526,343	3,365,465	11,338,628	10,195,598	1,143,030
RECEIPTS OVER (UNDER) DISBURSEMENTS	(886,941)	1,853,603	2,740,544	2,164,788	2,525,566	360,778
CASH, JANUARY 1	7,471,519	7,471,519	0	4,946,367	4,945,953	(414)
CASH, DECEMBER 31	6,584,578	9,325,122	2,740,544	7,111,155	7,471,519	360,364
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	547,230	547,028	(202)	577,666	496,197	(81,469)
Sales taxes	1,290,500	1,290,484	(16)	1,375,736	1,413,357	37,621
Intergovernmental	1,056,254	826,272	(229,982)	1,016,422	801,147	(215,275)
Charges for service:	618,499	565,549	(52,950)	485,678	478,276	(7,402)
Interest	60,979	55,054	(5,925)	38,100	52,942	14,842
Other	534,173	507,436	(26,737)	514,675	434,689	(79,986)
Transfers in	356,801	378,290	21,489	298,121	312,743	14,622
Total Receipts	4,464,436	4,170,113	(294,323)	4,306,398	3,989,351	(317,047)
DISBURSEMENTS						
County Commissior	164,132	145,653	18,479	140,516	136,869	3,647
County Clerk	190,131	155,454	34,677	183,139	159,077	24,062
Elections	178,400	159,267	19,133	58,200	43,093	15,107
Buildings and grounds	353,993	311,579	42,414	304,630	275,673	28,957
Employee fringe benefit	382,936	371,027	11,909	333,542	334,070	(528)
County Treasurer	45,603	45,181	422	43,841	43,563	278
County Collector	137,355	137,094	261	126,180	123,535	2,645
Circuit Clerk and Ex Officio Recorder of Deed	150,192	142,356	7,836	143,600	143,196	404
Associate Circuit Court	24,575	23,486	1,089	21,975	21,568	407
Circuit Judges	121,857	42,218	79,639	125,544	81,660	43,884
Court administration	42,385	38,159	4,226	43,115	30,579	12,536
Public Administrator	52,965	52,960	5	54,520	52,831	1,689
Sheriff	811,135	810,115	1,020	665,033	627,856	37,177
Jail	564,790	564,623	167	448,775	437,322	11,453
Prosecuting Attorney	391,845	355,357	36,488	388,098	372,824	15,274
Juvenile Offices	626,330	500,216	126,114	536,607	477,550	59,057
County Coroner	30,945	28,012	2,933	29,053	28,875	178
County Surveyor	6,040	6,040	0	5,790	5,790	0
Civil defense	2,562	2,387	175	2,085	1,456	629
Senior companions	75,500	75,453	47	73,322	73,321	1
Other	108,205	90,113	18,092	84,208	80,881	3,327
Transfers out	174,676	175,751	(1,075)	180,536	170,723	9,813
Emergency Fund	101,665	0	101,665	123,141	0	123,141
Total Disbursements	4,738,217	4,232,501	505,716	4,115,450	3,722,312	393,138
RECEIPTS OVER (UNDER) DISBURSEMENTS	(273,781)	(62,388)	211,393	190,948	267,039	76,091
CASH, JANUARY 1	669,593	669,593	0	402,554	402,554	0
CASH, DECEMBER 31	395,812	607,205	211,393	593,502	669,593	76,091

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	398,399	250,111	(148,288)	399,650	240,362	(159,288)
Sales taxes	947,355	947,355	0	724,625	724,625	0
Intergovernmental	926,783	852,361	(74,422)	908,027	759,729	(148,298)
Charges for services	75,000	43,100	(31,900)	85,869	63,395	(22,474)
Interest	8,500	7,127	(1,373)	8,500	7,922	(578)
Other	64,429	48,954	(15,475)	527,950	504,796	(23,154)
Interfund loans	205,000	204,995	(5)	80,600	80,563	(37)
Transfers in	0	0	0	275,000	275,000	0
Total Receipts	2,625,466	2,354,003	(271,463)	3,010,221	2,656,392	(353,829)
DISBURSEMENTS						
Salaries	495,840	478,493	17,347	480,000	464,502	15,498
Employee fringe benefit	149,392	140,220	9,172	136,970	138,893	(1,923)
Supplies	27,800	25,368	2,432	27,300	35,589	(8,289)
Insurance	31,500	36,008	(4,508)	35,100	25,473	9,627
Road and bridge materials	763,500	903,723	(140,223)	767,250	741,154	26,096
Equipment repairs	60,000	69,542	(9,542)	60,000	58,927	1,073
Equipment purchases	390,529	375,450	15,079	815,000	761,478	53,522
Construction, repair, and maintenance	169,500	2,589	166,911	171,000	72,953	98,047
Debt service	54,874	54,874	0	162,390	72,390	90,000
Other	106,300	92,552	13,748	122,800	100,078	22,722
Interfund loans	70,900	70,895	5	81,600	81,563	37
Transfers out	104,158	104,483	(325)	104,158	103,301	857
Total Disbursements	2,424,293	2,354,197	70,096	2,963,568	2,656,301	307,267
RECEIPTS OVER (UNDER) DISBURSEMENTS	201,173	(194)	(201,367)	46,653	91	(46,562)
CASH, JANUARY 1	837	837	0	746	746	0
CASH, DECEMBER 31	202,010	643	(201,367)	47,399	837	(46,562)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	291,000	278,022	(12,978)	291,000	269,695	(21,305)
Interest	15,000	13,042	(1,958)	12,500	12,624	124
Other	5,000	3,865	(1,135)	3,000	4,203	1,203
Transfers in	53,000	53,000	0	50,750	50,750	0
Total Receipts	364,000	347,929	(16,071)	357,250	337,272	(19,978)
DISBURSEMENTS						
Assessor	382,069	348,496	33,573	374,467	322,702	51,765
Transfers out	1,603	1,401	202	2,210	1,184	1,026
Total Disbursements	383,672	349,897	33,775	376,677	323,886	52,791
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,672)	(1,968)	17,704	(19,427)	13,386	32,813
CASH, JANUARY 1	161,594	161,594	0	148,208	148,208	0
CASH, DECEMBER 31	141,922	159,626	17,704	128,781	161,594	32,813

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	4,200	3,135	(1,065)	5,000	4,136	(864)
Charges for services	10,000	6,884	(3,116)	7,000	5,002	(1,998)
Other	0	134	134	0	42	42
Total Receipts	14,200	10,153	(4,047)	12,000	9,180	(2,820)
DISBURSEMENTS						
Sheriff	14,300	11,134	3,166	12,300	8,728	3,572
Total Disbursements	14,300	11,134	3,166	12,300	8,728	3,572
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	(981)	(881)	(300)	452	752
CASH, JANUARY 1	1,107	1,107	0	655	655	0
CASH, DECEMBER 31	1,007	126	(881)	355	1,107	752
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	2,000	1,844	(156)	2,500	1,911	(589)
Total Receipts	2,000	1,844	(156)	2,500	1,911	(589)
DISBURSEMENTS						
Prosecuting Attorney	2,255	2,249	6	2,000	1,484	516
Total Disbursements	2,255	2,249	6	2,000	1,484	516
RECEIPTS OVER (UNDER) DISBURSEMENTS	(255)	(405)	(150)	500	427	(73)
CASH, JANUARY 1	639	639	0	212	212	0
CASH, DECEMBER 31	384	234	(150)	712	639	(73)
<u>SENIOR COMPANIONS FUND</u>						
RECEIPTS						
Intergovernmental	342,500	342,136	(364)	327,970	327,970	0
Interest	2,500	113	(2,387)	2,802	2,494	(308)
Total Receipts	345,000	342,249	(2,751)	330,772	330,464	(308)
DISBURSEMENTS						
Senior companion expenses and stipend	246,630	246,602	28	237,948	237,948	0
Other	16,250	16,283	(33)	13,412	7,211	6,201
Transfers out	82,015	81,858	157	79,692	85,890	(6,198)
Total Disbursements	344,895	344,743	152	331,052	331,049	3
RECEIPTS OVER (UNDER) DISBURSEMENTS	105	(2,494)	(2,599)	(280)	(585)	(305)
CASH, JANUARY 1	2,494	2,494	0	3,079	3,079	0
CASH, DECEMBER 31	2,599	0	(2,599)	2,799	2,494	(305)

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	2,190,000	2,189,251	(749)	2,138,700	2,138,661	(39)
Interest	187,800	187,748	(52)	145,000	168,676	23,676
Other	0	0	0	454,100	454,083	(17)
Total Receipts	2,377,800	2,376,999	(801)	2,737,800	2,761,420	23,620
DISBURSEMENTS						
Debt service	632,200	612,838	19,362	612,447	612,377	70
Capital improvements	2,472,500	87,547	2,384,953	35,015	35,012	3
Other	151,200	4,994	146,206	500	497	3
Transfers out	105,475	119,667	(14,192)	73,725	73,721	4
Total Disbursements	3,361,375	825,046	2,536,329	721,687	721,607	80
RECEIPTS OVER (UNDER) DISBURSEMENTS	(983,575)	1,551,953	2,535,528	2,016,113	2,039,813	23,700
CASH, JANUARY 1	3,748,915	3,748,915	0	1,709,102	1,709,102	0
CASH, DECEMBER 31	2,765,340	5,300,868	2,535,528	3,725,215	3,748,915	23,700
<u>SHELTER FUND</u>						
RECEIPTS						
Charges for services	4,000	4,960	960	4,000	4,205	205
Interest	100	87	(13)	150	132	(18)
Total Receipts	4,100	5,047	947	4,150	4,337	187
DISBURSEMENTS						
Shelter services	4,100	3,556	544	5,600	5,374	226
Total Disbursements	4,100	3,556	544	5,600	5,374	226
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,491	1,491	(1,450)	(1,037)	413
CASH, JANUARY 1	1,570	1,570	0	2,607	2,607	0
CASH, DECEMBER 31	1,570	3,061	1,491	1,157	1,570	413
<u>DEVELOPMENTALLY DISABLED BOARD FUND</u>						
RECEIPTS						
Property taxes	265,579	280,215	14,636	241,447	264,745	23,298
Intergovernmental	2,700	2,408	(292)	2,650	2,305	(345)
Interest	8,500	8,563	63	7,300	8,470	1,170
Total Receipts	276,779	291,186	14,407	251,397	275,520	24,123
DISBURSEMENTS						
Contracted services	283,687	283,687	0	241,851	245,351	(3,500)
Other	6,497	6,425	72	2,677	2,689	(12)
Total Disbursements	290,184	290,112	72	244,528	248,040	(3,512)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,405)	1,074	14,479	6,869	27,480	20,611
CASH, JANUARY 1	123,391	123,391	0	95,911	95,911	0
CASH, DECEMBER 31	109,986	124,465	14,479	102,780	123,391	20,611

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>UNEMPLOYMENT FUND</u>						
RECEIPTS						
Transfers in	25,209	27,142	1,933	25,000	21,704	(3,296)
Total Receipts	25,209	27,142	1,933	25,000	21,704	(3,296)
DISBURSEMENTS						
State unemployment benefit	10,000	716	9,284	10,000	312	9,688
Transfers out	10,000	10,000	0	10,000	10,000	0
Total Disbursements	20,000	10,716	9,284	20,000	10,312	9,688
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,209	16,426	11,217	5,000	11,392	6,392
CASH, JANUARY 1	14,066	14,066	0	2,674	2,674	0
CASH, DECEMBER 31	19,275	30,492	11,217	7,674	14,066	6,392
<u>ROAD AND BRIDGE DEBT SERVICE FUND</u>						
RECEIPTS						
Interest	8,200	5,324	(2,876)	5,000	8,195	3,195
Interfund loans	0	0	0	56,000	56,000	0
Transfers in	100,000	100,000	0	100,000	100,000	0
Total Receipts	108,200	105,324	(2,876)	161,000	164,195	3,195
DISBURSEMENTS						
Transfers out	0	0	0	275,000	275,000	0
Total Disbursements	0	0	0	275,000	275,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	108,200	105,324	(2,876)	(114,000)	(110,805)	3,195
CASH, JANUARY 1	58,026	58,026	0	168,831	168,831	0
CASH, DECEMBER 31	166,226	163,350	(2,876)	54,831	58,026	3,195
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	44,000	43,347	(653)	37,000	36,794	(206)
Interest	500	473	(27)	300	133	(167)
Other	3,200	3,151	(49)	0	0	0
Total Receipts	47,700	46,971	(729)	37,300	36,927	(373)
DISBURSEMENTS						
Prosecuting Attorney	21,645	21,561	84	18,500	17,067	1,433
Transfers out	14,000	14,000	0	14,000	14,000	0
Total Disbursements	35,645	35,561	84	32,500	31,067	1,433
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,055	11,410	(645)	4,800	5,860	1,060
CASH, JANUARY 1	8,432	8,432	0	2,572	2,572	0
CASH, DECEMBER 31	20,487	19,842	(645)	7,372	8,432	1,060

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	2,000	204	(1,796)	1,500	1,548	48
Total Receipts	2,000	204	(1,796)	1,500	1,548	48
DISBURSEMENTS						
Prosecuting Attorney	2,000	100	1,900	1,650	1,631	19
Total Disbursements	2,000	100	1,900	1,650	1,631	19
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	104	104	(150)	(83)	67
CASH, JANUARY 1	508	508	0	591	591	0
CASH, DECEMBER 31	508	612	104	441	508	67
<u>RECORDER USER FEES FUND</u>						
RECEIPTS						
Intergovernmental	1,000	949	(51)	3,329	1,427	(1,902)
Charges for services	29,250	28,727	(523)	21,980	21,975	(5)
Interest	600	1,008	408	750	522	(228)
Other	0	0	0	1,000	1,000	0
Total Receipts	30,850	30,684	(166)	27,059	24,924	(2,135)
DISBURSEMENTS						
Equipment	4,915	4,891	24	11,090	11,070	20
Microfilming	2,400	2,347	53	11,216	11,213	3
Document contract and supplies	14,900	14,842	58	0	0	0
Other	7,440	7,426	14	5,345	5,338	7
Total Disbursements	29,655	29,506	149	27,651	27,621	30
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,195	1,178	(17)	(592)	(2,697)	(2,105)
CASH, JANUARY 1	13,832	13,832	0	16,529	16,529	0
CASH, DECEMBER 31	15,027	15,010	(17)	15,937	13,832	(2,105)
<u>SHERIFF DRUG ENFORCEMENT FUND</u>						
RECEIPTS						
Intergovernmental	129,000	127,171	(1,829)	92,350	87,777	(4,573)
Interest	2,000	1,678	(322)	1,680	1,675	(5)
Other	0	0	0	1,807	1,807	0
Total Receipts	131,000	128,849	(2,151)	95,837	91,259	(4,578)
DISBURSEMENTS						
Equipment and supplies	28,200	28,164	36	72,100	53,727	18,373
Vehicles	35,800	35,614	186	0	18,360	(18,360)
Other	14,800	14,726	74	20,000	18,123	1,877
Total Disbursements	78,800	78,504	296	92,100	90,210	1,890
RECEIPTS OVER (UNDER) DISBURSEMENTS	52,200	50,345	(1,855)	3,737	1,049	(2,688)
CASH, JANUARY 1	9,042	9,042	0	7,993	7,993	0
CASH, DECEMBER 31	61,242	59,387	(1,855)	11,730	9,042	(2,688)

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>25TH JUVENILE FPS FUND</u>						
RECEIPTS						
Intergovernmental	3,000	120	(2,880)	3,000	784	(2,216)
Total Receipts	3,000	120	(2,880)	3,000	784	(2,216)
DISBURSEMENTS						
Alternative care expense:	3,000	120	2,880	3,000	97	2,903
Total Disbursements	3,000	120	2,880	3,000	97	2,903
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	687	687
CASH, JANUARY 1	1,018	1,018	0	331	331	0
CASH, DECEMBER 31	1,018	1,018	0	331	1,018	687
<u>PUBLIC FACILITIES AUTHORITY FUND</u>						
RECEIPTS						
Interest	84,000	53,088	(30,912)	66,000	65,803	(197)
Total Receipts	84,000	53,088	(30,912)	66,000	65,803	(197)
DISBURSEMENTS						
Equipment		0	0	6,044	6,044	0
Building repair and maintenance	11,000	10,921	79	1,867	1,866	1
Transfers out	65,803	65,803	0	64,066	64,051	15
Total Disbursements	76,803	76,724	79	71,977	71,961	16
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,197	(23,636)	(30,833)	(5,977)	(6,158)	(181)
CASH, JANUARY 1	1,039,031	1,039,031	0	1,045,189	1,045,189	0
CASH, DECEMBER 31	1,046,228	1,015,395	(30,833)	1,039,212	1,039,031	(181)
<u>USE TAX FUND</u>						
RECEIPTS						
Interest	16,000	14,567	(1,433)	16,000	16,719	719
Interfund loans	70,900	70,895	(5)	25,600	25,563	(37)
Total Receipts	86,900	85,462	(1,438)	41,600	42,282	682
DISBURSEMENTS						
Other	0	0	0	0	2,504	(2,504)
Interfund loans	205,000	204,995	5	80,600	80,563	37
Transfers out	16,720	16,720	0	23,661	16,410	7,251
Total Disbursements	221,720	221,715	5	104,261	99,477	4,784
RECEIPTS OVER (UNDER) DISBURSEMENTS	(134,820)	(136,253)	(1,433)	(62,661)	(57,195)	5,466
CASH, JANUARY 1	259,898	259,898	0	317,093	317,093	0
CASH, DECEMBER 31	125,078	123,645	(1,433)	254,432	259,898	5,466

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>E911 FUND</u>						
RECEIPTS						
Charges for services	526,000	525,515	(485)	445,300	445,265	(35)
Interest	37,800	37,744	(56)	35,700	35,676	(24)
Total Receipts	563,800	563,259	(541)	481,000	480,941	(59)
DISBURSEMENTS						
Communication services contract	255,887	252,168	3,719	248,288	237,037	11,251
Equipment	142,401	0	142,401	150,000	0	150,000
Other	6,700	5,372	1,328	6,500	3,621	2,879
Transfers out	13,823	13,725	98	13,541	13,434	107
Total Disbursements	418,811	271,265	147,546	418,329	254,092	164,237
RECEIPTS OVER (UNDER) DISBURSEMENTS	144,989	291,994	147,005	62,671	226,849	164,178
CASH, JANUARY 1	751,758	751,758	0	524,909	524,909	0
CASH, DECEMBER 31	896,747	1,043,752	147,005	587,580	751,758	164,178
<u>JAY WHITE ESTATE FUND</u>						
RECEIPTS						
Interest	21,000	20,692	(308)	22,000	21,759	(241)
Other	4,200	4,200	0	4,300	4,213	(87)
Total Receipts	25,200	24,892	(308)	26,300	25,972	(328)
DISBURSEMENTS						
Transfers out	21,760	21,759	1	21,442	21,442	0
Total Disbursements	21,760	21,759	1	21,442	21,442	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,440	3,133	(307)	4,858	4,530	(328)
CASH, JANUARY 1	398,917	398,917	0	394,387	394,387	0
CASH, DECEMBER 31	402,357	402,050	(307)	399,245	398,917	(328)
<u>HEALTH DEPARTMENT FUND</u>						
RECEIPTS						
Intergovernmental	464,970	497,207	32,237	421,514	462,639	41,125
Charges for services	139,000	133,969	(5,031)	128,280	140,681	12,401
Interest	2,000	7,244	5,244	1,000	3,720	2,720
Other	152,634	163,558	10,924	163,264	147,088	(16,176)
Transfers in	281,826	231,437	(50,389)	306,634	259,028	(47,606)
Total Receipts	1,040,430	1,033,415	(7,015)	1,020,692	1,013,156	(7,536)
DISBURSEMENTS						
Salaries	717,544	698,337	19,207	720,329	669,492	50,837
Employee fringe benefit	131,619	129,703	1,916	146,672	127,983	18,689
Operating expenses	55,880	39,171	16,709	99,950	38,802	61,148
Program expenses	115,530	112,294	3,236	30,600	90,853	(60,253)
Equipment	6,900	21,036	(14,136)	5,250	3,785	1,465
Transfers out	5,406	5,332	74	15,848	3,839	12,009
Total Disbursements	1,032,879	1,005,873	27,006	1,018,649	934,754	83,895
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,551	27,542	19,991	2,043	78,402	76,359
CASH, JANUARY 1	101,773	101,773	0	23,371	23,371	0
CASH, DECEMBER 31	109,324	129,315	19,991	25,414	101,773	76,359

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CRISIS INTERVENTION FUND</u>						
RECEIPTS						
Intergovernmental	18,000	3,414	(14,586)	18,000	10,332	(7,668)
Total Receipts	18,000	3,414	(14,586)	18,000	10,332	(7,668)
DISBURSEMENTS						
Crisis interventior	18,000	3,080	14,920	18,000	10,306	7,694
Total Disbursements	18,000	3,080	14,920	18,000	10,306	7,694
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	334	334	0	26	26
CASH, JANUARY 1	1,221	1,221	0	1,195	1,195	0
CASH, DECEMBER 31	1,221	1,555	334	1,195	1,221	26
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for service:	46,000	45,951	(49)	40,000	39,495	(505)
Interest	300	365	65	500	248	(252)
Total Receipts	46,300	46,316	16	40,500	39,743	(757)
DISBURSEMENTS						
Equipment and supplies	14,115	14,114	1	10,714	7,271	3,443
Vehicles	0	0	0	12,400	11,400	1,000
Other	0	3,133	(3,133)	0	1,807	(1,807)
Transfers out	37,900	34,758	3,142	17,093	13,795	3,298
Total Disbursements	52,015	52,005	10	40,207	34,273	5,934
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,715)	(5,689)	26	293	5,470	5,177
CASH, JANUARY 1	5,722	5,722	0	252	252	0
CASH, DECEMBER 31	7	33	26	545	5,722	5,177
<u>COMMUNITY CARE CLINIC FUND</u>						
RECEIPTS						
Intergovernmental	175,938	120,000	(55,938)	220,000	160,000	(60,000)
Interest	1,300	1,710	410	1,000	1,567	567
Other	51,750	58,836	7,086	50,500	49,158	(1,342)
Total Receipts	228,988	180,546	(48,442)	271,500	210,725	(60,775)
DISBURSEMENTS						
Physician	32,000	28,125	3,875	30,000	29,233	767
Other	34,370	20,300	14,070	26,250	21,575	4,675
Transfers out	175,000	124,612	50,388	200,000	152,435	47,565
Total Disbursements	241,370	173,037	68,333	256,250	203,243	53,007
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,382)	7,509	19,891	15,250	7,482	(7,768)
CASH, JANUARY 1	31,158	31,158	0	23,676	23,676	0
CASH, DECEMBER 31	18,776	38,667	19,891	38,926	31,158	(7,768)

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	11,000	9,775	(1,225)	6,440	6,438	(2)
Interest	400	678	278	200	375	175
Other	0	0	0	500	500	0
Total Receipts	11,400	10,453	(947)	7,140	7,313	173
DISBURSEMENTS						
Equipment	3,000	2,992	8	1,000	0	1,000
Voter registration	700	612	88	1,050	103	947
Total Disbursements	3,700	3,604	96	2,050	103	1,947
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,700	6,849	(851)	5,090	7,210	2,120
CASH, JANUARY 1	11,463	11,463	0	4,253	4,253	0
CASH, DECEMBER 31	19,163	18,312	(851)	9,343	11,463	2,120
<u>PROSECUTING ATTORNEY DRUG ENFORCEMENT FUND</u>						
RECEIPTS						
Intergovernmental	0	627	627	0	0	0
Interest	200	140	(60)	100	237	137
Total Receipts	200	767	567	100	237	137
DISBURSEMENTS						
Prosecuting Attorney	3,000	0	3,000	2,000	0	2,000
Total Disbursements	3,000	0	3,000	2,000	0	2,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,800)	767	3,567	(1,900)	237	2,137
CASH, JANUARY 1	3,287	3,287	0	3,050	3,050	0
CASH, DECEMBER 31	487	4,054	3,567	1,150	3,287	2,137
<u>COLLECTOR TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	500	579	79			
Total Receipts	500	579	79			
DISBURSEMENTS						
County Collector	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	579	79			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	500	579	79			

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>FAMILY COURT FUND</u>						
RECEIPTS						
Charges for service:				0	850	850
Total Receipts				0	850	850
DISBURSEMENTS						
Office expense:				500	4,162	(3,662)
Total Disbursements				500	4,162	(3,662)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(500)	(3,312)	(2,812)
CASH, JANUARY 1				3,312	3,312	0
CASH, DECEMBER 31				2,812	0	(2,812)
<u>CIRCUIT INTEREST FUND</u>						
RECEIPTS						
Interest	4,600	4,332	(268)	6,000	4,639	(1,361)
Total Receipts	4,600	4,332	(268)	6,000	4,639	(1,361)
DISBURSEMENTS						
Circuit Clerk	2,000	2,038	(38)	2,100	1,915	185
Total Disbursements	2,000	2,038	(38)	2,100	1,915	185
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,600	2,294	(306)	3,900	2,724	(1,176)
CASH, JANUARY 1	14,686	14,686	0	12,376	11,962	(414)
CASH, DECEMBER 31	17,286	16,980	(306)	16,276	14,686	(1,590)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	10,500	12,223	1,723	9,500	11,056	1,556
Interest	450	463	13	400	549	149
Total Receipts	10,950	12,686	1,736	9,900	11,605	1,705
DISBURSEMENTS						
Law library	5,500	5,381	119	6,600	4,773	1,827
Total Disbursements	5,500	5,381	119	6,600	4,773	1,827
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,450	7,305	1,855	3,300	6,832	3,532
CASH, JANUARY 1	37,541	37,541	0	30,709	30,709	0
CASH, DECEMBER 31	42,991	44,846	1,855	34,009	37,541	3,532
<u>JOB ACCESS GRANT FUND</u>						
RECEIPTS						
Intergovernmental	61,859	121,920	60,061	151,500	100,378	(51,122)
Total Receipts	61,859	121,920	60,061	151,500	100,378	(51,122)
DISBURSEMENTS						
Program expenses	61,859	121,920	(60,061)	151,500	100,378	51,122
Total Disbursements	61,859	121,920	(60,061)	151,500	100,378	51,122
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	\$ 0	0	0	0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

PHELPS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Phelps County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Law Library Custodian, or the Board for the Developmentally Disabled. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Developmentally Disabled Board Fund	2001
Family Court Fund	2001
Circuit Interest Fund	2002
Job Access Grant Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2002 and 2001, did not include the Circuit Interest Fund, Law Library Fund, and Job Access Grant Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

Supplementary Schedule

Schedule

PHELPS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women Infants, and Children	ERS045-1181W ERS045-2181W ERS045-3181W	\$ 0 94,429 31,239	90,489 32,221 0
	Program Total		<u>125,668</u>	<u>122,710</u>
10.559	Summer Food Service Program for Children	ERS146-1181I ERS146-2181I	0 240	240 0
	Program Total		<u>240</u>	<u>240</u>
Office of Administration				
10.665	Schools and Roads - Grants to State	N/A	134,091	20,345
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State's Program	B99DC290001 B01DC290001	61,859 60,061	100,378 0
	Program Total		<u>121,920</u>	<u>100,378</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grant	N/A	15,021	0
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	99,086	84,750
Passed through:				
State Department of Public Safety				
16.523	Justice Accountability Incentive Block Grant	N/A	1,681	0
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	N/A	0	5,344
16.548	Title V - Delinquency Prevention Program	00-JJT5-05	63,394	39,523
16.554	National Criminal History Improvement Program	2000-RH-CX-K024	0	1,815
16.575	Crime Victim Assistance	99-VAGX-0029 2001-VOCA-0028	0 12,445	12,771 0
	Program Total		<u>12,445</u>	<u>12,771</u>

Schedule

PHELPS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
	Missouri Sheriff's Meth-Amphetamine Relief Team			
16.580	Edward Bryne Memorial State and Local Law Enforcemer Assistance Discretionary Grants Program	N/A	31,485	0
	State Department of Public Safety			
16.592	Local Law Enforcement Block Grants Program	2001-LBG-023	9,000	5,574
16.unknown	DWI Saturation Grant	02-164-AL-54	791	0
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	896	1,035
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
	Highway and Transportation Commission			
20.205	Highway Planning and Constructor	BRO-081 (6)	1,102	0
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Secto Training and Planning Grants	N/A	2,728	2,568
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	282	487
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grants	N/A	40,890	0

Schedule

PHELPS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct program:				
93.912	Rural Health Outreach and Rural Network Development Program	N/A	120,000	160,000
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-1181L	4,000	1,969
93.268	Immunization Grants	PGA0064-1181	0	855
		PGA0064-2181	9,110	0
		N/A	57,778	52,190
	Program Total		<u>66,888</u>	<u>53,045</u>
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	AOC03380037	43,425	0
Department of Social Services -				
93.563	Child Support Enforcement	N/A	45,396	40,408
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-1181S	0	8,132
		PGA067-2181S	6,470	0
		PGA067-1181C	0	2,500
		PGA067-2181C	3,000	0
	Program Total		<u>9,470</u>	<u>10,632</u>
Office of Administration				
93.590	Community-Based Family Resource and Support Grant	D00-015	19,283	23,295
Department of Social Services -				
93.658	Foster Care - Title IV-E	AOC5000134	11,342	10,799
		AOC5000132	19,408	17,899
		AOC8000141	14,801	18,818
	Program Total		<u>45,551</u>	<u>47,516</u>

Schedule

PHELPS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state Department of Health and Senior Services				
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS-161	9,092	11,405
93.945	Assistance Programs for Chronic Disease Prevention and Control	A0C03380129	6,250	0
93.991	Preventive Health and Health Services Block Grant	DH020044001	18,700	1,000
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-1181M	0	29,769
		ERS146-2181M	30,572	4,819
		ERS146-3181M	10,268	0
		A0C01380104	24,637	25,651
		ERS175-2056F	5,100	4,500
		N/A	534	4,865
Program Total			<u>71,111</u>	<u>69,604</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct program:				
94.016	Senior Companion Program	N/A	342,136	327,970
Total Expenditures of Federal Awards			\$ <u><u>1,462,022</u></u>	<u><u>1,144,384</u></u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

PHELPS COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Phelps County, Missouri, except for the programs accounted for in the Phelps County Public Housing Agency Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended September 30, 2002 and 2001.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Equitable Sharing of Seized and Forfeited Property (CFDA number 16.unknown) include both cash disbursements and the fair market value of equipment received.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the fair market value of equipment received.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Phelps County, Missouri

Compliance

We have audited the compliance of Phelps County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Phelps County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Phelps County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Phelps County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 7, 2003 (fieldwork completion date)

Schedule

PHELPS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? yes x no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Woman, Infants and Children
10.665	Schools and Roads – Grants to States
14.228	Community Development Block Grants/State's Program
93.912	Rural Health Outreach and Rural Network Development Program
94.016	Senior Companion Program

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

PHELPS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

PHELPS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

PHELPS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Phelps County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003. We also have audited the compliance of Phelps County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Phelps County Public Housing Agency and the Phelps County Regional Medical Center are audited and separately reported on by other independent auditors, the related funds are not presented in the financial statements. However, we reviewed those audit reports and other applicable information for the years ended September 30, 2002 and 2001, and December 31, 2002 and 2001, respectively.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Phelps County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	County Funds
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Some county funds have accumulated significant balances and county officials should document plans for the use of these funds and consider reducing the fund balances. The county makes a significant amount of transfers between the various county funds and it appears the county could significantly reduce the amounts transferred.

- A. The balance of the E911 Fund has increased from \$369,246 at January 1, 2000, to \$1,043,752 at December 31, 2002. Fund revenues have increased from \$350,000 in 1999 to \$560,000 in 2002, while operating expenses have remained at approximately \$260,000 for the past three years. For the first time in several years, the 2003 budget includes expenses for equipment upgrades totaling \$500,000, which results in a reduction in the estimated ending fund balance to \$817,075; however, operating revenues are projected to exceed normal operating expenses by approximately \$240,000 during 2003.

E911 is funded by a telephone tax which was authorized by county voters. Section 190.310, RSMo 2000, requires the County Commission to annually set the tax rate, not to exceed the maximum rate authorized by the voters, together with any surplus revenues carried forward from prior years, to provide sufficient resources to fund authorized expenses. While the County Commission has not enacted the formal process of annually setting the tax rate, the county has always levied the maximum rate authorized by the voters. The County Commission should annually review and set the E911 tax rate and set it at a rate that provides sufficient operating funds and does not create an excessive fund balance. If the Commission plans to accumulate a balance for future capital improvements, specific plans should be documented and the budgets should include a reserve for future improvements.

- B. The county makes a significant amount of interfund transfers, many of which do not appear necessary. Interfund transfers totaled \$789,869 and \$1,019,225 for the years ended December 31, 2002 and 2001, respectively. Some of these amounts represent required operating transfers, such as transfers from the General Revenue Fund to the Assessment Fund; however, a significant amount of the transfers represent reimbursement of expenses incurred in one fund that could have been incurred in another fund. For example, the entire salaries of some employees are paid from the General Revenue Fund, and corresponding amounts are transferred

to the General Revenue Fund from the applicable funds from which the salary expenses should have been paid. The county does pay salaries from other funds, such as the Special Road and Bridge Fund and the Assessment Fund, so it appears the county could pay many of these salaries directly from the appropriate fund, which would eliminate the need for a significant amount of interfund transfers.

In addition, the county has annually transferred \$14,000 from the Prosecuting Attorney Bad Check Fund to the General Revenue Fund. While county officials indicated this transfer was originally made to reimburse the General Revenue Fund for salary expenses, the county had no documentation of the specific expenses to be reimbursed.

Interfund transfers to reimburse one fund for expenses incurred in another fund unnecessarily inflate the county's overall fund receipts and disbursements and create unnecessary accounting and bookkeeping entries on the county's budgets and financial statements.

In addition, the County Commission has established separate funds which are used primarily to set aside money for future use and to make interfund loans for cash flow purposes. These funds include the Road and Bridge Debt Service, Use Tax, and Jay White Estate Funds and had a combined balance of \$689,045 at December 31, 2002. While the County Commission indicated it considers the balances of these funds when the annual budgets are prepared, accounting for these monies separately makes it more difficult to analyze the true financial condition of the county's main operating funds. The county should consider combining these funds with the main operating funds and discontinue the interfund loans to provide a more clear financial picture of the county's operations and financial condition. If the county wishes to set aside monies for future operations, this should be done by establishing reserves within the operating funds and clearly marking these amounts on the county's budgets as reserved for future operations.

WE RECOMMEND the County Commission:

- A. Annually set the E911 tax rate in accordance with state law. In addition, the County Commission should document its plans for the future use of E911 funds and consider reducing the accumulated fund balance.
- B. Reduce or eliminate interfund transfers in which expenses are paid from one fund and reimbursed from another fund. In addition, the County Commission should reduce or eliminate interfund loans for cash flow purposes and consider combining these additional funds with the normal county operating funds.

AUDITEE'S RESPONSE

- A. *Although formal annual action has not been taken to set the telephone tariff rate for this fund, the commission has discussed the rate, as well as the need for the fund balance, at length each year. Bids will be opened for upgrade of the complete E911 system. Estimates for the project have been budgeted at \$500,000. Having knowledge of the actual cost for this project will assist the commission in formulating future budgets for the fund. The commission has also maintained a high fund balance in the E911 Fund due to the 60-day termination clause included in the dispatch and 911 services contracts with the City of Rolla. In the event that the city opted to exercise this option, it would be imperative to the safety of the residents of Phelps County that sufficient funds be available to allow for immediate manning and equipping of an alternate facility for continued emergency services. There has also been much discussion regarding the possibility of providing a different facility for the E911 operations, rather than continuing the location at the Rolla Police Department. In future budget messages, the reason for the fund balance will be more clearly defined. The commission will also act annually to review the needs of the fund, reasonable reserve, and to set the rate for the tariff for the ensuing year.*
- B. *The commission has made and will continue to make concerted efforts to enhance monthly cash flow procedures to limit the number of interfund operational loans. Progress has been made in this area in the past few years. Regarding interfund transfers, the commission does not consider it responsible to issue county payroll from other funds which are either pass-thru funds or discretionary funds of another county official. The Senior Companions Fund is a pass-thru fund from which the senior companions program draws down expense funds each month. The senior companions program then issues payment for their senior companion stipends and operating expenses from a separate bank account which they maintain. Other payroll reimbursements to the General Revenue Fund come from such funds as the Sheriff Drug Enforcement Fund and the Sheriff Civil Fee Fund. Both of these are discretionary funds of the sheriff. The commission believes that it would be irresponsible to rely on these particular funds for regular monthly payroll, and that doing so would most likely result in interfund loans at payroll time. All efforts will be made to limit interfund activity as much as the commission believes is possible for Phelps County. Transfers from the Prosecuting Attorney Bad Check Fund will be processed based on actual reimbursement of employee salary in the future. Interfund transfers, while already identified on the budget documents, will be noted in the budget message in the future so as not to cause any confusion to the public regarding actual county revenues and expenses. As to maintaining the Jay White Estate Fund and the Use Tax Fund as separate county funds, this has been a very effective tool for the commission and has assisted us in maintaining the balances in these funds as emergency reserve, while using them for operating loans when it is necessary.*

The county has not taken action on mid-term salary increases given to the Associate Commissioners in 1999. Actions of the salary commission in approving a raise for the County Treasurer in December 2002 were contrary to a legal opinion provided by the Prosecuting Attorney.

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Phelps County's Associate County Commissioners' salaries were each increased approximately \$6,000 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third-class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$12,000 for the two years ended December 31, 2000, should be repaid. The Prosecuting Attorney issued a written legal opinion on August 14, 2001, indicating the county should pursue repayment of these salary increases for 1999 and 2000. The Associate County Commissioners have made no repayments and the county has taken no action to seek repayment.

- B. The County Treasurer's salary was increased \$8,599 annually, effective with the start of a new term of office on January 1, 2003. A salary commission meeting held on December 12, 2002, approved this increase. While the Prosecuting Attorney had provided a written opinion opposing such a meeting, salary commission minutes indicated other legal opinions and other information were relied upon allowing such a meeting.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the

alternative salary schedule. However, Section 50.333, RSMo 2000, appears to authorize salary commissions to meet only in odd-numbered years.

As a result, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

WE RECOMMEND the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.

AUDITEE'S RESPONSE

- A. *The commission advised that they will not pursue reimbursement of these funds from the associate commissioners involved due to the fact that the salary commission acted in good faith in compliance with the state law and the intent of the legislature when making the decision to approve the mid-term increase.*
- B. *This increase was approved by the Salary Commission of Phelps County, not by the County Commission of Phelps County as governing body. The commission will consider discussing this matter at the next salary commission meeting.*

3. Sheriff's Seized Property

The Phelps County Sheriff's Department seizes property and money to be held in connection with arrests. Concerns noted in our prior audit related to the procedures and controls over seized property were not addressed on a timely basis.

- A. The Sheriff's Department participates in several large drug busts and property seizures. Our prior report issued in July 2001 noted weaknesses in controls over seized property, including lack of segregation of duties, no supervisory review of seized property records, and inadequate procedures for disposing of seized property. In addition, the Sheriff's property custodian indicated property had not been disposed of for several years because the Prosecuting Attorney had not filed the necessary paperwork.

Little or no action had been taken to address the weaknesses noted in our report, and at the direction of the circuit court, in October 2002 the Sheriff's Department investigated the status of property seized as evidence for about 730 cases involving weapons and drugs. For most of the cases, the Sheriff's Department could locate neither the property item nor documentation of the property's disposal. The Sheriff's property custodian indicated the items had been destroyed

because the applicable court cases had been closed or the items were no longer needed as evidence.

As a result of this investigation, the Sheriff relieved the property custodian of his responsibilities and appointed a new property custodian in December 2002, and in March 2003, the Sheriff adopted new written procedures for the control of seized property. The Sheriff's Department conducted an internal inquiry in March 2003 which concluded the former property custodian had failed to obtain the proper authorization or instructions from the court or Prosecuting Attorney prior to destroying evidence, and the former property custodian failed to maintain proper documentation of evidence destructions and disposals. The Circuit Court has appointed a special prosecutor to conduct an investigation of this matter.

While changes were adopted in March 2003 to improve controls over seized property, the lack of timely follow-up to the weaknesses noted in our prior report appear to have contributed to the problems noted above.

- B. The Sheriff's Department maintains a bank account for monies seized in connection with arrests. On April 30, 2003, the account balance totaled approximately \$86,000. The Sheriff's Department has not prepared listings of open items (liabilities) for the bank account. About \$49,000 of the balance pertains to a seizure on one case in March 2002 that remains open. Because an open-items listing has not been prepared, the Sheriff's Department cannot identify the items comprising the remainder of the account balance totaling about \$37,000.

Listings of open items should be prepared on a monthly basis and reconciled to the bank balance to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities. Any amounts which remain unclaimed or unidentified should be disposed of in accordance with state law.

WE RECOMMEND the Sheriff:

- A. Continue to address the problems regarding seized property.
- B. Prepare monthly listings of open items for the seized property account and reconcile the listings to the account balance. Amounts that are unclaimed or unidentified should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

- A. *We agree there was a problem with seized property and the evidence room. We have addressed these issues and fixed the problems.*
- B. *We agree and have now identified all the funds in the account and will keep an updated open items list.*

4.**Prosecuting Attorney's Procedures**

The Prosecuting Attorney maintains separate bank accounts for bad check restitution and court ordered restitution, and applicable receipts totaled about \$302,000 and \$79,000, respectively, for the year ended December 31, 2002. Receipts are not recorded and deposited promptly as follows:

- A. Receipts for bad check restitution and court ordered restitution are usually deposited weekly and bi-weekly, respectively. A cash count on April 15, 2003, noted approximately \$4,200 in receipts on hand, which included some money orders dated in February 2003.
- B. Receipt slips are generally issued immediately for payments made in person. Receipts slips are not issued for payments received in the mail and these payments are not otherwise recorded, such as on a mail log, immediately upon receipt. Upon preparing receipts for deposit, staff in the Prosecuting Attorney's office record all payments in a receipts ledger.
- C. Receipts are sometimes withheld from the normal receipt and deposit process. Several receipts, totaling \$2,365 were on hand at April 15, 2003, which were held one month or more after received. Staff in the Prosecuting Attorney's office indicated these monies were held and not deposited because of insufficient or unclear case file information. However, it appears that such receipts could be deposited immediately and the case file information be resolved at a later date.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be recorded on receipt slips or mail logs immediately upon receipt and deposited intact daily.

WE RECOMMEND the Prosecuting Attorney record all monies immediately upon receipt and deposit all receipts intact daily.

AUDITEE'S RESPONSE

- A. *My staff has been advised to begin making more frequent deposits, which will be twice per week. Money orders that were on hand and not deposited had insufficient information on them to determine which account they should be deposited into. These money orders were payable to the Phelps County Prosecuting Attorney and sent to us by some individual other than a named defendant, on behalf of the defendant.*
- B. *All money orders or cashier's checks being received by this office are currently being written into a carbon-copy receipt book.*

- C. *Receipts are sometimes held until a determination can be made as to which account it should be deposited into. The only time this occurs is when a payment is made to this office and insufficient information is provided to allow identification of either the defendant or the victim. Until it can be determined which account the money should be deposited into, it is not deposited. Additionally, we occasionally receive payments in the mail that should be deposited with the court, but are mistakenly sent to this office by the defendant. Once again, until we are certain that we should receive the money, we do not deposit the payment into either of our accounts.*

5. County Collector's Procedures

The County Collector is responsible for collecting and distributing property taxes for political subdivisions within the county. Collections and distributions totaled \$13,080,478 and \$12,213,519 for the years ended February 28, 2003 and 2002, respectively. We noted concerns with the County Collector's procedures for reconciling his bank account and calculating certain withholdings and fees.

- A. The County Collector did not properly reconcile liabilities to the bank account balance. Upon preparation of monthly bank reconciliations, the bank balance was reconciled to the checkbook balance but not to liabilities. Beginning in June 2003, the County Collector began processing receipts in a different bank account and began reconciling the bank statement balance to liabilities. A balance of about \$6,600 remains in the old account; about \$3,200 of this balance is not identified to specific liabilities.

Monthly listings of liabilities should be prepared and reconciled to the cash balance to ensure accounting records are in balance and sufficient cash is available for the payment of all liabilities. The County Collector should attempt to identify the remaining balance of the old account, and dispose of amounts remaining unclaimed or unidentified in accordance with state law.

- B. State law, Section 50.338, RSMo 2000, requires adjustments of commissions and assessment fees withheld from school taxes due to a statewide education sales tax known as Proposition C. For the purposes of computing Proposition C withholdings, the County Collector computes ratios of unadjusted and adjusted school tax levies using information submitted by the school districts; however, the unadjusted tax levies were sometimes subsequently amended by the school districts and the County Collector indicated he was not always advised of the amended levies. As a result, the County Collector used incorrect unadjusted tax levies when computing Proposition C ratios for some school districts.

Upon our request, the County Collector recalculated the amounts which should have been withheld for the school district where incorrect Proposition C ratios would have the most significant effect. His calculations indicated over-withholdings of approximately \$8,940 in commissions and \$5,960 in assessment

fees from this district for the year ended February 28, 2003. The County Collector should review all incorrect Proposition C ratios, recalculate the proper amounts of withholdings, and make applicable adjustments to the distributions to the schools, General Revenue Fund, and Assessment Fund.

WE RECOMMEND the County Collector:

- A. Prepare monthly listings of liabilities and reconcile the listings to the cash balance. An attempt should be made to identify the remaining balance in the old bank account and close the account. Any remaining unclaimed or unidentified monies should be disposed of in accordance with applicable state laws.
- B. Recalculate Proposition C commissions and assessment withholdings related to the applicable school districts and make corrections for amounts improperly distributed to the schools, General Revenue Fund, and Assessment Fund. Procedures should be adopted to ensure accurate school tax levy information is obtained and future Proposition C withholdings are computed properly.

AUDITEE'S RESPONSE

- A. *I agree with the finding and have already begun to reconcile the checking account balance to the liabilities. The collector's office has also started to identify the remaining balances and is in the process of disposing the balances to the appropriate subdivisions. Also, a monthly listing of liabilities has been initiated to remedy the recurrence of this problem.*
- B. *I agree with the finding and will now consult with the state auditor's office to ensure that the appropriate levies are received. The collector's office has already begun to review all Proposition C ratios, recalculate the proper amounts, and make all applicable adjustments until all the districts are reimbursed.*

STATISTICAL SECTION

History, Organization, and
Statistical Information

PHELPS COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1857, the county of Phelps was named after John S. Phelps, a former Governor and member of Congress. Phelps county is a county-organized, third-class county and is part of the Twenty-Fifth Judicial Circuit. The county seat is Rolla.

Phelps County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 615 miles of county roads and 46 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 33,633 in 1980 and 39,825 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 221.8	214.2	191.3	185.2	110.5	62.1
Personal property	84.6	81.9	75.6	71.5	16.2	11.9
Railroad and utilities	16.7	16.8	16.8	16.6	8.9	7.6
Total	\$ 323.1	312.9	283.7	273.3	135.6	81.6

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Phelps County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.1700	.1739	.1675	.1700
Special Road and Bridge Fund	.0777	.0735	.0775	.0700
Developmentally Disabled Board Fund	.0886	.0886	.0901	.0900

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	98,648	94,824	85,869	83,454
General Revenue Fund	557,924	545,679	476,409	467,279
Special Road and Bridge Fund	268,837	247,394	233,549	210,921
Assessment Fund	149,705	135,701	119,362	112,958
Developmentally Disabled Board Fund	289,124	278,254	255,744	248,468
School districts	11,249,183	10,468,261	8,676,902	8,454,199
Ambulance districts	93,367	90,061	80,182	77,714
Fire protection district	3,655	0	0	0
Tax Maintenance Fund	11,667	0	0	0
Neighborhood improvement districts	0	708	896	1,389
Cities	28,139	28,866	35,308	35,238
County Clerk	354	437	397	307
County Employees' Retirement Fund	86,493	92,914	70,379	64,856
Commissions and fees:				
General Revenue Fund	243,381	230,421	194,812	185,263
Total	\$ 13,080,478	12,213,519	10,229,808	9,942,046

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	94	94	94	94 %
Personal property	92	91	91	92
Railroad and utilities	99	98	97	98

Phelps County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Law enforcement	.0038 *	None	0	

* Prior to October 2002, the rate was .0050 per \$1 of retail sales.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Randy Verkamp, Presiding Commissioner	\$	34,657	33,550	31,291	30,380
J. Glendon Klossner, Associate Commissioner		31,560	30,551	29,231	28,380
Charles (Bud) Dean, Associate Commissioner		31,560	30,551		
K.R (Ken) Lenox, Associate Commissioner				29,231	28,380
Carol A. Bennett, County Clerk		49,190	47,619	44,290	43,000
Kenneth Clayton, Prosecuting Attorney		60,149	58,228	54,590	53,000
Donald Blankenship, Sheriff		54,166	52,436	42,436	41,200
Carol Green, County Treasurer		36,401	35,238	32,775	31,820
Larry Swinfard, County Coroner		17,031	16,487	8,487	8,240
Judith Faust Aaron, Public Administrator		46,485	45,000		
Lou McFarland, Public Administrator (1)				51,535	42,350
Davis R. Haas, County Collector, year ended February 28 (29),	49,436	47,881	44,845	43,215	
Jack L. Harris, County Assessor (2), year ended August 31,		50,965	48,765	46,076	44,760
Richard Elgin, County Surveyor (3)		0	0		
Robert Elgin, County Surveyor (3)				0	0

- (1) Includes fees received from probate cases.
- (2) Includes \$900 annual compensation received from the state.
- (3) Compensation on a fee basis.

State-Paid Officials:

Carol Gaddy, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	47,300	46,127	44,292
Mary A. Sheffield, Associate Circuit Judge		96,000	96,000	97,382	87,235
Ralph J. Haslag, Associate Circuit Judge		96,000	96,000	97,382	87,235

In 2000, the county contracted with an underwriter to finance the building of a new county jail. The financing arrangement required the underwriter to issue \$5 million in certificates of participation and for the county to lease the facility over the ten-year time period that the debt will be paid off. The county's lease payments equal the amount of debt principal and interest, and the county will take ownership of the jail when the debt is extinguished, which is scheduled for 2010. The remaining principal and interest due on the debt at December 31, 2002 was \$4,165,000 and \$904,570, respectively.



**SULLIVAN COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-97
September 29, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Sullivan, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Sullivan County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Inadequate board oversight and a lack of controls and procedures surrounding the 911 Board's accounting system have allowed a misappropriation of funds to go undetected. Nineteen checks totaling \$3,448 for interest earned on the board's certificate of deposit were not deposited into the board's bank account and were apparently cashed by the former 911 coordinator. Additional receipts were also not properly recorded and deposited.

Payments to various vendors were not made on a timely basis. In addition, the 911 Board's procedures for approving disbursements did not require documentation (invoices) be provided by the 911 coordinator to support the amounts being paid. Also, inventory records were not maintained to account for maps purchased, sold, or given away, and the board's financial statements were not published.

- The county's General Revenue Fund is in poor financial condition. The cash balance of the General Revenue Fund decreased from \$262,881 on December 31, 1997 to \$53,677 at December 31, 2002. The county's 2003 budget reflected a projected cash balance of only \$637 at December 31, 2003. The County Commission needs to closely monitor revenues and expenditures and take steps to increase the balance of the General Revenue Fund.

(over)

YELLOW SHEET

- During the years ended December 31, 2002 and 2001, Sullivan County was designated as the recipient for a Community Development Block Grant which was passed through to the Sullivan County Public Water Supply District #1. The county did not properly monitor this grant.
- Adequate supporting documentation was not required or retained to support some county expenditures, such as CART rock reimbursements, and credit card purchases. Additionally, although the county does not have a written agreement with the Prosecuting Attorney, the county reimburses 50 percent of the Prosecuting Attorney's expenses for rent and utilities each year as well as his secretary's salary for four of the five day work week.
- The county's procedures are not adequate to ensure fixed asset purchases are added to the property records. In addition, some county offices did not conduct annual physical inventories and mileage logs are not maintained for county-owned vehicles used by the sheriff's department.

Also included in the audit are recommendations to the County Commission related to personnel policies and procedures, and closed meeting minutes. In addition, a recommendation was made to the Health Center to publish its financial statements.

All reports are available on our website: www.auditor.state.mo.us

SULLIVAN COUNTY, MISSOURI

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SULLIVAN COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Sullivan County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Sullivan County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Sullivan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 8, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Sullivan County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 8, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Robert L. McArthur II
Audit Staff:	Anissa Falconer
	Cara M. Wolfe



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Sullivan County, Missouri

We have audited the financial statements of various funds of Sullivan County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 8, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Sullivan County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Sullivan County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our

consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Sullivan County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 8, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

SULLIVAN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 73,892	926,674	946,889	53,677
Special Road and Bridge	321,245	821,911	877,217	265,939
Assessment	0	97,258	97,258	0
Law Enforcement Training	549	5,145	4,924	770
Prosecuting Attorney Training	241	690	723	208
Child Support Enforcement	940	107,746	108,553	133
Local Emergency Planning Training	14,370	3,153	5,937	11,586
Victims of Domestic Violence	0	255	255	0
Prosecuting Attorney Delinquent Tax	66	50	0	116
Prosecuting Attorney Bad Check	3,348	4,752	6,918	1,182
Recorder User Fee	17,660	4,937	260	22,337
Sheriff/Law Enforcement	13,194	21,393	18,629	15,958
Sullivan County Memorial Hospital Sales Tax	15,266	207,816	219,755	3,327
Election Services	884	2,645	1,815	1,714
Community Development Block Grant (Water)	0	10,000	10,000	0
Community Development Block Grant (Bridge)	0	178,604	178,604	0
Health Center	213,633	351,708	388,498	176,843
911 Board	190,564	209,082	192,084	207,562
Tax Maintenance	0	366	261	105
Law Library	5,022	3,069	6,859	1,232
Total	\$ 870,874	2,957,254	3,065,439	762,689

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

SULLIVAN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 172,628	915,206	1,013,942	73,892
Special Road and Bridge	345,267	1,043,408	1,067,430	321,245
Assessment	0	96,143	96,143	0
Law Enforcement Training	484	2,897	2,832	549
Prosecuting Attorney Training	170	612	541	241
Child Support Enforcement	1,652	91,327	92,039	940
Local Emergency Planning Training	9,690	5,691	1,011	14,370
Victims of Domestic Violence	305	255	560	0
Prosecuting Attorney Delinquent Tax	98	58	90	66
Prosecuting Attorney Bad Check	5,447	6,599	8,698	3,348
Recorder User Fee	13,915	3,977	232	17,660
Sheriff/Law Enforcement	10,523	15,561	12,890	13,194
Sullivan County Memorial Hospital Sales Tax	73	218,986	203,793	15,266
Election Services	1,513	2,430	3,059	884
Health Center	260,367	345,498	392,232	213,633
911 Board	151,639	212,118	173,193	190,564
Community Development Block Grant (Water)	0	490,000	490,000	0
Community Development Block Grant (ADA)	0	101,394	101,394	0
Local Law Enforcement Block Grant	0	9,440	9,440	0
Law Library	7,070	4,008	6,056	5,022
Total	\$ 980,841	3,565,608	3,675,575	870,874

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,025,088	2,953,819	(71,269)	3,182,930	2,960,766	(222,164)
DISBURSEMENTS	3,326,112	3,058,319	267,793	3,675,958	3,068,685	607,273
RECEIPTS OVER (UNDER) DISBURSEMENTS	(301,024)	(104,500)	196,524	(493,028)	(107,919)	385,109
CASH, JANUARY 1	865,712	865,852	140	973,771	973,771	0
CASH, DECEMBER 31	564,688	761,352	196,664	480,743	865,852	385,109
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	144,500	143,558	(942)	124,560	134,779	10,219
Sales taxes	414,000	414,947	947	428,000	414,784	(13,216)
Intergovernmental	10,200	7,412	(2,788)	14,400	11,644	(2,756)
Charges for services	124,500	133,360	8,860	128,500	127,941	(559)
Interest	6,000	4,117	(1,883)	12,000	12,382	382
Other	43,950	46,980	3,030	51,678	65,343	13,665
Transfers in	178,000	176,300	(1,700)	156,000	148,333	(7,667)
Total Receipts	921,150	926,674	5,524	915,138	915,206	68
DISBURSEMENTS						
County Commissioner	80,920	80,998	(78)	86,820	85,974	846
County Clerk	76,040	75,781	259	74,540	74,529	11
Elections	39,500	41,863	(2,363)	36,000	36,167	(167)
Buildings and grounds	53,150	58,298	(5,148)	117,297	121,574	(4,277)
Employee fringe benefit	44,700	48,354	(3,654)	49,500	44,199	5,301
County Treasurer	55,500	55,834	(334)	53,943	52,538	1,405
County Collector	4,500	4,409	91	5,000	4,336	664
Circuit Clerk	28,650	29,963	(1,313)	31,500	31,301	199
Court administration	14,813	12,954	1,859	18,610	5,109	13,501
Public Administrator	29,000	28,574	426	29,000	28,494	506
Sheriff	328,300	328,611	(311)	318,500	318,904	(404)
Jail	48,500	26,599	21,901	52,500	47,652	4,848
Prosecuting Attorney	58,934	60,304	(1,370)	58,194	58,338	(144)
Juvenile Officer	8,763	10,709	(1,946)	12,317	9,387	2,930
County Coroner	13,415	13,653	(238)	14,000	13,830	170
Other	61,210	53,600	7,610	72,320	67,966	4,354
Public health and welfare service	0	0	0	700	470	230
Transfers out	19,117	16,385	2,732	21,378	13,174	8,204
Emergency Fund	30,000	0	30,000	34,000	0	34,000
Total Disbursements	995,012	946,889	48,123	1,086,119	1,013,942	72,177
RECEIPTS OVER (UNDER) DISBURSEMENTS	(73,862)	(20,215)	53,647	(170,981)	(98,736)	72,245
CASH, JANUARY 1	73,892	73,892	0	172,628	172,628	0
CASH, DECEMBER 31	30	53,677	53,647	1,647	73,892	72,245

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental	777,000	770,301	(6,699)	1,112,000	983,931	(128,069)
Charges for services	34,700	33,610	(1,090)	42,000	33,316	(8,684)
Interest	20,000	6,520	(13,480)	25,000	20,009	(4,991)
Other	200	1,400	1,200	300	152	(148)
Transfers in	15,600	10,080	(5,520)	12,000	6,000	(6,000)
Total Receipts	847,500	821,911	(25,589)	1,191,300	1,043,408	(147,892)
DISBURSEMENTS						
Salaries	123,685	123,685	0	121,185	121,185	0
Employee fringe benefit	16,025	17,681	(1,656)	13,400	15,448	(2,048)
Supplies	9,800	8,673	1,127	8,800	11,798	(2,998)
Insurance	8,000	1,999	6,001	21,000	7,008	13,992
Road and bridge materials	250,000	229,049	20,951	287,000	196,698	90,302
Equipment repairs	20,000	11,884	8,116	30,000	22,380	7,620
Equipment purchases	30,000	0	30,000	30,000	2,043	27,957
Construction, repair, and maintenance	406,500	423,342	(16,842)	900,000	647,226	252,774
Other	32,700	30,904	1,796	32,700	27,644	5,056
Transfers out	30,000	30,000	0	30,000	16,000	14,000
Total Disbursements	926,710	877,217	49,493	1,474,085	1,067,430	406,655
RECEIPTS OVER (UNDER) DISBURSEMENTS	(79,210)	(55,306)	23,904	(282,785)	(24,022)	258,763
CASH, JANUARY 1	321,245	321,245	0	345,267	345,267	0
CASH, DECEMBER 31	242,035	265,939	23,904	62,482	321,245	258,763
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	86,900	87,976	1,076	84,800	87,071	2,271
Charges for services	550	898	348	700	464	(236)
Interest	500	298	(202)	600	617	17
Other	0	0	0	0	617	617
Transfers in	9,117	8,086	(1,031)	11,378	7,374	(4,004)
Total Receipts	97,067	97,258	191	97,478	96,143	(1,335)
DISBURSEMENTS						
Assessor	97,067	97,258	(191)	97,478	96,143	1,335
Total Disbursements	97,067	97,258	(191)	97,478	96,143	1,335
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	1,960	1,960	0	0	0
Charges for service:	4,500	2,790	(1,710)	2,500	2,892	392
Interest	10	27	17	40	5	(35)
Other	0	368	368	0	0	0
Total Receipts	4,510	5,145	635	2,540	2,897	357
DISBURSEMENTS						
Sheriff	5,000	4,924	76	2,540	2,832	(292)
Total Disbursements	5,000	4,924	76	2,540	2,832	(292)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(490)	221	711	0	65	65
CASH, JANUARY 1	549	549	0	484	484	0
CASH, DECEMBER 31	59	770	711	484	549	65
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	700	690	(10)	800	612	(188)
Interest	10	0	(10)	0	0	0
Total Receipts	710	690	(20)	800	612	(188)
DISBURSEMENTS						
Prosecuting Attorney	950	723	227	950	541	409
Total Disbursements	950	723	227	950	541	409
RECEIPTS OVER (UNDER) DISBURSEMENTS	(240)	(33)	207	(150)	71	221
CASH, JANUARY 1	241	241	0	170	170	0
CASH, DECEMBER 31	1	208	207	20	241	221
<u>CHILD SUPPORT ENFORCEMENT FUND</u>						
RECEIPTS						
Intergovernmental	102,325	99,433	(2,892)	90,700	85,464	(5,236)
Interest	50	13	(37)	200	63	(137)
Transfers in	10,000	8,300	(1,700)	10,000	5,800	(4,200)
Total Receipts	112,375	107,746	(4,629)	100,900	91,327	(9,573)
DISBURSEMENTS						
Salaries	87,845	87,521	324	76,096	75,320	776
Office expenditures:	7,600	8,206	(606)	6,800	6,613	187
Equipment	2,050	2,066	(16)	2,400	2,259	141
Training and mileage	3,000	2,460	540	3,700	2,047	1,653
Transfers out	10,000	8,300	1,700	11,900	5,800	6,100
Total Disbursements	110,495	108,553	1,942	100,896	92,039	8,857
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,880	(807)	(2,687)	4	(712)	(716)
CASH, JANUARY 1	940	940	0	1,652	1,652	0
CASH, DECEMBER 31	2,820	133	(2,687)	1,656	940	(716)

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,000	2,913	913	2,500	5,269	2,769
Interest	400	240	(160)	400	422	22
Total Receipts	2,400	3,153	753	2,900	5,691	2,791
DISBURSEMENTS						
Local Emergency Planning Commission	16,000	5,937	10,063	10,000	1,011	8,989
Total Disbursements	16,000	5,937	10,063	10,000	1,011	8,989
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,600)	(2,784)	10,816	(7,100)	4,680	11,780
CASH, JANUARY 1	14,370	14,370	0	9,690	9,690	0
CASH, DECEMBER 31	770	11,586	10,816	2,590	14,370	11,780
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	300	255	(45)	395	255	(140)
Total Receipts	300	255	(45)	395	255	(140)
DISBURSEMENTS						
Shelter	300	255	45	700	560	140
Total Disbursements	300	255	45	700	560	140
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(305)	(305)	0
CASH, JANUARY 1	0	0	0	305	305	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	200	50	(150)	300	58	(242)
Total Receipts	200	50	(150)	300	58	(242)
DISBURSEMENTS						
Prosecuting Attorney	260	0	260	350	90	260
Total Disbursements	260	0	260	350	90	260
RECEIPTS OVER (UNDER) DISBURSEMENTS	(60)	50	110	(50)	(32)	18
CASH, JANUARY 1	66	66	0	98	98	0
CASH, DECEMBER 31	6	116	110	48	66	18
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	6,400	4,682	(1,718)	6,000	6,391	391
Interest	200	70	(130)	300	208	(92)
Total Receipts	6,600	4,752	(1,848)	6,300	6,599	299
DISBURSEMENTS						
Prosecuting Attorney	9,800	6,918	2,882	11,500	8,698	2,802
Total Disbursements	9,800	6,918	2,882	11,500	8,698	2,802
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,200)	(2,166)	1,034	(5,200)	(2,099)	3,101
CASH, JANUARY 1	3,348	3,348	0	5,447	5,447	0
CASH, DECEMBER 31	148	1,182	1,034	247	3,348	3,101

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for service:	3,900	4,525	625	3,100	3,365	265
Interest	600	412	(188)	700	612	(88)
Total Receipts	4,500	4,937	437	3,800	3,977	177
DISBURSEMENTS						
Recorder	22,000	260	21,740	17,000	232	16,768
Total Disbursements	22,000	260	21,740	17,000	232	16,768
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,500)	4,677	22,177	(13,200)	3,745	16,945
CASH, JANUARY 1	17,660	17,660	0	13,915	13,915	0
CASH, DECEMBER 31	160	22,337	22,177	715	17,660	16,945
<u>SHERIFF/LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Intergovernmental	1,000	0	(1,000)	9,496	1,203	(8,293)
Charges for service:	13,500	21,000	7,500	11,500	13,248	1,748
Interest	500	291	(209)	500	524	24
Other	600	102	(498)	100	586	486
Total Receipts	15,600	21,393	5,793	21,596	15,561	(6,035)
DISBURSEMENTS						
Sheriff	28,000	18,629	9,371	31,500	12,890	18,610
Total Disbursements	28,000	18,629	9,371	31,500	12,890	18,610
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,400)	2,764	15,164	(9,904)	2,671	12,575
CASH, JANUARY 1	13,194	13,194	0	10,523	10,523	0
CASH, DECEMBER 31	794	15,958	15,164	619	13,194	12,575
<u>SULLIVAN COUNTY MEMORIAL HOSPITAL SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	218,000	207,547	(10,453)	210,000	218,606	8,606
Interest	300	269	(31)	200	380	180
Total Receipts	218,300	207,816	(10,484)	210,200	218,986	8,786
DISBURSEMENTS						
Capital improvements	233,500	219,755	13,745	210,000	203,793	6,207
Total Disbursements	233,500	219,755	13,745	210,000	203,793	6,207
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,200)	(11,939)	3,261	200	15,193	14,993
CASH, JANUARY 1	15,266	15,266	0	73	73	0
CASH, DECEMBER 31	66	3,327	3,261	273	15,266	14,993

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for service:	2,500	2,631	131	2,000	2,366	366
Interest	50	14	(36)	100	64	(36)
Total Receipts	2,550	2,645	95	2,100	2,430	330
DISBURSEMENTS						
Equipment	500	682	(182)	1,000	514	486
Mileage and training	2,000	805	1,195	1,600	2,132	(532)
Other	900	328	572	1,000	413	587
Total Disbursements	3,400	1,815	1,585	3,600	3,059	541
RECEIPTS OVER (UNDER) DISBURSEMENTS	(850)	830	1,680	(1,500)	(629)	871
CASH, JANUARY 1	884	884	0	1,513	1,513	0
CASH, DECEMBER 31	34	1,714	1,680	13	884	871
<u>COMMUNITY DEVELOPMENT BLOCK GRANT (WATER) FUND</u>						
RECEIPTS						
Intergovernmental	10,000	10,000	0			
Total Receipts	10,000	10,000	0			
DISBURSEMENTS						
Emergency water	10,000	10,000	0			
Total Disbursements	10,000	10,000	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<u>COMMUNITY DEVELOPMENT BLOCK GRANT (BRIDGE) FUND</u>						
RECEIPTS						
Intergovernmental	244,151	178,604	(65,547)			
Total Receipts	244,151	178,604	(65,547)			
DISBURSEMENTS						
Bridge expense	244,151	178,604	65,547			
Total Disbursements	244,151	178,604	65,547			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	65,000	68,573	3,573	60,000	64,782	4,782
Intergovernmental	108,655	107,008	(1,647)	128,934	108,071	(20,863)
Charges for services	108,000	132,535	24,535	176,439	127,301	(49,138)
Interest	7,000	8,361	1,361	20,000	14,450	(5,550)
Other	36,500	35,231	(1,269)	28,750	30,894	2,144
Total Receipts	325,155	351,708	26,553	414,123	345,498	(68,625)
DISBURSEMENTS						
Salaries	341,368	336,384	4,984	346,688	341,368	5,320
Office expenditures	23,498	23,784	(286)	27,635	21,198	6,437
Equipment	0	0	0	0	170	(170)
Mileage and training	12,200	12,030	170	19,300	12,086	7,214
Other	14,820	16,300	(1,480)	20,500	17,410	3,090
Total Disbursements	391,886	388,498	3,388	414,123	392,232	21,891
RECEIPTS OVER (UNDER) DISBURSEMENTS	(66,731)	(36,790)	29,941	0	(46,734)	(46,734)
CASH, JANUARY 1	213,633	213,633	0	260,367	260,367	0
CASH, DECEMBER 31	146,902	176,843	29,941	260,367	213,633	(46,734)
<u>911 BOARD FUND</u>						
RECEIPTS						
Sales taxes	207,600	207,461	(139)	206,000	207,519	1,519
Charges for services	100	27	(73)	400	10	(390)
Interest	4,320	1,594	(2,726)	6,660	4,589	(2,071)
Total Receipts	212,020	209,082	(2,938)	213,060	212,118	(942)
DISBURSEMENTS						
Project management	5,000	3,309	1,691	0	0	0
Signs and hardware	4,000	2,614	1,386	6,000	1,936	4,064
Installation costs	38,000	31,417	6,583	36,000	32,146	3,854
Office equipment and supplies	2,400	2,241	159	2,400	1,860	540
Training	3,000	241	2,759	3,000	0	3,000
Radio improvements	5,000	0	5,000	5,000	969	4,031
Other	5,050	4,182	868	5,550	3,749	1,801
Transfers out	169,131	148,080	21,051	157,167	132,533	24,634
Total Disbursements	231,581	192,084	39,497	215,117	173,193	41,924
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,561)	16,998	36,559	(2,057)	38,925	40,982
CASH, JANUARY 1	190,424	190,564	140	151,639	151,639	0
CASH, DECEMBER 31	\$ 170,863	207,562	36,699	149,582	190,564	40,982

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

SULLIVAN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Sullivan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Community Development Block Grant (Water) Fund	2001
Community Development Block Grant (ADA) Fund	2001
Local Law Enforcement Block Grant Fund	2001
Tax Maintenance Fund	2002
Law Library Fund	2001 and 2002

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2002
Law Enforcement Training Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2002 and 2001, did not include the Health Center Fund, the 911 Board Fund, and the Law Library Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The county's and the 911 Board's deposits at December 31, 2002 and 2001 were entirely covered by federal depository insurance, by commercial insurance provided through a surety bond, or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

The Health Center Board's deposits at December 31, 2002 and 2001 were covered by federal depository insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances for the Health Center Board existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The only investment of the various funds at December 31, 2002 and 2001, was a repurchase agreement owned by the Health Center with a reported amount of \$29,000 and \$39,000, respectively (which approximated fair value).

This investment represents an uninsured and unregistered investment for which the securities were held by the Health Center's custodial bank in the Health Center's name.

Supplementary Schedule

Schedule

SULLIVAN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-1206	\$ 0	22,458
		ERS045-2206	21,021	2,193
		ERS045-3206	2,676	0
	Program Total		<u>23,697</u>	<u>24,651</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	99-PF-46	0	101,394
		99-EM-01	10,000	490,000
		01-PF-21	178,604	0
	Program Total		<u>188,604</u>	<u>591,394</u>
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.592	Local Law Enforcement Block Grants Program	2000 LBG 084	0	8,496
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,769	1,485
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO 105 (12)	0	204,553
		BRO 105 (17)	0	1,015
		BRO 105 (18)	0	204,301
		BRO 105 (19)	164,867	36,403
	Program Total		<u>164,867</u>	<u>446,272</u>

Schedule

SULLIVAN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	2,913	2,743
	GENERAL SERVICES ADMINISTRATION			
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	130	0
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state Department of Public Safety			
83.544	Public Assistance Grants	N/A	59,148	0
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	PGA064-2206A	1,915	0
		N/A	18,197	0
		N/A	2,072	0
	Program Total		<u>22,184</u>	<u>0</u>
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	47,602	48,900
		N/A	17,966	7,508
	Program Total		<u>65,568</u>	<u>56,408</u>
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Grants	PGA067-1206	0	1,050
		PGA067-2206	605	250
		PGA067-3206	80	0
	Program Total		<u>685</u>	<u>1,300</u>

Schedule

SULLIVAN COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
	Department of Health and Senior Services -			
93.994	Maternal and Child Health Service: Block Grant to the States	ERS146-1206	0	10,566
		ERS146-2206	10,293	3,366
		ERS146-3206	2,282	0
		ERS175-1206	0	1,974
		N/A	196	0
	Program Total		<u>12,771</u>	<u>15,906</u>
	Total Expenditures of Federal Award:		<u>\$ 542,336</u>	<u>1,148,655</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

SULLIVAN COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Sullivan County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property Program (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$10,000 and \$490,000 to a subrecipient under the Community Development Block Grants/State's Program (CFDA number 14.228) during the years ended December 31, 2002 and 2001, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Sullivan County, Missouri

Compliance

We have audited the compliance of Sullivan County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Sullivan County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an

instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

Internal Control Over Compliance

The management of Sullivan County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Sullivan County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 8, 2003 (fieldwork completion date)

Schedule

SULLIVAN COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

CFDA or
Other Identifying

Number

Program Title

14.228

Community Development Block Grants/State's Program

20.205

Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1.

Subrecipient Monitoring

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	99-EM-01
Award Year:	2002 and 2001
Questioned Costs:	Not Applicable

During the years ended December 31, 2002 and 2001, Sullivan County was designated as the recipient for a Community Development Block Grant (CDBG), which was passed through to the Sullivan County Public Water Supply District #1 (Water District). Grant funding for this program totaled \$500,000 for the two years.

Under provisions of the Single Audit Act and OMB Circular A-133, the county, as primary grant recipient, is required to monitor any subrecipients receiving \$25,000 or more in federal financial assistance for compliance with applicable laws and regulations. Furthermore, Section 410(d) of Circular A-133 requires the county to inform the subrecipients of various information about the award or requirements imposed on them by federal laws and regulations. Because it received more than \$300,000 the Water District was required by OMB Circular A-133 to have an annual audit of federal awards. Although the Water District was audited annually, the county did not obtain and review copies of this audit report.

In addition, the Water District submitted requests for payment to the county for approval, which the county in turn submitted to the state. The county did not require the

subrecipients to provide proof of payment to the contractors before conveying the federal funds. Also, the county did not retain copies of supporting documentation accompanying requests for payment. By not properly monitoring the county's subrecipients, the county cannot ensure grant monies are being expended in accordance with federal requirements. As the grant recipient, the county is ultimately responsible for ensuring compliance with federal requirements.

WE RECOMMEND the County Commission properly monitor federal grant subrecipient expenditures to ensure compliance with federal regulations.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will make an effort to comply with federal grant requirements in the future.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

SULLIVAN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

SULLIVAN COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

SULLIVAN COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Sullivan County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 8, 2003. We also have audited the compliance of Sullivan County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 8, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Sullivan County Memorial Hospital Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed the audit reports and other applicable information for the sixteen months ended October 31, 2001 and the year ended October 31, 2002.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. This Management Advisory Report includes no findings arising from our audit of the elected county officials referred to above. However, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Sullivan County but do not meet the criteria for inclusion in the written

report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	Financial Condition
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The county's General Revenue Fund is in poor financial condition. The following chart shows the General Revenue Fund's receipts, disbursements, and cash balances for the six years ended December 31, 2002, as well as estimates for the year ended December 31, 2003:

		2003						
		Estimated	2002	2001	2000	1999	1998	1997
Beginning Cash, January 1	\$	53,677	73,892	172,628	207,552	221,511	262,881	176,703
Receipts		948,500	926,674	915,206	931,271	929,313	816,152	763,137
Disbursements		(1,001,540)	(946,889)	(1,013,942)	(966,195)	(943,272)	(857,522)	(676,959)
Ending Cash, December 31	\$	637	53,677	73,892	172,628	207,552	221,511	262,881
<hr/>								
Receipts Over (Under)								
Disbursements	\$	(53,040)	(20,215)	(98,736)	(34,924)	(13,959)	(41,370)	86,178

As indicated above, based on the 2003 budget estimate, it appears the financial condition of the General Revenue Fund will not improve during the current year.

A significant factor resulting in the decline of the financial condition of the General Revenue Fund was site improvements, sewer repair, the addition of an elevator, and other handicapped-accessible improvements totaling \$318,438, which were made to the courthouse and paid from the General Revenue Fund from 1998 through 2001. Also attributing to the decline were increases in salaries of county officials, which were approved by the salary commission in 1997 and 1999. As a result, the total salaries of the county's officials increased approximately \$49,000 in 1999 and \$41,000 in 2001. In addition, while expenditures have increased, revenues have become stagnant as a result of the poor economy and the county's recent loss of a major employer.

The County Commission should review disbursements to ensure available county resources are used efficiently and to determine if long term reductions in disbursements are possible. In addition, the County Commission should ensure it maximizes receipts from all sources.

WE RECOMMEND the County Commission closely monitor the county's financial condition and consider various alternatives of increasing receipts and/or reducing disbursements of the General Revenue Fund.

AUDITEE'S RESPONSE

The County Commission and County Clerk responded as follows:

We are looking for ways to reduce expenses and are considering alternatives to increase revenues in the future.

2. County Expenditures

Adequate supporting documentation is not required or retained to support some county expenditures. In addition, written contracts are not always prepared to specify the arrangements between applicable parties. During our review of county expenditures, we noted the following concerns:

- A. Instances were noted in which the county approved payments to vendors without requiring or retaining adequate supporting documentation. Examples of items which could not be properly supported were CART rock reimbursements of approximately \$3,000, Circuit Judge expenses of approximately \$1,000, credit card purchases of approximately \$400 for the transport of prisoners, and an air conditioner for the Circuit Court costing \$465. In addition, we noted an instance in which the county approved payments for bridge materials totaling approximately \$16,000 without requiring acknowledgment of receipt of goods or services.

All expenditures should be supported by paid receipts or vendor-provided invoices. In addition, the county should require acknowledgment of receipt of goods and/or services prior to payment. Such documentation is necessary to ensure the purchase is a proper disbursement of county funds.

- B. Annual uniform allowances of \$300 were paid to road and bridge employees. The county did not require these employees to submit an itemized report of expenditures to support these allowances and the amounts were not reported on W-2 forms.
- C. The Prosecuting Attorney does not have an office in the courthouse; he performs his county duties from an office building used in the operation of his private law practice. The county has agreed to pay 50 percent of the Prosecuting Attorney's expenses for rent and utilities each year as well as his secretary's salary for four days of the five day work week from the Prosecuting Attorney Bad Check Fund.

The agreed upon payments are requested and approved through the county's annual budget process. However, there is no written agreement specifying how the rent and utilities amounts are determined and/or the percentage of secretaries salaries to be paid by the county. In addition, adequate supporting documentation such as employee time sheets is not maintained by the Prosecuting Attorney for filing with the County Clerk.

Section 432.070, RSMo 2000, requires the county to have all contracts in writing. Written agreements should be prepared and should clearly specify the arrangements between applicable parties. Also, timesheets are necessary to document hours actually worked, substantiate payroll expenditures, and allocate payroll expenditures to the various funds.

WE RECOMMEND the County Commission:

- A. Ensure adequate supporting documentation is obtained to support all expenditures and require acknowledgment of receipt of goods and/or services prior to payment.
- B. Require employees to submit itemized reports for uniform allowances or report the payments as income on the employees' W-2 forms.
- C. Ensure a written agreement is entered into with the Prosecuting Attorney documenting each parties contractual obligations. In addition, timesheets should be required of the secretary to support salary reimbursements for the agreed upon percentage.

AUDITEE'S RESPONSE

The County Commission and County Clerk responded as follows:

- A. *Adequate supporting documentation will be maintained. As far as receipt of goods, the County Clerk creates the materials list, places the order, and pays the bills. No other official or employee handles road and bridge purchases.*
- B. *We will require invoices from Road and Bridge employees to support uniform allowances.*

The County Commission and Prosecuting Attorney responded as follows:

- C. *We will enter into a contract documenting this agreement and a timesheet will be used to support the secretary's time.*

3. Personnel Policies and Procedures

Time sheets are not always appropriately signed and the county does not have a standard written personnel policy. During our review of the county's personnel policies and procedures, we noted the following concerns:

- A. Time sheets are not always signed by the employee. In addition, supervisors do not always sign employees' timesheets to document approval. During our review, we noted road and bridge employees' timesheets that were not signed by the road and bridge supervisor. The timesheets should be prepared by the employee, approved by

the applicable supervisor, and filed in a central location with the county's payroll records.

- B. The county does not have standard written personnel policies. Each official informs his/her employees the hours to be worked. This has resulted in inconsistencies among the various offices. Our review of employee time sheets showed that the hours worked by various employees ranged from 35 to 40 hours per week.

Detailed written policies are necessary to provide guidance to county employees, provide a basis for proper compensation, ensure equitable treatment among employees, and avoid misunderstandings.

Conditions similar to A and B were noted in the prior report.

WE AGAIN RECOMMEND the County Commission:

- A. Require time sheets be prepared and signed by employees, approved by the applicable supervisor, and filed in a central location with the county's payroll records.
- B. Adopt a detailed written policy to ensure fair and equitable treatment concerning personnel matters.

AUDITEE'S RESPONSE

The County Commission and County Clerk responded as follows:

- A. *This recommendation has been implemented.*
- B. *We will try to implement a personnel policy in the fall or early winter of 2003.*

4. Property Records and Procedures

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. The county's fixed asset records are not adequate and complete, some county offices did not conduct annual physical inventories, and mileage logs are not maintained for county-owned vehicles used by the Sheriff's department.

- A. The county's fixed asset records are not adequate and complete. In addition, some county offices did not conduct annual physical inventories for the years ended December 31, 2001 and 2002.

Our review of fixed assets found that five of nine assets tested were not included on the fixed asset listings. In addition, we noted that fixed assets are not tagged and

recorded upon arrival or installation, purchases are not reconciled to fixed asset records, and records are not maintained in a manner that balances can be reconciled from period to period. Finally, records of disposed fixed assets are not maintained.

Adequate general fixed asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage for county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

- B. Mileage logs are not maintained for the four county-owned vehicles used by the sheriff's department. Logs are necessary to document appropriate use of the vehicles. These logs should be reviewed to ensure the vehicles are used only for county business, are being properly utilized, and help identify vehicles which should be replaced.

WE RECOMMEND the County Commission:

- A. Establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.
- B. Require usage logs for all county vehicles assigned to the sheriff's department and review the logs periodically for reasonableness.

AUDITEE'S RESPONSE

The County Commission and County Clerk responded as follows:

- A. *A computer program has been obtained and is currently being utilized to record fixed assets.*
- B. *We will discuss this issue with the Sheriff. We will ask the Sheriff and his deputies to document their beginning and ending mileage on their timesheet.*

5.**Closed Meeting Minutes**

Minutes were not prepared to document the matters discussed in closed meetings. Based on our review of the County's open meeting minutes we noted instances when an executive session was called to discuss "legal matters"; however, no formal documentation was maintained to support these executive sessions. Per discussion with applicable county officials, the February 2002 executive session, held to discuss personnel issues, was one of these instances. Minutes were not maintained for this meeting due to the commission's fear that minutes of closed meetings could become public and result in potential liability.

Section 610.021, RSMo 2000, allows the County Commission to close meetings to the extent they related to certain specified subjects, including litigation, real estate transactions, and personnel issues. In addition, this section requires any vote on a final decision and a record of how each member voted be made public within 72 hours.

Without the preparation of closed minutes, there is less evidence that the provisions of the Sunshine Law, Chapter 610, RSMo, regarding these closed meetings, have been followed.

WE RECOMMEND the County Commission ensure minutes are prepared, approved, and retained for all closed meetings, and the final disposition of matters discussed in closed meetings is made public as required by state law.

AUDITEE'S RESPONSE

The County Commission and County Clerk responded as follows:

We will consider this recommendation.

6.**911 Board**

Inadequate board oversight and a lack of controls and procedures surrounding the 911 accounting system have allowed a misappropriation of funds to go undetected, and such deficiencies need correcting.

In 1996 the voters of Sullivan County passed a one-half cent local sales tax for the purpose of providing central dispatching of fire protection, emergency ambulance and telephone services, and other emergency services. These services are governed by a seven member board elected in 2002 (the previous board members were appointed by the County Commission). Receipts include the sales tax revenues, interest earned on the 911 Board Fund bank account and Certificate of Deposit (CD), and fees collected for map sales and rural addressing. Expenditures of the 911 Board Fund for 2001 and 2002 totaled \$173,193 and \$192,084, respectively.

A.1. It appears that receipts totaling at least \$3,448 were received and not deposited from August 2001 through March 2003, and that these monies were misappropriated.

A comparison of bank CD interest payments to deposits of the 911 Board revealed that 19 interest checks were not deposited into the 911 Board's bank account but were apparently cashed by the former 911 coordinator.

A comparison of the 911 Board Fund budget to the 911 coordinator's check register and monthly settlements showed differences. The CD interest was not recorded in the check register or on the monthly settlements but was presented as actual revenue on the budget. This caused a discrepancy in the cash balances being reported on the various records. Had the 911 Board reviewed the monthly settlements, check register, and/or bank reconciliations and compared them to the budget, these differences could have been detected by the board.

As of July 8, 2003, the former 911 coordinator had resigned her position and personally paid \$400 into the 911 Board bank account.

2. CD interest checks of \$164 and \$149 dated May 22 and June 22, 2003 were retained in the vault and never deposited or recorded in the receipt records. In addition, \$31 cash received from map sales and rural addressing was recorded on receipt slips, but not deposited. Also, \$50 in unidentified cash was found in an envelope along with a bank statement. The cash had not been deposited or recorded in the receipt records.

To ensure all receipts are accounted for properly and safeguarded from theft, loss, or misuse, checks or money orders should be restrictively endorsed immediately upon receipt, monies should be promptly recorded in the receipt records, monies should be maintained in a secure location prior to deposit, monies should be deposited daily or when accumulated receipts exceed \$100, and details of the receipt records should be reconciled to the composition of deposits.

3. The 911 Board performed minimal supervisory review of the 911 coordinator's work. To safeguard against possible future loss or misuse of funds and to ensure that receipts are properly handled, the cash custody and record-keeping functions should be segregated where possible. If it is not feasible to segregate duties further, at a minimum, there should be an independent review of the check register and/or bank reconciliations. In addition, supervisory review procedures should be established to review monthly reports and take a more active role in preparation of the 911 Board Fund annual budget, ensuring accuracy of all amounts presented.

- B. Payments to various vendors were not made on a timely basis. In addition, the 911 Board's procedures for approving disbursements did not require documentation (invoices) be provided by the 911 coordinator to support the amounts being paid. The board simply approved a listing of bills that was prepared by the coordinator.

We noted that bills from two separate phone companies had accrued significant unpaid balances. However, funds were available to pay the phone company bills when they were due. Subsequent to our review and the resignation of the 911 coordinator, the 911 Board has made an attempt to follow-up on these unpaid balances. In addition, our review noted that disbursements totaling approximately \$600 for training expenses were not supported by invoices.

The 911 Board should establish policies and procedures to ensure bills are properly reviewed and authorized and bills and other required payments are paid timely. In addition, the 911 Board should ensure that adequate documentation is maintained to support all expenditures.

- C. Inventory records are not maintained to account for all maps purchased, sold, or given away. These records are necessary to properly reconcile the number of maps on hand with annual dispositions and to ensure all proceeds from the sale of maps are properly accounted for.

Per discussion with the former 911 coordinator, the 911 Board's most recent printing of maps was for 300 small and 500 large maps, of which 157 small and 411 large maps were on hand as of July 8, 2003. No documentation was maintained to support the disposition of the 143 small and 89 large maps. Based on sales prices provided by the coordinator, the value of the maps sold and/or given away was approximately \$400.

To ensure all monies collected are accounted for adequately, the 911 Board should inventory the number of maps on hand and annually reconcile the inventory with the number of maps sold or given away each year and account for the proceeds. Any differences should be investigated.

- D. The 911 Board did not publish annual financial statements. Section 50.800 and 50.810, RSMo, requires annual financial statements to be published for all county funds. To adequately inform the citizens of the 911's financial activities, the board should publish annual financial statements of the 911 Board Fund.

WE RECOMMEND the 911 Board:

- A.1. Work with law enforcement authorities and the Prosecuting Attorney to obtain restitution of the amount misappropriated.
- 2. Ensure checks or money orders are endorsed immediately upon receipt, monies received are promptly recorded in the receipt records, monies are maintained in a secure location prior to deposit, receipts are deposited daily or when accumulated receipts exceed \$100, and details of the receipts records are reconciled to the composition of deposits.

3. Ensure the cash custody and record-keeping functions are segregated where possible. If it is not feasible to segregate duties further, at a minimum, there should be an independent review of the check register and/or bank reconciliations. In addition, supervisory review procedures should be established to review monthly reports and take a more active role in preparation of the 911 Board Fund annual budget, ensuring accuracy of all amounts presented.
- B. Establish policies and procedures to ensure bills are properly reviewed and authorized and bills and other required payments are paid timely. In addition, the 911 Board should ensure that adequate supporting documentation is retained for all payments.
- C. Maintain inventory records of maps, including the number of maps sold or given away and periodically reconcile the number of maps reported on the inventory to the number of maps on hand and the applicable receipts.
- D. Publish annual financial statements of the 911 Board Fund in accordance with state law.

AUDITEE'S RESPONSE

Members of the 911 Board, the new 911 coordinator, and the attorney for the 911 Board responded as follows:

- A.1. *The case was turned over to the Prosecuting Attorney in July. We will work with the Prosecuting Attorney to obtain restitution of the amount misappropriated.*
2. *The undeposited interest checks and cash on hand was deposited on July 15, 2003. Interest earned on the CD is now automatically deposited into the checking account. We intend to fully implement the recommendations noted.*
3. *The 911 Board has initiated procedures to review and approve monthly disbursements and within 60 days will begin reviewing monthly budget to actual reports to ensure accuracy of all amounts presented.*
- B. *At the next meeting, the Board will set up a finance committee authorized to pay bills requiring approval prior to the monthly board meetings. In addition, documentation will be maintained to support all expenditures.*
- C. *Inventory records are now maintained to account for all maps sold or given away. In addition, a monthly reconciliation is performed to verify the number of maps on hand.*
- D. *We will implement this recommendation by publishing the 2003 financial statements.*

7.

Health Center

The Health Center did not publish annual financial statements. Section 50.800 and 50.810, RSMo, requires annual financial statements to be published for all county funds. To adequately inform the citizens of the Health Center's financial activities, the board should publish annual financial statements of the Health Center Fund.

WE RECOMMEND the Health Center Board publish annual financial statements of the Health Center Fund in accordance with state law.

AUDITEE'S RESPONSE

The Health Center Administrator responded as follows:

We will implement this recommendation by publishing the 2003 financial statements.

Follow-Up on Prior Audit Findings

SULLIVAN COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Sullivan County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Personnel Policies and Procedures

- A. Salaried employees in the Sheriff's Department were not required to submit time sheets.
- B. The county's written personnel policy was not updated to properly reflect required work time policies and did not contain appropriate details regarding holidays, vacation, sick leave, time and leave reporting, payment of overtime or granting and use of compensatory time.
- C. A review of emergency 911 dispatchers' time sheets showed that regardless of the number of days worked dispatchers were paid a full month's salary. Additionally, some dispatchers' time sheets indicated the employee worked more than forty hours in one week, but did not receive compensation at one and one half times the normal rate as required by the Fair Labor Standards Act (FLSA).

Recommendation:

The County Commission:

- A. Require all county employees to complete time sheets which reflect actual time worked. The records should be prepared by employees, approved by the applicable supervisor, and filed in a central location with the county's payroll records.
- B&C. Revise and expand the county's written personnel policies regarding holidays, vacation, sick leave, time reporting, and payment of overtime for all employees to address all relevant issues and ensure that all policies and procedures are applied equitably and in compliance with the FLSA. In addition, the county should ensure it has appropriately paid overtime at the employee's time and one half rate when required under the FLSA.

Status:

- A. Partially implemented. All county employees, except the Prosecuting Attorney's secretary, prepared and submitted applicable time sheets. See MAR finding #3.
- B&C. Partially implemented. Emergency 911 dispatchers are now required to use a time clock and are paid hourly, rather than salaried. In addition, no overtime was noted during our review. However, the county no longer has a written personnel policy. County policies concerning vacation and sick leave are communicated to each employee verbally. See MAR finding number 3.

2. Tax Anticipation Note

- A. Tax anticipation notes issued by the county at the request of the Sullivan County Memorial Hospital (SCMH) Board did not comply with statutory requirements. The county did not ensure the tax anticipation notes were prepared, signed, sealed, bid, advertised, and registered in accordance with statutory provisions.
- B. The tax anticipation note issued in February 1999 and disbursed to the SCMH Board exceeded the maximum issuance allowed by statute.

Recommendation:

The County Commission ensure tax anticipation notes are prepared, signed, sealed, bid, advertised, registered, and issued in accordance with statutory provisions.

Status:

Implemented. During 2001 and 2002, tax anticipation notes were reviewed by the Sullivan County Prosecuting Attorney and issued in accordance with statutory provisions. No tax anticipation note has been needed thus far in 2003 as the Hospital's financial condition has improved. See status of follow-up No. 8.A.

3. Officials' Salaries

At both the 1995 and 1997 meetings, the Salary Commission authorized salaries of elected officeholders to be raised during the term of office for changes in the county's assessed valuation. The Salary Commission had no documentation to show why it used the current assessed valuation factors or the basis it used to make the increases at a time other than the year of incumbency. No written legal opinion was obtained to support the appropriateness of the timing or the amount of the increases.

Recommendation:

The County Commission consult with the Prosecuting Attorney regarding correcting the erroneous salary payments. In addition, the Salary Commission minutes should include the basis upon which any decisions are made and meeting records should always document the calculations and legal opinions for actions taken.

Status:

Implemented. The last salary commission meeting held was in November 1999. At that same time the County received a legal opinion from the Prosecuting Attorney indicating that all prior actions of the Salary Commission were in compliance with laws and regulations of the state.

4. Computer Controls

Access to the computer programs such as the property tax, payroll, and disbursement system were not adequately restricted. User IDs and passwords were not changed periodically to ensure that they remained confidential.

Recommendation:

The County Commission consider establishing improved procedures to restrict access to computer files, through the use of unique IDs and passwords, to only those individuals who need to use the information.

Status:

Partially implemented. The Assessor's office periodically changed their passwords, however, the passwords of employees in the County Clerk's and Treasurer's office have not been changed. Although not repeated in the current report, our recommendation remains as stated above.

5. Consolidated Circuit Court Accounting Controls and Procedures

- A. There was a lack of segregation within each segment of the consolidated court and the Circuit Clerk did not adequately review the work performed and document those reviews.
- B. The Circuit Clerk failed to make monthly distributions of interest earned on the child support bank account from May 1998 through December 1998.
- C. Circuit Civil monies were not deposited timely, open item listings were not prepared during the audit period, an old bank account was not closed, long term outstanding checks were not resolved timely, ledgers or other records of accumulated interest

were not maintained, accrued case costs were not monitored, and old cases were not followed up on a timely basis.

- D. The Circuit Criminal segment was holding five checks, totaling over \$17,000. These checks had not been receipted nor deposited.
- E.1. The Circuit Clerk had not closed an old bank account, had not required a summary open items (liability) listing to be prepared and fully reconciled to the accounting records, and did not timely resolve unidentified monies.
- 2. The November and December 1997 disbursements to the Department of Revenue (DOR) were not submitted in three separate checks as required. In addition, it took the deputy clerk three months to reissue the payments correctly and eight months to fully correct the accounting records.
- 3. A part time clerk incorrectly disbursed \$500 to the Prosecuting Attorney and had not corrected the accounting records of the court nor had she paid a corrected amount to the prosecutor. In addition, the clerk was unable to locate the check returned by the prosecutor.

Recommendation:

The Circuit Clerk take a much more proactive approach in looking for and resolving problems as they occur since delays in addressing and correcting problems often create additional and costly problems and increase the difficulty with which problems are resolved. In addition, we recommend the Circuit Clerk:

- A. Perform periodic documented reviews, and ensure timely and accurate preparation of the case and accounting records, monthly reports of distributions, open items listings, and bank reconciliations for all areas of the court.
- B. Disburse the child support, IV-D interest to the state on a timely basis.
- C. Ensure the Circuit Civil court case records, accounting records, and monthly reports including open items listings and receivables listings are prepared and maintained on a timely basis.
- D. Ensure all Circuit Civil court monies received are immediately recorded and deposited timely and intact.
- E.1. Ensure, within the Traffic and Municipal area of the court, old bank accounts are closed timely, open items listings are prepared and fully reconciled, and any unidentified monies are investigated and distributed timely.

2. Ensure distributions paid to the DOR are made as required, bank reconciliations are properly prepared, and errors in the accounting records are corrected promptly.
3. Ensure errors in disbursements are corrected promptly.

Status:

A, C,

D&E. Implemented. Upon implementation of the Justice Information System in May 2002 internal controls and record keeping functions significantly improved.

B. Child Support collections were turned over to the state's centralized collection agency in November 2000. The court no longer maintains a Child Support bank account.

6. Sheriff's Accounting Controls and Procedures

- A. The duties of receipting, recording, depositing, disbursing, and preparation of monthly reports and bank reconciliations were performed primarily by one deputy. The Sheriff did not perform supervisory reviews of the deputy's work.
- B. Deposits were not always made daily or when amounts on hand exceeded \$100 and receipts were not always deposited intact.
- C. Receivable records for unpaid fees did not indicate which agency was to collect the fee for the Sheriff.

Recommendation:

The Sheriff:

- A. Perform and document periodic reviews of the deputy's work including the accounting records, monthly reports, and bank reconciliations.
- B. Ensure deposits are made daily or when receipts on hand exceed \$100. In addition, the Sheriff should ensure receipts are deposited intact.
- C. The Sheriff should maintain a complete fees receivables listing, periodically review the list and follow up on past due amounts.

Status:

- A. Implemented. The Sheriff periodically performs a documented review of the bank statements, cancelled checks, bank reconciliations, and/or fee log sheet.

- B. Partially implemented. Receipts were usually deposited within a day or two of receipt. However, we noted \$40 was received on September 12, 2002 and not deposited until September 30, 2002, although a deposit was made on September 25, 2002. Although not repeated in the current report, our recommendation remains as stated above.
- C. The Sheriff's office does not prepare billings for amounts due from third parties. All amounts due the Sullivan County Sheriff's office are collected by the Sullivan County courts based on documentation obtained from the sheriff's department.

7. Sullivan County 911 Board

- A. The Sullivan County 911 Board was appointed by the Sullivan County Commission. Per statute, the appointed board was to serve only until a successor board could be elected in the next general election. However, the 911 Board failed to call for the election of the successor board at the general election in November 1998.
- B. The 911 Board did not enter into written contracts with the county or the fire and ambulance districts and cities which received 911 services.
- C. The 911 Board failed to formally establish the annual local sales tax rate for the subsequent year and publish the rate in the minutes as required by statute.

Recommendation:

The Sullivan County 911 Board and Sullivan County Commission:

- A. Call for the election of 911 board officials at the next general election.
- B. Enter into written contracts with the county, ambulance and fire districts and cities which will receive 911 services.
- C. Establish and publish the tax rate in the minutes as required.

Status:

- A. Implemented. The current 911 Board members were elected in 2002.
- B. Partially implemented. A written contract has been established between Sullivan County and the 911 Board. However, written contracts have not been established between the 911 Board and other entities that receive 911 services. Because the 911 Board does not bill these other entities for services, this recommendation was not repeated in the current report.

- C. Based on a legal opinion from Sullivan County's attorney, the 911 local sales tax was enacted pursuant to Section 67.547, RSMo. Therefore, it has not been published in the 911 Board minutes.

8. Hospital Financial Condition and Procedures

- A. The hospital operated with a deficit fund balance and reported annual net losses for fiscal years ending June 30, 1997 and 1998. In addition, an independent certified public accounting (CPA) firm report issued for the two years ended June 30, 1997, indicated "factors raise substantial doubt about Sullivan County Memorial Hospital's ability to continue as a going concern."
- B. The hospital had failed for several months in 1997 and 1998 to submit applicable income tax withholdings to the Internal Revenue Service (IRS) as well as withholdings and employer matches for Social Security. A payment of \$185,000 was made to the IRS in February of 1999 and the hospital was attempting to negotiate a settlement of this debt with the IRS.

Recommendation:

The Sullivan County Memorial Hospital Board of Trustees:

- A. Continue to seek additional revenue sources and continue to reduce operating costs.
- B. Continue efforts to fully resolve the liability to the IRS, closely monitor monthly financial reports, and ensure such problems do not occur in the future.

Status:

- A. Implemented. The County established a sales tax for the Hospital for capital improvements in 2000 and the Hospital changed their medicare reimbursement methodology to "critical access funding". This increase in funding and decrease in expenditures has stabilized the Hospital's financial condition. As a result, the CPA firm lifted the "going concern" qualification from the audit report issued for the year ended October 31, 2002.
- B. Implemented. In coordination with the IRS, the Hospital established an 18 month payment schedule and resolved this liability in November 2002. No additional liabilities have been incurred.

STATISTICAL SECTION

History, Organization, and
Statistical Information

SULLIVAN COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1845, the county of Sullivan was named after John J. Sullivan, a General in the Revolutionary War. Sullivan County is a township-organized, third-class county and is part of the 9th Judicial Circuit. The county seat is Milan.

Sullivan County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 162 county bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 549 miles of county roads.

The county's population was 7,434 in 1980 and 7,219 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 39.3	38.6	38.0	36.8	21.4	15.1
Personal property	21.8	21.0	20.4	17.5	7.6	6.8
Railroad and utilities	5.1	5.6	5.6	5.6	3.2	2.6
Total	\$ 66.2	65.2	64.0	59.9	32.2	24.5

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Sullivan County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.2300	.2200	.2100	.2600
Special Road and Bridge Fund*				
Health Center Fund	.2504	.1000	.1000	.1000
Hospital Fund	.4300	.4300	.4300	.4300

* The county retains \$.05 per \$100 assessed valuation from each township's road and bridge levy and the township's voter approved additional levy to use for road and bridge purposes.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
\$				
State of Missouri	20,133	19,750	19,313	18,350
General Revenue Fund	155,239	146,517	138,799	157,169
Special Road and Bridge Fund	369,624	356,211	356,810	333,774
Assessment Fund	45,677	42,506	40,662	39,739
Health Center Fund	158,778	65,066	63,505	60,381
School districts	2,482,765	2,400,768	2,364,972	2,216,370
Library district	66,363	65,066	63,505	60,381
Ambulance district	318,836	191,434	186,768	177,435
Fire protection districts	36,020	35,887	35,722	35,270
Special road districts	41,974	43,028	40,166	37,834
Drainage districts	53,032	51,692	52,958	44,603
Townships	69,281	68,015	66,418	63,504
Hospital	282,360	276,897	270,216	256,803
Cities	18,051	22,268	21,117	21,686
County Clerk	109	99	96	109
County Employees' Retirement	16,705	15,730	14,991	14,883
Tax Maintenance Fund	2,924	0	0	0
Commissions and fees:				
General Revenue Fund	32,700	30,487	29,163	29,213
CART Fund	33,307	32,766	32,053	30,291
Township Collectors	37,446	35,394	34,166	33,448
Total	\$ 4,241,324	3,899,581	3,831,400	3,631,243

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	94.3	95.0	95.5	95.5 %
Personal property	93.5	92.8	93.6	94.4
Railroad and utilities	100.0	100.0	100.0	100.0

Sullivan County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
General	.0050	None	None	
911 Emergency Service	.0050	None	None	
Hospital	.0050	2005	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Chris May, Presiding Commissioner	\$	24,440	24,440	24,440	24,440
James Howard, Associate Commissioner		22,440	22,440	22,440	22,440
Lowell Tucker, Associate Commissioner		22,440	22,440	22,440	22,440
Michael Hepler, County Clerk		34,000	34,000	34,000	34,000
James Spencer, Prosecuting Attorney		41,000	41,000	41,000	41,000
William Hayes, Sheriff		39,000	39,000	27,125	27,125
Dale Essmeyer, County Coroner		9,500	9,500	3,490	3,490
Rhonda Frazier, Public Administrator (1)		25,000	25,000	11,784	12,427
Deborah Schnelle, Treasurer and Ex Officio County Collector, year ended March 31,	34,000	34,000	23,680	23,680	
Gary Hostetter, County Assessor (2), year ended August 31,		34,900	34,900	34,900	34,900

(1) Includes fees received from probate cases.

(2) Includes \$900 annual compensation received from the state.

State-Paid Officials:

John Morehead, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	46,127	44,292
Jeffrey Sayre, Associate Circuit Judge	96,000	96,000	97,382	87,235



**STONE COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-96
September 26, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Stone, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Stone County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county does not have adequate procedures to ensure budgets are prepared for all county funds. This resulted in receipts of approximately \$835,000 and \$858,000 and disbursements of approximately \$1 million and \$2.9 million not being budgeted for 2002 and 2001, respectively. These amounts are primarily the result of the lack of budgetary information for the Neighborhood Improvement District funds. In addition, the county's annual published financial statements did not include the financial activity of several county funds.
- The County Commission does not adequately plan or monitor the activity of the Neighborhood Improvement Districts (NIDs). In addition, special assessment collections for the Black Oak and Edgewater Village NIDs have not been adequate to meet the debt service requirements and NID funds held by the trustee bank were not adequately monitored by the County Treasurer.

The special assessment collections for the Black Oak NID were not sufficient to make the September 1, 2002 bond payment of \$70,222, causing the county to be in default. The County Commission was subsequently able to collect adequate delinquent assessments to make the bond payment and the default was rescinded. However, in 2003, the county contributed \$93,465 and \$60,843 from the county's general revenue fund for the Black Oak and Edgewater NID debt service payments, respectively, to prevent default.

(over)

YELLOW SHEET

NID funds of \$9,629 were deposited into the wrong account by the Trustee Bank and not detected the County Treasurer. In addition, several transactions were not correctly reflected in the NID records.

The County Commission has not prepared a formal plan to effectively monitor and evaluate the amount of Black Oak and Edgewater special assessment funds collected or how future bond payments will be funded.

- The county does not have specific procedures in place to track federal assistance for preparation of the Schedule of Federal Awards (SEFA). The county's SEFA schedules contained numerous errors and omissions including reporting only 8 of 17 and 9 of 20 federal programs during 2002 and 2001, respectively.
- Time sheets were not maintained by some employees, and other employee's compensation was not processed through the normal payroll system and not properly reported on the employee's W-2 form.
- The County Collector's annual settlements for the years ended February 28, 2003 and 2002 contained errors in amounts reported, resulting in differences in total collections and distributions. In addition, formal bank reconciliations are not prepared and there are small unidentified balances in an old bank account.
- The Prosecuting Attorney's office needs to improve its procedures related to performing bank reconciliations, segregating accounting duties, preparing open items listings, and disbursing old outstanding checks.

The audit also included some matters relating to road and bridge procedures and general fixed asset records. The audit also suggested improvements in controls and procedures of the Assessor, Sheriff, and Health Center.

All reports are available on our website: www.auditor.state.mo.us

STONE COUNTY, MISSOURI

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CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Stone County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Stone County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As more fully discussed in Note 1, the county's financial statements do not include Statements of Receipts, Disbursements, and Changes in Cash-Budget and Actual for various funds totaling \$835,271 and \$858,706 in receipts and \$1,013,682 and \$2,935,570 in disbursements for the years ended December 31, 2002 and 2001, respectively. Statements of Receipts, Disbursements, and Changes in Cash - Budget and Actual are required by the comprehensive basis of accounting discussed in Note 1.

In our opinion, except for the effects on the financial statements of the omissions discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Stone County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 12, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Stone County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.



Claire McCaskill
State Auditor

May 12, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Amy E. Baker
Audit Staff:	Rachel Simons
	Sandi Ohern, CPA
	Jay Ross
	Troy Royer
	Monte Davault



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Stone County, Missouri

We have audited the financial statements of various funds of Stone County, Missouri, as of and for the years ended December 31, 2002 and 2001 and have issued our report thereon dated May 12, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Stone County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Stone County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that

we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 and 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding numbers 02-1 and 02-2 to be material weaknesses. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Stone County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 12, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

STONE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,017,218	5,675,036	5,404,509	1,287,745
Special Road and Bridge	356,993	4,297,642	4,026,435	628,200
Assessment	8,878	468,544	444,603	32,819
Law Enforcement Training	649	3,803	2,619	1,833
Prosecuting Attorney Training	0	753	291	462
Capital Improvement	200,804	6,952	21,140	186,616
Special Road and Bridge Projects	(463)	22,804	12,157	10,184
Special Road and Bridge Capital Improvement	572,805	301,100	68,819	805,086
Recorder User Fee	63,633	85,941	38,223	111,351
Children's Trust/Abuse Victims	70	1,878	0	1,948
Election Services	3,652	3,485	5,278	1,859
Health Center	567,413	541,897	546,522	562,788
Senior Citizens Service	125,956	168,366	157,027	137,295
Emergency 911	413,309	888,144	755,404	546,049
Circuit Clerk Interest	4,577	4,862	4,388	5,051
Law Library	11,568	10,383	16,023	5,928
Prosecuting Attorney Bad Check	14,862	7,345	15,562	6,645
Prosecuting Attorney Delinquent Tax	6,123	4,467	5,034	5,556
Law Enforcement Civil Fees	1,952	66,108	48,584	19,476
DARE	9,523	12,871	12,009	10,385
Seized Property	326	12	0	338
Tax Maintenance	0	2,283	0	2,283
Neighborhood Improvement Districts	670,209	724,211	722,488	671,932
Frontier Town Reclamation	226,990	2,957	209,250	20,697
Child Assessment Center Grant	0	9,529	0	9,529
Associate Circuit Division Interest	6,232	1,998	940	7,290
Probate Division Interest	1,970	57	0	2,027
Total	\$ 4,285,249	13,313,428	12,517,305	5,081,372

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

STONE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,010,532	4,412,626	4,405,940	1,017,218
Special Road and Bridge	599,096	4,183,526	4,425,629	356,993
Assessment	(22,647)	470,036	438,511	8,878
Law Enforcement Training	1,552	4,050	4,953	649
Prosecuting Attorney Training	328	927	1,255	0
Capital Improvement	107,586	208,445	115,227	200,804
Special Road and Bridge Projects	(11,110)	161,286	150,639	(463)
Special Road and Bridge Capital Improvement	495,578	85,815	8,588	572,805
Recorder User Fee	65,568	47,186	49,121	63,633
Children's Trust/Abuse Victims	2,020	1,428	3,378	70
Election Services	2,154	3,902	2,404	3,652
Health Center	556,625	523,196	512,408	567,413
Senior Citizens Service	110,897	165,951	150,892	125,956
Emergency 911	341,671	846,684	775,046	413,309
Circuit Clerk Interest	9,601	3,633	8,657	4,577
Law Library	15,602	9,613	13,647	11,568
Prosecuting Attorney Bad Check	10,299	12,467	7,904	14,862
Prosecuting Attorney Delinquent Tax	2,522	6,676	3,075	6,123
Law Enforcement Civil Fees	2,826	44,664	45,538	1,952
DARE	4,974	13,020	8,471	9,523
Seized Property	313	13	0	326
Neighborhood Improvement Districts	2,751,417	627,391	2,708,599	670,209
Community Development Block Grant	3,983	159,086	163,069	0
Frontier Town Reclamation	0	251,990	25,000	226,990
Associate Circuit Division Interest	6,655	1,566	1,989	6,232
Probate Division Interest	1,471	499	0	1,970
Total	\$ 6,069,513	12,245,676	14,029,940	4,285,249

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

STONE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 12,066,092	12,478,157	412,065	11,239,374	11,380,294	140,920
DISBURSEMENTS	13,536,569	11,503,623	2,032,946	12,908,523	11,091,295	1,817,228
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,470,477)	974,534	2,445,011	(1,669,149)	288,999	1,958,148
CASH, JANUARY 1	3,351,917	3,351,902	(15)	3,284,823	3,285,053	230
CASH, DECEMBER 31	1,881,440	4,326,436	2,444,996	1,615,674	3,574,052	1,958,378
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	417,000	445,976	28,976	365,300	423,341	58,041
Sales taxes	3,600,000	3,751,892	151,892	2,539,000	2,555,079	16,079
Intergovernmental	593,680	548,393	(45,287)	524,022	661,848	137,826
Charges for services	664,500	788,408	123,908	591,200	665,038	73,838
Interest	55,000	56,901	1,901	53,000	60,289	7,289
Other	40,240	83,466	43,226	76,640	47,031	(29,609)
Total Receipts	5,370,420	5,675,036	304,616	4,149,162	4,412,626	263,464
DISBURSEMENTS						
County Commissior	108,495	105,940	2,555	109,320	107,998	1,322
County Clerk	125,724	115,964	9,760	118,920	113,852	5,068
Elections	140,108	151,013	(10,905)	112,932	96,841	16,091
Buildings and grounds	261,344	242,314	19,030	285,174	250,842	34,332
Employee fringe benefit	440,836	406,277	34,559	400,080	392,595	7,485
County Treasurer	62,400	61,334	1,066	61,424	60,298	1,126
County Collector	177,923	187,813	(9,890)	157,740	159,416	(1,676)
Ex Officio Recorder of Deed	83,670	80,272	3,398	89,743	81,472	8,271
Circuit Clerk	15,200	12,530	2,670	15,150	13,359	1,791
Associate Circuit Court	36,680	30,733	5,947	32,486	26,973	5,513
Court administration	88,130	75,952	12,178	94,186	80,373	13,813
Public Administrator	52,800	51,150	1,650	68,500	65,918	2,582
Sheriff	1,177,063	1,141,185	35,878	1,093,245	1,004,595	88,650
Jail	450,855	483,358	(32,503)	391,300	517,583	(126,283)
Prosecuting Attorney	355,012	333,953	21,059	323,125	311,800	11,325
Juvenile Office	44,906	43,464	1,442	39,092	35,952	3,140
County Coroner	33,970	29,169	4,801	30,251	33,086	(2,835)
Insurance and bonds	54,500	69,569	(15,069)	53,185	49,242	3,943
Publications	9,000	12,989	(3,989)	8,000	8,465	(465)
Surveyor	3,300	3,111	189	2,600	3,300	(700)
Extension Office	37,850	37,850	0	37,400	37,400	0
Emergency Management	17,110	14,180	2,930	15,367	13,968	1,399
Computers	24,500	18,620	5,880	24,000	19,064	4,936
Planning and Zoning	123,224	112,278	10,946	127,202	110,485	16,717
Enhancement	60,000	58,609	1,391	70,000	56,676	13,324
Debt service	290,000	226,758	63,242	282,500	286,718	(4,218)
Other	106,987	87,073	19,914	95,940	85,171	10,769
Transfers out	1,211,051	1,211,051	0	382,498	382,498	0
Emergency Fund	80,000	0	80,000	68,000	0	68,000
Total Disbursements	5,672,638	5,404,509	268,129	4,589,360	4,405,940	183,420
RECEIPTS OVER (UNDER) DISBURSEMENTS	(302,218)	270,527	572,745	(440,198)	6,686	446,884
CASH, JANUARY 1	1,017,218	1,017,218	0	1,010,532	1,010,532	0
CASH, DECEMBER 31	715,000	1,287,745	572,745	570,334	1,017,218	446,884

Exhibit B

STONE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	4,000	4,192	192	4,000	4,112	112
Sales taxes	1,800,000	1,791,366	(8,634)	2,780,000	2,738,112	(41,888)
Intergovernmental	1,567,726	1,566,412	(1,314)	1,481,600	1,406,917	(74,683)
Interest	25,000	36,942	11,942	38,000	33,746	(4,254)
Other	400	579	179	600	639	39
Transfers in	898,151	898,151	0	0	0	0
Total Receipts	4,295,277	4,297,642	2,365	4,304,200	4,183,526	(120,674)
DISBURSEMENTS						
Salaries	907,400	927,699	(20,299)	904,554	880,074	24,480
Employee fringe benefit	208,417	218,010	(9,593)	195,939	198,084	(2,145)
Supplies	192,900	162,699	30,201	186,000	182,688	3,312
Insurance	40,000	45,706	(5,706)	31,000	38,769	(7,769)
Road and bridge materials	2,020,000	1,661,254	358,746	1,790,000	1,360,030	429,970
Equipment repairs	163,000	133,551	29,449	151,500	157,927	(6,427)
Rentals	5,000	172	4,828	5,000	2,395	2,605
Equipment purchases	750,000	620,349	129,651	500,000	483,485	16,515
Construction, repair, and maintenance	230,000	165,047	64,953	183,500	214,669	(31,169)
Payments to cities	38,050	38,050	0	38,050	38,050	0
Debt service	0	0	0	805,000	806,600	(1,600)
Other	63,500	53,898	9,602	47,300	62,858	(15,558)
Emergency	20,000	0	20,000	20,000	0	20,000
Total Disbursements	4,638,267	4,026,435	611,832	4,857,843	4,425,629	432,214
RECEIPTS OVER (UNDER) DISBURSEMENTS	(342,990)	271,207	614,197	(553,643)	(242,103)	311,540
CASH, JANUARY 1	356,993	356,993	0	599,096	599,096	0
CASH, DECEMBER 31	14,003	628,200	614,197	45,453	356,993	311,540
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	326,465	347,066	20,601	328,646	328,003	(643)
Interest	0	333	333	200	313	113
Other	10,000	8,245	(1,755)	12,000	9,222	(2,778)
Transfers in	109,820	112,900	3,080	132,498	132,498	0
Total Receipts	446,285	468,544	22,259	473,344	470,036	(3,308)
DISBURSEMENTS						
Assessor	455,163	444,603	10,560	450,697	438,511	12,186
Total Disbursements	455,163	444,603	10,560	450,697	438,511	12,186
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,878)	23,941	32,819	22,647	31,525	8,878
CASH, JANUARY 1	8,878	8,878	0	(22,647)	(22,647)	0
CASH, DECEMBER 31	0	32,819	32,819	0	8,878	8,878

Exhibit B

STONE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	797	797	2,000	1,412	(588)
Charges for service:	2,600	3,006	406	3,500	2,638	(862)
Total Receipts	2,600	3,803	1,203	5,500	4,050	(1,450)
DISBURSEMENTS						
Sheriff	3,249	2,619	630	4,500	4,953	(453)
Total Disbursements	3,249	2,619	630	4,500	4,953	(453)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(649)	1,184	1,833	1,000	(903)	(1,903)
CASH, JANUARY 1	649	649	0	1,552	1,552	0
CASH, DECEMBER 31	0	1,833	1,833	2,552	649	(1,903)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	640	753	113	900	666	(234)
Other	0	0	0	0	261	261
Total Receipts	640	753	113	900	927	27
DISBURSEMENTS						
Prosecuting Attorney	509	291	218	1,200	1,255	(55)
Total Disbursements	509	291	218	1,200	1,255	(55)
RECEIPTS OVER (UNDER) DISBURSEMENTS	131	462	331	(300)	(328)	(28)
CASH, JANUARY 1	0	0	0	328	328	0
CASH, DECEMBER 31	131	462	331	28	0	(28)
<u>CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Interest	0	6,952	6,952	0	8,445	8,445
Transfers in	200,000	0	(200,000)	200,000	200,000	0
Total Receipts	200,000	6,952	(193,048)	200,000	208,445	8,445
DISBURSEMENTS						
Capital improvements	400,804	21,140	379,664	250,000	115,227	134,773
Total Disbursements	400,804	21,140	379,664	250,000	115,227	134,773
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200,804)	(14,188)	186,616	(50,000)	93,218	143,218
CASH, JANUARY 1	200,804	200,804	0	107,586	107,586	0
CASH, DECEMBER 31	0	186,616	186,616	57,586	200,804	143,218

Exhibit B

STONE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE PROJECTS FUND</u>						
RECEIPTS						
Charges for service:	120,000	22,804	(97,196)	111,110	161,286	50,176
Total Receipts	120,000	22,804	(97,196)	111,110	161,286	50,176
DISBURSEMENTS						
Special road and bridge project:	119,537	12,157	107,380	100,000	150,639	(50,639)
Total Disbursements	119,537	12,157	107,380	100,000	150,639	(50,639)
RECEIPTS OVER (UNDER) DISBURSEMENTS	463	10,647	10,184	11,110	10,647	(463)
CASH, JANUARY 1	(463)	(463)	0	(11,110)	(11,110)	0
CASH, DECEMBER 31	0	10,184	10,184	0	(463)	(463)
<u>SPECIAL ROAD AND BRIDGE CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Intergovernmental	10,000	78,746	68,746	170,000	9,438	(160,562)
Interest	15,000	22,354	7,354	10,000	26,377	16,377
Transfers in	0	200,000	200,000	50,000	50,000	0
Total Receipts	25,000	301,100	276,100	230,000	85,815	(144,185)
DISBURSEMENTS						
Capital improvements	500,000	68,819	431,181	500,000	8,588	491,412
Total Disbursements	500,000	68,819	431,181	500,000	8,588	491,412
RECEIPTS OVER (UNDER) DISBURSEMENTS	(475,000)	232,281	707,281	(270,000)	77,227	347,227
CASH, JANUARY 1	572,805	572,805	0	495,578	495,578	0
CASH, DECEMBER 31	97,805	805,086	707,281	225,578	572,805	347,227
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for service:	61,750	82,506	20,756	38,000	44,430	6,430
Interest	0	3,435	3,435	3,000	2,756	(244)
Total Receipts	61,750	85,941	24,191	41,000	47,186	6,186
DISBURSEMENTS						
Ex Officio Recorder of Deed	49,755	38,223	11,532	69,500	49,121	20,379
Total Disbursements	49,755	38,223	11,532	69,500	49,121	20,379
RECEIPTS OVER (UNDER) DISBURSEMENTS	11,995	47,718	35,723	(28,500)	(1,935)	26,565
CASH, JANUARY 1	63,633	63,633	0	65,568	65,568	0
CASH, DECEMBER 31	75,628	111,351	35,723	37,068	63,633	26,565

Exhibit B

STONE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILDREN'S TRUST/ABUSE VICTIMS FUND</u>						
RECEIPTS						
Charges for service:	820	1,878	1,058	1,960	1,428	(532)
Total Receipts	820	1,878	1,058	1,960	1,428	(532)
DISBURSEMENTS						
Abuse victims' service	1,510	0	1,510	3,980	3,378	602
Total Disbursements	1,510	0	1,510	3,980	3,378	602
RECEIPTS OVER (UNDER) DISBURSEMENTS	(690)	1,878	2,568	(2,020)	(1,950)	70
CASH, JANUARY 1	70	70	0	2,020	2,020	0
CASH, DECEMBER 31	(620)	1,948	2,568	0	70	70
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for service:	3,001	3,485	484	1,000	3,902	2,902
Total Receipts	3,001	3,485	484	1,000	3,902	2,902
DISBURSEMENTS						
Election services:	6,653	5,278	1,375	3,000	2,404	596
Total Disbursements	6,653	5,278	1,375	3,000	2,404	596
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,652)	(1,793)	1,859	(2,000)	1,498	3,498
CASH, JANUARY 1	3,652	3,652	0	2,154	2,154	0
CASH, DECEMBER 31	0	1,859	1,859	154	3,652	3,498
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	261,586	268,405	6,819	243,298	254,202	10,904
Intergovernmental	179,701	167,712	(11,989)	167,220	167,486	266
Charges for service:	48,800	61,069	12,269	50,500	51,381	881
Interest	20,000	29,820	9,820	27,000	37,278	10,278
Other	12,000	14,891	2,891	17,500	12,849	(4,651)
Total Receipts	522,087	541,897	19,810	505,518	523,196	17,678
DISBURSEMENTS						
Salaries	440,022	447,224	(7,202)	411,242	406,591	4,651
Office expenditure:	73,100	49,053	24,047	60,700	61,709	(1,009)
Equipment	11,500	7,080	4,420	13,000	4,193	8,807
Mileage and training	11,000	9,778	1,222	12,700	10,968	1,732
Other	31,700	33,387	(1,687)	39,200	28,947	10,253
Total Disbursements	567,322	546,522	20,800	536,842	512,408	24,434
RECEIPTS OVER (UNDER) DISBURSEMENTS	(45,235)	(4,625)	40,610	(31,324)	10,788	42,112
CASH, JANUARY 1	567,413	567,413	0	556,625	556,625	0
CASH, DECEMBER 31	522,178	562,788	40,610	525,301	567,413	42,112

Exhibit B

STONE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENIOR CITIZENS SERVICE FUND</u>						
RECEIPTS						
Charges for services:	156,703	161,807	5,104	139,921	155,153	15,232
Intergovernmental	1,909	2,239	330	1,909	2,149	240
Interest	3,000	3,931	931	3,000	7,639	4,639
Other	300	389	89	450	1,010	560
Total Receipts	161,912	168,366	6,454	145,280	165,951	20,671
DISBURSEMENTS						
Contract services	234,460	154,899	79,561	202,176	148,433	53,743
Office expenditures	1,008	546	462	1,000	528	472
Mileage	900	505	395	1,000	625	375
Transportation	1,500	1,077	423	2,000	1,306	694
Total Disbursements	237,868	157,027	80,841	206,176	150,892	55,284
RECEIPTS OVER (UNDER) DISBURSEMENTS	(75,956)	11,339	87,295	(60,896)	15,059	75,955
CASH, JANUARY 1	125,956	125,956	0	110,897	110,897	0
CASH, DECEMBER 31	50,000	137,295	87,295	50,001	125,956	75,955
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Sales taxes	815,000	858,532	43,532	775,000	815,222	40,222
Charges for services	15,000	15,000	0	15,000	15,000	0
Interest	11,000	13,797	2,797	15,700	15,365	(335)
Other	800	815	15	200	1,097	897
Total Receipts	841,800	888,144	46,344	805,900	846,684	40,784
DISBURSEMENTS						
Salaries and fringe benefit	492,000	427,054	64,946	592,000	407,606	184,394
Office expenditures	6,500	4,800	1,700	9,250	5,093	4,157
Building and equipment	84,700	79,692	5,008	136,200	81,607	54,593
Mileage and training	16,000	8,930	7,070	20,000	10,074	9,926
Professional fees	8,000	5,892	2,108	18,000	9,394	8,606
Lease payments	107,514	107,454	60	122,140	105,832	16,308
Telephone	86,500	80,247	6,253	90,000	98,303	(8,303)
Other	47,780	41,335	6,445	77,500	57,137	20,363
Total Disbursements	848,994	755,404	93,590	1,065,090	775,046	290,044
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,194)	132,740	139,934	(259,190)	71,638	330,828
CASH, JANUARY 1	413,309	413,309	0	341,671	341,671	0
CASH, DECEMBER 31	406,115	546,049	139,934	82,481	413,309	330,828

Exhibit B

STONE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	12,000	7,345	(4,655)			
Total Receipts	12,000	7,345	(4,655)			
DISBURSEMENTS						
Prosecuting Attorney	25,800	15,562	10,238			
Total Disbursements	25,800	15,562	10,238			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,800)	(8,217)	5,583			
CASH, JANUARY 1	15,000	14,862	(138)			
CASH, DECEMBER 31	1,200	6,645	5,445			
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Charges for service:	2,500	4,467	1,967			
Total Receipts	2,500	4,467	1,967			
DISBURSEMENTS						
Prosecuting Attorney	8,500	5,034	3,466			
Total Disbursements	8,500	5,034	3,466			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,000)	(567)	5,433			
CASH, JANUARY 1	6,000	6,123	123			
CASH, DECEMBER 31	0	5,556	5,556			
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest				5,000	3,633	(1,367)
Total Receipts				5,000	3,633	(1,367)
DISBURSEMENTS						
Circuit Clerk				10,000	8,657	1,343
Total Disbursements				10,000	8,657	1,343
RECEIPTS OVER (UNDER) DISBURSEMENTS				(5,000)	(5,024)	(24)
CASH, JANUARY 1				9,601	9,601	0
CASH, DECEMBER 31				4,601	4,577	(24)

Exhibit B

STONE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,					
2002			2001		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>					
RECEIPTS					
Charges for service:			9,500	8,971	(529)
Interest			0	642	642
Total Receipts			9,500	9,613	113
DISBURSEMENTS					
Law Library			10,335	13,647	(3,312)
Total Disbursements			10,335	13,647	(3,312)
RECEIPTS OVER (UNDER) DISBURSEMENTS			(835)	(4,034)	(3,199)
CASH, JANUARY 1			15,372	15,602	230
CASH, DECEMBER 31			14,537	11,568	(2,969)
<u>FRONTIER TOWN RECLAMATION</u>					
RECEIPTS					
Other			250,000	250,000	0
Interest			0	1,990	1,990
Total Receipts			250,000	251,990	1,990
DISBURSEMENTS					
Construction			234,250	25,000	209,250
Legal and administrative service:			15,750	0	15,750
Total Disbursements			250,000	25,000	225,000
RECEIPTS OVER (UNDER) DISBURSEMENTS			0	226,990	226,990
CASH, JANUARY 1			0	0	0
CASH, DECEMBER 31	\$		0	226,990	226,990

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

STONE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Stone County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, Senior Citizens Service Board, or the Emergency 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2002
Law Library Fund	2002
Prosecuting Attorney Bad Check Fund	2001
Law Enforcement Civil Fees Fund	2002 and 2001
DARE Fund	2002 and 2001
Seized Property Fund	2002 and 2001
Tax Maintenance Fund	2002
Neighborhood Improvement Districts Fund	2002 and 2001
Community Development Block Grant Fund	2001
Frontier Town Reclamation Fund	2002
Child Assessment Center Grant Fund	2002
Associate Circuit Division Interest Fund	2002 and 2001
Probate Division Interest Fund	2002 and 2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2001
Prosecuting Attorney Training Fund	2001
Special Road and Bridge Projects Fund	2001
Law Library Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Children's Trust/Abuse Victims Fund for the year ended December 31, 2002.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Emergency 911 Fund	2001
Circuit Clerk Interest Fund	2002 and 2001
Law Library Fund	2002 and 2001
Community Development Block Grant Fund	2001
Frontier Town Reclamation Fund	2002 and 2001
Child Assessment Center Grant Fund	2002
Associate Circuit Division Interest Fund	2002 and 2001
Probate Division Interest Fund	2002 and 2001

In addition, for the Neighborhood Improvement Districts, Senior Citizens Service, and Health Center, the county's published financial statements for the years ended December 31, 2002 and 2001, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

The county's deposits at December 31, 2002, were entirely covered by federal depositary insurance or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

Of the county's bank balance at December 31, 2001, \$6,379,293 was covered by federal depositary insurance, or by collateral securities held by the county's custodial bank in the county's name, or by commercial insurance provided through a surety bond, and \$3,025,160 was uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances were substantially higher at those times than such amounts at year-end.

The Health Center Board, Senior Citizens Service Board, and Emergency 911 Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial banks in the board's name.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

STONE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS041-205W	\$ 0	47,524
		ERS045-2205	45,234	16,278
		ERS045-3205W	17,597	0
	Program Total		62,831	63,802
10.559	Summer Food Service Program for Children	ERS146-2205I	240	0
		ERS146-1205I	0	240
	Program Total		240	240
Office of Administration				
10.665	Schools and Roads - Grants to States	N/A	27,365	34,188
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development -				
14.228	Community Development Block Grants/State' Program	N/A	0	159,086
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO1640405	0	11,520
		ERO1640480	11,980	0
	Program Total		11,980	11,520
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.607	Bulletproof Vest Partnership Program	N/A	11,880	0
16.710	Public Safety Partnership and Community Policing Grant	95CFWX5194	34,698	40,753
		2001SHWX0204	17,070	6,058
	Program Total		51,768	46,811
Passed through:				
State Department of Public Safety				
16.554	National Criminal History Improvement Program	2000-RH-CX-K024	1,889	1,815

Schedule

STONE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2002	2001
16.588	Violence Against Women Formula Grant	2000-VAWA-0051	0	25,021
		2001-VAWA-0043	24,965	0
	Program Total		<u>24,965</u>	<u>25,021</u>
16.592	Local Law Enforcement Block Grants Program	2001-LB-BX-1190	11,639	21,622
		2002-LB-BX-1070	1,721	0
	Program Total		<u>13,360</u>	<u>21,622</u>
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	229	1,526
	Cape Girardeau County Sheriff's Office			
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000DDVX0055	17,565	14,842
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-104(4)	10,434	9,438
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	0	1,994
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	936	1,494
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety			
83.534	Emergency Management - State and Local Assistance	N/A	3,720	3,880
83.544	Public Assistance Grants	FEMA-MO-DR1412	107,515	0

Schedule

STONE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	PGA064-2205A	485	0
		PGA064-3205A	2,890	1,355
		N/A	28,739	21,149
	Program Total		<u>32,114</u>	<u>22,504</u>
	Department of Social Services -			
93.563	Child Support Enforcemen	N/A	88	246
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-1205C	0	1,485
		PGA067-2205S	1,435	580
		PGA067-3205S	605	0
	Program Total		<u>2,040</u>	<u>2,065</u>
	Department of Health and Senior Services			
93.994	Maternal and Child Health Service: Block Grant to the States	ERS175-1205F	0	5,142
		ERS175-2074F	5,051	903
		ERS175-3075F	1,371	0
		N/A	282	1,851
	Program Total		<u>6,704</u>	<u>7,896</u>
	Total Expenditures of Federal Award:		<u>\$ 387,623</u>	<u>429,990</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

STONE COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Stone County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of the property at the time of receipt.

Amounts for the National Criminal History Improvement Program (CFDA number 16.554) represent the original acquisition cost of equipment received.

Amounts for Immunization Grants (CFDA number 93.268), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services during the two years ended December 31, 2002.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Stone County, Missouri

Compliance

We have audited the compliance of Stone County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Stone County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-3.

Internal Control Over Compliance

The management of Stone County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Stone County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

May 12, 2003 (fieldwork completion date)

Schedule

STONE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weakness identified? x yes no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements
noted? x yes no

Federal Awards

Internal control over major programs:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Schools and Roads - Grants to States
14.228	Community Development Block Grants/State's Program
83.544	Public Assistance Grants

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

02-1.

Budgets and Financial Statements

- A. The county does not have adequate procedures to ensure budgets are prepared for all county funds, and as a result, budgets were not prepared for various county funds for the two years ended December 31, 2002. The lack of budgetary information for these funds, especially the Neighborhood Improvement Districts (NID) Fund, is a significant omission from the county's financials statements. Receipts which were not budgeted totaled approximately \$835,000 and \$858,000 in 2002 and 2001, respectively. Disbursements which were not budgeted totaled approximately \$1 million and \$2.9 million for 2002 and 2001, respectively. The County Commission responded to our prior audit comments that they did not include the NID funds in the budget document because they believed it would appear to the public that the county's budget is larger than it actually is. They further responded that as the governing body they should prepare NID budgets; however, budgets were not prepared.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission and other county officials and boards would be able to more effectively evaluate all county financial resources.

- B. The county's annual published financial statements did not include the financial activity of several county funds. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or

expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

WE RECOMMEND the County Commission and other applicable officials and boards:

- A. Ensure budgets are prepared for all county funds as required by state law.
- B. Ensure the financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The Frontier Town Reclamation project has ended, and there will be no future budgets for it.*

The County Clerk has agreed to prepare a budget for the other fund listed that is currently under the County Commission's control, the Community Development Block Grant Fund.

The County Commission has notified the Prosecuting Attorney that it wishes to become a signatory on the Child Assessment Center Grant, and the County Clerk has agreed to prepare a budget for the Child Assessment Center Grant.

The County Commission agrees that the public should be able to inspect the budget and finances of each NID. The County Commission agrees that annual budgets should be prepared, and the County Clerk has agreed to prepare a budget for each NID.

The County Commission encourages all other officers, commissioners, and boards to prepare budgets for other funds administered by them, such as the Circuit Clerk Interest Fund, the Law Library Fund, the Associate Circuit Division Interest Fund, and the Probate Division Interest Fund. However, the County Commission has no authority to require that such budgets are prepared.

- B. *The County Commission encourages all other officers, commissions, and boards with the County to join in the County's published financial statement to accurately report financial information for all county funds. However, the County Commission has no authority to require them to do so.*

The County Clerk provided the following response:

In my administration of the 2004 budget process I intend to prepare and make recommendation that the county formally adopts the budgets mentioned.

Our prior audit report identified a lack of control by the County Commission resulting in questionable transactions, possible conflicts of interest, a lack of bidding, and improper withholdings from assessments. In addition, litigation is currently pending regarding the construction work performed on the Black Oak NID. Our current review of these NIDs revealed new concerns with regard to the county's planning, monitoring, and record keeping procedures. In addition, special assessment collections for the Black Oak and Edgewater Village NIDs have not been adequate to meet the debt service requirements.

The Stone County Commission established three Neighborhood Improvement Districts (NIDs); Black Oak Mountain Resort, Edgewater Village, and Stonebridge Village, to develop roads and construct water and sewage systems in the districts. Special obligation, special assessment bonds totaling \$2,973,000 and \$2,225,000, were issued by the County Commission in 2000 for the Black Oak and Edgewater NIDs, respectively. In 1997 special obligation, special assessment bonds totaling \$2,775,000 were issued for the Stonebridge NID. The bonds are intended to be repaid through the collection of special assessments on the benefited properties within each district.

A. In 2003 the county paid \$93,465 and \$60,843 from the county's general revenue fund for the Black Oak and Edgewater NID debt service payments, respectively.

1. As of February 28, 2003 over \$322,000 in special assessments charged to property owners were delinquent for the Black Oak NID as follows:

<u>Tax Year</u>	<u>Assessment Charged</u>	<u>Amount Paid</u>	<u>Amount Delinquent</u>	<u>Delinquency Rate</u>
2002	\$283,133	147,808	135,325	48%
2001	307,424	186,022	121,402	39%
2000	226,725	160,871	65,854	29%

In addition to a significant amount of delinquent special assessments, the county has been unable to sell the properties for nonpayment. In the August 2002 tax sale, the Collector was only able to sell 10 of 121 properties from the Black Oak NID that were two years delinquent in paying their special assessment. According to the County Commission, the problems resulting from the construction project make the properties difficult to market.

Further, in 2000 several residents filed a lawsuit against the county. This resulted in a judgment that decreased the total special assessment amounts for those property owners involved in the lawsuit by approximately \$118,000 over twenty years. This judgment required the county to refund assessment

amounts that had been prepaid. This reduction in special assessments, along with the delinquent special assessments have resulted in the Black Oak NID fund not generating enough revenue to pay the bond debt service requirements.

Special assessment collections for the Black Oak NID were not sufficient to make the September 1, 2002 bond payment of \$70,222, causing the county to be in default. According to County Commission minutes, representatives from the trustee bank encouraged the county to pay the bond payment because they believed defaulting could affect the bond ratings of other political subdivisions within the county. The County Commission subsequently contacted the largest single land owner within the Black Oak NID and requested payment of a portion of the delinquent special assessments they owed, and the bond payment was made on September 19, 2002.

The trustee bank subsequently rescinded the notice of default and billed the county \$2,388 for legal fees to review the effect of the non-payment of the bond.

Special assessment collections were again insufficient to make the March 1, 2003 bond payment of \$145,222. On February 26, 2003, \$93,465 in county general revenue funds were transferred to the Black Oak bond account to provide adequate funds for this payment. While the Stonebridge and Edgewater NID bond covenants contain reserve requirements, the Black Oak bond covenant did not require the county to establish reserve funds. The County Commission and their legal counsel do not know why a reserve requirement was not included.

A bond interest payment of \$68,253 was paid on September 1, 2003 leaving a balance of only \$6,763 in the Black Oak NID fund.

2. The Edgewater Village NID also did not have sufficient funds to make the March 1, 2003 bond payment causing the county to pay \$585 of the payment to prevent default. The Edgewater NID funds were insufficient due to the large amount of delinquent special assessment taxes. According to the County Collector, one property owner within the Edgewater NID owed \$123,200 of the \$144,226 in delinquent special assessments as of May 2003. The County Commission has contacted this property owner concerning the delinquent amount.

In September 2003, \$60,258 was transferred from the county general revenue funds to make the bond interest payment of \$61,610. According to the trustee bank, reserve funds of approximately \$222,000 are being held for the Edgewater NID, but these funds can only be used in the event of default and must be repaid to the reserve account.

While the County Commission has budgeted in 2003 to expend \$200,000 in general revenue funds to pay bond payments for the Black Oak and Edgewater NIDs, they have not formally prepared a plan for how future bond payments will be funded. A formal plan should be prepared and include a description of the bond payments due, an estimate of the amount of special assessment monies to be collected, and an estimate of how much the county will be liable to pay in future bond payments. In addition, the plan should be reviewed and updated periodically.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall obligations of the county. Such a plan provides a means to more effectively monitor and evaluate the amount of special assessment funds collected and how they are handled.

- B. The County Treasurer does not adequately reconcile special assessment funds forwarded to the bond accounts held by the trustee bank. As a result some funds were not credited to the proper NID accounts. In addition, the NID trustee bond account activity is not reflected on the Treasurer's semi-annual settlement and not reviewed by the County Commission.

The County Collector is charged to collect the NID special assessment monies and remits these monies to the County Treasurer monthly. The County Treasurer sends these monies to the trustee bank, where they are invested until the bond payments are due. The County Treasurer receives quarterly statements from the trustee bank showing the activity of monies invested, interest earned, and bond payments made. We identified the following concerns during our review:

1. The County Treasurer does not adequately reconcile the activity on the bond account bank statements with her records. As a result, special assessment amounts deposited into the wrong NID bond account by the trustee bank were not identified by the County Treasurer as follows:
 - \$7,179 of Black Oak special assessment collections were incorrectly deposited into the Stonebridge bond account.
 - \$2,318 of Black Oak special assessment collections were incorrectly deposited into the Edgewater bond account.
 - \$132 of County Law Enforcement bond payment monies were incorrectly deposited into the Black Oak bond account.

These amounts remain due to the appropriate funds.

2. The County Treasurer tracks the NID bond account activity of the trustee bank by posting the transactions from the quarterly bank statement to a computerized spreadsheet. However, we noted several transactions that were not correctly reflected on these spreadsheets. For example, in March 2002, the County Treasurer failed to post a transfer and the subsequent bond payment of \$147,029 for Black Oak to her spreadsheet. In addition, the County Treasurer's spreadsheets do not adequately describe what activity has occurred. For instance, increases in the account balance are usually reflected by the County Treasurer as an investment purchase, when in fact it may be a deposit of special assessment funds or interest earned.

While the County Treasurer does reflect special assessment receipts and disbursements of the NID funds on the semi-annual settlement, the investment activity of the Trustee bond accounts is not reflected and the County Commission does not review the bond account statements or the spreadsheets maintained by the County Treasurer.

Adequate records and procedures should be established to monitor the NID funds. Records maintained by the County Treasurer should be reconciled to statements from the trustee bank and all NID fund activity should be reviewed by the County Commission regularly.

WE RECOMMEND the County Commission:

- A. Prepare a formal plan to effectively monitor and evaluate the amount of Black Oak and Edgewater special assessment funds collected, and how future bond payments will be funded.
- B. Establish adequate records and procedures to monitor the NID funds. Records maintained by the County Treasurer should be reconciled to statements from the trustee bank and all NID fund activity should be reviewed by the County Commission regularly.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *At the time the NIDs were formed, the County was assured by its bond counsel that the NID bonds were not general obligations of the County, and that County General Revenue funds would not be obligated to pay the bonds. However, it appears that the enabling NID statute provides that the bonds are general obligations of the County.*

More importantly, in the opinion of the County Commission, the County's continuing default on any NID bond will damage the County's creditworthiness and credit rating and will adversely affect the County's future ability to issue bonds. In addition, the County's bond underwriter has advised that a default will also adversely affect the credit rating for other political subdivisions within the County, such as school districts, fire districts, municipalities, and similar legal entities that have authority to issue bonds.

For those reasons, since special assessments for the Black Oak and Edgewater Village NIDs have been insufficient to meet the debt service requirements, the County has appropriated general revenue funds to make up the shortfall for NID bond principal and interest payments.

The County Commission is pursuing litigation to recoup funds for any expenditures of County General Revenue funds, as well as to correct construction defects, reaffirm public confidence in the NIDs, enhance marketability of real estate in the NIDs, ensure future payment of NID special assessments, build reserve funds for NID bond payment accounts, and build reserve funds for utility company maintenance and repairs.

The County Commission has adopted a NID Management Policy for each NID that addresses and implements the Auditor's concerns. The County Commission will review each NID Management Policy at least annually. The County Commission, County Treasurer, County Collector, and County Clerk have agreed to implement the NID Management Policy for each NID that addresses and implements the Auditor's suggestions.

Although the County Commission believes the trustee bank should be responsible for its own overhead and expenses, including legal fees, the County paid the cost of the trustee bank's legal fees in the amount of \$2,388. If the County had not done so, the trustee bank would most likely have deducted that amount from the next principal or interest payment, causing a shortfall that would trigger another default notice.

- B. The County Treasurer has amended all records to show transactions in the correct accounts. The NID management policies adopted by the County Commission will ensure that the County Treasurer periodically reconciles and accurately reports bond fund activities.*

The County Treasurer provided the following responses:

- B.1. These amounts were correct when sent to the trustee bank. The trustee bank has been notified and these amounts have been corrected to the right accounts.*
- B.2. The spreadsheet kept is used as a reconciling tool. The transfer and bond payment mentioned was an in and out transaction therefore the spreadsheet still balanced with the statement. I have adjusted the bookkeeping procedure to that recommended by the Auditor's Office.*

I did not show investment activity on trustee bond accounts on the semi-annual statement because I believed that this would be double reporting of funds. The semi-annual statement shows assessment monies coming into the NID funds, which are then sent to the trustee bank and held there.

There has been a management policy regarding the NIDs adopted by the County Commission, Collector, Treasurer, Clerk and Assessor.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-3.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS041-205W, ERS045-2205, ERS045-3205W
Award Year:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads – Grants to States
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	2001
Questioned Costs:	Not applicable

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	FEMA-DR-1412MO
Award Year:	2002
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of State and Local Government, and Nonprofit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have specific procedures in place to track federal assistance for preparation of the SEFA. For the years ended December 31, 2002 and 2001, the county's SEFA contained numerous errors and omissions. For example, expenditures relating to several grants were not included on the schedules and the County Clerk failed to include the required pass-through grantor's number on the programs that were reported. In 2002 and 2001, the county only reported expenditures for 8 of 17 and 9 of 20 federal programs, respectively. As a result, expenditures were understated by approximately \$470,000 for the two years. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. Considering the overall incompleteness of the SEFA, it appears the County Clerk's efforts to prepare an accurate and complete SEFA were lacking.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The County Commission recommends that the County Clerk prepare and continually update a complete and accurate schedule of expenditures of federal awards. The County Clerk has agreed to do so.

The County Clerk provided the following response:

In 2004 I intend to prepare a complete and accurate schedule of expenditures of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

STONE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Stone County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2000.

00-1. Omission of Budgetary Information

The county did not budget various county funds. The lack of budgetary information for these funds, especially the Neighborhood Improvement Districts (NID) Fund, was a significant omission from the county's financial statements.

Recommendation:

The County Commission and other applicable officials ensure budgets are prepared for all county funds as required by state law.

Status:

Not implemented. See finding number 02-1.

00-2. Neighborhood Improvement Districts

- A.1. The County Commission did not maintain adequate control of the Black Oak Mountain Resort Neighborhood Improvement District (NID) project. This resulted in numerous problems such as potential conflicts of interest and improperly documented transactions.
2. There were no written contracts with two companies involved with the Black Oak Mountain Resort NID, invoices were not adequately detailed, and excess billings were noted.
3. Road paving for the Black Oak Mountain Resort NID was not independently bid, properly planned, and costs were not adequately documented. In addition, the amount paid included costs for paving the entrance road and parking lot for an amphitheatre, which was private property, and the commission did not have documentation to ensure the NID was properly reimbursed by the owner of the property.
4. Adequate supporting documentation was not maintained for all Black Oak Mountain Resort NID expenditures, and possible duplicate payments were noted for grinder pumps and base rock.

5. The contractor for the Black Oak Mountain Resort NID was paid more than the contract amount. Although the County Commission indicated there were change orders to make up the difference, nothing was produced or made available.
- B.1. The County Commission did not review or approve expenditures for the Edgewater Village NID prior to payment.
2. The County Commission did not review or approve bids for work performed by a construction company owned by the developer for the Edgewater Village NID, and invoices submitted by this construction company were not adequately detailed.
- C. The county withheld one percent assessment fund monies from the Stonebridge and Black Oak NID special assessment collections since 1997 of approximately \$21,300 and \$4,000. There was no statutory authority for the withholdings, and the county provided no documentation of out-of-pocket costs actually incurred from the Assessment Fund related to the projects.
- D. The county received administrative fees totaling \$17,000 and \$12,500 in 1998 and 1997, respectively from the Edgewater and Black Oak NIDs based on actual construction and estimated bond costs. The county did not have written documentation to support administrative cost expenditures.

Recommendations:

- A.1. Review the related party transactions for propriety, and in the future, avoid transactions that represent actual conflicts of interest or the appearance of conflicts of interest, and ensure steps are taken to eliminate conflicts.
2. Enter into written agreements and require detailed invoices to support services performed.
3. Obtain detailed plans, solicit bids, and maintain adequate supporting documentation of expenditures for all future projects. In addition, ensure reimbursement is received for paving the entrance road and parking lot of the amphitheatre, and review the situation regarding the utility system manholes to ensure appropriate measures are taken to remedy the problem.
4. Ensure adequate supporting documentation is obtained and reviewed for all expenditures. In addition, review the duplicate payments made for the grinder pumps and base rock and seek reimbursement.
5. Ensure change orders are prepared, signed and approved by all parties prior to the initiation of the related work, and retained in the county's files. In addition, research the amount paid to the utility system contractor to ascertain if approved change orders

make up the excess of the amount paid over the contract amount. If change orders do not make up the difference, seek reimbursement of the overpayment.

- B.1. Review and approve the expenditure of NID funds prior to the disbursements being made.
- 2. Review transactions involving the construction company owned by the developer to ensure bids were obtained. In addition, consult with legal counsel regarding the possible conflict of interest.
- C. Discontinue withholding assessment funding from special assessment collections and consider refunding those amounts already withheld. If actual incremental assessment costs were incurred related to applicable NID projects, it may be appropriate to include those costs in the special assessments apportioned to the landowners.
- D. Document the administrative costs incurred by the county and charged to the NIDs. Any additional unreimbursed costs should be collected from the landowners. Any excess amounts collected should be refunded to landowners who have already paid their assessments, and assessments to landowners paying over the twenty-year period should be adjusted to reflect actual costs.

Status:

A.1-

- A.3. The County is currently in litigation with the parties involved in the Black Oak NID. See finding number 02-2

A.4.

- &5. Implemented. The County Commission indicated that the contractor billed the county approximately \$180,000 more than the \$1 million allowed by contract; however, the county only paid \$25,000 of the overage. Therefore, the County Commission believes any duplicate payments made have been recouped.

- B. Partially implemented. The County Commission is still investigating and approving requisitions for Edgewater expenditures. See finding number 02-2

- C&D. Not implemented. The County Commission responded in the audit for the two years ending December 31, 2000 that they believe the Collector is authorized to withhold the one percent assessment fund monies on these amounts; however, there appears to be no legal support for their argument. They also responded that the administrative work performed by the County for the NIDs, and the cost of the employees, equipment and supplies provided by the County to the NIDs, should not be borne by the taxpayers from the general revenue fund. Although not repeated in our current MAR, our recommendation remains as stated.

00-3. Emergency 911 Building

The 911 Board did not effectively monitor the general contractor and ensure bids were competitively solicited for the construction of the 911 building. In addition, adequate supporting documentation was not maintained for some expenditures.

Recommendation:

The Emergency 911 Board ensure all future construction projects are competitively bid, adequate documentation is obtained for all expenditures, and the work is properly monitored.

Status:

The Emergency 911 Board has not entered into any contracts for additional construction projects. During our review of Emergency 911 expenditures, adequate documentation was obtained for the items reviewed.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

STONE COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

STONE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Stone County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 12, 2003. We also have audited the compliance of Stone County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 12, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Stone County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Payroll and Personnel Procedures**

Time sheets are not maintained by some employees, and others were not compensated through the county's normal payroll system.

- A. Time sheets or other records of actual time worked are not maintained by some salaried employees such as, the jail administrator, maintenance supervisor, chief deputy sheriff, and planning and zoning administrator. As a result, the County Commission has no documentation to support these payroll expenditures. In addition, time sheets prepared by some hourly-paid employees do not include documentation of supervisory approval.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. The time sheets should be prepared by the employee, approved by the applicable supervisor, and filed in a central location with the county's payroll records.

- B. In addition to their regular salaries, two employees of the County Clerk's office received a total of \$900 and \$500 each for the two years ended December 31, 2002 for the time spent preparing the county's published financial statement. These payments were not processed through the county's payroll system. According to the employees, the financial statements were prepared after normal business hours; however, the hours were not reported on the employee's timesheet. In addition, a seasonal worker in the County Collector's office was paid \$1,710 for the two years ended December 31, 2002 that was also not processed through the county's payroll system.

Payroll taxes were not withheld in either of these situations, and the compensation was not reported on the employee's W-2 form. These payments are wages and should have been processed through the county's payroll process.

To ensure compliance with the Fair Labor Standards Act (FLSA) and ensure the propriety of payments made, time worked should be paid through the regular county payroll process. In addition, the Internal Revenue Code requires employers to report all wages on W-2 forms.

WE RECOMMEND the County Commission:

- A. Require all county employees to prepare time sheets which reflect actual time worked and leave taken. These time sheets should be prepared and signed by the employee, approved by the applicable supervisor, and filed with the County Clerk.
- B. Ensure all salary payments and wages are subject to payroll withholdings and

reported on W-2 forms.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The County's policies require that each elected official or department head sign his or her employee's time cards or a summary thereof. After receiving this recommendation, the County Commission again consulted with its legal counsel and its outside legal counsel for matters concerning the federal Fair Labor Standards Act. The County Commission agrees that it (or, as appropriate, each elected official or department head) should monitor the work performance of all salaried employees; however, consideration of the State Auditor's suggestion requires that the County Commission balance the need to obtain the most accurate accounting information against the County's exposure to claims for overtime and claims that employees deemed "salaried" might be able to claim hourly compensation years after work was performed.*

Both the County's legal counsel and the county's special legal counsel concerning the federal Fair Labor Standards Act continue to advise against requiring salaried employees to maintain actual time records as is recommended by the Auditor. After carefully considering both options, the County Commission has decided to follow the advice of its legal counsel and its special legal counsel concerning the federal Fair Labor Standards Act.

However, the County Commission intends that only a very few employees are categorized as exempt employees under federal Fair Labor Standards Act and, while the County will not require each such employee to keep detailed time records, each exempt employee's classification status and performance will be monitored by the County Commission (or, as appropriate, each elected official or department head) to ensure that such employees are satisfactorily in attendance or at work, adequately performing their tasks, and that the County is receiving the best value for its expenditures. The County Commission will ensure that the County's new employee policies, now in the process of being adopted, will strictly define exempt employees under the federal Fair Labor Standards Act.

- B. *Each employee affected has been given the option to have the County issue a new W-2 Form so the employee can file an amended tax return. The County Clerk has agreed to ensure that all future salary payments and wages are subject to payroll withholdings and reported on W-2 Forms.*

2.	Road and Bridge
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The county does not reconcile fuel used to fuel purchased, and records are not maintained of mileage incurred on county vehicles for employee commuting purposes.

- A. The county maintains fuel tanks in several locations throughout the county for use in road and bridge and law enforcement. During the years ending December 31, 2002 and 2001 the county spent approximately \$108,000 and \$115,000, respectively, for

fuel. Fuel usage logs are maintained by road and bridge and sheriff department employees to account for fuel used; however, the county does not reconcile fuel usage to fuel purchased. Such reconciliations are necessary to enable the County Commission to fully account for all fuel expenditures and identify significant loss or theft of fuel.

- B. Three road and bridge foremen, and two administrative clerks, are allowed to use county vehicles to commute between home and work. The County Commission indicated these employees are on call 24 hours a day for emergency situations; however, the county does not keep records of mileage incurred on the county vehicles for commuting purposes. Although this condition was noted in our prior audit report, the County Commission has not addressed this issue with a formal written policy.

Internal Revenue Service (IRS) reporting guidelines indicated personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs which distinguish between business and personal usage. Because procedures have not been established to ensure the IRS regulations are followed, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

These conditions were noted in our prior report.

WE AGAIN RECOMMEND the County Commission:

- A. Reconcile fuel purchases to fuel usage and investigate any differences.
- B. Comply with IRS guidelines for reporting fringe benefits related to commuting in county-owned vehicles. In addition, the county should establish a written policy for road and bridge employees regarding the appropriate use of county vehicles for commuting purposes and ensure records are kept which distinguish commuting and business mileage.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The County Commission has implemented a program to reconcile fuel usage, so that the County can fully account for all fuel expenditures, and identify significant loss or theft of fuel.*
- B. *The County provides vehicles for three road and bridge foreman and two road and bridge administrative clerks. Because those employees are on call at all times, the County Commission has determined that it best serves the County's purpose to allow each such employee a vehicle home after work, to ensure prompt and efficient response to emergencies,*

inclement weather conditions, or equipment breakdowns. Each such employee is now required to keep a mileage log for the vehicle. The County Commission monitors each log and is aware of each employee's usage, to ensure that each vehicle's usage best serves the County's needs, and is not being used solely to provide transportation to or from the employee's place of residence.

The County Commission believes that, since it requires the employees to take vehicles home after work, the employees' use is not solely to provide transportation to and from the employees' places of residence, and thereby are not reportable fringe benefits under IRS reporting guidelines.

3.

General Fixed Assets

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. Currently, it is each county official's responsibility to maintain an inventory listing of the fixed assets in their office. Inventories are not always completed annually, and the inventory listings do not always include information applicable to the item, such as cost and date of acquisition. Additions to the inventory listing are not reconciled to equipment expenditures to ensure all fixed assets are properly recorded. During our review of equipment purchases, we noted 11 of 18 items, totaling approximately \$257,000, were not recorded on the county's general fixed asset listing.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

A similar condition was noted in our prior report.

WE AGAIN RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset dispositions, and any other concerns associated with county property.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The County Commission relies upon each county elected official or department head to provide the inventories required by Section 49.093 RSMo. The County Commission and the County Clerk request that the County's elected officials and department heads discharge this statutory duty in an accurate and timely manner and provide the completed inventories and records to the County Clerk. The County Clerk has agreed to maintain custody of the record and provide them to the County's elected officials, department heads, and the County Commission for management, analysis, and insurance purposes. Each County Commissioner makes periodic inspections of real property as is required by Section 49.091 RSMo.

4. County Collector's Procedures

The County Collector's office processed property taxes totaling in excess of \$30 million for the two years ended February 28, 2003. Our review noted errors on the annual settlements, small unidentified balances in some bank accounts, and an old inactive bank account containing \$1,423.

- A. The County Collector's annual settlement contained errors in amounts reported which caused differences between total collections and distributions. For the year ended February 28, 2003, railroad and utility tax distributions of \$14,118 were omitted, and \$115,856 of distributions were reported twice including \$34,750 of surtax, \$46,878 of credit card payments, and \$20,289 in protested taxes. In addition, collections were overstated by \$110,567. For the year ended February 28, 2002 \$15,295 in credit card payments and \$15,385 in protested taxes were reported twice. Several other small errors were noted.

The County Clerk maintains an account book; however, the County Clerk and County Commission do not review the account book to help verify the accuracy of the County Collector's annual settlements.

Section 139.160, RSMo 2000, states that ". . . the collector shall . . . settle his accounts of all monies received by him on account of taxes and other sources of revenue . . ." By incorrectly reporting collections and distributions, the County Collector has not provided the County Commission with an accurate and complete settlement.

- B. The County Collector maintains bank accounts for the deposit of property tax collections, protested taxes, surtax, partial payments, electronic funds, and bankruptcy tax payments. Collections are distributed monthly, except for interest earnings and surtax, which are distributed once a year.

The County Collector tracks transactions that have cleared the bank accounts on her computer software program; however, a formal reconciliation is not prepared indicating checks outstanding and deposits in transit. As a result, the County Collector has not been properly monitoring her accounts and there are small unidentified balances in some of the bank accounts.

Preparing proper bank reconciliations is an essential part of properly accounting for property tax collections. Without these reconciliations, the County Collector has no assurance that all transactions have been properly recorded in the bank accounts. To provide this assurance, book balances should be maintained for all accounts and should be reconciled to the bank balances each month.

- C. The Collector has an old bank account containing a balance of \$1,423 at February 28, 2003 relating to tax collections. This bank account is no longer used by the Collector and has \$1,375 of checks that have been outstanding over one year, and \$48 in accumulated interest.

The Collector should take action to close this inactive account and distribute the remaining monies to the appropriate parties. Any amounts remaining unidentified should be turned over to the county's Unclaimed Fees Fund or the state Unclaimed Property Section in accordance with Sections 447.500 through 447.595, RSMo 2000.

WE RECOMMEND the County Collector:

- A. File complete and accurate annual settlements. In addition, the County Clerk and County Commission should compare the amounts on the annual settlements to the County Clerk's account book to ensure the annual settlements are accurate.
- B. Reconcile the bank accounts monthly and investigate and resolve the differences between bank records and internal accounting records.
- C. Close the inactive bank account and distribute any monies, which can be identified to the appropriate parties. Any monies which cannot be identified should be remitted to the state Unclaimed Property Section or the county Unclaimed Fees Fund.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *Implemented. Duplicate entries on annual settlements were due to recording all activity in all bank accounts. After discussion with the staff of the Auditor's Office I am now aware that in some cases this was duplicating revenues and expenditures when transferring from one bank account to another. In the future, basic transfers will not be recorded as revenues and expenditures.*
- B. *Implemented. Reconciling differences only occurred in the last 7 months of the audit period,*

after updating accounting software in May 2002. After discussion with staff of the auditor's office, the new reports are now correctly generated. All accounts are reconciled.

- C. Implemented. All inactive bank accounts have been closed. Unclaimed fees were transferred to the county Unclaimed Fees Fund.*

The County Commission provided the following response:

- A. The County Commission has met with the County Collector and an employee in the County Clerk's office who handles the County Clerk's account book. The County Commission heard the Collector's explanation for the errors noted in your review, and accepts the explanation and her assurance that she has corrected all errors and has implemented procedures to ensure that they do not occur in the future. On Tuesday, September 2, 2003 the County Commission will examine the Collector's annual settlements for the two-year period covered by the audit, and the County Clerk's account book for the same period. The County Commission will review both the Collector's annual settlement and the County Clerk's account book in each future year.*

5. Assessor's Accounting Controls and Procedures

The Assessor transmitted approximately \$8,100 and \$9,200 to the County Treasurer during the years ended December 31, 2002 and 2001, respectively, from the sale of maps and photocopies. Our review of the Assessor's accounting controls and procedures noted that receipts are not always transmitted timely or intact, checks are not restrictively endorsed immediately upon receipt, and accounting duties are not adequately segregated.

- A. Receipts are not always transmitted to the County Treasurer intact, and on a timely basis. Some cash receipts are retained for use as a change fund; however, the change fund is not maintained at a constant amount, it ranges from \$60 to \$95. Receipts are usually transmitted only twice a month. In addition, no reconciliation of receipt slips to the amount and composition of monies transmitted to the County Treasurer is performed by the County Assessor. Without performing this reconciliation, the Assessor has no assurance that all receipts are properly transmitted to the County Treasurer.

Transmitting receipts to the County Treasurer intact is necessary to ensure proper recording and accountability of receipts and to lessen the possibility of loss or misuse of funds. If a change fund is determined to be necessary, it should be maintained at a constant amount. In addition, to safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer daily or when accumulated receipts exceed \$100.

- B. Checks are not restrictively endorsed immediately upon receipt. Endorsements are applied after monies are turned over to the County Treasurer. To adequately safeguard receipts, all checks should be restrictively endorsed immediately upon receipt.
- C. Accounting duties for the Assessor's office are not adequately segregated. One employee is primarily responsible for receiving, recording, and transmitting monies to the County Treasurer. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are properly segregated. At a minimum, there should be a documented independent comparison of receipt slips to amounts transmitted to the County Treasurer.

A condition similar to A. was noted in our prior report.

WE RECOMMEND the Assessor:

- A. Transmit all monies received to the County Treasurer intact and reconcile monies transmitted to receipt records. If a change fund is needed it should be maintained at a constant amount. In addition, monies should be transmitted to the County Treasurer daily or when accumulated receipts exceed \$100.
- B. Restrictively endorse checks immediately upon receipt.
- C. Adequately segregate duties among available employees and/or establish a documented periodic review of the accounting records by an independent person.

AUDITEE'S RESPONSE

The County Assessor provided the following responses:

- A. *The Assessor's office has set a change fund in the amount of \$60 as of January 1, 2003, and monies are transmitted to the Treasurer on a daily basis or when receipts exceed \$100.*
- B. *The Assessor's office purchased a, "Stone County Assessor – For Deposit Only", ink stamp early in 2003. We endorse each check as they are received in the office.*
- C. *The Deputy Assessor has been given the responsibility of monitoring, reconciling, and initialing all monies and accounting records.*

6.**Prosecuting Attorney's Records and Procedures**

The Prosecuting Attorney's office collects court-ordered restitution, bad check restitution and fees, and delinquent tax payments for the state. Our review of the Prosecuting Attorney's accounting controls and procedures noted that accounting duties are not adequately segregated, bank reconciliations are not performed timely, charges for uncollected bad checks are not always filed timely, and some checks have been outstanding for as long as four years. In addition, the Prosecuting Attorney maintains custody of the Child Assessment Center Grant Fund for which there appears to be no statutory authority.

- A. Accounting duties are not adequately segregated. The Prosecuting Attorney's office manager is primarily responsible for collecting, recording, depositing and disbursing all monies. To ensure proper recording of all transactions, the duties of handling, recording, distributing, and reconciling cash should be segregated. If the duties cannot be adequately segregated, at a minimum, an independent person, such as the Prosecuting Attorney, should review and initial bank reconciliations and agree recorded receipts to deposits. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.
- B. In December 2001, the Prosecuting Attorney's office experienced computer problems which resulted in the loss of a significant amount of data that had to be entered again into the computerized bad check system. Since this time, the Prosecuting Attorney's staff have only prepared bank reconciliations every two or three months. In addition, open items listing were not prepared and reconciled to the cash balance. The reconciled balance of the fee account increased from \$3,885 at December 31, 2001, to \$41,945 at December 31, 2002. At our request the Prosecuting Attorney's office prepared an open items listing, and all but \$92 of the \$41,945 December 31, 2002 balance was identified with a specific case. Considering the large increase in the balance of the bad check account, the Prosecuting Attorney should review the open items listing and disburse funds as appropriate.

Monthly bank reconciliations and listings of open items should be prepared and reconciled to ensure accounting records are in balance and sufficient funds are available for the payment of liabilities.

- C. The Prosecuting Attorney's bank accounts have numerous checks, totaling approximately \$9,000, which have been outstanding from one to four years. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. Monies which remain unclaimed should be turned over to the state's Unclaimed Property Section in accordance with Section 447.532, RSMo 2000.

- D. The Prosecuting Attorney maintains custody of the Child Assessment Center Grant Fund which had a balance at December 31, 2002 of \$9,529. The County Commission is not a party to the Child Assessment Center Grant contract with Division of Family Services. As there appears to be no statutory authority for the Prosecuting Attorney to maintain custody of this fund, all monies should be turned over to the County Treasurer.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the work performed.
- B. Prepare bank reconciliations for all accounts on a monthly basis, prepare monthly listings of open items and reconcile to the cash balance, and attempt to identify the unidentified amount.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- D. Ensure the County Commission is a party to the Child Assessment Center Grant contract and turn over the proceeds of the Child Assessment Center Grant Fund to the County Treasurer.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *The process of one clerk being in charge of daily receipts and deposits and another clerk being in charge of all check runs began in March 2003. The reconciliation of bank statements with the Prosecutor checking monthly will begin with the September 30, 2003 statement.*
- B. *By the September 30, 2003 bank statement all statements will be reconciled monthly and all balances paid out and identified.*
- C. *The old outstanding checks will be reissued or turned over to the County Treasurer by September 15, 2003.*
- D. *As of September 2, 2003 all the monies from this account have been disbursed, the account closed, and in the future this grant will be turned over to the County Treasurer.*

The County Commission provided the following response:

- D. *It appears that the County Commission in the past has not maintained custody of the Child Assessment Center Grant Fund. The County Commission has advised the Prosecuting Attorney that, in the future, the County Commission wishes to be a party to the contract, and that the County Treasurer should maintain custody of all proceeds of the fund.*

7. Sheriff Board Bill Procedures

Stone County received \$255,000 and \$354,000 in 2002 and 2001, respectively, for boarding prisoners for the federal government and surrounding counties and cities. The Jail Administrator prepares and sends board bills to the other government entities. The board bills indicate that payments are to be made directly to the County Treasurer. When a payment is received, the County Treasurer provides a copy of the receipt slip to the Jail Administrator. However, the Sheriff's department does not routinely compare prisoner board bills to subsequent payments. In addition, the Sheriff has no formal follow-up procedures for unpaid board bills. The previous Jail Administrator did not retain copies of the board bills sent nor agree the payments received to the board log.

Formal reconciliations of prisoner board bills and payments received by the County Treasurer should be performed with the Sheriff's department to ensure payments are received on a timely basis, second billings are sent out if necessary, and records are maintained accurately.

WE RECOMMEND the Sheriff compare prisoner board billings and the subsequent payments received by the County Treasurer on a regular basis and rebill any unpaid amounts. Documentation of any subsequent billings should be maintained.

AUDITEE'S RESPONSE

The County Sheriff provided the following response:

In reviewing your recommendation, I have spoke with my Jail Captain and he has started a system where if all agencies cooperate, we should be able to reconcile the board bills. It will have to be a cooperative effort on all involved as the board bills are being paid by many different agencies, and some monies come directly to the County Treasurer and some are paid through the court. We will attempt to do our best in this situation.

- A. The health center does not have adequate cash controls. Our review of cash controls revealed the following:

1. Accounting and bookkeeping duties are not adequately segregated. Currently, the responsibilities of recording and depositing receipts, reconciliations, and preparing and signing checks are assigned to the Health Center Administrator. There is no documented independent review of these functions.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation cannot be achieved, at a minimum, a comparison of bank deposits with recorded receipts and a review of monthly reconciliations should be performed. Proper supervision and documented reviews help ensure that financial records are properly maintained and help detect errors on a timely basis.

2. Receipt slips are not issued for some monies received, and monies received are not always deposited intact in a timely manner. We noted some receipts were held more than one week prior to deposit.

To help ensure receipts are properly recorded and deposited, prenumbered receipt slips should be issued for all monies received immediately upon receipt and the composition should be reconciled to the bank deposits. Also, deposits should be made intact daily, or when accumulated receipts exceed \$100.

- B. Budgets prepared by the health center were not accurate and complete. Interest earned on certificates of deposits (CD) was not recorded timely, resulting in the cash balance on the health center's budget to be understated by approximately \$3,700 and \$7,000 for 2002 and 2001, respectively. In addition, mathematical errors totaling \$7,500 were noted in the 2001 budgeted revenues resulting in a higher estimated ending fund balance.

For the budget documents to be of maximum assistance to the health center and to adequately inform county residents of the health center's operations and current financial position, the budget documents should be complete and accurate.

WE RECOMMEND the Health Center Board of Trustees:

- A.1. Segregate the duties of handling, recording, distributing, and reconciling cash. If segregation of duties is not possible, at a minimum, an independent review of

receipts and deposits and monthly bank reconciliations should be performed and documented.

2. Require prenumbered receipt slips issued for all monies received and the composition of receipts reconciled to deposits. In addition, ensure all monies are deposited intact daily or when accumulated receipts exceed \$100.
- B. Ensure the budget is prepared accurately to reflect the financial activity and cash balances of the health center.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A. *These recommendations were implemented immediately. The board secretary/treasurer will sign receipts and disbursement folder monthly.*
- B. *The Stone County Health Center currently has no CDs. CDs have been transferred to money market accounts. No mathematical errors were identified in budget years 2002 and 2003.*

Follow-Up on Prior Audit Findings

STONE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Stone County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Neighborhood Improvement Districts

- A. The county withheld one percent special assessment fund monies from the Stonebridge NID and Black Oak NID special assessment collections since 1997 of approximately \$21,300 and \$4,000. There was no statutory authority for the withholdings, and the county provided no documentation of out-of-pocket costs actually incurred from the Assessment Fund related to the projects.
- B. The county received administrative fees totaling \$17,000 and \$12,500 in 1998 and 1997, respectively from the Edgewater and Black Oak NIDs based upon actual construction and estimated bond costs. The county did not have written documentation to support administrative cost expenditures.

Recommendation:

The County Commission:

- A. Review the issue of withholding assessment funding from special assessment collections and consider discontinuing any future assessment withholdings and refunding those amounts already withheld. If actual incremental assessment costs were incurred related to applicable NID projects, it may be appropriate to include those costs in the special assessments apportioned to the landowners.
- B. Document the administrative costs incurred by the county and charged to the NIDs. Any additional unreimbursed costs should be collected from the landowners. Any excess amounts collected should be refunded to landowners who have already paid their assessments, and assessments to landowners paying over the twenty-year period should be adjusted to reflect actual cost.

Status:

- A&B. Not implemented. The County Commission responded in the audit for the two years ending December 31, 2000 that they believe the Collector is authorized to withhold the one percent assessment fund monies on these amounts; however, there appears to be no legal support for their argument. They also responded that the administrative

work performed by the County for the NIDs, and the cost of the employees, equipment and supplies provided by the County to the NIDs, should not be borne by the taxpayers from the general revenue fund. Although not repeated in our current MAR, our recommendation remains as stated.

2. Road and Bridge Concerns

- A. Fuel usage was not reconciled to fuel purchases.
- B. Some road and bridge employees were allowed to use county vehicles to commute between home and work. The county did not keep records of mileage incurred and did not include this mileage as a fringe benefit.

Recommendation:

The County Commission:

- A. Reconcile fuel purchases to fuel usage and investigate any differences.
- B. Comply with IRS guidelines for reporting fringe benefits related to commuting in county-owned vehicles. In addition, the county should establish a written policy for road and bridge employees regarding the appropriate use of county vehicles for commuting purposes and ensure records are kept which distinguish commuting and business mileage.

Status:

A&B. Not implemented. See MAR finding number 2.

3. Officials' Salaries and Personnel Records

- A. The County Coroner was paid additional compensation for training that he did not receive.
- B.1. The Salary Commission minutes did not specify the amount of salary to be paid to the County Coroner and the Public Administrator for their terms beginning in 1997.
 - 2. The Salary Commission approved an increase in the Sheriff's salary due to the assessed valuation in 1997. The Sheriff was the only official that had an increase in salary.
- C. Time sheets were not maintained by salaried employees. Some hourly-paid employees time sheets did not include supervisory approval.

- D. Some hourly-paid employees had negative sick leave or compensatory leave balances. Employees' leave records had not been updated for more than a year.

Recommendation:

The County Commission:

- A. Require the County Coroner to provide certification that he completed applicable classroom training in 1997 or an exemption from training. If training certification or an exemption cannot be provided, the County Commission should pursue reimbursement of \$500 from the County Coroner. In addition, the County Commission and County Clerk should require the County Coroner to provide certification of applicable classroom training before the \$500 training allowance is paid.
- B. Review these matters with the Prosecuting Attorney to ensure the proper amounts were paid to each official. In addition, the County Commission should ensure future salary commission minutes document the approval of salary increases for each official.
- C. Require all county employees to prepare time sheets which reflect actual time worked and leave taken. These time sheets should be prepared and signed by the employee, approved by the applicable supervisor, and filed with the County Clerk.
- D. Discontinue the practice of allowing negative leave balances. Records of vacation, sick leave, and overtime earned, used, and accumulated should be updated monthly.

Status:

- A. Implemented. The Coroner paid the county \$500 on November 24, 1999.
- B. Implemented. The Commission discussed the situations with the Prosecuting Attorney at the November 30, 1999 meeting of the Salary Commission, and he did not recommend any additional action on behalf of the Salary Commission.
- C. Partially implemented. Time sheets are approved for hourly employees; however, salary paid employees do not maintain time sheets. See MAR finding number 1.
- D. Partially implemented. Negative leave balances were not noted; however, leave records for salary employees are not maintained. See MAR finding number 1.

4. Budgets and Published Financial Statements

- A. Disbursements were made in excess of the approved budgets. The county did not adequately monitor expenditures or document reasons for the excess expenditures.

- B. The annual published financial statements did not include financial activity for some county funds.

Recommendation:

The County Commission and other applicable officials and boards:

- A. Keep expenditures within the budgetary limits. If valid reasons necessitate excess expenditures, the original budget should be formally amended.
- B. Ensure financial information for all county funds is reported in the annual published financial statements in accordance with state law.

Status:

- A. Partially implemented. Actual expenditures exceeded budgeted amounts for some funds; however, improvements have been made. Although not repeated in our current MAR, our recommendation remains as stated above.
- B. Not implemented. See MAR finding number 02-1.

5. General Fixed Asset Records

- A. Additions and dispositions of fixed assets were not recorded in the property records as they occurred.
- B. There was not any documentation of a physical inventory of county owned personal property.
- C. Property records did not include information applicable to the item.
- D. Property records were not maintained in a manner which identified yearly additions, deletions, and year-end balances.

Recommendations:

The County Clerk:

- A. Maintain the property records on a current basis to reflect all additions and dispositions of general fixed assets as they occur. In addition, general fixed asset purchases should be reconciled periodically to additions to the property records.
- B. Perform and document annual physical inventories of all county owned personal property as required by state law.

- C. Record all applicable information in the property records.
- D. Maintain property records in a manner that beginning balances, additions and deletion can be reconciled to year-end balances.

Status:

A-D. Not implemented. See MAR finding number 3.

6. County Collector's Records and Procedures

- A. The former County Collector's annual settlements contained errors in the amounts reported which caused differences between total tax collections and distributions.
- B. The former County Collector allowed employees to cash personal checks from tax receipts.
- C. The former County Collector did not correctly compute commissions and fees withheld from property taxes for the Blue Eye School District.

Recommendations:

The County Collector:

- A. Maintain an accurate account book and file complete and accurate annual settlements. In addition, the County Clerk and County Commission should compare the amounts on the annual settlements to the County Clerk's account book to ensure the annual settlements are accurate.
- B. Discontinue the practice of cashing personal checks from tax receipts.
- C. And the County Commission authorize the payment of \$1,000 from the General Revenue Fund and \$670 from the Assessment Fund to the Blue Eye School District.

Status:

- A. Partially implemented. An account book is maintained; however, the errors were noted on the annual settlements. See MAR finding number 4.
- B&C. Implemented.

7. Prosecuting Attorney's Records and Procedures

- A. A cash payment of \$175 received for bad check restitution in March 1998 was not recorded or deposited. In addition, a shortage of \$233 was identified in the bad check restitution account that had not been recovered or resolved.
- B.1. Receipt slips were not issued immediately for some monies received, and monies were not always deposited timely.
- 2. The method of payment received was not always recorded on bad check restitution receipt slips, and receipt slips issued were not reconciled to bank deposits.
- C. Bank reconciliations were not performed on the delinquent sales tax account. In addition, bank reconciliations were not completed or agreed to the book balance for the bad check restitution account.
- D. Open-items listings (liabilities) were not prepared and liabilities were not reconciled to the balances in the bank accounts.
- E. Accounting duties were not adequately segregated.
- F. Bad check fees collected by the Prosecuting Attorney's office were not turned over to the County Treasurer on a timely basis.

Recommendations:

The Prosecuting Attorney:

- A. Investigate the \$233 of undeposited receipts and take appropriate action to ensure the shortage in the account is corrected.
- B.1. Issue receipt slips immediately upon receipt for all monies received and deposit receipts daily or when accumulated receipts exceed \$100.
- 2. Indicate method of payment received on all receipt slips and reconcile the composition of bank deposits.
- C. Ensure bank reconciliations are prepared on a monthly basis and follow-up on all old outstanding checks.
- D. Prepare monthly open-items listings and reconcile to the cash balances.
- E. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

- F. Turn over all fees to the County Treasurer on a monthly basis as required by state law.

Status:

- A. Implemented. On December 6, 1999, \$233 was received from the county and deposited to balance the account.

B&F. Implemented.

C-E. Not implemented. See MAR finding number 6.

8. County Assessor's Records and Procedures

- A. Receipt slips were not issued for some monies received. In addition, the original copies of voided receipt slips were not always retained.
- B. Some cash receipts were not transmitted to the County Treasurer.
- C. The County Assessor allowed his employees to cash personal checks from receipts.
- D. The County Assessor did not file monthly reports of all fees collected.

Recommendations:

The County Assessor:

- A. Issue official pre-numbered receipt slips for all monies received and retain all copies of voided receipt slips.
- B. Transmit all receipts to the County Treasurer intact. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.
- C. Discontinue the practice of cashing personal checks from official receipts.
- D. Prepare monthly reports of fees as required by law.

Status:

- A. Partially implemented. Receipt slips are now issued for all monies received; however, they are not utilizing official, pre-numbered receipt slips. Receipt slips are numbered manually. Although not repeated in our current MAR, our recommendation remains as stated above.

B. Not implemented. See MAR finding number 5.

C-D. Implemented.

9. Public Administrator's Settlements

The Public Administrator had not filed annual settlements for several estates on a timely basis.

Recommendation:

The Public Administrator should file annual settlements on a timely basis as required by law.

Status:

Not implemented. Annual settlements were not timely filed during the audit period; however, in 2003, the County Commission authorized the Public Administrator to hire a clerk to assist in filing annual settlements more timely. Although not repeated in our current MAR, our recommendation remains as stated above.

10. Health Center

A.1. Employees kept track of their own leave balances and record their leave activity on the time sheets; however, the health center's master records had not been updated since 1997.

2. The health center had a policy that prohibited employees from being compensated for accrued compensatory time upon termination of employment. One employee had accumulated a comp time balance of 381 hours.

3. Supervisory approval of time sheets was not documented.

B.1. The property records did not include the health center's land, building, and building improvements.

2. Additions of fixed assets were not always recorded as they occurred.

3. Property records were not maintained in a manner which identifies yearly additions, deletions, and year-end balances.

Recommendations:

The Health Center Board of Trustees:

- A.1. Ensure the master leave records are updated monthly and discontinue the practice of allowing employees to accrue leave beyond the maximum levels established by the personnel policy.
- 2. Take steps to address the excess compensatory leave balances and establish policies to ensure compliance with FLSA.
- 3. Require documentation of supervisory approval on all time sheets.
- B.1. Include the cost of land, buildings, and building improvements on the property records.
- 2. Record all additions of fixed assets as they occur and ensure general fixed asset purchases are reconciled periodically to additions to the property records.
- 3. Maintain property records in a manner that beginning balances, additions, and deletions can be reconciled to year-end balances.

Status:

A.1.-

- 2. Implemented.
- 3. Partially implemented. The Health Center Administrator indicated that she reviews all time sheets; however, her review is not always documented. Although not repeated in our current MAR, our recommendation remains as stated above.
- B.1. Implemented.
- 2. Partially implemented. Fixed asset additions are periodically reconciled to the property records; however, we noted a leased copy machine was not added to the property records timely. Although not repeated in our current MAR, our recommendation remains as stated above.
- 3. Not implemented. Although not repeated in our current MAR, our recommendation remains as stated above.

11. Emergency 911

- A. No vehicle usage records were kept to distinguish commuting mileage from business-related mileage for the county vehicle used by the Administrator.

- B. Time sheets were not prepared to document actual hours worked.
- C. Some checks were not issued in numerical sequence and voided checks were not retained.
- D. The Emergency 911 Board's general fixed asset records did not reflect the cost of the items listed and the vehicle used by the 911 Administrator was not listed.

Recommendations:

The Emergency 911 Board:

- A. Comply with the IRS guidelines for reporting fringe benefits related to commuting in the official vehicle. In addition, the board should establish a written policy for the 911 Administrator regarding the appropriate use of the vehicle for commuting purposes and ensure records are kept which distinguish commuting and business mileage.
- B. Require all employees to prepare monthly time sheets.
- C. Issue checks in numerical order and retain voided checks.
- D. Record the cost of all general fixed assets and ensure all items are included on the records.

Status:

- A-C. Implemented.
- D. Partially implemented. The costs have been assigned to the inventory items; however, the listing has not been updated since November 2001. Although not repeated in our current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

STONE COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1851, the county of Stone was named after William Stone, a pioneer judge of Taney County. Stone County is a county-organized, third-class county and is part of the Thirty-Ninth Judicial Circuit. The county seat is Galena

Stone County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 527 miles of county roads and 21 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 15,587 in 1980 and 28,658 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 248.4	239.6	223.3	214.7	82.6	26.7
Personal property	76.2	73.7	71.3	60.4	20.2	13.3
Railroad and utilities	13.9	13.0	11.1	10.7	5.5	4.3
Total	\$ 338.5	326.3	305.7	285.8	108.3	44.3

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Stone County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.1300	.1300	.1300	.1300
Health Center Fund	.0803	.0802	.0814	.0800
Senior Citizens Service Fund	.0494	.0493	.0500	.0500

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	104,075	99,902	93,017	87,752
General Revenue Fund	460,189	442,236	412,660	385,663
Special Road and Bridge Fund	4,090	4,192	4,112	4,659
Assessment Fund	175,298	145,687	128,589	116,426
Health Center Fund	276,365	265,409	246,598	232,692
Senior Citizens Service Fund	167,004	160,360	151,074	141,930
School districts	12,186,511	11,670,692	10,221,122	9,613,194
Library district	242,592	233,019	216,773	204,444
Fire protection district	913,457	873,964	822,390	757,732
Junior College	15,303	13,425	12,120	10,861
Neighborhood Improvement District	639,013	670,558	452,787	536,002
Cities	33,881	30,826	28,487	30,860
County Clerk	584	634	682	599
County Employees' Retirement	111,038	82,342	95,748	83,916
Commissions and fees:				
General Revenue Fund	387,957	299,668	240,369	226,170
Total	\$ 15,717,357	14,992,914	13,126,528	12,432,900

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	90	90	89	91 %
Personal property	93	93	92	95
Railroad and utilities	100	100	100	100

Stone County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Road capital improvements	.0050	None	None	
Law enforcement	.0050	None	None	
Emergency 911	.00125	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Tony DeLong, Presiding Commissioner	\$	31,700	31,700	30,380	30,380
Denney McCrorey, Associate Commissioner		29,700	29,700	28,380	28,380
Jerry Dodd, Associate Commissioner		29,700	29,700		
Luther Hembree, Associate Commissioner				28,380	28,380
Carloyn Dean, County Clerk		45,000	45,000	43,000	43,000
Matt Selby, Prosecuting Attorney		96,000	96,000	87,235	87,235
Richard Hill, Sheriff		50,000	50,000	39,000	39,000
Kristi Stephens, County Treasurer		33,300	33,300	31,820	31,820
Rick Stumpff, County Coroner		16,000	16,000	6,500	6,500
Glenda (Wendy) Metcalf, Public Administrator (1)		45,000	45,000	38,854	41,290
Vicki May, County Collector, year ended February 28 (29),	45,000	45,000	45,000	43,000	
Allen Berkstresser, County Assessor (2), year ended August 31,		45,900	42,400	42,400	42,400
John Read, County Surveyor (3)		N/A	N/A	N/A	N/A

(1) Includes fees received from probate cases for 2000 and 1999. Beginning in 2001, the Public Administrator received a salary of \$45,000.

(2) Includes \$900 annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Cathy Shortt, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	46,127	44,292
William Kirsch, Associate Circuit Judge	96,000	96,000	97,382	87,235

In 1992, the county entered into a \$2.9 million cancelable lease for the purchase of the county law enforcement center. The 1992 lease was called in 1998 and they subsequently entered into a \$3.66 million cancelable lease for further improvements to the county law enforcement center. Principal and interest payments are made from the general revenue fund. At December 31, 2002, the principal balance of the lease was \$3.2 million. If the county makes the minimum lease payments, the lease will be paid in full by 2017.



**HARRISON COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-95
September 26, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Harrison County, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Harrison County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The County Commission has not adequately carried out its fiduciary responsibilities related to the jail building project. A professional appraisal was not obtained prior to purchasing a construction site for the jail project and no county inspection has taken place during construction of the jail to ensure compliance with building codes and building plans and specifications. In addition, an agreement was negotiated with the financial company prior to beginning the bid process. During May 2002, the county entered into an agreement to lease county land to a financial company on which to construct a county jail. A twenty year lease agreement was simultaneously entered into with the financial group for the county to lease the jail and make annual lease payments equal to the amount due to purchase the building at the end of the lease term. The principal amount of the lease is approximately \$1.6 million and will be funded by the county one-half cent law enforcement sales tax.
- The County Commission did not adequately monitor the selection process of various design and construction services, such as architectural services and construction contractor, for the nursing home project. The County Commission responded that they will become more involved in the nursing home building project.

(over)

YELLOW SHEET

- The Lake Project Fund balance includes sales tax revenue which is required to be used for obligations incurred in the construction of the Harrison County Lake; however, the general obligation bonds have been repaid. The County Commission indicated they are going to ask the voters to approve the use of the monies for maintenance of the lake.
- The county has not taken action on mid-term salary increases given to elected officials in 1997. On May 15, 2001 the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners. The Supreme Court held this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. In the prior audit report, we recommended the county salary commission reevaluate the decision to give mid-term salary increase to all officials; however, no action has been taken. The County Commission has now responded that they will discuss the situation with the Prosecuting Attorney to determine what action to take.
- The County Commission has a history of significantly overestimating amounts budgeted for the Special Road and Bridge Fund. During the last six years, actual disbursements have been only 47 to 75 percent of budgeted expenditures. Additionally, administrative service fee transfers from the Special Road and Bridge Fund to the General Revenue Fund exceeded three percent of actual disbursements for the two years ended December 31, 2002 and 2001, by a total of \$33,882.
- Payments totaling \$50,750 for the purchase of the jail construction site, the building design for the new jail, and repairs to a sheriff's department vehicle were authorized from the Special Road and Bridge Fund. As monies credited to the Special Road and Bridge Fund are restricted for road and bridge purposes, \$50,750 is due to the Special Road and Bridge Fund. The County Commission responded that they have established a schedule to repay the monies to the Special Road and Bridge Fund in ten years or less.
- The schedule of expenditures of federal awards did not accurately report expenditures of Highway Planning and Construction funding. In addition, pass-through entity identifying numbers were not included for most programs.
- Improvements are needed over internal controls in the Sheriff's Office including segregation of duties and perpetual seized property records. In addition, the Sheriff retained fees of \$1,116 for services performed as trustee. This fee is apparently not allowable pursuant to an Attorney General's Opinion and, as a result, this amount is due from the Sheriff to the county.

The audit also includes some matters related to cash management and revenue maximization, computer controls, general fixed asset records and procedures, and county commission minutes.

All reports are available on our website: www.auditor.state.mo.us

HARRISON COUNTY, MISSOURI

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HARRISON COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Harrison County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Harrison County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Harrison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 4, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Harrison County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 4, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Katherine Cardenas, CPA
Audit Staff:	Terese Summers, CPA
	T. Flower Chadraabal
	Gary Raines



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Harrison County, Missouri

We have audited the financial statements of various funds of Harrison County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 4, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Harrison County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Harrison County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Harrison County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 4, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

HARRISON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 100,240	909,146	923,100	86,286
Special Road and Bridge	2,084,521	1,544,549	1,844,215	1,784,855
Assessment	8,972	119,500	125,018	3,454
Law Enforcement Training	10,777	8,412	7,632	11,557
Prosecuting Attorney Training	10,495	2,220	2,825	9,890
Recorder's User Fees	9,469	8,499	3,890	14,078
Prosecuting Attorney Bad Check	4,559	18,152	13,228	9,483
Domestic Violence	20	330	170	180
911	49,033	150,909	152,265	47,677
Lake Project	311,687	11,152	14,175	308,664
Crestview Depreciation and Replacement	409,987	28,756	337,043	101,700
Crestview Addition	120,898	18,501	120,451	18,948
Special Poor	68,371	6,338	9,435	65,274
Lottie Wilson Trust	27,690	571	1,101	27,160
Police Officer Standards Training	5,141	3,953	3,834	5,260
Local Emergency Planning Committee	6,672	2,589	1,280	7,981
County Election Services	1,382	1,064	0	2,446
Recorder's Technology	959	2,735	0	3,694
Law Enforcement Sales Tax	0	34,956	0	34,956
Tax Maintenance	0	277	0	277
Health Center	390,682	566,990	566,498	391,174
Law Library	13,976	6,212	5,836	14,352
Circuit Clerk's Interest	6,531	2,842	2,299	7,074
Total	\$ 3,642,062	3,448,653	4,134,295	2,956,420

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

HARRISON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 56,080	1,000,433	956,273	100,240
Special Road and Bridge	2,065,778	1,452,465	1,433,722	2,084,521
Assessment	7,320	105,702	104,050	8,972
Law Enforcement Training	24,036	8,763	22,022	10,777
Prosecuting Attorney Training	8,871	2,249	625	10,495
Recorder's User Fees	9,342	4,548	4,421	9,469
Prosecuting Attorney Bad Check	6,027	13,471	14,939	4,559
Domestic Violence	0	335	315	20
Prosecuting Attorney Delinquent Tax	153	0	153	0
911	79,419	141,551	171,937	49,033
Lake Project	284,258	32,260	4,831	311,687
Crestview Depreciation and Replacement	366,729	125,326	82,068	409,987
Crestview Addition	104,861	106,404	90,367	120,898
Special Poor	71,840	8,118	11,587	68,371
Lottie Wilson Trust	27,366	1,224	900	27,690
Police Officer Standards Training	4,935	4,021	3,815	5,141
Local Emergency Planning Committee	9,467	2,732	5,527	6,672
County Election Services	0	1,382	0	1,382
Recorder's Technology	0	959	0	959
Health Center	288,071	596,060	493,449	390,682
Law Library	14,379	5,664	6,067	13,976
Circuit Clerk's Interest	5,041	2,644	1,154	6,531
Total	\$ 3,433,973	3,616,311	3,408,222	3,642,062

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,371,939	3,410,578	38,639	3,885,865	3,613,970	(271,895)
DISBURSEMENTS	4,642,626	4,131,996	510,630	5,276,519	3,408,222	1,868,297
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,270,687)	(721,418)	549,269	(1,390,654)	205,748	1,596,402
CASH, JANUARY 1	3,635,531	3,635,531	0	3,433,919	3,433,973	54
CASH, DECEMBER 31	2,364,844	2,914,113	549,269	2,043,265	3,639,721	1,596,456
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	289,000	278,839	(10,161)	275,000	285,522	10,522
Sales taxes	241,500	216,393	(25,107)	213,000	230,861	17,861
Intergovernmental	122,200	112,365	(9,835)	88,000	95,576	7,576
Charges for services	197,000	203,094	6,094	201,500	175,019	(26,481)
Interest	8,000	5,704	(2,296)	10,000	8,422	(1,578)
Other	11,201	22,479	11,278	14,801	16,878	2,077
Transfers in	70,000	70,272	272	175,656	188,155	12,499
Total Receipts	938,901	909,146	(29,755)	977,957	1,000,433	22,476
DISBURSEMENTS						
County Commission	71,820	71,626	194	71,820	70,671	1,149
County Clerk	64,687	61,779	2,908	61,954	58,802	3,152
Elections	57,350	41,695	15,655	41,300	40,587	713
Buildings and grounds	71,224	63,861	7,363	65,474	62,909	2,565
Employee fringe benefits	35,000	34,604	396	40,000	33,889	6,111
County Treasurer and Ex Officio County Collector	57,300	56,980	320	56,053	55,541	512
Circuit Clerk and Ex Officio Recorder of Deeds	26,000	17,857	8,143	27,900	21,730	6,170
Associate Circuit Court	2,950	1,813	1,137	3,450	2,350	1,100
Court administration	9,124	5,387	3,737	4,117	3,019	1,098
Public Administrator	28,525	27,116	1,409	30,568	29,135	1,433
Sheriff	222,312	197,190	25,122	211,400	203,880	7,520
Jail	128,000	115,135	12,865	51,000	51,595	(595)
Prosecuting Attorney	60,836	60,228	608	60,336	59,175	1,161
Juvenile Officer	29,221	12,231	16,990	32,570	8,993	23,577
County Coroner	12,924	11,551	1,373	15,550	14,892	658
Insurance	93,000	85,202	7,798	85,000	84,343	657
University Extension	10,000	11,667	(1,667)	20,000	19,320	680
Schools per audit	0	0	0	105,940	105,940	0
Other	15,335	14,321	1,014	16,600	13,541	3,059
Emergency Fund	25,000	24,982	18	25,000	15,211	9,789
Transfers out	4,500	7,875	(3,375)	0	750	(750)
Total Disbursements	1,025,108	923,100	102,008	1,026,032	956,273	69,759
RECEIPTS OVER (UNDER) DISBURSEMENTS	(86,207)	(13,954)	72,253	(48,075)	44,160	92,235
CASH, JANUARY 1	100,240	100,240	0	56,080	56,080	0
CASH, DECEMBER 31	14,033	86,286	72,253	8,005	100,240	92,235

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Sales taxes	420,000	431,619	11,619	400,000	418,218	18,218
Intergovernmental	820,000	1,051,115	231,115	1,345,000	903,337	(441,663)
Charges for services	25,000	16,192	(8,808)	25,000	32,101	7,101
Interest	90,000	41,203	(48,797)	75,000	94,226	19,226
Other	1,550	4,420	2,870	6,500	4,583	(1,917)
Total Receipts	1,356,550	1,544,549	187,999	1,851,500	1,452,465	(399,035)
DISBURSEMENTS						
Salaries	214,760	200,419	14,341	220,000	186,693	33,307
Employee fringe benefits	67,000	51,619	15,381	67,000	30,894	36,106
Supplies	12,000	1,399	10,601	12,000	7,321	4,679
Road and bridge materials	460,000	238,135	221,865	310,000	193,536	116,464
Equipment repairs	40,000	8,381	31,619	40,000	20,804	19,196
Equipment purchases	190,000	148,747	41,253	240,000	85,006	154,994
Construction, repair, and maintenance	812,000	959,559	(147,559)	1,431,000	599,660	831,340
Township aid	230,000	80,000	150,000	80,000	80,000	0
Utilities	15,000	14,152	848	10,000	10,346	(346)
Other	150,000	25,521	124,479	250,000	16,151	233,849
Emergency	100,000	1,283	98,717	100,000	6,300	93,700
Building and Land Acquisition	90,000	50,000	40,000	90,000	21,355	68,645
Transfers out	65,000	65,000	0	175,656	175,656	0
Total Disbursements	2,445,760	1,844,215	601,545	3,025,656	1,433,722	1,591,934
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,089,210)	(299,666)	789,544	(1,174,156)	18,743	1,192,899
CASH, JANUARY 1	2,084,521	2,084,521	0	2,065,778	2,065,778	0
CASH, DECEMBER 31	995,311	1,784,855	789,544	891,622	2,084,521	1,192,899
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	120,300	117,473	(2,827)	110,100	104,275	(5,825)
Interest	700	178	(522)	2,000	808	(1,192)
Other	500	1,849	1,349	500	619	119
Total Receipts	121,500	119,500	(2,000)	112,600	105,702	(6,898)
DISBURSEMENTS						
Assessor	123,524	125,018	(1,494)	118,792	104,050	14,742
Total Disbursements	123,524	125,018	(1,494)	118,792	104,050	14,742
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,024)	(5,518)	(3,494)	(6,192)	1,652	7,844
CASH, JANUARY 1	8,972	8,972	0	7,320	7,320	0
CASH, DECEMBER 31	6,948	3,454	(3,494)	1,128	8,972	7,844

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	8,000	8,140	140	8,000	8,031	31
Interest	500	272	(228)	1,000	732	(268)
Total Receipts	8,500	8,412	(88)	9,000	8,763	(237)
DISBURSEMENTS						
Sheriff	12,000	2,360	9,640	12,000	9,523	2,477
Transfers out	0	5,272	(5,272)	12,499	12,499	0
Total Disbursements	12,000	7,632	4,368	24,499	22,022	2,477
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,500)	780	4,280	(15,499)	(13,259)	2,240
CASH, JANUARY 1	10,777	10,777	0	24,036	24,036	0
CASH, DECEMBER 31	7,277	11,557	4,280	8,537	10,777	2,240
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	2,000	2,015	15	1,800	1,997	197
Interest	200	205	5	200	252	52
Total Receipts	2,200	2,220	20	2,000	2,249	249
DISBURSEMENTS						
Prosecuting Attorney	5,000	2,825	2,175	4,000	625	3,375
Total Disbursements	5,000	2,825	2,175	4,000	625	3,375
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,800)	(605)	2,195	(2,000)	1,624	3,624
CASH, JANUARY 1	10,495	10,495	0	8,871	8,871	0
CASH, DECEMBER 31	7,695	9,890	2,195	6,871	10,495	3,624
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	3,500	5,226	1,726	4,000	4,286	286
Interest	200	273	73	100	262	162
Transfer in	0	3,000	3,000	0	0	0
Total Receipts	3,700	8,499	4,799	4,100	4,548	448
DISBURSEMENTS						
Ex Officio Recorder of Deeds	8,400	3,890	4,510	5,000	4,421	579
Total Disbursements	8,400	3,890	4,510	5,000	4,421	579
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,700)	4,609	9,309	(900)	127	1,027
CASH, JANUARY 1	9,469	9,469	0	9,342	9,342	0
CASH, DECEMBER 31	4,769	14,078	9,309	8,442	9,469	1,027

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD</u>						
<u>CHECK FUND</u>						
RECEIPTS						
Intergovernmental	0	370	370	0	0	0
Charges for services	13,000	17,673	4,673	13,000	13,345	345
Interest	100	109	9	400	126	(274)
Total Receipts	13,100	18,152	5,052	13,400	13,471	71
DISBURSEMENTS						
Prosecuting Attorney	17,150	13,228	3,922	19,150	14,939	4,211
Total Disbursements	17,150	13,228	3,922	19,150	14,939	4,211
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,050)	4,924	8,974	(5,750)	(1,468)	4,282
CASH, JANUARY 1	4,559	4,559	0	6,027	6,027	0
CASH, DECEMBER 31	509	9,483	8,974	277	4,559	4,282
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	300	330	30	400	335	(65)
Total Receipts	300	330	30	400	335	(65)
DISBURSEMENTS						
Abuse center	300	170	130	400	315	85
Total Disbursements	300	170	130	400	315	85
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	160	160	0	20	20
CASH, JANUARY 1	20	20	0	0	0	0
CASH, DECEMBER 31	20	180	160	0	20	20
<u>PROSECUTING ATTORNEY DELINQUENT</u>						
<u>TAX FUND</u>						
RECEIPTS						
Intergovernmental				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Prosecuting Attorney				0	153	(153)
Total Disbursements				0	153	(153)
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	(153)	(153)
CASH, JANUARY 1				153	153	0
CASH, DECEMBER 31				153	0	(153)

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>911 FUND</u>						
RECEIPTS						
Charges for services	140,000	149,850	9,850	126,000	135,334	9,334
Interest	1,000	1,059	59	4,000	2,114	(1,886)
Other	0	0	0	0	4,103	4,103
Total Receipts	141,000	150,909	9,909	130,000	141,551	11,551
DISBURSEMENTS						
Salaries and employee benefits	134,565	112,821	21,744	134,500	121,293	13,207
Telephone	35,000	33,742	1,258	40,000	32,990	7,010
Equipment	2,000	2,250	(250)	12,000	11,604	396
Other	8,100	3,452	4,648	8,050	6,050	2,000
Total Disbursements	179,665	152,265	27,400	194,550	171,937	22,613
RECEIPTS OVER (UNDER) DISBURSEMENTS	(38,665)	(1,356)	37,309	(64,550)	(30,386)	34,164
CASH, JANUARY 1	49,033	49,033	0	79,419	79,419	0
CASH, DECEMBER 31	10,368	47,677	37,309	14,869	49,033	34,164
<u>LAKE PROJECT FUND</u>						
RECEIPTS						
Sales taxes	0	0	0	0	16,885	16,885
Interest	10,000	6,320	(3,680)	10,000	10,075	75
Other	4,470	4,832	362	3,690	5,300	1,610
Total Receipts	14,470	11,152	(3,318)	13,690	32,260	18,570
DISBURSEMENTS						
Maintenance	7,000	14,175	(7,175)	7,000	326	6,674
Construction	25,000	0	25,000	25,000	4,505	20,495
Total Disbursements	32,000	14,175	17,825	32,000	4,831	27,169
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,530)	(3,023)	14,507	(18,310)	27,429	45,739
CASH, JANUARY 1	311,687	311,687	0	284,258	284,258	0
CASH, DECEMBER 31	294,157	308,664	14,507	265,948	311,687	45,739
<u>CRESTVIEW DEPRECIATION AND REPLACEMENT FUND</u>						
RECEIPTS						
Interest	8,000	3,088	(4,912)	13,000	13,258	258
Other	112,068	25,668	(86,400)	112,068	112,068	0
Total Receipts	120,068	28,756	(91,312)	125,068	125,326	258
DISBURSEMENTS						
Bond payment	82,068	241,616	(159,548)	82,068	82,068	0
Repairs and replacement	50,000	95,427	(45,427)	50,000	0	50,000
Total Disbursements	132,068	337,043	(204,975)	132,068	82,068	50,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,000)	(308,287)	(296,287)	(7,000)	43,258	50,258
CASH, JANUARY 1	409,987	409,987	0	366,729	366,729	0
CASH, DECEMBER 31	397,987	101,700	(296,287)	359,729	409,987	50,258

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CRESTVIEW ADDITION FUND</u>						
RECEIPTS						
Interest	3,000	1,058	(1,942)	2,000	4,201	2,201
Other	100,000	17,443	(82,557)	95,000	102,203	7,203
Total Receipts	103,000	18,501	(84,499)	97,000	106,404	9,404
DISBURSEMENTS						
Bond payment	90,000	120,451	(30,451)	90,000	90,367	(367)
Construction	0	0	0	30,000	0	30,000
Total Disbursements	90,000	120,451	(30,451)	120,000	90,367	29,633
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,000	(101,950)	(114,950)	(23,000)	16,037	39,037
CASH, JANUARY 1	120,898	120,898	0	104,861	104,861	0
CASH, DECEMBER 31	133,898	18,948	(114,950)	81,861	120,898	39,037
<u>SPECIAL POOR FUND</u>						
RECEIPTS						
Interest	2,000	1,338	(662)	3,000	3,098	98
Other	5,000	5,000	0	5,000	5,020	20
Total Receipts	7,000	6,338	(662)	8,000	8,118	118
DISBURSEMENTS						
Assistance programs	18,250	9,435	8,815	18,250	11,587	6,663
Total Disbursements	18,250	9,435	8,815	18,250	11,587	6,663
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,250)	(3,097)	8,153	(10,250)	(3,469)	6,781
CASH, JANUARY 1	68,371	68,371	0	71,840	71,840	0
CASH, DECEMBER 31	57,121	65,274	8,153	61,590	68,371	6,781
<u>LOTTIE WILSON TRUST FUND</u>						
RECEIPTS						
Interest	1,000	571	(429)	1,200	1,224	24
Total Receipts	1,000	571	(429)	1,200	1,224	24
DISBURSEMENTS						
Assistance to indigent	1,101	1,101	0	1,100	900	200
Total Disbursements	1,101	1,101	0	1,100	900	200
RECEIPTS OVER (UNDER) DISBURSEMENTS	(101)	(530)	(429)	100	324	224
CASH, JANUARY 1	27,690	27,690	0	27,366	27,366	0
CASH, DECEMBER 31	27,589	27,160	(429)	27,466	27,690	224

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>POLICE OFFICER STANDARDS</u>						
<u>TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	3,500	3,834	334	4,000	3,815	(185)
Interest	100	119	19	0	206	206
Total Receipts	3,600	3,953	353	4,000	4,021	21
DISBURSEMENTS						
Sheriff	3,500	3,834	(334)	4,000	3,815	185
Total Disbursements	3,500	3,834	(334)	4,000	3,815	185
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	119	19	0	206	206
CASH, JANUARY 1	5,141	5,141	0	4,935	4,935	0
CASH, DECEMBER 31	5,241	5,260	19	4,935	5,141	206
<u>LOCAL EMERGENCY PLANNING</u>						
<u>COMMITTEE FUND</u>						
RECEIPTS						
Intergovernmental	2,500	2,445	(55)	0	2,527	2,527
Interest	100	144	44	300	205	(95)
Total Receipts	2,600	2,589	(11)	300	2,732	2,432
DISBURSEMENTS						
Local emergency planning	6,500	1,280	5,220	7,500	5,527	1,973
Total Disbursements	6,500	1,280	5,220	7,500	5,527	1,973
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,900)	1,309	5,209	(7,200)	(2,795)	4,405
CASH, JANUARY 1	6,672	6,672	0	9,467	9,467	0
CASH, DECEMBER 31	2,772	7,981	5,209	2,267	6,672	4,405
<u>COUNTY ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	200	1,024	824			
Interest		40	40			
Total Receipts	200	1,064	864			
DISBURSEMENTS						
County Clerk	500	0	500			
Total Disbursements	500	0	500			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	1,064	1,364			
CASH, JANUARY 1	1,382	1,382	0			
CASH, DECEMBER 31	1,082	2,446	1,364			

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for services	750	2,684	1,934			
Interest		51	51			
Total Receipts	750	2,735	1,985			
DISBURSEMENTS						
Ex Officio Recorder of Deeds	800	0	800			
Total Disbursements	800	0	800			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	2,735	2,785			
CASH, JANUARY 1	959	959	0			
CASH, DECEMBER 31	909	3,694	2,785			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property tax	110,000	112,069	2,069	105,000	112,902	7,902
Intergovernmental revenue	101,500	110,488	8,988	100,500	108,130	7,630
Charges for services	307,000	336,436	29,436	305,750	321,113	15,363
Interest	15,000	7,997	(7,003)	17,000	16,715	(285)
Other	0	0	0	0	37,200	37,200
Total Receipts	533,500	566,990	33,490	528,250	596,060	67,810
DISBURSEMENTS						
Salaries and employee fringe benefits	368,500	369,571	(1,071)	353,000	347,697	5,303
Office expenditures	47,000	57,131	(10,131)	50,500	43,226	7,274
Equipment	6,500	6,754	(254)	0	0	0
Mileage and training	16,000	16,337	(337)	24,000	12,968	11,032
Professional fees	74,000	53,742	20,258	77,000	65,518	11,482
Medical supplies	21,500	25,763	(4,263)	23,000	24,040	(1,040)
Repayment of Medicare advance	0	37,200	(37,200)	0	0	0
Total Disbursements	533,500	566,498	(32,998)	527,500	493,449	34,051
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	492	492	750	102,611	101,861
CASH, JANUARY 1	390,682	390,682	0	288,071	288,071	0
CASH, DECEMBER 31	390,682	391,174	492	288,821	390,682	101,861
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	0	6,212	6,212	5,000	5,664	664
Total Receipts	0	6,212	6,212	5,000	5,664	664
DISBURSEMENTS						
Law library expenditures	7,500	5,836	1,664	12,022	6,067	5,955
Total Disbursements	7,500	5,836	1,664	12,022	6,067	5,955
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,500)	376	7,876	(7,022)	(403)	6,619
CASH, JANUARY 1	13,976	13,976	0	14,425	14,379	(46)
CASH, DECEMBER 31	6,476	14,352	7,876	7,403	13,976	6,573

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK'S INTEREST FUND</u>						
RECEIPTS						
Interest				2,400	2,644	244
Total Receipts				2,400	2,644	244
DISBURSEMENTS						
Circuit Clerk				4,000	1,154	2,846
Total Disbursements				4,000	1,154	2,846
RECEIPTS OVER (UNDER) DISBURSEMENTS				(1,600)	1,490	3,090
CASH, JANUARY 1				4,941	5,041	100
CASH, DECEMBER 31				3,341	6,531	3,190

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

HARRISON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Harrison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Sales Tax Fund	2002
Circuit Clerk's Interest Fund	2002
Tax Maintenance Fund	2002
County Election Services Fund	2001
Recorder's Technology Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2002
Crestview Depreciation and Replacement Fund	2002
Crestview Addition Fund	2002
Police Officer Standards Training Fund	2002
Health Center Fund	2002
Prosecuting Attorney Delinquent Tax Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2002 and 2001
Circuit Clerk's Interest Fund	2002 and 2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and*

Reverse Repurchase Agreements, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities pledged by the depositary bank and held in the board's name by a correspondent bank.

Supplementary Schedule

Schedule

HARRISON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Health and Senior Services-			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3140W	\$ 5,929	0
		ERS045-2140W	26,695	9,003
		ERS045-1140W	0	25,751
	Program Total		32,624	34,754
10.559	Summer Food Service Program for Children	ERS146-1140-I	60	0
U.S. DEPARTMENT OF JUSTICE				
	Passed through state			
	Office of Prosecution Services			
16.554	National Criminal History Improvement Program	2000-RH-CX-KO24	8,267	0
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO 041 (20)	0	13,213
		BRO 041 (22)	0	7,191
		BRO 041 (23)	314,255	7,589
		BRO 041 (24)	5,173	17,966
		BRO 041 (25)	340	0
	Program Total		319,768	45,959
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	LEPC	1,280	0
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	2,468	7,721

Schedule

HARRISON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services:				
93.268	Immunization Grant:	N/A	30,634	30,557
		PGA064-3140A	4,555	0
	Program Total		<u>35,189</u>	<u>30,557</u>
93.575	Child Care and Development Block Gran	PGA0067	1,800	1,194
93.994	Maternal and Child Health Service:	ERS146-3140M	3,468	0
	Block Grant to the States	ERS146-2140M	10,402	3,467
		ERS146-1140M	0	8,807
		C100015026	0	82
		non-monetary	272	2,606
	Program Total		<u>14,142</u>	<u>14,962</u>
	Total Expenditures of Federal Awards:		\$ <u>415,598</u>	<u>135,147</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

HARRISON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Harrison County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both

cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Harrison County, Missouri

Compliance

We have audited the compliance of Harrison County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Harrison County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB

Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 and 02-2.

Internal Control Over Compliance

The management of Harrison County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 and 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Harrison County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 4, 2003 (fieldwork completion date)

Schedule

HARRISON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no
Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified? yes x no
Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program(s):

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1.

Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-041(20), BRO-041(22), BRO-041(23), BRO-041(24), & BRO-041(25)
Award Year:	2002 and 2001
Questioned Costs:	N/A

Section .310(b) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county's procedures for reporting federal assistance are not adequate. Although improvement was noted in the preparation of the SEFA, the county did not accurately report expenditures of the BRO program. It appears the BRO expenditures presented on the SEFA included the county's match. In addition, pass-through entity identifying numbers were not included for most programs.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE AGAIN RECOMMEND the County Commission and the County Clerk ensure all federal award expenditures are properly recorded on the Schedule of Expenditures of Federal Awards. In addition, pass-through entity identifying numbers should be reported when applicable.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated they will implement the recommendation and establish procedures to ensure the required information is included on the SEFA.

02-2.	Cash Management
--------------	------------------------

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying Number:	BRO-041(20), BRO-041(22), BRO-041(23), BRO-041(24), & BRO-041(25)
Award Year:	2002 and 2001
Questioned Costs:	N/A

The county has not established procedures to ensure the minimum time lapses between its receipt of federal project monies and the disbursement of such monies to contractors. For most expenditures, the County Commission makes payments to contractors subsequent to receiving the reimbursement. Of the reimbursements reviewed, we noted four reimbursements totaling \$93,873 which were held from 17 to 38 business days before the related payment was made to the contractor. There is no explanation why these payments were not made timely. The current County Clerk indicated the current procedure is to pay the invoices when the reimbursement from the Missouri Department of Transportation (MoDOT) is received.

Section .300(c) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to, "comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs". Section XII of the MoDOT Local Public Agency Manual provides that local agencies must develop cash management procedures to ensure payment is made to the contractor/consultant within two business days of receipt of funds from MoDOT.

WE AGAIN RECOMMEND the County Commission establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with MoDOT requirements.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission has established procedures to ensure payments are made before the federal reimbursement is requested.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

HARRISON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

HARRISON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

00-1. Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-041(19), BRO-041(20), BRO-041(21), BRO-041(22), BRO-041(23), BRO-041(24)
Award Year:	2000 AND 1999
Questioned Costs:	\$30,864

- A. The county's procedures for tracking federal assistance were not adequate. The county prepared a schedule of expenditures of federal awards (SEFA) for the years ended December 31, 2000 and 1999; however, the schedule contained a number of errors and omissions.
- B. The county had not established cash management procedures to ensure the minimum time elapsed between its receipt of federal project monies and the distribution of such monies to contractors.
- C. There was no documentation that the County Commission considered other engineering firms for project BRO-041(19) as required by state law.

Recommendation:

The County Commission:

- A. And the County Clerk ensure all federal award expenditure amounts are properly recorded on the Schedule of Expenditures of Federal Awards.
- B. Establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with federal requirements.
- C. Resolve the questioned costs with the grantor agency. In addition, the County Commission should obtain information as required by law when contracting for professional services.

Status:

- A. Not implemented. See finding number 02-1.
- B. Not implemented. See finding number 02-2.
- C. Implemented. Correspondence from the Missouri Department of Transportation (MoDOT) indicated the county has developed procedures which should prevent future problems and resolve the findings. The letter also noted that in regards to the questioned costs MoDOT had reason to believe the funds were incurred appropriately based on the county supplying the necessary engineering selection letter. In addition, documentation related to the engineering selection process reviewed during the current audit was adequate.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

HARRISON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Harrison County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 4, 2003. We also have audited the compliance of Harrison County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 4, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Harrison County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Jail Project**

The County Commission did not obtain a professional appraisal prior to purchasing a construction site for the jail project. In addition, the County Commission is not independently monitoring the construction of the jail and appears to have negotiated an agreement with the financial company prior to beginning the bid process.

During May 2002, the County Commission entered into a base lease agreement to lease county land to a financial company on which to construct a county jail. A 20-year lease agreement was simultaneously entered into with the financial company for the county to lease the jail and make annual lease payments equal to the amount due to purchase the building at the end of the lease term. In case of default on the lease, the financial company can reclaim possession of the building for the remainder of the term of the lease. The principal amount of the lease is \$1,656,000. The funding source for the lease is a one-half cent law enforcement sales tax. We noted the following during our review of the jail project:

- A. The County Commission did not obtain a professional appraisal to determine the value of three plots of land purchased for the jail site. The County Commission indicated several pieces of property were inspected before deciding to purchase the lots across from the courthouse. However, there was no documentation to support which other properties were considered, costs associated with the properties, or advantages and disadvantages of other properties. Since the three landowners agreed to sell the lots for \$15,000 each and the lots were ideally located across the street from the courthouse, the County Commission considered \$45,000 to be a reasonable price. The County Assessor indicated the most current appraised value of the three properties in the county's records totaled approximately \$6,000, or 13 percent of the purchase price; however, the properties had not been appraised since 1998 or earlier.

The disparity between the County Assessor's appraisal and the amount paid supports the importance of an independent appraisal in establishing the market value of the land as a basis for determining the reasonableness of the asking price.

- B. The County Commission is not independently monitoring the construction of the jail. There is no professional independent inspection during construction to ensure compliance with building codes and building plans and specifications. The County Commission indicated that while each commissioner periodically tours the facility during construction, they rely on the financial company to ensure the project is completed in accordance with the building plans and specifications. The County Commission stated that since the county will not have title to the property until the lease is paid in full, it is not the County Commission's responsibility to monitor the project. However, because the County Commission fully intends to purchase the

building, it is prudent to ensure the project is adequately supervised and monitored for compliance with building code requirements and building plans and specifications. Ensuring compliance with building codes and plan specifications as the project progresses could prevent future disputes and liability issues.

- C. The County Commission negotiated and signed an agreement with the financial company five weeks prior to advertising the request for bids in the local paper. The following is a sequence of events leading up to the bid award:

Date	Event
April 10, 2002	County Commission minutes documented a meeting with the construction company and the financial company to sign an agreement for financing and begin the final design. The agreement was dated March 10, 2002, and was signed by all parties.
May 15, 22, & 29, 2002	Request for bids for the "design, development, construction and financing of a public safety facility" was advertised in the local paper.
May 29, 2002	Opened a sole bid for the jail project from the financial company. The contract was awarded to the financial company and an agreement dated May 29, 2002, was signed by all parties. In a letter dated May 29, 2002, the Prosecuting Attorney indicated he had examined the duly executed originals of the lease and option agreement and base lease agreement dated March 10, 2002.

While the request for proposal (RFP) was advertised in the local paper twice during the two weeks prior to the bid opening and on the day of the bid opening, it appears the county had already negotiated an agreement with the financing group to construct and finance a jail. Negotiation and execution of contracts prior to the competitive bid process gives an unfair advantage to the entity to whom the bid was awarded and circumvents the bid requirements.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. Section 50.660, RSMo 2000, requires all contracts and purchases be awarded to the lowest and best bidder after due opportunity for competition.

The County Commission has a fiduciary responsibility to ensure public funds are properly expended, complete records are maintained, and that significant county projects are carefully supervised.

WE RECOMMEND the County Commission:

- A. Obtain a professional appraisal prior to purchasing land.
- B. Ensure the construction is independently monitored, inspected, and supervised for the remainder of the jail project.
- C. Ensure building projects are bid in accordance with state law.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they normally get a professional appraisal for purchases of land. They will implement the recommendation for future purchases of land.*
- B. *The County Commission indicated they have requested building plans from the finance company to no avail. However, they are monitoring the project and will continue to monitor the project as best they can. For future projects, the County Commission indicated they will ensure the recommendation is implemented.*
- C. *The County Commission agrees with the recommendation.*

2.

Crestview Nursing Home Project

The County Commission did not adequately monitor the selection process of various design and construction services for the nursing home project.

Certificates of Participation (COPs) totaling \$3,870,000 were issued by a trustee bank (trustee) on behalf of the county and the proceeds of those certificates were used to construct an addition to the existing nursing home and to refund the outstanding Series 1989 and Series 1996 revenue bonds.

The County Commission entered into a lease purchase agreement with the trustee on March 1, 2002. The terms of the agreement require the county to concurrently convey a leasehold interest in the project site (Crestview Nursing Home) to the trustee and for the trustee to lease the Crestview Nursing Home back to the county with lease purchase payments equal to the amount due to retire the indebtedness. The county leases the property to a not for profit corporation (NFP), which operates the nursing home.

The lease payments are payable solely from a pledge of the revenues derived from the operation of the nursing home. The NFP submits the principal and interest payments to the trustee who in turn makes the payment to the owner of the certificates. Each month, the trustee sends a statement of activity to the county showing the activity in the account.

The County Commission did not adequately monitor the selection process for the architectural services, construction manager, and construction contractor for the nursing home project. The nursing home administrator indicated proposals were solicited for various aspects of the nursing home construction project. The County Commission indicated they did not review the proposals for the architectural services, general contractor, or construction manager to ensure proper procedures were followed.

The County Commission has a fiduciary responsibility to ensure public assets are properly safeguarded, complete records are maintained, and that significant county projects are carefully supervised.

WE RECOMMEND the County Commission adequately monitor county building projects.

AUDITEE'S REPOSE

The County Commission indicated they will implement the recommendation and become more involved in the Crestview Nursing Home building project.

3. Lake Project Fund Balance

The Lake Project Fund balance includes sales tax revenue which is required to be used for obligations incurred in the construction of the Harrison County Lake; however, the general obligation bonds have been paid.

In April 1988, the county passed a one-fourth cent sales tax pursuant to Section 67.547, RSMo. The ballot states the proceeds of the tax "shall be specifically used to pay all local obligations incurred in the construction of the Harrison County Lake, which tax shall terminate once the debt incurred by Harrison County for the funding of the Harrison County Lake is retired."

The debt incurred for the lake project consisted of \$1.2 million in general obligation bonds which were scheduled to mature in 2009. The bonds were paid off on July 12, 2000, nine

years prior to maturity. In September 2000, the County Clerk notified the Department of Revenue (DOR)to repeal the sales tax effective January 1, 2001.

Although the County redeemed the bonds early and notified the DOR to repeal the sales tax, a \$308,664 balance remained in the Lake Project Fund as of December 31, 2002. Since the ballot language specifically stated that the sales tax is to be used for obligations incurred in the construction of the lake and the general obligation bonds have been paid off, the County Commission should consult legal counsel regarding the proper disposition of the sales tax monies that remain in the Lake Project Fund.

WE RECOMMEND the County Commission consult legal counsel to determine the proper disposition of the sales tax revenue remaining in the Lake Project Fund.

AUDITTE'S RESPONSE

The County Commission has discussed the situation with the Prosecuting Attorney and plans to ask the voters, through a ballot issue, to authorize the county to use the balance in the account for maintenance of the lake.

4. County Officials' Compensation

The county has not taken action on mid-term salary increases given to elected officials in 1997.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo. This section of law allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The Supreme Court held that this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

As noted in the prior report, the 1997 salary commission voted to give elected officials a salary increase mid-term. The County Commission indicated they would ask the county's legal counsel to review this matter and discuss it at the 2001 salary commission meeting. However, a salary commission meeting was not held in 2001 and there is no documentation this situation was reviewed.

In light of the Supreme Court ruling, raises given to officials within their term of office should be re-evaluated for propriety. Any legal opinions or discussions by the county salary commission regarding this situation should be documented.

WE RECOMMEND the County Commission review the impact of this court decision and develop a plan for obtaining repayment of any salary overpayments.

AUDITEE'S RESPONSE

The County Commission indicated they will discuss the recommendation with the Prosecuting Attorney to determine what action to take.

5. Budgetary Practices and Published Financial Statements
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The County Commission overestimated the budgeted amounts for the Special Road and Bridge Fund. In addition, the County Clerk does not ensure the township road boards prepare and publish financial statements.

- A. As also noted in the prior three audit reports, the County Commission significantly overestimated the amounts budgeted for the Special Road and Bridge Fund as follows:

Year Ended December 31,	Disbursements		Budget over Actual
	Budget	Actual	
2002	\$ 2,445,760	1,844,215	601,545
2001	3,025,656	1,433,722	1,591,934
2000	2,618,040	1,550,439	1,067,601
1999	2,586,580	1,688,095	898,485
1998	2,483,801	1,170,358	1,313,443
1997	2,346,943	1,339,831	1,007,112

During the last six years, actual disbursements have been only 47 to 75 percent of budgeted expenditures. The County Commission indicated that they have tried to budget for unanticipated emergencies. As evidenced by the amounts presented above, the County Commission does not adequately review historical cost data when preparing the budget. The practice of overestimating disbursements results in an unreasonable estimated ending fund balance and reduces the use of the budget as a management tool and as a control over disbursements.

For the budget documents to be of maximum assistance to the County Commission and to adequately inform county residents of the county's operations and current financial position, the budgets should accurately reflect resources on hand, reasonable estimates of receipts and disbursements, and anticipated ending cash balances.

- B. Actual disbursements exceeded the budgeted amounts in various funds as follows:

<u>Fund</u>	<u>Year Ended December 31,</u>	
	<u>2002</u>	<u>2001</u>
Assessment Fund	1,494	N/A
Prosecuting Attorney Delinquent Tax Fund	N/A	153
Crestview Depreciation and Replacement Fund	204,975	N/A
Crestview Addition Fund	30,451	N/A
Peace Officer Standards Training Fund	334	N/A

This situation occurred in the Crestview Nursing Home Fund and Crestview Addition Fund because of refinancing of bonds which resulted in transactions that were not budgeted. The Associate Commissioners indicated the nursing home board presented the refinancing proposal to the County Commission subsequent to approval of the 2002 budget. The County Commission did not think about amending the budget for these transactions.

It was ruled in State Ex. Rel. Strong v. Cribb, 364 Mo.1122, 273 SW2d 246 (1954), that county officials are required to comply strictly with the county budget laws. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

- C. The County Clerk does not ensure township road boards financial statements are prepared and published as required by state law. Section 231.290, RSMo 2000, requires the County Clerk to prepare a form to be utilized by the townships to provide a detailed account of their financial activity, along with an inventory of the township's property, which should be published in a local newspaper and filed with the County Clerk.

WE RECOMMEND:

- A. The County Commission ensure budgeted expenditures are reasonable so that a more realistic estimate of the Special Road and Bridge Fund's financial condition is presented and to increase the budget's effectiveness as a management tool.
- B. The County Commission ensure disbursements are not authorized in excess of budgeted expenditures. In addition, if valid reasons necessitate excess expenditures, the budget should be formally amended following the same process by which the annual budget is approved, including holding public hearings and filing the

amendment with the State Auditor's Office.

- C. The County Clerk should ensure all townships publish financial statements in a local paper in accordance with state law.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they will try to do a better job of budgeting Special Road and Bridge Fund expenditures.*
- B. *The County Commission indicated they generally do amend budgets when necessary, but due to unusual circumstances with the Crestview Nursing Home bond refinancing, they failed to amend the budget. The County Commission will implement the recommendation.*
- C. *The County Clerk indicated all townships except six published financial statements for 2002. The townships will be required to publish financial statements for 2003 and file them with the county prior to receiving any county aid.*

6. Interfund Loans and Transfers

The County Commission authorized unallowable expenditures from the Special Road and Bridge Fund. In addition, administrative services fee transfers from the Special Road and Bridge Fund to the General Revenue Fund were excessive.

- A. The County Commission authorized payment of jail and law enforcement expenditures totaling \$50,750 from the Special Road and Bridge Fund. These expenditures include the purchase of three lots totaling of \$45,000 to be used for the jail construction site, \$5,000 for the building design for the new jail, and \$750 for repairs to a Sheriff's department vehicle. The County Commission indicated the expenditures for the design of the new jail and the lots for the jail were a loan from the Special Road and Bridge Fund to the Law Enforcement Sales Tax Fund. These expenditures were made in February and June 2002; however, the 2003 budget did not appropriate monies for repayment of the loan and as of June 2003, the monies have not been reimbursed to the Special Road and Bridge Fund.

The monies credited to the Special Road and Bridge Fund are restricted for road and bridge purposes. As a result, \$50,750 is due to the Special Road and Bridge Fund from the Law Enforcement Sales Tax Fund.

- B. Administrative service fee transfers from the Special Road and Bridge Fund to the General Revenue Fund were excessive. During the years ended December 31, 2002 and 2001, the county made administrative service fee transfers of \$65,000 and \$175,656, respectively, from the Special Road and Bridge Fund to the General Revenue Fund. The transfer made in 2001 was to recoup administrative service fees which had been budgeted but had not been transferred for part of 1998, 1999 and 2000, as well as the administrative service fee which pertained to 2001. The amount recouped for 1998 through 2000 was calculated based upon three percent of actual expenditures from the Special Road and Bridge Fund. There was no documentation to support how the administrative service fee transfers pertaining to 2002 and 2001 were calculated. Although administrative service fee transfers were less than three percent of Special Road and Bridge Fund budgeted disbursements, the transfers exceeded three percent of actual disbursements for the two years ended December 31, 2002 and 2001, by a total of \$33,882. This situation resulted from unreasonable budget estimates for the Special Road and Bridge Fund (See MAR No. 5).

Section 50.515, RSMo 2000, allows the county to impose an administrative service fee on the Special Road and Bridge Fund. The administrative service fee shall be imposed only to generate reimbursement sufficient to recoup actual disbursements made from the General Revenue Fund for related administrative services to the funds, and shall not exceed three percent of the Special Road and Bridge Fund budget.

WE RECOMMEND the County Commission:

- A. Transfer \$50,750 to the Special Road and Bridge Fund from the Law Enforcement Sales Tax Fund. In addition, interfund loans should be reflected as such on the budget document.
- B. Base administrative transfers on actual or reasonable budgeted expenditures of the Special Road and Bridge Fund and retain documentation of the transfer calculations. In addition, a transfer of \$33,882 should be made from the General Revenue Fund to the Special Road and Bridge Fund. Transfers should be budgeted and made in a timely manner.

AUDITEE'S RESPONSE

- A. *The County Commission has established a schedule to repay the monies to the Special Road and Bridge Fund from the Law Enforcement Sales Tax Fund in ten years or less.*
- B. *The County Commission indicated they will take a serious look at the situation next year and will make transfers in a more timely manner.*

7.**Revenue Maximization**

The county has not established procedures to monitor reimbursement requests of the Bridge Replacement Offset (BRO) program, and ensure timely receipt of funds. During our review of the Bridge Replacement Offset (BRO) program, we noted the following:

- A reimbursement request to MoDOT for \$6,319 dated June 2001 was not received by the county until April 2003. Another reimbursement request for \$1,854 dated June 2001 has not been received as of July 1, 2003. A similar situation was noted in the audit report for the two years ended December 31, 2000.
- A reimbursement request for \$14,750 for expenses incurred by the county road and bridge department during 2001 and 2002, including hours worked and materials used, was not submitted until April 4, 2003. In addition, as of July 18, 2003, the county still had not submitted a reimbursement request for \$4,064 of these costs.
- In 2001, the county incurred expenses totaling \$1,189 for a bridge project which were not included on a reimbursement request.

The County Commission followed up on the above items only after we brought them to their attention. Adequate monitoring procedures are necessary to ensure the county maximizes its revenues and ensure the federal reimbursement requests for federal funds are accurate and complete.

WE RECOMMEND the County Commission establish procedures to monitor receipt of reimbursement requests and to ensure the reimbursement requests for federal funds are accurate and complete.

AUDITEE'S RESPONSE

The County Clerk currently has a procedure in place to monitor reimbursement of expenditures.

8.**Computer Controls**

The county's computer system's internal controls are in need of improvement. The county has a computer system which is utilized by the County Clerk, the County Assessor and the County Collector. During our review of the controls over the system, we noted the following:

- A. Passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords are effectively limiting access to the property tax data files and programs to only those individuals who need access for their job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.
- B. No security system is in place on the property tax and financial programs to detect and stop incorrect log-on attempts after a certain number of tries. An unauthorized individual could try an infinite number of times to log on the system, and if successful, have unrestricted access to program and data files. To help protect computer files, a security system should be implemented to stop incorrect log-on attempts after a certain number of tries. Such a system should produce a log of the incorrect attempts, which should be reviewed periodically by an authorized official.
- C. The County Assessor backs up the files for the financial data, the property tax system, the 911 system, and the courts; however, the backup disks are not stored at an off-site location. Backups of computer information provide a means of recreating destroyed data. Failure to store the computer backup disks off-site results in the backups being susceptible to the same damage as the original data on the computer. Backup disks should be maintained and stored off-site to provide increased assurance that county data can be recreated.
- D. The county does not have a formal emergency contingency plan for the computer system, and has not formally negotiated arrangements for backup facilities in the event of a disaster. In addition, some of the areas housing computer hardware and software are not equipped with fire detection or smoke detection systems.

Contingency plans should include plans for a variety of situations, such as short-and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the county's degree of reliance on the data processing, the need for contingency planning is evident. In addition, fire detectors should be installed to ensure personnel respond appropriately in the case of a fire.

WE RECOMMEND the County Commission:

- A. Ensure unique passwords are assigned to each employee and these passwords are periodically changed and remain confidential.

- B. Establish a security system to stop and report incorrect log-on attempts after a certain number of tries.
- C. Ensure backup disks are prepared and stored in a secure, off-site location.
- D. Develop a formal contingency plan for the county's computer systems and equip areas that house computer hardware and software with fire detectors or smoke detectors.

AUDITEE'S RESPONSE

- A&B. The County Commission is looking at a new system with the capability to change passwords and record and report log-on attempts.*
- C. The County Commission indicated backup disks are currently being stored in an offsite location.*
- D. The County Commission indicated they will look into this recommendation.*

9.	General Fixed Asset Records and Procedures
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The county has not maintained or updated the master list of fixed assets since 1996, nor has the county conducted a complete physical inventory since that time. In addition, property tags are not affixed to purchased assets. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections.

Adequate general fixed asset records are necessary to meet statutory requirements; secure better internal control over, and to safeguard county assets; and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual value of \$250 or more and any property with an aggregate original value of \$1,000 or more. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. In addition, property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

Previous reports have noted concerns with the general fixed asset records and the County Commission responded that they would make an effort to comply with the recommendation; however, improvements have not been noted.

WE RECOMMEND the County Commission establish a written policy related to handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all general fixed assets should be tagged or otherwise identified as county-owned property.

AUDITEE'S RESPONSE

The County Commission indicated a physical inventory has been performed by all county offices and will be performed annually. A fixed asset listing has been prepared and will be updated. Property tags have been added to most fixed assets. The County Commission agrees with the recommendation.

10. Commission Meetings and Records
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Improvements are needed in the county commission minutes. Formal written minutes are not always prepared for closed meetings. In addition, minutes do not always include sufficient detail and are not signed by the Presiding Commissioner.

- A. Formal written minutes are not prepared for closed county commission meetings. The former County Clerk maintained brief hand written notes of some of the closed meetings. Formal written minutes for closed meetings result in a better record of county transactions, proceedings and decisions. Although minutes for closed meetings are not specifically required by Chapter 610, RSMo (the Sunshine Law), the county should document discussions during closed session to demonstrate, if necessary, the discussions were limited to the topics announced for the closed session.
- B. The county commission minutes do not always include sufficient detail of matters discussed and actions taken at the county commission meetings. During our review of expenditures, we noted the review and approval of bids for several items purchased (a truck and an install repeater) were not adequately documented in the County Commission minutes. In addition, discussions relating to the jail project and financing agreement, lake project and bond payoff, and the Crestview Nursing Home financing decisions were not adequately documented in the minutes.

Complete and accurate minutes provide an official record of board actions and decisions. In addition, Section 51.120, RSMo 2000 requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission.

- C. The Presiding Commissioner does not sign the county commission meeting minutes. The minutes should be prepared and signed by the County Clerk, approved by the County Commission, and signed by the Presiding County Commissioner to provide an attestation that the minutes are a correct record of the matters discussed and action taken during the county commission meetings.

WE RECOMMEND the County Commission ensure:

- A. Minutes are prepared for all closed meetings.
- B. All significant discussions and actions taken are adequately documented in the minutes.
- C. Minutes are approved and signed.

AUDITEE'S RESPONSE

- A. *The new County Clerk has begun maintaining minutes of closed meetings.*
- B&C. *The County Commission agrees with the recommendations.*

11. Sheriff's Controls and Procedures
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Some improvement is needed over internal controls in the Sheriff's Office. In addition, the Sheriff improperly retained fees received for services performed as a successor trustee and a perpetual inventory record of seized property is not maintained.

The Sheriff's office collected civil and criminal process fees, gun permit fees, cash bonds, phone commission fees, and copy fees during the years ended December 31, 2002 and 2001, totaling approximately \$182,000 and \$146,000, respectively. In addition, the Sheriff is the custodian of seized property and performs certain sales. Our review of the Sheriff's accounting controls and procedures noted the following:

- A. The duties of receiving, recording, and depositing are not adequately segregated. Currently, the Sheriff's secretary is responsible for receiving the monies, recording receipts, preparing the deposits, and writing checks.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance and could be achieved by segregating the functions of receiving and disbursing monies from maintaining accounting records. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent supervisory review.

- B. The method of payment is not always indicated on the receipt slips. To ensure receipts are handled properly, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.
- C. The Sheriff does not file a monthly report of fees with the county commission. Section 50.370, RSMo 2000, requires county officials to file a report with the county commission showing fees charged and collected.
- D. The Sheriff retained fees totaling \$1,116 for services performed as trustee to execute a deed of trust in September 2002. The Sheriff indicated he had received legal advice from the Prosecuting Attorney that he was not required to turn the fees over to the County Treasurer. However, the Sheriff nor the Prosecuting Attorney could provide documentation or criteria to support the decision to retain fees from trustee sales.

Attorney General's Opinion No. 304, 1970 to Holman concluded that a Sheriff is not entitled to retain a fee if he is appointed trustee to execute a deed of trust in his official capacity. As a result \$1,116 is due from the Sheriff to the county.

- E. A perpetual inventory record of seized property is not maintained. The most current listing was prepared as of January 1, 2001, when the Sheriff took office. However, it has not been updated since that time. When an item is received, it is tagged with suspect's name and description of the item. However, the item is not recorded on the inventory list and a periodic inventory of the property on hand is not conducted. There are several guns for which the case number or the owner are not identified.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the items. A perpetual inventory control record should be maintained and periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Record the method of payment on receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- C. Ensure a monthly report of fees is filed with the county commission in accordance with state law.

- D. Ensure fees received for services performed as a trustee in a deed of trust sale are turned over to the County Treasurer. In addition, the Sheriff should turn over \$1,116 to the county.
- E. Prepare and maintain a complete perpetual inventory record of seized property. Periodic inventories of seized property should be performed. In addition, disposition of seized property should be made on a timely basis.

AUDITEE'S RESPONSE

- A-C. *The Sheriff indicated the recommendations have been implemented.*
- D. *The Sheriff indicated the matter has been taken under advisement in order to seek further legal advice.*
- E. *The Sheriff indicated the recommendation will be implemented when the Sheriff's department moves into the new facility.*

Follow-Up on Prior Audit Findings

HARRISON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Harrison County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgets and Published Financial Statements

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 1998 and 1997.
- B. Budgeted expenditures in the 911 Fund exceeded budgeted revenues plus beginning balances resulting in a budgeted deficit of \$32,601 for the year ended December 31, 1997.
- C. Warrants were issued in excess of approved budgeted expenditures for various funds during the two years ended December 31, 1998.
- D. The approved budget documents did not adequately project the anticipated disbursements of the Special Road and Bridge Fund for the two years ended December 31, 1998.
- E. The annual published financial statements of the county did not include the financial activity of some county funds.

Recommendation:

The County Commission:

- A. Ensure budgets are prepared or obtained for all county funds.
- B. Refrain from approving budgeted expenditures in excess of available monies.
- C. And the Health Center Board not authorize warrants in excess of budgeted expenditures.
- D. Estimate disbursements more reasonably.
- E. And the Health Center Board ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

A. Partially implemented. Budgets were prepared for most funds. The funds for which budgets were not prepared were for new funds (Tax Maintenance Fund for 2002 and County Election Services Fund and Recorder's Technology Fund for 2001) or funds handled by another county official (Circuit Clerk's Interest Fund). Although not repeated in the current MAR, our recommendation remains as stated above.

B. Implemented.

C&D. Not implemented. See MAR finding number 5.

E. Partially implemented. Some information was reported in the published financial statements for all funds except the Law Library Fund and Circuit Clerk Fund. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Expenditures

A. Some bids were not advertised by the county.

B. The County Commission approved payments to several vendors, including payments for gravel delivered to townships, without requiring acknowledgment of receipt of the goods or services.

Recommendation:

The County Commission:

A. Ensure that bids are advertised in accordance with statutes.

B. Require acknowledgment of receipt of goods and/or services prior to payment.

Status:

A. Not implemented. Although not all bids were advertised; bids were solicited for all but one item reviewed which required bids. Although not repeated in the current MAR, our recommendation remains as stated above.

B. Partially implemented. The only expenditures reviewed that did not include an acknowledgement of goods or services were invoices for gravel delivered to the townships. The County Commission notifies the quarry how many tons of gravel to deliver to each township. The County Commission indicated they rely on township officials to notify them if the gravel is not delivered. However, there is no direct acknowledgement that gravel is delivered. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Property Tax Books and Controls

- A. The County Clerk did not maintain an account book with the Ex Officio County Collector (EOC).
- B. Court orders for additions and abatements were prepared by the County Clerk and approved by the County Commission once a year.

Recommendation:

- A. The County Clerk establish and maintain an account book of the EOC's transactions and use the account book to verify the EOC's annual settlements.
- B. The County Commission review and approve all additions and abatements on a more timely basis.

Status:

- A. Not implemented. The new County Clerk indicated she will begin maintaining an account book for the 2003 tax year. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. Although the County Commission approves additions and abatements once a year, the County Assessor prepares change orders. A copy of the change orders is provided to the County Clerk. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Circuit Clerk and Ex Officio Recorder of Deeds Accounting Procedures

- A. Numerous sets of manual receipt slips were in use simultaneously. The following concerns were noted during a review of the receipts:
 - 1) The manual receipts issued for traffic monies received were not prenumbered.
 - 2) The manual receipts issued for installment payments were not always issued in order.
 - 3) The mode of payment was not always indicated on receipt slips issued and procedures were not established to reconcile amounts received to deposits.
- B. Accounting duties were not adequately segregated.

- C. Fees were not always charged in accordance with statute. During the two years ended December 31, 1998, unauthorized Prosecuting Attorney and Sheriff's fees totaling \$105,940 were collected and deposited into the General Revenue Fund.
- D. The Circuit Clerk had not determined the interest earned on the child support account attributable to the IV-D Program since the account became interest-bearing.
- E. Various financial records could not be located.
- F. Some expenditures from the Circuit Clerk's Interest Fund were not advertised for bid.

Recommendation:

The Circuit Clerk and Ex Officio Recorder of Deeds:

- A.1. Ensure that prenumbered receipt slips are issued for all monies received.
 - 2. Issue receipt slips in numerical order and ensure that procedures are established to account for the numerical sequence of all receipt slips.
 - 3. Ensure that the mode of payment is recorded on all receipt slips and that the composition of the receipt slips is reconciled to the composition of the bank deposits. Procedures should also be established to ensure that all receipts are promptly posted to a corresponding case file.
- B. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Review this situation with the Circuit Judge and ensure that any fees collected in error are correctly disbursed.
- D. Determine and disburse the portion of IV-D interest due to the state on a monthly basis.
- E. Exercise greater care in the retention of records.
- F. Advertise bids in accordance with state statutes.

Status:

- A, E
&F. Implemented.

- B. Partially implemented. Bank reconciliations are performed by someone other than the individual collecting monies except for Probate case fees. In addition, the Circuit Clerk indicated she reviews the bank reconciliations; however, the review is not documented. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented. During the year ended December 31, 2001, \$105,940 was distributed to the school districts from the General Revenue Fund.
- D. The Circuit Clerk turned over interest totaling \$1,432 to the state on December 28, 2000. The county no longer collects IV-D monies, and, as a result, this recommendation is no longer applicable.

5. Sheriff's Records and Procedures

- A.1. The Sheriff's Office did not maintain a complete centralized listing of all seized property in the Sheriff's department's custody.
 - 2. The Sheriff stored several old guns that did not have any tags identifying the case number or the name of the original owner.
- B.1. The Sheriff did not maintain a log of amounts billed to or collected from various entities for boarding prisoners. In addition, an independent reconciliation of the Sheriff's billing records and payments received by the County Treasurer was not performed.
 - 2. There were no written agreements with the various entities for boarding prisoners.

Recommendation:

The Sheriff:

- A.1. Maintain a centralized detail listing of all seized property received including information such as a description, persons involved, current location, case number, and disposition of such property. Additionally, all items should be tagged with a description, case number, and an inventory control number.
 - 2. Make timely and appropriate dispositions of seized property.
- B.1. Maintain a log of amounts billed to the various entities for board of prisoners. In addition, an independent reconciliation of the Sheriff's billing records and the payments received by the County Treasurer should be performed.
 - 2. Obtain written agreements for boarding prisoners from the various entities.

Status:

- A. Not implemented. See MAR finding number 11.
- B. Not implemented. Until April 2001, a reconciliation between the Sheriff's billing records and payments received was performed; however, it was discontinued after that time. Effective April 2002 the county no longer boards prisoners for other entities. However, a new jail is currently under construction and the county plans to board prisoners for other entities when construction is complete. Although not repeated in the current MAR, an independent reconciliation of the Sheriff's billing records and payments received by the County Treasurer should be performed when the county resumes boarding prisoners for other entities.

6. Public Administrator

- A. The Public Administrator paid attorneys from the funds of the various estates to provide various services, including the filing of all of her annual settlements. Several attorneys did not file invoices to support their requests for fees.
- B. Real estate owned by the various estate/wards was not accounted for on the settlements.
- C. Some annual settlements were not filed timely.

Recommendation:

The Public Administrator:

- A. Obtain supporting documentation for all disbursements made on behalf of the estates.
- B. List any real estate as assets on the settlements.
- C. File annual settlements on a timely basis.

Status:

- A&C. Implemented.
- B. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

HARRISON COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1845, the county of Harrison was named after Albert G. Harrison, a member of the U.S. Congress. Harrison County is a township-organized, third-class county and is part of the 3rd Judicial Circuit. The county seat is Bethany.

Harrison County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 9,890 in 1980 and 8,850 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 50.4	49.9	48.9	48.1	48.3	26.9
Personal property	23.1	22.7	22.3	19.6	14.9	10.1
Railroad and utilities	6.0	7.0	7.9	7.8	3.6	4.5
Total	\$ 79.5	79.6	79.1	75.5	66.8	41.5

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Harrison County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.3573	.3529	.3523	.3500
Health Center Fund	.1400	.1400	.1400	.1400

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	24,145	24,291	24,226	23,341
General Revenue Fund	289,848	288,398	287,903	275,632
Assessment Fund	50,438	50,604	49,367	47,426
Health Center Fund	110,514	111,267	111,091	106,910
School districts	3,115,643	3,077,187	3,014,676	2,923,783
Overplus Fund	1,988	0	152	0
Fire Protection districts	115,719	115,545	91,251	84,322
Townships	564,687	570,459	557,172	534,433
Ambulance districts	264,077	266,672	266,757	256,479
Hospital district	365,559	367,937	374,758	367,575
Watershed districts	50,513	50,163	48,255	46,920
City Tax Increment	5,399	0	26,530	21,110
Tax Maintenance Fund	952	0	0	0
Cities	35,727	38,029	36,623	38,231
County Employees' Retirement	20,340	18,956	21,844	19,003
Commissions and fees:				
Township collectors	47,614	47,144	46,015	44,663
General Revenue Fund	34,073	35,972	39,130	38,206
Total	\$ 5,097,236	\$ 5,062,624	\$ 4,995,750	\$ 4,828,034

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	94.5	94.3	94.9	94.9 %
Personal property	90.7	92.2	93.1	94.6
Railroad and utilities	94.4	98.9	100.0	100.0

Harrison County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	0.0025	None	None
Road and Bridge	0.0050	2004	None
Law Enforcement Sales Tax	0.0050	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Steve Francis, Presiding Commissioner		24,440	24,440	24,440	24,440
George Bowles, Associate Commissioner		22,440	22,440		
Lyle G. Foster, Associate Commissioner				21,780	21,780
Roger D. Gibson, Associate Commissioner		22,440	22,440		
Mickey D. Parkhurst, Associate Commissioner				21,780	21,780
Barbara J. Gates, County Clerk		34,000	34,000	34,000	34,000
Roscoe Moulthrop, Prosecuting Attorney		41,000	41,000	41,000	41,000
Rick Diernfeldt, Sheriff		39,000	39,000		
Richard Stratton, Sheriff				38,196	38,196
Jeremy Eivins, County Coroner		9,500	9,500		
Carl W. (Bill) Slaughter, County Coroner				9,500	9,500
Kimberly King, Public Administrator (1)		25,000	25,000		
Carol Provance, Public Administrator (2)				44,257	24,513
Julia Alexander Harris, Treasurer and Ex Officio County Collector, year ended March 31,	34,000	34,000	33,590	33,453	
Rose Webb, County Assessor (3), year ended August 31,		34,000			
Gene Buis, County Assessor (3), year ended August 31,			34,000	34,000	34,000

(1) Effective January 1, 2001, the public administrator elected to change from a fee basis to a salary basis.

(2) Includes fees received from probate cases.

(3) Includes \$900 annual compensation received from the state.

State-Paid Officials:

C. Sherece Eivins, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	46,127	44,292
Thomas R. Alley, Associate Circuit Judge	96,000	96,000	97,382	87,235

The county entered into a lease purchase agreement with United Missouri Bank on March 1, 2002. The terms of the agreement call for the county to lease the Crestview Nursing Home to United Missouri Bank, and for the bank to lease purchase the Crestview Nursing Home back to the county with lease payments equal to the amount due to retire the indebtedness. Certificates of Participation totaling \$3,870,000 were issued by United Missouri Trust Bank on behalf of the county and the proceeds of those certificates were used to construct an addition to the Crestview Nursing Home and to refund the outstanding Series 1989 and Series 1996 bonds which were used for building additions and improvements. The lease is scheduled to be paid off in the year 2022. The remaining principal and interest due on the lease at December 31, 2002, was \$3,870,000 and \$2,763,094, respectively. The Certificates of Participation are anticipated to be paid with the revenue generated from the operation of the nursing home.

The county entered a lease purchase agreement with Municipal Financial Group (MFG) for the county jail. The terms of the agreement call for the county to lease the real estate to MFG which will construct the jail and then lease purchase the jail to the county with lease payments equal to the amount due to retire the indebtedness. The lease is scheduled to be paid off in the year 2022. The remaining principal and interest due on the lease at December 31, 2002, was \$1,656,000 and \$1,115,459, respectively. The lease will be paid with proceeds from the one-half cent law enforcement sales tax which took effect on October 1, 2002.



**CARROLL COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-94
September 26, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Carroll, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Carroll County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Disbursements were made in excess of approved budgets for various funds.
- A sales tax was passed for 911 emergency services in April 2002 and a 911 board was appointed in June 2002. Although the board had revenues of \$86,801 and expenditures of \$68,830, a budget was not prepared for the year ended December 31, 2002.
- The Ex Officio County Collector's bond for the term of April 2001 through March 2005 is less than required by state law.
- The Sheriff does not maintain adequate inventory records related to commissary items and seized property items. In addition, receipts are not deposited on a timely basis and the method of payment is not consistently recorded on the receipt slips issued.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

CARROLL COUNTY, MISSOURI

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CARROLL COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Carroll County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Carroll County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Carroll County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 12, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Carroll County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 12, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Gary Boehmer, CPA
Audit Staff:	Liang Xu
	Roberta Bledsoe



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Carroll County, Missouri

We have audited the financial statements of various funds of Carroll County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 12, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Carroll County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Carroll County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting which is described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Carroll County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

June 12, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

CARROLL COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 316,864	1,199,442	1,148,179	368,127
Special Road and Bridge	810,827	2,092,208	2,444,184	458,851
Assessment	24,921	133,272	119,508	38,685
Law Enforcement Training	9,840	9,568	7,927	11,481
Prosecuting Attorney Training	229	2,288	1,657	860
Drainage District III	15,614	27,970	27,698	15,886
Sheriff Inmate	1,525	2,586	3,090	1,021
Special Sheriff	12,970	13,578	10,590	15,958
Johnson Grass	25,417	642	2,698	23,361
Law Library	2,343	5,706	348	7,701
Recorder's Preservation	11,225	4,614	3,589	12,250
Prosecuting Attorney Bad Check	10,837	8,187	7,201	11,823
Prosecuting Attorney Delinquent Tax	676	559	0	1,235
Children's Trust	3,710	516	0	4,226
Election Services	3,225	4,015	2,399	4,841
Courthouse Restoration	194,638	448,195	517,526	125,307
Focus on Kids	742	26	0	768
Tax Maintenance	0	1,050	61	989
Grant	0	9,000	9,000	0
Health Center	51,169	281,427	259,608	72,988
Senate Bill 40 Board	2,491	126,358	126,861	1,988
Recorder's Fund 288	1,076	0	1,076	0
Associate Division Interest	477	261	0	738
Circuit Clerk Interest	4,657	973	4,113	1,517
Law Enforcement Training-POST	0	2,013	1,369	644
Enhanced 911 Board	0	86,801	68,830	17,971
Total	\$ 1,505,473	4,461,255	4,767,512	1,199,216

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CARROLL COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 274,586	1,176,293	1,134,015	316,864
Special Road and Bridge	698,238	1,756,048	1,643,459	810,827
Assessment	17,115	132,505	124,699	24,921
Law Enforcement Training	9,469	6,080	5,709	9,840
Prosecuting Attorney Training	63	1,562	1,396	229
Drainage District III	17,947	25,940	28,273	15,614
Sheriff Inmate	3,794	2,637	4,906	1,525
Special Sheriff	5,869	11,971	4,870	12,970
Johnson Grass	26,309	1,335	2,227	25,417
Law Library	820	2,077	554	2,343
Recorder's Preservation	10,272	4,534	3,581	11,225
Prosecuting Attorney Bad Check	15,774	18,975	23,912	10,837
Prosecuting Attorney Delinquent Tax	726	23	73	676
Children's Trust	3,299	411	0	3,710
Election Services	1,160	4,325	2,260	3,225
Courthouse Restoration	46,428	297,349	149,139	194,638
Focus on Kids	648	94	0	742
Health Center	71,727	269,577	290,135	51,169
Senate Bill 40 Board	1,869	122,409	121,787	2,491
Recorders's Fund 288	0	1,076	0	1,076
Associate Division Interest	1,227	466	1,216	477
Probate Division Interest	62	17	79	0
Circuit Clerk Interest	3,654	1,900	897	4,657
Total	\$ 1,211,056	3,837,604	3,543,187	1,505,473

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CARROLL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 4,185,490	4,372,441	186,951	3,854,531	3,837,604	(16,927)
DISBURSEMENTS	5,284,468	4,697,313	587,155	3,958,428	3,543,187	415,241
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,098,978)	(324,872)	774,106	(103,897)	294,417	398,314
CASH, JANUARY 1	1,505,371	1,505,473	102	1,229,996	1,211,056	(18,940)
CASH, DECEMBER 31	406,393	1,180,601	774,208	1,126,099	1,505,473	379,374
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	333,300	330,726	(2,574)	313,553	332,574	19,021
Sales and use taxes	312,500	319,826	7,326	275,000	329,717	54,717
Intergovernmental	37,065	53,245	16,180	49,893	52,516	2,623
Charges for services	404,450	392,442	(12,008)	475,660	396,981	(78,679)
Interest	16,500	18,759	2,259	16,000	16,758	758
Other	29,573	50,103	20,530	15,838	14,453	(1,385)
Transfers in	33,000	34,341	1,341	30,465	33,294	2,829
Total Receipts	1,166,388	1,199,442	33,054	1,176,409	1,176,293	(116)
DISBURSEMENTS						
County Commission	100,931	99,359	1,572	87,057	100,761	(13,704)
County Clerk	76,624	70,533	6,091	85,022	85,021	1
Elections	115,151	79,605	35,546	90,340	62,584	27,756
Buildings and ground:	76,939	70,555	6,384	89,878	64,897	24,981
Employee fringe benefit:	160,429	154,542	5,887	164,800	152,133	12,667
County Treasurer and Ex Officio County Collector	66,858	66,190	668	63,716	62,878	838
Circuit Clerk and Ex Officio Recorder of Deeds	26,714	26,768	(54)	42,180	24,171	18,009
Associate Circuit (Probate)	9,895	6,289	3,606	8,095	7,719	376
Court administration	1,900	1,449	451	1,500	1,174	326
Court Reporter	1,800	134	1,666	1,820	775	1,045
Public Administrator	31,672	14,622	17,050	26,568	33,668	(7,100)
Sheriff	302,474	301,356	1,118	298,287	238,990	59,297
Jail	91,052	97,171	(6,119)	200,601	132,093	68,508
Prosecuting Attorney	80,263	77,519	2,744	92,003	83,851	8,152
Juvenile Officer	13,982	4,614	9,368	13,982	6,436	7,546
County Coroner	13,833	12,517	1,316	11,643	13,767	(2,124)
Public health and welfare services	4,900	5,012	(112)	18,040	4,875	13,165
Other	59,463	52,388	7,075	56,610	55,407	1,203
Transfers out	0	7,556	(7,556)	0	2,815	(2,815)
Emergency Fund	35,000	0	35,000	36,000	0	36,000
Total Disbursements	1,269,880	1,148,179	121,701	1,388,142	1,134,015	254,127
RECEIPTS OVER (UNDER) DISBURSEMENTS	(103,492)	51,263	154,755	(211,733)	42,278	254,011
CASH, JANUARY 1	316,888	316,864	(24)	274,586	274,586	0
CASH, DECEMBER 31	213,396	368,127	154,731	62,853	316,864	254,011

Exhibit B

CARROLL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	61,000	61,267	267	60,500	60,303	(197)
Intergovernmental	1,678,000	1,772,830	94,830	1,420,000	1,558,439	138,439
Charges for services	24,000	29,728	5,728	20,000	24,361	4,361
Interest	25,000	25,278	278	35,000	30,648	(4,352)
Other	0	9,941	9,941	30,000	6,071	(23,929)
Transfers in	175,000	193,164	18,164	250,000	76,226	(173,774)
Total Receipts	1,963,000	2,092,208	129,208	1,815,500	1,756,048	(59,452)
DISBURSEMENTS						
Salaries	172,811	157,112	15,699	136,424	138,686	(2,262)
Employee fringe benefit	52,270	49,446	2,824	40,830	41,479	(649)
Supplies	1,960	13,595	(11,635)	1,870	1,832	38
Mileage and training	6,200	5,433	767	6,000	6,997	(997)
Insurance	13,000	11,457	1,543	13,000	12,971	29
Road and bridge materials	463,190	457,770	5,420	461,740	462,278	(538)
Equipment repairs	109,500	79,030	30,470	46,500	45,095	1,405
Rentals	9,000	5,215	3,785	6,500	6,123	377
Construction, repair, and maintenance	1,885,500	1,631,681	253,819	885,000	896,498	(11,498)
Other	2,580	3,346	(766)	1,700	1,500	200
Transfers out	30,000	30,099	(99)	30,000	30,000	0
Total Disbursements	2,746,011	2,444,184	301,827	1,629,564	1,643,459	(13,895)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(783,011)	(351,976)	431,035	185,936	112,589	(73,347)
CASH, JANUARY 1	810,827	810,827	0	698,238	698,238	0
CASH, DECEMBER 31	27,816	458,851	431,035	884,174	810,827	(73,347)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	131,073	129,904	(1,169)	128,260	128,407	147
Charges for services	600	648	48	300	365	65
Interest	1,700	2,327	627	1,700	1,586	(114)
Other	0	393	393	6,403	2,147	(4,256)
Total Receipts	133,373	133,272	(101)	136,663	132,505	(4,158)
DISBURSEMENTS						
Assessor	131,015	119,031	11,984	133,764	124,281	9,483
Transfers out	0	477	(477)	0	418	(418)
Total Disbursements	131,015	119,508	11,507	133,764	124,699	9,065
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,358	13,764	11,406	2,899	7,806	4,907
CASH, JANUARY 1	24,921	24,921	0	17,115	17,115	0
CASH, DECEMBER 31	27,279	38,685	11,406	20,014	24,921	4,907

Exhibit B

CARROLL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	930	0	(930)	750	929	179
Charges for services	2,002	1,636	(366)	1,775	2,002	227
Interest	75	0	(75)	250	70	(180)
Other	2,485	7,235	4,750	3,205	3,079	(126)
Transfers in	0	697	697	0	0	0
Total Receipts	5,492	9,568	4,076	5,980	6,080	100
DISBURSEMENTS						
Sheriff	7,050	6,811	239	7,450	5,639	1,811
Transfers out	0	1,116	(1,116)	0	70	(70)
Total Disbursements	7,050	7,927	(877)	7,450	5,709	1,741
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,558)	1,641	3,199	(1,470)	371	1,841
CASH, JANUARY 1	9,840	9,840	0	9,469	9,469	0
CASH, DECEMBER 31	8,282	11,481	3,199	7,999	9,840	1,841
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	400	967	567	400	562	162
Other	0	321	321	0	0	0
Transfers in	1,000	1,000	0	1,000	1,000	0
Total Receipts	1,400	2,288	888	1,400	1,562	162
DISBURSEMENTS						
Prosecuting Attorney	1,403	1,657	(254)	1,400	1,395	5
Transfers out	0	0	0	0	1	(1)
Total Disbursements	1,403	1,657	(254)	1,400	1,396	4
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3)	631	634	0	166	166
CASH, JANUARY 1	229	229	0	63	63	0
CASH, DECEMBER 31	226	860	634	63	229	166

Exhibit B

CARROLL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DRAINAGE DISTRICT III FUND</u>						
RECEIPTS						
Property taxes	24,000	24,176	176	24,000	24,655	655
Interest	1,000	1,263	263	1,600	1,285	(315)
Other	0	2,531	2,531	0	0	0
Total Receipts	25,000	27,970	2,970	25,600	25,940	340
DISBURSEMENTS						
Office expenditures	300	246	54	285	246	39
Contract labor	30,000	27,400	2,600	26,900	26,900	0
Other	0	52	(52)	0	0	0
Transfers out	1,000	0	1,000	1,100	1,127	(27)
Total Disbursements	31,300	27,698	3,602	28,285	28,273	12
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,300)	272	6,572	(2,685)	(2,333)	352
CASH, JANUARY 1	15,614	15,614	0	17,947	17,947	0
CASH, DECEMBER 31	9,314	15,886	6,572	15,262	15,614	352
<u>SHERIFF INMATE FUND</u>						
RECEIPTS						
Charges for services	2,500	2,518	18	2,000	2,541	541
Interest	100	68	(32)	0	96	96
Total Receipts	2,600	2,586	(14)	2,000	2,637	637
DISBURSEMENTS						
Inmate supplies	3,300	3,090	210	5,794	4,906	888
Total Disbursements	3,300	3,090	210	5,794	4,906	888
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	(504)	196	(3,794)	(2,269)	1,525
CASH, JANUARY 1	1,525	1,525	0	3,794	3,794	0
CASH, DECEMBER 31	825	1,021	196	0	1,525	1,525
<u>SPECIAL SHERIFF FUND</u>						
RECEIPTS						
Charges for services	11,700	13,091	1,391	10,100	11,696	1,596
Interest	275	487	212	250	275	25
Total Receipts	11,975	13,578	1,603	10,350	11,971	1,621
DISBURSEMENTS						
Office equipment	9,000	5,092	3,908	5,300	1,804	3,496
Mobilfone	1,930	1,928	2	2,500	1,928	572
Other	322	3,570	(3,248)	2,000	1,138	862
Total Disbursements	11,252	10,590	662	9,800	4,870	4,930
RECEIPTS OVER (UNDER) DISBURSEMENTS	723	2,988	2,265	550	7,101	6,551
CASH, JANUARY 1	12,970	12,970	0	5,869	5,869	0
CASH, DECEMBER 31	13,693	15,958	2,265	6,419	12,970	6,551

Exhibit B

CARROLL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>JOHNSON GRASS FUND</u>						
RECEIPTS						
Property taxes	100	295	195	400	249	(151)
Interest	600	347	(253)	600	1,086	486
Total Receipts	700	642	(58)	1,000	1,335	335
DISBURSEMENTS						
Salaries	1,810	1,343	467	2,155	1,132	1,023
Chemicals	200	181	19	140	20	120
Equipment	300	0	300	250	0	250
Mileage and training	1,960	1,174	786	2,000	976	1,024
Advertising	50	0	50	100	23	77
Transfers out	0	0	0	0	76	(76)
Total Disbursements	4,320	2,698	1,622	4,645	2,227	2,418
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,620)	(2,056)	1,564	(3,645)	(892)	2,753
CASH, JANUARY 1	25,417	25,417	0	26,309	26,309	0
CASH, DECEMBER 31	21,797	23,361	1,564	22,664	25,417	2,753
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	2,500	5,706	3,206	1,000	1,877	877
Transfers in	0	0	0	200	200	0
Total Receipts	2,500	5,706	3,206	1,200	2,077	877
DISBURSEMENTS						
Office expenditures	1,000	348	652	2,000	554	1,446
Total Disbursements	1,000	348	652	2,000	554	1,446
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,500	5,358	3,858	(800)	1,523	2,323
CASH, JANUARY 1	2,343	2,343	0	820	820	0
CASH, DECEMBER 31	3,843	7,701	3,858	20	2,343	2,323

Exhibit B

CARROLL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S PRESERVATION FUND</u>						
RECEIPTS						
Charges for service:	4,300	4,614	314	4,200	4,534	334
Total Receipts	4,300	4,614	314	4,200	4,534	334
DISBURSEMENTS						
Office expenditures	3,600	3,589	11	3,600	3,581	19
Total Disbursements	3,600	3,589	11	3,600	3,581	19
RECEIPTS OVER (UNDER) DISBURSEMENTS	700	1,025	325	600	953	353
CASH, JANUARY 1	11,225	11,225	0	10,272	10,272	0
CASH, DECEMBER 31	11,925	12,250	325	10,872	11,225	353
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Intergovernmental	0	528	528	10,018	10,018	0
Charges for service:	6,000	7,659	1,659	6,000	8,957	2,957
Total Receipts	6,000	8,187	2,187	16,018	18,975	2,957
DISBURSEMENTS						
Office expenditures	7,850	2,867	4,983	24,768	20,556	4,212
Mileage and training	6,200	2,560	3,640	3,000	1,573	1,427
Other	218	390	(172)	0	0	0
Transfers out	1,245	1,384	(139)	1,665	1,783	(118)
Total Disbursements	15,513	7,201	8,312	29,433	23,912	5,521
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,513)	986	10,499	(13,415)	(4,937)	8,478
CASH, JANUARY 1	10,837	10,837	0	15,774	15,774	0
CASH, DECEMBER 31	1,324	11,823	10,499	2,359	10,837	8,478
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	375	559	184	150	23	(127)
Total Receipts	375	559	184	150	23	(127)
DISBURSEMENTS						
Office expenditures	300	0	300	150	73	77
Mileage and training	300	0	300	0	0	0
Office equipment	400	0	400	0	0	0
Total Disbursements	1,000	0	1,000	150	73	77
RECEIPTS OVER (UNDER) DISBURSEMENTS	(625)	559	1,184	0	(50)	(50)
CASH, JANUARY 1	676	676	0	726	726	0
CASH, DECEMBER 31	51	1,235	1,184	726	676	(50)

Exhibit B

CARROLL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for services	300	380	80	550	295	(255)
Interest	0	136	136	0	116	116
Total Receipts	300	516	216	550	411	(139)
DISBURSEMENTS						
Domestic violence shelter	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	300	516	216	550	411	(139)
CASH, JANUARY 1	3,710	3,710	0	3,299	3,299	0
CASH, DECEMBER 31	4,010	4,226	216	3,849	3,710	(139)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for services	3,750	1,128	(2,622)	2,373	1,538	(835)
Interest	50	130	80	0	72	72
Other	0	189	189	0	0	0
Transfers in	0	2,568	2,568	0	2,715	2,715
Total Receipts	3,800	4,015	215	2,373	4,325	1,952
DISBURSEMENTS						
Office expenditures	4,000	45	3,955	1,000	1,760	(760)
Mileage and training	1,000	1,628	(628)	1,000	500	500
Other	500	726	(226)	0	0	0
Total Disbursements	5,500	2,399	3,101	2,000	2,260	(260)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,700)	1,616	3,316	373	2,065	1,692
CASH, JANUARY 1	3,225	3,225	0	1,160	1,160	0
CASH, DECEMBER 31	1,525	4,841	3,316	1,533	3,225	1,692

Exhibit B

CARROLL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COURTHOUSE RESTORATION FUND</u>						
RECEIPTS						
Sales taxes	280,000	309,087	29,087	240,000	291,539	51,539
Intergovernmental	131,700	131,700	0	0	0	0
Interest	5,000	7,158	2,158	1,000	5,810	4,810
Other	0	250	250	0	0	0
Total Receipts	416,700	448,195	31,495	241,000	297,349	56,349
DISBURSEMENTS						
Courthouse renovation	350,000	325,864	24,136	30,000	61,098	(31,098)
Other	84,000	1,181	82,819	0	10,896	(10,896)
Transfers out	177,100	190,481	(13,381)	250,000	77,145	172,855
Total Disbursements	611,100	517,526	93,574	280,000	149,139	130,861
RECEIPTS OVER (UNDER) DISBURSEMENTS	(194,400)	(69,331)	125,069	(39,000)	148,210	187,210
CASH, JANUARY 1	194,638	194,638	0	46,428	46,428	0
CASH, DECEMBER 31	238	125,307	125,069	7,428	194,638	187,210
<u>FOCUS ON KIDS FUND</u>						
RECEIPTS						
Charges for services	100	0	(100)	300	70	(230)
Interest	0	26	26	0	24	24
Total Receipts	100	26	(74)	300	94	(206)
DISBURSEMENTS						
Office expenditures	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	26	(74)	300	94	(206)
CASH, JANUARY 1	742	742	0	648	648	0
CASH, DECEMBER 31	842	768	(74)	948	742	(206)

Exhibit B

CARROLL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	650	1,047	397			
Interest	0	3	3			
Total Receipts	650	1,050	400			
DISBURSEMENTS						
Office expenditures	50	27	23			
Equipment repairs and maintenance	200	0	200			
Mileage and training	150	34	116			
Total Disbursements	400	61	339			
RECEIPTS OVER (UNDER) DISBURSEMENTS	250	989	739			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	250	989	739			
<u>GRANT FUND</u>						
RECEIPTS						
Intergovernmental	9,000	9,000	0			
Transfers in	4,500	0	(4,500)			
Total Receipts	13,500	9,000	(4,500)			
DISBURSEMENTS						
Equipment	13,500	9,000	4,500			
Total Disbursements	13,500	9,000	4,500			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	122,000	123,839	1,839	123,000	121,085	(1,915)
Intergovernmental	126,454	132,666	6,212	123,743	124,555	812
Charges for service:	46,333	17,576	(28,757)	31,481	18,426	(13,055)
Interest	4,000	2,013	(1,987)	4,800	3,854	(946)
Other	2,700	5,333	2,633	4,717	1,657	(3,060)
Total Receipts	301,487	281,427	(20,060)	287,741	269,577	(18,164)
DISBURSEMENTS						
Salaries	225,630	202,051	23,579	212,946	217,220	(4,274)
Office expenditures	57,132	48,450	8,682	54,620	47,422	7,198
Equipment	6,250	2,681	3,569	9,720	13,128	(3,408)
Mileage and training	11,000	6,114	4,886	8,500	10,219	(1,719)
Other	1,475	312	1,163	1,955	2,146	(191)
Total Disbursements	301,487	259,608	41,879	287,741	290,135	(2,394)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	21,819	21,819	0	(20,558)	(20,558)
CASH, JANUARY 1	51,169	51,169	0	71,436	71,727	291
CASH, DECEMBER 31	51,169	72,988	21,819	71,436	51,169	(20,267)

Exhibit B

CARROLL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	123,000	123,839	839	122,646	121,085	(1,561)
Intergovernmental	0	2,318	2,318	0	773	773
Interest	900	201	(699)	681	551	(130)
Total Receipts	123,900	126,358	2,458	123,327	122,409	(918)
DISBURSEMENTS						
Office expenditures	136	136	0	135	136	(1)
Contract services	123,625	126,725	(3,100)	142,673	121,651	21,022
Total Disbursements	123,761	126,861	(3,100)	142,808	121,787	21,021
RECEIPTS OVER (UNDER) DISBURSEMENTS	139	(503)	(642)	(19,481)	622	20,103
CASH, JANUARY 1	2,491	2,491	0	21,315	1,869	(19,446)
CASH, DECEMBER 31	2,630	1,988	(642)	1,834	2,491	657
<u>RECORDER'S FUND 288</u>						
RECEIPTS						
Charges for services	0	0	0	900	1,076	176
Total Receipts	0	0	0	900	1,076	176
DISBURSEMENTS						
Transfers out	1,076	1,076	0	0	0	0
Total Disbursements	1,076	1,076	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,076)	(1,076)	0	900	1,076	176
CASH, JANUARY 1	1,076	1,076	0	0	0	0
CASH, DECEMBER 31	0	0	0	900	1,076	176
<u>ASSOCIATE DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	450	261	(189)	350	387	37
Transfers in	0	0	0	0	79	79
Total Receipts	450	261	(189)	350	466	116
DISBURSEMENTS						
Office expenditures	0	0	0	352	1,216	(864)
Total Disbursements	0	0	0	352	1,216	(864)
RECEIPTS OVER (UNDER) DISBURSEMENTS	450	261	(189)	(2)	(750)	(748)
CASH, JANUARY 1	477	477	0	1,034	1,227	193
CASH, DECEMBER 31	927	738	(189)	1,032	477	(555)
<u>PROBATE DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest				20	17	(3)
Total Receipts				20	17	(3)
DISBURSEMENTS						
Transfers out				0	79	(79)
Total Disbursements				0	79	(79)
RECEIPTS OVER (UNDER) DISBURSEMENTS				20	(62)	(82)
CASH, JANUARY 1				172	62	(110)
CASH, DECEMBER 31				192	0	(192)

Exhibit B

CARROLL COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	1,500	973	(527)	1,500	1,900	400
Total Receipts	1,500	973	(527)	1,500	1,900	400
DISBURSEMENTS						
Office expenditures	0	847	(847)	1,500	0	1,500
Equipment	1,000	0	1,000	0	897	(897)
Other	0	3,266	(3,266)	0	0	0
Total Disbursements	1,000	4,113	(3,113)	1,500	897	603
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	(3,140)	(3,640)	0	1,003	1,003
CASH, JANUARY 1	4,531	4,657	126	3,522	3,654	132
CASH, DECEMBER 31	\$ 5,031	1,517	(3,514)	3,522	4,657	1,135

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

CARROLL COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Carroll County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Enhanced 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Law Enforcement Training-POST Fund and the Enhanced 911 Board Fund for the year ended December 31, 2002.

Warrants issued were in excess of budgeted amounts for the Law Enforcement Training Fund, the Prosecuting Attorney Training Fund, the Senate Bill 40 Board Fund, and the Circuit Clerk Interest Fund in 2002; and the Special Road and Bridge Fund, the Election Services Fund, the Health Center Fund, the Associate Division Interest Fund, and the Probate Division Interest Fund in 2001. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. However, the county's published financial statement for the year ended December 31, 2002, did not include the Enhanced 911 Board Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's and Senate Bill 40 Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance.

The Enhanced 911 Board's deposits at December 31, 2002, were entirely covered by federal depositary insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for the Health Center Fund and the Senate Bill 40 Board Fund at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

CARROLL COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 2,208	739
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Childre	ERS045-1116W	0	26,918
		ERS045-2116	21,283	9,010
		ERS045-3116W	6,858	0
	Program Total		<u>28,141</u>	<u>35,928</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	2001-PF-09	131,700	0
	Department of Social Services -			
14.231	Emergency Shelter Grants Program	ERO-1640-443	13,405	0
		ERO-1640-406	0	12,890
	Program Total		<u>13,405</u>	<u>12,890</u>
U.S. DEPARTMENT OF JUSTICE				
	Passed through			
	State Department of Public Safety -			
16.554	National Criminal History Improvement Program	95-RU-RX-K011	0	8,817
16.579	Byrne Formula Grant Program	00-NCD-15-B-65	0	1,201
16.592	Local Law Enforcement Block Grants Program	2000-LBG-108	9,000	0

Schedule

CARROLL COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-017(17)	0	1,771
		BRO-017(18)	0	506
		BRO-017(21)	0	1,079
		BRO-017(22)	0	187,234
		BRO-017(27)	0	202
		BRO-017(31)	0	164,688
		BRO-017(33)	0	171,798
		BRO-017(34)	511,178	28,479
		BRO-017(35)	26,924	0
		BRO-017(36)	226,248	0
		BRO-017(37)	196,678	18,540
		BRO-017(38)	58,483	11,357
		BRO-017(39)	21,672	0
		BRO-017(40)	15,523	0
	Program Total		<u>1,056,706</u>	<u>585,654</u>
	Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	2,154	0
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	7,077	0
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety			
83.544	Public Assistance Grant	FEMA-1412-DR-MO	74,894	0
		FEMA-1403-DR-MO	2,218	0
	Program Total		<u>77,112</u>	<u>0</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grant	N/A	32,827	32,024
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	27,582	22,172
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Grant	PGA067-1116C	1,079	1,101

Schedule

CARROLL COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
Department of Health and Senior Services				
93.994	Maternal and Child Health Services			
	Block Grant to the States	ERS146-3116M	6,807	10,266
		N/A	292	2,912
	Program Total		7,099	13,178
	Total Expenditures of Federal Awards		\$ 1,396,090	713,704

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

CARROLL COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Carroll County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Donation Program (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services. Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for the Immunization Grants Program (CFDA number 93.268) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services. Amounts for the Maternal and Child Health Services Block Grant to the States Program (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$13,405 and \$12,890 to a subrecipient under the Emergency Shelter Grants Program (CFDA number 14.231) during the years ended December 31, 2002 and 2001, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Carroll County, Missouri

Compliance

We have audited the compliance of Carroll County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Carroll County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Carroll County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Carroll County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 12, 2003 (fieldwork completion date)

Schedule

CARROLL COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? yes x no

Identification of major program:

CFDA or Other Identifying <u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

CARROLL COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

CARROLL COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

CARROLL COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Carroll County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 12, 2003. We also have audited the compliance of Carroll County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 12, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Carroll County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	Budgetary Practices
-----------	----------------------------

A. Disbursements exceeded budgeted amounts in various funds as follows:

<u>Fund</u>	<u>Year Ended December 31,</u>	
	<u>2002</u>	<u>2001</u>
Law Enforcement Training	\$ 877	N/A
Prosecuting Attorney Training	254	N/A
Circuit Clerk Interest	3,113	N/A
Special Road and Bridge	N/A	13,895
Election Services	N/A	260
Associate Division Interest	N/A	864

Actual disbursements exceeded budgeted amounts for the various funds because it appears some officials are not adequately monitoring the budgetary status of these funds. Discussions with county officials noted that the Prosecuting Attorney Training and Election Services budgets were exceeded due to additional training expenditures for a new employee in 2002, and the County Clerk attending training in late 2001. The Law Enforcement Training budget was exceeded due to the transfer of monies to a new POST Fund. Although the County Clerk and the County Commission were aware that the Special Road and Bridge budget would be exceeded, it was necessary to make a payment at the end of the year on a bridge project eligible for reimbursement by the state. The Circuit Clerk's interest budget was exceeded due to the payout of a large sum of interest on a large court case during 2002. However, amended budgets were not filed nor were explanations of these expenditures included in the County Commission minutes.

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954) that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo, 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and the county shall follow the same procedures required for adoption of the annual budget to amend its budgets.

B. In April 2002, the taxpayers passed a sales tax for 911 emergency services. A board was appointed in June 2002 to govern the emergency 911 system until future elections are held to elect new board members. Although the board had revenues of \$86,801 and expenditures of \$68,830, a budget was not prepared for the year ended December 31, 2002. Additionally, while no 2003 budget was prepared, at our request the Chairman of the board prepared a budget for the year ended December 31, 2003, and filed the approved budget with the State Auditor's Office as required

by law. The 911 board should prepare an annual budget to enable it to effectively evaluate its financial resources.

WE RECOMMEND:

- A. The County Commission, Circuit Clerk, and the Associate Division court not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.
- B. The Enhanced 911 Board prepare budgets for each year in accordance with Chapter 50, RSMo 2000.

AUDITEE'S RESPONSE

The County Commission and County Clerk responded as follows:

- A. *Budgets are monitored quarterly by the County Commission and County Clerk with copies of individual budget balances provided to each applicable official. However, in extenuating circumstances, it is necessary to exceed the budget at the end of the year and there is not time to amend the budget.*

The Circuit Clerk responded as follows:

- A. *The 2002 budget was exceeded due to unusual circumstances. In the future, the budget will be amended when necessary.*

The Associate Circuit Judge responded as follows:

- A. *The funds were available for expenditure, but not all of the expenditure was budgeted. In the future, we will monitor this situation more closely.*

The Chairman of the Enhanced 911 board responded as follows:

- B. *The Carroll County Commission did not notify us to prepare a budget, but we will prepare a budget for 2004.*

2. Ex Officio County Collector's Bond Coverage

The Ex Officio County Collector's bond for the term of April 2001 through March 2005 is less than required by state law. The Ex Officio County Collector is bonded monthly for \$40,000 with a specific increase rider of \$560,000 during the month of December for a maximum of \$600,000. Section 52.020.2, RSMo 2000, provides that if daily deposits are required to be made, the county commission may require that the bond of the county collector be written on a monthly basis and such bond shall be in the sum equal to one-fourth

of the amount collected during the same month of the year immediately preceding his election or appointment, plus ten percent of the amount.

Since daily deposits are made, the amount of bond required during the month of December, based on December 1999 collections, would be approximately \$642,211. Therefore, the Ex Officio County Collector is under bonded by over \$42,000. The County Commission and the Ex Officio County Collector should review the bond coverage annually to ensure that sufficient bond coverage is obtained.

WE RECOMMEND the County Commission and the Ex Officio County Collector ensure the bond coverage is sufficient as required by Section 52.020, RSMo 2000.

AUDITEE'S RESPONSE

The County Commission and County Clerk responded as follows:

We will take bids and increase the bond coverage to the maximum \$750,000 for the Ex Officio County Collector's term.

3. Sheriff's Accounting Procedures

The Sheriff collects various criminal and civil fees, bonds, gun permit fees, phone commissions, and reimbursements for boarding and transporting prisoners totaling approximately \$136,000 during the year ended December 31, 2002. The Sheriff also maintains a commissary for the prisoners and seized evidence property items held in connection with criminal cases. Receipts are not deposited on a timely basis, receipt slips do not always indicate the method of payment, an inventory record of commissary items is not maintained, and some seized property items and applicable case numbers were not recorded properly on evidence forms.

A. Our review of receipts and deposits noted the following:

- 1) Receipts are not deposited on a timely basis. Currently, receipts are deposited two or three times per week. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- 2) The method of payment was not consistently recorded on the receipt slips issued. To ensure receipts are handled properly, the method of payment should be noted on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.

- B. The Sheriff provides commissary services whereby inmates are allowed to purchase snacks and personal items. The Sheriff's office does not maintain inventory records of commissary items. To adequately account for commissary merchandise, a detailed inventory ledger should be maintained. Inventory records should document the beginning balance for each item, items purchased, items sold or otherwise disposed of, and the ending balance of each item. Periodic physical inventory counts should be performed and reconciled to inventory records. Loss, misuse, or theft of commissary inventory may go undetected without adequate inventory records.
- C. The Sheriff maintains records over seized property related to various court cases. Our review noted that some seized property items and some applicable case numbers were not recorded properly on the seized property evidence forms. In addition, a periodic physical inventory was not performed for comparison with the inventory records.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. All seized property items and the applicable case numbers should be properly recorded on evidence property forms. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

Condition B was also noted in our prior audit report.

WE RECOMMEND the Sheriff:

- A.1 Deposit receipts daily or when accumulated receipts exceed \$100.
 - 2. Require the method of payment be consistently recorded on the receipt slips issued and reconcile the composition of receipts to the composition of bank deposits.
- B. Maintain inventory records for commissary items and reconcile inventory records to periodic physical inventory counts. Any discrepancies should be investigated in a timely manner.
- C. Ensure all seized property items and the applicable case numbers are properly recorded on evidence property forms. In addition, a periodic inventory should be performed and compared to the inventory listing and any discrepancies should be investigated in a timely manner.

AUDITEE'S RESPONSE

The County Sheriff responded as follows:

- A.1. We will make every effort to make a deposit when \$100 is received.*
- 2. We will make every effort to record the method of payment on all receipt slips.*
- B. An inventory reconciliation has been implemented through maintaining receipt of sales and individual inmate orders. A beginning balance as well as an ending carry over balance is being recorded. A physical inventory has already been performed and will be done monthly.*
- C. Items not properly recorded have been either recorded or disposed of in the proper manner. All other items will be properly recorded on evidence property forms. A physical evidence inventory has been completed and will be conducted periodically.*

Follow-Up on Prior Audit Findings

CARROLL COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Carroll County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Tax Book Procedures

- A. The back tax books prepared by the County Clerk included only the most current delinquent year and the County Clerk did not verify the delinquent totals of prior years as reported by the Ex Officio Collector. In addition, a back tax aggregate abstract had not been prepared for the years ended February 28, 1998 and 1999.
- B. The County Clerk did not maintain an account book with the Ex Officio County Collector.
- C. The Ex Officio County Collector made abatement changes to the property tax records and there was no independent and subsequent comparison of approved court-ordered abatements to the actual changes to the property tax data files or to amounts reflected on the Ex Officio County Collector's annual settlement.

Recommendation:

- A. The County Clerk prepare back tax books for all delinquent years or verify the totals reported by the Ex Officio County Collector. In addition, the County Clerk should prepare the back tax aggregate abstract and file it with the Department of Revenue.
- B. The County Clerk establish and maintain an account book with the Ex Officio County Collector for the County Commission to use to verify the accuracy of the Ex Officio County Collector's annual settlements.
- C. The County Commission revise the abatement process so that the Ex Officio County Collector does not have the capability to make such changes to tax data without other controls in place.

Status:

- A, B
&C. Implemented.

2. Ex Officio County Collector's Procedures

- A. The Ex Officio County Collector did not file annual settlements with the County Commission on a timely basis.
- B. The balance of the Ex Officio County Collector's primary bank account had not been reconciled with the accounting records.
- C. The Ex Officio County Collector did not maintain an account book during the two years ended February 28, 1999.

Recommendation:

The Ex Officio County Collector:

- A. File annual settlements in a timely manner.
- B. Reconcile the balance of the primary bank account to the checkbook balance and turnover on a monthly basis.
- C. Maintain an account book to assist her in the preparation of the annual settlements.

Status:

A, B
&C. Implemented.

3. Circuit Clerk's Open Items

The Circuit Clerk prepared monthly open items listings for the fee account and compared the total open items with the reconciled cash balance of this account; however, these comparisons consistently identified differences between the two totals, which were not adequately investigated and resolved.

Recommendation:

The Circuit Clerk prepare a complete listing of open items and reconcile monthly listings of open items to the reconciled cash balance. Any differences should be investigated and explained.

Status:

Implemented.

4. Prosecuting Attorney's Records and Procedures

- A. Bad check fees were not always disbursed to the County Treasurer on a timely basis. In addition, some monthly reports of fees were not filed with the County Commission in a timely manner.
- B. The method of payment (cash, check, or money order) was not consistently indicated on the receipt slips.
- C. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as subsequent disposition of these bad checks had not been established.

Recommendation:

The Prosecuting Attorney:

- A. Transmit bad check fees to the County Treasurer in a timely manner and file monthly reports with the County Commission as required.
- B. Indicate the method of payment on all receipt slips written and reconcile the composition of recorded receipts to bank deposits.
- C. Maintain a log to adequately account for bad check complaints received, as well as the ultimate disposition of the related bad checks.

Status:

A, B
&C. Implemented.

5. Sheriff's Commissary Account

- A. The total of the inmates' monies in the commissary checking account was not adequately reconciled to the total of the individual prisoner balances. A monthly listing of individual inmate balances was prepared and compared to the book balance; however, the balances could not be reconciled to the balance in the bank account because the account also contained the commissary monies for which no separate accounting record was maintained.
- B. No inventory records were maintained to account for the items purchased and sold through the commissary.

Recommendation:

The Sheriff:

- A. Maintain records to account for the balance of commissary monies and reconcile this balance and the total of individual inmate balances to the bank account on a monthly basis.
- B. Consider maintaining perpetual inventory records for all commissary inventory items and ensure a physical count of inventory is performed periodically by an employee independent of daily commissary operations. The results of the physical count should be compared to the perpetual inventory records and discrepancies should be investigated in a timely manner.

Status:

- A. Implemented.
- B. Not implemented. See MAR No. 3.

6. Public Administrator

Monies received on behalf of the Public Administrator for the sale of real estate for one estate were not deposited in the estate's bank account but were deposited into a bank account controlled by the attorney for the case. As a result, the estate lost potential interest earnings on the proceeds from the sale of real estate.

Recommendation:

The Public Administrator ensure all monies received on behalf of his estates are collected and deposited by him in a timely manner. If monies or assets do not come to him directly, he should ensure they are turned over to him in a timely fashion.

Status:

Implemented.

7. Senate Bill 40 Board

- A. The Senate Bill 40 Board approved expenditures in excess of budgeted amounts. There were no formal amendments filed nor any mention in the board minutes as to why the budgeted amounts were exceeded.
- B. The Senate Bill 40 Board budgets contained several misclassifications of both budgeted and actual receipts.

- C. The Senate Bill 40 Board's funds on deposit exceeded the FDIC coverage and no collateral securities were pledged by the depository bank to cover the monies in excess of the FDIC coverage.
- D. The board president who was responsible for co-signing checks was not bonded.
- E. A Senate Bill 40 Board member's husband served as president of two of the not-for-profit boards and the treasurer of the other not-for-profit board which received funding from the county board. Because the Senate Bill 40 Board and these three entities transacted business with each other, this situation had presented a conflict of interest.

Recommendation:

The Senate Bill 40 Board:

- A. Not authorize expenditures in excess of budgeted amounts. If additional expenditures are necessary, the budget should be amended and the circumstances adequately documented.
- B. Ensure budget information is properly classified and agreed to the accounting records.
- C. Ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.
- D. Consider obtaining adequate bond coverage for all individuals with access to monies.
- E. Discuss this matter with the County Commission and the need to ensure future appointments to the Senate Bill 40 Board will not result in a possible conflict of interest with groups which the county board conducts business.

Status:

- A. For the year ended December 31, 2002, the Senate Bill 40 Board approved expenditures in excess of budgeted amounts of \$3,100. The budget was not amended since the expenditure occurred in December 2002, but the expenditure was approved by the Senate Bill 40 Board.

B&D. Implemented.

- C. Not implemented. The Senate Bill 40 Board bank account exceeded the \$100,000 FDIC coverage limit for several days in February and March of 2001 and 2002, and for six days in February 2003. The board obtained additional collateral securities in 2001 but did not obtain securities in 2002 and 2003. Although not repeated in the

current MAR, our recommendation remains as stated above.

- E. Not implemented. As noted in the prior audit report, the Senate Bill 40 board and County Commission indicated that it is sometimes difficult to find any volunteers that are willing to serve on the various boards. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CARROLL COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1833, the county of Carroll was named after Charles Carroll, a local resident and a signer of the Declaration of Independence. Carroll County is a township-organized, third-class county and is part of the Eighth Judicial Circuit. The county seat is Carrollton.

Carroll County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 365 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 865 miles of county roads.

The county's population was 12,131 in 1980 and 10,285 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 65.0	64.5	63.7	63.2	40.3	33.0
Personal property	22.7	22.4	20.8	20.5	11.8	12.2
Railroad and utilities	39.1	36.8	36.8	37.2	33.1	27.2
Total	\$ 126.8	123.7	121.3	120.9	85.2	72.4

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Carroll County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.2512	.2523	.2595	.2600
Special Road and Bridge Fund*	.0000	.0000	.0000	.0000
Johnson Grass Fund	.0000	.0000	.0000	.0200
Health Center Fund	.0996	.1000	.1000	.1000
Senate Bill 40 Board Fund	.0996	.1000	.1000	.1000

* The county retains \$.05 per \$100 assessed valuation from each township's road and bridge levy and the township's voter approved additional levy to use for road and bridge purposes.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	38,234	37,214	36,449	36,928
General Revenue Fund	337,137	330,899	333,657	318,580
Special Road and Bridge Fund	19,334	18,138	18,160	18,875
Assessment Fund	77,792	74,634	71,490	70,902
Health Center Fund	125,657	122,553	120,395	121,346
Senate Bill 40 Board Fund	125,657	122,553	120,396	121,348
Drainage III Fund	24,352	24,509	24,249	24,025
Johnson Grass Fund	239	209	882	22,575
Tax Maintenance Fund	1,969	0	0	0
Townships	863,354	848,590	833,775	846,666
School districts	4,800,702	4,640,946	4,273,638	4,297,926
Ambulance district	344,164	339,500	332,811	331,240
Fire protection districts	204,811	204,208	195,167	178,814
Golden Age Nursing Home	4,904	4,724	4,892	4,410
Big Creek and Hurricane Creek Watershed District	13,251	13,370	24,698	24,004
Drainage Districts	698	3,754	743	151
Cities	53,661	51,582	49,557	48,041
County Clerk	625	678	539	430
County Employees' Retirement Fund	25,066	21,217	19,743	19,653
Other	5,278	466	25,534	0
Commissions and fees:				
Township Collectors	49,242	49,216	46,903	46,093
General Revenue Fund	97,789	88,660	85,687	89,714
Total	\$ 7,213,916	6,997,620	6,619,365	6,621,721

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	92.1	93.2	93.6	93.2
Personal property	87.1	87.1	88.1	91.1
Railroad and utilities	100.0	100.0	100.0	100.0

Carroll County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Capital improvements	.0050	March 31, 2004	None	
Emergency 911	.0075	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Nelson Heil, Presiding Commissioner	\$	24,647	24,647	23,568	23,568
Donald Vantrump, Associate Commissioner		22,647	22,647	21,568	21,568
David Martin, Associate Commissioner		22,647	22,647		
Loren Esten Wright, Associate Commissioner				21,568	21,568
Peggy McGaugh, County Clerk		34,314	34,314	32,680	32,680
Kevin L. Walden, Prosecuting Attorney		40,635	40,635	38,700	38,700
Joe Arnold, Sheriff		37,926	37,926	36,000	36,000
Steven W. Bittiker, County Coroner		9,933	9,933	6,000	6,000
Roy Barclay Staton, Public Administrator (1)		13,060	32,335	82,766	20,747
Alta O'Neal, Treasurer and Ex Officio County Collector, year ended March 31,	34,747	34,315	27,591	27,250	
Wanda Musick Witthar, County Assessor (2), year ended August 31,		35,214	35,214	34,669	33,580
Marcus J. Magee, County Surveyor (3)					

(1) The 1999 amount includes \$6,000 in salary plus fees received from probate cases. Beginning in 2000, compensation is on a fee basis.

(2) Includes \$900 annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Cheryl A. Mansur, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	46,126	44,292
Robert A. Bryant, Associate Circuit Judge	96,000	96,000	97,382	87,235

In April 2002, the taxpayers approved a sales tax for emergency 911 services. A 911 board was appointed in June 2002 to serve until the April 2003 election for new board members.



**MANAGING COMMERCIAL VEHICLE WEIGHT ENFORCEMENT
ACTIVITIES AT THE MISSOURI STATE HIGHWAY PATROL**

**From The Office Of State Auditor
Claire McCaskill**

Management of the truck weight enforcement program can be more effective by targeting high risk areas for violators, eliminating predictable weigh station hours, and establishing performance measures for weigh station employees.

**Report No. 2003-93
September 24, 2003
www.auditor.state.mo.us**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

September 2003

Better targeting of overweight trucks and less predictable weigh station operating hours could enhance state's truck weight enforcement program

This audit reviewed how well the State Highway Patrol manages its truck weight enforcement program, which helps keep potentially damaging overweight trucks off Missouri's roadways. State and federal laws state trucks generally should not weigh more than 80,000 pounds. State law further establishes the penalties for weight violations. Missouri has the nation's 6th largest highway system and ranks 13th for truck miles traveled at 12.6 million miles a day. The following highlights the findings:

Available data not used to target overweight trucks

Although the patrol collects data concerning total vehicles weighed and total overweight tickets issued from scale stations and portable units, patrol personnel do not analyze or compare the data between stations. In addition, some of this data was not always accurate.

The patrol could use this data to identify where enforcement is most needed. Auditors found enforcement activities concentrated at a limited number of fixed scale locations. Patrol personnel could not explain why some counties had no or very few overweight tickets. (See page 3)

Predictable weigh station hours allow truckers opportunity to break law

Auditors found weigh stations operate predictable hours, often open during midday, and closed late evening and early morning. Just over half the stations are still open at 10 p.m., with the number steadily declining after 10 p.m. For example, auditors found in Mound City, the commercial vehicle traffic was lighter overnight, but the percentage of overweight vehicles increased from 16 percent at 8 p.m. to 23 percent at 4 a.m. Auditors also found portable scales operate less frequently than permanent scale locations during evening and early morning hours. (See page 8)

Most tickets issued between 8 a.m. and 5 p.m.

Officers issued 64 percent of all overweight tickets between 8 a.m. and 5 p.m. Several patrol supervisors said scale station hours do not vary much month to month. (See page 9)

Data reporting system cannot be used to analyze enforcement resources

How patrol officers count vehicles is not consistent from one scale location to another. Some officers use a manual hand counter, while others estimate the number of vehicles weighed. Auditors found two stations which inflated vehicle counts to keep the weigh stations from closing due to low activity. (See page 11)

All audit reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

**MANAGING COMMERCIAL VEHICLE WEIGHT ENFORCEMENT ACTIVITIES
AT THE MISSOURI STATE HIGHWAY PATROL**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Colonel Roger D. Stottlemire, Superintendent
Missouri State Highway Patrol
Jefferson City, MO 65102

The State Auditor's Office audited the commercial vehicle enforcement activities of the Missouri State Highway Patrol. The audit evaluated the division management and determined if vehicle weight laws are properly enforced and protecting state highway infrastructure.

The audit disclosed commercial vehicle enforcement activities can be better managed, the hours of operation at scale locations and portable units are predictable, and the patrol's management reporting system needs improvement.

We conducted the audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	Donna Christian, CPA
In-Charge Auditor:	April McHaffie Lathrom, CPA
Audit Staff:	Monte Davault

RESULTS AND RECOMMENDATIONS

1. Commercial Vehicle Enforcement Activities Can Be Better Managed

The Missouri State Highway Patrol's (patrol) management policy lacks certain attributes for efficient and effective management of commercial vehicle enforcement. Current management policies and practices do not:

- Target overweight vehicles.
- Use traffic data when scheduling officer work hours.
- Provide guidance on hours of operation.
- Maximize available personnel.
- Establish adequate performance goals and measures.

The patrol's decentralized management of each troop causes many of these conditions. Without disrupting this management structure, central command can enhance management of commercial vehicle enforcement to ensure patrol enforcement resources are properly deployed and roads are better protected from damage caused by overweight vehicles.

Background

State and federal laws and regulations detail truck weight limit enforcement. The legal weight limits are in Sections 304.180 through 304.220, RSMo 2000. Generally, trucks are restricted to a maximum weight of 80,000 pounds, a maximum single-axle weight of 20,000 pounds, and a maximum tandem-axle weight of 34,000 pounds. The statutes provide some specific exceptions to these limits.

Section 304.230, RSMo 2000 allows the removal of excess weight and Section 304.240, RSMo 2000 establishes penalties for weight violations.

Section 43.160, RSMo 2000 establishes the responsibility of the patrol for regulating traffic movement, enforcing traffic laws, and enforcing and preventing violation of laws relating to the size, weight and speed of commercial motor vehicles.

Section 304.230, RSMo 2000 states any peace officer or police officer of any county or city or any highway patrol officer can enforce the size and weight laws. This section also allows the patrol's superintendent to appoint commercial vehicle enforcement officers and the state's highway and transportation commissioners to deputize regularly employed maintenance men to enforce weight laws.

Commercial vehicle enforcement officers weigh commercial vehicles for compliance of axle weight, gross weight, and licensed weight in accordance with applicable state and federal laws. In addition, officers perform safety and regulatory inspections of drivers, commercial vehicles, and cargo. This work involves the use of portable scales which patrol the public highways and the operation of permanent weigh stations for the purpose of determining compliance with all

applicable state commercial vehicle regulations, driver regulations, and hazardous material requirements.

We focused attention on the commercial vehicle weight enforcement activities because of the potential for damage to state roadways from overweight vehicles. Road deterioration is also caused by many other factors such as temperature, weather, thickness of asphalt, road bed materials, consistency of road beds, and vehicle traffic in general.

Missouri has the nation's 6th largest highway system and ranks 13th for truck miles traveled at 12.6 million daily miles.

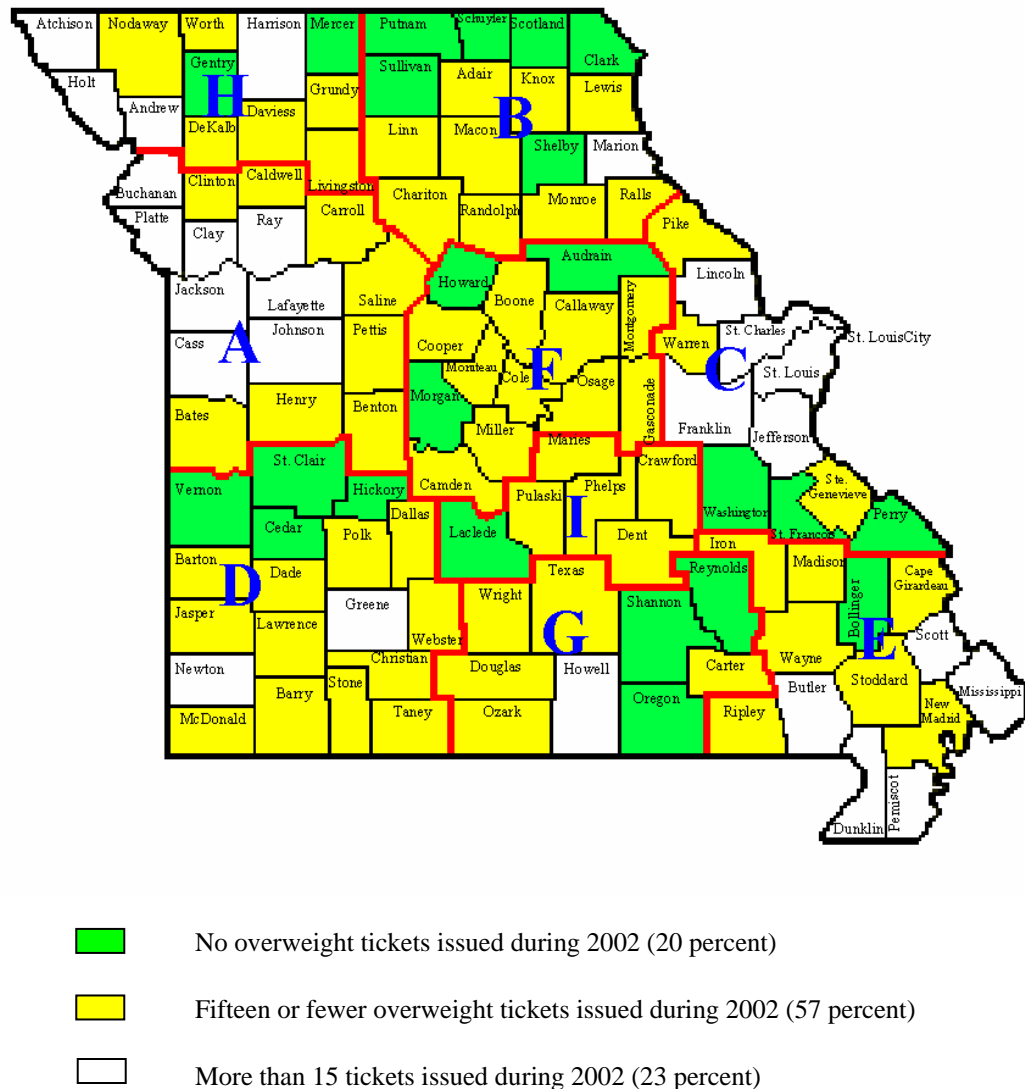
The patrol does not use available data to target overweight vehicles

The patrol collects data from scale stations and portable units concerning the number of vehicles weighed and the number of overweight tickets issued. This data is not analyzed or compared among scale stations or portable units. Using this data in a targeting system would allow the patrol to trend data, identify where enforcement is most needed and deploy resources accordingly.

Our review found enforcement activities are concentrated at a limited number of fixed scale locations, mostly along interstates. Although portable units are available for targeting other locations, we found few or no overweight tickets issued in several counties across the state during 2002.

Figure 1.1 illustrates which counties had few or no overweight tickets issued by the patrol during 2002. The letters in the map represent the patrol troop area.

Figure 1.1: Overweight Tickets by County



The lack of overweight tickets issued in certain areas is a strong indicator of possible areas for enforcement improvement. Patrol personnel could not explain why some counties did not have any or very few overweight tickets. One captain stated the travel time incurred by portable units limits enforcement in some areas. Another captain said he did not understand the lack of tickets in some of his counties because they were logging communities where potential violations exist.

Policies are needed on hours of operation for scale stations and portable units

The patrol does not have statewide policies on hours of operation for all scale stations and portable units. Such policies should consider location differences, but provide some basic standards of operation. Without such policies to help captains determine the hours of operation, the patrol cannot adequately ensure effectiveness of the weight enforcement program.

Although statewide policies do not exist, three of nine troops established guidelines for hours of operation for officers in their troop; however, the guidelines are not always clear or followed. For example, Troop A's policy specifically requires overnight and weekend shifts for all locations except the Lone Jack scale location, which is not clearly addressed. Further, guidelines established by Troop D require portable units to work at least two shifts which start at 7 p.m. for each 28-day schedule; but neither of the two portable units in Troop D staffed such shifts during August 2002.

3 of 9 troops
have hours of
operation policies

Hours of operation are not always maximized based on available personnel

Our analysis noted available personnel are not always scheduled to maximize the hours of operation. Multiple officers are sometimes scheduled to work during midday, leaving few or no officers scheduled to work late evening and early morning hours.

For example, three commercial vehicle enforcement officers are normally assigned to the Caruthersville fixed scale station. During 2002, the Steele fixed scale station was under construction and as many as seven additional officers were temporarily transferred from Steele to Caruthersville. Despite the increased number of employees, our review of August 2002 noted multiple employees worked the same weekday shift, while weekend shifts went without additional coverage.

Patrol officials stated it was their policy not to assign commercial vehicle officers to late shifts unless highway patrol troopers were on duty. However, according to trooper schedules, 24-hour coverage was provided during weekends and the temporary officers could have been assigned to accommodate broader coverage at the weigh station. Also, no additional coverage was provided to the portable units assigned to the troop.

Adequate performance goals and measures have not been established for officers

The patrol has not established a system of performance goals and measures for commercial vehicle weight enforcement activities. Performance measures would assess accountability and enhance decision making. The tasks of allocating resources and assuring effective enforcement are made easier by meaningful and accurate performance information. Performance measures should be reported for the activities of the commercial vehicle officers.

A system for
assessing
accountability is
needed

Performance measuring systems track the resources used and the resulting accomplishments. There are two types of accomplishment measures: outputs measuring quantity of services provided and outcomes measuring the output's results.

Performance information should also be frequently compared with data from earlier year(s), established targets, externally established standards/norms, or other comparable entities. In addition, performance information should be reported consistently to compare performance over time, understand the measures used and to evaluate any trends noted. Performance information must be derived from a system with controlled and verifiable data. A performance management

system would enhance the patrol's ability to evaluate whether enforcement resources are producing desired results.

The patrol's General Order 01-03 requires troops to establish goals and objectives, and evaluate their achievement. The order does not provide guidance on what type of goals and objectives to establish. Our review noted goals established by the troops were not always specific or measurable and did not always address commercial vehicle enforcement activities. For example, one troop's goal to "reduce the number and severity of traffic accidents through enforcement and promotion of traffic safety" had a corresponding objective for commercial vehicle officers to "maintain or increase commercial vehicle arrests." In evaluation of this goal, the troop cited an increase in traffic fatalities, but did not evaluate commercial vehicle enforcement activities.

Other goals and objectives were not easily measured or adequately evaluated. For example, one troop's 2001 goal was "to reduce the number of fatal, injury, and property damage traffic accidents." Corresponding objectives included: "increase all phases of truck enforcement when truck traffic is heaviest," "increase enforcement of vehicle equipment violations" and "increase enforcement on secondary and state lettered roads by 5 percent, especially in high accident locations and rural areas." The troop's evaluation referred to overall accident statistics, but did not include specific references to commercial vehicle enforcement activities.

Conclusion

The patrol needs to improve policies and procedures to effectively and efficiently manage commercial vehicle weight enforcement activities. A system to target overweight vehicles using traffic data could make the patrol more effective. Establishing adequate performance goals and measures is also essential for proper management of commercial vehicle weight enforcement activities.

Recommendations

We recommend the Superintendent, Missouri State Highway Patrol:

- 1.1 Improve management policies and procedures to effectively and efficiently manage commercial vehicle weight enforcement activities, including establishing a system to target overweight vehicles using available traffic data for scheduling, and establishing policies to provide guidance on hours of operations.
- 1.2 Establish a system of performance goals and measures related to commercial vehicle weight enforcement activities.

Superintendent, Missouri State Highway Patrol Comments:

- 1.1 *The Missouri State Highway Patrol will continue to review hours of operations of commercial vehicle enforcement personnel and activities in order to ensure the most efficient use of manpower and resources are achieved. Commercial vehicle weight enforcement activities are included in that review.*

- 1.2 *Goals and objectives are a vital aspect of the Missouri State Highway Patrol's functional process. While certain goals and objectives are broad in nature, others may be more precise. The Patrol will continue to establish realistic goals and objectives which apply to all organizational entities, including the Commercial Vehicle Enforcement Division. The degree of the achievement of these goals and objectives will be monitored to ascertain whether or not the desired outcome is met.*

2. Predictable Weigh Station Operating Hours Allow Truckers Opportunity to Break Law

Our trend analysis found weigh stations operate on a predictable schedule. Scales were open more frequently during midday, and much less frequently late evening and early morning hours. The patrol does not have guidelines to establish variable schedules, and troops have not employed practices to ensure variability. As a result, the opportunity to violate the law exists.

Permanent scale location hours are predictable

Scales operate on a predictable schedule because a higher percentage of permanent scale locations are open more frequently during the midday.¹ Figure 3.1 demonstrates the percent of scale locations open by hour of day in August 2002.

Figure 2.1: Percent of Permanent Scale Locations Open by Hour of Day

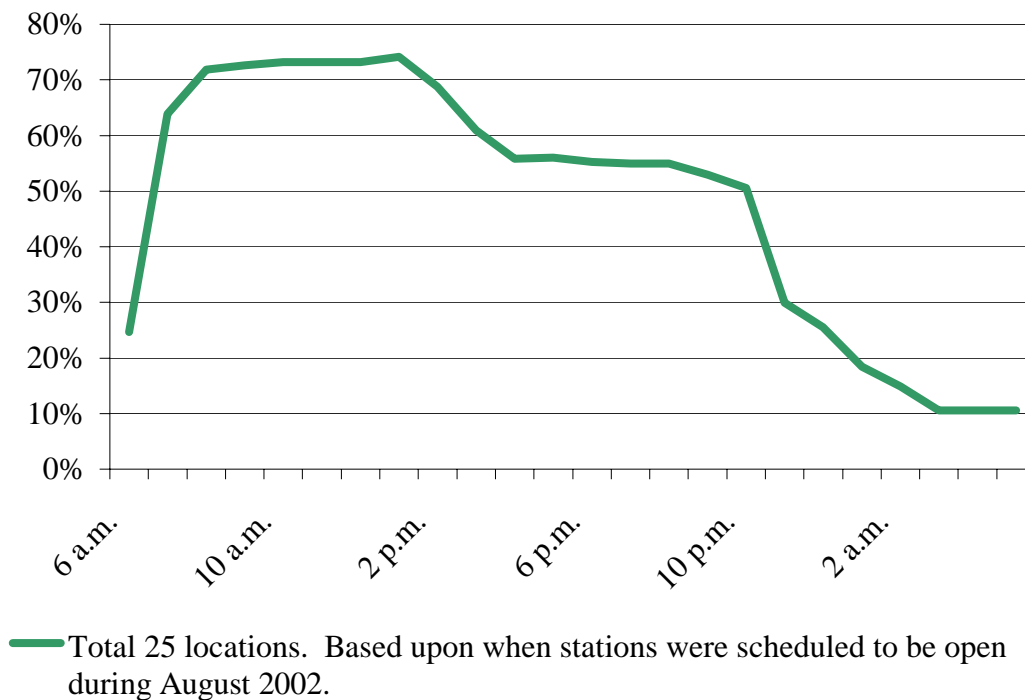


Figure 2.1 shows a sharp decline in open weigh stations after 1 p.m. and a steeper decline in open stations after 10 p.m. Weigh stations with the PrePass² technology were closed when 65.5 percent of trucks equipped with this technology passed between June and December 2002. Further, the locations of permanent scales are well known, and through the use of CB radios, truckers are able to determine whether scales are open or closed.

¹ This information is based on the hours employees were scheduled to work.

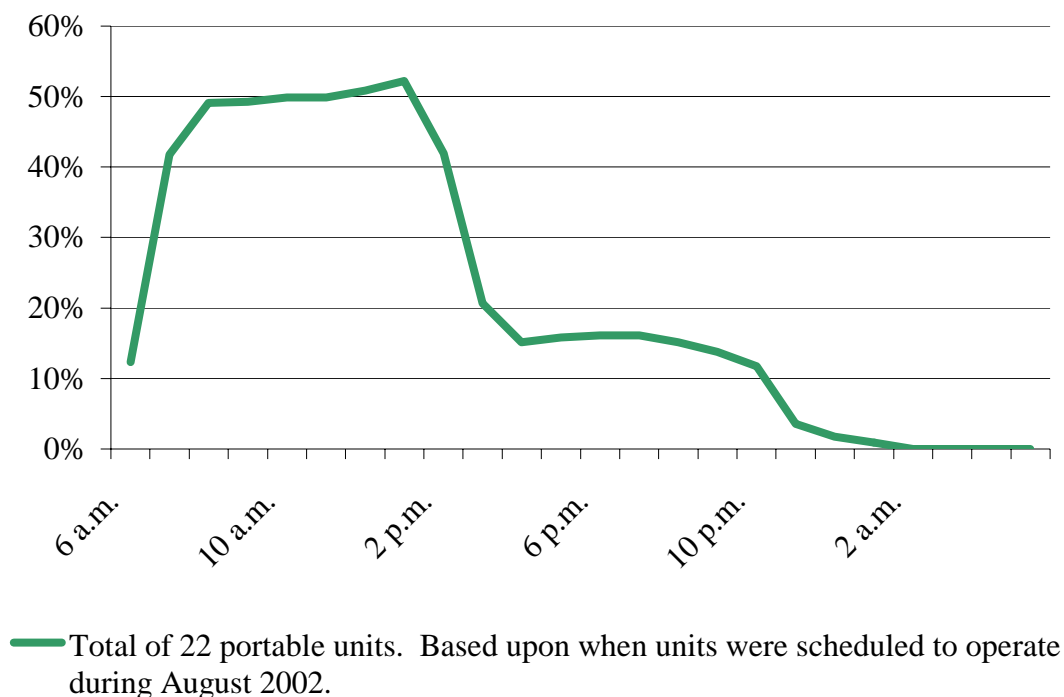
² PrePass is an electronic screening program that allows qualified carriers to bypass weigh stations based on electronic communication of critical weight and licensing data. Further description of this system can be found on page 11.

From our review of the data collected at Mound City in Holt County, we found while the commercial vehicle traffic was lighter overnight the percentage of overweight vehicles increased. For example the percentage of overweight vehicles increased from 16 percent at 8 p.m. to 23 percent at 4 a.m. Research conducted for the Federal Highway Administration has suggested that permanent weigh stations should use hours of operation that include nights and weekends when overweight percentages may be the highest. Also, the element of predictability provides truckers with an opportunity to try to avoid being weighed or inspected.

Portable scale hours of operation are predictable

Figure 2.2 demonstrates the percent of portable scales in operation by hour of day in August 2002. This information is based on the hours employees were scheduled to work the portable scale units and does not account for officers performing other duties. Portable scales were in operation even less frequently than permanent scale locations during evening and early morning hours. The steep decline in activity begins at 1 p.m.

Figure 2.2: Percent of Portable Scales in Operation by Hour of Day

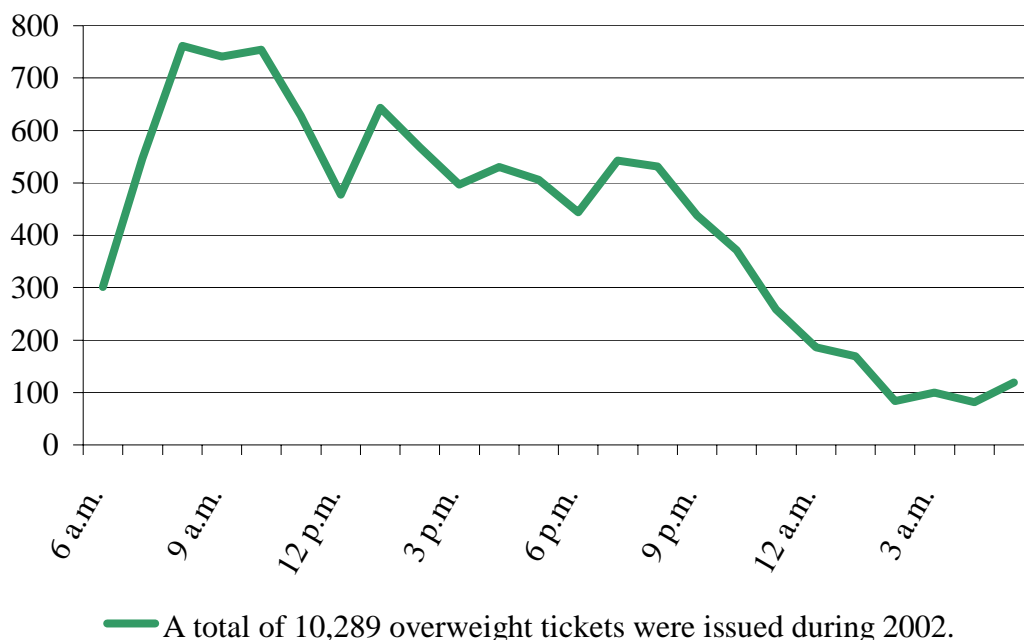


Most tickets are issued between 8 a.m. and 5 p.m.

Our review of tickets issued for weight violations found officers issued 64 percent of all overweight tickets between 8 a.m. and 5 p.m. During our discussion with commercial vehicle enforcement officers, a number of supervisors admitted the scale station schedules do not vary much from month to month.

Figure 2.3 demonstrates the number of overweight tickets issued by hour of day. This information includes all tickets issued at scale stations and portable units.

Figure 2.3: Number of Overweight Tickets Issued by Hour of Day



Conclusion

The hours of operation for Missouri's truck scales are highly predictable, with scales open more frequently during midday and less often at night and in early morning. Variable schedules and targeting of overweight vehicles would eliminate predictability and provide more effective enforcement.

Recommendation

We recommend the Superintendent, Missouri State Highway Patrol:

- 2.1 Establish variable schedules for permanent and portable scales to include more coverage in the late hours and weekends.

Superintendent, Missouri State Highway Patrol Comments

- 2.1 *The Commercial Vehicle Enforcement Division will ensure that personnel and facilities are used in the most efficient manner possible. Consideration is given to traffic volume as well as early, late, or midday hours. Although a larger percentage of truck traffic may be in violation at 4 a.m. due to small traffic volume, a larger actual number of trucks can be in violation at midday due to a much greater volume of traffic.*

3. Management Reporting System Needs Improvement

The patrol cannot use its reporting system to analyze how enforcement resources are used. Better procedures and supervisory oversight are needed to ensure officers properly recognize their reporting responsibilities. Our review determined some information was not accurately collected and properly reported to the Federal Highway Administration. We found the patrol's limited monitoring of the reporting system led to these conditions.

Background

The patrol requires officers operating each static and portable scale to track the number of vehicles weighed and other data in the Commercial Vehicle Enforcement Activity Reporting System (reporting system). Various reports can be generated to allow the patrol to track the activity of each scale location and portable unit.

The MoDOT has partnered with Heavy Vehicle Electronic License Plate, Inc. (HELP), a non-profit organization, to equip permanent scale locations with PrePass. PrePass is an electronic screening program operated by HELP that allows qualified carriers to be checked at highway speeds for safety, vehicle weight, and regulatory compliance, according to criteria established by the state. The driver receives a green light signal (by use of transponder technology installed in the truck) to proceed without stopping if the truck is in compliance and the size and weight are legal or if the station is closed. PrePass charges the driver 99 cents per bypass up to a maximum charge of \$3.96 (4 bypasses per day). No charges occur if the station is closed. None of these charges are remitted to the state. As of December 2002, Missouri had 18 permanent sites equipped with PrePass, with the first site starting in June 2002 at the Joplin scale station. Nationwide, there are 238 PrePass sites in 24 states.

Inaccurate counting of vehicles weighed

Procedures to track the number of vehicles weighed are not consistent from one scale location to another. The method of counting vehicles varied because officers did not have adequate guidance on how vehicles weighed should be counted. Most officers use a manual hand counter to track the number of vehicles weighed; however, officers at several locations estimate the number of vehicles weighed. In addition, some personnel at scale locations counted the vehicles driving through the bypass lane as weighed vehicles, while other locations only counted the vehicles crossing the static scale.

Vehicle counting methods were not consistent

Our review of the number of vehicles weighed in 2002 identified two scale locations with significantly higher counts compared to other similar locations. Enforcement personnel said they inflated the counts out of concern the weigh stations would close for lack of activity. These personnel received this impression from supervisors. This resulted in inaccurate management reports including inaccurate reporting to the Federal Highway Administration as part of Missouri's annual certification of enforcement efforts in accordance with requirements of Title 23, Code of Federal Regulations Part 657.

In January 2003, the captain of the commercial vehicle enforcement division (division) sent an interoffice communication to troops requesting they count a vehicle crossing the static scale as a weighed vehicle. The captain has not followed up to determine if changes have been implemented to ensure consistency in tracking the number of vehicles weighed.

Better management reports are needed

Management reports prepared by the patrol are not designed to provide comparisons between scale locations or portable units, and do not always contain essential data to properly evaluate enforcement activities. Without this information, management cannot adequately evaluate the effectiveness and efficiency of the scale locations.

- Information included in some management reports was not always accurate. For example, the reporting system indicated portable unit number 1508 in Troop E weighed 5,806 vehicles on a single day, or 16 times more vehicles than other portable units weighed during the entire year (other portable units weighed between 6 and 350 vehicles during 2002). The original document reporting this data to headquarters was not maintained and there is no evidence this data is reviewed for accuracy. When we discussed this obvious error with the portable unit officer, he stated no vehicles were weighed that day. In March 2003, division personnel requested the ability to input and process this data rather than the patrol's information systems division.
- The patrol maintains a database of information from all tickets issued. Our review noted the scale location designator was not always tracked for overweight tickets. This designator links the overweight ticket to a specific scale location or portable unit on the reporting system. In 2002, 1,670 of 9,927 (16.8 percent) tickets issued by commercial vehicle officers did not include the scale station designator. The designator would be useful in evaluating performance of stations.
- Information related to the hours a scale station is open is not maintained. Reports analyzing operating hours of a scale station would help management evaluate the effectiveness and efficiency of scale locations. While such information is not tracked by the patrol, PrePass technology installed in several weigh stations electronically monitors the scale station open/closed sign for billing purposes. For example, we obtained PrePass data for the period June 2002 through December 2002 and found 803,651 of 1.2 million PrePass equipped trucks (65.5 percent) passed by a Missouri weigh station while the station was closed. The percentage of vehicles that passed a closed weigh station varied significantly from one weigh station to another during this period. For example, when we reviewed some of the inbound scale locations, we noted the Joplin eastbound station was closed only 22.8 percent of the time while the St. Clair westbound station was closed 66.4 percent of the time. Some of the outbound stations showed much higher percentages, topping at 88.8 percent. The patrol concentrates enforcement efforts on inbound scale locations, which weigh vehicles entering the state, rather than outbound locations weighing departing vehicles.

Conclusion

The patrol needs to develop an accurate reporting system to include all essential data and provide reports comparing data between scale locations or portable units. As a result of the deficiencies noted in reports maintained by the patrol, commercial vehicle weight enforcement managers may not have critical information necessary to properly manage enforcement activities.

Recommendation

We recommend the Superintendent, Missouri State Highway Patrol:

- 3.1 Improve the reporting system to effectively and efficiently manage commercial vehicle weight enforcement activities.

Superintendent, Missouri State Highway Patrol Comments

- 3.1 *The Commercial Vehicle Enforcement Division has recently implemented an improved method of reporting commercial vehicle activities. Commercial vehicle officers will electronically submit information from the CVE Daily Reporting Form to General Headquarters. An improvement was also made in the Traffic Arrest System to increase the accuracy in reporting of tickets issued by a specific portable unit or scale.*

The Commercial Vehicle Enforcement Division has also established a more accurate method of tracking the number of vehicles weighed. A division special order has been revised that provides instructions on weighing vehicles that cross the static scales.

In addition to addressing the recommendations contained in this report, the other responsibilities incumbent to commercial vehicle enforcement personnel certainly need to be realized. The following data serves to illustrate some of the other areas of responsibility, in addition to weight enforcement.

January 1, 2002 – December 31, 2002

ARRESTS

<i>Motor Carrier Authority</i>	<i>3,882</i>
<i>Drivers License</i>	<i>992</i>
<i>Vehicle License</i>	<i>4,505</i>
<i>Equipment</i>	<i>5,719</i>
<i>Other (Log Book, Fuel License etc)</i>	<i>1,320</i>
<i>Total</i>	<i>16,348*</i>

** This does not include the overweight tickets mentioned in this report*

DRIVER/VEHICLE INSPECTIONS – 58,895

	<i>VIOLATIONS</i>	<i>OUT OF SERVICE VIOLATIONS</i>
<i>Driver</i>	62,368	6,182
<i>Vehicle</i>	101,730	27,205
<i>Hazardous Material</i>	1,713	374
<i>Total</i>	165,811	33,761

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The objectives of this audit were to determine if the Commercial Vehicle Enforcement Division was managed effectively and to ensure vehicle weight laws are being properly enforced to protect the state highway infrastructure.

Scope and Methodology

To accomplish the audit objectives we:

- Reviewed state laws and regulations governing weight enforcement.
- Reviewed policies and guidelines that govern operations of the division and its nine troop headquarters.
- Interviewed enforcement personnel to determine the policies and procedures used to enforce vehicle weight laws and prevent excessive damage to Missouri roads.
- Analyzed employee work schedules to determine if hours of operation were predictable.
- Observed weigh station procedures and employee work routines during visits to weigh station facilities.
- Accompanied two commercial vehicle enforcement officers during routine operations of the portable scale unit and observed portable unit procedures.
- Obtained and analyzed the Missouri State Highway Patrol's detailed computerized data of all violations cited by enforcement officers to determine the overweight violations issued during calendar year 2002. We analyzed the data to determine the number of overweight violations issued in each county and troop, and by each commercial vehicle enforcement officer. We reviewed division procedures to validate the data and found procedures to be adequate.
- Reviewed data from internal road dynamic sites maintained by the MoDOT as part of the strategic highway research program. These sites provide continuous data on the number of overweight vehicles traveling on highways where the sensors are permanently located. We also reviewed MoDOT procedures to calibrate the sensors to ensure the data collected is accurate.

BACKGROUND

Patrol officials stated their mission is to serve and protect all people by enforcing laws and providing services to ensure a safe and secure environment.

The primary purpose of the patrol is to enforce the traffic laws and promote safety upon the highways. However, the patrol has been tasked by the Governor and the legislature with many additional law enforcement duties including motor vehicle and commercial vehicle inspections, driver's license examinations, criminal investigations, criminal laboratory analysis and research, public education, and gaming enforcement.

The patrol is under the command of a superintendent appointed by the Governor. The superintendent is supported by the assistant superintendent and five bureau commanders. The patrol's Field Operations Bureau has authority over each of the patrol's nine troops and the Support Services Bureau directs the Commercial Vehicle Enforcement Division.

Each troop has a captain, who acts as the commanding officer for the troop. The troop captain is responsible for supervising all troop operations, employees under their command, and commercial vehicle enforcement officers. Commercial vehicle enforcement officers are charged with enforcing all applicable federal and state rules, regulations and statutes related to commercial vehicles. The patrol is authorized to hire 172 commercial vehicle enforcement officers; however, only 140 were employed at December 31, 2002.

In addition to the above structure, within the patrol there is a Commercial Vehicle Enforcement Division designed to coordinate uniform enforcement of commercial vehicle laws and regulations, coordinate planning and construction of new scale facilities, and oversee the maintenance of the SAFETYNET computer system which is used by commercial vehicle enforcement officers to perform roadside inspections.

To address its vehicle weight enforcement responsibilities, the patrol uses 26 permanent scales and 22 portable scales to weigh vehicles statewide. Seven of the troops use permanent scales and all nine troops use portable scales. The permanent scales are positioned on major highways throughout the state. Enforcement personnel use portable scales to work out of their vehicles while on duty and are assigned to patrol various counties in their troop. Permanent scale facilities are constructed by the MoDOT and portable scales are purchased by the patrol; however, the patrol and the MoDOT share maintenance responsibilities of the official weigh station facilities throughout the state.

COMMERCIAL VEHICLE ENFORCEMENT ACTIVITIES REVIEWED

Table III.1 and III.2 show information obtained from the patrol's Commercial Vehicle Enforcement (CVE) Activity Reporting System, and served as the starting point for our review; however, as indicated in this report, information entered into the system was not always accurate.

Table III.1 depicts the total hours open and number of vehicles weighed at each fixed scale location during the year ending December 31, 2002.

Table III.1: Fixed Weigh Station Activity Summary - 2002

Troop	Station	Direction	Hours Open	Total Vehicles Weighed
A	Platte City	North	3,656	149,593
A	Kearney	North	3,180	61,680
A	Mayview	East	6,433	858,758
A	Mayview	West	866	106,098
A	Harrisonville	South	2,983	50,704 ¹
A	Harrisonville	North	179	3,069 ¹
A	Lone Jack	East	2,502	16,728
B	Hannibal	West	1,801	2,147 ²
C	St. Clair	East	1,681	157,182 ¹
C	St. Clair	West	5,652	657,022 ¹
C	Foristell	East	1,829	115,477 ¹
C	Foristell	West	6,189	181,092 ¹
C	Barnhart	South	2,161	426,465 ⁵
D	Strafford	East	2,108	29,692 ¹
D	Joplin	East	8,002	396,676
D	Joplin	West	3,369	149,139
E	Steele	North	70	527 ³
E	Caruthersville	West	4,430	64,016
E	Charleston	South	5,241	77,217 ¹
G	Willow Springs	East	4,055	72,239
G	Willow Springs	West	3,351	53,488
H	Eagleville	North	3,200	79,127
H	Eagleville	South	5,836	103,743
H	St. Joseph	East	3,663	38,095
H	Watson	North	1,268	39,961
H	Watson	South	5,938	142,331
	Closed Stations ⁴		<u>1,829</u>	<u>82,337</u>
	Total		<u>91,472</u>	<u>4,114,603</u>

¹This location estimated the number of vehicles weighed in 2002.

²This location only counted vehicles that were inspected or found to be overweight.

³This location was closed for construction during most of the fiscal year.

⁴Patrol personnel said actual data was entered into the CVE system in error to scale locations closed during fiscal year 2002.

⁵Patrol personnel said this number appeared significantly higher than actual.

Source: SAO analysis of CVE Activity Reporting System

APPENDIX III

Table III.2 depicts the hours of operation and number of vehicles weighed by each portable unit during the year ending December 31, 2002. The CVE system reported 5,951 vehicles weighed by Troop E portable unit number 1508 when only 145 were actually weighed. Adjusting for this reporting error reduces total vehicles weighed to 3,820.

Table III.2: Portable Unit Activity Summary-2002

Troop	Portable Scale Unit Number	Hours of Operation	Vehicles Weighed
A	1500	1,603	110
	1501	1,175	450
	1502	1,331	192
B	1503	1,349	46
	1504	1,180	210
C	1505	1,323	969
	1506	1,910	129
	1507	1,170	144
D	1549	152 ²	11
	1550	1,463	85
E	1508	1,594	5,951 ¹
	1509	1,962	70
	1510	1,922	74
F	1511	1,956	38
	1512	2,130	45
	1513	1,065	32
G	1514	1,452	56
H	1515	1,595	291
	1516	1,174	340
	1517	1,326	347
I	1518	1,607	30
	1519	<u>1,239</u>	<u>6</u>
Total		<u>31,678</u>	<u>9,626</u>

¹The patrol CVE Activity Reporting System showed this unit weighed 5,806 vehicles on March 7, 2002. The commercial vehicle officer assigned to this unit provided a daily activity log which indicated no vehicles were weighed on this day. Patrol personnel stated this overstatement was the result of a data entry error.

²Patrol personnel said this number appeared significantly lower than actual.

Source: SAO analysis of CVE Activity Reporting System

APPENDIX III

Table III.3 depicts the number of tickets for overweight vehicles issued in each county during the year ending December 31, 2002.

Table III.3: Overweight Tickets by County Issued during 2002

County	Number of Overweight Tickets	County	Number of Overweight Tickets	County	Number of Overweight Tickets
Adair	7	Greene	162	Ozark	1
Andrew	23	Grundy	1	Pemiscot	411
Atchison	358	Harrison	650	Perry	0
Audrain	0	Henry	12	Pettis	8
Barry	1	Hickory	0	Phelps	7
Barton	1	Holt	21	Pike	4
Bates	14	Howard	0	Platte	708
Benton	15	Howell	126	Polk	2
Bollinger	0	Iron	10	Pulaski	1
Boone	1	Jackson	117	Putnam	0
Buchanan	38	Jasper	8	Ralls	1
Butler	18	Jefferson	90	Randolph	6
Caldwell	1	Johnson	20	Ray	25
Callaway	4	Knox	1	Reynolds	0
Camden	7	Laclede	0	Ripley	6
Cape Girardeau	11	Lafayette	2,755	St. Charles	651
Carroll	10	Lawrence	11	St. Clair	0
Carter	1	Lewis	1	St. Francois	0
Cass	158	Lincoln	32	St. Louis	210
Cedar	0	Linn	4	Ste. Genevieve	2
Chariton	1	Livingston	4	Saline	15
Christian	2	McDonald	2	Schuyler	0
Clark	0	Macon	10	Scotland	0
Clay	723	Madison	5	Scott	19
Clinton	7	Maries	2	Shannon	0
Cole	9	Marion	31	Shelby	0
Cooper	1	Mercer	0	Stoddard	10
Crawford	1	Miller	6	Stone	1
Dade	3	Mississippi	225	Sullivan	0
Dallas	2	Moniteau	1	Taney	6
Daviess	3	Monroe	1	Texas	4
DeKalb	2	Montgomery	2	Vernon	0
Dent	2	Morgan	0	Warren	6
Douglas	1	New Madrid	15	Washington	0
Dunklin	19	Newton	1,808	Wayne	7
Franklin	583	Nodaway	6	Webster	2
Gasconade	1	Oregon	0	Worth	3
Gentry	0	Osage	1	Wright	5
				Total	<u>10,289</u>

Source: SAO analysis of patrol ticket data

APPENDIX III

Table III.4 depicts the number of tickets for overweight vehicles issued by hour of day during the year ending December 31, 2002.

Table III.4: Number of Overweight Tickets by Hour of Day

Violation Hour	Number of Overweight Tickets
12:00 a.m.	186
1:00	169
2:00	83
3:00	100
4:00	81
5:00	119
6:00	301
7:00	547
8:00	761
9:00	741
10:00	754
11:00	628
12:00 p.m.	477
1:00	643
2:00	568
3:00	497
4:00	530
5:00	506
6:00	444
7:00	543
8:00	531
9:00	438
10:00	372
11:00	259
Time Unknown	11
Total	<u>10,289</u>

Source: SAO analysis of patrol ticket data

APPENDIX III

Table III.5 depicts the number of tickets for overweight vehicles issued on the various types of highway during the year ending December 31, 2002.

Table III.5: Number of Overweight Tickets by Highway Description

Highway Description	Number of Overweight Tickets
Interstate Highway	8,969
U.S. Highway	643
State Numbered	311
Other	167
State Lettered	100
County Road	74
City Street	18
Business Route	3
Outer Road	3
Alternate Route	<u>1</u>
Total	<u>10,289</u>

Source: SAO analysis of patrol ticket data



**DEPARTMENT OF MENTAL HEALTH
NORTHWEST MISSOURI PSYCHIATRIC
REHABILITATION CENTER**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-92
September 18, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Mental Health, Northwest Missouri Psychiatric Rehabilitation Center.

-
For the two years ended June 30, 2002, the Northwest Missouri Psychiatric Rehabilitation Center (NWMPRC) should have reimbursed the state's General Revenue Fund \$104,800 for three state employees whose time was spent operating the canteen. According to the facility personnel, the percentage of time spent by state employees operating the canteen was approximately 76 percent and 51 percent for the years ended June 30, 2002 and 2001, respectively. Assuming an average of approximately 50 percent of the state employees' time is spent operating the canteen each year, an average retail price increase of approximately 25 percent would be necessary for the Canteen Fund to repay the state's General Revenue Fund for the operating costs related to the state employees. If the Canteen Fund does not generate enough annual profit to reimburse the state's General Revenue Fund for operating costs associated with state employees, the unreimbursed costs should be considered when determining future canteen prices.

During the two years ended June 30, 2002, the facility transferred work therapy program funds totaling approximately \$21,800 to the Mental Health Trust Fund instead of the state's General Revenue Fund. In addition, the facility does not maintain work therapy monies in a separate account, as required by state law, and does not adequately monitor operations and related financial activity of the work therapy program.

The facility uses state General Revenue Fund appropriations to pay all salary and benefit costs for the state employees who oversee the operations of the work therapy program. Although the facility had at least \$461,000 of costs related to this program, the facility only transferred approximately \$21,800 of work therapy program revenues to the Mental Health Trust Fund. Increases in the prices charged for program products and services would help offset some of the costs of operating the program. To adequately monitor work therapy program operations and to determine if they are efficient and being utilized, the facility should determine the net profit or loss of each work therapy program.

NWMPRC personnel are unable to identify the proper disposition of approximately \$17,490 in the Non-Appropriated Funds System (NAFS) holding account. Additionally, NWMPRC personnel did not always retain documentation to support expenditures of non-appropriated funds.

YELLOW SHEET

Some state-owned vehicles operated by the facility are underutilized. We noted 23 of 37 vehicles were driven less than 5,000 miles during the year ended June 30, 2002. Of these 23 underutilized vehicles, facility personnel indicated 17 of them are primarily used on the grounds. During 2001, the facility purchased three new vehicles for the fleet. One of these three was specially equipped, but the other two were not. One of these vehicles was driven only 1,295 miles during the year ended June 30, 2002.

According to facility management, the number of vehicles necessary for use on the grounds by each department has not been analyzed. During our audit, we noted the Carpenter Shop has three vehicles assigned to its department, but only has one full time employee. In addition, vehicle logs are not maintained for all facility vehicles and some logs were not complete and accurate.

NWMPRC personnel do not perform a monthly reconciliation of purchases, usage, and inventories for fuel maintained in the facility's bulk storage tank. We performed this reconciliation for the period November 15, 2001 through April 25, 2002, and found 118 gallons of unleaded gasoline were not accounted for properly.

The audit report also notes some other concerns related to use and maintenance of the revolving fund, contracts, and employee meals.

All reports are available on our website: www.auditor.state.mo.us

DEPARTMENT OF MENTAL HEALTH
NORTHWEST MISSOURI PSYCHIATRIC REHABILITATION CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Mental Health Commission
and
Dorn Schuffman, Director
Department of Mental Health
and
Diane McFarland, Director of Comprehensive Psychiatric Services
Department of Mental Health
and
Laurent D. Javois, Superintendent
Northwest Missouri Psychiatric Rehabilitation Center
St. Joseph, MO 64506

We have audited the Department of Mental Health, Northwest Missouri Psychiatric Rehabilitation Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations, and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.
3. Review certain expenditures made by the Northwest Missouri Psychiatric Rehabilitation Center.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent procedures and documents, and interviewed various personnel of the facility.

As part of our audit, we assessed the facility's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and the Statewide Advantage for Missouri (SAM II) system and was not subjected to the procedures applied in the audit of the facility.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Mental Health, Northwest Missouri Psychiatric Rehabilitation Center.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 13, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
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	Tania Williams
	Gek Mui Melinda Tan

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF MENTAL HEALTH
NORTHWEST MISSOURI PSYCHIATRIC REHABILITATION CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Canteen Procedures
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- A. For the two years ended June 30, 2002, the facility should have reimbursed the state's General Revenue Fund \$104,800 for the amount of time spent by three state employees operating the canteen. One of the primary duties of the state employees in the canteen is to supervise and train the patients who work in the canteen. The salary costs noted above represent time these employees operated the canteen when no patients were working. According to the facility personnel, the percentage of time spent by state employees operating the canteen was approximately 76 percent and 51 percent for the years ended June 30, 2002 and 2001, respectively. These percentages were determined by comparing the total hours of canteen operations to the total training hours.

Assuming an average of approximately 50 percent of the state employees' time is spent operating the canteen each year, an average retail price increase of approximately 25 percent would be necessary for the Canteen Fund to repay the state's General Revenue Fund for the operating costs relating to state employees. Facility personnel indicate that imposing employee salary operating costs on the Canteen Fund would result in significant opposition by the patients because the prices of canteen goods would have to increase substantially. While we recognize patients typically have limited income and financial support, our analysis of the prices of canteen products currently held for sale suggests that prices may be artificially low. For example, a 25 percent price increase would raise the price of a 20 ounce bottle of soda from 80 cents to \$1.00, and the price of a generic pack of cigarettes from \$1.40 to \$1.75. If the Canteen Fund does not generate enough annual profit to reimburse the state's General Revenue Fund for operating costs associated with state employees, the unreimbursed costs should be considered when determining future canteen prices.

The Canteen Fund was established under Section 630.335, RSMo 2000, which states "The acquisition costs of goods and *other expenses [emphasis added]* shall be paid from the account." Based on this statutory language, it appears the canteen operating costs related to state employees should be paid from the earnings from canteen sales. The facility should require the Canteen Fund to reimburse the state's General Revenue Fund for the operating costs related to state employees and adjust the prices of canteen goods accordingly. In addition, Northwest Missouri Psychiatric Rehabilitation Center (NWMPRC) management should periodically evaluate whether canteen prices were sufficiently adjusted.

- B. Numerous differences (both overages and shortages) between the daily cash register receipt reports for the canteen and monies transmitted to the accounting department were not explained. While most of the differences were small, some unexplained larger differences were also noted. To ensure all receipts are properly accounted for, NWMPRC management should adopt procedures to ensure the differences between the daily cash register receipt reports and monies transmitted (overages and shortages) are investigated and the resolution is documented.

WE RECOMMEND NWMPRC management:

- A. Require the Canteen Fund to reimburse the state's General Revenue Fund for the salary costs related to state employees who operate the canteen, and adjust the prices of canteen goods accordingly. In addition, management should periodically evaluate whether canteen prices were properly adjusted.
- B. Ensure personnel investigate and resolve overages and shortages (over a specified amount).

AUDITEE'S RESPONSE

- A. *We partially concur. We submit that virtually all Canteen staff's time is devoted to functions that support patient workers and other patients, who are customers of the Canteen. Although their classifications indicate "support" functions, they actually function as "direct care" personnel. They must monitor safety and security for patient customers, review their dietary plans to ensure appropriate purchases and respond appropriately with patients' behaviors. Canteen staff receive the same training as direct care staff. Therefore, we do not agree that any monies should be reimbursed to General Revenue.*

We have begun evaluating and adjusting Canteen pricing and will continue as needed.

- B. *We concur. Canteen staff will investigate any overage/shortage of \$1.00 or more, attempting to reconcile and note same on daily cash report. This will be implemented by September 1, 2003.*

2. Work Therapy Program

The Work Therapy Program provides both services to the facility and vocational activities for the facility's patients. The goods or services that are produced by the program are sold to the facility employees and their families. Some of the items or services produced by the program include auto repair services, plants, and car detailing.

- A. During the two years ended June 30, 2002, the facility transferred work therapy program funds totaling approximately \$21,800 to the Mental Health Trust Fund instead of the state's General Revenue Fund. Section 630.340 (2), RSMo 2000, states "The remaining funds from sales of the activity center shall be deposited monthly in the state treasury to the credit of the General Revenue Fund." Currently, revenues of the work therapy program are deposited to the facility holding account, along with other facility revenues, and transferred to the Mental Health Trust Fund each night. In addition, the facility does not maintain work therapy monies in a separate account, as required by state law. According to Section 630.340 (2), RSMo 2000, all monies from an activity center should be placed in a separate account.

Work therapy program expenses are paid from both the Mental Health Trust Fund and the state's General Revenue Fund. Because of the commingling of monies with general facility activities, the receipts and expenditures of the work therapy program are not accounted for in a comprehensive manner that would allow for financial aspects of the program to be monitored. Maintaining a separate bank account for the program would allow for better accountability of work therapy program activity, as well as meet the requirements of state law.

- B. NWMPRC management does not adequately monitor operations and related financial activity or results of the work therapy program. The facility uses state General Revenue Fund appropriations to pay all salary and benefit costs for the state employees who oversee the operations of the work therapy program. According to the facility personnel, the total salary and benefits costs for the two years ended June 30, 2002, were approximately \$461,000 for nine state employees. The facility indicated that two of these nine employees only spend a portion of their work time on the work therapy program; however, documentation was not maintained to show the actual time spent on the work therapy program. The facility was also unable to provide us with total revenues and expenditures of the work therapy program and the net profit or loss was not determined.

Although the facility had at least \$461,000 of costs related to this program, the facility only transferred approximately \$21,800 of work therapy program revenues to the Mental Health Trust Fund. Increases in the prices charged for program products and services would help offset some of the program costs. Our analysis of the prices of products currently sold through the work therapy program suggests that current prices may be artificially low. For example, the facility only charges \$5 per hour for auto shop labor.

The vocational activity center was established under Section 630.340 (2), RSMo 2000, which includes the requirement that "...any goods sold and *other expenses* [*emphasis added*] shall be paid from this account." Based on this statutory language, it appears the operational costs related to the state employees should be paid from the earnings from work therapy program sales. Considering the significant difference between costs and revenues of the program, the facility

should, at a minimum, evaluate the rates charged for the various services. The facility should also determine whether it is cost effective to continue this program. To adequately monitor work therapy program operations and to determine if they are efficient and being utilized, the facility should determine the net profit or loss of each work therapy program.

- C. The work therapy program receipt slips issued by the facility are not prenumbered. Most goods and services are paid for in advance and the receipt slips obtained are presented to the work therapy program workers to obtain the goods and services. To account for all receipts and ensure all monies received are deposited, prenumbered receipt slips should be issued for all monies received and the numerical sequence of receipt slips should be accounted for properly.

WE RECOMMEND NWMPRC management:

- A. Ensure profit from the work therapy program, if any, is transferred to the state's General Revenue Fund. In addition, facility management should ensure all work therapy program monies are maintained in a separate account.
- B. Monitor the operations of the work therapy program, including requiring the program to reimburse the state's General Revenue Fund, to the extent possible, for the costs of state employees. Furthermore, management should evaluate the adequacy of amounts charged for goods and services and determine if the program is cost justified.
- C. Require prenumbered receipt slips be issued for all monies received, and ensure the numerical sequence of receipt slips issued is accounted for properly.

AUDITEE'S RESPONSE

- A. *We concur. We will implement the recommendations in fiscal year (FY) 2004.*
- B. *We do not concur. We submit that Work Therapy staff time should be appraised the same as Canteen staff time. One hundred percent of Work Therapy staff time is related to direct and indirect training of patient workers, therefore, no reimbursement to General Revenue for their salaries or fringes should be required. However, we will evaluate prices for goods and services towards ensuring the work therapy programs are covering the cost of supplies/equipment. This will be implemented in FY 2004.*
- C. *We concur. We will implement in FY 2004.*

3.**Non-Appropriated Funds System Procedures**

- A. Non-appropriated client and facility funds are maintained by facility personnel. Client monies, such as income and benefits, are used to pay for things such as care, treatment, and personal items. Facility monies, which are canteen receipts, are used to pay for the canteen operations. A review of the facility and client funds noted the following concerns:

1. NWMPRC personnel are unable to identify the source or proper disposition of approximately \$17,490 in the Non-Appropriated Funds System (NAFS) holding account. In addition, there is a subaccount within the holding account which is used to account for funds available to clients through a debit card system. The clients are given a debit card (similar to a credit card) to use in the canteen for purchases, instead of cash. The facility does not reconcile the amount of money in this subaccount to the total balance of these debit cards. At June 30, 2002, there was approximately \$765 in the debit system subaccount.

The holding accounts should be investigated to determine why such monies have been accumulated in the holding account. The facility should require unidentified monies to be disposed of in a timely manner. In addition, reconciliations of the debit system subaccount to the total amount posted to client debit cards should be performed and documented on a monthly basis and any discrepancies noted should be investigated. Because of the failure to reconcile the debit cards to the cash balance, improprieties and errors could occur and not be detected.

2. NWMPRC personnel did not always retain documentation to support expenditures of non-appropriated funds. For the year ended June 30, 2001, vendor invoices or other supporting documentation were not retained for canteen expenditures. Retention of records is necessary to ensure the validity of transactions and provide an audit trail. In addition, Section 109.270, RSMo 2000, provides that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

- B. The Department of Mental Health (DMH) issued a policy in 1998, outlining procedures for the use and maintenance of a revolving fund. This fund was established at \$4,000, and is maintained by facility personnel. The Mental Health Trust Fund reimburses the facility for expenditures made from this fund. These monies are available to be used for indigent patient monies and patient outings. A review of revolving fund activity noted the following concerns:

1. The facility made two loans to employees from the revolving fund, totaling approximately \$800, which violate the DMH revolving fund policy. These loans were given as a result of problems with employees' paychecks and were repaid once the error was resolved. To ensure all monies are used as intended, NWMPRC personnel should follow the written policies for the NAFS revolving fund.
2. Receipt slips are not prepared for the remaining monies received from employees after making purchases. To adequately account for all receipts, receipt slips should be issued for all monies collected and the numerical sequence should be accounted for properly.

WE RECOMMEND NWMPRC management:

- A.1. Ensure personnel determine the proper disposition of unidentified NAFS monies in a timely manner. In addition, a reconciliation of the debit system holding account should be performed monthly.
2. Retain documentation to support expenditures from non-appropriated funds.
- B.1. Ensure all expenditures comply with policy.
2. Require prenumbered receipt slips be issued for all monies received, and ensure the numerical sequence of receipt slips issued is accounted for properly.

AUDITEE'S RESPONSE

A.1 *We concur. We have made disposition of \$17,458 during FY 2003. The remaining \$32 will be disposed of in FY 2004. We will implement an internal procedure in FY 2004 to ensure proper disposal of unidentified NAFS monies in a timely manner. We will implement a process for reconciling the debit system monthly beginning in FY 2004.*

A.2&

B.1 *We concur.*

B.2

&3 *We concur. These procedures were implemented in FY 2003.*

4.	State-Owned Vehicles
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- A. Some state-owned vehicles operated by the facility are underutilized. We noted 23 of 37 vehicles (62 percent) were driven less than 5,000 miles during the year ended June 30, 2002. Of these 23 underutilized vehicles, facility personnel indicated 17 of them are primarily used on the grounds. While 12 of these 17

vehicles appeared to have been equipped for specific purposes, the remaining vehicles which were underutilized may have been used more efficiently by reassigning them to another department within the facility or to the motor pool. During 2001, the facility purchased three new vehicles for the fleet. One of these three was specially equipped, but the other two were not, and one of those vehicles was driven only 1,295 miles during the year ended June 30, 2002.

According to facility management, the number of vehicles necessary for use on the grounds by each department has not been analyzed. During our audit, we noted the Carpenter Shop has been assigned three vehicles, but only has one full-time employee.

Low mileage can often indicate that a facility has too many vehicles or that a facility does not efficiently utilize vehicles. In addition, the facility needs to periodically review vehicle needs and assignments, especially prior to the purchase of replacement vehicles.

- B. Vehicle logs are not maintained for all facility vehicles and some logs were not complete and accurate. Facility management does not require monthly vehicle travel logs be maintained for vehicles primarily used on the grounds, except for security vehicles; however, some of these vehicles are driven significant miles each year. For example, one of the grounds vehicles was driven approximately 5,500 miles during the year ended June 30, 2002, with no record of its use being kept. In addition, the monthly vehicle logs required by the facility for other vehicles were not always accurate or complete. The logs contained gaps in the ending and beginning mileage amounts. Also, the purpose of the trips is not always indicated on the logs.

Documentation and reviews of the logs are necessary to determine if the vehicles are being used efficiently and only for official state business. Without proper documentation of the purpose and destination of trips, it is not possible to monitor usage of state-owned vehicles to ensure vehicles are only used for authorized purposes.

- C. NWMPRC personnel do not perform a monthly reconciliation of fuel purchases, fuel usage, and fuel inventories for fuel maintained in the facility's bulk storage tank. Although fuel usage logs are maintained to account for all fuel used, fuel purchases are not tracked. While fuel inventories are performed, they are not performed on a monthly basis. According to facility personnel, fuel inventories are performed to determine the amount of fuel to order. We performed this reconciliation for the period November 15, 2001 through April 25, 2002, and found 118 gallons of unleaded gasoline were not accounted for properly.

The failure to reconcile fuel inventories to fuel purchases and usage increases the risk that theft or misuse of fuel could occur and not be detected. Such reconciliations should be performed and documented on a monthly basis and any

discrepancies noted should be investigated. Performing such fuel reconciliations would enable the facility to more fully account for fuel expenditures and help to identify any losses of fuel.

WE RECOMMEND NWMPRC management:

- A. Evaluate the usage and necessity of all vehicles to ensure they are properly utilized.
- B. Require that complete and accurate vehicle logs be kept on all vehicles. Also, these logs should be monitored to determine the reasonableness of mileage incurred, and to ensure that use is for authorized purposes.
- C. Ensure personnel reconcile fuel purchases, usage, and inventories monthly and investigate any significant differences.

AUDITEE'S RESPONSE

A&B. We concur. We will implement by October 1, 2004.

C. We concur. We will implement in the beginning of FY 2004.

5. Contracts

NWMPRC did not always enter into written contracts defining services to be provided and benefits to be received. The facility has been providing space in the Glore Psychiatric Museum to a not-for-profit auxiliary to operate a gift shop and provides state paid workers to the auxiliary to operate the gift shop. In return, the auxiliary is to provide funding for services for the patients of the facility. The facility does not have a written agreement or contract with the auxiliary that details the value of the space and salaries provided by the facility or the level of funding that must be provided by the auxiliary. In addition, during the two years ended June 30, 2002, NWMPRC paid two individuals approximately \$11,880 for chaplain or ministerial services without a written contract. Furthermore, the facility management has continued to use the same vending provider even though the vending services contract expired in December 2001 and has not been extended.

Written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

WE RECOMMEND NWMPRC management enter into written agreements with all parties that clearly detail the work to be performed and the compensation to be paid or benefits received.

AUDITEE'S RESPONSE

We concur and believe that our purchase orders serve as price agreements (contracts) with vendors.

6. Employee Meals

The NWMPRC provides meals to employees at no charge as part of a “modeling” program. The purpose of the program, according to facility personnel, was to encourage employees to eat with the clients to set a good example. Each year the facility provided approximately 11,300 meals to employees. The providing of free meals to employees appears to violate state law.

Section 630.186, RSMo 2000, states “Any purchase of food in any institution under the control of the department, other than the usual quantity purchased for the patients or residents thereof, to be used by or for anyone other than the patients or residents of such institution shall be charged directly to the individual responsible for such purchase.”

WE RECOMMEND NWMPRC management review the practice of providing free meals to employees.

AUDITEE'S RESPONSE

We concur. We ceased serving employees meals in FY 2003.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH
NORTHWEST MISSOURI PSYCHIATRIC REHABILITATION CENTER
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Northwest Missouri Psychiatric Rehabilitation Center (NWMPRC) is located in St. Joseph under the direction of the Missouri Department of Mental Health. The facility was established by the General Assembly in 1872 and began operation in 1874 as the St. Joseph State Hospital. In July, 1997, NWMPRC, formerly St. Joseph State Hospital, moved into a new facility.

The facility consists of the main campus, Woodson Building, and Glore Psychiatric Museum. Services are provided for Missouri citizens living in a twenty-five county area in northwest Missouri. The cost of care, both in-patient treatment and supported community living patients, is shared by the client, based on the ability to pay, and the Department of Mental Health.

The main campus used for adults includes three minimum security wings and six open campus security cottages. The 108-bed adult psychiatric treatment facility provides intermediate or long-term care. NWMPRC provides adult and forensic psychiatric services for chronic and persistent mental illness. The staff of the facility provide psychological rehabilitation to enable the clients to return to the community.

The Woodson Building houses the children's unit and other agencies that provide services to children and families. The 12-bed children's unit provides acute inpatient care. NWMPRC accepts children and adolescents to rapidly stabilize psychiatric symptoms.

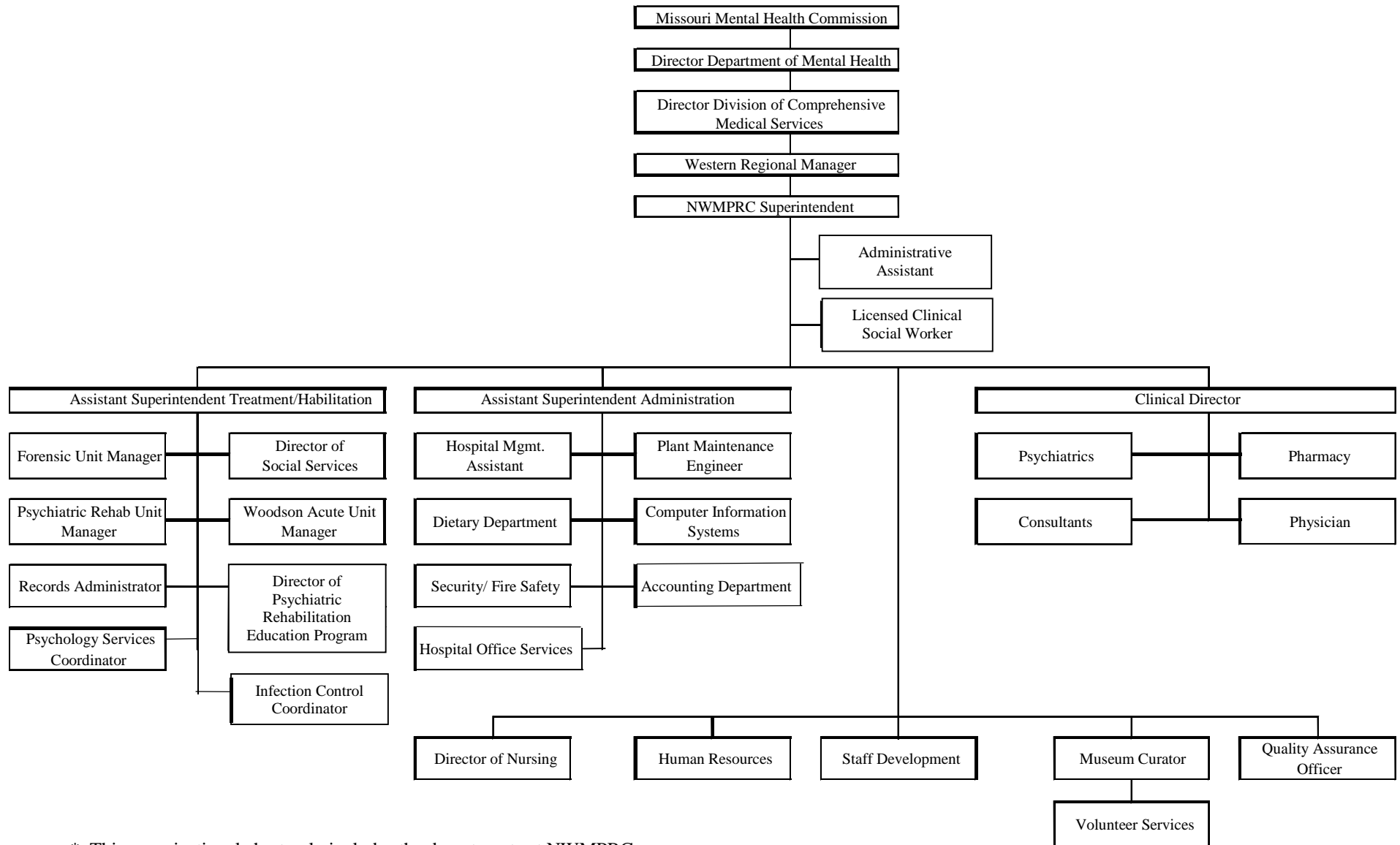
Follow-up provided by the facility is determined for each individual case. Community-based care and treatment is provided by staff of the Administrative Agents through the Supported Community Living program, Purchase of Service program, and the Medicaid-funded case management. Treatment services are monitored by the staff of the Northwest Regional Supported Community Living Program, located in St. Joseph.

The Glore Psychiatric Museum opened in 1967. The museum houses an extensive collection that chronicles the early history of psychiatric treatment. It also explains the more than 125 year history of St. Joseph State Hospital.

At June 30, 2002, NWMPRC had approximately 430 full-time employees performing various administrative, operational, and service functions. Laurent Javois has served as the facility superintendent since 1999.

An organization chart and statistical data follow:

DEPARTMENT OF MENTAL HEALTH
 NORTHWEST MISSOURI PSYCHIATRIC REHABILITATION CENTER*
 ORGANIZATION CHART
 JUNE 30, 2002



* This organizational chart only includes the departments at NWMPRC.

DEPARTMENT OF MENTAL HEALTH
 NORTHWEST MISSOURI PSYCHIATRIC REHABILITATION CENTER
 STATISTICAL DATA

	Year Ended June 30,	
	2002	2001
YEARLY ADMISSIONS		
Inpatient - Adult	59	75
Inpatient - Children and Adolescents	200	189
Total	259	264
YEARLY PATIENT DAYS		
Inpatient - Adult	40,455	39,673
Inpatient - Children and Adolescents	2,456	2,617
Total	42,911	42,290
OCCUPANCY STATISTICS		
Number of beds	120	120
Average daily census	118	116
Bed occupancy percentage	98%	97%

Appendix A

DEPARTMENT OF MENTAL HEALTH
NORTHWEST MISSOURI PSYCHIATRIC REHABILITATION CENTER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30,						
2002			2001			
Appropriation		Lapsed	Appropriation		Lapsed	
Authority	Expenditures	Balances	Authority	Expenditures	Balances	
GENERAL REVENUE FUND - STATE						
Personal Service	\$ 11,715,046	11,284,253	430,793	12,744,390	12,076,304	668,086
Expense and Equipment	1,995,063	1,944,406	50,657	2,385,063	2,384,153	910
Personal Service and/or Expense and Equipment	1,301,672	1,261,672	40,000	0	0	0
Total General Revenue Fund - State	15,011,781	14,490,331	521,450	15,129,453	14,460,457	668,996
DEPARTMENT OF MENTAL HEALTH - FEDERAL						
Personal Service	393,404	393,404	0	434,386	407,176	27,210
Personal Service and/or Expense and Equipment	43,712	43,712	0	0	0	0
Total Department of Mental Health - Federal	437,116	437,116	0	434,386	407,176	27,210
Total All Funds	\$ 15,448,897	14,927,447	521,450	15,563,839	14,867,633	696,206

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the State Treasurer, as fund custodian, and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This schedule does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and are not identified by facility. Expenditures charged to department-wide appropriations that are identified to Northwest Missouri Psychiatric Center are noted in Appendix B.

The lapsed balances include the following withholdings made at the Governor's request:

Year Ended June 30,		
	2002	2001
Personal Service	\$ 430,353	367,412
Expense and Equipment	50,657	0
Personal Service and/or Expense and Equipment	40,000	0
Total	\$ 521,010	367,412

Appendix B

DEPARTMENT OF MENTAL HEALTH
NORTHWEST MISSOURI PSYCHIATRIC REHABILITATION CENTER
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

Year Ended June 30,				
2002		2001		
	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For NWMPRC	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For NWMPRC
Salaries and Wages	\$ 12,576,898	13,950	12,483,480	14,746
Travel Expenditures	59,064	0	77,112	0
Fuel and Utilities	0	385,323	0	386,759
Communication Services and Supplies	111,786	0	89,930	0
Other Supplies	1,333,030	631,158	1,038,397	770,036
Professional Development	25,505	0	40,909	70
Professional Services	211,093	149,807	215,840	119,474
Maintenance and Repair Expenditures	208,053	0	209,889	0
Equipment Expenditures	268,694	2,358	625,447	313
Property and Improvements	101,104	0	46,101	0
Building and Equipment Lease Payments	6,957	0	17,304	0
Miscellaneous Expenditures	25,263	44,808	23,224	25,880
Total Expenditures	\$ 14,927,447	1,227,404	14,867,633	1,317,278

Appendix C

DEPARTMENT OF MENTAL HEALTH
NORTHWEST MISSOURI PSYCHIATRIC REHABILITATION CENTER
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH BALANCES - CLIENT ACCOUNT (FROM NON-APPROPRIATED FUNDS)

		<u>Year Ended June 30,</u>	
		<u>2002</u>	<u>2001</u>
CASH BALANCE, JULY 1	\$	151,719	158,424
RECEIPTS		883,234	1,066,691
DISBURSEMENTS		911,917	1,073,396
CASH BALANCE, JUNE 30	\$	<u>123,036</u>	<u>151,719</u>

Note: The receipts and disbursements presented in this schedule include client benefits.

Appendix D

DEPARTMENT OF MENTAL HEALTH
NORTHWEST MISSOURI PSYCHIATRIC REHABILITATION CENTER
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH BALANCES - FACILITY ACCOUNT (FROM NON-APPROPRIATED FUNDS)

		Year Ended June 30,	
		2002	2001
CASH BALANCE, JULY 1	\$	26,400	24,081
RECEIPTS		176,549	175,667
DISBURSEMENTS		170,517	173,348
CASH BALANCE, JUNE 30	\$	<u>32,432</u>	<u>26,400</u>

Note: The receipts and disbursements presented in this schedule include the canteen.

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**REVIEW OF THE MISSOURI UNEMPLOYMENT
COMPENSATION TRUST FUND**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-91
September 5, 2003
www.auditor.state.mo.us**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

September 2003

Unemployment benefits for discharged workers are handled differently here than other states; action still needed to make Unemployment Insurance Trust Fund solvent

This report follows a 2002 audit on the impending insolvency of the Unemployment Insurance Trust Fund, which pays unemployment benefits to thousands of individuals each year. The report specifically addresses how the state's Department of Labor and Industrial Relations (DOLIR) handles unemployment benefits to those discharged for misconduct, which was questioned during the last report's release. In addition, this report dissects the pros and cons of the recently vetoed legislation which attempted to make the fund solvent.

Other states impose harsher penalties for misconduct discharges

Auditors found the department's oversight of discharged worker's claims generally complied with state law, but how the state penalizes misconduct discharge greatly differs from other states. Missouri is one of 12 states allowing individuals discharged for misconduct to receive full unemployment benefits after waiting a 4- to 16-week disqualification period based on the severity of the behavior. The department paid \$22.5 million in unemployment benefits during 2001 on approximately 10,000 misconduct discharge cases. In addition, 7 of these 12 states also penalize the individual along with the disqualification period, most often by reducing unemployment benefits by the number of disqualification weeks. The remaining 39 states deny unemployment benefits to anyone discharged for misconduct and the claimants must go back to work and re-qualify for benefits on a future claim. (See page 5)

Department officials could use stiffer penalties under current law

Auditors found department officials have not fully used the penalties available under current law. State law allows department officials to assess 4 to 16 weeks of disqualification on a misconduct discharge, but auditors found the department seldom imposed a waiting period of more than 4 to 8 weeks, with an average of 5.5 weeks. The recently vetoed legislation proposed eliminating these disqualification weeks on misconduct discharges, and proposed such claimants would be ineligible for benefits until they returned to work, earned at least \$2,000 and became unemployed again. Department estimates showed this change could save the state \$30 million in benefits annually. (See page 6 and 9)

Missouri handles drug-related discharge cases differently than other states

Auditors found 14 of 18 states contacted (including those surrounding Missouri) do not allow a person who failed a pre-employment drug screening to receive benefits, and denies their claim; while 17 of the 18 states also consider failure of a random drug test to be

YELLOW SHEET

misconduct and deny or reduce benefits. But Missouri allows unemployment benefits for claimants on drug-related discharge cases unless signs of on-the-job impairment are found or the job is deemed safety sensitive. Courts have agreed with the department's interpretation of the law and the department will not alter its handling of such situation unless state law is changed. (See page 6)

1 percent of total benefits paid went to drug-related discharges

Auditors estimated about 1 percent of the \$476 million paid in unemployment benefits in 2001 went to claims with drug-related discharges. To reach this estimate, auditors reviewed a statistical sample of 50 drug-related discharges during 2001 and then projected to the total population. Estimates showed the department paid \$4.9 million in unemployment benefits on 1,960 drug-related discharges. About 68 percent of these claims involved misconduct and the claimant served disqualification weeks before receiving benefits, which totaled an estimated \$2.4 million. Estimates showed the department personnel found no misconduct on 32 percent of the cases, and the claimant did not have to wait before obtaining unemployment benefits. Reasons for no misconduct included employers either refused or failed to provide sufficient information to support misconduct, individuals started work but then failed pre-employment drug tests, or employers could not prove the drug use was connected to work. (see page 7)

Vetoed legislation to make fund solvent was costly to employers

Although the 2003 vetoed legislation addressed fund solvency by increasing revenue and reducing benefits, the proposed changes would have cost Missouri employers unnecessary interest, increased federal taxes levied on Missouri employers by \$275 million and did not make the fund solvent long-term. The vetoed legislation also proposed allowing the department to issue up to \$100 million in bonds to finance current and future insolvencies. The bond had to be repaid through a special assessment on all Missouri employers over a period not to exceed 10 years. Auditor analysis showed using bonds to finance the current solvency would cost employers approximately \$34 million more than financing the full insolvency through the U.S. Department of Labor. (See page 9)

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ABBREVIATIONS

DOLIR Department of Labor and Industrial Relations
USDOL U.S. Department of Labor



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Catherine Leapheart, Director
Department of Labor and Industrial Relations
Jefferson City, MO 65102

Thousands of unemployed individuals rely on unemployment benefits from Missouri's Unemployment Compensation Trust Fund (the fund). In January 2002 we recommended actions to the General Assembly to avoid the fund's impending insolvency and ensure its long-term solvency. At that time questions were raised in regard to the Department of Labor and Industrial Relations' (DOLIR) handling of discharges involving misconduct. In May 2003, the General Assembly passed legislation increasing revenue and decreasing benefits, however, the governor subsequently vetoed the legislation. Because of the importance of the long-term financial integrity of the fund, this report focuses on the department's handling of claims involving general and drug-related misconduct discharges, and the vetoed legislation and the extent the proposed changes would ensure the long-term solvency of the fund.

We found DOLIR's management and oversight of unemployment claims related to misconduct discharges generally complied with state statutes and department guidance. However, Missouri's approach to penalizing misconduct discharge case claimants differs from other states because Missouri statutes (1) allow individuals discharged for misconduct to collect benefits after a waiting period, (2) do not reduce benefits eventually paid individuals discharged for misconduct, and (3) require evidence of job impairment for misconduct on drug-related discharges.

We also found proposed legislative changes increased revenue and reduced benefits, however, the vetoed legislation authorized the issuance of \$100 million in long-term bonds. With these bonds, all Missouri employers would incur an additional estimated \$34 million compared to the costs of borrowing only federal funds. The use of bonds also delays restoring the solvency of the fund, and does not avoid the additional \$275 million in federal taxes levied on all Missouri employers, and does not ensure its long-term solvency. Fund insolvency is forcing the department to borrow federal funds and all Missouri employers may have to incur as much as \$95 million in interest on those funds. In addition, timely identification and collection of overpayments would also contribute to fund solvency.

We have included recommendations to the General Assembly to (1) consider adding a monetary penalty equal to the number of disqualification weeks as a penalty for misconduct discharges and reviewing state statutes regarding penalties associated with drug-related misconduct discharges to determine whether implementation of the statutes reflects the intended purpose of the legislation and (2) return the fund to solvency and ensure the long-term solvency of the fund.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances. The department provided comments in a meeting on July 14, 2003, and in a letter dated August 13, 2003. We have incorporated these comments as appropriate. We conducted our work between January 2003 and May 2003.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill
State Auditor

The following auditors contributed to this report:

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INTRODUCTION

The department administers the fund which provides temporary financial assistance—unemployment benefit payments—to eligible unemployed workers and helps stabilize the economy. To meet this need, states initially administered forward-funded systems in which unemployment funds grew in good economic times and fell in stressed economic times. However, many states, including Missouri, have adopted a “pay-as-you-go” system, which matches unemployment taxes (revenue) with benefits paid during the year and reduces the tax burden on employers.

The benefits paid to unemployed workers are funded through payroll taxes paid by Missouri employers. Employer contributions are paid based on the employer's contribution rate multiplied by employee earnings, with taxable earnings not to exceed the taxable wage base (\$7,500 for 2003). States are required by the federal government to maintain a minimum taxable wage base of \$7,000. An employer's contribution rate fluctuates annually based on the employer's payroll and its use of the unemployment system. The department monitors the fund balance, as well as all employer contribution rates and employee benefit claims. Department personnel also perform fund balance projections with the primary variable being the rate of unemployment.

Missouri's trust fund became insolvent during the 1983 and 1992 recessions. Due to the 1992 insolvency, legislators changed state labor laws to increase the fund balance to acceptable levels. As a result, the fund balance increased from \$57 million at the end of 1993 to \$491 million at the end of 1998. However, the fund balance did not continue increasing in favorable economic times because changes in the law reduced the fund's growth when it reached \$500 million. Once the fund becomes insolvent, the U.S. Department of Labor (USDOL) gives the state two years to address the insolvency. If the state does not take action, USDOL increases the federal tax rate paid by all employers in the state and the increase is used to replenish the fund balance and ensure fund solvency.

Current Missouri law requires all unemployment claimants to serve a "waiting-week"—the week following an initial claim. Benefits are paid for the "waiting-week", but individuals do not receive those benefits until after receiving benefits for nine consecutive weeks. Current law also allows individuals discharged for misconduct to receive benefits. For a discharged claimant, a department representative must gather evidence from the employer and claimant to determine whether the employer discharged the individual for good cause (misconduct). A misconduct determination results in the department representative assessing between 4 to 16 disqualification weeks based on the severity of the behavior. The claimant does not receive benefits during these weeks, but must continue to claim and be otherwise eligible for benefits to satisfy the disqualification. Once all disqualification weeks have been satisfied, claimants will begin drawing benefits, assuming they have not found new employment.

Methodology

To assess the validity of department determinations on discharge related claims, we reviewed 138 unemployment claims processed by department personnel during 2001. Of the 138 claims we reviewed, 124 represented discharge claims and 14 represented voluntary separations randomly selected and reviewed by the department's quality control unit. The department is required by federal regulation to review a statistical sample of 480 claims each year as a quality control process and the 138 claims were included in the department's statistical sample. We reviewed the methodology used by department personnel to select the 480 cases and determined our review of the 138 cases would result in an audit test sample representative of discharge and voluntary quit claims universe.

To evaluate the reasonableness of department determinations specifically on drug-related cases, we reviewed an additional statistical sample of 50 drug-related claims. These claims were randomly selected from a study population of 1,960 drug-related claims identified by department personnel for 2001.¹

To compare Missouri's handling of discharge cases to other states, we performed a phone survey of 18 other states. We selected Missouri's 8 surrounding states as well as 10 other states that, according to USDOL, use disqualification weeks to penalize misconduct discharge claims in a similar manner to Missouri. Our survey also contained specific questions regarding each state's policies on drug-related discharges.

To determine factors impacting the fund's solvency, we reviewed state law and updated information contained in our 2002 report. We interviewed knowledgeable department personnel and officials and reviewed and analyzed the department's fund balance projections done at our request. We also contacted representatives of the USDOL for information on federal unemployment taxes charged to Missouri employers and how insolvency would affect those rates. In addition, we reviewed department data relevant to costs incurred by the department for benefit overpayments and overpayment collections.

We also assessed the validity of the data included in the department's information systems by (1) ensuring hardcopy documents supported the data in the mainframe system for all 188 cases reviewed, and (2) cross checking the quality control database with the mainframe data and hardcopy data for the 138 non-drug cases reviewed. No exceptions were noted.

¹See Appendix I for information on sample results.

RESULTS AND RECOMMENDATIONS

1. State's Handling of Misconduct Discharges Differs From Other States

The department's management and oversight of claims involving discharged workers generally complies with state laws and department guidance. However, how the state penalizes misconduct discharge cases differs from other states because Missouri (1) allows an individual discharged for misconduct to collect benefits after a disqualification waiting period, (2) does not reduce benefits eventually paid individuals discharged for misconduct, and (3) requires evidence of on the job impairment for drug-related misconduct discharges.

Department complies with state law in discharge determinations

Our review of 138 claim cases, involving 152 determinations,² disclosed department personnel followed state law and department guidance on 150, or 99 percent, of the 152 determinations. Two, or 1 percent, of the determinations did not follow state law.

We also reviewed an additional statistical sample of 50 determinations involving drug-related discharges and found department personnel followed department guidance on 46, or 92 percent. We estimate, based on a 90 percent confidence level, the number of drug-related determinations in which department personnel followed this guidance ranged from 1,621 to 1,905 out of a total population of 1,960 cases.³ Department guidance had not been followed on four, or 8 percent, of sampled cases. These cases involved random drug tests where the employer had not proven impairment on the job and, contrary to department guidance, department personnel determined misconduct occurred.

Other states impose harsher penalties for misconduct discharges

Missouri is one of 12⁴ states allowing individuals discharged for misconduct to receive full unemployment benefits after satisfying a disqualification waiting period. However, 7 of the 12 states also impose a monetary penalty along with the disqualification period. For example, five states reduce the amount of unemployment benefits by the number of disqualification weeks. If an individual were entitled to 16 weeks of benefits and is disqualified for 6 weeks, they would be limited to 10 weeks of benefit payments. The remaining 39 states deny unemployment benefits to anyone who has been discharged for misconduct. Instead, the claimants must go back to work and re-qualify for benefits on a future claim.⁵

²Some cases have multiple determinations because Missouri statutes require the department to review all base period job separations.

³See Appendix I for additional information on sampling.

⁴Includes the District of Columbia.

⁵See Appendix II for a listing of these states.

The department incurred \$22.5 million in unemployment benefits during 2001 on approximately 10,000 misconduct discharge cases where claimants satisfied their disqualification waiting period before collecting unemployment benefits.

Department not fully utilizing misconduct penalties available under law

Our analysis of misconduct determinations disclosed the department has not fully utilized penalties available under current law. State law allows department personnel to assess 4 to 16 weeks of disqualification on a misconduct discharge determination, based on the severity of the behavior. However, of the 48 misconduct determinations⁶ reviewed, 46, or 96 percent, of misconduct claimants were disqualified from 4 to 8 weeks, with an average disqualification of 5.5 weeks during 2001.⁷ For example, department personnel issued 5-week disqualification waiting periods for a school bus driver discharged for testing positive for cocaine, and an employee discharged for sexual harassment. In these cases, both individuals received unemployment benefits after the disqualification waiting period. On the other hand, only 2 of the 48 determinations received disqualifications of over 8 weeks—one disqualified for 12 weeks and the other for 16 weeks.

A department official told us laws do not provide guidance to assist department personnel in assessing the severity of disqualification penalties for misconduct. The official also told us the low number of average disqualification weeks is a product of informal department guidance that has not been updated since the early 1990s.

Treatment of drug-related discharge cases differs from other states

Representatives from 14 of 18 states contacted stated failure of pre-employment drug screening is classified as misconduct and benefits are denied.⁸ However, department policy allows unemployment benefits for claimants on drug-related discharge cases unless signs of on-the-job impairment are found, or unless the job is deemed to be safety sensitive. This policy is based on statutory language which requires misconduct to be "connected with the claimant's work" in order to result in a disqualification of benefits. In accordance with this policy, the department does not consider discharges resulting from the failure of a pre-employment drug test to be misconduct, whereby benefits are awarded in full.

Of the 18 states contacted, 17 also consider the failure of a random drug test to be misconduct and deny or reduce benefits because the employee has knowingly and intentionally disregarded a reasonable employer rule. However, the department's policy requiring proof of on-the-job impairment on drug-related discharges also extends to individuals who fail a random drug test⁹ mandated by a known company policy. Under

⁶Of the 152 determinations reviewed, 48 involved misconduct.

⁷Department data indicates an overall average of 5.7 weeks for 2001 and 5.8 weeks for 2002.

⁸See Appendix III for states contacted and results.

⁹All of the states contacted, as well as Missouri, either had a department policy or state law that required certain quality standards of the labs providing the drug results.

the department's policy, an individual who has been discharged for failing a random drug test, but has exhibited no signs of impairment, would be awarded full benefits.

The Eastern District of the Missouri Court of Appeals has agreed with the department's interpretation of the law as it pertains to drug-related discharges. According to department personnel, unless state law is changed, the department will not alter its handling of these situations. Department personnel also told us employers could avoid claims related to pre-employment drug testing if they gave the test to individuals and did not allow them to start working unless they first passed the drug test.

Unemployment benefits paid on drug-related discharges

Based on our analysis of 50 sampled drug-related discharges during 2001, we estimate the department paid \$4.9 million¹⁰ in unemployment benefits to claimants on 1,960 drug-related discharges. Our estimate of \$4.9 million represents 1 percent of \$476 million in unemployment benefits paid by the department during 2001. Of the 1,960 determinations, 1,327, or 68 percent, were found to be misconduct and the claimant had to serve disqualification waiting weeks before receiving benefits. Based on our analysis of sample results, we estimate the benefits associated with these claims totaled \$2.4 million.

Department personnel found no misconduct on 633, or 32 percent, of the 1,960 determinations and, therefore, the claimant did not have to wait before obtaining unemployment benefits. Based on our analysis of sample results, we estimate the department paid \$2.5 million to these claimants. Department personnel found no misconduct on the 633 claims for the following reasons.

- Employers either refused or failed to provide sufficient information to support a misconduct finding on 270 discharges. Based on our analysis of department data, we estimate \$1.1 million in benefits were paid on these claims.
- Individuals had been put to work and then discharged for failing pre-employment drug tests on 228 discharges. Based on our analysis of department data, we estimate \$909,000 in benefits were paid on these claims.
- No evidence of impairment on the job had been proven, or the employer had not proven drug use had been "connected with work" on 135 discharges. Based on our analysis of department data, we estimate \$538,000 in benefits were paid on these claims.

Conclusions

The department's handling of unemployment claims related to discharge for misconduct generally complies with state laws and department guidance. However, the state's approach to penalizing misconduct discharge claims differs from most states contacted because Missouri law allows an individual discharged for misconduct to collect full

¹⁰See Appendix I for additional information on estimate.

benefits after a waiting period. Although the department can impose a waiting period of up to 16 weeks before benefits are paid, it seldom imposes a waiting period of more than 4 to 8 weeks and does not have a formal policy addressing waiting periods. Missouri also differs because state law does not reduce benefits eventually paid to individuals discharged for misconduct, and state case law requires evidence of on the job impairment to find misconduct on drug-related discharges.

Recommendations

We recommend the General Assembly:

- 1.1 Add a monetary penalty equal to the number of disqualification weeks as a penalty for misconduct discharges.
- 1.2 Review current department policy and established case law regarding the handling of drug-related discharges to determine whether department policy reflects legislative intent.

Based on the disqualification penalties required by the current law, we also recommend the Director of the Department of Labor and Industrial Relations:

- 1.3 Emphasize disqualification penalties.

Agency Comments

DOLIR agreed with recommendation 1.3 and provided the following comments:

The DOLIR will act upon the recommendation to emphasize disqualification penalties. DOLIR will review penalties on nonmonetary determinations to assess the consistency of disqualification penalties. DOLIR training staff has already begun emphasizing disqualification penalty consistency during nonmonetary training sessions currently in progress. DOLIR will also conduct ongoing reviews of nonmonetary determinations to ensure appropriate disqualification penalties are being assessed consistently.

See Appendix V for a copy of DOLIR's letter dated August 13, 2003.

2. Action is Needed To Restore the Solvency of the Fund

Although the 2003 vetoed legislation attempted to address fund solvency by increasing revenue and reducing benefits, the proposed changes would also have (1) caused Missouri employers to incur unnecessary interest charges, (2) delayed restoring the fund's solvency and failed to avoid the imposition of approximately \$275 million in increased federal taxes levied on all Missouri employers, and (3) failed to ensure the fund's long-term solvency. Fund insolvency is forcing the department to borrow federal funds, and Missouri employers may incur as much as \$95 million in interest costs and \$538 million in increased federal taxes if no legislative action is taken to resolve fund insolvency. In addition, timely identification and collection of benefit overpayments would also contribute to the fund's solvency.

Solvency issue has not been resolved

In January 2002, we reported¹¹ the fund would become insolvent in 2003 and it occurred in March 2003. We also recommended the General Assembly take corrective action to ensure the long-term solvency of the fund. The General Assembly passed legislation addressing the fund's solvency during its 2003 session, which the governor vetoed in July 2003. As of the date of this report, no action has been taken to ensure the long-term solvency of the fund.

Vetoed legislation increased revenue and reduced benefits, but costly to employers

Our analysis of department data showed the vetoed legislation would have added \$83 million per year to the fund balance. Proposed changes would have increased revenues by an estimated average of \$33 million per year from 2004 to 2010 by increasing the taxable wage base from \$7,500 to \$8,000 in 2003, and allowing annual \$1,000 adjustments when the fund balance fell below specified levels.¹² Proposed changes also would have reduced benefits by an estimated \$50 million per year. The benefit reduction would have been achieved by not allowing claimants discharged for misconduct to serve disqualification weeks and collect benefits (\$30 million)¹³ and by eliminating waiting-week benefits received after a claimant has collected benefits for nine consecutive weeks (\$20 million). According to department personnel, these changes alone would not ensure the long-term solvency of the fund.

The vetoed legislation would have allowed the fund to accumulate approximately \$200 million by the end of 2010, according to department projections. However, \$200 million is substantially below the USDOL recommended fund solvency level of approximately

¹¹Solvency of the Missouri Unemployment Compensation Trust Fund, Report No. 2002-01, dated January 9, 2002.

¹²The vetoed legislation increased wage base adjustment thresholds and increased the adjustment increment from \$500 to \$1,000.

¹³The legislation proposed claimants discharged for misconduct would not be eligible for benefits until they returned to work, earned at least \$2,000 and became unemployed again.

\$1 billion. Any increase in the unemployment rate over what has been forecasted could result in prolonged insolvency, according to department personnel.

The vetoed legislation also proposed allowing the department to issue up to \$100 million in bonds to finance current and future insolvencies. The vetoed legislation required the bonds be repaid through a special assessment on all employers in the state over a period not to exceed 10 years. Department personnel estimated bond interest payments and issuance costs of approximately \$31 million. Had the vetoed legislation been enacted, department personnel planned to issue \$100 million in bonds during 2004, with additional smaller bond issues in both 2005 and 2006.¹⁴ Department personnel also estimated an additional \$177 million would have to be borrowed from the USDOL for fiscal years 2004 through 2006. Department personnel also estimated approximately \$38 million in interest would accrue on this USDOL debt. The interest accrued on USDOL loans, like the bond repayments, would be paid through a special assessment on all employers in the state.

Our analysis shows the use of bonds to finance the current insolvency would cost employers approximately \$34 million more than financing the full insolvency through USDOL. As discussed above, using bonds to finance the expected insolvency would cost employers interest and bond issue costs of approximately \$31 million (over a 12-year period), and an additional \$38 million in federal interest (over a 6-year period) for a total of \$69 million in finance costs. In addition, department personnel estimate employers would incur an additional \$5 million¹⁵ (over a 2-year period) in increased federal taxes. In contrast, if the bonding provisions of the proposed legislation were not used, and the insolvency was financed solely through USDOL, the only finance charges incurred would be USDOL interest charges of approximately \$40 million (over a 5-year period).

Bonds more
costly to
employers

Proposed use of bonds delays fund solvency and does not avoid federal taxes

The use of bonds and other vetoed changes proposed by the legislature, as well as the imposition of approximately \$275 million in increased federal taxes by USDOL¹⁶ over a 2-year timeframe, allows the fund to resume solvency in 2008.¹⁷ However, if the insolvency were funded solely through USDOL, department personnel estimate the fund would regain solvency a year earlier, in 2007. Without the increased federal tax imposed by USDOL, the fund balance would remain negative through 2010 in both scenarios. Figure 2.1 depicts fund projections through 2010, based on vetoed legislative changes

¹⁴This assumes a portion of the \$100 million would have been repaid during 2005 and 2006 and additional borrowing, not to exceed a total of \$100 million, would have been necessary. Any subsequent bond issue would also incur additional bond issuance costs.

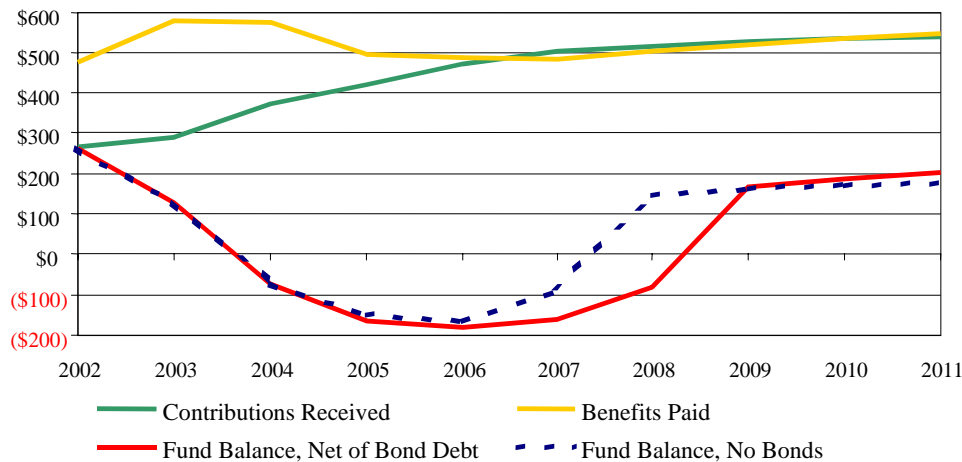
¹⁵USDOL would assess Missouri employers \$275 million in increased federal taxes if the bonding provisions of the vetoed legislation were used, but would assess \$269 million if the amount were fully financed through USDOL. The difference is due to the additional tax starting a year later if bonding were used.

¹⁶The increased federal taxes are used to replenish the fund.

¹⁷Includes bond indebtedness.

and the increased federal tax imposed on employers to repay estimated USDOL loans. It also shows how the fund is expected to react if the insolvency were financed by borrowing from only USDOL (no bonds).

**Figure 2.1: USDOL Impact on Fund Balance Based on Vetoed Legislation
(Dollars in millions)**



Source: Department projections, as of June 2003.

As shown in figure 2.1, the vetoed legislation would have decreased benefits paid in 2004 and increased contributions. By 2006 contributions would have matched payments of benefits and continued that trend through 2010. However, without the additional federal tax imposed by USDOL, the fund balance would remain negative through 2010.

Insolvency forces employers to bear cost of borrowed funds and federal taxes

Department personnel estimate all Missouri employers may incur as much as \$95 million in interest charges on borrowed federal funds through 2009 if action is not taken to resolve fund insolvency. The fund became insolvent in March 2003 forcing the department to borrow \$42 million from the USDOL in order to continue to pay unemployment benefits. In June 2003 the department repaid the \$42 million and, in accordance with state law, all Missouri employers will be required to repay \$410,000 in interest incurred on the debt. The fund regained solvency in April 2003 because of the influx of employer first quarter contributions. However, department personnel estimate the fund will become insolvent again in September 2003¹⁸ and remain insolvent into 2009. This insolvency will necessitate additional federal borrowing, unless changes are made to state law to substantially increase fund revenue.

Employers may incur \$95 million

The fund became insolvent because benefits paid on unemployment claims outpaced employer contributions to the fund by approximately \$500 million in calendar years 2001

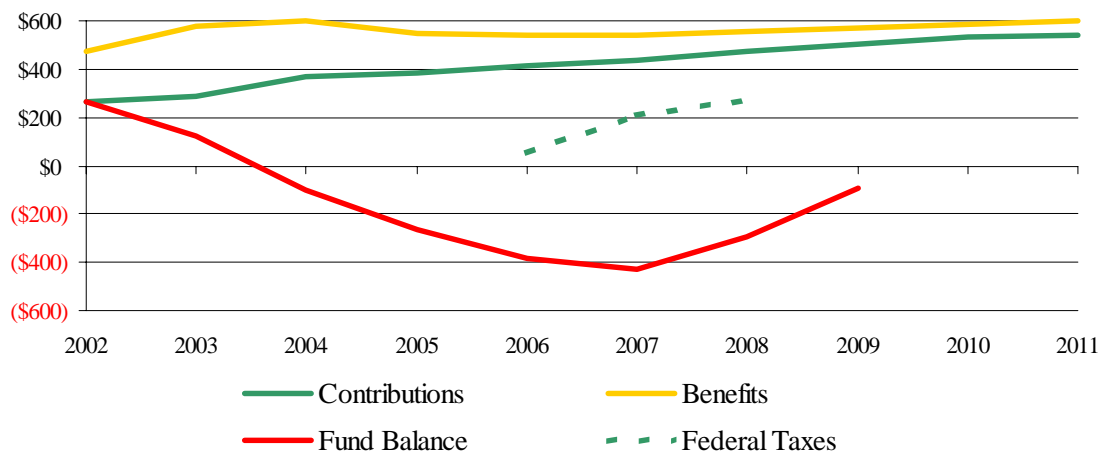
¹⁸The fund became temporary insolvent again in July 2003, causing the department to borrow additional funds.

and 2002. According to department projections, benefits paid will outpace contributions received by an estimated \$879 million between 2003 and 2010 and department personnel estimate the department will have to borrow approximately \$764 million to make benefit payments for the remainder of 2003 through 2008,¹⁹ if no legislative action is taken to address the solvency issue.

Department personnel also estimate all Missouri employers will incur an estimated \$539 million in increased federal taxes through 2007 to repay borrowed federal funds if state officials do not make the fund solvent within two years.²⁰ Department personnel estimate the increased federal tax would begin in 2005, when an estimated \$55 million would be collected. An estimated \$483 million would also be collected between 2006 and 2007. The increased federal taxes are likely to be assessed to Missouri employers in 2008 in order to restore fund solvency, according to department personnel, however, the amount is uncertain. Figure 2.2 depicts the fund balance through 2008 and the impact on the fund deficit once USDOL collects increased federal taxes imposed on employers. Department personnel could not project the fund balance past 2008 since the federal tax assessment amount for out-years is unknown.

Employers will incur \$539 million in taxes

**Figure 2.2: USDOL Impact on Fund Balance Based on Current Law
(Dollars in millions)**



Source: Department projections, June 2003.

As shown in figure 2.2, the projected deficit will increase to approximately \$430 million by the end of 2006. In 2007, the deficit begins to be reduced when USDOL collects the additional federal tax on employers and replenishes the fund. In addition, benefits are projected to exceed contributions every year through 2010.

¹⁹With the assessment of increased federal taxes, no additional borrowing of federal funds will be necessary beyond 2008.

²⁰See Appendix IV for comparison of costs.

Timely identification and collection of overpayments would improve fund solvency

Department personnel estimate as much as \$93 million in benefits has been overpaid to claimants over the past five years (1997-2001). However, department personnel have audited and confirmed only \$53 million (57 percent) of this total because of staffing and time limitations. According to a U.S. General Accounting Office report,²¹ 31 percent of overpayments result from claimants not properly reporting income and 24 percent are the result of fraud by the claimant. As a result, overpayments and the need for their collection can not be eliminated, according to department personnel.

One of the tools currently used by department personnel to identify overpayments is a monthly new-hire cross match. This cross match compares the department's database of claimants receiving benefits with federal Form W-4²² data of recently employed individuals from the Missouri Department of Revenue. This cross match identifies individuals potentially receiving improper benefits by not reporting wages being earned in their new jobs. The department currently requests the new-hire data on a monthly basis. Our analysis of a limited number²³ of these new hires disclosed a 36-day average time lapse between the federal Form W-4 completion date and the date department personnel obtained the data. However, an official from the Division of Child Support Enforcement, who stores the data for the Department of Revenue, told us the data is available on a weekly basis. Department personnel acknowledged obtaining this data on a weekly basis would be the most feasible means to reduce the amount of overpayments made, but they could not quantify the potential fiscal impact on the fund.

The vetoed legislation proposed the department perform a monthly cross-match against any federal new-hire data available. However, due to the cross-match already performed against state new-hire data, a department official stated the proposed federal cross-match would have no impact on the department's ability to identify overpayments or on fund solvency. According to the official, the department can not audit all state cross-match hits it already identifies due to limited federal administration funding. Any additional staffing would need to be funded with state funds, according to the official.

Over the past 5 years the department has collected \$27 million, or 51 percent, of the \$53 million in overpayments. However, approximately \$26 million has gone uncollected. According to department personnel, collection efforts are hampered because staffing is limited by federal funding. All collections go directly into the trust fund.

**\$26 million in
overpayments
uncollected**

²¹Unemployment Insurance: Increased Focus on Program Integrity Could Reduce Billions in Overpayments, GAO-02-697, July 2002.

²²All employees normally fill out a federal Form W-4 (Employee's Withholding Allowance Certificate) so their employer can withhold the correct federal income tax from their pay. The employer forwards the Form W-4 to the Department of Revenue.

²³The 138 cases reviewed included 21 cases involving an overpayment. Since Federal Form W-4 data is not maintained by the department, we were limited to determining the time lapse between Form W-4 completion and the date the department obtained the data to five of the overpayment cases.

Department personnel have considered alternatives to increase collections without increasing staff. For example, they have considered using a collection agency to collect uncollectible overpayments. Federal regulations allow the use of a collection agency for this purpose. However, additional administrative funding would be needed to pay costs associated with this service and claimant confidentiality issues would have to be overcome, according to department personnel

Conclusions

Missouri has been forced to borrow funds from USDOL to return the fund to temporary solvency. If no corrective action is taken to resolve insolvency, the fund is expected to remain insolvent until 2009, with benefits exceeding contributions through 2010. The department has borrowed \$42 million and expects to borrow \$764 million through 2008 unless revenue is increased and/or benefits are reduced. Missouri employers are estimated to incur \$95 million in interest charges on borrowed federal funds during that timeframe. If the state does not take action to sufficiently correct the insolvency within 2 years, USDOL may impose as much as \$539 million in increased federal unemployment taxes on all Missouri employers through 2007 to eliminate the existing fund deficit.

The vetoed legislation proposed increasing revenues and decreasing benefits. It also authorized the issuance of \$100 million in long-term bonds which would have resulted in all Missouri employers paying an estimated additional \$34 million in interest charges when compared to the cost of borrowed federal funds. The proposed use of long-term bonds to finance the insolvency would have placed an unnecessary additional financial burden on all employers since fund deficits can be financed through USDOL.

The vetoed legislation also did not allow the fund to accumulate a sufficient balance to ensure its long-term solvency. Without a sufficient balance, the fund will resume a deficit position with any future recession. Corrective action could eliminate the need for imposition of substantial increased federal taxes which will also have to be repaid by all employers.

Although not a major factor affecting the fund's solvency, timely identification of overpayments of unemployment benefits and enhanced collection of overpayments would improve fund solvency. Obtaining new-hire data on a weekly basis could reduce overpayments. Department officials should also carefully assess the feasibility of using a collection agency to reduce the amount of uncollectible overpayments.

Recommendations

We recommend the General Assembly:

2.1 Take action to resolve the solvency of the fund.

We also recommend the Director of the Department of Labor and Industrial Relations:

2.2 Obtain Department of Revenue cross-match data on a weekly basis.

2.3 Determine the feasibility of using a collection agency to enhance collections of overpayments of unemployment benefits.

Agency Comments

In response to recommendations 2.2 and 2.3, DOLIR officials provided the following, respectively.

The DOLIR will act upon the recommendation to obtain new-hire cross-match data on a weekly basis, rather than a monthly basis, from the Department of Revenue as soon as possible. Obtaining this data on a weekly basis would be the most feasible means to reduce the amount of overpayments made and the DOLIR intends to promptly submit to its Information Systems Section an Information Systems Service Request for programming to implement this change. As of July 31, 2003, contacts had already been made with the Division of Child Support Enforcement and the Department of Revenue to receive the cross-match data weekly.

Efforts to collect unemployment benefit overpayments are hampered because DOLIR staffing is limited by federal funding. The DOLIR agrees with the recommendation to determine the feasibility of using a collection agency in order to enhance collections of overpayments of unemployment benefits. The DOLIR has considered using a collection agency to collect uncollectible overpayments and federal rules do not prohibit the use of such an agency for this purpose. In assessing the feasibility of this recommendation to reduce the amount of uncollectible overpayments, it is noted that there are no statutory provisions allowing the DOLIR to use recovered Unemployment Compensation Trust Fund monies to pay a collection agency to collect overpayments of unemployment benefits. Additional financial support, therefore, would be needed to pay costs associated with this service. The DOLIR would have to either request General Revenue funds or redirect limited federal administrative funding, which would cause a reduction in monies that are used for other unemployment insurance functions. Lastly, the DOLIR would have to overcome claimant confidentiality issues if a collection agency is used for collecting unemployment benefit overpayments.

See Appendix V for a copy of DOLIR's letter dated August 13, 2003.

SAMPLE METHODOLOGY AND RESULTS

This appendix describes how we identified study populations and our sampling methodology for two statistical samples.

Results of drug case review

To ascertain whether department personnel had properly determined individuals discharged for alleged drug abuse were entitled to receive unemployment benefits, we reviewed a statistical sample of 50 cases from a study population of 1,960 cases involving drug abuse. Department personnel identified cases involving alleged drug abuse during calendar year 2001. We based sample size on a 90 percent confidence level with a 7 percent precision and an expected error rate of 10 percent.

Based on the results of the sample, we estimate department personnel followed guidance set out by state statutes for 92 percent of the study population, or 1,803 of the 1,960 determinations. Table I.1 displays sample results.

Table I.1: Results of Review of Drug-Related Cases

Category	Result
Sample size	50
Correct determinations	46
Point estimate success rate	92%
Point estimate quantity	1,803
Upper limit success rate	97.2%
Upper limit quantity	1,905
Lower limit success rate	82.7%
Lower limit quantity	1,621

Based on the results of the sample, we estimate department personnel did not follow guidance set out by state statutes for 8 percent of the study population, or 157 determinations. Table I.2 displays sample results.

Table I.2: Results of Review of Drug-Related Cases

Category	Result
Sample size	50
Errors	4
Point estimate error rate	8%
Point estimate quantity	157
Upper limit error rate	17.3%
Upper limit quantity	339
Lower limit error rate	2.8%
Lower limit quantity	55

Total paid to claimants in drug related cases

To determine the amount of unemployment benefits paid to claimants with drug-related discharge issues, we reviewed a statistical sample of 50 drug-related cases from a study population of 1,960 cases involving drug abuse. Department personnel identified cases involving alleged drug abuse during calendar year 2001.

Based on the results of the sample, we estimate the amount paid to claimants involved in 1,960 drug-related cases totaled \$4.9 million, at a 90 percent confidence level. Table I.3 displays sample results.

Table I.3: Amounts Paid to Claimants with Drug-Related Cases

Category	Results ¹
Sample size	50
Point estimate	\$ 4.9
Lower limit	\$ 3.9
Upper limit	\$ 5.9
Precision amount	\$ 1.0
Precision	<u>±19.7%</u>

¹Dollars in millions

Total paid to claimants on drug-related cases determined to be non-misconduct

To ascertain the amount of unemployment benefits paid to claimants on drug-related cases determined to be non-misconduct cases, we reviewed a statistical sample of 50 drug related cases from a study population of 1,960 cases involving alleged drug abuse. Department personnel identified drug-related cases determined to be non-misconduct during calendar year 2001.

Based on the results of the sample, we estimate the total amount paid to claimants involved in drug-related cases determined to be non-misconduct is \$2.5 million, at a 90 percent confidence level. Table I.4 displays sample results.

Table I.4: Amounts Paid to Claimants – Non-misconduct Cases

Category	Results ¹
Sample size	50
Point estimate	\$ 2.5
Lower limit	\$ 1.7
Upper limit	\$ 3.4
Precision amount	\$.9
Precision	<u>±33.9%</u>

¹Dollars in millions

Total paid to misconduct claimants serving disqualification weeks

To determine the amount of unemployment benefits paid to claimants serving disqualification weeks for misconduct on cases involving alleged drug-related cases, we reviewed a statistical sample of 50 cases from a study population of 1,960 cases involving alleged drug abuse.

Department personnel identified drug related cases determined to be misconduct during calendar year 2001.

Based on the results of the sample, we estimate unemployment benefits paid to claimants involved in drug-related cases, where misconduct had been determined, totaled \$2.4 million, at a 90 percent confidence level. Table I.5 displays sample results.

Table I.5: Total Paid to Misconduct Claimants Serving Weeks

Category	Results ¹
Sample size	50
Point estimate	\$ 2.4
Lower limit	\$ 1.5
Upper limit	\$ 3.3
Precision amount	\$.9
Precision	<u>±38.2%</u>

¹Dollars in millions

OTHER STATES' PENALTIES FOR MISCONDUCT DISCHARGES

Table II.1 displays state penalties for misconduct discharges, those states that reduce benefits along with the disqualification waiting period, and those states denying unemployment benefits for misconduct claims.

Table II.1: Misconduct Penalties by State

State	Waiting Period/ Denial of Benefits	Benefits Reduced Following Disqualification
Alabama	3-7 weeks	Y
Alaska	5 weeks	Y
Colorado	10 weeks	Y
Nebraska	7-10 weeks	Y
South Carolina	5-26 weeks	Y
Washington, D. C.	7 weeks	Y
West Virginia	6 weeks	Y
Arkansas	7 weeks	N
Maryland	5-10 weeks	N
Missouri	4-16 weeks	N
New Jersey	5 weeks	N
Vermont	6-12 weeks	N
Arizona	Denial	
California	Denial	
Connecticut	Denial	
Delaware	Denial	
Florida	Denial	
Georgia	Denial	
Hawaii	Denial	
Idaho	Denial	
Illinois	Denial	
Indiana	Denial	
Iowa	Denial	
Kansas	Denial	
Kentucky	Denial	
Louisiana	Denial	
Maine	Denial	
Massachusetts	Denial	
Michigan	Denial	
Minnesota	Denial	
Mississippi	Denial	
Montana	Denial	
Nevada	Denial	
New Hampshire	Denial	
New Mexico	Denial	

OTHER STATES' PENALTIES FOR MISCONDUCT DISCHARGES

State	Waiting Period/ Denied	Benefits Reduced Following Disqualification
New York	Denial	
North Carolina	Denial	
North Dakota	Denial	
Ohio	Denial	
Oklahoma	Denial	
Oregon	Denial	
Pennsylvania	Denial	
Rhode Island	Denial	
South Dakota	Denial	
Tennessee	Denial	
Texas	Denial	
Utah	Denial	
Virginia	Denial	
Washington	Denial	
Wisconsin	Denial	
Wyoming	Denial	

Source: U.S. Department of Labor data.

Those states marked "denial", deny misconduct claims unless the individual has earned a certain level of wages since the separation. The level of wages required varies by state.

Alabama, Maryland and West Virginia only use disqualification weeks for less serious misconduct claims and deny claims involving more serious instances of misconduct.

OTHER STATES' TREATMENT OF DRUG RELATED DISCHARGES

Table III.1 depicts whether job impairment must be proven to constitute misconduct and whether a positive pre-employment drug constitutes misconduct for Missouri and 18 other states. As shown, 17 of 18 states contacted consider failure of a random drug test misconduct and 14 states consider failure of pre-employment drug testing misconduct.

Table III.1: Other States' Handling of Drug Related Discharges

State¹	Failure of Random Drug Test Considered Misconduct	Failure of Pre- employment Drug Test Considered Misconduct
Alabama	X	X
Alaska	X	X
Arkansas	X	
Colorado	X	X
Florida	X	X
Illinois	X	X
Iowa	X	X
Kansas	X	
Kentucky	X	X
Maryland	X	X
Nebraska	X	X
New Jersey	X	X
Oklahoma	X	X
South Carolina	X	X
Tennessee	X	X
Vermont	X	
Washington, D. C.	X	X
West Virginia		

¹For purposes of this survey, auditors counted Washington, D. C. as a state.
Source: SAO phone survey of the states noted.

SUMMARY OF FINANCE COSTS AND INCREASED FEDERAL TAXES

Table IV.1 summarizes and compares the amount of finance costs and increased federal unemployment taxes that would be incurred under the (1) vetoed legislation assuming bonding provisions were not used, (2) vetoed legislation using bonds, and (3) current law.

Table IV.1: Comparison of Finance Costs and Federal Taxes (In millions)

Description	Vetoed Legislation Without Bonds	Vetoed Legislation With Bonds	Current Law
Interest to be paid to USDOL	\$40	\$38	\$95
Bond interest	0	26	0
Bond issue costs	0	5	0
Total Insolvency Finance Costs	\$40	\$69	\$95
Increased federal unemployment taxes ¹	\$269	\$274	\$539
Year fund regains solvency	2007	2008	2009

Source: Department projections, as of June 2003

¹The increased federal unemployment taxes will be placed in the fund to repay any outstanding USDOL loans.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS' COMMENTS

BOB HOLDEN
GOVERNOR

MISSOURI DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

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JEFFERSON CITY, MISSOURI 65102-0504
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CATHERINE B. LEAPHEART
DEPARTMENT DIRECTOR

AMENDED

August 13, 2003

The Honorable Claire McCaskill
Auditor of the State of Missouri
State Capitol Building, Room 224
Jefferson City, MO 65101

Dear Auditor McCaskill:

I am writing in response to the draft Performance Audit on the "Review of the Missouri Unemployment Compensation Trust Fund" for 2003, which the State Auditor's Office recently presented during a preliminary exit conference for the audit that was conducted on the Department of Labor and Industrial Relations (DOLIR) – Division of Employment Security (DES). The audit was conducted between January and May 2003.

As requested, the DOLIR is providing the following response to the preliminary audit recommendations.

In the draft audit report, it was recommended that, "the General Assembly take action to resolve the solvency of the fund; the DOLIR obtain new hire cross-match data on a weekly basis from the Department of Revenue; and, the DOLIR determine the feasibility of using a collection agency to enhance collections of overpayments of unemployment benefits.

Auditee's Response

We agree with the auditors' findings and recommendations.

The DOLIR agrees heartily with the recommendation to the General Assembly to take action to return the Unemployment Compensation Trust Fund to solvency and to ensure its long-term solvency. Fund insolvency is forcing the DOLIR to borrow federal funds and all employers liable to Missouri may have to incur as much as \$95 million in interest. If the state does not take action to sufficiently correct the insolvency within two years, the United States Department of Labor (USDOL) may impose as much as \$539 million in increased federal unemployment taxes on those employers through 2007 to eliminate the existing fund deficit. In correcting the insolvency, the General Assembly needs to pass legislation that allows the fund to accumulate a sufficient balance to ensure its long-term solvency. Without a sufficient balance, the fund will resume a deficit position with any future recession. The DOLIR concurs that corrective action could eliminate the need for imposition of substantial increased federal taxes, which will also have to be repaid by all employers liable to Missouri.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS' COMMENTS

The Honorable Claire McCaskill
August 13, 2003
Page 2

The DOLIR will act upon the recommendation to emphasize disqualification penalties. DOLIR will review penalties on nonmonetary determinations to assess the consistency of disqualification penalties. DOLIR training staff has already begun emphasizing disqualification penalty consistency during nonmonetary training sessions currently in progress. DOLIR will also conduct ongoing reviews of nonmonetary determinations to ensure appropriate disqualification penalties are being assessed consistently.

The DOLIR will act upon the recommendation to obtain new-hire cross-match data on a weekly basis, rather than on a monthly basis, from the Department of Revenue as soon as possible. Obtaining this data on a weekly basis would be the most feasible means to reduce the amount of overpayments made and the DOLIR intends to promptly submit to its Information Systems Section an Information Systems Service Request for programming to implement this change. As of July 31, 2003, contacts had already been made with the Division of Child Support Enforcement and the Department of Revenue to receive the cross-match data weekly.

Efforts to collect unemployment benefit overpayments are hampered because DOLIR staffing is limited by federal funding. The DOLIR agrees with the recommendation to determine the feasibility of using a collection agency in order to enhance collections of overpayments of unemployment benefits. The DOLIR has considered using a collection agency to collect *uncollectible* overpayments and federal rules do not prohibit the use of such an agency for this purpose. In assessing the feasibility of this recommendation to reduce the amount of *uncollectible* overpayments, it is noted that there are no statutory provisions allowing the DOLIR to use recovered Unemployment Compensation Trust Fund monies to pay a collection agency to collect overpayments of unemployment benefits. Additional financial support, therefore, would be needed to pay costs associated with this service. The DOLIR would have to either request General Revenue funds or redirect limited federal administrative funding, which would cause a reduction in monies that are used for other unemployment insurance functions. Lastly, the DOLIR would have to overcome claimant confidentiality issues if a collection agency is used for collecting unemployment benefit overpayments.

Thank you for providing us with an opportunity to respond to the draft report of the Performance Audit on the "Review of the Missouri Unemployment Compensation Trust Fund". If we may provide you with any further information, please do not hesitate to contact me at (573) 751-9691.

Sincerely,



Catherine B. Leapheart
Director

c: Kirk Boyer, Director of Performance Audits
Cynthia Quetsch, DOLIR Deputy Director
Gracia Yancey Backer, DES Director



**DEPARTMENT OF HEALTH AND SENIOR SERVICES
OFFICE OF THE DIRECTOR**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-90
September 3, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Health and Senior Services, Office of the Director.

The Department of Health and Senior Services (DHSS) needs to improve its policies, procedures, and records over contracted professional services. The state's Office of Administration (OA) has granted the department the authority, through state law, to procure certain contractual services directly rather than referring their procurement to the OA, Division of Purchasing and Materials Management. The department must still comply with the state's purchasing guidelines, such as soliciting competitive bids for purchases of \$3,000 or more, and referring purchases of \$25,000 or more to the OA.

Our review disclosed the following concerns:

- It appears the procurement of some contracted services compromised the intent of the state bidding laws. The department sometimes obtained consultants and other services by contracting with governmental entities rather than directly with the entity who provided the service, and incurred management fees in some instances.
- The department's bid process did not always provide a legitimate opportunity for prospective vendors to compete. Nor did the department always solicit qualified bidders.
- The department did not always properly prepare/retain documentation of the procurement process or follow procurement guidelines. In addition, the department does not require documentation from contractors that they use a bid and evaluation process for the selection of subcontractors.

The department did not always receive or require adequate invoices or other documentation to support payments for contracted services. In addition, it appears the department did not always adequately review invoices and/or supporting documentation for compliance with contract terms.

- The department contracted for computer consulting services related to the development of a centralized public health information system. The contract covers the period of February 2001 to January 2004, and the department has paid the vendor approximately \$3.7 million through March 2003. The invoices did not document job classification; however, the invoices were based on hours worked, at the contracted rate for various job classification titles.

YELLOW SHEET

- Vendor invoices for an outreach program did not adequately document the services provided. The maximum cost reimbursement for the contract was \$985,000.
- In fiscal year 2001, several vendor invoices for a HIV/AIDS service coordination contract did not include sufficient detail for costs, and it appears the department did not sufficiently review the invoices. Although the contract listed a maximum amount of \$16,157 for administrative costs, we noted administrative costs billed totaled \$25,224, or \$9,077 more than what was allowed.
- Not all contracts required a budget for planned expenditures. Two of eight contracts and related amendments reviewed were not supported by a budget outlining how the funds were to be spent.

The State Public Health Laboratory (SPHL) does not generally recover the related costs of its services. In fiscal years 2002 and 2001, SPHL expenditures totaled approximately \$6.8 million and \$5.6 million, respectively, while revenues, including testing fees, handling fees, and Medicaid billings, totaled approximately \$1.3 million each year. In addition, the SPHL did not always bill Medicaid programs for applicable services. Also, the department needs to determine if it is effective and efficient to continue staffing branch laboratories.

The department needs to improve its policies and controls over cellular telephones. The procurement and coordination of all cellular telephone equipment and services has not been adequately overseen. Expenditures related to cellular telephone services totaled approximately \$33,600 and \$22,100, for fiscal years 2002 and 2001, respectively.

Bids were not obtained for some expenditures in excess of \$3,000 and many invoices were not processed and paid on a timely basis. In addition, some food expenditures did not appear to be a prudent, reasonable, or necessary use of department funds, including \$468 for an appreciation luncheon for 28 employees at the Governor's Mansion and \$1,350 for breakfast and luncheon for a diabetes conference. Although the department was billed for 50 breakfasts and 125 lunches, only 58 attendees for the diabetes conference were documented.

The department needs to improve its management of state-owned vehicles. At December 31, 2002, the department maintained a fleet of 97 vehicles. Vehicle usage logs are not maintained for all vehicles and vehicle usage documentation, where maintained, varied among the department units.

The audit report also includes some other matters related to time accounting, computer equipment controls, policies and records, and internal audit upon which the department should consider and take appropriate corrective action.

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DEPARTMENT OF HEALTH AND SENIOR SERVICES
OFFICE OF THE DIRECTOR

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
State Board of Health
and
Richard C. Dunn, Director
Department of Health and Senior Services
Jefferson City, MO 65102

We have audited the Department of Health and Senior Services, Office of the Director, including departmental units which report directly to the Director. This audit excluded those divisions and centers which report to the Deputy Director for Senior Services and Regulation and the Deputy Director for Health and Public Health. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable statutes, regulations, and department policies.
2. Review the efficiency and effectiveness of certain management practices and operations.
3. Review certain other internal control procedures and management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed written policies, financial records, and other pertinent documents and interviewed various department personnel.

As part of our audit, we assessed the department's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of the Department of Health and Senior Services, Office of the Director.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Health and Senior Services, Office of the Director.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

March 28, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Kimberly Spraggs, CPA
Audit Staff:	Terese Summers, CPA
	Marty Carter

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF HEALTH AND SENIOR SERVICES
OFFICE OF THE DIRECTOR
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Procurement of Professional Services
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The Department of Health and Senior Services (DHSS) needs to improve its policies, procedures, and records over contracted professional services. The procurement of some services appears to compromise the intent of state bidding laws and did not always provide a legitimate opportunity for prospective vendors to compete. Additionally, the department does not require documentation from contractors that they use a bid and evaluation process for the selection of subcontractors. Also, memorandums of understanding (MOU) were not always established.

In connection with various programs, the department contracts with local health agencies, other state agencies, universities, and other organizations or individuals. The state's Office of Administration (OA) has granted the department the authority, through Chapter 34 RSMo, to procure certain contractual services directly rather than referring their procurement to the OA, Division of Purchasing and Materials Management. The department must still comply with the state's purchasing guidelines, such as soliciting competitive bids for purchases of \$3,000 or more, and referring purchases of \$25,000 or more to the OA. In addition, the department may contract with other governmental entities, such as state agencies, local public health agencies, and universities, for supplies or services without soliciting bids only if the supplies or services can be provided directly by the governmental entity.

Our review of the department's policies, procedures, and records over procurement of professional services disclosed the following concerns:

- A. It appears the procurement of some contracted services compromised the intent of the state bidding laws. Also, documentation related to the procurement process needs to be improved.
 - 1. The department sometimes obtained consultants and other services by contracting with governmental entities rather than directly with the entity who provided the service.
 - During the five years ended June 30, 2003, the department procured crisis intervention home visitation services from an organization in St. Louis without using a competitive bid process. Instead, the department contracted with various governmental entities who subcontracted with the organization for the services.

The contract amount designated to fund this organization during fiscal years 2003, 2002, and 2001 was \$194,000, \$164,900, and \$194,000, respectively. According to department officials, certain members of the General Assembly suggested this organization be used for these services.

In January 2003, the department transferred its responsibility and appropriation authority to provide these services to the Department of Social Services (DSS) through a memorandum of agreement. In turn, the DSS has an agreement with the Children's Trust Fund, who subcontracts with this organization for the services. Prior to January 2003, the department contracted with either the Children's Trust Fund or the St. Louis County Health Department who subcontracted for these services from this organization.

- In fiscal year 2001, rather than procuring training services totaling over \$18,000 directly, the department obtained these services by contracting with the University of Missouri-Columbia, who subcontracted with consultants for the services. According to department employees, the university was used to expedite the services.

In addition, the department did not have a copy of the contracts signed by both the department and the university for these services. We also noted the purchase orders were prepared after the contracts were established and the services were performed.

The department circumvented the competitive bid process required by state law by contracting with governmental entities for services which could not be provided directly by the entity. Also, by contracting with the university, the department incurred management fees, totaling approximately \$1,900, that would not have been necessary had the department contracted directly for the services.

2. The department's bid process did not always provide a legitimate opportunity for prospective vendors to compete.
 - The department awarded a contract for the second phase of a project to a former employee; however, it appears the invitation for proposals (IFP) was written to accommodate the former employee's qualifications. The contract, totaling \$98,000, was not to exceed \$24,500 per year for the period June 2001 through May 2005 for approximately 16 hours of work per week.

According to department officials, the services were contracted because the department's budget no longer had a position for this

employee to work on the project. The employee had previously worked part-time on phase one of the project. The IFP's restrictive qualifications included experience as a participant in, or consultant to the project. In February 2003, the contract was terminated due to insufficient funding.

- It appears the department did not always solicit qualified bidders. The department sent four vendors a request for quotation for workshop training; however, it appears only one vendor had the expertise to conduct such training, based on the documentation maintained by the department. The training was for five policy and procedures workshops for local public health agencies, during September to December 2000, and the cost was not to exceed \$18,398.

In addition, the department did not properly prepare/retain documentation of the procurement process or follow procurement guidelines. According to department employees, the general procedure is for a review committee to evaluate bids when more than one bid is received. However, in this case, only one division employee evaluated the three bids received. In addition, a purchase request form was not completed and filed with the grants and contracts section for approval as required by the department's procurement policy, and the department did not have documentation that notification letters were sent to non-responsive and unsuccessful bidders. Also, the department did not have a copy of the contract signed by both parties.

Soliciting proposals and entering into a truly competitive bidding process does not preclude the department from selecting the vendor or individual best suited to provide the service required. Good bidding practices provide the department with a range of possible choices and allow it to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost. Also, the department should evaluate whether potential bidders have the expertise for the services required before requesting proposals.

In addition, the department should ensure that all procurement documentation is prepared and retained in accordance with department policy. Also, OA's procurement policy provides that "all documentation related to each procurement must be maintained in a centralized manner so that there is a clear audit path linking the solicitation process, evaluation, award, and payment", and that documentation should include items such as signed procurement authorization, signed purchase order, and correspondence concerning the procurement.

- B. The department does not require documentation from contractors that they use a bid and evaluation process for the selection of subcontractors. Without requiring contractors to provide documentation that a competitive bid process was used for the selection of subcontractors, the department cannot ensure it is receiving fair value for goods and services to be reimbursed.
- C. The department did not always establish MOUs, as appropriate. MOUs are used when the department is reimbursed for services to external entities or for services between department units. The Office of Information Systems (OIS) does not have MOUs for various computer-related services provided to other department units. Although this lack of MOUs for the computer services was reported by the department's internal audit section in May 2001, the department has not corrected this problem.

In addition, the department did not have a MOU with the DSS outlining each entity's duties and responsibilities relating to a health care outreach program.

Written MOUs are necessary to outline the terms of arrangements, specify services to be provided, and identify the related funding. All department agreements should be in writing and signed by each party.

WE RECOMMEND the DHSS, Office of the Director:

- A. Ensure contracted services are competitively bid in accordance with state purchasing guidelines, and the procurement process is handled in a manner consistent with the intent of the law. The department should discontinue the practice of contracting with governmental entities for services that can be obtained directly from a vendor. In addition, adequate procurement documentation should be prepared and maintained in accordance with the department and OA policies.
- B. Require documentation that contractors use a bid and evaluation process for the selection of subcontractors.
- C. Enter into written MOUs which specifically outline the terms of the arrangement, specify services to be provided, and identify the related funding, as appropriate.

AUDITEE'S RESPONSE

- A. *We partially agree. The Department makes every attempt to follow OA bid requirements. However, there are circumstances where we need to get contracts in place in a very short time period, and going through the bid process would not allow us to receive and disburse these funds in accordance with the grant funding agency. When time is of the essence, we might contract with the University of Missouri to obtain these services. In the instance with the Crisis Home Intervention Services in St. Louis, this contracting*

arrangement was established according to direction from certain members of the General Assembly.

- B. We disagree. Our current contracts do not require the contractor to share documentation with us regarding their subcontractors. Therefore, we have no authority to require this from our contracts. We will review whether this language should be added to future contracts.*
- C. We concur. We make every effort to obtain MOUs with both internal and external agencies. The Chief Operating Officer will meet with the Director of the Center for Health Information Management and Evaluation to assess the situation and to emphasize the importance of getting signed MOUs for OIS services.*

2. Oversight of Contracts

The department did not always receive or require adequate invoices or other documentation to support payments for contracted services. Some contracts were not supported by a budget, and contracts and MOUs were not always signed by all parties on a timely basis. In addition, department units are not required to use a risk-based system to monitor contracts and the monitoring procedures performed were not always adequately documented.

- A. The department did not always receive or require adequate invoices or other documentation to support payments for contracted services. In addition, it appears the department did not always adequately review invoices and/or supporting documentation for compliance with contract terms.

- Computer consulting invoices were not complete and the department did not always ensure invoices were supported by approved timesheets. The department contracted for computer consulting services relating to the development of a centralized public health information system. The contract covers the period of February 2001 to January 2004 and the department has paid the vendor approximately \$3.7 million through March 2003.

The invoices did not document job classifications; however, the invoices were based on hours worked, at the contracted rate for various job classification titles. As a result, the department cannot satisfactorily review the invoices to ensure the correct pay rate is used for each contracted employee.

Additionally, contracted employees are supervised by department employees and their timesheets are reviewed and approved by the department employees. However, the contractor does not always submit copies of the signed timesheets to support the invoices, and the department

does not retain copies of the signed timesheets. By comparing the contractor's invoices to approved timesheets, the department would have more assurance it is being billed for actual time worked.

- Vendor invoices for an outreach program did not adequately document the services provided. In fiscal year 2002, the department contracted with a primary care association to implement an outreach program to enroll Medicaid eligible women and minorities in the city of St. Louis and in southeastern Missouri. The association subcontracted with various community health centers which served the targeted population. The maximum cost reimbursement for the contract was \$985,000.

The association's invoices only listed the amounts billed for the subcontractors and did not provide detail of the actual services provided by the subcontractors. The department's contract with the association required itemized invoices for allowable costs in accordance with contract deliverables be submitted and defined what types of costs were allowable. The department needs detail of the subcontractor's services to effectively monitor contract terms and to ensure costs are allowable.

- In fiscal year 2001, several vendor invoices for a HIV/AIDS service coordination contract did not include sufficient detail for costs, and it appears the department did not sufficiently review the invoices. Although the contract listed a maximum amount of \$16,147 for administrative costs, we noted administrative costs billed totaled \$25,224, or \$9,077 more than what was allowed.

After we brought the overpayment to the attention of department employees, the employees reviewed the invoices and concluded the contractor incorrectly recorded direct costs associated with a program which was added to the contract through an amendment, as administrative costs. To adequately monitor compliance with contract terms, the department needs to ensure the vendor invoices include sufficient detail for the amounts billed.

- Two invoices, totaling \$18,810, for consultant training services did not appear adequate. Although the contracts provided a set fee for one trainer and an hourly rate for the other trainer along with travel, indirect charges, and administrative costs, the invoices provided no detail for these items and instead, simply noted a total amount due. In addition, department employees could not provide complete documentation of the dates, agendas, or names of attendees for the training sessions. As a result, the department has little assurance as to the propriety of these fees.
- Invoices from another consultant did not document the time worked or travel expenses incurred. Rather, the monthly invoices requested payment

for one-twelfth of the approved yearly budget of \$24,500. Payments should tie to work performed or the progress toward a completed contract.

- The costs paid by the department for a series of workshops exceeded the contract amount by \$1,086. The contract provided for the maximum cost reimbursement of \$18,398 including travel expenses. The department paid the consultant \$18,352 for workshops, meals, and ground transportation; and also paid vendors directly for lodging and airfare totaling \$1,132.

The department should ensure contracts sufficiently detail the method in which fees are calculated. Additionally, the department should require complete and accurate invoices be submitted which include sufficient documentation to show fees are valid and calculated in accordance with the contract. A careful review of invoices and supporting documentation is necessary to substantiate the validity, propriety, and reasonableness of amounts billed to the department. Also, the department should ensure contract amounts are not exceeded.

- B. Not all contracts required a budget for planned expenditures. Two of eight contracts and related amendments reviewed were not supported by a budget outlining how the funds were to be spent. Although not required by department policy, grants and contracts employees indicated that department units are encouraged to require budgets for contracted services.

A budget would be useful to help ensure both parties are aware of the planned expenditures and to serve as a tool for monitoring invoices to ensure expenses are valid and proper.

- C. Contracts and MOUs were not always signed on a timely basis. Seven of eight contracts/amendments and two MOUs between department units reviewed were not signed by all parties until after the effective date of the agreement. One contract was not signed by all parties until almost seven months after the effective date; and one MOU, which was effective for over five months, was not signed as of the date of our review.

Contracts and MOUs should be signed by all parties prior to the effective date so the contractors can be held to all contract terms and provisions during the contract period. Similar problems were reported by the department's internal audit section in May 2001.

- D. The department does not require its various units to use a risk-based system for monitoring contractors. The monitoring procedures in effect prior to October 2002 required site visits be conducted at least twice a year for contracts of a year or more. The documentation for these site visits generally consisted of completing a standard checklist. However, the checklists we reviewed did not always adequately document what procedures were performed by the reviewer

during the site visit. Current procedures require each department unit to develop its own monitoring policies and procedures which should include site visits to each professional contractor.

The monitoring of contracts should not be an automatic system of site visits. Instead, the department should evaluate risk factors such as:

- amount of the contract
- complexity of the contract requirements
- prior experience with the contractor
- resources available for monitoring efforts
- cost effectiveness of various monitoring procedures
- detailed information submitted by the contractor
- audits of the contractor

A risk-based system would identify and evaluate various risk factors to determine the type and extent of monitoring to perform, including whether a site visit is necessary. In addition, monitoring procedures performed should be adequately documented.

WE RECOMMEND the DHSS, Office of the Director:

- A. Ensure invoices for contracted services are supported by adequate documentation of fees and expenses and reviewed for validity and accuracy. In addition, the department should ensure compliance with contract terms and budgets.
- B. Require budgets be prepared for all contracts. In addition, invoices should be compared to the budget to help ensure expenses are valid and proper.
- C. Ensure contracts and MOUs are signed by all parties prior to the effective date of the agreement.
- D. Establish a risk-based system for monitoring contracts and ensure monitoring procedures performed are adequately documented.

AUDITEE'S RESPONSE

- A. *We agree. We will inform OIS that the contractor must submit along with their invoice, signed timesheets setting forth the employees' job classification titles. This will allow OIS to review the invoice and the state reimbursement rate per the contract. The Department will continue to ensure that appropriate documentation is received and maintained to substantiate the validity, propriety, and reasonableness of amounts billed to the Department.*

- B. *We disagree. This was originally a DSS contract which DHSS took over. DSS has since taken this contract back. The Department encourages budgets for contracted services, so this should be corrected if DHSS should issue contracts in the future.*
- C. *We partially agree. The Department makes every effort to obtain all signatures on a contract prior to the effective begin date of a contract. However, this is not always possible, especially when the contractor has to be approved by a Board of Directors that does not meet on a timely basis.*
- D. *We disagree. We do not currently require site visits for all contracts; however, some grant funding agencies do require site visits. When site visits are not required by the grant funding agency, the program staff evaluate the necessity of performing a site visit, and will perform a desk review if that will be adequate to ensure compliance. When program staff determine that there is a risk of a contractor not performing per the contract, the program staff can perform site visits and take other appropriate actions. Our contracts are so various and diverse, we do not have a risk-based computer program that could cover all contracts. However, program staff have experience and expertise which helps them to individually analyze the risk factors and how they will monitor those contracts and the need for site visits.*

3.	State Public Health Laboratory
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The State Public Health Laboratory (SPHL) does not generally recover the related costs of its services. In addition, the SPHL did not always bill Medicaid programs for applicable services. Also, the department needs to determine if it is effective and efficient to continue staffing branch laboratories.

The SPHL offers various laboratory testing services to local public health agencies, private health care providers and laboratories, governmental entities, and individuals. A \$10 handling fee is usually charged on samples/specimens submitted by private physicians or individuals. This fee is waived for situations such as certain investigations, testing for a department unit or the federal government, or when the department considers the testing to be of vital importance to the public health.

In fiscal years 2002 and 2001, SPHL expenditures totaled approximately \$6.8 million and \$5.6 million, respectively, while revenues, including testing fees, handling fees, and Medicaid billings, totaled approximately \$1.3 million each year. Our review of the SPHL's operations disclosed the following:

- A. Generally, the SPHL does not recover the related costs of its laboratory services. Except for certain tests, the SPHL does not charge for the numerous types of laboratory services performed. In fiscal years 2002 and 2001, the SPHL performed tests on approximately 400,000 samples/specimens each year.

According to SPHL officials, the benefit for providing the services free of charge is that the department gains access to various health information which relates to the health status of the state and this information is utilized by various department programs. The officials believe that by charging for their services there is a risk the various entities might choose to use another laboratory for tests, might restrict/reduce tests, or might eliminate needed tests. Thus, there is a potential for a greater health risk to the general public and the department might not receive relevant health information needed.

To help recover laboratory costs, as feasible, the SPHL should periodically perform a cost-benefit analysis of its fee structure and the related costs of performing the laboratory services.

- B. Some of the services provided by the SPHL are reimbursable through Medicaid and Medicaid managed care plans; however, during fiscal years 2002 and 2001, the SPHL did not always bill the Medicaid programs for its services.

Although the SPHL can receive Medicaid reimbursement for metabolic (newborn) screening, lead screening, and sexually transmitted disease (STD) testing, it appears the SPHL stopped billing the managed care plans for STD tests and lead screenings several years ago, and discontinued billing Medicaid for newborn screening during fiscal year 2002. According to SPHL officials, the reasons for not billing the Medicaid programs included lack of staff, little emphasis on the billing function, low match rates on newborn names, and antiquated billing/claims software.

However, in fiscal year 2003, the SPHL re-established its Medicaid billing. According to department records, for the period July to December 2002, the SPHL collected Medicaid reimbursements of approximately \$73,000 for newborn screening and STD testing.

The SPHL needs to continue its efforts to recover Medicaid testing costs on all applicable services.

- C. The need for branch laboratories is unclear. The SPHL oversees three branch laboratories, in Springfield, Poplar Bluff, and Mt. Vernon. However, the majority of the testing is performed by the main laboratory located in Jefferson City, including most services performed by the branch laboratories.

The Springfield laboratory performs water and rabies testing, while the Poplar Bluff laboratory only performs water testing. All tuberculosis testing for the state is performed by the Mt. Vernon laboratory.

According to department records, during fiscal years 2002 and 2001, approximately 8 and 4 percent of the total number of specimens tested were performed by the Springfield and Poplar Bluff laboratories, respectively. In

addition, the number of tuberculosis specimens tested declined to approximately 9,400 in fiscal year 2002 from approximately 15,300 in fiscal year 2001. Also, from July to December 2002, only about 2,200 tuberculosis specimens were tested. According to laboratory officials, the decline in the number of tuberculosis specimens tested appears due to the laboratory increasing its fee to hospitals and laboratories for tests of initial specimens and discontinuing offering certain services. As of March 2003, the number of employees at the Springfield, Poplar Bluff, and Mt. Vernon laboratories was five, four, and seven, respectively.

The SPHL needs to perform a cost-benefit analysis to determine if it is effective and efficient to continue staffing branch laboratories or to consolidate all laboratory services at the main laboratory.

WE RECOMMEND the DHSS, Office of the Director:

- A. Require the SPHL perform a cost-benefit analysis of its fee structure and the related laboratory costs, on a periodic basis.
- B. Require the SPHL to consistently bill the Medicaid programs for all applicable services.
- C. Require the SPHL perform a cost-benefit analysis of the branch laboratories to determine whether the continued operation of these facilities is justified.

AUDITEE'S RESPONSE

- A&B. *We agree. We have recently hired a Fiscal and Administrative Manager (Fiscal Liaison) for the State Public Health Laboratory (SPHL) in order to facilitate the improvements identified in this audit.*
- C. *We agree. In the FY 2004 budget process the department and the General Assembly considered elimination of the branch laboratories in Poplar Bluff and Springfield. The plan approved by the General Assembly provided funding during FY 2004 for a one-year phase-out of the laboratories. Therefore, this issue should be resolved in the FY 2005 budget.*

4. Time Accounting

Some personal service costs may have been charged to an inappropriate funding source(s), and various state and federal programs could have been over and/or under charged for these costs.

In November 2001, the department started using the Statewide Advantage for Missouri (SAM II) system to compile employee hours spent on the department's various state and

federal programs. SAM II uses a Labor Distribution Profile code (LDPR) to distribute employee time and the LDPR may distribute time to multiple funding sources (programs). Each employee is assigned a primary (default) LDPR based on his or her primary job duties. However, the default LDPR can be over-ridden for work performed on activity unrelated to the employee's primary duties. Appropriate LDPRs are established at the start of a new program and/or grant and generally are not changed during the life of the program/grant. Department employees prepare weekly timesheets indicating time spent on various activities for the related LDPRs. These timesheets are reviewed and approved by the employee's supervisor.

Our review of timesheets, from September 2002 to March 2003 for seven employees, noted three employees in which the default LDPR recorded on their timesheets did not agree to their default LDPR on SAM II. For one of these employees, it appears the proper default LDPR, based on the employee's duties, was on SAM II. However, for the other two employees, it appears the default LDPR on SAM II did not support the activities reported on the employee's timesheet. As a result, the time for these employees may not have been charged to the appropriate funding source(s). Charging time to an incorrect LDPR could cause various state and federal programs to be over and/or under charged for personal service costs.

The department should periodically compare the default LDPR recorded on timesheets to the default LDPR on SAM II for each employee. Any discrepancies should be reviewed and resolved to ensure time is charged to the proper funding source(s). In addition, department employees and their supervisors should ensure the timesheets reflect the employee's actual activities and the proper related LDPR(s).

WE RECOMMEND the DHSS, Office of the Director establish procedures to periodically review and compare the default LDPR on SAM II for each employee to the default LDPR assigned for the employee's timesheet.

AUDITEE'S RESPONSE

We partially agree. We expect each Division/Center to monitor their LDPR defaults to ensure that they are appropriate for each employee. Fiscal Liaisons for each Division/Center will be reminded that they need to review their LDPRs for their employees and to notify Budget Services when LDPRs are changed. Also, we will have Personnel send a copy of all approved "Request to Fill" forms to Budget Services so that they can review for LDPR changes.

5. Computer Equipment Controls, Policies, and Records
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The department needs to improve its oversight of computers and related equipment. Documentation for the review, approval, and justification of computer purchases is not always maintained. Also, guidelines have not been developed for assigning multiple computers to employees. Additionally, fixed asset records for computer equipment were not always complete and accurate.

The department incurs significant costs associated with its purchases of computers and related equipment. In fiscal years 2002 and 2001, computer equipment expenditures totaled approximately \$2.5 million and \$2.6 million, respectively. Our review of the department's controls, policies, and records over its computer equipment disclosed the following:

A. The department has not developed a department-wide oversight function for computer and related equipment purchases. Although there are procedures requiring the OIS to review and approve the technical aspects relating to computer purchases, there is no overall review and evaluation of the need for these purchases or overall tracking of the disposition of replaced computers, on a department-wide basis. The various department units are responsible for evaluating and justifying the need for computer purchases for their unit and ensuring the replaced computer is properly transferred to another employee within the unit; returned to OIS to be repaired or stored for later use by other units; or surplus. The lack of department-wide oversight of computers contributed to the following:

- According to OIS personnel, some units have surplus computers which were more up-to-date than computers used by other units.
- Some units keep extra computers in storage in case an existing computer becomes unusable in addition to the extra computers maintained by OIS for this purpose.
- One unit replaced a laptop which had "crashed" with a new laptop and did not send the damaged laptop to OIS to be repaired or surplus. The damaged laptop was stored in a file cabinet.

A department-wide oversight function for computer and related equipment purchases would help the department control costs and ensure all units have adequate and necessary computer equipment. In addition, an oversight function would help correct the problems noted below.

B. Documentation of OIS's review and approval of computer purchases is not retained. Department policy provides that purchase requests for computers, computer peripherals, printers, software, and computer services be reviewed by OIS for completeness and accuracy and for suitability with the state's and department's technical architecture plans. However, the email documenting this review/approval is not retained by either OIS or the various units. Adequate documentation of OIS's review and approval of computer purchases should be retained to show compliance with department policy.

C. Documentation supporting the justification of computer purchases was not always maintained. The department's technology purchasing guidelines require each unit

to determine, document, and maintain the justification for computer purchases. However, this justification was rarely documented and maintained by the units we contacted and several units were not aware of the guidelines.

- D. Formal written guidelines have not been developed for assigning more than one computer to an employee or position. Many units allow more than one computer be assigned to an employee. For example, department records showed a division director was assigned two laptops and three personal computer (PC) systems, with one of the PC systems located at the employee's home. Without guidelines and justification for assigning more than one computer to an employee, it is unclear whether the expense of acquiring multiple computers for an employee/position is appropriate and necessary.
- E. The fixed asset records were not always accurate as to the computer equipment's description, physical location, or unit/individual assignment. Although the various department units contacted generally maintained some type of equipment assignment records, these records were not always accurate or current.

We noted two of seventeen (12 percent) computers tested were on the fixed asset listing but could not be located. In addition, paperwork supporting the removal of another computer from the fixed asset records could not be located. According to department employees, these computers were surplus; however, either the proper paperwork was not completed to remove the items from the fixed asset records or the paperwork was misplaced. We also noted numerous instances where computers were transferred between units, without the transfer being documented in the fixed asset records. Without maintaining current documentation of computer assignments and locations, the controls over equipment are weakened.

Accurate fixed asset records are necessary to properly safeguard assets. The Code of State Regulations, 15 CSR 40-2.031, requires state agencies to maintain adequate fixed asset records which include identification number; description of the item including name, make, model and serial number, where appropriate; acquisition costs; date of acquisition; estimated useful life at date of acquisition; physical location in sufficient detail to readily locate the item; and method and date of disposition for each fixed asset.

WE RECOMMEND the DHSS, Office of the Director:

- A. Consider establishing a department-wide oversight function for the review and justification of computer and related equipment purchases.
- B. Ensure documentation of OIS's review and approval of computer purchases is retained.
- C. Ensure justification of computer purchases is prepared and maintained.

- D. Develop written guidelines for assigning more than one computer to an employee/position.
- E. Ensure complete and accurate fixed asset records for computer equipment, including assignments, are maintained. In addition, appropriate forms should be completed and retained for computer equipment transferred or surplus.

AUDITEE'S RESPONSE

- A&E. We disagree. We feel that we have Department-wide oversight through various levels, consisting of supervisor approval, Division Director approval, and OIS review. The Department does have a Fixed Asset Manager who is responsible for overseeing the inventory, tagging and tracking of all fixed assets. With the merger of Division of Aging and the Department of Health into the new Department of Health and Senior Services, there were major movements of fixed assets and the need to retag all fixed items with new DHSS inventory tags. This has been a major undertaking, and we have still not completed everything in this regard, but hope to complete this task within the next two months. For the auditors to only find these few examples amidst this major upheaval is a sign that we do try to diligently oversee our fixed asset responsibilities.*
- B. We disagree. Several months ago we changed our internal procedures and now OIS is retaining copies of the approval e-mails. Therefore, since we have already identified and addressed this concern, this finding is no longer an issue.*
- C. We disagree. The Department recognizes the signatures at the Bureau and Division level as adequate justification as long as the computer purchase is approved by OIS. OIS may require written documentation in order to make a decision of whether or not to approve the acquisition. DHSS Administrative Policy 24.6.IV.B is being reviewed and clarified by OIS. The policy is misleading as written because it does not say who is to receive the justification and what they are to do with it. OIS drafted the policy but they do not receive any justification for computer equipment.*
- D. We disagree. One of the computers in this example was inoperable, but was still in the Division Director's office prior to the hard drive being wiped and the computer being surplus. The laptops were available for various people in the Division's use as needed—they were not only for the use of the Division Director, though they were assigned to her.*

The department needs to improve its policies and controls over cellular telephones. The procurement and coordination of all cellular telephone equipment and services has not been adequately overseen. Additionally, cellular telephone usage patterns were not always adequately analyzed to ensure each user was enrolled in the most cost-effective service plan, and personal use was not always identified and restricted.

The department's cellular telephone policy requires each unit to develop an internal control system over cellular telephone services for that unit, including acquiring the service, reviewing and approving billing statements, and analyzing usage patterns. In addition, the unit is responsible for restricting personal use and seeking reimbursement for personal use of cellular telephone services. The units also need a procedure to ensure corrective action is taken for excessive and/or repeated excessive personal use of cellular telephone services. Most units we contacted require employees to review their cellular telephone statement, identify any personal calls, and issue a check to the applicable vendor for the cost of the personal calls. Expenditures related to cellular telephone services totaled approximately \$33,600 and \$22,100, for fiscal years 2002 and 2001, respectively.

Our review of the policies, controls and records for cellular telephone services disclosed the following:

- A. The department has not designated a person(s) to be responsible for procuring and coordinating all its cellular telephone equipment and services, as provided by OA's wireless telephone policy, SP-3. As noted above, each unit is responsible for its cellular telephones.

Not only is the department unable to readily identify the total number of cellular telephones used by employees, the department units did not always follow their individual policies and procedures, and policies and procedures were inconsistent among the units reviewed. As a result, the department has little assurance that cellular telephones are used efficiently and effectively.

To improve the efficient and effective use of cellular telephones, the department should consider designating a person(s) to be responsible for all department cellular telephone services, including the procurement of equipment and service, the maintenance of records, such as equipment tracking and personal reimbursements, and the determination of whether rate plans are appropriate.

The lack of assigned responsibility for all department cellular telephone equipment and services contributed to the problems noted below.

B. It appears the procedures by which plans are reviewed were not always effective. Some employee cellular telephone plans did not appear to match their usage patterns.

- One cellular telephone, enrolled in a plan allowing 150 minutes per month for \$27, had significantly higher than allowed usage. For 5 of 6 months reviewed, the cellular telephone was used from 311 to 778 minutes per month resulting in additional average monthly charges of approximately \$122.

Although the unit later changed the plan for this phone, the number of new plan minutes was only increased to 350 minutes per month. According to the unit's records, the monthly usage was estimated to be 550 minutes per month, resulting in an additional charge of \$70 per month, or an estimated monthly charge of \$112. Other state plans may be more appropriate. For example, a nationwide plan includes 900 minutes for \$85 or 550 minutes for \$59 per month.

- Another cellular telephone enrolled in a plan allowing 150 minutes per month for \$18 was used over 1,100 minutes one month resulting in additional charges of over \$600.

In addition, the usage exceeded the number of plan minutes for many billing statements reviewed, which resulted in additional costs to the department.

Cellular telephone usage patterns should be routinely monitored and analyzed to ensure each user is enrolled in the most cost-effective plan. The department should review its current and historical levels of cellular telephone use for business-related purposes along with the types of employee positions that require cellular telephones and develop a standard for matching employees and their positions to cellular telephone plans. Implementing such procedures should result in cost savings to the department.

C. Some cellular telephone billing statements were not adequately reviewed to ensure all personal use was identified and reimbursed. Also, personal use of cellular telephones may not be restricted, as appropriate.

For two cellular telephones reviewed, some telephone numbers identified as personal calls on a billing statement were not always identified elsewhere on that statement or on other statements as personal calls. In addition, no personal calls in the plan (free) minutes were identified for one of these telephones, even though a specific number(s) was identified as personal elsewhere in the statement.

In addition, the number of personal calls identified for these two cellular telephones may be excessive. One employee identified approximately 50 personal calls during the month reviewed and reimbursed the vendor \$40 for these

calls. The other employee identified an average of 20 personal calls per month during the five months reviewed. The employee reimbursed the vendor \$226 for these personal calls.

The department needs to ensure procedures are adequate to identify all personal calls which should be reimbursed and ensure corrective action is taken for excessive use. The department may want to consider prohibiting the personal use of cellular telephones, except in cases of emergency.

In September 2001, the department's internal audit section reported similar problems regarding appropriate plans for cellular telephone services and personal use.

WE RECOMMEND the DHSS, Office of the Director:

- A. Consider designating a specific person(s) to be responsible for procuring and coordinating all cellular telephone equipment and services.
- B. Expand current policies and procedures to ensure the most cost-effective cellular telephone plans for business-related purposes are selected based on actual business usage by department personnel.
- C. Ensure personal calls are identified, reimbursed, and restricted, as appropriate.

AUDITEE'S RESPONSE

A&C. *We disagree.*

B. *We partially agree.*

We are not in a position to designate a departmental person to be responsible for processing and coordinating all cell phones at this time. We expect each Division/Center to monitor their cell phones and to adhere to Department policies and procedures in this matter. The Chief Operating Officer will send a memo to each Division/Center asking them to review their cell phone plans with their current calling activity to ensure that they are on the appropriate plan and to remind them to have staff limit personal calls. Each Division/Center should monitor and document that they have reviewed their cell phone plans/usage every 6 months. The Department discourages excessive use of personal phone calls. When a personal phone call is placed on a DHSS cell phone, the employee is charged 35 cents a minute, even if the calls were placed during "free" minutes per the phone plan. This is more restrictive than OA policy, and we feel it discourages personal usage but allows those calls to occur should the employee deem it necessary.

Bids were not obtained for some expenditures. In addition, many invoices were not processed and paid on a timely basis and supporting documentation was not adequate for several employee expense claims. Also, some food expenditures did not appear to be a prudent, reasonable, or necessary use of department funds.

- A. Bids were not obtained for some expenditures in excess of \$3,000. It appears some purchase orders for laboratory supplies, such as testing kits, were split to stay below the bid requirement. We noted some testing kits, totaling \$6,300 and \$5,440 in fiscal years 2002 and 2001, respectively, were ordered in batches costing less than the bidding requirement. We also noted numerous other purchases of similar laboratory supplies costing less than \$3,000. Laboratory supply expenditures totaled approximately \$2.3 million and \$1.9 million in fiscal years 2002 and 2001, respectively.

In addition, conference expenses incurred during April 2001, including lodging, food, and equipment rental, totaling over \$4,300, for training participants related to community assessment/intervention were not bid.

Section 34.040, RSMo 2000 and OA's procurement policy requires bids be obtained for purchases over \$3,000, including any item in which the total expenditure over a twelve month period is over \$3,000. Competitive bidding helps ensure the department receives fair value by contracting with the lowest and best bidders, and also ensures all interested parties are given an equal opportunity to participate in the state's business.

- B. Many invoices were not processed and paid on a timely basis. Eleven of twenty-five (44 percent) invoices reviewed were processed for payment between 51 and 116 days after the invoice date. Another invoice was paid over 300 days after the invoice date. It appears the delays may be due to untimely review, approval, and processing by the various department units. Not paying invoices on a timely basis could result in late charges which would be an unnecessary expense to the department. Internal procedures should be adopted to ensure the timely payment of invoices.

Similar problems were reported by the department's internal audit section in February 2001.

- C. Some food expenditures did not appear to be a prudent, reasonable, or necessary use of department funds. In addition, the supporting documentation for these disbursements did not always indicate the business purpose or identify those people attending.

- Appreciation luncheon, totaling \$468, for 28 employees at the Governor's Mansion.
- Luncheon, totaling \$351, for a one-half day training session held in Jefferson City. All of the approximately 60 employees were domiciled in Jefferson City, and the luncheon was combined for attendees at the morning and afternoon sessions.
- Luncheon/retirement party, totaling \$293, held during the workday for 45 individuals. Some attendees were not department employees.
- Dinner, totaling approximately \$1,300, in conjunction with a meeting promoting minority health. The 50 attendees included legislators and church leaders. Two department employees were speakers.
- Breakfast and luncheon, totaling over \$1,350, for a diabetes conference. Although the department was billed for 50 breakfasts and 125 lunches, only 58 attendees were documented.

Documentation for department provided food expenditures should include the business purpose of the meeting, a list of participants, and a clear compelling reason as to the necessity for providing the meals.

WE RECOMMEND the DHSS, Office of the Director:

- A. Ensure competitive bids are obtained on all applicable purchases, in accordance with state law.
- B. Adopt procedures to ensure invoices are paid in a timely manner.
- C. Ensure documentation for department provided food is adequate to identify the participants and to show the clear business purpose and necessity for providing the meal.

AUDITEE'S RESPONSE

- A. *We partially agree. The Department makes every effort to follow OA's requirements in securing bids. The expenditures cited by the auditors were very rare occurrences, not indicative of the thousands of procurements done by our Department each year. We will continue our efforts to monitor and prevent purchases being "split" to avoid obtaining a bid.*
- B. *We disagree. These were very rare occurrences, and they were due to circumstances that were beyond our control. If the vendor does not submit an invoice timely, we cannot pay it timely. Also, an invoice may not be timely paid if all required documentation is not submitted. Divisions and vendors are encouraged to submit their documents to the*

Division of Administration, Bureau of Financial Services, Accounts Payable Section in a timely manner. On a whole, the Department pays its invoices in a timely manner.

- C. *We agree. But have already taken corrective action. The Department revised Financial Policy 1.11 on November 15, 2003, and these revisions incorporate the findings in this audit. Therefore, we feel that we have already identified these areas of concern and have corrected them. We feel that having our employees follow this policy should adequately address this finding.*

8. State Vehicles

The department needs to improve its management of state-owned vehicles. Vehicle usage logs are not always sufficient and prepared for all vehicles. Also, the vehicle assigned to the chief operating officer does not have state license plates.

At December 31, 2002, the department maintained a fleet of 97 vehicles for use by both central office and field employees. The department maintains a fleet of service and program specific vehicles, with some vehicles assigned to specific employees. The vehicles are assigned to the various department units and the director's office as follows:

Field offices	58
Jefferson City	39

Our review of state-owned vehicles disclosed the following concerns:

- A. Vehicle usage logs are not maintained for all vehicles and vehicle usage documentation, where maintained, varied among the department units. Some documentation lacked adequate vehicle information such as trip detail and vehicle maintenance and repair costs. In addition, vehicle usage documentation maintained by the director/chief operating officer only identified the number of commuting round trips (not miles) each month and the ending month's mileage.

Vehicle usage logs should be maintained and reviewed to ensure vehicles are properly used for business purposes. In addition, OA's vehicle guidelines, Policy SP-4, provides that "vehicle usage logs must be maintained for each state vehicle and include the following information: name of driver, date(s) used, beginning and ending odometer readings, destination and purpose of use." Also, operating costs such as fuel and maintenance should be documented. The department's guidelines only provide a vehicle log be maintained for vehicles available for use by multiple staff. Thus, mileage logs are not required for assigned vehicles.

The department should require vehicle usage records be prepared for all state-owned vehicles in compliance with OA policy.

- B. The vehicle assigned to the chief operating officer does not have state license plates. According to department officials, vehicles with non-state license plates are needed for confidential investigations and security issues. However, it is unclear if non-state plates are necessary for the chief operating officer's duties and responsibilities. In addition, since this vehicle is permanently assigned to the chief operating officer and is used primarily for commuting, it appears unlikely the vehicle was intended to be used by or is used by other employees. If the department continues to assign a vehicle to the chief operating officer for commuting, the department should assign a vehicle with state license plates.

Condition A. was noted in our audit report, Managing State Vehicles at the Department of Health, issued in January 2002.

WE RECOMMEND the DHSS, Office of the Director:

- A. Require mileage logs be maintained for all state-owned vehicles, as required by OA policy. These logs should be periodically reviewed for propriety.
- B. Evaluate the assignment and licensing of the state-owned vehicle used by the chief operating officer.

AUDITEE'S RESPONSE

- A. *We disagree. It is not practical or logical for the Chief Operating Officer or the Department Director to maintain vehicle usage logs because these vehicles are provided for and used for business related purposes. The time and inconvenience vs benefit of maintaining these logs does not justify that these two individuals need to maintain these logs. The Chief Operating Officer and the Department Director are persons of high personal integrity who need to be available 24 hours a day to run the Department of Health and Senior Services, and these vehicles have been provided to them to help them in the performance of their duties.*
- B. *We disagree. A non-state license plate was assigned to this vehicle a number of years ago as a result of threats the department received regarding Comprehensive Family Planning Activities. It became essential, for the safety and security of the Chief Operating Officer and others using the vehicle, for a non-state license plate to be assigned. We do not see that any benefit from having a state license plate would outweigh the safety concerns. With biological and other threats against our Department's leadership, we think we need to consider also having a non-state license plate assigned to the Department Director vehicle.*

The department's internal audit section is not fully independent of the activities it audits. Under the current organization structure, the internal audit section does not report to top management, but instead reports to the Director of the Division of Administration. Virtually all the department's financial transactions flow through or are reported to this division.

The Institute of Internal Auditors' standards provide that internal audit activity is to be independent and should "report to a level within the organization that allows the internal audit activity to fulfill its responsibilities". To ensure complete and objective audit coverage, the internal audit function must be independent of the activities it audits, through both departmental status and objective performance of its audits. Direct communication with the chief operating officer or the department director would help ensure independence and provide a means whereby top management can be kept abreast of current operations and activities.

WE RECOMMEND the DHSS, Office of Director consider having the internal audit section report directly to the chief operating officer or the department director.

AUDITEE'S RESPONSE

We disagree with the audit finding. It is generally recommended that Internal Audit report directly to the Department Director to ensure independence. In the Department of Health and Senior Services, the Internal Auditors report to the Director of Administration. However, independence and integrity is ensured because at any time the Internal Auditor may report "directly to the Department Director any information or action which, in the opinion of the Chief Internal Auditor, is deemed necessary to ensure the integrity and independence of the internal audit program" per DHSS Financial Policy 4.1.IV.A.9.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF HEALTH AND SENIOR SERVICES
OFFICE OF THE DIRECTOR
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Department of Health and Senior Services was created by the passage of House Bill 603 in May 2001. The bill transferred the roles and responsibilities of Division of Aging in the Department of Social Services to the Department of Health creating the Department of Health and Senior Services (DHSS). This change was made for better integration, closer coordination and communication regarding health, public health, regulation, and senior services for all Missourians.

The director is responsible for the management of the department and the administration of its programs and services. The chief operating officer assists the director in the management of the department and acts for the director in his or her absence. The following departmental units report directly to the director and chief operating officer:

Division of Administration: This division provides fiscal and general services support for the department.

Center for Health Information Management and Evaluation: This center is responsible for collecting, analyzing, and distributing health-related data that promotes the better understanding of health problems and needs in Missouri.

Center for Health Improvement: This center works directly with communities to help them assess their needs, identify capacity for meeting those needs, and develop partnership and collaborative efforts that will sustain long-term health improvement.

Center for Emergency Response and Terrorism: This center is responsible for coordinating regional and state planning for public health emergencies and natural disasters, including biological, chemical and nuclear terrorism.

State Public Health Laboratory: The laboratory provides testing services in the fields of chemistry, environmental bacteriology, microbiology, serology, and virology.

Office of Personnel: This office provides personnel management services and support for the department.

Office of Training and Professional Development: This office provides training services for the department and training and consultation to local health agencies.

Office of Public Information: This office coordinates all media contacts for the department and provides information in response to inquiries from other agencies and the public.

Office of Minority Health: This office was established by Section 192.083, RSMo 2000, to monitor the programs in the department for their impact on eliminating disparities that exist among black, Hispanic, Native, and Asian Americans.

Office of General Counsel: This office provides legal support and opinions to all departmental units, cooperation to the Attorney General's office in departmental litigation, and in-service training on legal issues for department employees and local health department staff.

Office of Governmental Policy and Legislation: This office coordinates the development, review, and tracking of public health related federal and state legislation and coordinates the development of intergovernmental and legislative policy.

Office of Women's Health: This office is responsible for the development of effective, comprehensive public policy that promotes improved physical and mental health and well being and lessens the burden of preventable disease and injury among the women and girls of Missouri.

Office of Epidemiology: This office provides epidemiological consultation to all departmental units to develop and implement research projects that assist in needs assessment, policy development, planning, and implementation of programs related to public health issues.

The State Board of Health advises the director regarding the priorities, policies, and programs of the department, and reviews rules promulgated by the department. The board consists of seven members appointed by the governor, with the advice and consent of the Senate. At June 30, 2002, the members were:

<u>Member</u>	<u>Term Expires</u>
Ollie C. Fisher, DMD, Chairman	October 13, 2002
Harold Bengsch, MSPH	October 13, 2002
Thomas M. Macdonnell, MD	October 13, 2004
Deborah Jantsch, MD	October 13, 2001 *
Karen Sylvara, DO	October 13, 2000 *
Mary Breckenridge, RN	October 13, 2000 *
Vacant **	

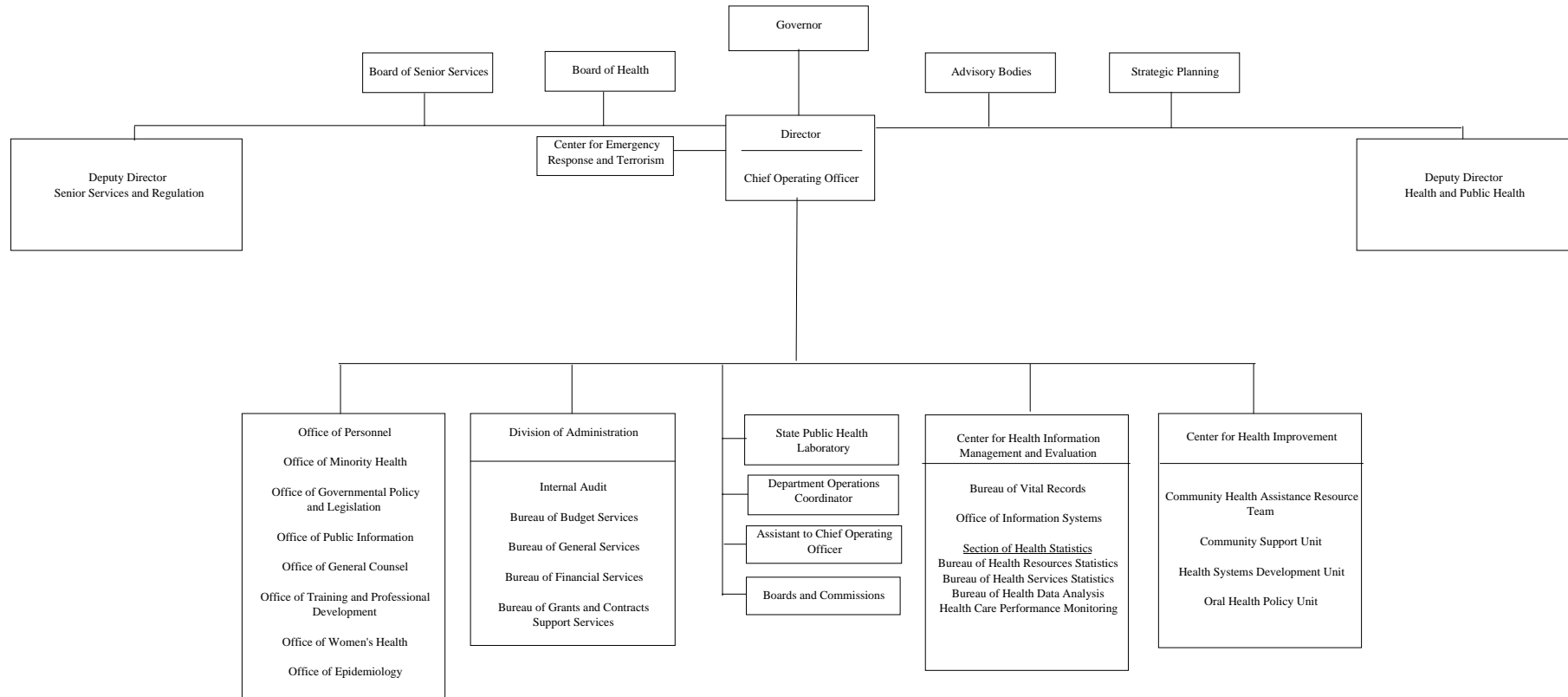
* Continues to serve until a replacement is appointed.

** Marcella Williams resigned on May 1, 2002. A replacement has not been appointed.

The governor, with the advice and consent of the Senate appoints the director of the department. Richard C. Dunn was appointed director in January 2003. Ronald W. Cates, who currently serves as the chief operating officer, served as interim director from January 2002 to January 2003, after the resignation of the former director, Maureen Dempsey. The department employed 2,071 employees at June 30, 2002, with 466 employees in the units reporting directly to the director's office.

An organization chart follows:

DEPARTMENT OF HEALTH AND SENIOR SERVICES
OFFICE OF THE DIRECTOR
ORGANIZATION CHART
JUNE 30, 2002



Only the various units which report directly to the Office of the Director are identified. There are numerous other department units which report to the Deputy Director for Senior Services and Regulation and the Deputy Director for Health and Public Health, which have not been included on this organization chart.

Appendix A

DEPARTMENT OF HEALTH AND SENIOR SERVICES
OFFICE OF THE DIRECTOR
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30,						
2002			2001			
Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances	
GENERAL REVENUE FUND - STATE						
Public Health Lab Personal Services	\$ 2,000,955	1,914,802	86,153	2,083,363	2,020,301	63,062
Public Health Lab Expense and Equipment	1,320,766	1,275,983	44,783	1,320,766	1,048,406	272,360
Community Development and Health Care Personal Services	163,162	156,899	6,263	37,444	24,433	13,011
Community Development and Health Care Expense and Equipment	31,240	29,943	1,297	0	0	0
Caring Communities	2,223,774	2,070,391	153,383	2,470,860	2,395,697	75,163
Community Provider Certification Personal Services	38,280	16,202	22,078	38,070	36,066	2,004
Community Provider Certification Expense and Equipment	10,000	5,158	4,842	10,000	561	9,439
Center for Health Information and Evaluation Personal Services	2,503,843	2,294,142	209,701	2,856,175	2,850,604	5,572
Center for Health Information and Evaluation Expense and Equipment	985,907	831,718	154,189	1,190,069	866,370	323,699
Medical Loan Program	13,950	0	13,950	13,950	13,531	419
Local Registrars	155,000	151,824	3,176	155,000	154,046	954
Community Health Assistance Resource Team Personal Services	346,890	314,268	32,622	387,758	367,290	20,468
Community Health Assistance Resource Team Expense and Equipment	160,334	101,261	59,073	160,334	112,143	48,191
Primary Care Resource Initiative for Missouri Program	400,000	388,000	12,000	636,000	616,920	19,080
Office of Minority Health Expense and Equipment	113,637	70,228	43,409	0	0	0
Minority Health and Aging Expense and Equipment	210,000	157,018	52,982	0	0	0
Division of Administration Personal Services	934,624	905,421	29,203	928,534	928,501	33
Division of Administration Expense and Equipment	336,661	185,516	151,145	343,467	305,307	38,160
Aid to Local Governmental Health Facilities	23,505	22,800	705	422,280	23,505	398,775
Total General Revenue Fund - State	11,972,528	10,891,574	1,080,954	13,054,070	11,763,680	1,290,390

Appendix A

DEPARTMENT OF HEALTH AND SENIOR SERVICES OFFICE OF THE DIRECTOR COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
DEPARTMENT OF HEALTH FUND						
Community Development and Health Care Personal Services	515,024	435,985	79,039	304,241	185,776	118,465
Community Development and Health Care Expense and Equipment	348,233	325,879	22,354	348,233	238,136	110,097
Caring Communities	1,218,333	1,216,832	1,501	1,218,333	1,217,807	526
Community Health Assistance Resource Team Expense and Equipment	10,000	10,000	0	10,000	0	10,000
Center for Health Information and Evaluation Personal Services	3,356,498	3,223,611	132,887	3,337,420	3,030,043	307,377
Center for Health Information and Evaluation Expense and Equipment	4,129,375	3,789,378	339,997	4,129,375	4,094,080	35,295
Medical Loan Program	214,446	67,750	146,696	214,446	30,844	183,602
Nurse Loan Program	60,000	0	60,000	60,000	2,500	57,500
Community Health Assistance Resource Team Personal Services	121,808	113,200	8,608	121,178	115,699	5,480
Public Health Lab Personal Services	1,068,677	915,150	153,527	1,062,593	874,293	188,300
Public Health Lab Expense and Equipment	2,496,174	1,454,022	1,042,152	2,496,174	860,193	1,635,981
Office of Minority Health	106,904	97,138	9,766	0	0	0
Division of Administration Personal Services	1,279,008	1,278,824	184	1,270,817	1,269,918	899
Division of Administration Expense and Equipment	2,388,125	2,388,123	2	2,388,125	2,388,125	0
Total Department of Health Fund	17,312,605	15,315,892	1,996,713	16,960,935	14,307,414	2,653,521
HEALTH ACCESS INCENTIVE FUND						
Community Development and Health Care Personal Services	82,264	59,155	23,109	81,844	62,049	19,795
Primary Care Resource Initiative for Missouri Program	4,054,000	3,924,027	129,973	4,054,000	3,927,839	126,161
Total Health Access Incentive Fund	4,136,264	3,983,181	153,083	4,135,844	3,989,887	145,957
MISSOURI PUBLIC HEALTH SERVICES FUND						
Public Health Lab Personal Services	725,099	236,347	488,752	660,331	243,294	417,037
Public Health Lab Expense and Equipment	1,483,300	814,148	669,152	1,268,100	579,286	688,814
Division of Administration Personal Services	115,880	115,715	165	115,460	88,562	26,898
Division of Administration Expense and Equipment	419,280	20,069	399,211	419,280	57,510	361,770
Center for Health Information and Evaluation Expense and Equipment	50,000	50,000	0	50,000	45,464	4,536
Total Missouri Public Health Services Fund	2,793,559	1,236,279	1,557,280	2,513,171	1,014,116	1,499,055
PROFESSIONAL AND PRACTICAL NURSING LOANS FUND						
Community Development and Health Care Personal Services	62,756	61,525	1,231	62,336	54,017	8,320
Community Development and Health Care Expense and Equipment	22,500	7,861	14,639	22,500	2,853	19,647
Nurse Loan Program	450,000	369,393	80,607	450,000	402,536	47,464
Total Professional and Practical Nursing Loans Fund	535,256	438,780	96,476	534,836	459,406	75,430
HEALTH PROFESSIONAL LOAN AND LOAN REPAYMENT PROGRAM FUND						
Medical Loan Program	50,000	50,000	0	50,000	22,500	27,500
Total Health Professional Loan and Loan Repayment Program Fund	50,000	50,000	0	50,000	22,500	27,500

Appendix A

DEPARTMENT OF HEALTH AND SENIOR SERVICES OFFICE OF THE DIRECTOR COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
WORKERS COMPENSATION FUND						
Center for Health Information and Evaluation Personal Services	112,942	108,781	4,161	112,312	111,327	985
Center for Health Information and Evaluation Expense and Equipment	18,000	18,000	0	18,000	18,000	0
Total Workers Compensation Fund	130,942	126,781	4,161	130,312	129,327	985
DEPARTMENT OF HEALTH-DONATED FUND						
Primary Care Resource Initiative for Missouri Program	850,000	519,840	330,160	850,000	782,431	67,569
Department of Health Donated Funds Personal Services	200,000	14,220	185,780	0	0	0
Department of Health Donated Funds Expense and Equipment	1,800,000	10,540	1,789,460	0	0	0
Total Department of Health-Donated Fund	2,850,000	544,600	2,305,400	850,000	782,431	67,569
DEBT OFFSET ESCROW FUND						
Debt Offset Escrow	50,000	10,671	39,329	50,000	6,190	43,810
Total Debt Offset Escrow Fund	50,000	10,671	39,329	50,000	6,190	43,810
Total All Funds	\$ 39,831,154	32,597,758	7,233,396	38,279,168	32,474,951	5,804,217

Note: The appropriations presented above are those appropriated to the units which report directly to the Office of the Director. Some expenditures relating to these units are charged to department-wide appropriations, and are noted in Appendix B.

The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,	
	2002	2001
General Revenue Fund - State		
Personal Services	\$ 397,016	26,937
Expense and Equipment	446,729	643,627
Caring Communities	150,105	74,126
Medical Loan Program	13,950	419
Local Registrars	32,299	11,633
Aid to Local Governmental Health Facilities	705	398,775
Primary Care Resource Initiative for Missouri Program	12,000	19,080
Total General Revenue Fund - State	1,052,804	1,174,597
Health Access Incentive Fund		
Personal Services	2,468	2,455
Primary Care Resource Initiative for Missouri Program	121,620	121,620
Total Health Access Incentive Fund	124,088	124,075
Total All Funds	\$ 1,176,892	1,298,672

Appendix B

DEPARTMENT OF HEALTH AND SENIOR SERVICES
OFFICE OF THE DIRECTOR
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2002		2001	
	Expenditures from Office of the Director Appropriations	Expenditures from Department-wide Appropriations for Office of the Director	Expenditures from Office of the Director Appropriations	Expenditures from Department-wide Appropriations for Office of the Director
Salaries and wages	\$ 12,164,247	2,855,049	12,262,171	2,056,572
Travel:				
In-state	186,684	61,228	154,584	89,942
Out-of-state	40,459	28,242	105,260	52,908
Fuel and utilities	258,511	126,008	285,006	88,858
Supplies	2,648,089	445,071	2,378,591	207,616
Professional development	105,691	49,094	161,456	100,770
Communication services and supplies	811,863	278,365	833,421	154,661
Services:				
Health	0	0	1,410,394	690,691
Business	0	0	977,769	117,517
Professional	4,069,569	2,065,097	1,513,190	689,187
Housekeeping and janitorial	179,087	27,307	185,479	12,685
Maintenance and repair	893,881	12,362	0	0
Equipment maintenance and repair	0	0	813,943	53,778
Transportation maintenance and repair	0	0	7,467	5,681
Equipment:				
Computer	891,607	549,804	1,187,132	408,470
Electronic and photo	0	0	23,020	14,452
Medical and laboratory	0	0	90,876	0
Motorized	28,713	0	38,502	0
Office equipment	87,614	13,394	178,777	22,455
Other	490,302	172,908	0	0
Specific use	0	0	9,701	203
Property and improvements	52,028	5,446	203,108	8,666
Rentals and leases:				
Building leases	2,290	2,378	141,964	10,637
Equipment rental and leases	640,989	25,057	458,359	22,569
Building and equipment rentals	0	0	124,632	58,541
Miscellaneous expenses	101,882	17,361	38,574	45,438
Refunds	68,260	123	34,120	23
Program distributions	8,875,993	0	8,857,454	286,514
Total Expenditures	\$ 32,597,758	6,734,291	32,474,951	5,198,833

Note: Certain classifications of expenditures changed during the two-year period, which may affect the comparability of the amounts.

* * * * *



SCHOOL DISTRICTS' TRAVEL EXPENDITURES

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-89
September 3, 2003
www.auditor.state.mo.us**



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

School Districts Accountability for Travel Expenditures May Be Questionable

The State Auditor's Office has audited the travel expenditures for public school districts in Missouri. School districts spent approximately \$30 million on travel during fiscal year ended June 30, 2002 according to the Annual Secretary of the Board Report (ASBR). This review of 207 (40%) of the 524 school districts included \$24 million (80%) of the total \$30 million spent on travel expenditures. The State Auditor requested travel expenditures for school board members and officials and employees of the district. (See page 10)

Accountability of school travel expenditures is questioned as only half of the schools selected for our review could report travel expenditures in the detail originally requested. Some of the school districts that completed the initial request indicated that their accounting system did not have this information in the detail requested and that many files and records had to be reviewed to provide such detail. Many other schools indicated additional time and cost would be involved in order to provide the detail of the initial request and as a result, a follow-up request was later sent to applicable school districts requesting travel expenditure information in a different format. (See page 11) The schools that satisfied the follow-up request submitted a report summarizing the travel expenditures detailed by the methodology used by the school district along with a written statement describing how the methodology used provided accountability for the travel costs incurred.

The reporting styles (travel detailed by buildings, programs, various staff positions, etc) used by school districts displays travel expenditures in various formats. It is unclear how the various reporting styles used by school districts ensure the overall accountability for travel costs. School district officials would be able to better monitor the travel expenditures that pertain to conference/seminar registration fees, mileage expense, commercial transportation, lodging, meals, etc. if additional tracking was performed. During difficult budgetary times, additional accountability of travel costs would help a school district better monitor and account for travel costs.

As many school districts' accounting systems were apparently not designed to allow for consistency and comparability among schools, more accountability is necessary. Given the \$30 million spent on school district travel, the DESE and the individual school districts should ensure higher accountability standards for travel expenditures incurred.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

SCHOOL DISTRICTS' TRAVEL EXPENDITURES

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Dr. D. Kent King, Commissioner
Department of Elementary and Secondary Education
Jefferson City, MO 65102

We have audited the travel expenditures for the public school districts in Missouri. The scope of this audit included, but was not necessarily limited to, the year ended June 30, 2002. The objectives of this audit were to:

1. Determine if school district officials have procedures in place to properly account for travel expenditures.
2. Review the travel expenditures reported by school districts for reasonableness.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures we considered necessary in the circumstances. In this regard, we reviewed various reports, written policies and procedures, and other pertinent documents and talked with various personnel of the school districts.

Our audit was limited to the specific matters described above and was based on selective procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

This report presents the results of our audit of school districts' travel expenditures.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" being more prominent than the last name "McCaskill".

Claire McCaskill
State Auditor

April 17, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
In-Charge Auditor:	Becky Webb
Staff Auditor:	Nicki E. Russell, CPA

SCHOOL DISTRICTS' TRAVEL EXPENDITURES EXECUTIVE SUMMARY

Results

School districts spent approximately \$30 million on travel during fiscal year ended June 30, 2002 according to data reported on the Annual Secretary of the Board Report (ASBR). Accountability of school travel expenditures is questioned as only 50% of the school districts selected for our review could report travel expenditures in the detail originally requested. The average travel expenditure per resident pupil for the school districts selected in our review was approximately \$30 ranging from \$4 to \$513. Of these school districts 82% spent between \$10 and \$89 per resident pupil. In addition, 22 school districts did not provide the information requested and the City of St. Louis School District did not have an ASBR available to publicly view on the Department of Elementary and Secondary Education (DESE) web site for either 2001 or 2002.

Background

According to the *Missouri Financial Accounting Manual* published by DESE, school districts account for travel expenditures using the object codes 6343 – 6349. The definition for object code 6343 in the *Missouri Financial Accounting Manual*, includes travel expenditures for transportation, meals, hotel, conference registration fees, and other expenses associated with staff traveling on business.

The State Auditor requested travel expenditures for school board members and officials and employees of the district. See Appendix I for the initial request sent to selected school districts. A follow-up request was later sent to applicable school districts requesting travel information in a different format. See Appendix II for the follow-up letter sent to applicable school districts.

Travel is Reported on the Annual Secretary of the Board Report

The travel expenditures for fiscal year ended June 30, 2002 are estimated at approximately \$30 million for all school districts. School districts reported \$26 million of travel expenditures on the Annual Secretary of the Board Report (ASBR) for fiscal year ending June 30, 2002. The ASBR figures were obtained from the DESE web site in December 2002. At that date, fifty school districts did not have a fiscal year 2002 ASBR available to publicly view on the DESE web site. As a result we used the fiscal year ended June 30, 2001 ASBR travel expenditures for those fifty school districts. This review of 207 (40%) of the 524 school districts included \$24 million (80%) of the total \$30 million spent on travel expenditures.

School Districts Accountability for Travel Expenditures May Be Questionable

School districts that completed the initial request were able to report their travel expenditures in the detail requested. However, some of these school districts indicated that their accounting system did not have this information in the detail requested and that many files and records had to be reviewed to provide such detail. Many other school districts indicated additional time and cost would be involved in order to provide the detail of the initial request and as a result, were

sent a follow-up request. The school districts that satisfied the follow-up request submitted a report summarizing the travel expenditures detailed by the methodology used by the school district along with a written statement describing how the methodology used provided accountability for the travel costs incurred. The information provided to the State Auditor of the reported travel expenditures was scanned for reasonableness. However, a determination of whether the school districts were following the written guidelines was not made.

The reporting styles (travel detailed by buildings, programs, various staff positions, etc) used by school districts displays travel expenditures in various formats. It is unclear how the various reporting styles used by school districts ensure the overall accountability for travel costs. School district officials would be able to better monitor the travel expenditures that pertain to conference/seminar registration fees, mileage expense, commercial transportation, lodging, meals, and other if additional tracking was performed. During difficult budgetary times, additional accountability of travel costs would help a school district better monitor and account for travel costs.

While it is important for a school district to remain a leader in the development of its students, school districts must also determine if the travel expenditure benefits the overall educational purpose. School districts need to ensure that accountability standards are established for travel expenditures incurred.

Differences appear between the amounts reported on the ASBR and to the State Auditor

Appendix III includes a listing of the amounts reported by school districts on the ASBR and to the State Auditor, with several differences occurring. Some of the school districts selected did not have an ASBR available to view on the DESE web site for fiscal year 2002, therefore the travel amount listed on the 2001 ASBR was used in Appendix III. Expected differences arose because we requested the school districts selected in our review to report travel expenditures for 2002.

In addition, explanations for other differences may include, but are not limited to the following:

- an incorrect travel amount may have been reported either on the ASBR or to the State Auditor;
- the travel reported to the State Auditor may include other object or function codes than what was reported on the ASBR;
- the travel reported on the ASBR may include amounts that did not pertain to the request.

These differences and explanations highlight the difficulty for school districts to consistently account for travel expenditures, as well as hinder any useful comparisons of travel expenditures among school districts.

School districts are authorized to spend monies on professional development

In addition to monies being spent for travel expenditures, information obtained from DESE required school districts to spend approximately \$17 million from the incidental fund on

professional development for fiscal year ended June 30, 2002. The description for function code 2214, otherwise known as professional development is defined in the *Missouri Financial Accounting Manual* as:

“those activities designed to contribute to the professional development of staff members during the time of their service to the school system. Those expenditures made to meet the requirements of Section 160.530, RSMo, to allocate at least one percent (1%) of current year basic formula apportionment AND expend 75% of that 1% in the year received for professional development meeting the objectives of a professional development plan which meets the objectives of a board approved school improvement plan.”

It is unclear how school districts should account for travel expenditures relating to professional development. According to DESE officials they monitor expenditure function code 2214 to ensure portions of the current year appropriation between the minimum annual requirement and 1% are monitored and the proper carry forward amount is available to expend for any school district authorized professional development use in future years. However, DESE does not collect expenditure data to the level required to determine if there are any travel expenditures associated with professional development that are not included in the total travel expenditures in account codes 6343-6349. Each school district is to determine how travel to and from any professional development function should be coded. If school districts have travel to and from a professional development function included in meeting the objective of the school improvement plan, then the travel should be coded to professional development code 2214, otherwise the travel expenditure should be coded to travel code 6343.

To maintain better accountability of travel costs for professional development, additional guidelines are needed in the *Missouri Financial Accounting Manual* as how to account for professional development travel.

Majority of School Districts Satisfied the Requirements of the Request for Travel Expenditure Information

Table 1.1 summarizes the school districts responses. Appendix IV lists the various responses received from school districts.

Table 1.1: Summary of All Responses

Response Description:	Number of School Districts	
	Percentage	
Provided Information Requested in Letter Dated Jan. 7th	105	50%
Provided Information Requested in Letter Dated Jan. 24th	58	28%
Sub-Total	163	78%
Provided Some of the Information Requested	22	11%
Did Not Provide the Information Requested	22	11%
Total	207	100%

The 105 school districts that provided information requested in the January 7, 2003 letter were able to present the travel expenditure information with the amount of cost associated for in state and out of state travel detailed by the following: conference/seminar registration fees, mileage expense, commercial transportation, lodging, meals, and other. The 58 school districts that provided the travel expenditure information requested in the January 24, 2003 letter submitted a detail or summary travel cost report plus a written statement of the methodology used by the school district to account for travel costs. The school districts that provided some of the requested information either submitted a detailed or summary travel cost report or a written statement of accountability for travel costs; but did not fulfill both requirements of the January 24, 2003 letter. Other school districts did not submit information that met the requirements of the request or simply did not respond to our request for public information.

Table 1.2 lists the 22 school districts that did not provide the information requested.

Table 1.2: School Districts that did not Provide the Information Requested

County	School District
Bates	Hume R-VIII
Bollinger	Leopold R-III
Caldwell	Cowgill R-VI
Callaway	Fulton 58
Cass	East Lynne 40
Clay	Liberty 53
	North Kansas City 74
Cole	Jefferson City
Dekalb	Union Star R-II
Grundy	Laredo R-VII
Holt	Craig R-III
Jackson	Raytown C-2
Miller	Eldon R-I
Polk	Bolivar R-I
St. Charles	Ft. Zumwalt R-II
St. Louis	Riverview Gardens
Scott	Scott Co. R-IV
	Sikeston R-VI
	Kelso C-7
Texas	Licking R-VIII
Washington	Kingston K-14
	Potosi R-III

As many school districts' accounting systems were apparently not designed to allow for consistency and comparability among school districts, more accountability is necessary. Given the \$30 million spent on school district travel, the DESE and the individual school districts should ensure higher accountability standards for travel expenditures incurred.

SCHOOL DISTRICTS' TRAVEL EXPENDITURES OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The objectives of this report were to 1) determine if school district officials have procedures in place to properly account for travel expenditures; and 2) review the travel expenditures reported by school districts for reasonableness.

Scope

A total of 207 school districts, from the 522 school districts and 2 special school districts in the state of Missouri, were selected to review the travel expenditures and policies set by the school district for fiscal year ending June 30, 2002.

Methodology

The 207 school districts were selected for review based on information submitted by the school district to the Department of Elementary and Secondary Education (DESE) in the Annual Secretary to the Board Report (ASBR).

We obtained the 2000-2001 and 2001-2002 general fund expenditures and travel expenditures available for all 522 school districts and 2 special school districts in Missouri from the DESE web applications – ASBR. We also obtained the number of prior year (2001-2002) resident pupils for each school district from the *Missouri School Directory 2002-2003* published by DESE. This information was sorted by the following methods in numerical order from highest to lowest:

- Schedule of travel expenditures for school year 2000-2001 and 2001-2002;
- Schedule of percentage of travel expenditures compared to total general fund expenditures for school year 2000-2001 and 2001-2002;
- Schedule of percentage change in travel expenditures from school year 2000-2001 to 2001-2002;
- Schedule of travel expenditure cost per resident pupil for school year 2000-2001 and 2001-2002.

A total of 206 school districts were selected by combining information from the above schedules. The final school district was selected because the school did not have an ASBR posted for either year.

The following considerations were made during the selection process.

- As of December 2002, 50 school districts did not have an ASBR available to publicly view for the year 2001-2002 on the DESE web application, and as a result, the total general fund expenditures and the travel expenditures for these 50 school districts for

year 2001-2002 was not obtained. However, 20 of these 50 school districts were selected for our review based on their 2000-2001 data.

- The travel expenditures from the ASBR’s combine object code 6343 and 6349. According to the DESE *Missouri Financial Accounting Manual*, object code 6343 is defined as “Travel – Expenditures for transportation, meals, hotel, conference registration fees, and other expenses associated with staff traveling on business for the LEA. Payments for per diem in lieu of reimbursements for subsistence (room and board) also are charged here.” Object code 6349 is defined as “Other Transportation Services – Transportation services other than those classified above. School bus titles, licenses, inspections and delivery charges not included in the cost of the vehicle.”

Our review of school district travel focused on money spent on travel for school board members, officials, and employees of the district. While, this review did not pertain to object code 6349, we used the travel amount posted to the ASBR in our process to select the school districts for further review.

- The *Missouri School Directory 2002-2003* lists the prior year pupils (2001-2002). The number of 2001-2002 resident pupils was used in the travel dollar per pupil for both school years 2000-2001 and 2001-2002. We assumed the number of resident pupils would not fluctuate greatly from year to year. We also did not use the total pupil count (resident plus non-resident). For consistency purposes we used the resident pupil count.

The 207 school districts reviewed were sent a letter dated January 7, 2003, (Appendix I) which requested information under the Sunshine Law, §610.010 et seq. RSMo. This request pertained to money being spent on travel expenditures for fiscal year ended June 30, 2002.

Table 2.1 is a summary of the responses the State Auditor received from the initial request. The State Auditor received a response from 82 of the 207 school districts. Responses to this letter were received between January 10 and April 17, 2003.

Table 2.1: Summary of Responses to Initial Request

Response Description	Number of School Districts	Percentage
Responded & Provided Requested Detail	82	40%
Responded After Follow-Up (Second) Request	122	59%
Total Responded	204	99%
Did not Respond	3	1%
Total	207	100%

The overwhelming response to our initial request was that many of the school districts accounting systems were not designed to account for each specific category identified in our request, but may have travel expenditures broken out in some other manner. Additionally, we were informed that more time would be needed to gather the data and some districts indicated significant costs would be incurred and billed to satisfy our request. The purpose of our review

was not to create such an extensive burden, but rather to determine how much school districts expend for travel, how school districts account for travel and what type of travel is incurred. Therefore, we determined a follow-up letter streamlining our request was needed.

A follow-up letter dated January 24, 2003 (Appendix II) was sent to the 122 school districts who did not provide the requested detail of the January 7, 2003 letter.

Table 2.2 below, summarizes the responses received from our follow-up request. There were 58 school districts that received a follow-up letter and fulfilled the requirements of the second request. Additionally, 23 other school districts completed and submitted the initial request after the follow-up request was mailed.

Table 2.2: Summary of Responses to Follow-Up (Second) Request

Response Description	Number of School Districts	Percentage
Responded & Provided Requested Information	58	47%
Satisfied Jan. 7 th 's Request after Sending Second Request	23	19%
Responded & Provided Some of the Requested Information	22	18%
Did Not Provide the Requested Information	19	16%
Total School Districts Sent Second Request	122	100%

We reviewed the schedules, reports, and travel expenditure amounts the various school districts provided to the State Auditor's Office to determine if the data appeared reasonable. We also reviewed the statement of the methodology used by the school districts to account for travel expenditures.



CLAIRE C. McCASKILL
Missouri State Auditor

January 7, 2003

Dear Superintendent:

I am writing to request public information under the Sunshine Law, § 610.010 et seq. RSMo. Please provide this office with the following information relating to money spent by your school district on travel for the fiscal year ended June 30, 2002.

In State Travel:

- Conference/Seminar Registration Fees
- Mileage Expense
- Commercial Transportation
- Lodging
- Meals
- Other

Out of State Travel:

- Conference/Seminar Registration Fees
- Mileage Expense
- Commercial Transportation
- Lodging
- Meals
- Other

This request only pertains to money spent on travel for school board members and officials and employees of the district and not money spent for student travel.

Should you have any questions concerning this request, please call Becky Webb of my office at (573) 751-4213.

Sincerely,

Claire C. McCaskill
State Auditor

CCM/sr



CLAIRE C. McCASKILL
Missouri State Auditor

January 24, 2003

Dear Superintendent:

RE: Follow-up on Travel Expenditure Request

Thank you for responding to our previous request for public information under the Sunshine Law, §610.010 et seq. RSMo. Responses from various districts indicate that most accounting systems do not provide this detail but may have travel expenditures broken out in some other manner. Additionally, we were informed that more time would be needed to gather the data and some districts indicated significant costs would be incurred and billed. Our intent was not to create such an extensive burden, but rather to determine how school districts account for travel and what type of travel is incurred.

As a result, we are still requesting that you provide us with the travel expenditure information for the fiscal year ended June 30, 2002. However, we will accept this information summarized by whatever code, function, program, etc. the school district uses, together with an explanation on how such methodology provides accountability for travel costs. Again, this request only pertains to money spent on travel for school board members, officials and employees of the district and not money spent for student travel. **Please respond to this request in writing by February 7, 2003.**

We trust this modification will reduce your research time. Should you have any questions concerning this request, please call me or Nicki Russell at (573) 751-4213.

Sincerely,

Claire C. McCaskill
State Auditor

Becky Webb
Tax Rate Supervisor

SCHOOL DISTRICTS' TRAVEL EXPENDITURES
SCHEDULE OF TRAVEL EXPENDITURES
YEAR ENDED JUNE 30, 2002

County	School District Name	Resident Pupils	Reported on the ASBR	Reported to the State Auditor	Amount Per Pupil
Adair	Kirksville R-III	2,346	\$119,678	\$119,678	\$51.01
Audrain	Mexico 59	2,553	107,940	92,381	36.19
Barry	Exeter R-VI	297	11,230	9,206	31.00
	Shell Knob 78	222	20,674	17,601	79.28
	Monett R-I	1,975	111,487	125,835	63.71
Barton	Liberal R-II	536	50,174	43,895	81.89
Bates	Hume R-VIII	146	8,541	30,585	209.49
Benton	Cole Camp R-I	754	48,651	26,979	35.78
Bollinger	Leopold R-III	226	6,286	6,223	27.54
Boone	Sturgeon R-V	471	41,518	12,682	26.93
	Columbia 93	16,241	670,237	544,321	33.52
	East Buchanan Co. C-1	740	71,948	65,936	89.10
Buchanan	Buchanan Co. R-IV	406	23,852	23,516	57.92
	St. Joseph	11,713	130,720	130,720	11.16
	Poplar Bluff R-I	4,688	140,849	116,618	24.88
Butler	Twin Rivers R-X	1,055	74,471	74,471	70.59
	Cowgill R-VI	57	5,901 *	NP *	103.53
	Polo R-VII	373	36,947	27,648	74.12
Caldwell	Kingston 42	40	4,685	4,685	117.13
	New Bloomfield R-III	701	10,371	54,903	78.32
	Fulton 58	2,343	176,105	159,448	68.05
Camden	Camdenton R-III	3,999	131,239	131,239	32.82
	Climax Springs R-IV	225	25,554	10,399	46.22
Cape Girardeau	Jackson R-II	4,567	168,091	168,091	36.81
Carroll	Hale R-I	163	14,730	16,086	98.69
	Norborne R-VIII	211	19,336	17,324	82.10
	Raymore-Peculiar R-II	4,442	122,819	150,825	33.95
Cass	Sherwood Cass R-VIII	928	61,031	56,470	60.85
	East Lynne 40	156	2,332	887	5.69
	Harrisonville R-IX	2,287	85,162	83,373	36.46
	Belton 124	4,640	131,245	131,245	28.29
Chariton	Keytesville R-III	192	13,045	21,909	114.11
	Salisbury R-IV	568	45,608	44,179	77.78
Christian	Nixa R-II	3,813	83,576	82,542	21.65
	Ozark R-VI	3,682	141,148 *	105,735 *	28.72
Clark	Wyaconda C-1	36	6,946	9,623	267.31
	Revere C-3	38	6,602	6,395	168.29

SCHOOL DISTRICTS' TRAVEL EXPENDITURES
SCHEDULE OF TRAVEL EXPENDITURES
YEAR ENDED JUNE 30, 2002

County	School District Name	Resident Pupils	Reported on the ASBR	Reported to the State Auditor	Amount Per Pupil
Clay	Clark Co. R-I	1,118	40,405	14,580	13.04
	Excelsior Springs 40	3,306	122,607	122,607	37.09
	Liberty 53	7,016	216,343	497,575	70.92
	North Kansas City 74	16,974	1,026,211	785,658	46.29
Cole	Jefferson City	8,284	194,365	36,203	4.37
Cooper	Blackwater R-II	132	3,092	4,589	34.77
	Prairie Home R-V	163	3,813	6,824	41.87
Dade	Lockwood R-I	332	34,544	6,226	18.75
Davies	Pattonsburg R-II	193	17,638 *	20,554 *	106.50
	Gallatin R-V	572	47,100	45,560	79.65
	Tri-County R-VII	206	34,356	19,141	92.92
DeKalb	Maysville R-I	715	113,005	113,005	158.05
	Union Star R-II	178	12,718	NP	71.45
	Stewartsville C-2	306	8,983	19,535	63.84
Dunklin	Malden R-I	1,096	85,094	85,094	77.64
	Clarkton C-4	367	16,392	6,661	18.15
Franklin	Franklin Co. R-II	182	4,080	16,820	92.42
	Union R-XI	3,091	78,657	78,657	25.45
	Washington	3,832	156,907	156,907	40.95
Gentry	King City R-I	372	33,683	29,919	80.43
	Stanberry R-II	350	35,461	25,426	72.65
	Albany R-III	531	43,243	16,057	30.24
Greene	Willard R-II	3,142	105,837	105,837	33.68
	Walnut Grove R-V	337	24,210	6,448	19.13
	Springfield R-XII	24,356	393,069	659,735	27.09
	Fair Grove R-X	1,028	46,331	23,893	23.24
Grundy	Pleasant View R-VI	54	4,903	5,598	103.67
	Laredo R-VII	46	7,780 *	NP *	169.13
Harrison	South Harrison Co. R-II	799	78,888	65,866	82.44
Henry	Shawnee R-III	59	505	1,879	31.85
	Clinton	1,973	117,017	71,806	36.39
Holt	Craig R-III	153	27,934	NP	182.58
	Mound City R-II	287	19,286	8,322	29.00
Howard	New Franklin R-I	429	38,206	26,584	61.97
Howell	Howell Valley R-I	213	17,949	8,334	39.13
	Mountain View-Birch Tree R-III	1,335	103,576	89,296	66.89
	West Plains R-VII	2,020	158,734	135,192	66.93

SCHOOL DISTRICTS' TRAVEL EXPENDITURES
SCHEDULE OF TRAVEL EXPENDITURES
YEAR ENDED JUNE 30, 2002

County	School District Name	Resident Pupils	Reported on the ASBR	Reported to the State Auditor	Amount Per Pupil
Jackson	Fort Osage R-I	4,909	110,998	110,998	22.61
	Blue Springs R-IV	12,661	222,481	215,534	17.02
	Lee's Summit R-VII	14,519	654,687	487,828	33.60
	Hickman Mills C-1	7,548	388,407	381,014	50.48
	Raytown C-2	8,544	451,878	210,247	24.61
	Grandview C-4	4,151	159,968	158,314	38.14
	Lone Jack C-6	458	7,203	19,537	42.66
	Independence 30	11,322	632,360 *	317,937 *	28.08
	Kansas City 33	36,540	1,191,159	1,003,447	27.46
Jasper	Jasper Co. R-V	490	68,391	68,918	140.65
	Carthage R-IX	3,634	243,714	205,977	56.68
	Webb City R-VII	3,661	104,083 *	69,004 *	18.85
	Joplin R-VIII	7,231	202,635 *	121,810 *	16.85
Jefferson	Northwest R-I	7,533	158,510	158,510	21.04
	Hillsboro R-III	3,517	137,807	86,885	24.70
	Sunrise R-IX	349	10,785	10,445	29.93
	Fox C-6	11,066	113,080 *	149,369 *	13.50
	Desoto 73	2,885	101,084	223,131	77.34
Johnson	Kingsville R-I	284	13,668	12,658	44.57
	Johnson Co. R-VII	607	47,097	23,329	38.43
	Knob Noster R-VIII	1,899	67,845	66,202	34.86
	Warrensburg R-VI	3,101	134,343	134,343	43.32
Laclede	Gasconade C-4	120	2,828	6,546	54.55
	Lebanon R-III	4,069	121,843	124,711	30.65
Lafayette	Odessa R-VII	2,315	298,869	105,549	45.59
Lawrence	Miller R-II	653	67,927	33,676	51.57
	Aurora R-VIII	2,073	88,360	88,306	42.60
Lincoln	Troy R-III	4,674	128,763	44,096	9.43
Linn	Brookfield R-III	1,218	107,534	101,751	83.54
Livingston	Southwest Livingston Co. R-I	258	17,836	17,836	69.13
	Chillicothe R-II	1,981	72,408	72,408	36.55
McDonald	McDonald Co. R-I	3,346	238,254	112,848	33.73
Macon	Macon Co. R-IV	154	5,731	17,745	115.23
Madison	Fredericktown R-I	1,881	82,608 *	89,465 *	47.56
Marion	Hannibal 60	3,617	139,631	118,651	32.80
Mercer	Princeton R-V	368	37,971	37,971	103.18
Miller	Eldon R-I	2,033	101,397	101,397	49.88

SCHOOL DISTRICTS' TRAVEL EXPENDITURES
 SCHEDULE OF TRAVEL EXPENDITURES
 YEAR ENDED JUNE 30, 2002

County	School District Name	Resident Pupils	Reported on the ASBR	Reported to the State Auditor	Amount Per Pupil
Moniteau	Moniteau Co. R-V	60	6,639	1,198	19.97
	Moniteau Co. R-VI	574	46,388	33,769	58.83
Monroe	Middle Grove C-1	37	3,124	2,222	60.05
	Holliday C-2	55	2,729	6,660	121.09
	Madison C-3	289	9,262	13,906	48.12
Montgomery	Montgomery Co. R-II	1,378	85,622 *	83,609 *	60.67
New Madrid	New Madrid Co. R-I	1,790	89,941 *	38,532 *	21.53
Newton	Neosho R-V	4,119	66,053	40,542	9.84
Nodaway	Nodaway-Holt R-VII	280	29,032	24,764	88.44
	North Nodaway Co. R-VI	264	52,919 *	36,184 *	137.06
	Maryville R-II	1,375	84,079 *	92,121 *	67.00
	South Nodaway Co. R-IV	222	17,762	15,239	68.64
Osage	Osage Co. R-I	248	18,981	13,781	55.57
	Osage Co. R-II	674	51,848	44,776	66.43
Ozark	Bakersfield R-IV	346	34,354	44,514	128.65
	Lutie R-VI	196	24,594	12,078	61.62
Pemiscot	Hayti R-II	946	40,178	40,015	42.30
Perry	Perry Co. 32	2,251	72,775	57,513	25.55
	Altenburg 48	155	3,447	1,695	10.94
Pettis	Pettis Co. R-V	439	15,197	20,570	46.86
	Sedalia 200	4,125	165,131	165,131	40.03
Phelps	Rolla 31	4,028	215,000	191,663	47.58
Pike	Pike Co. R-III	548	102,367	96,600	176.28
Platte	West Platte Co. R-II	689	23,957	19,453	28.23
	Platte Co. R-III	2,148	127,162	70,458	32.80
	Park Hill	9,171	271,167	133,939	14.60
Polk	Bolivar R-I	2,351	218,396	186,542	79.35
	Pleasant Hope R-VI	923	22,345	21,129	22.89
Pulaski	Waynesville R-VI	5,166	257,570	155,872	30.17
Randolph	Renick R-V	132	17,061	11,219	84.99
	Higbee R-VIII	215	16,539	16,539	76.93
	Moberly	2,134	111,258	112,138	52.55
Ray	Stet R-XV	92	9,147	9,489	103.14
Reynolds	Centerville R-I	85	8,572	10,087	118.67
	Lesterville R-IV	265	18,552	18,463	69.67
Ripley	Naylor R-II	387	38,072	15,502	40.06
St. Charles	Ft. Zumwalt R-II	17,281	296,215	98,220	5.68

SCHOOL DISTRICTS' TRAVEL EXPENDITURES
SCHEDULE OF TRAVEL EXPENDITURES
YEAR ENDED JUNE 30, 2002

County	School District Name	Resident Pupils	Reported on the ASBR	Reported to the State Auditor	Amount Per Pupil
St. Francois	Francis Howell R-III	18,649	117,943	117,943	6.32
	Wentzville R-IV	6,407	110,335	76,563	11.95
	St. Charles R-VI	6,085	127,661	127,661	20.98
	Farmington R-VII	3,569	159,756	110,868	31.06
	North St. Francois Co. R-I	3,092	165,502	160,692	51.97
St. Louis	Central R-III	1,792	78,591 *	82,502 *	46.04
	Hazelwood	18,941	550,560	550,560	29.07
	Ferguson-Florissant R-II	11,906	576,357	321,366	26.99
	Pattonville R-III	6,440	232,893 *	158,002 *	24.53
	Rockwood R-VI	21,633	716,427 *	477,965 *	22.09
	Kirkwood R-VII	5,122	167,128	162,729	31.77
	Lindbergh R-VIII	5,316	202,510	139,190	26.18
	Mehlville R-IX	11,913	246,197	210,234	17.65
	Parkway C-2	20,130	1,112,180 *	557,608 *	27.70
	Clayton	2,418	165,616	112,929	46.70
	Hancock Place	1,800	60,783	44,168	24.54
	Ladue	3,228	297,426	245,361	76.01
	Maplewood-Richmond Heights	1,113	145,312	86,597	77.81
	Normandy	5,831	228,888	228,888	39.25
	Ritenour	6,299	185,931 *	212,683 *	33.76
	Riverview Gardens	7,716	322,352 *	269,881 *	34.98
	University City	4,307	180,751	180,751	41.97
	Webster Groves	4,142	92,111	92,111	22.24
	Spec. Sch. Dst. St. Louis Co.	1,373	712,138	705,557	513.88
Saline	Malta Bend R-V	147	11,784	11,784	80.16
	Gilliam C-4	50	2,085	2,872	57.44
	Slater	398	26,844	26,844	67.45
Scotland	Gorin R-III	63	6,000	6,008	95.37
	Scotland Co. R-I	632	50,887	51,503	81.49
Scott	Chaffee R-II	574	38,305	34,155	59.50
	Scott Co. R-IV	984	45,531	45,531	46.27
	Sikeston R-VI	3,789	141,054	NP	37.23
Stoddard	Kelso C-7	129	5,372	6,391	49.54
	Richland R-I	428	40,491	27,399	64.02
	Bloomfield R-XIV	804	89,442	34,503	42.91
Stone	Hurley R-I	309	15,556	16,851	54.53
	Galena R-II	520	31,421	30,091	57.87

SCHOOL DISTRICTS' TRAVEL EXPENDITURES
 SCHEDULE OF TRAVEL EXPENDITURES
 YEAR ENDED JUNE 30, 2002

County	School District Name	Resident Pupils	Reported on the ASBR	Reported to the State Auditor	Amount Per Pupil
Sullivan	Reeds Spring R-IV	2,065	64,204	114,690	55.54
	Milan C-2	686	52,311	34,302	50.00
	Newtown-Harris R-III	118	26,299	26,299	222.87
Taney	Taneyville R-II	286	11,648	18,162	63.50
	Branson R-IV	2,944	232,874	244,574	83.08
	Hollister R-V	1,152	70,288	51,018	44.29
Texas	Mark Twain R-VIII	47	1,671	4,762	101.32
	Success R-VI	115	12,702	10,124	88.03
	Licking R-VIII	766	4,644	22,980	30.00
Vernon	Cabool R-IV	849	73,652	31,242	36.80
	Nevada R-V	2,533	73,870	95,402	37.66
	Bronaugh R-VII	220	20,057	21,592	98.15
Washington	Sheldon R-VIII	190	12,393	19,041	100.22
	Kingston K-14	832	81,798	NP	98.31
	Potosi R-III	2,396	85,203	85,203	35.56
Wayne	Clearwater R-I	1,139	127,036	64,980	57.05
Webster	Marshfield R-I	2,773	83,381	NP	30.07
	Seymour R-II	888	62,559	47,553	53.55
Wright	Norwood R-I	400	26,374	26,208	65.52
	Mountain Grove R-III	1,567	140,781	99,186	63.30
	Manes R-V	66	3,829	7,156	108.42
City of St. Louis	St. Louis City	42,154	0 *	1,271,280 *	30.16
	Totals	656,719	24,538,923	21,327,061	\$32.48

SCHOOL DISTRICTS' TRAVEL EXPENDITURES
 SCHEDULE OF TRAVEL EXPENDITURES
 YEAR ENDED JUNE 30, 2002

Note:

The number of resident pupils has been provided for school size comparison only. The Amount Per Pupil was calculated using the expenditure information reported to the State Auditor. If a school district did not respond to our request for public information or did not provide the dollar amount to the State Auditor, the expenditure information reported on the ASBR was used.

In addition to the expected differences noted in the asterisk tick mark below, explanations for other differences may include, but are not limited to the following: an incorrect travel amount may have been reported either on the ASBR or to the State Auditor; the travel reported to the State Auditor may include other object or function codes than what is reported on the ASBR; or the travel reported on the ASBR may include amounts that do not pertain to the request.

* These school districts did not have an ASBR available to view on the DESE web site for fiscal year ending June 30, 2002. Therefore, the travel amount reported on the ASBR for fiscal year 2001 was used in our review for these school districts. Expected differences arose because we requested the school districts selected in our review to report travel expenditures for fiscal year 2002. In addition, the St. Louis City School District did not have an ASBR available to view for fiscal year 2001 or 2002.

NP No travel dollar amount was provided by the school district.

SCHOOL DISTRICTS' TRAVEL EXPENDITURES
SCHEDULE OF SCHOOL DISTRICT RESPONSES TO THE STATE AUDITOR
YEAR ENDED JUNE 30, 2002

County	School District Name	Provided the Information in the Detail Requested in the Letter Dated:		Provided Some of the Information Requested	Did Not Provide the Information Requested
		January 7th	January 24th		
Adair	Kirksville R-III	X			
Audrain	Mexico 59		X		
Barry	Exeter R-VI	X			
	Shell Knob 78		X		
	Monett R-I	X			
Barton	Liberal R-II	X			
Bates	Hume R-VIII				X
Benton	Cole Camp R-I	X			
Bollinger	Leopold R-III				X
Boone	Sturgeon R-V	X			
	Columbia 93		X		
	East Buchanan Co. C-1	X			
Buchanan	Buchanan Co. R-IV		X		
	St. Joseph		X		
	Poplar Bluff R-I		X		
Butler	Twin Rivers R-X	X			
	Cowgill R-VI				X
	Polo R-VII	X			
Caldwell	Kingston 42			X	
	New Bloomfield R-III		X		
	Fulton 58				X
Camden	Camdenton R-III	X			
	Climax Springs R-IV	X			
Cape Girardeau	Jackson R-II		X		
Carroll	Hale R-I	X			
	Norborne R-VIII	X			
Cass	Raymore-Peculiar R-II		X		
	Sherwood Cass R-VIII		X		
	East Lynne 40				X
Chariton	Harrisonville R-IX	X			
	Belton 124			X	
	Keytesville R-III	X			
Christian	Salisbury R-IV		X		
	Nixa R-II	X			
Clark	Ozark R-VI		X		
	Wyaconda C-1			X	
	Revere C-3	X			

SCHOOL DISTRICTS' TRAVEL EXPENDITURES
SCHEDULE OF SCHOOL DISTRICT RESPONSES TO THE STATE AUDITOR
YEAR ENDED JUNE 30, 2002

County	School District Name	Provided the Information in the Detail Requested in the Letter Dated:		Provided Some of the Information Requested	Did Not Provide the Information Requested
		January 7th	January 24th		
	Clark Co. R-I	X			
Clay	Excelsior Springs 40		X		
	Liberty 53				X
	North Kansas City 74				X
Cole	Jefferson City				X
Cooper	Blackwater R-II	X			
	Prairie Home R-V	X			
Dade	Lockwood R-I			X	
Daviess	Pattonsburg R-II	X			
	Gallatin R-V	X			
	Tri-County R-VII	X			
DeKalb	Maysville R-I	X			
	Union Star R-II				X
	Stewartsville C-2	X			
Dunklin	Malden R-I		X		
	Clarkton C-4	X			
Franklin	Franklin Co. R-II	X			
	Union R-XI		X		
	Washington		X		
Gentry	King City R-I			X	
	Stanberry R-II		X		
	Albany R-III	X			
Greene	Willard R-II		X		
	Walnut Grove R-V	X			
	Springfield R-XII			X	
	Fair Grove R-X	X			
Grundy	Pleasant View R-VI	X			
	Laredo R-VII				X
Harrison	South Harrison Co. R-II	X			
Henry	Shawnee R-III	X			
	Clinton		X		
Holt	Craig R-III				X
	Mound City R-II	X			
Howard	New Franklin R-I	X			
Howell	Howell Valley R-I	X			
	Mountain View-Birch Tree R-III	X			
	West Plains R-VII	X			

SCHOOL DISTRICTS' TRAVEL EXPENDITURES
SCHEDULE OF SCHOOL DISTRICT RESPONSES TO THE STATE AUDITOR
YEAR ENDED JUNE 30, 2002

County	School District Name	Provided the Information in the Detail Requested in the Letter Dated:		Provided Some of the Information Requested	Did Not Provide the Information Requested
		January 7th	January 24th		
Jackson	Fort Osage R-I	X			
	Blue Springs R-IV		X		
	Lee's Summit R-VII		X		
	Hickman Mills C-1		X		
	Raytown C-2				X
	Grandview C-4			X	
	Lone Jack C-6	X			
	Independence 30			X	
	Kansas City 33		X		
Jasper	Jasper Co. R-V	X			
	Carthage R-IX		X		
	Webb City R-VII		X		
	Joplin R-VIII		X		
Jefferson	Northwest R-I		X		
	Hillsboro R-III	X			
	Sunrise R-IX		X		
	Fox C-6	X			
	Desoto 73		X		
Johnson	Kingsville R-I		X		
	Johnson Co. R-VII	X			
	Knob Noster R-VIII	X			
	Warrensburg R-VI	X			
Laclede	Gasconade C-4	X			
	Lebanon R-III	X			
Lafayette	Odessa R-VII	X			
Lawrence	Miller R-II	X			
	Aurora R-VIII			X	
Lincoln	Troy R-III	X			
Linn	Brookfield R-III			X	
Livingston	Southwest Livingston Co. R-I	X			
	Chillicothe R-II		X		
McDonald	McDonald Co. R-I	X			
Macon	Macon Co. R-IV	X			
Madison	Fredericktown R-I	X			
Marion	Hannibal 60		X		
Mercer	Princeton R-V	X			
Miller	Eldon R-I				X

SCHOOL DISTRICTS' TRAVEL EXPENDITURES
SCHEDULE OF SCHOOL DISTRICT RESPONSES TO THE STATE AUDITOR
YEAR ENDED JUNE 30, 2002

County	School District Name	Provided the Information in the Detail Requested in the Letter Dated:		Provided Some of the Information Requested	Did Not Provide the Information Requested
		January 7th	January 24th		
Moniteau	Moniteau Co. R-V	X			
	Moniteau Co. R-VI	X			
Monroe	Middle Grove C-1	X			
	Holliday C-2	X			
	Madison C-3	X			
Montgomery	Montgomery Co. R-II		X		
New Madrid	New Madrid Co. R-I	X			
Newton	Neosho R-V	X			
Nodaway	Nodaway-Holt R-VII	X			
	North Nodaway Co. R-VI		X		
	Maryville R-II	X			
	South Nodaway Co. R-IV			X	
Osage	Osage Co. R-I	X			
	Osage Co. R-II		X		
Ozark	Bakersfield R-IV	X			
	Lutie R-VI		X		
Pemiscot	Hayti R-II			X	
Perry	Perry Co. 32	X			
	Altenburg 48	X			
Pettis	Pettis Co. R-V	X			
	Sedalia 200	X			
Phelps	Rolla 31	X			
Pike	Pike Co. R-III			X	
Platte	West Platte Co. R-II	X			
	Platte Co. R-III	X			
	Park Hill		X		
Polk	Bolivar R-I				X
	Pleasant Hope R-VI			X	
Pulaski	Waynesville R-VI		X		
Randolph	Renick R-V	X			
	Higbee R-VIII		X		
	Moberly		X		
Ray	Stet R-XV	X			
Reynolds	Centerville R-I	X			
	Lesterville R-IV	X			
Ripley	Naylor R-II	X			
St. Charles	Ft. Zumwalt R-II				X

SCHOOL DISTRICTS' TRAVEL EXPENDITURES
SCHEDULE OF SCHOOL DISTRICT RESPONSES TO THE STATE AUDITOR
YEAR ENDED JUNE 30, 2002

County	School District Name	Provided the Information in the Detail Requested in the Letter Dated:		Provided Some of the Information Requested	Did Not Provide the Information Requested
		January 7th	January 24th		
St. Francois	Francis Howell R-III		X		
	Wentzville R-IV	X			
	St. Charles R-VI		X		
	Farmington R-VII	X			
	North St. Francois Co. R-I	X			
St. Louis	Central R-III	X			
	Hazelwood		X		
	Ferguson-Florissant R-II			X	
	Pattonville R-III		X		
	Rockwood R-VI		X		
	Kirkwood R-VII		X		
	Lindbergh R-VIII	X			
	Mehlville R-IX			X	
	Parkway C-2		X		
	Clayton		X		
	Hancock Place	X			
	Ladue		X		
	Maplewood-Richmond Heights	X			
	Normandy		X		
	Ritenour		X		
	Riverview Gardens				X
	University City	X			
	Webster Groves		X		
Saline	Speci. Sch. Dst. St. Louis Co.	X			
	Malta Bend R-V			X	
	Gilliam C-4	X			
Scotland	Slater			X	
	Gorin R-III		X		
Scott	Scotland Co. R-I	X			
	Chaffee R-II	X			
Stoddard	Scott Co. R-IV				X
	Sikeston R-VI				X
	Kelso C-7				X
	Richland R-I	X			
	Bloomfield R-XIV		X		
Stone	Hurley R-I	X			
	Galena R-II	X			

SCHOOL DISTRICTS' TRAVEL EXPENDITURES
SCHEDULE OF SCHOOL DISTRICT RESPONSES TO THE STATE AUDITOR
YEAR ENDED JUNE 30, 2002

County	School District Name	Provided the Information in the Detail Requested in the Letter Dated:		Provided Some of the Information Requested	Did Not Provide the Information Requested
		January 7th	January 24th		
	Reeds Spring R-IV			X	
Sullivan	Milan C-2	X			
	Newtown-Harris R-III			X	
Taney	Taneyville R-II		X		
	Branson R-IV		X		
	Hollister R-V	X			
	Mark Twain R-VIII	X			
Texas	Success R-VI	X			
	Licking R-VIII				X
	Cabool R-IV	X			
Vernon	Nevada R-V	X			
	Bronaugh R-VII	X			
	Sheldon R-VIII	X			
Washington	Kingston K-14				X
	Potosi R-III				X
Wayne	Clearwater R-I		X		
Webster	Marshfield R-I			X	
	Seymour R-II			X	
Wright	Norwood R-I	X			
	Mountain Grove R-III	X			
	Manes R-V	X			
City of St. Louis	St. Louis City		X		
	Totals	105	58	22	22

SCHOOL DISTRICTS' TRAVEL EXPENDITURES
SCHEDULE OF SCHOOL DISTRICT RESPONSES TO THE STATE AUDITOR
YEAR ENDED JUNE 30, 2002

School Districts Provided the Information Requested:

School districts that provided travel expenditure information in the detail requested in the letter dated January 7, 2003 are considered "Honor Roll" school districts. These school districts provided the travel expenditure information detailed by conference/seminar registration fees, mileage expense, commercial transportation, lodging, meals, and other for both in state travel and out of state travel as requested.

As noted in other parts of this report, responses to our letter dated January 7, 2003 indicated that many of the school districts' accounting systems were not designed to account for each specific category identified in our request but may have travel expenditures broken out in some other manner. We determined a follow-up letter was needed and streamlined our request.

School districts that provided travel expenditure information in the detail requested in the letter dated January 24, 2003 satisfied the follow-up request by submitting travel information summarized by whatever code, function, program, etc. the school district used, together with an explanation on how such methodology provides accountability for travel costs.

School Districts Provided Some of the Information Requested:

School districts partially satisfied the follow-up request, by submitting either a report summarizing the travel expenditures broken out by the methodology used by the school district or a written statement describing how the methodology used provides accountability for travel costs incurred. The follow-up request asked for both pieces of information. Therefore, these school districts partially satisfied the follow-up request.

School Districts Did Not Provide the Information Requested:

School districts did not satisfy the follow-up request as their response did not satisfy either requirement of the follow-up request or the school district did not respond to the request for public information.



**DEPARTMENT OF MENTAL HEALTH
HIGGINSVILLE HABILITATION CENTER**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-88
August 26, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Mental Health, Higginsville Habilitation Center.

From July 1999 to March 2001, the Higginsville Habilitation Center (HHC) paid employees over \$130,000 related to three bonus/incentive programs which were established to address shortages in direct support staff. The HHC did not review the legality of these bonuses/incentives before implementing these programs.

Two of the programs were implemented in July 1999, with one involving the payment of a \$200 "finders fee" to any staff who recruited a new employee for the direct support workforce. The other program involved the payment of a \$200 "sign on bonus" to any new employee who became a permanent employee after successfully completing their probation period. The "finder's fee" program was discontinued in January 2000, but the "sign on bonus" program was revised to pay a \$500 bonus to new employees hired after that date. From July 1999 through March 2001, the facility expended \$1,600 and \$18,700 on "finder's fees" and "sign on bonuses", respectively.

The third program, effective March 1, 2000, involved paying a monthly bonus of \$100 to each direct support staff employee who met the following conditions:

- A successful or better rating on the employee's last performance appraisal.
- No sick time (or time used in lieu of sick) used during the month.
- No tardy time used during the month.
- No written counselings, reprimands, or suspensions during the month.
- Not on original probation.

Between March 1, 2000 and March 1, 2001, the facility spent \$110,400 on this incentive program. In March 2001, the bonus/incentive programs still in effect were discontinued due to budget constraints and the anticipated downsizing of staff. The Missouri Constitution prohibits the granting of additional compensation to a public officer or employee after the services have been performed.

Northwest Community Services is an organizational unit of the HHC and it oversees the operations of 25 separate individualized supported living homes (ISLs) located in an adjoining three-county area. The ISLs have been established as either one-bed, two-bed, or three-bed homes.

YELLOW SHEET

For the year ended June 30, 2002, the average per client cost incurred by the state for clients living in the three-bed homes totaled \$72,956. This compares to an average per client cost in the two-bed homes and one-bed home of \$94,286 and \$134,847, respectively. Each home requires the same basic round-the-clock staffing. Therefore, the more clients living at a home, the less the average costs that are required to care for them. Standard criteria and procedures have not been established to document and justify why clients might need to be placed in a more expensive placement setting.

Although the state receives reimbursement for a portion of the direct care personal service costs incurred in the homes, the costs borne by the state related to these homes are substantial. During the year ended June 30, 2002, the total cost of HHC's state-operated homes totaled \$4.9 million. Of this amount, \$2.5 million was reimbursed by the Medicaid waiver program, leaving about \$2.4 million or approximately \$38,000 per client to be paid for by the state.

A comparison of the monthly census reports of clients on campus to the reports of days billed to Medicaid disclosed that HHC billed Medicaid for days of service in which Medicaid-eligible clients were in uncertified beds, resulting in overbillings to Medicaid. During a review of the monthly census reports, we identified instances in which the number of Medicaid-eligible clients in a unit exceeded the number of certified beds. We determined these situations generally occurred when the facility was over capacity and temporary beds needed to be set up to house the extra clients. It appears the reimbursement officer who handles the Medicaid billings was not consistently notified when a Medicaid-eligible client was placed in an uncertified bed. The overbillings identified totaled \$276,203, resulting in excess net revenues of \$168,513 (based on a Medicaid reimbursement rate of 60 percent). Although HHC officials believe the overbilling amount cited in the audit was overstated due to inaccuracies in the monthly census reports, they could not identify any specific errors in the reports.

The two employees who work in the canteen were paid from the state's General Revenue Fund, and the salary and benefit costs of these employees during the two years ended June 30, 2002, totaled approximately \$100,000. During this period, no reimbursements were made to the General Revenue Fund-State to offset these costs. As a result, the General Revenue Fund-State was substantially subsidizing the canteen operation. This condition has also been reported in previous audits.

The audit report also notes some other concerns related to canteen operations, and client funds and property.

All reports are available on our website: www.auditor.state.mo.us

DEPARTMENT OF MENTAL HEALTH
HIGGINSVILLE HABILITATION CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Mental Health Commission
and
Dorn Schuffman, Director
Department of Mental Health
and
Anne Deaton, Director
Division of Mental Retardation and
Developmental Disabilities
and
Gail Clair, Deputy Director
Field Services, North District
and
Dan Thornton, Superintendent
Higginsville Habilitation Center
Higginsville, MO 64037

We have audited the Department of Mental Health, Higginsville Habilitation Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations, and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.
3. Review certain expenditures made by the Higginsville Habilitation Center.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the facility's expenditures, rules, regulations, and other pertinent procedures and documents, and interviewed various personnel of the facility.

As part of our audit, we assessed the facility's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide

assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and the Statewide Advantage for Missouri (SAM II) system and was not subjected to the procedures applied in the audit of the Department of Mental Health, Higginsville Habilitation Center.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Mental Health, Higginsville Habilitation Center.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 25, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Cynthia Freeman
	Tania Williams

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF MENTAL HEALTH
HIGGINSVILLE HABILITATION CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Bonus/Incentive Programs
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From July 1999 to March 2001, the Higginsville Habilitation Center (HHC) paid employees over \$130,000 related to three bonus/incentive programs which were established to address shortages in direct support staff. The HHC did not review the legality of these bonuses/incentives before implementing these programs.

Two of the programs were implemented in July 1999, with one involving the payment of a \$200 "finder's fee" to any staff who recruited a new employee for the direct support workforce. The bonus would be paid when the new employee passed a probation period. The other program involved the payment of a \$200 "sign on bonus" to any new employee who became a permanent employee after successfully completing their probation period. Effective January 2000, the "finder's fee" program was discontinued, but the "sign on bonus" program was revised to pay a \$500 bonus to new employees hired after that date who met the program requirements. From July 1999 through March 2001, the facility expended \$1,600 and \$18,700 on "finder's fees" and "sign on bonuses", respectively.

The third program, implemented effective March 1, 2000, involved a monthly bonus of \$100 to each direct support staff employee who met the following conditions:

- A successful or better rating on the employee's last performance appraisal.
- No sick time (or time used in lieu of sick) used during the month.
- No tardy time used during the month.
- No written counselings, reprimands, or suspensions during the month.
- Not on original probation.

The reasons cited in implementing this program included: (1) to provide a financial reinforcement to staff who came to work everyday and provided a positive attitude and influence on fellow staff; (2) to dramatically decrease absenteeism, which would allow for better coverage and more opportunity for staff to use their vacation and compensatory time; (3) to reduce employee injuries through better staff compliments; and (4) to allow the facility to provide a richer life for the clients supported. Between March 1, 2000 and March 1, 2001, the facility spent \$110,400 on this incentive program.

In March 2001, the bonus/incentive programs still in effect were discontinued due to budget constraints and the anticipated downsizing of staff. In addition, problems in coding these incentives/bonuses into the new state payroll system appear to have been a factor in this decision.

Article III, Section 39 of the Missouri Constitution prohibits the granting of additional compensation to a public officer or employee after the services have been performed. While it might be argued the applicable employees performed additional duties to earn a “finder’s fee” or a “sign on bonus”, the program that allowed employees to earn a \$100 monthly bonus appears to be particularly questionable.

WE RECOMMEND HHC management refrain from paying similar bonuses/incentives in the future unless the legality and appropriateness of them have been thoroughly reviewed.

AUDITEE'S RESPONSE

We agree and as cited in the audit report, we discontinued this practice in March 2001. Such incentives will not be utilized in the future unless clear legal authority permits such action and appropriate approvals have been given. At the time this incentive program was implemented, HHC was experiencing critical recruitment/retention problems for direct care staff. The incentives program was effective in attracting and retaining adequate staff and averting the possible loss of ICF/MR certification due to insufficient staffing.

2. Individualized Supported Living Homes

Northwest Community Services is an organizational unit of the HHC and it oversees the operations of 25 separate individualized supported living homes (ISLs) located in an adjoining three-county area. The ISLs have been established as either one-bed, two-bed, or three-bed homes. Based on our review, the three-bed homes are the most cost-effective of these placement alternatives. Standard criteria and procedures have not been established in guiding the client placement decisions in the smaller, more expensive homes.

These homes represent a community-based residential placement alternative for HHC clients and have been typically established in rented apartments or small homes. A portion of their operating costs are eligible for reimbursement under the Medicaid Home and Community-Based Waiver Program. As of June 30, 2002, clients resided in 12 three-bed homes, 12 two-bed homes, and 1 one-bed home.

The direct care staff who assist in the day-to-day care of the resident clients are state employees paid from HHC appropriations. The clients residing in these homes are solely responsible for the payment of rent; however, they are only responsible for the payment of utilities, food, and personal items to the extent of their available income. If the personal income of the clients living in one of these homes is not sufficient to cover all those expenses, state funds cover the difference. In addition, a state-owned vehicle is assigned to each home for the transportation of the clients and the state pays for all expenses relating to these vehicles.

Based on cost information provided by HHC officials, we determined for the year ended June 30, 2002, the average per client cost incurred by the state for clients living in the three-bed homes totaled \$72,956. This compares to an average per client cost in the two-bed homes and one-bed home of \$94,286 and \$134,847, respectively. These cost differences are a reflection of the level of direct care staff which is required at each home, regardless of the number of clients residing there. Each home requires the same basic round-the-clock staffing. Therefore, the more clients living at a home, the less the average personal services costs that are required to care for them.

Department officials have indicated that cost effectiveness is not a primary consideration in the placement of a client. However, standard criteria and procedures have not been established to document and justify why clients might need to be placed into a more expensive placement setting. Based on our discussion with facility personnel, it appears a primary factor in the placing of clients into such treatment settings is more due to client, parental, or guardian preference than documented care and treatment issues.

Although the state receives reimbursement for approximately 60 percent of the direct care personal service costs incurred in the homes, the costs borne by the state related to these homes are substantial. During the year ended June 30, 2002, the total cost (including direct care personal service costs, general and administration costs, and other costs) of HHC's state-operated homes totaled \$4.9 million. Of this amount, \$2.5 million was reimbursed by the Medicaid waiver program, leaving about \$2.4 million or approximately \$38,000 per client to be picked up by the state. The facility's ISL homes should be operated in the most cost-effective manner possible while still striving to meet the treatment and care needs of its clients.

WE RECOMMEND HHC management review this situation and consider the need and appropriateness of the current one-bed and two-bed ISL homes. Clients should be placed in the more cost-effective three-bed homes unless the reasons justifying their placement in a more expensive placement setting are thoroughly documented. In addition, standard criteria and procedures should be established in guiding the decisions in the placement of clients.

AUDITEE'S RESPONSE

We agree. Existing ISL placements will continue to be reviewed regularly, and two homes have already been closed and the consumers consolidated into other existing ISL homes. The decision to place consumers in one-bed or two-bed homes (rather than a three-bed home) has always weighed heavily on health and safety concerns, consumer personal needs and preferences. Criteria will be established to assist with documenting such placement decisions.

3. Medicaid Billings

The HHC receives reimbursements of approximately 60 percent of eligible costs under the Medicaid ICF/MR (intermediate care facilities for the mentally retarded) Program for

Medicaid-eligible clients living in campus residential facilities. A comparison of the monthly census reports of clients on campus to the reports of days billed to Medicaid disclosed that HHC billed Medicaid for days of service in which Medicaid-eligible clients were in uncertified beds, resulting in overbillings to Medicaid.

For Department of Mental Health facilities to receive Medicaid ICF/MR reimbursements, the facilities must meet minimum federal standards regarding room size, physical facilities, programming, staffing, etc. The process by which it is determined whether federal standards are met is called certification. Beds are “certified” when they have been determined to meet these standards.

The facility prepares a monthly census report which discloses the number of clients and the number of certified beds in each residential unit on campus as of the end of the month. The census reports also indicate whether there is any movement of clients in or out of a residential unit during a respective month. During a review of these reports, we identified instances in which the number of Medicaid-eligible clients in a unit exceeded the number of certified beds. We determined these situations generally occurred when the facility was over capacity and a temporary bed(s) needed to be set up to house the extra client(s).

Such temporary beds do not generally meet the various ICF/MR requirements and, therefore, are not certified; however, it appears the reimbursement officer who handles the Medicaid billings was not consistently notified when a Medicaid-eligible client was placed in an uncertified bed. When comparing the monthly census reports to the reports of days billed to Medicaid for those periods where the residential units were over capacity, we identified various instances in which it appears Medicaid was billed for clients who were in uncertified beds. The overbillings identified totaled \$276,203, resulting in excess net revenues of \$168,513 for the two years ended June 30, 2002.

Although HHC officials agree some overbillings to Medicaid occurred during the audit period, they believe the overbilling amount noted above is overstated due to inaccuracies in the monthly census reports the auditors used in their analysis. However, facility officials could not identify any specific errors in the monthly census reports.

The facility should ensure that Medicaid is billed only for those periods in which Medicaid-eligible clients are residing in certified beds.

WE RECOMMEND HHC management review this situation, determine the extent that Medicaid was overbilled, and work with Medicaid officials to resolve this matter. In addition, HHC management should ensure adequate procedures are established to prevent similar overbillings in the future.

AUDITEE'S RESPONSE

We agree. Action has already been taken to ensure that census reports and billings agree on billable days.

4. Canteen Operation

The HHC operates a small canteen that sells food, beverages, and other miscellaneous items. While the canteen was established primarily to serve the facility's residents and employees, it is open to the general public and we were informed local residents patronize the canteen. A review of this canteen operation disclosed the following concerns:

- A. A canteen operation should be operated on a self-sustaining basis to the extent practical. However, the prices charged for the canteen items do not reflect the labor costs to operate the canteen, but recover only the actual cost of the items sold along with a small mark-up. As a result, the canteen items are sold to its customers at a relatively low price.

The two employees who work in the canteen were paid from the state's General Revenue Fund, and the salary and benefit costs of these employees during the two years ended June 30, 2002, totaled approximately \$100,000. During this period, no reimbursements were made to the General Revenue Fund-State to offset these costs, but \$6,500 in excess canteen monies were deposited into the Mental Health Trust Fund (MHTF).

As a result, the General Revenue Fund-State was substantially subsidizing the canteen operation while excess monies were deposited into the MHTF. While it may not be possible for the facility to cover all costs incurred in operating the canteen, the facility should review the pricing structure of the items sold in the canteen and consider charging prices that are more reflective of the actual costs incurred in producing the items. At a minimum, excess canteen monies should not be transferred to the MHTF until all state subsidies have been reimbursed.

This condition has also been reported in previous audits.

- B. The canteen was incorporated as a not-for-profit (NFP) corporation in 1965 and it continues to exist as a NFP. Considering the canteen's operations are overseen and operated by HHC personnel, it is unclear why the canteen continues to maintain NFP status or whether this situation is in the best interests of the facility and the state.

In addition, it appears federal reporting requirements may have not been met for the canteen related to its NFP status. Section 501(c) of the Internal Revenue Code requires NFPs with annual gross receipts of more than \$25,000 to file annual tax

returns. It appears the canteen may have met this criteria, but no tax returns have been filed with the federal government. Failure to comply with the provisions of the Internal Revenue Code could result in a substantial fine and places a significant liability on the canteen and possibly the HHC.

WE RECOMMEND HHC management:

- A. Operate the canteen on a self-sustaining basis to the extent practical. This would include reviewing the pricing structure of the items sold in the canteen and charging prices that are more reflective of the actual costs incurred in producing the items. In addition, the facility should reimburse the state's General Revenue Fund for any subsidies provided to the extent any excess canteen monies are available.
- B. Review the benefits and need for the canteen to maintain its NFP status. If the present situation cannot be justified, consideration should be given to dropping the NFP status. In addition, the facility should determine the applicable NFP reporting requirements and file any tax information required by the Internal Revenue Code.

AUDITEE'S RESPONSE

- A. *We agree in part. We will attempt to operate the canteen on a self-sustaining basis to the extent practical. Pricing structures will be addressed in an effort to have prices closer reflect total operating costs. However, we do not agree there should be any reimbursement to the General Revenue Fund, in that the canteen was established under authorization of Section 630.335, RSMo, which specifies all remaining funds after expenses should be credited to the mental health trust fund and expended "for the benefit of the patients' recreation, habilitation or treatment services or equipment of the facility or center from which derived".*

We feel the way the \$100,000 cost is presented in the report causes some to misread the information. The actual average salary for the two canteen workers is approximately \$18,500/yr. Also, in the future, HHC shall attempt to integrate residents into the canteen operations. Changes should be implemented by December 2003.

- B. *We agree. The Not-for-Profit Corporation is not needed and has already been dissolved with the Secretary of State's office. The canteen has not been operated as a NFP for many, many years but rather is being operated under the authorization of Section 630.335, RSMo. We will seek determination if any tax reporting was required or if any tax liability existed.*

Client monies, such as income and benefits, are used to pay for things such as care, treatment, and personal items, and are maintained in the facility's Non-Appropriated Funds System (NAFS). Our review of the facility's handling of client funds and personal property items disclosed the following concerns:

- A. Improvement could be made in the monitoring and related documentation of HHC's client balances. A client's eligibility for governmental benefits is jeopardized when their personal account balance exceeds \$1,000. Therefore, HHC policy requires action to be taken to reduce clients' balances when they exceed \$750.

Based upon a review of NAFS month-end trial balance reports for three selected months, we noted seven client accounts that were over the \$750 maximum with no documentation to indicate why the excessive balance was considered acceptable.

- B. During our review of the NAFS month-end trial balance reports for three selected months, we noted nine client accounts had negative balances. Overspending occurred because client balances were not adequately reviewed to ensure sufficient balances existed before disbursements were made. As a result, disbursements made on behalf of these clients were made using, or borrowing, other clients' monies.
- C. Improvements are needed related to the oversight of client fund expenditures.

Facility personnel are authorized to withdraw client monies from the NAFS account for personal expenditures of clients. HHC policy requires a Request for Funds for Activities form (commonly referred to as a goldenrod) to be completed and approved prior to the withdrawal of cash from a client's personal account. Depending on the amount and nature of the expenditure, after the expenditure is made a Receipt Listing for Funds Requested form is required to be completed and returned to the facility's Accounting Department along with the supporting invoices/receipts and any unspent money. We noted the following instances where facility personnel did not adhere to this policy:

- 1) Of 76 disbursements tested, we noted four instances in which a Receipt Listing for Funds Requested form was either not on file as required, no supporting invoices/receipts were on file, or were missing.
- 2) The Receipt Listing for Funds Requested forms did not include all required information for eleven disbursements tested. Staff did not document the amount spent, the purpose, or the amount returned, if applicable, on the Receipt Listing for Funds Requested forms. In addition,

forms were not signed by staff acknowledging cash was returned in five applicable instances.

- D. Personal property items costing \$50 or more which are purchased from a client's personal funds are required to be recorded on the client's Valuables Checklist record. Eight of the items included in our disbursements test included items costing over \$50; however, none were listed on the applicable clients' Valuables Checklist records.

HHC's policy also requires annual reviews of the clients' Valuables Checklists; however, an annual review was documented for only one Valuables Checklist record we reviewed. HHC personnel indicated that while annual reviews are performed, they are not normally documented.

HHC management has a fiduciary responsibility to ensure clients' account balances are properly monitored to avoid jeopardizing third-party benefits, and to ensure client expenditures and property items are accounted for properly. Without proper oversight and compliance with established procedures, management cannot be assured that client third-party benefits, monies, and personal property items are adequately safeguarded.

WE RECOMMEND HHC management:

- A. Ensure client account balances are adequately monitored so as not to jeopardize the benefits of the clients. If there is a valid reason(s) for a client's account being over the established maximum, that reason(s) should be documented.
- B. Ensure expenditures are not made in excess of clients' balances.
- C.1. Ensure staff completes and submits a Receipt Listing for Funds Requested form for all disbursements made from client funds along with the supporting invoices/receipts.
 - 2. Ensure the completed Receipt Listing for Funds Requested forms include all required information including the amount spent, purpose, and amount of any unspent money that is returned.
- D. Ensure the Valuables Checklist forms are complete and accurate, and the property items acquired or received are recorded on these records in a timely manner. In addition, the annual review of the Valuables Checklist forms should be documented.

AUDITEE'S RESPONSE

A. *We agree. Client account balances are reviewed each month, and appropriate documentation will be maintained to indicate why any client account balance exceeds the maximum.*

B&D. *We agree.*

C. *We agree. However, it should be noted that not all disbursements require receipts to be attached, such as consumers capable of handling their own spending money – we don't require them to send us receipts as to how they spent it. We will clarify this in our facility policy. Greater and continued efforts will be placed on ensuring supervisors and their staff complete and follow through on submitting client expenditure documentation when required.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH
HIGGINSVILLE HABILITATION CENTER
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

What is presently the Higginsville Habilitation Center (HHC) began operation on June 1, 1956, as the educational branch of the then Marshall State School-Hospital Complex. Legislation passed by the Seventy-Fifth General Assembly in 1970 established this facility as the Higginsville State School-Hospital, a separate operating facility of the Department of Mental Health serving mentally retarded/developmentally disabled individuals from the northwestern part of the state. On October 1, 1983, the name of the facility was changed to the Higginsville Habilitation Center.

Admission to the facility is made through the recommendation of the Albany and Kansas City Regional Centers. The service area includes Andrew, Atchison, Bates, Buchanan, Caldwell, Cass, Clay, Clinton, Daviess, DeKalb, Gentry, Harrison, Holt, Jackson, Johnson, Lafayette, Nodaway, Platte, Ray, and Worth counties.

In December 1991, the Community Services Unit was established by the HHC to handle the Individualized Supported Living (ISL) Program which provides support necessary for men and women with developmental disabilities to live outside an institutional setting. Existing staff were used to support clients who had moved into their own homes. In 1993, Community Services became a separate unit with its own staff. In March 1998, Community Services was separated from HHC as an associate agency and, in October 1998, it was given the name Northwest Community Services (NWCS). On July 1, 2002, NWCS was brought back under HHC's organizational structure.

Clients receive a wide variety of programs and services to meet their individual needs. Educational, vocational, developmental, and behavior management programs are provided as well as physical therapy; occupational therapy; speech therapy; and medical, social and recreational services.

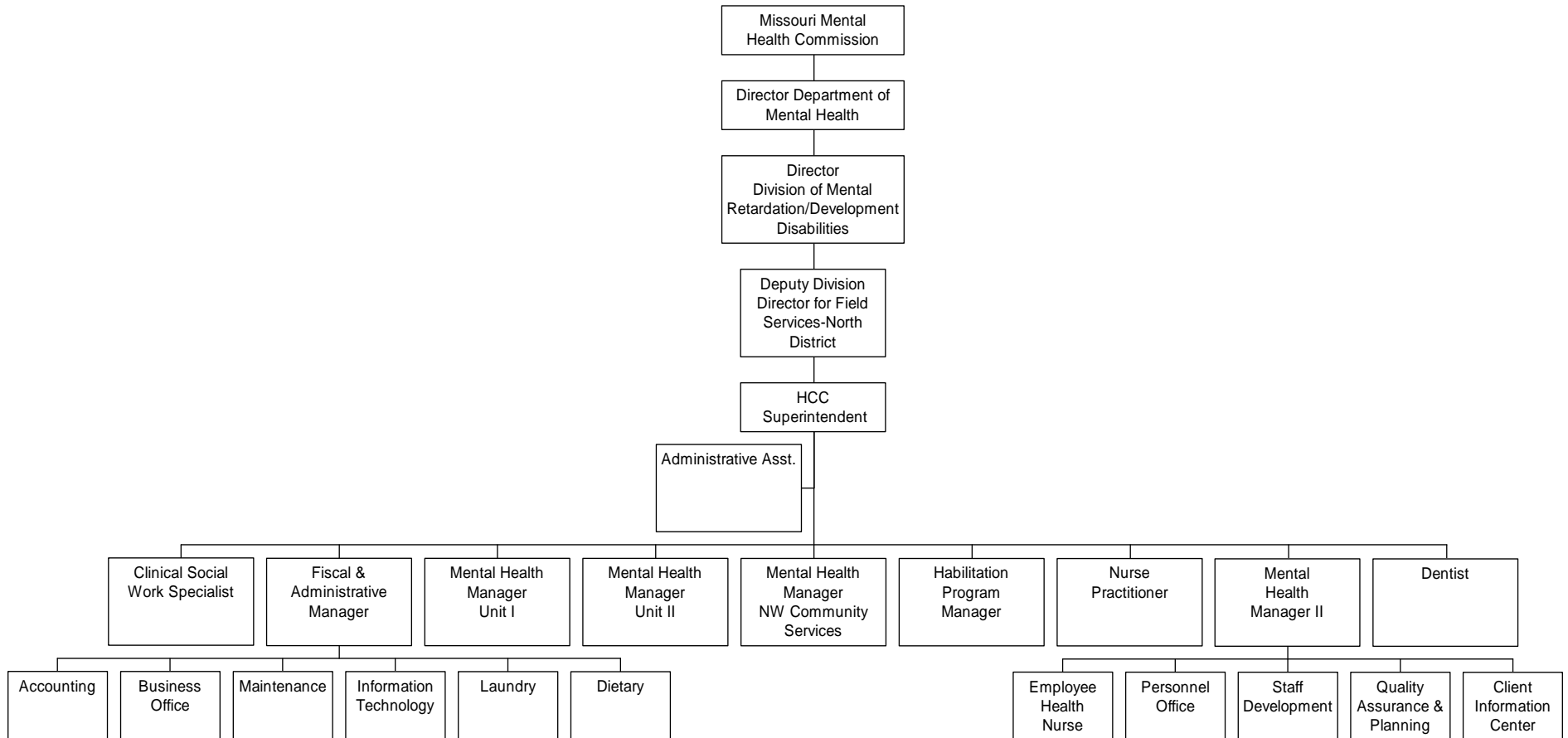
The HHC campus is composed of group homes, residential cottages, program services buildings, and administration offices. The campus is located on 150 acres adjacent to the Confederate Park and Cemetery and the Federal Veterans Cemetery near Business Route 13, north of Higginsville. The ISLs have been established in Higginsville, Independence, Warrensburg, Corder, Lexington, and Boonville.

As of June 30, 2002, the facility housed 131 clients on campus and 62 in ISL homes and employs approximately 500 personnel assigned to various administrative, service, and support sections.

Dan Thornton became the HHC Superintendent in March 1998 and continues in this position. Robert Thompson served as Executive Director of NWCS from May 2000 until June 30, 2002.

An organization chart and statistical data follow:

DEPARTMENT OF MENTAL HEALTH
HIGGINSVILLE HABILITATION CENTER*
ORGANIZATION CHART
JUNE 30, 2002



* Only personnel at the departmental level are included on this organization chart. There are numerous staff within each department and client units which include Unit managers, Unit Program Supervisors, Developmental Assistants, Clinical Social Workers, Registered Nurses, Physicians, Psychologists, Physical Therapists, Habilitation Specialists, Cooks, Dieticians, Custodians, and other personnel.

DEPARTMENT OF MENTAL HEALTH
HIGGINSVILLE HABILITATION CENTER
STATISTICAL DATA-CLIENT OCCUPANCY

	June 30,	
	2002	2001
Higginsville Habilitation Center Campus:		
Rouss Gallop	29	26
Crestview	30	34
Providence	24	26
Premier Home	8	8
Hillside	8	8
Summit House	8	8
Seneca House	8	8
West Oak	8	8
Vista House	8	8
Individualized Supported Living homes	62	58
Total Clients	193	192

Appendix A

DEPARTMENT OF MENTAL HEALTH
HIGGINSVILLE HABILITATION CENTER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Personal Services	\$ 8,034,093	7,862,796	171,297	9,401,258	8,990,353	410,905
Expense and/or Equipment	1,446,522	1,134,684	311,838	1,258,577	1,223,344	35,233
Maintenance and repair of sewer	73,320	10,737	62,583 ^A	0	0	0
Personal Services and/or Expense and Equipment	892,677	892,619	58	0	0	0
Personal Services -Northwest Community Services	1,929,241	1,929,239	2	2,122,811	2,122,418	393
Personal Services and/or Expense and Equipment - Northwest Community Services	214,360	214,340	20	0	0	0
Total General Revenue Fund - State	12,590,213	12,044,415	545,798	12,782,646	12,336,115	446,531
FACILITIES MAINTENANCE RESERVE FUND						
Replacment of HVAC systems	80,820	78,693	2,127 ^A	478,455	478,454	1
Repair/replacement of roof	1,039,879	663,511	376,368 ^A	224,492	224,491	1
Total Facilities Maintenance Reserve Fund	1,120,699	742,204	378,495	702,947	702,945	2
GENERAL REVENUE FUND - FEDERAL						
Personal Services	216,856	216,856	0	0	0	0
Personal Services and/or Expense and Equipment	24,095	24,081	14	0	0	0
Personal Services -Northwest Community Services	598,795	598,795	0	657,666	603,161	54,505
Personal Services and/or Expense and Equipment - Northwest Community Services	66,533	66,533	0	0	0	0
Total General Revenue Fund - Federal	906,279	906,265	14	657,666	603,161	54,505
Total All Funds	\$ 14,617,191	13,692,884	924,307	14,143,259	13,642,221	501,038

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the State Treasurer, as fund custodian, and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This schedule does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and are not identified by facility. Expenditures charged to department-wide appropriations that are identified to Higginsville Habilitation Center are noted in Appendix B.

^A Biennial appropriations set up in fiscal year 2002 are re-appropriations to fiscal year 2003. After the fiscal year-end processing has been completed, the unexpended fiscal year 2002 appropriation balance for a biennial appropriation is established in fiscal year 2003. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2002.

The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,	
	2002	2001
Personal Service	\$ 170,526	288,963
Expense and Equipment	311,829	35,000
Total	\$ 482,355	323,963

Appendix B

DEPARTMENT OF MENTAL HEALTH
HIGGINSVILLE HABILITATION CENTER
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

		Year Ended June 30,	
		2002	2001
		Expenditures From Department-Wide Appropriations for HHC	Expenditures From Department-Wide Appropriations for HHC
Salaries and Wages	\$	11,805,259	0
Travel		44,014	0
Fuel and Utilities		0	274,968
Communication Services and Supplies		65,153	10,645
Other Supplies		702,763	4,608
Professional Development		7,125	0
Professional Services		125,123	0
Equipment		171,401	1,584
Property and Improvements		756,968	61,129
Building and Equipment Leases		8,910	6,300
Miscellaneous		6,168	176
Total Expenditures	\$	13,692,884	359,410

Appendix C

DEPARTMENT OF MENTAL HEALTH
HIGGINSVILLE HABILITATION CENTER
COMPARATIVE STATEMENT OF CLIENT RECEIPTS, DISBURSEMENTS,
AND CASH BALANCES (FROM NON-APPROPRIATED FUNDS)

	Year Ended June 30,	
	2002	2001
CASH BALANCE, JULY 1	\$ 107,518	111,026
RECEIPTS	1,307,544	1,334,050
DISBURSEMENTS	1,309,998	1,337,558
CASH BALANCE, JUNE 30	\$ 105,064	107,518

Note: The receipts and disbursements presented in this schedule include client benefits as well as canteen, Center Industries, and other facility monies.

Appendix D

DEPARTMENT OF MENTAL HEALTH
HIGGINSVILLE HABILITATION CENTER
COMPARATIVE STATEMENT OF MENTAL HEALTH TRUST FUND RECEIPTS,
DISBURSEMENTS, AND CASH BALANCES

	Year Ended June 30,	
	2002	2001
CASH BALANCE, JULY 1	\$ 19,980	25,269
RECEIPTS	12,386	2,402
DISBURSEMENTS	17,158	7,691
CASH BALANCE, JUNE 30	\$ 15,208	19,980

Note: The receipts and disbursements presented in this schedule include fundraiser, donated, and vending machine monies.

* * * * *



SUPREME COURT OF MISSOURI

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-87
August 25, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2003

The following problems were discovered as a result of an audit conducted by our office of the Supreme Court of Missouri.

Supreme Court expenditures from appropriated funds totaled approximately \$1.2 million, \$1.2 million, and \$1.1 million (excluding payroll) during the years ended June 30, 2002, 2001, and 2000, respectively. We noted some payments were processed without a properly approved purchase order and other purchases did not always include an indication of approval by the fiscal officer.

Our tests of payments to employees for travel reimbursements noted most expense reports reviewed were not approved by the employees' immediate supervisor, and expense reimbursement requests are not always submitted on a timely basis. Also, prior approval of out-of-state travel is not always documented.

Our review of agency-provided food expenditures noted the Supreme Court has not established price limits/guidelines regarding per person meal costs for meetings. In addition, expenditure documentation for some meals did not include an accurate listing of who the meals were provided for or documentation of the business purpose for providing the meals.

Concerns were noted with a Supreme Court building historical preservation project, including lack of documentation of the selection process for interior design consulting services and failure to enter into a written contract for such services.

The Board of Law Examiners (BLE) is composed of six members, who are appointed to six-year terms by the Supreme Court. Our audit noted numerous expenditure invoices executed on the BLE Fund did not contain an indication of approval by the BLE director or assistant director, and expenditures were not always supported by adequate documentation. In addition, numerous expenditures for business-related meals were noted which appeared excessive, including a board member being reimbursed \$597 for a meal for herself and two other BLE representatives while attending a workshop in Chicago. Also, some expenditures did not appear to be prudent or necessary uses of these funds.

There is no supervisory review of payroll duties to provide necessary internal controls over the payroll function. The fiscal officer enters all payroll information, including salary amounts and employee information, into the state's payroll system with no supervisory approval or review.

YELLOW SHEET

Vehicle logs did not always include adequate documentation. Instances were noted in which the purpose, destination, and/or mileage was not recorded on the vehicle log.

Concerns were also noted regarding segregation of fixed asset duties and physical inventories.

All reports are available on our website: www.auditor.state.mo.us

SUPREME COURT OF MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Members of the Supreme Court of Missouri
Jefferson City, MO 65102

We have audited the Supreme Court of Missouri. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002, 2001, and 2000. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations, and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed applicable legal provisions, regulations, contracts, policies and procedures, and other pertinent documents, and interviewed Supreme Court personnel.

As part of our audit, we assessed the Supreme Court's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the Supreme Court's management and was not subjected to the procedures applied in the audit of the Supreme Court.

The accompanying Management Advisory Report presents our findings arising from our audit of the Supreme Court.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 24, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Kimberly Spraggs, CPA
Audit Staff:	Jeffrey Wilson
	Randal A. Schenewerk

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

SUPREME COURT OF MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Board of Law Examiners Fund

The Board of Law Examiners (BLE) is composed of six members, who are appointed to six-year terms by the Supreme Court. Each board member receives an annual allowance of \$15,000 for work related to bar examinations. The BLE Fund, which is maintained in a bank account controlled by the court, primarily receives registration, examination, and admission fees from bar examination applicants, and pays the related expenses. Effective March 1, 1996, fees and penalties increased significantly and, as a result, the BLE fund balance increased from approximately \$358,000 at June 30, 1995, to approximately \$2,175,000 at June 30, 2002. Supreme Court personnel indicated the BLE is considering using the funds to construct a BLE building. Receipts deposited into the BLE Fund totaled approximately \$1,244,000, \$934,000, and \$936,000 during fiscal years 2002, 2001, and 2000, respectively. Our review of the BLE Fund noted the following:

A. Most BLE Fund expenditures are reviewed and approved by the BLE director or assistant director prior to payment. In addition, the Supreme Court Clerk or his staff review expenditures prior to signing BLE checks. During our review of expenditures, we noted the following:

- 1) Numerous invoices did not contain an indication of approval by the BLE director or assistant director. To ensure the obligation was actually incurred and the goods or services were received, approval should be documented.
- 2) Expenditures were not always supported by adequate documentation. Payments made for credit card purchases were not always supported by the individual credit card slips or supporting invoices. In addition, several expenditures for meals were not supported by a complete listing of all individuals whose meals were charged.

To ensure the validity and propriety of credit card expenditures, all expenditures should be supported by paid receipts or vendor invoices which provide sufficient detail of goods or services being purchased. In addition, meal expenditures should be supported by adequate documentation of those receiving the meals.

- 3) The BLE provides meals to employees and board members during various meetings and exams, and reimburses individuals for meal

expenses incurred while traveling. Numerous instances were noted in which expenditures for business-related meals appeared excessive.

- A board member was reimbursed \$597 for a meal for herself and two other BLE representatives while attending a workshop in Chicago during July 1999.
- The BLE director was reimbursed \$369 for a meal for five people while attending a workshop in Chicago in February 2000.
- Meals provided during two board meetings and two hearings averaged \$27 to \$34 per person for dinner.
- Other expenditures and reimbursements were noted including up to \$16 for breakfast, \$26 for lunch, and \$58 for dinner.

The BLE should consider adopting reasonable maximum limits for meal expenditures and reimbursements. During November 1999, the Supreme Court sent the BLE a letter regarding expense reimbursements and suggested guidelines for maximum meal limits. However, since that time, excessive expenditures were still noted.

4) Some expenditures did not appear to be prudent or necessary uses of funds. Examples of these expenditures were:

- The board held a special dinner for a departing board member, costing \$534 for 10 people. In addition, a gift costing \$169 was purchased for this individual.
- The BLE reimbursed a director's position candidate approximately \$300 for three night's lodging although the interview was for one day.
- A board member was reimbursed \$221 for a rental car, although the two-day workshop she was attending was held in the hotel in which she was staying.
- Board members are allowed to charge personal telephone calls to their lodging bills. One board member charged \$32 in calls to his home residence while in Jefferson City for a two day hearing.

The BLE should ensure expenditures are prudent and necessary.

B. Our review of payments to employees and board members for expense and travel reimbursements noted the following concerns:

- 1) Reimbursements made to board members for travel and other expenses are not always supported by adequate documentation of actual expenses incurred. Some reimbursement requests for travel expenses did not contain sufficient information, such as the trip origin and destination, purpose, number of miles, and mileage rate. Many reimbursements for items such as postage, photocopies, and phone calls were not adequately supported by invoices or other supporting documentation. For example, a board member was reimbursed \$759 for three conference calls; however, there was no documentation supporting the reimbursements. In addition, a board member was reimbursed \$163 for an airline ticket without a copy of the invoice or receipt, or documentation of the purpose of the trip and \$120 for a restaurant meal for which there was no documentation of the purpose or who attended.

Without a detailed expense report including documentation supporting the expenses claimed, the BLE cannot determine the propriety of expense reimbursements. The November 1999 letter from the Supreme Court explained the requirement of adequately documenting expense reimbursement claims. Most exceptions noted occurred prior to August 2000, therefore improvements appear to have been made.

- 2) Expense reimbursements are not always submitted on a timely basis. For example, one expense reimbursement totaling \$929 covered a period of seven months. The BLE should ensure expense reimbursement requests are received on a timely basis.

WE RECOMMEND the Supreme Court:

- A.1. Require approved invoices be on file prior to payment.
- A.2. Require adequate supporting documentation for all expenditures.
- A.3. Establish reasonable limits for meal expenditures.
- A.4. Ensure expenditures are limited to those necessary to support the operations of the BLE.
- B.1. Require detailed expense reports which include information such as trip origin and destination, purpose, number of miles, and mileage rate. In addition, adequate supporting documentation, such as paid invoices or receipts, purpose, and participants should be submitted prior to payment.
- B.2. Ensure expense reports are submitted in a timely manner.

AUDITEE'S RESPONSE

- A.1. *This has been corrected. The director or assistant director will indicate "Approved for payment" on all invoices or vouchers signifying receipt of material ordered, price verification, or service performed.*
- A.2. *Prior to November 2000, there were instances noted of credit card purchases not supported by adequate documentation. However, since then all credit card purchases are supported by adequate documentation. A monthly expense report with appropriate documentation is required in those instances where credit cards are used for travel and meeting purchases.*
- A.3. *The Auditor's Report cites a letter from the Court to the Board wherein the Court sets forth expense guidelines, (Runzheimer International – Guide to Daily Travel Prices – 1999) to be followed. Following the Court's communication, expenditures for travel and meals have been within the suggested ranges.*

With respect to the examples listed, more people were reportedly present at some of the dinners than listed in the documentation. At some 3-day meetings, our Board members were taken to dinner or lunch at the expense of law examiners from other states. Our Board is now aware that in those situations it is not permissible to reciprocate and have the state pay for non-state employees.

- A.4. *A gift for a departing board member has been a standing practice of the board. In reviewing past audit reports there was no mention of this practice. While the Board receives some compensation from examination fees, all members serve at a substantial financial sacrifice and a \$169 memento for ten years of public service is not exorbitant.*

While the interview lasted one day on a Monday in Kansas City, the candidate spent three days as part of the selection process. This candidate was highly sought after and had never had the opportunity to see Jefferson City. Upon the board's suggestion that he visit the Jefferson City area he flew to Kansas City on Friday night, traveled to Jefferson City on Saturday and returned to Kansas City on Sunday. He had the interview on Monday and returned to his home state.

Initially the claim for the rental car was denied, but after discussion at many levels it was directed that the claim, for this time only, be approved. Requests for use of a rental car must now be approved in advance.

It had been a past practice that master billings were set up for charges by board members at their meetings. Master billing is now limited for lodging with all other expenses being submitted on the monthly expense report.

- B.1. *The board member concerned omitted the documentation in error, but did submit it upon request.*

- B.2. *A board member did in fact submit a letter requesting payment for expenses he incurred. The expenses covered the period March 8, 1999 to October 10, 1999. The request for compensation was submitted on October 14, 1999. Apparently, there was no action on this request. On January 14, 2000, the invoice was resubmitted and paid. The time period between the beginning of October to the middle of November 1999 the BLE office was being relocated from the Supreme Court building to its present location. Apparently, during this transition the original invoice with supporting documentation was lost or misplaced and reimbursement was made on the duplicate invoice submitted on January 14, 2000. As previously mentioned, more than one person may have been included in the meal expenses.*

2. Expenditures

- A. Supreme Court expenditures from appropriated funds totaled approximately \$1.2 million, \$1.2 million, and \$1.1 million (excluding payroll), during the years ended June 30, 2002, 2001, and 2000, respectively. During our review of expenditures, we noted the following concerns related to approval of expenditures:

- 1) Numerous payments were processed without a properly approved purchase order. The Supreme Court prepares purchase orders for some expenditures, but has not established formal written procedures specifying when purchase orders are required and who should approve them.

Purchase orders are necessary to document prior approval of expenditures and to monitor and track expenditures. Policies are necessary to inform all parties of purchase order requirements.

- 2) Numerous invoices did not include an indication of approval by the fiscal officer. The fiscal officer indicated that he approves all expenditures prior to payment; however, documentation of this approval was apparently not retained. Current procedures require that the fiscal officer approve all expenditures prior to payment. To ensure the propriety of expenditures, all invoices should include documentation of approval. The fiscal officer and law librarian began documenting their approval on all invoices in April 2002, after we brought this to their attention.

- B. The Supreme Court began a historical preservation project during fiscal year 2000 for the purpose of improving the historic character of the Supreme Court building. Project expenditures have included interior design consultation; remodeling and painting; and purchases of period furnishings, artwork, and other decorations. During fiscal year 2001, the Supreme Court was appropriated and expended \$44,050 designated specifically for the historic preservation of the Supreme Court building. In fiscal year 2002, the Supreme Court continued to fund the project from its core budget.

A significant portion of the historical preservation project funds has been paid to an interior design consulting firm. The Supreme Court paid this firm approximately \$40,000 for interior design consulting, various furnishings, and other services during fiscal years 2002, 2001, and 2000. During our review of payments to this firm, we noted the following:

- 1) The Supreme Court did not document the selection process for the interior design consulting services. Officials indicated other consultants with similar expertise were considered; however, documentation was not retained regarding other consultants considered and the justification for the vendor selected.

Although costs associated with historic preservation projects may be somewhat unique, formal bidding and selection procedures should be used to the extent possible to ensure the Supreme Court is receiving the best services and rates. Documentation of the process should be retained to support decisions made.

- 2) The Supreme Court did not enter into a written contract with the interior design consulting firm. The firm was paid approximately \$10,900 for consulting services, at rates of up to \$90 per hour.

All contracts entered into by the Supreme Court should be in writing and should be signed by each of the parties or their agents. Written contracts are necessary to outline the terms of arrangements, specify services to be provided and the related funding, help ensure the reasonableness and propriety of such expenditures, and prevent misunderstandings.

- 3) Many of the disbursements for rugs, antique furniture, and furniture reupholstering and refurbishing services were paid directly to the interior design consulting firm, although the firm does not have these items in inventory or provide these services. The firm purchased the items or obtained the services and then billed the Supreme Court for them. The firm indicated to the Supreme Court that they did not charge a mark up on these items and services; however, the Supreme Court did not require supporting documentation, such as the original invoice, to ensure they were paying only the actual cost of the items and services.

Original invoices should be reviewed to ensure the validity and propriety of the expenditures.

C. Our review of payments to employees for travel reimbursements noted the following:

- 1) Most expense reports reviewed were not approved by the employees' immediate supervisor. Expense reports are generally approved by the

fiscal officer, rather than the direct supervisor of the claimant. To ensure validity and propriety of expense reimbursements, the reimbursement claims should be reviewed and approved by the employees' immediate supervisor.

- 2) Prior approval of out-of-state travel is not always documented. Officials indicated the Supreme Court Clerk approves out-of-state travel requests submitted by employees; however, this documentation is not always retained. Documentation of travel requests and approval should be retained.
- 3) Expense reimbursement requests are not always submitted on a timely basis. We noted one expense reimbursement totaling \$2,899 in fiscal year 2002 which included a period of four months. Failure to require expense reimbursement requests on a monthly basis reduces the ability to monitor total travel expenses. The Supreme Court should ensure expense reimbursement requests are received on a timely basis.

D. Our review of food expenditures noted the following:

- 1) The Supreme Court has not established price limits/guidelines regarding per person meal costs for meetings. Some expenditures for meals provided for Supreme Court officials, employees, and committee members were noted in which the cost per person appeared excessive. Examples included: \$420 (\$70 per person) paid to a restaurant in St. Louis for a dinner associated with a May 2000 meeting of the Appellate Judicial Commission, \$299 (approximately \$50 per person) paid to a restaurant in St. Louis for six Supreme Court Judges attending an October 2001 meeting with the Missouri General Council, \$302 (approximately \$43 per person) reimbursed to the Chief Justice for a dinner associated with a March 2002 meeting with the Appellate Judicial Commission, and \$455 (approximately \$28 per person) paid to a hotel for a lunch during a Civil Rules Committee meeting at the September 2000 Judicial Conference.

Written meal guidelines should be established to control the expenditure of state resources.

- 2) Expenditure documentation for some meals did not include an accurate listing of whom the meals were provided for or documentation of the business purpose for providing the meals. Meal expenditures should be supported by documentation of the names of those in attendance and the business purpose for the meeting.

WE RECOMMEND the Supreme Court Clerk:

- A.1. Develop formal written purchase order policies, including cost and approval requirements, and ensure purchase orders are prepared and approved according to the policy.
- A.2. Continue to ensure all expenditures are properly approved.
- B.1. Ensure all documentation of the bidding or selection processes is retained.
- B.2. Enter into written contracts that specifically state the services to be provided and compensation terms. Expenditures should be monitored for compliance with the terms of the contract.
- B.3. Require original invoices be submitted when purchasing goods and services through consultants.
- C.1. Require expense reimbursement claims be approved by the claimant's immediate supervisor.
- C.2. Ensure approval of out-of-state travel is documented.
- C.3. Ensure expense reports are submitted monthly.
- D.1. Develop a policy outlining reasonable meal expenditure guidelines.
- D.2. Require adequate documentation for all meal expenditures prior to payment.

AUDITEE'S RESPONSE

- A.1. *The purchasing function is extremely centralized at the Supreme Court. Departments within the Court do not make purchases without assistance from the fiscal office. The Supreme Court has established a policy regarding the issuance of purchase orders. This policy provides guidance to staff regarding the purchase of necessary items and details the approval process for such purchases.*
- A.2. *All invoices are reviewed by the fiscal officer upon receipt at the Court. Invoices are also reviewed by the deputy fiscal officer during the payment process. When processing for payment, the deputy fiscal officer notes her approval on the funding/approval stamp. This becomes a part of the permanent invoice file. Based on recommendations made by the audit team during the audit, the fiscal officer now makes a notation on each invoice he reviews indicating approval before forwarding to the deputy fiscal officer for payment. A similar process is now in place for invoices approved by the law librarian.*

- B.1. *While exhaustive efforts were made to select the most qualified consultant for the historic preservation project, documentation of this process was lacking. The selection process involved interviews with prospective designers, review of their credentials, inquiries made as to their quality of work and historical background, and proposed rates for their work. Several staff members of the Court participated in this process. A centralized file was not maintained over the course of the selection process. A selection was made based on decisions made during meetings of the Court staff. In the future, a central file will be maintained by the fiscal office documenting the selection process.*
- B.2. *The design firm submitted invoices for work done based on oral agreements for specific activities within the historic preservation project. The design firm and the Court agreed on a general outcome to be achieved by the historic preservation project and then the project was broken down into several phases. The phases were completed as materials and historic items became available. This process allowed both the design firm and the Court flexibility in their approach to this project. The Court moved through this project treating each phase as an individual project. Each phase stood on its own based on merit and fund availability. The Court understands the value of written contracts and will utilize written contracts whenever possible.*
- B.3. *Historic items meeting the criteria established by the Court for this project were extremely difficult to obtain. The design firm provided a valuable service in the procurement of several items during the historic preservation project. Items were obtained from many sources, including sources not known to the Court in those instances where the design firm made the initial purchase. Whenever possible purchases were made directly from the seller, such as a dealer in antique furniture in St. Louis. Other items were purchased through the design firm due to availability issues, (turnaround time for payment of an invoice) or vendor arrangements made by the design firm prior to this project. Fair market value was always established prior to purchase. Market pricing was researched by the design firm and Court staff in order to support the price paid for an item. Most of the antique furniture's value was verified by an accredited appraiser. Written appraisals were not sought due to the cost.*
- C.1. *The Supreme Court is a very compact organization. Interaction of employees is usually on a one-to-one basis. If an employee travels, the fiscal office is involved in some portion of that process. Examples would be assisting in making travel arrangements, making hotel reservations, outlining what the limits are regarding reimbursements and providing the employee with the required travel reimbursement forms. The fiscal office also maintains a line of communication with the employee's supervisor. The supervisor usually refers the employee to the fiscal office for assistance. The fiscal office has prior notice of the travel event, maintains communication with the supervisor and reviews in detail the travel reimbursement form submitted by the employee. The fiscal office investigates any questionable expenses and resolves the matter with the employee and their supervisor. Policy has been amended to include review and approval by the employee's supervisor.*

- C.2. *Travel policy will include approval by Clerk of the Court for out-of-state travel.*
- C.3. *Policy will be revised to include a statement requiring travel expense reimbursement forms be submitted within 30 days of travel.*
- D.1. *The Supreme Court has several committees and commissions by which functions of the Court are carried out. Most of the committee/commission members are not paid for their services and serve many hours and many years as volunteers. The Appellate Judicial Nominating Commission for example will meet for a full day of interviews and sometimes two full days of interviews with a commission dinner held at the end of the interview process to discuss findings and make recommendations. Traditionally these dinners, attended by Commission members only are held at restaurants where a private room can be reserved. The Supreme Court has adopted the State of Missouri agency provided food policy for meetings conducted by the Court. The Court will continue to use this policy along with the Runzheimer International Guide to Daily Travel Prices whenever possible to control expenditures for meals.*
- D.2. *The Supreme Court makes a concerted effort to provide documentation showing the business purpose and list of attendees for business meals reimbursed by the State. The Office of Administration, Division of Accounting, requires this information in order to issue payment for these expenditures. We will continue to monitor these expenditures and request documentation for these expenditures.*

3.

Clerk's Trust Fund

There is not an adequate segregation of duties over the Clerk's Trust Fund. Cash handling and record-keeping functions have been delegated to primarily one individual. Mail is received and distributed by the court receptionist to the fund custodian. The initial record of receipt is prepared when receipts are posted to the accounting records by the fund custodian. The fund custodian also prepares the deposits. Although checks must be signed by two individuals, they are prepared and distributed by the fund custodian.

Segregation of duties provides a means of establishing controls over public monies and thus minimizes the risk for loss, theft, or misuse of funds. If segregation of duties is not possible, the preparation of a mail log of receipts would provide a source document which an independent third party could reconcile to deposits. In addition, someone other than the fund custodian should distribute the checks.

WE RECOMMEND the Supreme Court Clerk implement an adequate system of internal controls over the Clerk's Trust Fund.

AUDITEE'S RESPONSE

The Court will establish a process by which the receipts of the Clerk's Trust Fund are recorded in a receipt log at the receptionist desk, the funds are then forwarded to the fund custodian for processing and posting to the accounting records. A reconciliation of the two databases will be completed on a monthly basis.

4. Payroll Procedures

There is no supervisory review of payroll duties to provide necessary internal controls over the payroll function. The fiscal officer enters all payroll information, including salary amounts and employee information, into the Statewide Advantage for Missouri system (SAM II), Human Resources (HR) system with no supervisory approval or review. The fiscal officer is also responsible for all other payroll duties including record keeping, reviewing timesheets, disbursing payroll checks, distributing employee W-2 forms, and maintaining personnel files.

Proper internal controls over payroll functions should include adequate segregation of duties. If segregation of duties is not possible, on-line approval of SAM II HR entries or periodic supervisory review of payroll disbursements would minimize the risk for loss, theft or misuse of funds.

WE RECOMMEND the Supreme Court Clerk perform a supervisory review of the payroll duties performed by the fiscal officer.

AUDITEE'S RESPONSE

While the Court has an approval process in place and several Court staff members are involved in the decisions regarding the hiring and salary levels of Court employees, the fiscal office has full responsibility for entry of salary and employee information. The fiscal officer enters payroll information including salary amounts and employee information. The fiscal officer has all levels of approval enabling the entries to go directly into the system. The fiscal officer I and chief deputy clerk assist the fiscal officer with leave entry and a separate database is maintained for leave balances in order to reconcile the entries.

In order to increase separation of duties and provide additional supervisory review, staff who have had the basic SAM II training and have access to the system will assist in the entry of employee and salary information. Additional supervisory review will be achieved through the generation of summary reports showing details of salary and position changes.

5. State Vehicles

Vehicle logs did not always include adequate documentation. Instances were noted in which the purpose, destination, and/or mileage was not recorded on the vehicle log. For

example, one entry on the log indicated the vehicle was driven 809 miles; however, there was no documentation of the destination, purpose, or driver. Without proper documentation of vehicle usage, it is not possible to determine if state-owned vehicles were used for official business.

In addition, vehicle logs were not retained for the period from July 1999 to February 2001. Personnel indicated that vehicle logs were completed for the four vehicles, and a computerized summary of the logs was prepared; however, the logs and most of the summaries cannot be located.

WE RECOMMEND the Supreme Court Clerk ensure that accurate vehicle travel logs, including the date, name of employee, odometer readings, and purpose of each trip be maintained for all vehicles. The logs should be monitored to determine reasonableness of mileage incurred, and to ensure that vehicles are used for authorized purposes.

AUDITEE'S RESPONSE

The Court will continue to monitor the vehicle logs for completeness. Drivers of vehicles are required to note information on the log form including driver's name, date, destination, purpose of trip, and mileage driven. When completed, logs are submitted to Chief Deputy Clerk's office for entry into the Vehicle Travel Log database. The database stores the log information for each vehicle. The database is backed up by the completed vehicle log pages. The gap noted in the audit report occurred due to the data being stored on the computer hard drive with no back-ups being done. The hard drive failed resulting in the loss of data. The hardcopy of the files was misplaced due to the change in personnel. The data is now being stored on the network drive and being backed up on a regular basis. Care is being taken to better track the movement of hard copy within the office.

6. Fixed Assets

Our review of the Supreme Court's fixed asset records and procedures indicated the following:

- A. Fixed asset duties are not adequately segregated. The fiscal officer performs the physical inventory counts and maintains the records of fixed assets. To provide internal control and to properly safeguard assets from theft or misuse, physical inventory counts should be performed by someone independent of the custodial and record keeping functions.

Adequate fixed asset records and procedures are necessary to provide internal control over assets and ensure proper valuation of assets.

- B. Although court personnel indicated physical inventories are conducted, limited documentation of the physical inventories is maintained. In addition,

documentation of reconciliations between fixed asset records and physical inventory counts is not maintained.

To ensure all fixed assets can be properly accounted for, physical inventories should be conducted and reconciled to the fixed asset records. Documentation of the physical inventory and reconciliation to fixed asset records should be retained.

- C. We noted computer equipment purchased during fiscal year 2002 costing \$27,960, and two rugs purchased during fiscal year 2000 totaling \$3,900, which were not included in the fixed asset records. The failure to properly record fixed asset items reduces the control and accountability over fixed assets and increases the risk that loss, theft, or misuse of assets will not be identified on a timely basis.

WE RECOMMEND the Supreme Court Clerk:

- A. Ensure an individual independent of the record keeping function performs the physical inventory.
- B. Maintain adequate documentation of physical inventory counts and reconciliations to fixed assets records.
- C. Ensure all applicable fixed asset items are recorded in the fixed asset records.

AUDITEE'S RESPONSE

- A. *The Supreme Court will assign staff other than the fiscal officer to perform the physical inventory counts. This function will separate the counting function from the record keeping function assuring separation of duties in this area.*
- B. *As explained above, the counting function will be performed by staff other than the fiscal officer. When these counts are completed, the employee performing the physical count will sign the work papers and these will be maintained for review.*
- C. *These items were entered into the fixed asset records when this was brought to the Court's attention. These entries were verified by audit staff prior to close of the audit. We have taken steps in our payment process to better identify items requiring fixed asset tracking.*

HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

SUPREME COURT OF MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Supreme Court was created by the Missouri Constitution of 1820. Seven judges serve the court for twelve-year terms. The seven judges select one of their number to be chief justice and preside over the court. The chief justice also handles many of the administrative details for the court.

A constitutional amendment in 1970 defined the jurisdiction of the Supreme Court more narrowly than in the past, resulting in it receiving fewer cases on appeal and directing more appeals to the court of appeals.

In 1976, Missouri voters approved a change in the state constitution, effective in 1979, that changed the structure of the Missouri court system, the qualifications of some judges, the retirement provisions, and the jurisdiction of the various courts. Under the amendment, the Supreme Court has exclusive appellate jurisdiction in all cases involving:

1. The validity of a treaty or statute of the United States or of a statute or provision of the Missouri Constitution.
2. The construction of the state's revenue law.
3. The title to any state office.
4. The appeal of all cases where the penalty imposed is death or imprisonment for life. A subsequent amendment in the state constitution eliminated the Supreme Court's exclusive appellate jurisdiction in cases involving imprisonment for life.

In addition to its decision-making powers, the court supervises the lower courts in the state and is assisted in this task by the Office of the State Courts Administrator, established in 1970. The Supreme Court also licenses lawyers practicing in Missouri and disciplines those found guilty of violating the legal code of professional ethics.

The Clerk of the Supreme Court supervises the internal administrative functions of the court and reports directly to the chief justice. The clerk is treasurer of the State Board of Law Examiners, ex officio treasurer of the Missouri Bar and the Missouri Bar Administration, and provides administrative and staff assistance to the Judicial Conference of Missouri as well as serving as secretary to the executive council and the conference. The clerk supervises the administration of security for the court judges, is responsible for building security, custodial services, and certain purchasing duties, and acts as bailiff when court is in session.

On June 30, 2002, the Supreme Court of Missouri was composed of:

<u>Judges</u>	<u>Term Expires</u>
Honorable Stephen N. Limbaugh Jr., Chief Justice	December 31, 2006
Honorable Laura Denvir Stith	December 31, 2002*
Honorable Richard B. Teitelman	December 31, 2004**
Honorable Duane Benton	December 31, 2004
Honorable William Ray Price Jr.	December 31, 2006
Honorable Ronnie L. White	December 31, 2008
Honorable Michael A. Wolff	December 31, 2012

Supreme Court Clerk
Thomas F. Simon

- * Judge Stith replaced Judge Ann K. Covington in March 2001. Voters determined in the November 2002 general election to retain Judge Stith for a full term which will expire December 31, 2014.
- ** Judge Teitelman replaced Judge John C. Holstein in March 2002. Judge Teitelman's name will be on the November 2004 general election ballot to determine if he will be retained.

In addition, the court employed sixty-nine full-time employees and seven part-time employees at June 30, 2002.

STATE COURTS ADMINISTRATOR

The Office of State Courts Administrator (OSCA) is responsible for providing administrative and technical support to the courts of Missouri. The duties and responsibilities assigned to the state courts administrator are broad in scope and relate to all levels of the state court system.

APPELLATE JUDICIAL COMMISSION

The Appellate Judicial Commission was established by the Constitution of Missouri, Article V, in 1940. The commission is composed of seven members which includes the chief justice of the Supreme Court and two residents from each of the three districts of the court of appeals. One member is elected from their number by members of the Missouri Bar residing in each district. One non-lawyer from each district is appointed by the governor.

The duties of the Appellate Judicial Commission include the nominations for judges of the Supreme Court, the court of appeals, and certain circuit and associate circuit divisions of the circuit court. Three nominations are presented to the governor for a judicial vacancy and a selection is made therefrom. After the judge has served at least one year in office, his or her name is placed on the ballot and the people vote for or against his or her remaining in office. The judge does not have an opponent, but is evaluated on his or her performance in office. For that reason the system is considered nonpartisan (nonpolitical).

JUDICIAL CONFERENCE OF MISSOURI

In 1943, the General Assembly established the Judicial Conference of Missouri. The conference is composed of all state judges and is governed by an executive council comprised of three Supreme Court judges, three appellate court judges, nine circuit court judges, three associate circuit court judges, and one retired judge. The chief justice of the Supreme Court is the presiding officer.

By statute, the conference is charged with studying the organization and administration of the state's judicial system, compiling data on the work of various courts, and making biennial reports to the legislature, including any recommendations the conference may have for improving laws. Since 1976 the chief justice has presented an annual State of the Judiciary address to a joint session of the General Assembly, reviewing the problems, needs, and goals of the judicial department. The statute also requires the conference to hold an annual meeting, to be attended by all judges, at which problems of the court administration and function are addressed.

SUPREME COURT LIBRARY

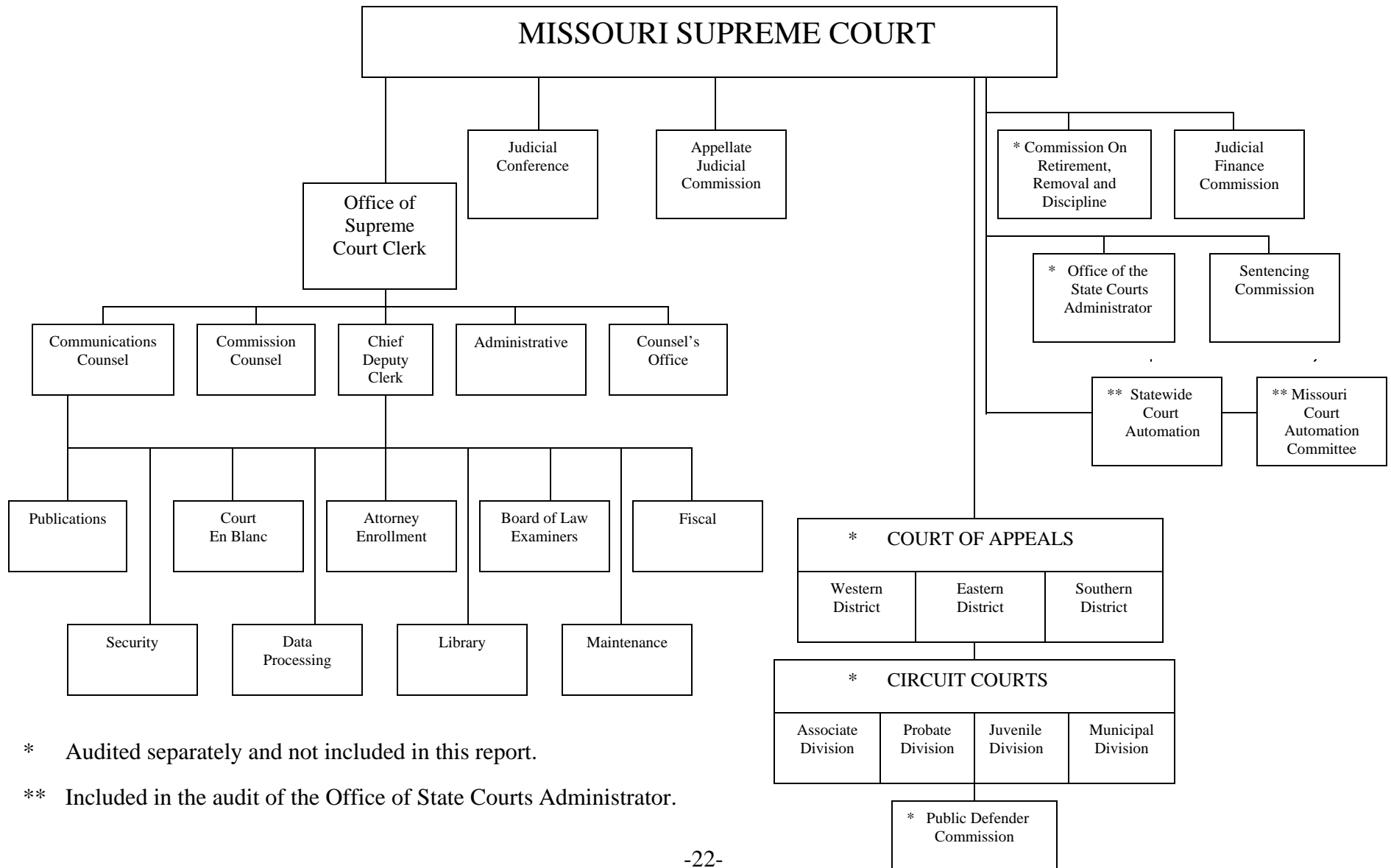
The Supreme Court Library, which is situated on the second floor of the Supreme Court Building, contains more than 100,000 volumes. These include the decisions of state and federal courts and federal administrative agencies, statutes of all states, 150 legal periodicals, legal textbooks, and many English decisions and statutes. In addition, the library contains computer research services for the use of court personnel.

The library's main responsibility is to meet the research needs of the Supreme Court, the attorney general's office, the General Assembly and the state's executive department agencies, but it also provides legal reference services and other resources to members of the bench and bar and the general public. It maintains daily hours throughout the year.

SUPREME COURT PUBLICATIONS

The Supreme Court publications department is responsible for preparing two publications that are available to the public on a subscription basis. The Opinion Summary provides subscribers with a brief digest of decisions from the Supreme Court and Court of Appeals. The Pending Issues Digest provides a brief summary of the issues raised in legal briefs filed in the Supreme Court of Missouri and Court of Appeals. Both publications are published monthly and provide indices by subject and tables of cases. The Missouri Approved Charges-Criminal and Missouri Approved Instructions-Criminal are also published by the publications department.

SUPREME COURT OF MISSOURI
ORGANIZATION CHART
JUNE 30, 2002



* Audited separately and not included in this report.

** Included in the audit of the Office of State Courts Administrator.

Appendix A

SUPREME COURT OF MISSOURI
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,								
		2002			2001			2000		
		Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE										
Judicial proceedings and reviews personal service	\$	2,536,482	2,506,856	29,626	2,521,992	2,495,660	26,332	2,420,386	2,375,571	44,815
Judicial proceedings and reviews expense and equipment		982,036	982,032	4	1,026,086	1,025,939	147	965,997	965,901	96
Supreme Court Judges Salaries		863,500	860,083	3,417	863,500	794,825	68,675	842,500	842,500	0
National Center of State Courts		129,039	129,039	0	122,312	122,312	0	116,925	116,925	0
Total General Revenue Fund - State		4,511,057	4,478,010	33,047	4,533,890	4,438,736	95,154	4,345,808	4,300,897	44,911
SUPREME COURT PUBLICATIONS REVOLVING FUND										
Judicial proceedings and reviews expense and equipment		80,000	79,980	20	80,000	72,278	7,722	80,000	76,305	3,695
Total Supreme Court Publications Revolving Fund		80,000	79,980	20	80,000	72,278	7,722	80,000	76,305	3,695
Total All Funds	\$	4,591,057	4,557,990	33,067	4,613,890	4,511,014	102,876	4,425,808	4,377,202	48,606

Note: Additional funds were appropriated to the Supreme Court, but those appropriations are administered or primarily administered by the Office of the State Courts Administrator (OSCA). Those appropriations were included in the audit of the OSCA. See Report No. 2002-111.

Appendix B

SUPREME COURT OF MISSOURI
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,		
	2002	2001	2000
Salaries and wages	\$ 3,366,940	3,290,484	3,218,073
Travel	110,496	113,381	117,509
Supplies	519,299	451,289	456,706
Professional development	184,665	181,937	173,631
Services:			
Communication	64,021	63,798	61,979
Health	0	0	169
Business	0	41,855	57,740
Professional	96,078	45,122	34,024
Housekeeping and janitorial	2,028	11,796	23,585
Maintenance and repair	73,117	78,454	49,651
Equipment:			
Computer	14,672	54,567	41,174
Electronic and photo	0	4,576	467
Motorized	0	0	7,178
Office	44,782	67,241	86,958
Other	15,514	0	0
Specific use	0	17,593	5,873
Property and improvements	34,414	55,223	9,838
Building lease payments	17,382	19,871	18,907
Equipment rental and leases	2,240	0	1,041
Building and equipment rentals	0	2,082	1,815
Miscellaneous expenses	10,845	11,745	10,884
Rebillable Expenses	562	0	0
Refunds	935	0	0
Total Expenditures	\$ 4,557,990	4,511,014	4,377,202

Note: Certain classifications of expenditures changed during the three-year period, which may affect the comparability of the amounts.

Appendix C-1

SUPREME COURT OF MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH (PUBLICATIONS REVOLVING FUND AND ALL AGENCY/NON-APPROPRIATED FUNDS)
YEAR ENDED JUNE 30, 2002

	Publications Revolving Fund	Board of Law Examiners Fund	Board of Law Examiners Verification Fund	Certified Court Reporters Fund	Clerk's Trust Fund	Clerk's Fee Fund
RECEIPTS						
Court deposits	\$ 0	0	0	0	5,020	0
Fees:						
Examination	0	452,900	0	6,300	0	0
Other	0	234,600	0	39,175	0	33,174
Product sales	142,224	0	0	0	0	0
Interest income	0	76,489	0	70	0	0
Other	18,344	479,847	0	600	0	0
Total Receipts	<u>160,568</u>	<u>1,243,836</u>	<u>0</u>	<u>46,145</u>	<u>5,020</u>	<u>33,174</u>
DISBURSEMENTS						
Expense and equipment	<u>79,980</u>	<u>783,888</u>	<u>7,926</u>	<u>27,531</u>	<u>4,264</u>	<u>0</u>
Total Disbursements	<u>79,980</u>	<u>783,888</u>	<u>7,926</u>	<u>27,531</u>	<u>4,264</u>	<u>0</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	80,588	459,948	(7,926)	18,614	756	33,174
OTHER FINANCING SOURCES (USES)						
Transfers in	0	0	9,000	0	0	0
Transfers out	<u>(10,219)</u>	<u>(9,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(29,944)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	70,369	450,948	1,074	18,614	756	3,230
CASH BALANCE, JULY 1	<u>59,569</u>	<u>1,724,497</u>	<u>1,307</u>	<u>21,087</u>	<u>1,094</u>	<u>3,516</u>
CASH BALANCE, JUNE 30	<u>\$ 129,938</u>	<u>2,175,445</u>	<u>2,381</u>	<u>39,701</u>	<u>1,850</u>	<u>6,746</u>

The Board of Law Examiners Fund, Board of Law Examiners Verification Fund, Certified Court Reporters Fund, Clerk's Trust Fund and Clerk's Fee Fund are maintained in accounts outside the state treasury.

Appendix C-2

SUPREME COURT OF MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH (PUBLICATIONS REVOLVING FUND AND ALL AGENCY/NON-APPROPRIATED FUNDS)
YEAR ENDED JUNE 30, 2001

	Publications Revolving Fund	Board of Law Examiners Fund	Board of Law Examiners Verification Fund	Certified Court Reporters Fund	Clerk's Trust Fund	Clerk's Fee Fund
RECEIPTS						
Court deposits	\$ 0	0	0	0	2,885	0
Fees:						
Examination	0	498,095	0	2,100	0	0
Other	0	182,200	0	7,875	0	37,655
Product sales	42,453	0	0	0	0	0
Interest income	0	99,028	0	161	0	0
Other	22,298	154,831	0	750	0	0
Total Receipts	<u>64,751</u>	<u>934,154</u>	<u>0</u>	<u>10,886</u>	<u>2,885</u>	<u>37,655</u>
DISBURSEMENTS						
Expense and equipment	<u>81,860</u>	<u>709,555</u>	<u>4,286</u>	<u>11,653</u>	<u>2,926</u>	<u>0</u>
Total Disbursements	<u>81,860</u>	<u>709,555</u>	<u>4,286</u>	<u>11,653</u>	<u>2,926</u>	<u>0</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,109)	224,599	(4,286)	(767)	(41)	37,655
OTHER FINANCING SOURCES (USES)						
Transfers in	0	0	5,593	0	0	0
Transfers out	<u>(2,179)</u>	<u>(3,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(37,826)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	(19,288)	221,599	1,307	(767)	(41)	(171)
CASH BALANCE, JULY 1	<u>78,857</u>	<u>1,502,898</u>	<u>0</u>	<u>21,854</u>	<u>1,135</u>	<u>3,687</u>
CASH BALANCE, JUNE 30	<u>\$ 59,569</u>	<u>1,724,497</u>	<u>1,307</u>	<u>21,087</u>	<u>1,094</u>	<u>3,516</u>

The Board of Law Examiners Fund, Board of Law Examiners Verification Fund, Certified Court Reporters Fund, Clerk's Trust Fund and Clerk's Fee Fund are maintained in accounts outside the state treasury.

The Board of Law Examiners obtained custody of the Verification Fund on March 1, 2001.

Appendix C-3

SUPREME COURT OF MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH (PUBLICATIONS REVOLVING FUND AND ALL AGENCY/NON-APPROPRIATED FUNDS)
YEAR ENDED JUNE 30, 2000

	<u>Publications Revolving Fund</u>	<u>Board of Law Examiners Fund</u>	<u>Certified Court Reporters Fund</u>	<u>Clerk's Trust Fund</u>	<u>Clerk's Fee Fund</u>
RECEIPTS					
Court deposits	\$ 0	0	0	2,278	0
Fees:					
Examination	0	514,700	3,000	0	0
Other	0	184,975	8,075	0	37,463
Product sales	91,194	0	0	0	0
Interest income	0	66,018	158	0	0
Other	2,207	170,227	1,560	0	0
Total Receipts	<u>93,401</u>	<u>935,920</u>	<u>12,793</u>	<u>2,278</u>	<u>37,463</u>
DISBURSEMENTS					
Expense and equipment	<u>70,313</u>	<u>747,924</u>	<u>11,134</u>	<u>5,790</u>	<u>0</u>
Total Disbursements	<u>70,313</u>	<u>747,924</u>	<u>11,134</u>	<u>5,790</u>	<u>0</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	23,088	187,996	1,659	(3,512)	37,463
OTHER FINANCING SOURCES (USES)					
Transfers in	0	0	0	0	0
Transfers out	<u>(68,040)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(37,317)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	(44,952)	187,996	1,659	(3,512)	146
CASH BALANCE, JULY 1	<u>123,809</u>	<u>1,314,902</u>	<u>20,195</u>	<u>4,647</u>	<u>3,541</u>
CASH BALANCE, JUNE 30	<u>\$ 78,857</u>	<u>1,502,898</u>	<u>21,854</u>	<u>1,135</u>	<u>3,687</u>

The Board of Law Examiners Fund, Board of Law Examiners Verification Fund, Certified Court Reporters Fund, Clerk's Trust Fund and Clerk's Fee Fund are maintained in accounts outside the state treasury.

Appendix D

SUPREME COURT OF MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH (PUBLICATIONS REVOLVING FUND AND ALL AGENCY/NON-APPROPRIATED FUNDS)

	Year Ended June 30,				
	2002	2001	2000	1999	1998
RECEIPTS					
Court deposits	\$ 5,020	2,885	2,278	1,657	4,483
Fees:					
Examination	459,200	500,195	517,700	494,275	465,500
Other	306,949	227,730	230,513	272,336	294,058
Product sales	142,224	42,453	91,194	162,238	53,679
Interest income	76,559	99,189	66,176	33,347	26,619
Other	498,791	177,879	173,994	123,970	167,064
Total Receipts	<u>1,488,743</u>	<u>1,050,331</u>	<u>1,081,855</u>	<u>1,087,823</u>	<u>1,011,403</u>
DISBURSEMENTS					
Expense and equipment	<u>903,589</u>	<u>810,280</u>	<u>835,161</u>	<u>735,048</u>	<u>737,702</u>
Total Disbursements	<u>903,589</u>	<u>810,280</u>	<u>835,161</u>	<u>735,048</u>	<u>737,702</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	585,154	240,051	246,694	352,775	273,701
OTHER FINANCING SOURCES (USES)					
Transfers in	9,000	5,593	0	0	0
Transfers out	<u>(49,163)</u>	<u>(43,005)</u>	<u>(105,357)</u>	<u>(44,166)</u>	<u>(133,951)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	544,991	202,639	141,337	308,609	139,750
CASH BALANCE, JULY 1	<u>1,811,070</u>	<u>1,608,431</u>	<u>1,467,094</u>	<u>1,158,485</u>	<u>1,018,735</u>
CASH BALANCE, JUNE 30	<u>\$ 2,356,061</u>	<u>1,811,070</u>	<u>1,608,431</u>	<u>1,467,094</u>	<u>1,158,485</u>

* * * * *



**DIVISION OF COMPREHENSIVE PSYCHIATRIC SERVICES
CONTRACTS FOR SERVICES**

**From The Office Of State Auditor
Claire McCaskill**

Contract providers for services to department clients need to report incidents to the department. Additionally, although audits have been effective, the audit section needs to exercise independence in audit selection.

**Report No. 2003-86
August 25, 2003
www.auditor.state.mo.us**

PERFORMANCE AUDIT

**DIVISION OF COMPREHENSIVE PSYCHIATRIC SERVICES
CONTRACTS FOR SERVICES**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Dorn Schuffman, Director
Department of Mental Health
and
Diane McFarland, Director
Division of Comprehensive Psychiatric Services
Jefferson City, MO 65102

The Division of Comprehensive Psychiatric Services contracts with 30 private contractors to provide outpatient and community living services to about 57,500 Missouri residents with mental illness. This report focuses on the division's oversight of private contractors to ensure the contractors ensure the safety and welfare of their clients, and provide required services. Specifically, our objectives were to determine (1) the extent contractors were reporting to the division incidents of client abuse and neglect, (2) if the division has implemented effective monitoring procedures over contractor provided services and related charges, and (3) if contractors were selected based on a competitive bid procedure supported by a request for proposal process.

State laws prescribe the division's clients are entitled to safe housing, free from verbal and physical abuse, and contractors are required to report to the division incidents of abuse and neglect. State law also requires certain action from division officials who receive information alleging a person, because of mental disorder, presents a likelihood of serious harm to himself or others. These actions include investigating the incident and evaluating the allegations, as well as the reliability and credibility of all information sources.

We found (1) division regulations do not require contractors to document and report all incidents and allegations effecting clients safety and welfare, (2) although periodic audits of the contractors help ensure contractors provided required services, improved audit procedures could provide a broader scope of review and better identify the need for expanded audits, and (3) the division has complied with state law regarding the selection of contract providers.

We conducted our audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances. Appendix I, page 16, contains our scope and methodology.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

The following staff contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	John B. Mollet, CISA
In-Charge Auditor:	Jeffrey W. Slinkard
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RESULTS AND RECOMMENDATIONS

1. Better Oversight of Contract Providers of Care for Residents with Mental Illness Is Needed

Division of Comprehensive Psychiatric Services (the division) officials interpreted their regulations to not require contractors to report incidents of clients physically abusing other clients. The regulations were silent on this issue. Contractors are required to report incidents of contractor staff physically abusing division clients or one client sexually abusing another client. In addition, contractors are not required to report incidents of medication errors or suicide attempts unless these incidents involve allegations of abuse or neglect. Review of 8 contractors' records for the period July 1, 2001, through June 30, 2002, showed these contractors reported 385 incidents including client assaults, client suicides, and medication errors. Although the contractors internally documented another 140 similar incidents, division regulations did not require the contractors to report these incidents. Division officials rely on contractors' judgment on whether client assaults and suicide attempts are serious enough to report to the division. Not all contractors are documenting client incidents and, as a result, the division will not have the information needed to ensure clients' safety and welfare or compliance with state laws. State laws prescribe each client is entitled to safe housing, free from verbal and physical abuse. The law does not differentiate between clients who are abused by contractor staff or other clients.

The division contracts for services to provide care and treatment for clients

During fiscal year 2002, the division spent over \$82 million in state funds among 30 private contractors and their affiliates to treat and care for over 53,000 clients. The division contracts with private residential care facilities to provide supervised living arrangements for an additional 4,500 clients with chronic mental illness. According to division personnel, private contractors reduce the state's reliance on state hospitals for care and enhance community involvement in clients' care. Therefore, division officials believe they successfully provided services to the community and increased public awareness of mental health issues, while relieving the state of becoming the sole resource and caretaker of persons with mental illnesses.¹ The division's contractors offer a continuum of therapeutic and treatment services for state residents diagnosed with mental illness. Allowed by statute, these service providers are considered the gatekeepers of Missouri's mental health delivery system.²

Contractors are not required to report to division officials all alleged incidents related to client abuse and neglect.

State law provides certain rights for clients and when allegations need to be investigated:

Section 630.115.1, RSMo 2000 prescribes each client shall be entitled to certain rights without limitation, including (1) humane care and treatment with dignity; (2) medical care and treatment in accordance with the highest standards accepted in medical practice to the extent facilities, equipment and

¹ See Appendix II, page 18, for additional background information.

² Section 632.050, RSMo 2000

personnel are available; (3) safe and sanitary housing; and (4) freedom from verbal and physical abuse.

Section 632.300.1, RSMo 2000 requires mental health coordinators conduct an investigation when they receive information alleging a person, as a result of a mental disorder, presents a likelihood of serious harm to himself or others. These coordinators should evaluate the (1) allegations and data developed by the investigation, and (2) credibility and reliability of all sources of information.

The division's regulations require contractor employees to immediately make a verbal or written complaint if they have reasonable cause a client suffered physical, sexual, verbal abuse or neglect while under the care of a residential facility, day program or specialized service. These entities must be licensed, certified or funded by the division. The regulations do not differentiate between client-on-client or employee-on-client incidents.

Division officials interpreted the regulation to only require contractors to report if clients are physically or verbally abused by contractor staff. Officials said contractors are not required to report incidents involving one client physically or verbally abusing another client, unless the abuse is serious enough to warrant an investigation by the contractor. The division, however, has not issued any guidelines or directives to define incidents considered serious client-on-client abuse.

Contractors did not report all incidents affecting clients' safety

Division records showed 30 contractors submitted 826 incident reports involving client abuse and neglect during state fiscal year 2002. We selected 8 of the 30 contractors responsible for 385 of the 826 incident reports and determined their incident reporting procedures. The contractors' records (maintained for their own purposes) showed 6 of 8 contractors did not report an additional 140 incidents to the division because they did not deem the incidents serious enough to conduct an investigation or they were medication errors which contractors were not reporting as a practice. These incidents were not required to be reported under current interpretation of division regulations. Table 1.1 shows the types of incidents not reported to the division.

Table 1.1: Incidents Documented by Contractors but Not Reported

Contractor	Suicide Attempts	Medication Errors	Assaults and Injuries	Elolements¹	Deaths	Other²
1	1	13	34	3	1	23
2	0	0	3	0	0	3
3	0	2	0	0	0	0
4	0	1	3	0	0	2
5	0	3	1	0	0	0
6	3	1	9	2	5	27
Totals	4	20	50	5	6	55

¹ Elopement is defined by the division as unauthorized absence of a client from a 24-hour oversight facility, residential setting or day program; or an unexplained absence that causes or raises concern for a client's well-being.

² Includes incidents documented by contractors but do not fit within the noted classifications.

Source: SAO analysis

Specific incidents impacting client safety not reported to the division included:

- Client attempted suicide resulting in hospitalization
- Client threatened neighbor with steak knife
- Client allegedly physically assaulted and raped another client

See Appendix IV, page 24, for additional examples of incidents not reported.

Incidents involving client safety were documented by contractors but not reported to the division. We provided division officials a list of the incident reports, and they told us the incidents did not meet the criteria for reporting as established by 9 CSR 10-5.200 of abuse and neglect. However, one regional official said incidents involving suicide attempts should have been reported to the division. Also, our analysis of the division's incident and investigation tracking system showed similar incidents were reported to the division and the division deemed the incidents warranted investigation.

Reporting clients' assaults, suicides and medication errors is discretionary

Division officials have abdicated their responsibilities for ensuring proper client care by not requiring oversight of incidents between clients and by allowing contractors to determine an incident's significance. Contractors are not required to report (1) clients assaulting other clients, contractor staff or the general public, (2) attempted suicides, or (3) medication errors unless the incidents are the result of suspected abuse or neglect by contractor staff.

The division's written contracts state:

"The contractor shall report serious incidents such as deaths, injuries that would prompt an investigation by the director of the facility or program, elopements, or other incidents that may be sensitive or that would prompt an internal investigation, such as client suicide attempt, physical abuse which caused serious injury, rape or other sexual assault, or fire."

Accordingly, if contractors do not deem an incident involving a suicide attempt, physical abuse, or rape as serious enough to warrant an internal investigation, they do not have to report the incident to the division.

A contractor provided us with the following information based on discussions held with a division official in August 2002:

"From that point forward only completed suicides, completed homicides, suspected abuse and/or neglect cases and suspected misappropriations of client funds are being sent to DMH" (Department of Mental Health).

Division officials said although contractors are not required to report all incidents, division on-site monitoring procedures and a 24-hour consumer hotline help ensure client safety. Nevertheless, the division's on-site monitoring visits only occur once a year. Division regulations do not require contractors, who provide residential care to 4,500 division clients, to document client injuries or unusual incidents in the client's file. Two of five residential care contractors we visited do not document or report incidents of client assaults; opting to resolve the problems in-house. Because the division only requires contractors to report serious instances of abuse and allows contractors to determine how serious the abuse is, it does not know if clients are living in facilities where they are subject to repeated assaults, or know if the clients are free from physical and verbal abuse.

Some contractors
do not document
incidents

Medication errors go unreported

State statutes require each client receive medical care and treatment with the highest standards accepted in medical practice. This care is offered to the extent facilities, equipment and personnel are available. Twenty of the 140 occurrences of abuse and neglect that were not reported to the division between July 1, 2001, and June 30, 2002, were medication errors.³ We discussed the medication error reporting issue with a Division of Senior Services⁴ residential care facility examiner who was at one of our selected audit sites. The examiner said residential care facilities do not document all medication errors based on her review of client files during her investigations. Without complete reporting, the exact number of medication errors is unknown.

Our analysis of the 20 unreported medication errors disclosed 3 medication errors involved giving clients medications intended for other clients. In addition, one medication error resulted in a client being admitted to a hospital for 2 days. Documents obtained from the facility's internal investigation of the incident showed the contractor employee who administered the wrong medication did not disclose the error; instead, recorded the client receiving the proper medication. Requiring contractors to submit incident reports involving medication errors would

Medication errors
are a measure of
quality of care

³ A medication error is defined as any preventable event that may cause or lead to inappropriate medication use or patient harm while the medication is in the control of the health care professional, patient, or consumer.

⁴ Part of the Department of Health and Senior Services.

provide the division information to evaluate the care given to clients and allow the division to perform focused follow-up monitoring visits.

Conclusion

State laws require division clients receive safe housing, free from physical and verbal abuse. The division, however, does not require contractors to report incidents of physical abuse when it only involves one client assaulting another client, or medication errors.

Recommendation

We recommend the Director, Department of Mental Health:

- 1.1 Amend division regulations to require contractors to document and report to the division incidents involving client assaults, injuries, and medication errors.

Department of Mental Health Comments

We concur with the recommendation but wish to note that:

1. *Division contracts already require contractors to document and report serious incidents whether those incidents involve interactions between staff and consumers, or between consumers.*
2. *In the spring of 2002, the Department revised the DMH Incident and Investigation Tracking System (iiTS) to accommodate more detailed reporting of serious incidents, including non-abuse and neglect medications errors and injuries that require medical intervention greater than first aid.*

The revised iiTS protocol is being piloted by fourteen providers prior to Department implementation statewide. The timeline for statewide implementation is Fall 2003, at which time the Department's new information system (CIMOR) is scheduled to go on-line.

To support compliance with the new reporting requirements, the Department will promulgate a rule and make contract amendments.

3. *The Division believes that the information and data presented in the audit report may be misleading. A total of 826 incidents were reported to the Division by thirty (30) of its contract providers. The auditors selected eight (8) of the thirty (30) contract providers responsible for submitting 385 (46.6%) of the incident reports for review. Additionally, the contractors were asked to submit all of their internal documents to the auditors, whether or not they met the reporting criteria. In total, the auditors reviewed 525 incident reports, of which 140 were not reported to DMH.*

The Division was not provided with all of the additional documentation submitted by the contractors. The Division was asked to comment on fourteen (14) of the contractors' internal documents. Of the 14, the Division found that 3 (21%) were not Division clients. A list of the additional reports was subsequently provided to Division officials upon request. Our review of the list revealed that an additional eight (1.5%) clearly met the Division requirements and should have been reported and an additional seven (1.3%) appear to have been serious enough to be reported under the revised iiTS protocol currently being piloted, assuming that the incidents involved Division clients.

Of the eight incidents which met reporting criteria, six were deaths. None of these individuals lived in supervised settings and only one death was of a nature that would have required an investigation. The audit did result in the identification of a program error in the Departments' back-up quality control system for death reviews. All Missouri deaths recorded in the Department of Health database are routinely run against the department's census, thereby allowing the Department and each Division to identify any unreported deaths. The above deaths were not located in this search and a programming error was identified. This is now being corrected.

State Auditor's Comments

The division allows the contractor to decide what is or is not a serious incident and, consequently, the need to report to the division. The examples we cited in the report clearly show incidents that the contractors chose not to report that should have been reported.

We acknowledged in the report that contractors currently were not required to report the incidents we were citing, but still the incidents were serious enough to install better procedures to ensure such incidents are reported in the future. The 3 clients the division identified as not being division clients were not included in our report for the same reason. The 14 reports referred to were reports that the division received from contractors, but were not posted to the incident and investigation tracking system.

2. Improvements in the Division's Quality Control Procedures Would Help Ensure Contractors' Billings Are Accurate

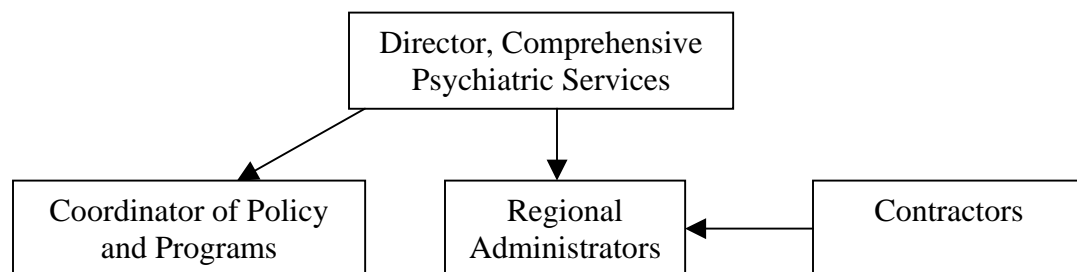
The division's quality control section does not have the appropriate authority to effectively conduct audits of contractor billings. The division's procedures provide for expanding audits of contractors if error rates exceed pre-established thresholds. According to a quality control section official, the decision to expand audits is not automatic and is based on the (1) contractor's history, (2) amount the thresholds were exceeded, and (3) subjective judgment of the division's five regional administrators who do not supervise the audit section. Thus, the audit function is not independent. As a result, only 1 of 26 contractors audited during the period July 1, 2001, through March 31, 2002, received an expanded audit, although division records showed 19 additional contractors' error rates exceeded the established thresholds. During the above period, the division audited approximately \$700,600 in contractor claims and disallowed \$75,303 due to errors, such as failing to document services provided, or for the incorrect service billings.⁵ Additionally, statistical sampling techniques would enhance the quality control section's ability to estimate magnitude of potential error and help select contractors for audit. The completed audits were effective and helped ensure contractors submitted accurate bills and maintained supportable evidence of services provided.

The division audits contractor billings for client services

As defined by state regulation 9 CSR 10-7.090(5) the division is required to "establish a formal, accountable relationship with any contractor or affiliate who provides direct service, but is not an employee of the organization." To meet this requirement, the division established a quality control section to review contractor billings for client services for claim accuracy and adequate support for reimbursement submitted by contractors. Figure 2.1 illustrates the organizational alignment of the quality control function in relation to the five regional administrators.

The audit function is not independent

Figure 2.1: Organizational Alignment



As shown, the regional administrators and the Coordinator of Policy and Programs (quality control section) report directly to the division director. The regional administrators do not have supervisory or line authority over the quality control section. Thus, the quality control section is

⁵ Includes the Comprehensive Psychiatric Rehabilitation (CPR), Purchase of Service (POS), and Targeted Case Management (TCM) billing categories. See Appendix VI, page 27, for definition of each billing category.

organizationally aligned to be an independent entity with an independent voice for the division director. But in practice, the quality control section does not operate independently when considering the need for expanded audits of contractors not meeting division standards for accurate billings. Instead, the quality control section must obtain approval from the regional administrators to conduct expanded audits. Our audit disclosed this practice could have resulted in fewer expanded audits and potential disallowances.

The quality control section selects a sample of claims and audits for accuracy and adequacy of supporting documentation for services provided from four contractor billing categories (1) CPR, (2) POS, (3) TCM, and (4) Community Support Services (CAPS).⁶

The division's Provider Monitoring Guide established the following percentage thresholds to indicate the possibility of significant risks for improper bills and to help determine whether expanded audits are warranted.

- 15 percent or more of the contractor's number of paid claims are disallowed.
- 10 percent or more of the total amount paid to the contractor is disallowed.
- Performance patterns for a specific staff person or a specific service that are significantly higher than the noted agency thresholds of 15 percent and 10 percent.
- A demonstrated pattern of violation of Medicaid or department requirements not specifically addressed by routine monitoring.

The above error rate thresholds are only used in part to determine if expanded audits are to be conducted. The Provider Monitoring Guide also states: "The regional manager (administrator), in conjunction with the division director, shall determine whether to proceed with additional monitoring" and "upon approval by the regional manager and director, expanded or focused monitoring shall be initiated."

Billing audit results showed several contractors had significant error rates

Analysis of the division's audit reports for 26 contractors⁷ showed among the 3 billing categories CPR, POS, and TCM, the errors found in contractor billing claims ranged between 0 and 53 percent. Moreover, the associated monetary error rates in billable client services ranged between 0 and 37 percent. The CAPS category showed percentage of errors in claims ranging between 0 and 86 percent, and the associated monetary error rates ranged between 0 and 42 percent. Table 2.1 shows the number and percentage of contractors by billing type for two expanded audit threshold criteria.

⁶ See Appendix VI, page 27, for definition of the CAPS billing category.

⁷ Audits of the other four contractors were in progress as we did our fieldwork and were not included in the scope of the audit.

Table 2.1: Contractor Threshold Exceptions by Billing Type

Billing Type	15 Percent or More Disallowed Paid Claims		10 Percent or More Disallowed Dollars Paid	
	Number	Percentage	Number	Percentage
POS	12	46	15	58
TCM	6	23	8	31
CPR	1	4	2	8

Source: SAO analysis of the division's audit reports

Based on division records, over 75 percent of the disallowable billings were due to (1) inadequate or lack of support documentation for services billed or (2) wrong services being billed. Other disallowances identified were for duplicate or overlapping services, and use of incorrect billing codes. The total disallowances and recoveries from the division's billing audits of the 26 contractors resulted in \$75,303 (10.7 percent of the \$700,600 of sampled invoices).

The division audits included contractor billings among each of the division's five regions. Table 2.2 shows that several contractors exceeded the division's error rate threshold levels within each region.

Table 2.2: Total Contractors Exceeding Audit Threshold Percentages

Region	Total Billing Audits Conducted	Contractors Exceeding Thresholds	Number of Claims Disallowed*	Amount Disallowed
Central	4	4	217	\$ 11,366
Eastern	4	4	389	\$ 31,980
Northwest	8	6	231	\$ 16,168
Southeast	6	4	125	\$ 8,581
Southwest	4	2	126	\$ 7,208
Total	26	20	1,088	\$ 75,303

*Includes CAPS, CPR, POS, and TCM billing categories for both youth and adult clients.

Source: SAO analysis of the division's audit reports

Division auditors only expanded 1 billing audit although records show 20 of the 26 (77 percent) contractors exceeded the division's threshold error rates in 1 or more of the billing categories audited. The audit was expanded because the contractor historically exceeded thresholds by significant margins on multiple sample types.

More expanded
audits could be
done

Division officials said the other 19 contractors did not have an expanded audit due to several factors, including: type and volume of billing error, consistency of error, past contractor performance, the contractor's willingness to work with the division on corrective measures, and the division's available resources.

Division officials also said they do not want to immediately conduct an expanded audit every time a provider exceeds a threshold by a few percentage points. We were not able to review

which factors played a role in the division's decisions not to expand audits for the other 19 contractors because division auditors did not document these decisions.

Statistical sampling methodology could be an effective tool for identifying contractors for expanded audits

Division auditors reviewed an average 2 percent of the total claims submitted for payment⁸ among 3 billing categories for all contractors. The division selects a number of clients based on “client months” and their associated claims to determine contractors' error rates, and as shown above, disallows the sampled claims found in error. Although the sample sizes used are sufficient, the method of selecting the sample items is not random because all claims do not have the same opportunity to be selected. A division official said the process the division uses to select clients and their claims is not statistically valid and therefore cannot be used to extrapolate audit results to the total universe. Accordingly, the audits can result in error rates that are not representative of the actual error rate in the total client and claim population. For example, although the client sample had a 20 percent error rate, the error rate for the total population of clients may have been a lower or higher percentage. As a result, using error rates based on sample items that were not selected on a random basis may not have been a reliable indicator of a contractor's overall error rate and is not reliable for determining which audits should be expanded.

Division auditors could use random selection techniques to better target contractors who have the highest potential amounts of disallowances and for whom expanded audits should be initiated. Our analysis shows using random selection techniques should not require an increase in the number of claims reviewed. The Office of Inspector General, U.S. Department of Human Services, uses random selection techniques to audit states' Medicaid expenditures. In a 2002 report, the Office of Inspector General identified overpayments by one state of about \$711,323 from a universe of \$2,037,530 in total payments based on a sample size of less than 1 percent, or 206 of 98,225 claims. Accordingly, the division could use random selection techniques without impacting the sample sizes previously used.

Division plans to conduct fewer billing audits

Prior to state fiscal year 2003, the division conducted contractor billing audits every 6 months. In response to our inquiries, the director of the quality control section, one regional administrator and a department central office manager stated the 6-month audits were sufficient to ensure proper coverage and generally mitigated the lack of expanded audits and statistical precision. Due to budget cuts, however, billing audits will be conducted every 12 months. A regional administrator stated that as such, it is important that decisions to conduct or not to conduct expanded audits be based on objective and supportable error rate thresholds rather than the judgment of regional administrators. Implementing statistically valid sampling procedures would provide the division a broader based scope of review of contractor billings for client services. Such procedures can also provide a more reliable and valid indication of potential problem contractors.

⁸ The 2 percent includes billing categories POS, TCM, and CPR. CAPS consists of a 100 percent review.

Conclusion

The division has implemented a quality control process that has helped ensure contractors provide services for which they were reimbursed, and the division's clients have received quality care. The quality control section does not operate independently when considering the need for expanded audits of contractors not meeting division standards for accurate billings. Recent budget decisions have forced the division to perform contractor audits every 12 months rather than every 6 months. Accordingly, it is important the division use statistically valid sampling and testing procedures to review contractors' claims and base the decision to perform expanded audits on the results of objective error rates.

Recommendations

We recommend the Director, Department of Mental Health:

- 2.1 Ensure the quality control section has the proper authority and exercises the authority to independently select and audit contractors.
- 2.2 Amend the division's audit manual to require expanded audits when contractor error rates exceed specified thresholds.
- 2.3 Use statistical sampling methodology as one tool for identifying contractors for expanded audits.

Department of Mental Health Comments

- 2.1 *The Division concurs that the quality control section should have and exercise the authority to select contractors for expanded audits. As a result of Divisional re-organization, the Regional management system is being discontinued and operational functions previously delegated to the Regions will be managed from Central Office, effective August 2003. This provides the Division the opportunity to develop new protocols for expanded audits and to ensure standardized application.*
- 2.2 *The Division does not concur that expanded audits should be required to be conducted automatically when error rate thresholds are exceeded.*

The Division's audit process is two-fold: (1) Fiscal, that is to ensure that purchased services were provided; and (2) Quality Improvement regarding clinical documentation. Therefore, the Division identifies disallowances and imposes financial penalties on providers for a wide variety of reasons, ranging from no evidence a paid service was ever delivered, to a progress note missing a staff signature.

The Division currently requires a Plan of Correction be developed by providers who exceed thresholds as a first step to addressing problems identified during the audit process. The Plan of Correction can be flexible, targeted to address specific problem area(s) identified by the audit, and is monitored for compliance by audit staff. The

Division believes that in most cases this process is sufficient to address problems identified in an audit.

In addition, while error rates should be a significant factor in the decision of when to expand an audit, other factors should also be taken into account as well, including: the past history of the provider in exceeding error rate thresholds; the providers prior responsiveness to correcting identified problems through the Plan of Correction process; the amount by which a threshold is exceeded; and the specific reasons for exceeding a given threshold.

While the Division's monitoring guide allows for expanded audits as a tool, the Division believes that in practice expanded audits should be used after attempts have been made to correct identified problems through a Plan of Correction.

- 2.3 *The Division partly concurs with this recommendation. The Division believes we already employ a random selection process in which all claims have an equal chance of being selected, and as such error rates are statistically valid. However, the Division intends to further analyze the impact of the recommendation by the state auditor to create audit samples from individual claims with respect to manpower issues and take appropriate action.*

ADDITIONAL COMMENTS

State Regulations Provide for Non-Competitive Procedures to Purchase Services for Division Clients

The division currently contracts with 30 not-for-profit entities to provide a comprehensive array of services to clients including mental health evaluation and assessment services, individual and group therapies, and medical services. State laws (34.100 and 630.405, RSMo 2000) authorize the division to purchase services for its clients from providers directly rather than going through the Office of Administration. State regulation (9 CSR 25-2.105) provides that the division may designate entities, to provide psychiatric services, and noncompetitive negotiation procedures shall be used when the division designates an affiliated community service provider. The regulation further states that the division shall contract with affiliated community service providers, after negotiating terms, for a 1-year period with option for renewal at the division's discretion.

As authorized by state regulations, the division has renewed 28 of the 30 service provider contracts non-competitively since 1988. The division did not renew one contract in 1997 due to nonperformance issues. At that time the division issued a request for proposal and awarded the contract to a new contractor based on competitive bid. The division did not renew another contract in 2000 also due to nonperformance issues. The division awarded the contract to an existing contractor within that service area. Division officials said the division has received little interest by potential contractors to bid for the comprehensive level of services the winning bidders are required to provide, especially within the current established rate structures. Division officials said the division has continued to renew contracts with current contractors due to their strong value of continuity of service delivery for the divisions' clients, who often require lifelong service and support. In addition, they said the division's current contracting methodology allows focus on quality of client care services and a comprehensive range of services while encouraging cooperative rather than competitive relationships among providers. According to division officials, the ability to renew contracts non-competitively to qualified contractors has helped minimize the number of disruptions to client care services and provided positive therapeutic results for client care.

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The objectives of this audit were to determine (1) the extent contractors were reporting to the division incidents of client abuse and neglect, (2) if the division has implemented effective monitoring procedures over contractor provided services and related charges, and (3) if contractors were selected based on a competitive bid procedure supported by a request for proposal process.

Scope and Methodology

The scope of review was limited to the 12-month period July 1, 2001, thru June 30, 2002.

To develop information on the effectiveness of the division's oversight of contractors, affiliates and residential care facilities, we reviewed state laws and regulations that govern the operations of the division including:

- a review of the department's contracts with the contractors to ensure they were established in accordance with state laws/regulations, and
- verification of the department's authorization from the Office of Administration to contract directly with the contractors and residential care facilities.

Additionally, we reviewed the division's methods for monitoring division policy and contract compliance including a review of:

- performance measures regarding structured client support programs,
- the division's billing audit and certification review procedures, and
- the Secretary of State's registration records and annual report filings for each contractor and a sample of residential care facilities to ensure all were registered in good standing.

We also:

- toured selected contractor facilities in the division's northwest and eastern regions and a sample of residential care facilities in the northwest region, and
- conducted limited criminal background checks on a random sample of contractor case managers.

To further develop information on the effectiveness of the division's oversight of contractors who provide service to individuals with mental illness, we interviewed contractor officials to

APPENDIX I

determine their policies and procedures for obtaining, reviewing, archiving, and reporting client incidents and client grievances. To test the effectiveness of these procedures we analyzed 385 incident reports documented by contractors from two of the division's five regions (northwest and eastern). We obtained incident reports from:

- BJC Behavioral Health Community Services, St. Louis
- Comprehensive Mental Health Services, Kansas City
- Family Guidance Center, St. Joseph
- North Central Missouri Mental Health Center, Trenton
- Pathways Community Behavioral Healthcare, Inc., Warrensburg
- Swope Parkway Health Center, Kansas City
- Tri-County Mental Health Services, Kansas City
- Truman Medical Center Behavioral Health, Kansas City

Research Mental Health Services, a contractor in the northwest region, could not provide the necessary documentation to be included in the incident reporting analysis. We also obtained a copy of the Incident Investigation and Tracking database from the Department of Mental Health headquarters for comparison between the reporting processes. We researched inconsistencies within reporting and investigation procedures among the division regional offices.

Our analyses focused on the northwest and eastern regions because they receive combined about \$46 million of the \$82 million funding from this program (due to the client population), serve both rural and urban client populations, and have both large and small client caseloads.

BACKGROUND

The Department of Mental Health - Division of Comprehensive Psychiatric Services (division) provides assistance to over 57,000 persons with mental illness. The division has established regional offices in Columbia, Kansas City, Poplar Bluff, Springfield, and St. Louis to administer the division's mental health programs. Within these regional offices there are 25 service areas, which are administered by 30 contractors and/or affiliates. The contractors are paid by the division to provide an array of mental health services and are the designated entry/exit points to the state's mental health delivery system. For those clients who require assisted living services, the state also contracts with residential care facilities to provide safe, sanitary, and supervised living arrangements.

Contracts established between the division and the contractors stipulate the authority, responsibility, and accountability for providing specific services within each of the 25 service areas. The contract methodology focuses on a comprehensive range and quality of services, and cooperative rather than competitive relationships among service providers. Contract requirements state that contractors must be licensed and/or certified by the Department of Mental Health in order to provide certain services and programs. Some of the services provided by contractors include:

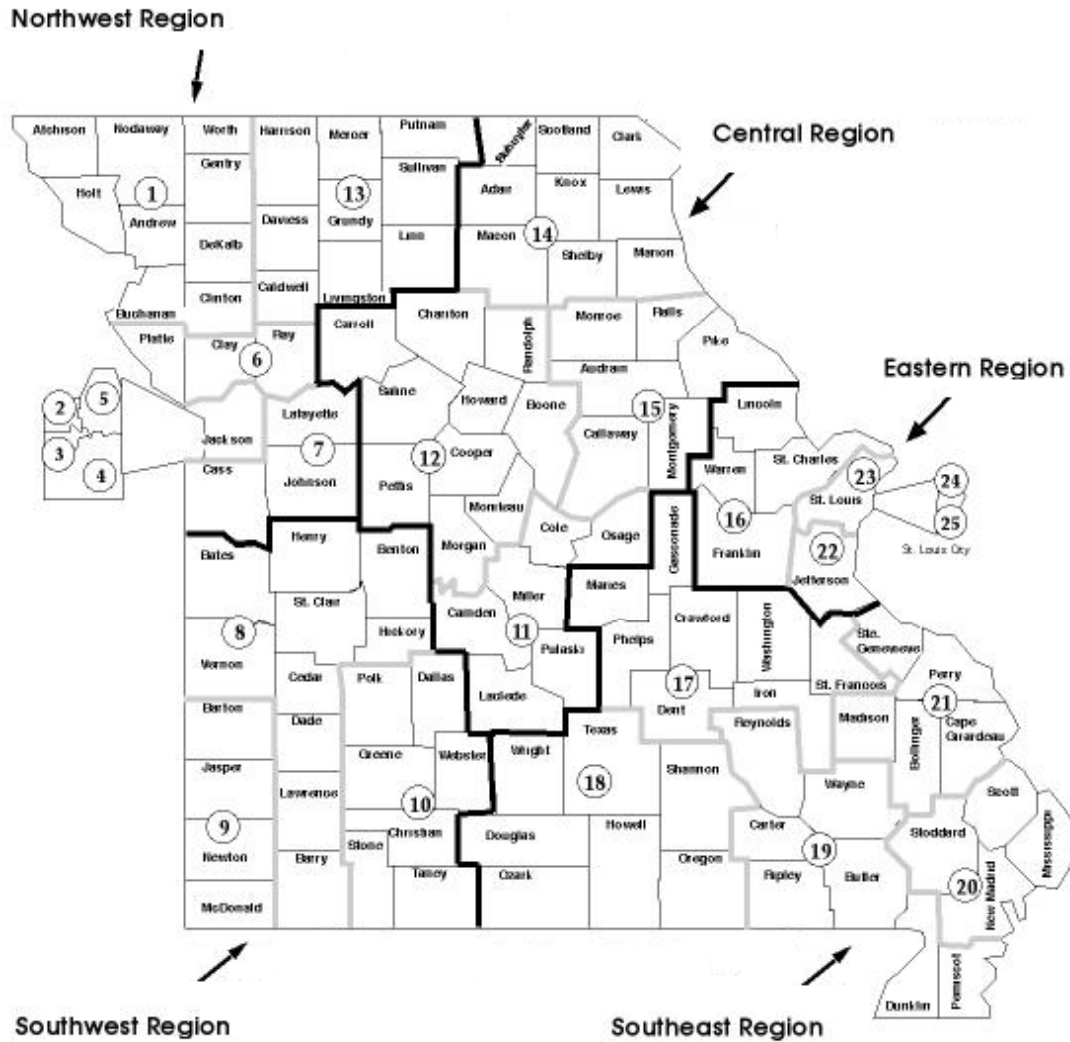
- Mental health evaluation and assessment
- Individual and group therapies
- Day treatment
- Medical services
- Administrative coordination
- Information and education services
- Access or provision to inpatient care on both a scheduled and 24- hour-a-day basis
- Follow-up services to individuals discharged from state-operated facilities
- Case management and community psychiatric rehabilitation for individuals in the supported community living programs

All contracts are subject to noncompetitive negotiation with automatic annual renewal unless the division discovers performance or administrative issues which compromise client care.

Regions and Service Areas

The following map shows the division's 5 regions and 25 service areas.

MISSOURI DEPARTMENT OF MENTAL HEALTH
Division of Comprehensive Psychiatric Services
Administrative Regions and Service Areas



05/01

APPENDIX II

Table II.1: Location and Service Area for Contractors/Affiliates¹

Contractors and Affiliates	Location	Service Area
Family Guidance Center	St. Joseph	1
Truman Medical Center Behavioral Health	Kansas City	2
Swope Parkway Health Center	Kansas City	3
Research Mental Health Services	Lee's Summit	4
Comprehensive Mental Health Services	Independence	5
Tri County Mental Health Services	Kansas City	6
Pathways Community Behavioral Healthcare, Inc.	Warrensburg	7
Pathways Community Behavioral Healthcare, Inc. - (Affiliate)	Clinton	8
Clark Community Mental Health Center - (Affiliate)	Monett	8
Ozark Center	Joplin	9
Burrell Behavioral Health	Springfield	10
Pathways Community Behavioral Healthcare Inc.	Jefferson City	11
New Horizons Community Support Services - (Affiliate)	Jefferson City	11
University Behavioral Health Services	Columbia	12
New Horizons Community Support Services - (Affiliate)	Columbia	12
North Central Missouri Mental Health Center	Trenton	13
Mark Twain Area Counseling Center	Hannibal	14
Arthur Center	Mexico	15
Crider Center	Wentzville	16
BJC Behavioral Health Community Services	Farmington	17
Pathways Community Behavioral Healthcare - (Affiliate)	Rolla	17
Ozarks Medical Center	West Plains	18
Family Counseling Center	Kennett	19
Bootheel Counseling Services	Sikeston	20
Community Counseling Center	Cape Girardeau	21
Comtrea Community Treatment	Festus	22
BJC Behavioral Health Community Services	Bridgeton	23
BJC Behavioral Health Community Services	Kirkwood	23
Places for People, Inc. - (Affiliate)	St. Louis	23
Independence Center - (Affiliate)	St. Louis	23
ADAPT Institute of Missouri - (Affiliate)	St. Louis	23
Hopewell Center	St. Louis	24
BJC Behavioral Health Community Services	St. Louis	25
Places for People, Inc. - (Affiliate)	St. Louis	25
Independence Center - (Affiliate)	St. Louis	25
ADAPT Institute of Missouri - (Affiliate)	St. Louis	25

¹Some contractors have multiple locations, but operate under one contractual agreement with the division.

Source: Division of Comprehensive Psychiatric Services records

STATUTES AND CODE OF STATE REGULATIONS

Section 630.115.1, RSMo 2000 prescribes each client shall be entitled to certain rights without limitation that include (1) humane care and treatment with dignity; (2) medical care and treatment in accordance with the highest standards accepted in medical practice to the extent that the facilities, equipment and personnel are available; (3) safe and sanitary housing; and (4) freedom from verbal and physical abuse.

Section 630.165.1, RSMo 2000 requires anyone: "physician, dentist, chiropractor, optometrist, podiatrist, intern, nurse, medical examiner, social worker, psychologist, minister, Christian Science practitioner, peace officer, pharmacist, physical therapist, facility administrator, nurse's aide or orderly in a residential facility, day program or specialized service operated, funded or licensed by the department or in a mental health facility or mental health program in which people may be admitted on a voluntary basis or are civilly detained pursuant to Section 632, RSMo, or employee of the department has reasonable cause to believe that a patient, resident or client of a facility, program or services has been abused or neglected, he shall immediately report or cause a report to be made to the department or the department of health, if such facility or program is licensed pursuant to chapter 197, RSMo."

Section 630.167, RSMo 2000 requires the department or its agents, contractors or vendors, or the Department of Health and Senior Services to investigate reports of abuse and neglect within 24 hours upon receipt of a report. If the investigation indicates possible abuse or neglect of a patient, resident or client, the investigator shall refer the complaint and the investigator's report to the department director for appropriate action. "Within 5 working days after a report required to be made pursuant to this section is received, the person making the report shall be notified in writing of its receipt and of the initiation of the investigation."

Section 630.168, RSMo 2000 requires the heads of facilities, programs or services to promptly notify and cooperate with local law enforcement authorities during conduct of an investigation of all alleged or suspected acts of client abuse resulting in physical injury or in cases of sexual abuse.

Section 632.005 (9), RSMo 2000 defines the division director as the Director, Division of Comprehensive Psychiatric Services of the Department of Mental Health, or his designee.

Section 632.050, RSMo 2000 states the division shall identify community-based services in each geographic area as entry and exit points into and from the state mental health delivery system offering a continuum of comprehensive mental health services.

9 CSR 10-5.200 prescribes procedures for reporting and investigating complaints of abuse, neglect and misuse of client funds/property. Definitions are:

- Class I neglect--"failure of an employee to provide reasonable and necessary services to maintain the physical and mental health of any consumer when that failure presents

APPENDIX III

either imminent danger to the health, safety or welfare of a consumer, or a substantial probability that death or physical injury would result."

- Class II neglect--"failure of an employee to provide reasonable or necessary services to a consumer according to the individualized treatment or habilitation plan, if feasible, or according to acceptable standards of care. This includes action or behavior which may cause psychological harm to a consumer due to intimidating, causing fear or otherwise creating undue anxiety."
- Consumer--"individual (client, resident, patient) receiving services directly from any program or facility contracted, licensed, certified or funded by the department."
- Misuse of funds/property--"the misappropriation or conversion of a consumer's funds or property for another person's benefit."
- Physical abuse--"Purposefully beating, striking, wounding or injuring any consumer; or in any manner whatsoever mistreating or maltreating a consumer in a brutal or inhumane manner."
- Sexual abuse--"any touching of a consumer for sexual purpose or in a sexual manner."
- Verbal abuse--"using profanity or speaking in a demeaning, nontherapeutic, undignified, threatening or derogatory manner in a consumer's presence."

Additionally, according to state regulations:

- "Any employee who has reasonable cause to believe that a consumer has been subjected to physical, sexual or verbal abuse, misuse of funds/property, class I neglect, or class II neglect while under the care of a residential facility, day program or specialized service that is licensed, certified or funded by the department shall immediately make a verbal or written complaint."
- "A complaint shall be made to the head of the facility, day program or specialized service, and to the department's regional center, supported community living placement office or regional administrator office."
- "The head of the facility, day program or specialized service shall forward the complaint to the Division of Family Services if the alleged victim is under the age of eighteen (18); or the Division of Senior Services if the alleged victim is a resident, client of a facility licensed by the Division of Senior Services, or receiving services from an entity under contract with the Division of Senior Services."
- "Failure to report shall be cause for disciplinary action, criminal prosecution, or both."

APPENDIX III

The head of the residential facility, day program or specialized service that is licensed, certified or funded by the department is required to immediately report alleged sexual abuse, physical injuries caused by abuse and neglect and potential criminal misuse of property or funds to the local law enforcement official. Accordingly, the head of the facility or program and all employees of the facility, program or service shall fully cooperate with law enforcement authorities and with department employees or employees from other agencies authorized to investigate the complaint. Failure to cooperate may result in contract termination or dismissal of the employee.

"A board of inquiry, local investigator assigned by the division, or the department's central investigative unit shall gather facts and conduct an investigation regarding the alleged abuse or neglect. The investigation shall be conducted in accordance with the procedures and time frames established under the department's operating regulations. Upon completion of its investigation, the board of inquiry, local investigator or central investigative unit shall present its written findings of facts to the head of the supervising facility."

9 CSR 10-7.070(4)(D), requires "the program shall establish and implement policies defining the types of medication errors that must be reported to a licensed physician."

Department Operating Regulation 2.210 4(c), requires the regional administrator's office, regional center director's office or other department designee to initiate an investigation upon receiving a complaint. Investigations of class I neglect, physical abuse or sexual abuse shall be initiated immediately. Investigations of class II neglect, misuse of funds/property or verbal abuse shall be initiated within 24 hours. "The investigation report shall be completed within 30 working days of the filing of the complaint. A preliminary report shall be completed if the investigative report cannot be completed within 30 working days due to conditions beyond control of the investigative body (e.g. awaiting outside records such as an autopsy report). The preliminary report will contain the current findings, reason(s) for delay, and the expected completion date of the investigative report."

**EXAMPLES OF DOCUMENTED INCIDENTS NOT REQUIRED TO BE REPORTED
TO THE DIVISION**

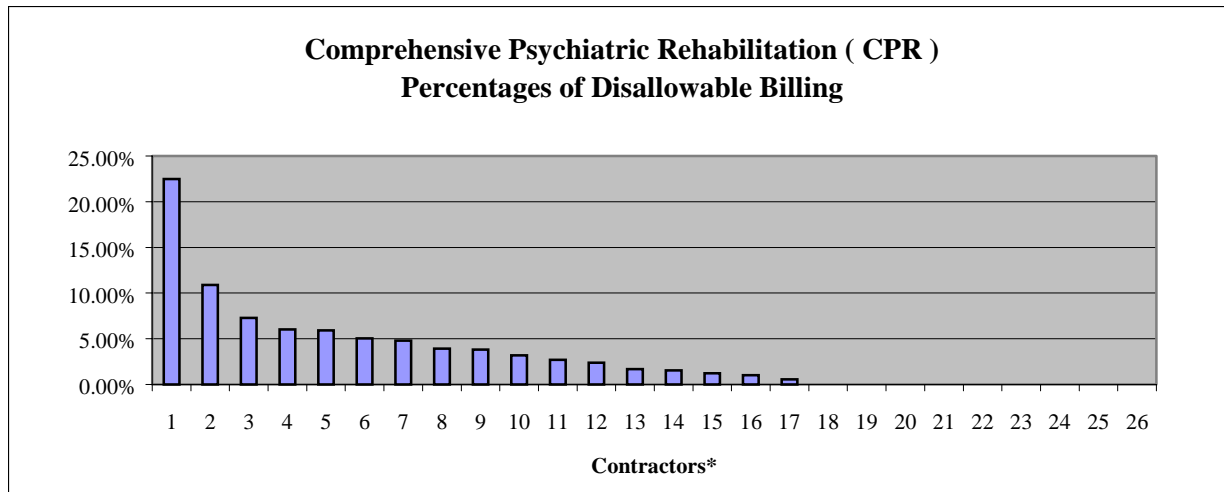
Table IV.1: Incidents Not Reported

Date	Description
07/03/2001	Client acting inappropriate - EMT called - client hospitalized
07/03/2001	Client fell and taken to emergency room at hospital
07/09/2001	Client medication error
07/24/2001	Client fell and hit head - taken to hospital
08/15/2001	Client medication missing - not found
08/21/2001	Client committed suicide
08/29/2001	Client ticketed for animal cruelty
09/10/2001	Client given incorrect medication
09/13/2001	Client medication missing
09/24/2001	Client threatened to commit suicide
09/25/2001	Client complained of chest pain and sent to hospital
10/10/2001	Client given incorrect medication
10/15/2001	Client medication error - client hospitalized
10/18/2001	Client made suicidal gestures
10/24/2001	Client death - natural causes
10/29/2001	Client assaulted a relative resulting in the relative's death
10/31/2001	Client medication error
11/25/2001	Client death - natural causes
12/01/2001	Client elopement
12/08/2001	Client assaulted another client
01/06/2002	Client committed suicide
02/07/2002	Client in possession of illegal substance
02/11/2002	Client given incorrect medication
02/20/2002	Client made homicidal threat
03/04/2002	Client overdosed - suicidal gesture
03/21/2002	Client threatened to shoot/assault person and then threatened to commit suicide
03/24/2002	Client suicide attempt and admitted to hospital
04/05/2002	Client threatened to kill relative
04/27/2002	Alleged that staff sexually assaulted client
06/08/2002	Client hitting himself in the head with pipe
06/13/2002	Client made suicidal gestures and sent to hospital
06/28/2002	Client diagnosed with HIV threatens to bite other clients

Source: SAO analysis of non-reported incidents received from contractors

BILLING AUDIT SUMMARY

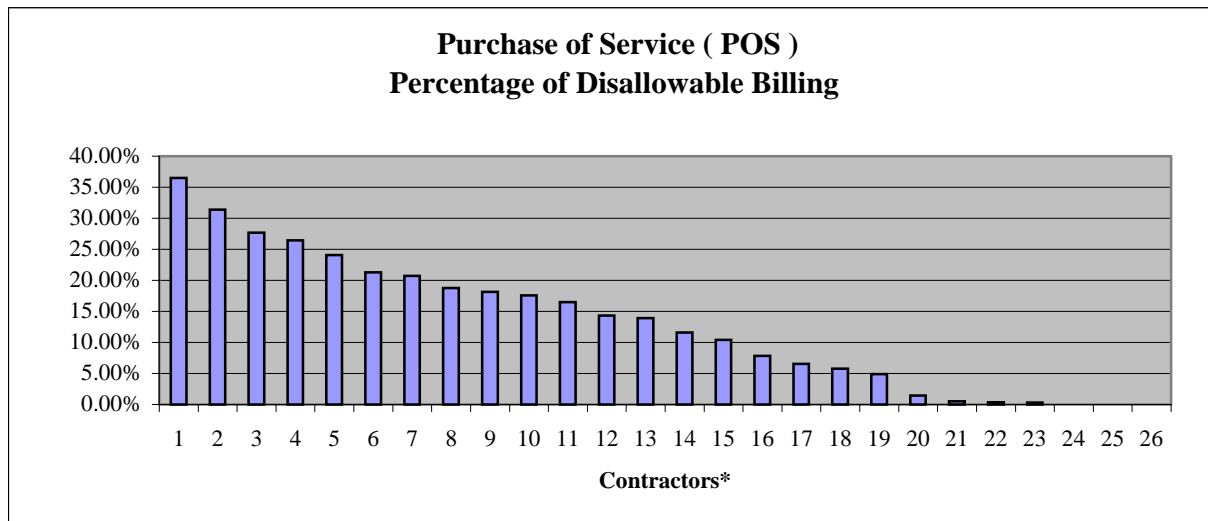
Figure 5.1: CPR Disallowable Billing Percentages Based on Division Billing Audits



Source: SAO analysis

*Contractors are identified numerically, but are not identical among each billing category graph.

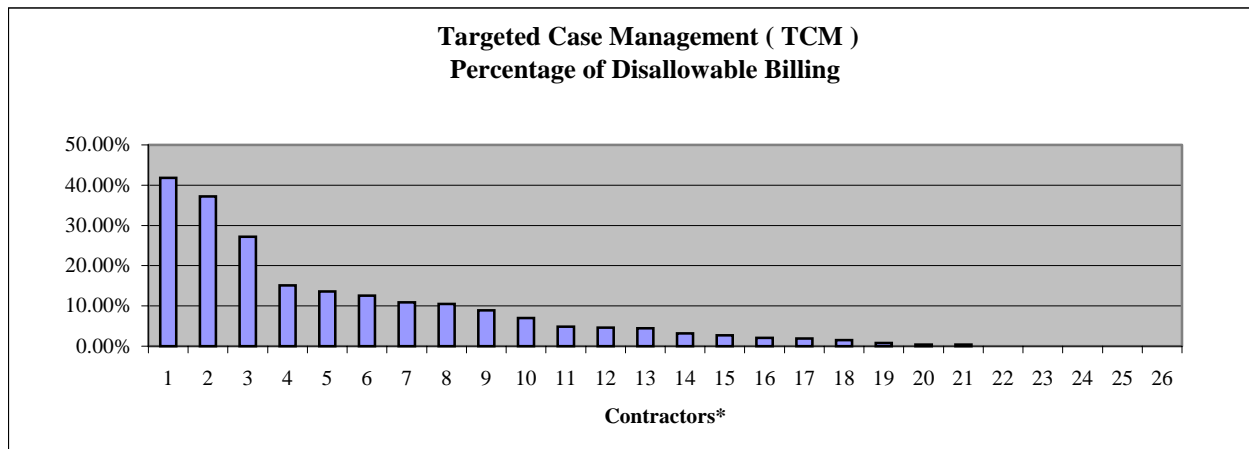
Figure 5.2: POS Disallowable Billing Percentages Based on Division Billing Audits



Source: SAO analysis

*Contractors are identified numerically, but are not identical among each billing category graph.

Figure 5.3: TCM Disallowable Billing Percentages Based on Division Billing Audits



Source: SAO analysis

*Contractors are identified numerically, but are not identical among each billing category graph.

DIVISION DEFINITIONS

POS - Purchase of Service A basic billing system the Department of Mental Health uses to record services and generate invoices to various payers. It is the billing system for community based outpatient services delivered by providers, most of whom are administrative agents.

TCM - Targeted Case Management A specific Medicaid supported program that essentially consists of a single service (case management).

CPR - Community Psychiatric Rehabilitation A specific Medicaid supported program with a menu of about 10 services. It can be delivered to Medicaid clients and paid through the Medicaid billing system, or to non-Medicaid clients and billed through the POS system.

CAPS This term refers to a specific sample representing amounts billed over a cap for those charges. It applies only to one service in one program: Community Support services in the CPR program. It is the most frequently used service from the CPR menu, constituting about 70 percent of all payments.



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Texas County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Texas County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by A. M. Barnhart, P.C., Certified Public Accountant, is attached.

A handwritten signature in black ink, reading "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-85
August 13, 2003

***TEXAS COUNTY, MISSOURI
HOUSTON, MISSOURI***

***SPECIAL-PURPOSE FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT***

***FOR THE TWO YEARS ENDED
DECEMBER 31, 2002***

AMB

*A. M. BARNHART, P.C.
Certified Public Accountant
1463 S. Sam Houston Blvd.
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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

To the County Commission and
Officeholders of Texas County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Texas County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Texas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Texas County, Missouri.

In our opinion, the special purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Texas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 23, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Government, and Non-Profit Organizations, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

A. M. Barnhart, P.C.
Certified Public Accountant

Houston, Missouri
May 23, 2003



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission and
Officeholders of Texas County, Missouri

We have audited the special-purpose financial statements of various funds of Texas County, Missouri, as of and for the years ended December 21, 2002 and 2001, and have issued our report thereon dated May 23, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Texas County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Texas County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Texas County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

A. M. Barnhart, P.C.
Certified Public Accountant

Houston, Missouri
May 23, 2003

TEXAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CHANGES - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

FUND	Cash January 1	Receipts	Disbursements	Cash December 31
General Revenue	\$201,154.54	\$1,343,315.92	\$1,226,297.76	\$318,172.70
Special Road and Bridge	141,430.87	1,378,079.91	1,378,599.43	140,911.35
Law Enforcement Training	2,589.01	4,060.28	6,301.96	347.33
Prosecuting Attorney Bad Check	7,974.41	16,021.46	18,026.24	5,969.63
Assessment	8,489.44	142,276.90	150,766.34	0.00
Recorder's User Fees	4,891.06	19,799.01	7,584.21	17,105.86
WRITEX 911 Emergency Telephone	584,811.03	425,252.49	463,768.46	546,295.06
Law Enforcement Operations	48,267.28	37,162.26	59,997.48	25,432.06
Prosecuting Attorney Training	1,565.57	1,076.83	1,598.20	1,044.20
Rescue Unit	19,521.80	2,225.61	0.00	21,747.41
Domestic Violence	16,430.54	2,784.69	9,205.00	10,010.23
Election Service	7,742.96	4,848.74	3,932.00	8,659.70
Local Emergency Preparedness	18,500.24	8,068.58	2,899.53	23,669.29
Garner Covert Memorial Trust	16,772.87	704.09	2,366.06	15,110.90
Texas Co Historical Military Museum	6,665.29	8,632.75	4,434.03	10,864.01
Texas Co Health Center	154,566.82	503,198.01	456,623.56	201,141.27
Habilitation Services	78,568.94	114,651.05	136,938.98	56,281.01
Collector's Tax Maintenance Fund	0.00	1,609.94	1,073.88	536.06
Circuit Clerk Interest	45,125.58	1,464.59	13,443.06	33,147.11
Associate and Probate Division Interest	6,516.22	1,966.43	156.75	8,325.90
Law Library	7,301.82	4,896.98	4,010.00	8,188.80
TOTAL	\$1,378,886.29	\$4,022,096.52	3,948,022.93	\$1,452,959.88

The accompanying Notes to the Financial Statements are an integral part of this statement.

TEXAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CHANGES - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

FUND	Cash January 1	Receipts	Disbursements	Cash December 31
General Revenue	\$418,070.70	\$1,123,153.27	1,340,069.43	\$201,154.54
Special Road and Bridge	129,017.16	955,911.72	943,498.01	141,430.87
Law Enforcement Training	6,206.27	5,315.48	8,932.74	2,589.01
Prosecuting Attorney Bad Check	1,978.25	18,342.17	12,346.01	7,974.41
Assessment	0.00	184,139.49	175,650.05	8,489.44
Recorder's User Fees	9,423.01	14,312.32	18,844.27	4,891.06
WRITEX 911 Emergency Telephone	489,977.02	440,234.80	345,400.79	584,811.03
Law Enforcement Operations	52,704.25	23,436.38	27,873.35	48,267.28
Prosecuting Attorney Training	1,857.32	965.81	1,257.56	1,565.57
Rescue Unit	18,619.10	902.70	0.00	19,521.80
Domestic Violence	16,662.59	3,122.95	3,355.00	16,430.54
Election Services	3,759.84	3,983.12	0.00	7,742.96
Local Emergency Preparedness	12,626.15	10,831.66	4,957.57	18,500.24
Garner Covert Memorial Trust	16,062.52	790.35	80.00	16,772.87
Texas Co Historical Military Museum	5,779.85	5,830.61	4,945.17	6,665.29
Texas Co Health Center	134,852.64	431,112.13	411,397.95	154,566.82
Habilitation Services	86,117.05	136,123.88	143,671.99	78,568.94
Community Development Block Grant	17,999.30	93,045.85	111,045.15	0.00
Circuit Clerk Interest	49,761.91	6,011.21	10,647.54	45,125.58
Associate and Probate Division Interest	6,099.29	958.18	541.25	6,516.22
Law Library	7,751.14	4,134.58	4,583.90	7,301.82
TOTAL	\$1,485,325.36	\$3,462,658.66	\$3,569,097.73	\$1,378,886.29

The accompanying Notes to the Financial Statements are an integral part of this statement.

TEXAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$4,022,432.73	\$4,018,665.50	(\$3,767.23)	\$3,880,838.51	\$3,362,643.42	(\$518,195.09)
DISBURSEMENTS	4,442,433.63	3,934,423.12	508,010.51	4,652,161.53	3,446,863.79	1,205,297.74
RECEIPTS OVER [UNDER] DISBURSEMENTS	(420,000.90)	84,242.38	504,243.28	(771,323.02)	(84,220.37)	687,102.65
CASH JANUARY 1	1,327,244.49	1,327,244.49	0.00	1,411,464.86	1,411,464.86	0.00
CASH DECEMBER 31	\$907,243.59	\$1,411,486.87	\$504,243.28	\$640,141.84	\$1,327,244.49	\$687,102.65
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	\$3,500.00	\$3,340.81	(\$159.19)	\$0.00	\$3,499.17	\$3,499.17
Sales taxes	689,000.00	746,972.40	57,972.40	689,000.00	684,995.79	(4,004.21)
Intergovernmental	129,280.00	181,872.02	52,592.02	198,691.00	151,711.81	(46,979.19)
Charges for services	214,880.00	240,409.93	25,529.93	196,500.00	173,778.49	(22,721.51)
Interest	8,500.00	13,244.77	4,744.77	15,200.00	18,681.61	3,481.61
Other	64,662.00	90,397.33	25,735.33	41,800.00	52,542.72	10,742.72
Transfers in	38,900.00	67,078.66	28,178.66	41,600.00	37,943.68	(3,656.32)
Total receipts	1,148,722.00	1,343,315.92	194,593.92	1,182,791.00	1,123,153.27	(59,637.73)
DISBURSEMENTS						
County Commission	85,550.00	84,850.87	699.13	85,300.00	85,459.19	(159.19)
County Clerk	79,915.00	84,011.61	(4,096.61)	103,535.00	98,851.55	4,683.45
Elections	48,000.00	48,751.99	(751.99)	50,000.00	18,399.74	31,600.26
Buildings and grounds	91,382.00	84,098.89	7,283.11	115,832.00	111,348.93	4,483.07
Employee fringe benefits	190,000.00	170,976.41	19,023.59	202,400.00	192,175.55	10,224.45
County Treasurer	68,634.00	57,630.93	11,003.07	70,392.45	54,306.47	16,085.98
Recorder of Deeds	24,954.00	30,876.00	(5,922.00)	32,240.00	29,732.89	2,507.11
Circuit Clerk	8,350.00	7,259.66	1,090.34	10,400.00	7,448.87	2,951.13
Associate Circuit Court	8,300.00	7,245.60	1,054.40	8,600.00	7,919.69	680.31
Court Administration	43,700.00	39,383.52	4,316.48	63,905.62	34,566.53	29,339.09
Public Administrator	41,750.00	41,106.35	643.65	41,200.00	40,787.61	412.39
Sheriff	151,749.00	170,882.79	(19,133.79)	194,869.25	189,608.99	5,260.26
Jail	122,369.00	148,969.49	(26,600.49)	156,868.00	143,959.54	12,908.46
Prosecuting Attorney	85,136.00	87,331.39	(2,195.39)	91,280.00	87,193.74	4,086.26
Juvenile Officer	61,795.00	47,042.94	14,752.06	63,108.46	48,344.79	14,763.67
County Coroner	13,700.00	12,948.22	751.78	14,600.00	13,005.61	1,594.39
County Surveyor	3,000.00	3,000.00	0.00	6,000.00	3,000.00	3,000.00
Insurance - Property and Liability	26,000.00	24,662.22	1,337.78	28,000.00	21,881.93	6,118.07
Other	104,904.62	39,055.28	65,849.34	195,627.22	110,577.81	85,049.41
Transfers out	25,555.00	36,213.60	(10,658.60)	47,665.00	41,500.00	6,165.00
Total disbursements	1,284,743.62	1,226,297.76	58,445.86	1,581,823.00	1,340,069.43	241,753.57
RECEIPTS OVER [UNDER] DISBURSEMENTS	(136,021.62)	117,018.16	253,039.78	(399,032.00)	(216,916.16)	182,115.84
CASH JANUARY 1	201,154.54	201,154.54	0.00	418,070.70	418,070.70	0.00
CASH DECEMBER 31	\$65,132.92	\$318,172.70	\$253,039.78	\$19,038.70	\$201,154.54	\$182,115.84

The accompanying Notes to the Financial Statements are an integral part of this statement.

TEXAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
SPECIAL ROAD AND BRIDGE FUND						
RECEIPTS						
Intergovernmental	\$1,452,720.56	\$1,368,921.00	(\$83,799.56)	\$1,455,934.48	\$945,534.73	(\$510,399.75)
Charges for services	200.00		(200.00)	100.00	20.00	(80.00)
Interest	7,536.13	5,622.91	(1913.22)	4,500.00	6,096.27	1596.27
Transfers in	71,064.57	3536.00	(67528.57)	72765.15	4,260.72	(68504.43)
Total receipts	1,531,521.26	1,378,079.91	(153441.35)	1,533,299.63	955,911.72	(577387.91)
DISBURSEMENTS						
Supplies	5,010.00	128.47	4,881.53	21,872.04	5,244.86	16,627.18
Insurance	700.00	718.00	(18.00)	1,000.00	652.00	348.00
Other	921,140.00	926,823.24	(5,683.24)	921,230.00	898,261.29	22,968.71
Road and bridge construction	595,989.00	418,715.75	177,273.25	603,318.35	7,329.54	595,988.81
Transfers out	32,436.13	32,213.97	222.16	33,460.72	32,010.32	1,450.40
Total disbursements	1,555,275.13	1,378,599.43	176,675.70	1,580,881.11	943,498.01	637,383.10
RECEIPTS OVER [UNDER] DISBURSEMENTS	(23,753.87)	(519.52)	23,234.35	(47,581.48)	12,413.71	59,995.19
CASH JANUARY 1	141,430.87	141,430.87	0.00	129,017.16	129,017.16	0.00
CASH DECEMBER 31	\$117,677.00	\$140,911.35	\$23,234.35	\$81,435.68	\$141,430.87	\$59,995.19
ASSESSMENT FUND						
RECEIPTS						
Intergovernmental	\$132,063.00	\$120,452.34	(\$11,610.66)	\$151,333.50	\$139,935.58	(\$11,397.92)
Interest	500.00	1133.78	633.78	800.00	947.91	147.91
Other	1273.56	3001.96	1728.40	2,000.00	1,756.00	(244.00)
Transfers in	25,550.00	17,688.82	(7861.18)	43,665.00	41,500.00	(2165.00)
Total receipts	159,386.56	142,276.90	(17109.66)	197,798.50	184,139.49	(13659.01)
DISBURSEMENTS						
Assessor	167,876.00	150,766.34	17,109.66	197,797.20	175,650.05	22,147.15
Total disbursements	167,876.00	150,766.34	17,109.66	197,797.20	175,650.05	22,147.15
RECEIPTS OVER [UNDER] DISBURSEMENTS	(8,489.44)	(8,489.44)	0.00	1.30	8,489.44	8,488.14
CASH JANUARY 1	8,489.44	8,489.44	0.00	0.00	0.00	0.00
CASH DECEMBER 31	\$0.00	\$0.00	\$0.00	\$1.30	\$8,489.44	\$8,488.14

The accompanying Notes to the Financial Statements are an integral part of this statement.

TEXAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
LAW ENFORCEMENT TRAINING FUND						
RECEIPTS						
Charges for services	\$4,000.00	\$3,993.50	(\$6.50)	\$4,000.00	\$3,455.00	(\$545.00)
Intergovernmental	2,000.00	0.00	(2000.00)	2,000.00	1,702.57	(297.43)
Interest	100.00	66.78	(33.22)	200.00	157.91	(42.09)
Total receipts	6,100.00	4,060.28	(2039.72)	6,200.00	5,315.48	(884.52)
DISBURSEMENTS						
Public safety	8,689.01	6,301.96	2,387.05	12,406.27	8,932.74	3,473.53
Total disbursements	8,689.01	6,301.96	2,387.05	12,406.27	8,932.74	3,473.53
RECEIPTS OVER [UNDER] DISBURSEMENTS	(2589.01)	(2241.68)	347.33	(6206.27)	(3617.26)	2589.01
CASH JANUARY 1	2,589.01	2,589.01	0.00	6,206.27	6,206.27	0.00
CASH DECEMBER 31	\$0.00	\$347.33	\$347.33	\$0.00	\$2,589.01	\$2,589.01
PROSECUTING ATTORNEY BAD CHECK FUND						
RECEIPTS						
Intergovernmental	\$4,854.37	\$4,854.37	\$0.00	\$0.00	\$0.00	\$0.00
Charges for services	10,936.38	10,936.38	0.00	13,900.00	18,221.00	4,321.00
Interest	230.71	230.71	0.00	100.00	121.17	21.17
Total receipts	16,021.46	16,021.46	0.00	14,000.00	18,342.17	4,342.17
DISBURSEMENTS						
Salaries				8,778.25	4,412.33	4,365.92
Equipment		5,848.85	(5,848.85)	1,500.00	1,723.00	(223.00)
Office expenses		4,198.99	(4,198.99)	4,100.00	4,132.32	(32.32)
Other	18,180.00	388.40	17,791.60	1,600.00	2,078.36	(478.36)
Transfers out		7,590.00	(7,590.00)			
Total disbursements	18,180.00	18,026.24	153.76	15,978.25	12,346.01	3,632.24
RECEIPTS OVER [UNDER] DISBURSEMENTS	(2,158.54)	(2,004.78)	153.76	(1,978.25)	5,996.16	7,974.41
CASH JANUARY 1	7,974.41	7,974.41	0.00	1,978.25	1,978.25	0.00
CASH DECEMBER 31	\$5,815.87	\$5,969.63	\$153.76	\$0.00	\$7,974.41	\$7,974.41

The accompanying Notes to the Financial Statements are an integral part of this statement.

TEXAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
RECORDER'S USER FEES FUND						
RECEIPTS						
Charges for services	\$14,100.00	\$19,332.00	\$5,232.00	\$10,600.00	\$14,128.75	\$3,528.75
Interest	100.00	467.01	367.01	400.00	183.57	(216.43)
Other				3,125.00		(3125.00)
Total receipts	14,200.00	19,799.01	5,599.01	14,125.00	14,312.32	187.32
DISBURSEMENTS						
Recorder of Deeds	19,000.00	7,584.21	11,415.79	23,548.01	18,844.27	4,703.74
Total disbursements	19,000.00	7,584.21	11,415.79	23,548.01	18,844.27	4,703.74
RECEIPTS OVER [UNDER] DISBURSEMENTS	(4,800.00)	12,214.80	17,014.80	(9,423.01)	(4,531.95)	4,891.06
CASH JANUARY 1	4,891.06	4,891.06	0.00	9,423.01	9,423.01	0.00
CASH DECEMBER 31	\$91.06	\$17,105.86	\$17,014.80	\$0.00	\$4,891.06	\$4,891.06
PROSECUTING ATTORNEY TRAINING FUND						
RECEIPTS						
Charges for services	\$950.00	\$1,025.50	\$75.50	\$1,500.00	\$890.00	(\$610.00)
Interest	50.00	51.33	1.33	50.00	75.81	25.81
Total receipts	1,000.00	1,076.83	76.83	1,550.00	965.81	(584.19)
DISBURSEMENTS						
Prosecuting Attorney	2,565.57	1,598.20	967.37	3,407.32	1,257.56	2,149.76
Total disbursements	2,565.57	1,598.20	967.37	3,407.32	1,257.56	2,149.76
RECEIPTS OVER [UNDER] DISBURSEMENTS	(1565.57)	(521.37)	1044.20	(1857.32)	(291.75)	1,565.57
CASH JANUARY 1	1,565.57	1,565.57	0.00	1,857.32	1,857.32	0.00
CASH DECEMBER 31	\$0.00	\$1,044.20	\$1,044.20	\$0.00	\$1,565.57	\$1,565.57

The accompanying Notes to the Financial Statements are an integral part of this statement.

TEXAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
WRITEX 911 EMERGENCY TELEPHONE FUND						
RECEIPTS						
Charges for services	\$408,000.00	\$387,621.00	(\$20,379.00)	\$337,000.00	\$401,316.93	\$64,316.93
Interest	24,500.00	25,538.17	1,038.17	23,000.00	26,590.52	3,590.52
Other	12,100.00	12,093.32	(6.68)	13,000.00	12,327.35	(672.65)
Total receipts	444,600.00	425,252.49	(19347.51)	373,000.00	440,234.80	67,234.80
DISBURSEMENTS						
Salaries and fringe benefits	289,710.00	283,140.60	6,569.40	257,520.00	242,695.29	14,824.71
Operations expense	107,500.00	70,860.25	36,639.75	117,780.00	72,086.36	45,693.64
Office expenditures	13,650.00	12,406.48	1,243.52	13,000.00	9,754.92	3,245.08
Equipment	137,061.42	70,955.66	66,105.76	120,076.69		120,076.69
Mileage and training	10,200.00	3,969.47	6,230.53	10,200.00	5,532.22	4,667.78
Other expenses	13,000.00	10,150.09	2,849.91	3,000.00	5,137.92	(2,137.92)
Transfers out		12,285.91	(12,285.91)		10,194.08	(10,194.08)
Total disbursements	571,121.42	463,768.46	107,352.96	521,576.69	345,400.79	176,175.90
RECEIPTS OVER [UNDER] DISBURSEMENTS	(126521.42)	(38515.97)	88005.45	(148576.69)	94,834.01	243,410.70
CASH JANUARY 1	584,811.03	584,811.03	0.00	489,977.02	489,977.02	0.00
CASH DECEMBER 31	\$458,289.61	\$546,295.06	\$88,005.45	\$341,400.33	\$584,811.03	\$243,410.70
LAW ENFORCEMENT OPERATIONS FUND						
RECEIPTS						
Intergovernmental	\$51,799.00	\$21,039.60	(\$30,759.40)	\$7,967.70	\$7,967.70	\$0.00
Charges for services	12,900.00	11,727.50	(1172.50)	10,000.00	12,821.25	2,821.25
Interest	200.00	1,545.16	1345.16	500.00	2,647.43	2,147.43
Other		2,850.00	2850.00			
Total receipts	64,899.00	37,162.26	(27736.74)	18,467.70	23,436.38	4,968.68
DISBURSEMENTS						
Federal forfeitures	39,860.00	16,946.82	22,913.18	39,730.75	1,935.30	37,795.45
Grants	51,799.00	35,101.07	16,697.93	7,967.70	7,967.70	0.00
Other	21,507.28	7,949.59	13,557.69	23,473.50	17,970.35	5,503.15
Total disbursements	113,166.28	59,997.48	53,168.80	71,171.95	27,873.35	43,298.60
RECEIPTS OVER [UNDER] DISBURSEMENTS	(48,267.28)	(22,835.22)	25,432.06	(52,704.25)	(4,436.97)	48,267.28
CASH JANUARY 1	48,267.28	48,267.28	0.00	52,704.25	52,704.25	0.00
CASH DECEMBER 31	\$0.00	\$25,432.06	\$25,432.06	\$0.00	\$48,267.28	\$48,267.28

The accompanying Notes to the Financial Statements are an integral part of this statement.

TEXAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
RESCUE UNIT FUND						
RECEIPTS						
Other	\$1,377.00	\$1,377.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest	848.61	848.61	0.00	500.00	902.70	402.70
Transfers in				500.00		(500.00)
Total receipts	2,225.61	2,225.61	0.00	1,000.00	902.70	(97.30)
DISBURSEMENTS						
Public safety	21,421.80	0.00	21,421.80	19,619.10	0.00	19,619.10
Total disbursements	21,421.80	0.00	21,421.80	19,619.10	0.00	19,619.10
RECEIPTS OVER [UNDER] DISBURSEMENTS	(19196.19)	2225.61	21421.80	(18619.10)	902.70	19,521.80
CASH JANUARY 1	19,521.80	19,521.80	0.00	18,619.10	18,619.10	0.00
CASH DECEMBER 31	\$325.61	\$21,747.41	\$21,421.80	\$0.00	\$19,521.80	\$19,521.80
GARNER COVERT MEMORIAL FUND						
RECEIPTS						
Interest	\$800.00	\$704.09	(\$95.91)	\$800.00	\$790.35	(\$9.65)
Total receipts	800.00	704.09	(95.91)	800.00	790.35	(9.65)
DISBURSEMENTS						
Other	5,572.87	2,366.06	3,206.81	4,862.52	80.00	4,782.52
Total disbursements	5,572.87	2,366.06	3,206.81	4,862.52	80.00	4,782.52
RECEIPTS OVER [UNDER] DISBURSEMENTS	(4,772.87)	(1,661.97)	3,110.90	(4,062.52)	710.35	4,772.87
CASH JANUARY 1	16,772.87	16,772.87	0.00	16,062.52	16,062.52	0.00
CASH DECEMBER 31	\$12,000.00	\$15,110.90	\$3,110.90	\$12,000.00	\$16,772.87	\$4,772.87
LOCAL EMERGENCY PREPAREDNESS FUND						
RECEIPTS						
Intergovernmental	\$10,300.00	\$7,197.32	(\$3,102.68)	\$10,163.35	\$9,973.90	(\$189.45)
Interest	600.00	871.26	271.26	500.00	857.76	357.76
Other	100.00		(100.00)			
Total receipts	11,000.00	8,068.58	(2931.42)	10,663.35	10,831.66	168.31
DISBURSEMENTS						
L.E.P.C. expenses	29,500.24	2,899.53	26,600.71	23,289.50	4,957.57	18,331.93
Total disbursements	29,500.24	2,899.53	26,600.71	23,289.50	4,957.57	18,331.93
RECEIPTS OVER [UNDER] DISBURSEMENTS	(18,500.24)	5,169.05	23,669.29	(12,626.15)	5,874.09	18,500.24
CASH JANUARY 1	18,500.24	18,500.24	0.00	12,626.15	12,626.15	0.00
CASH DECEMBER 31	\$0.00	\$23,669.29	\$23,669.29	\$0.00	\$18,500.24	\$18,500.24

The accompanying Notes to the Financial Statements are an integral part of this statement.

TEXAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
DOMESTIC VIOLENCE VICTIM FUND						
RECEIPTS						
Charges for services	\$2,250.00	\$2,108.00	(\$142.00)	\$1,800.00	\$2,305.00	\$505.00
Interest	750.00	676.69	(73.31)	700.00	817.95	117.95
Total receipts	3,000.00	2,784.69	(215.31)	2,500.00	3,122.95	622.95
DISBURSEMENTS						
Shelters for victims of violence	19,430.54	9,205.00	10,225.54	19,162.59	3,355.00	15,807.59
Total disbursements	19,430.54	9,205.00	10,225.54	19,162.59	3,355.00	15,807.59
RECEIPTS OVER [UNDER] DISBURSEMENTS	(16,430.54)	(6,420.31)	10,010.23	(16,662.59)	(232.05)	16,430.54
CASH JANUARY 1	16,430.54	16,430.54	0.00	16,662.59	16,662.59	0.00
CASH DECEMBER 31	\$0.00	\$10,010.23	\$10,010.23	\$0.00	\$16,430.54	\$16,430.54
TEXAS CO HISTORICAL MILITARY MUSEUM FUND						
RECEIPTS						
Interest	\$265.00	\$525.85	\$260.85	\$25.00	\$281.38	\$256.38
Other	7,512.90	8,106.90	594.00	1,613.33	5,549.23	3,935.90
Total receipts	7,777.90	8,632.75	854.85	1,638.33	5,830.61	4,192.28
DISBURSEMENTS						
Museum operations	13,558.19	4,434.03	9,124.16	6,623.18	4,945.17	1,678.01
Total disbursements	13,558.19	4,434.03	9,124.16	6,623.18	4,945.17	1,678.01
RECEIPTS OVER [UNDER] DISBURSEMENTS	(5,780.29)	4,198.72	9,979.01	(4,984.85)	885.44	5,870.29
CASH JANUARY 1	6,665.29	6,665.29	0.00	5,779.85	5,779.85	0.00
CASH DECEMBER 31	\$885.00	\$10,864.01	\$9,979.01	\$795.00	\$6,665.29	\$5,870.29
ELECTION SERVICES FUND						
RECEIPTS						
Charges for services	\$3,300.00	\$4,467.95	\$1,167.95	\$3,200.00	\$3,745.35	\$545.35
Interest	200.00	380.79	180.79	100.00	237.77	137.77
Total receipts	3,500.00	4,848.74	1,348.74	3,300.00	3,983.12	683.12
DISBURSEMENTS						
Elections	11,242.96	3,932.00	7,310.96	7,059.84	0.00	7,059.84
Total disbursements	11,242.96	3,932.00	7,310.96	7,059.84	0.00	7,059.84
RECEIPTS OVER [UNDER] DISBURSEMENTS	(7742.96)	916.74	8659.70	(3759.84)	3,983.12	7,742.96
CASH JANUARY 1	7,742.96	7,742.96	0.00	3,759.84	3,759.84	0.00
CASH DECEMBER 31	\$0.00	\$8,659.70	\$8,659.70	\$0.00	\$7,742.96	\$7,742.96

The accompanying Notes to the Financial Statements are an integral part of this statement.

TEXAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
COLLECTOR'S TAX MAINTENANCE FUND						
RECEIPTS						
Charges for services	\$1,605.11	\$1,605.11	\$0.00			
Interest	4.83	4.83	0.00			
Total receipts	1,609.94	1,609.94	0.00			
DISBURSEMENTS						
County Collector	1,250.00	1,073.88	176.12			
Total disbursements	1,250.00	1,073.88	176.12			
RECEIPTS OVER [UNDER] DISBURSEMENTS	359.94	536.06	176.12			
CASH JANUARY 1	0.00	0.00	0.00			
CASH DECEMBER 31	\$359.94	\$536.06	\$176.12			
HABILITATION SERVICES						
RECEIPTS						
Property and financial inst. taxes	\$141,300.00	\$113,135.58	(\$28,164.42)	\$101,000.00	\$134,508.24	\$33,508.24
Interest	2,000.00	1,515.47	(484.53)	2000.00	1615.64	(384.36)
Total receipts	143,300.00	114,651.05	(28648.95)	103000.00	136123.88	33123.88
DISBURSEMENTS						
Office expenses	2,455.00	1,938.98	516.02	2100.00	4671.99	(2571.99)
Contract services	135,000.00	135,000.00	0.00	134000.00	139000.00	(5000.00)
Total disbursements	137,455.00	136,938.98	516.02	136100.00	143671.99	(7571.99)
RECEIPTS OVER [UNDER] DISBURSEMENTS	5845.00	(22287.93)	(28132.93)	(33100.00)	(7548.11)	25551.89
CASH JANUARY 1	78568.94	78568.94	0.00	86117.05	86117.05	0.00
CASH DECEMBER 31	\$84,413.94	\$56,281.01	(\$28,132.93)	\$53,017.05	\$78,568.94	\$25,551.89

The accompanying Notes to the Financial Statements are an integral part of this statement.

TEXAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
CIRCUIT COURT - LAW LIBRARY FUND						
RECEIPTS						
Intergovernmental	\$4,000.00	\$4,860.00	\$860.00	\$4,860.00	\$4,050.00	(\$810.00)
Interest	100.00	36.98	(63.02)	140.00	84.58	(55.42)
Total receipts	4,100.00	4,896.98	796.98	5000.00	4134.58	(865.42)
DISBURSEMENTS						
Law library	4,000.00	4,010.00	(10.00)	5000.00	4583.90	416.10
Total disbursements	4,000.00	4,010.00	(10.00)	5000.00	4583.90	(449.32)
RECEIPTS OVER [UNDER] DISBURSEMENTS	100.00	886.98	786.98	0.00	(449.32)	(449.32)
CASH JANUARY 1	7,301.82	7,301.82	0.00	7751.14	7751.14	0.00
CASH DECEMBER 31	\$7,401.82	\$8,188.80	\$786.98	\$7,751.14	\$7,301.82	(\$449.32)
TEXAS CO HEALTH CENTER FUND						
RECEIPTS						
Property taxes	\$139,521.00	\$113,135.58	(\$26,385.42)	\$125,000.00	\$134,508.24	\$9,508.24
Intergovernmental	276,308.00	334,631.80	58323.80	244445.00	256977.38	12532.38
Charges for services	15,800.00	18,892.50	3092.50	18200.00	17668.00	(532.00)
Interest	10,000.00	9,395.93	(604.07)	9000.00	10564.80	1564.80
Other	17,040.00	27,142.20	10102.20	15060.00	11393.71	(3666.29)
Total receipts	458,669.00	503,198.01	44529.01	411705.00	431112.13	19407.13
DISBURSEMENTS						
Salaries and fringe benefits	381,100.00	369,953.63	11146.37	348400.00	335390.25	13009.75
Office expenditures	51,685.00	43,267.01	8417.99	47955.00	53916.66	(5961.66)
Equipment and maintenance	5,000.00	19,242.48	(14242.48)	5000.00	3234.83	1765.17
Mileage and training	11,600.00	12,409.21	(809.21)	12100.00	11574.19	525.81
Other expenses	9,000.00	11,751.23	(2751.23)	8400.00	7282.02	1117.98
Total disbursements	458,385.00	456,623.56	1,761.44	421,855.00	411,397.95	10,457.05
RECEIPTS OVER [UNDER] DISBURSEMENTS	284.00	46,574.45	46,290.45	(10,150.00)	19,714.18	29,864.18
CASH JANUARY 1	154,566.82	154,566.82	0.00	134,852.64	134,852.64	0.00
CASH DECEMBER 31	\$154,850.82	\$201,141.27	\$46,290.45	\$124,702.64	\$154,566.82	\$29,864.18

The accompanying Notes to the Financial Statements are an integral part of this statement.

TEXAS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002, AND 2001

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Texas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Habilitation Services Board. The General Revenue Fund is the county's operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash receipts and cash disbursements basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>
Circuit Clerk Interest Fund	2002 and 2001
Associate Circuit Division Interest Fund	2002 and 2001
CDBG Block Grant Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>
Law Library Fund	2002
Habilitation Services Fund	2001

TEXAS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002, AND 2001

1. Summary of Significant Accounting Policies - Continued

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>
Habilitation Services Fund	2002 and 2001
Texas Co. Health Center	2002 and 2001
Circuit Clerk Interest Fund	2002 and 2001
Assoc. Circuit Division Interest Fund	2002 and 2001
Law Library Interest Fund	2002 and 2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county had not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County

TEXAS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002, AND 2001

2. Cash - Continued

Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

At December 21, 2002 and 2001 bank balances were secured as follows:

	<u>Year</u>	<u>FDIC Insurance</u>	<u>Fair Market Value Securities Pledged</u>	<u>Total Bank Balance</u>
Texas County	2001	\$100,000.00	\$1,107,095.66	\$1,207,095.66
	2002	\$100,000.00	\$1,468,566.45	\$1,568,566.45
Health Center	2001	\$100,000.00	\$ 58,020.98	\$ 158,020.98
	2002	\$100,000.00	\$ 121,953.46	\$ 221,953.46
Habilitation Services	2001	\$ 78,568.94		\$ 78,568.94
	2002	\$ 56,281.01		\$ 56,281.01

Texas County's, the Habilitation Services Board's and the Health Center Board's bank balances including certificates of deposit at December 31, 2002 and 2001 were covered, as indicated above, by federal depositary insurance and collateral securities pledged by the depositary bank and held by independent banks but not in the county's or board's name.

3. CART Funds

Various citizens have demonstrated a concern regarding Texas County's handling of CART funds. On May 22, 2003 the Missouri Ethics Commission determined that the CART funds are being properly monitored and distributed by the county.

TEXAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31,

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	2002 Expenditures	2001 Expenditures
U.S. Department of Agriculture				
Passed-through Missouri Office of Administration Schools and Roads - Grants to States	10.665	Not Applicable	\$101,253.12	\$15,239.72
Department of Health Special Supplemental Nutrition Program (WIC)	10.557	ERS045-1208		60,564.99
Special Supplemental Nutrition Program (WIC)	10.557	ERS045-2208	64,202.46	19,674.70
Special Supplemental Nutrition Program (WIC)	10.557	ERS045-3208	20,338.88	
Summer Food Service Program for Children	10.559	ERS146-22081	300.00	
Department of Social Services Food Distribution	10.550	Not Applicable	689.25	549.70
U.S. Department of the Interior				
Direct Program Payment in Lieu of Tax - National Forest	15.000	Not Applicable	46,775.00	43,241.00
U.S. Department of Housing and Urban Development				
Passed-through Missouri Department of Economic Development Community Development Block Grants	14.228	99-PF-09		111,045.14
U.S. Department of Justice				
Direct Program Equitable Sharing of Seized and Forfeited Property	16.000	Not Applicable	16,946.82	1,935.30
Passed-through Missouri Department of Public Safety Local Law Enforcement Block Grant Program	16.592	2000-LBG-086		7,967.70
Sheriff's Meth-Amphetamine Relief Team MO-Smart Program	16.580	SD2002-13	32,518.69	

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

TEXAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31,

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	2002 Expenditures	2001 Expenditures

U.S. Department of Transportation				

Passed-through Missouri				
Highway and Transportation Commission				
Highway Planning and Construction	20.205	BRO-107(7)	418,615.37	7,329.54
Department of Public Safety				
Interagency Hazardous Materials Public Sector				
Training and Planning Grants	20.703	HMEP	1,228.18	
General Services Administration				

Passed-through Missouri				
Office of Administration				
Donation of Federal Surplus Personal Property	39.003	Not Applicable		1,490.08
U.S. Department of Health & Human Services				

Passed-through Missouri				
Department of Social Services				
Child Support Enforcement	93.563	Not Applicable	4,510.77	4,781.69
Department of Health				
Immunization Grants	93.268	Not Applicable	29,952.49	20,742.96
Daycare consultant and Inspections	93.575	PGA067-2208S	1,390.00	1,980.00
Daycare consultant and Inspections	93.575	PGA067-2208C	1,095.00	200.00
Comprehensive Breast and Cervical Cancer Early Detection Progr	93.919	ERS16110040		14,578.76
Comprehensive Breast and Cervical Cancer Early Detection Progr	93.919	ERS16120072	15,552.86	5,997.79
Comprehensive Breast and Cervical Cancer Early Detection Progr	93.919	ERS16130009	3,925.84	
Maternal and Child Health Services	93.994	ERS146-1208M	23,548.14	23,869.16
Maternal and Child Health Block Grants to States	93.994	Not Applicable	281.97	1,338.48
Comprehensive Family Planning Services	93.994	ERS175-1208F		3,378.45
Comprehensive Family Planning Services	93.994	ERS175-2076F	3,144.30	702.45
Comprehensive Family Planning Services	93.994	ERS175-3077F	3,009.00	
Regional Public Health Emergency Planning and Response	93.288	AOC0338042	54,194.25	
TOTAL FEDERAL AWARDS			\$843,472.39	\$346,607.61
			=====	=====

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

TEXAS COUNTY, MISSOURI
NOTES TO SUPPLEMENTARY SCHEDULE
YEARS ENDED DECEMBER 31, 2002, AND 2001

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The Accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Texas County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance - means assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award - means federal financial assistance and federal cost-reimbursement contracts that nonfederal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash receipts and cash disbursements method of accounting, which recognized amounts only when disbursed in cash.

TEXAS COUNTY, MISSOURI
NOTES TO SUPPLEMENTARY SCHEDULE
YEARS ENDED DECEMBER 31, 2002, AND 2001

1. Summary of Significant Accounting Policies - Continued

C. Basis of Accounting - Continued

The following amounts are included on the schedule of federal awards and represent non cash sources of federal financial assistance.

<u>CFDA No.</u>	<u>2002</u> <u>Amount</u>	<u>2001</u> <u>Amount</u>	<u>Description</u>
10.550	\$689.25	\$549.70	Food commodities consumed
16.000	\$16,946.82	\$1,935.30	County's share of seized monies or property
39.003		\$1,490.08	Donation of federal surplus personal property
93.268	\$29,952.49	\$20,742.96	Original acquisition cost of vaccines purchased by the Centers for Disease Control
93.994	\$281.97	\$1,338.48	Original acquisition cost of vaccines received through the State Department of Health

2. Sub recipients

The county provided no federal awards to sub recipients during the years ended December 31, 2002 and 2001.

FEDERAL AWARDS- SINGLE AUDIT SECTION



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission and
Officeholders of Texas County, Missouri

Compliance

We have audited the compliance of Texas County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Texas County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

Internal Control Over Compliance

The management of Texas County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Texas County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

A. M. Barnhart, P.C.
Certified Public Accountant

Houston, Missouri
May 23, 2003

TEXAS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

☐ Yes ☒ No

Reportable condition(s) identified
not considered to be material weaknesses?

☐ Yes ☒ None reported

Noncompliance material to financial
statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

☐ Yes ☒ No

Reportable condition(s) identified
not considered to be material weaknesses?

☒ Yes ☐ None reported

Type of auditor's report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Section .510(a)
of Circular A-133?

☒ Yes ☐ No

Identification of major programs:

CFDA Number(s)

10.665

10.557

14.228

20.205

Name of Federal Program or Cluster

Schools and Roads - Grants to States

Special Supplemental Nutrition Program

Community Development Block Grants

Highway Planning and Construction

Dollar threshold used to distinguish between
type A and type B programs:

\$300,000.00

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

MANAGEMENT ADVISORY REPORT SECTION

TEXAS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)-CONTINUED
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section II--Financial Statement Findings

This section includes no audit findings that Government Auditing Standards requires to be reported for an audit of financial statements.

Section III--Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1	Schedule of Expenditures of Federal Awards	Federal
Grantor:	U.S. Department of Agriculture	
Pass-Through Grantor:	Office of Administration	
Federal CFDA Number:	10.557	
Program Title:	Special Supplemental Nutrition Program	
Pass-Through Entity Identifying No.	ERS045-1208, ERS045-2208, and ERS045-3208	
Award Years:	2002 and 2001	
Questioned Costs:	Not applicable	
Federal Grantor:	U.S. Department of Agriculture	
Pass-Through Grantor:	Department of Social Services	
Federal CFDA Number:	10.550	
Program Title:	Food Distribution	
Pass-Through Entity Identifying No.	Not applicable	
Award Years:	2002 and 2001	
Questioned Costs:	Not applicable	
Federal Grantor:	U.S. Department of Justice	
Pass-Through Grantor:	Direct Program	
Federal CFDA Number:	16.000	
Program Title:	Equitable Sharing of Seized/Forfeited Property	
Pass-Through Entity Identifying No.	Not applicable	
Award Years:	2002	
Questioned Costs:	Not applicable	
Federal Grantor:	U.S. Department of Justice	
Pass-Through Grantor:	Sheriff's Meth-Amphetamine Relief Team	
Federal CFDA Number:	16.580	
Program Title:	MO-Smart Program	
Pass-Through Entity Identifying No.	SD2002-13	
Award Years:	2002	
Questioned Costs:	Not applicable	

TEXAS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION) - CONTINUED
YEARS ENDED DECEMBER 31, 2002 AND 2001

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying No.	BRO-107(7)
Award Years:	2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	20.703
Program Title:	Interagency Hazardous Materials Public Sector Training and Planning Grants
Pass-Through Entity Identifying No.	HMEP
Award Years:	2002
Questioned Costs:	Not applicable
Federal Grantor:	General Services Administration
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	39.003
Program Title:	Donation of surplus personal property
Pass-Through Entity Identifying No.	Not applicable
Award Years:	2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Health and Human Serv.
Pass-Through Grantor:	Department of Social Services
Federal CFDA Number:	93.563
Program Title:	Child Support Enforcement
Pass-Through Entity Identifying No.	Not applicable
Award Years:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Health and Human Serv.
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	93.268
Program Title:	Immunization Grants
Pass-Through Entity Identifying No.	Not applicable
Award Years:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Health and Human Serv.
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	93.575
Program Title:	Daycare consultant and Inspections
Pass-Through Entity Identifying No.	PGA067-2208S and PGA067-2208C
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

TEXAS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION) - CONTINUED
YEARS ENDED DECEMBER 31, 2002 AND 2001

Federal Grantor:	U.S. Department of Health and Human Serv.
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	93.919
Program Title:	Comprehensive Breast and Cervical Cancer Early Detection Program
Pass-Through Entity Identifying No.	ERS16110040, ERS16120072 and ERS16130009
Award Years:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Health and Human Serv.
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	93.994
Program Title:	Maternal and Child Health Services
Pass-Through Entity Identifying No.	ERS146-1208M
Award Years:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Health and Human Serv.
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	93.994
Program Title:	Maternal and Child Health Block Grants
Pass-Through Entity Identifying No.	Not applicable
Award Years:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Health and Human Serv.
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	93.994
Program Title:	Comprehensive Family Planning Services
Pass-Through Entity Identifying No.	ERS175-1208F, ERS175-2076F, and ERS175-3077F
Award Years:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Health and Human Serv.
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	93.288
Program Title:	Regional Public Health Emergency Planning and Response
Pass-Through Entity Identifying No.	AOC0338042
Award Years:	2002
Questioned Costs:	Not applicable

TEXAS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION) - CONTINUED
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have procedures in place to track federal awards for preparation of the SEFA. For the years ended December 31, 2002 and 2001, the county's SEFA contained numerous errors and omissions for programs listed above. For example, expenditures relating to several federal grants were not included on the schedules. Other programs reported did not include the required pass-through grantor's number or the Catalog of Federal Domestic Assistance (CFDA) number. In addition, some programs were reported incorrectly, and in total, expenditures were understated by \$30,154.82 and \$14,769.74 for 2002 and 2001, respectively.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

This is yet another unfunded mandate of the federal government. This is also another additional duty assigned to the county clerk's office. The county clerk will encourage all boards and elected officials to work with him to insure that the required report is completed with all needed information. I would recommend the state auditor inform all elected officials and county boards of the need to supply this information in a timely fashion to the officer in charge of preparing the SEFA report. A complete listing from the state auditor of all federal programs that need to be included in this report is also suggested.

TEXAS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Texas County's audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

TEXAS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Texas County's audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

TEXAS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT - AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Texas County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 23, 2003. We also have audited the compliance of Texas County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 23, 2003.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county.

Because the Texas County Memorial Hospital is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed their audit report for the years ended December 31, 2002 and 2001.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the special-purpose financial statements referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Texas County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. County Budgets and Financial Reporting

A. The approved budget documents for several county funds (including those prepared by elected officials) did not adequately reflect the anticipated financial condition for the two years ended December 31, 2002. Expenditures were budgeted to use substantially all available resources. For example, the anticipated ending cash balance for the General Revenue Fund for December 31, 2002 was projected at \$65,132.92, while the actual ending cash balance was \$318,172.70. In addition, for most of the smaller county funds the budgets project ending balances of zero while the actual ending balances are substantially higher.

To be of maximum assistance to the county and to adequately inform the public, the budgets should accurately reflect the anticipated receipts, expenditures and ending cash balance. The practice of routinely budgeting to spend the majority of all available resources decreases the effectiveness of the budget as a management planning tool and as a control over expenditures.

Similar conditions have been noted in prior audit reports.

B. Formal budgets were not prepared or obtained for various county funds for the years ended December 31, 2002 and 2001. Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.

C. Actual disbursements exceeded the budgeted amounts in various funds as follows:

Law Library Fund	December 31, 2002
Habilitation Services Fund	December 21, 2001

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d 246(1954), that county officials are required to strictly comply with the county budget laws. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

D. Annual published financial statements of the county did not include the financial activity of various funds as follows:

<u>Fund</u>	<u>Year Ended December 31,</u>
Habilitation Services Fund	2002 and 2001
Texas Co. Health Center	2002 and 2001
Circuit Clerk Interest Fund	2002 and 2001
Assoc. Circuit Division Interest Fund	2002 and 2001
Law Library Interest Fund	2002 and 2001

Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed the county should be included. by

WE RECOMMEND the County Commission:

- A. Estimate receipts and disbursements much more closely to the anticipated actual amounts so that the budget documents present a reasonable estimate of the county's financial plan and actual estimated ending cash balances.
- B. Ensure that budgets are prepared or obtained for all county funds.
- C. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements the original budget should be formally amended and filed with the State Auditor's office.
- D. Ensure financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE

- A. *We disagree as we have in past audits.*

The General Revenue Fund budgets expense items that are solely controlled by the County Commission and the Budget Officer. Funds are budgeted in case expenditures are needed during the year, however, if the County can operate without them this means an unnecessary expenditure and an increased ending fund balance. [Example: As budget officer, I usually recommend a budget amount of between \$20,000 to \$30,000 be set aside to pay for criminal cost. For 2003 only \$10,000 was set aside, and now the County is faced with expenses exceeding \$30,000 for a retrial ordered by the state.] Revenues are not always estimated as close as possible due to numerous unknown revisions that the federal and state governments may change during the fiscal year. If additional revenue is received above budgeted amounts this will cause a larger ending balance. This was the case in our 2002 General Revenue budget. We received more revenue than was budgeted.

The smaller funds are budgeted for the total allowable expenditures so that elected officials and or department heads will have available the maximum funds if needed. This is done mainly because the needed expenditures are not always known and or decided prior to completion of the county budget. The County Commission and Budget Officer has little or no control over the expenditures of these special funds. The general assembly needs to eliminate these special funds and direct all revenue into the General Revenue Fund. Thus, if all funds are available, the elected official does not have to ask the County Commission and the Budget Officer to amend said budget during the fiscal year.

In the past, working the county budget in this manner has provided a stable budget process. The county has always given the general public the opportunity to comment and inspect the county budget. If county residents have questions regarding this matter, they are welcome to meet with the county's budget officer to review the budget or budgeting process.

- B. *We agree.*

*However, the public needs to know that the County Commission and Budget Officer are not at fault. Elected officials and or department heads including judges have willingly refused to prepare budgets for some public funds. Nothing short of filing suit for neglect of duty will ever resolve this matter. The only other hope in obtaining these budgets is when different people hold these offices or positions. It should be noted that the County Commission took a **bold** step in 2002 by requiring all funds and accounts that use the county's federal identification number to have a budget. This step forced the County Commission to instruct banks to remove the county's federal identification number from some accounts. The known balances of these funds would not greatly impact the budgeting process for the county.*

C. We agree.

However, the two funds that had actual disbursements that exceeded budgeted expenditures are not included in the funds under the control of the budget officer or the county treasurer. The budget officer will inform the two boards that oversee these public funds of the laws dealing with amending budgets during a fiscal year and the information they need to provide the county commission and the state auditor.

D. We agree

*The County Clerk has **volunteered** to prepare the county's financial statement for the past twenty-five years and will continue to request timely information from various boards, and officials to be included in the annual financial report. If the information is not supplied, it cannot be properly included in the financial statement report. The County Clerk once again encourages the Missouri General Assembly to revise the state law dealing with the annual publication of the county financial statement for third class counties. The current law is a **huge waste** of county funds. A balance sheet of all funds that are published by municipal units, school boards and counties of the first and second class should be the format used by third class counties.*

TEXAS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Texas County, Missouri on special-purpose financial statement findings in the Management Advisory Report (MAR) of the county's audit report issued for the two years ended December 31, 2000. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR.

1. Budgetary Practices:

- A. Approved budget documents provided for expenditure of all funds within certain smaller funds and budgeted revenues and expenditures varied greatly from actual activity.
- B. Formal budgets were not prepared for various county funds.
- C. The annual financial statements of the county did not include the financial activity of some county funds as required.

Recommendation:

- A. Estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that the budget documents present a reasonable estimate of the county's financial plan and ending cash balances.
- B. Ensure budgets are prepared or obtained for all county funds.
- C. Ensure financial information for all county funds is properly reported in the annual financial statements.

Status:

A, B, AND C not implemented - See MAR finding number 1.



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Maries County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Maries County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Eickermann, Vollmar & Company, L. L. C., Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-84
August 13, 2003

MARIES COUNTY, MISSOURI
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

MARIES COUNTY, MISSOURI
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FINANCIAL SECTION

Independent Auditor's Reports

INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS

To the County Commission
and
Officeholders of Maries County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Maries County, Missouri, as of and for the years ended December 31, 2002 and 2001 as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Maries County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Maries County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Maries County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001 in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 13, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Original Signed by Auditor
Eikermann, Vollmar & Company, LLC

June 13, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Randy Eikermann, CPA
In-Charge Auditor: Melissa Prichard, CPA
Audit Staff: Keith Vollmar, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Maries County, Missouri

We have audited the special-purpose financial statements of various funds of Maries County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Maries County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as finding number 02-1. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Maries County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings as finding numbers 02-2 and 02-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Management Advisory Report.

This report is intended for the information of the management of Maries County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Eikermann, Vollmar & Company, LLC

June 13, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

MARIES COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 10,261	1,145,863	1,087,165	68,959
Special Road and Bridge	52,822	1,067,750	1,030,008	90,564
Assessment	128	109,505	108,293	1,340
Law Enforcement Training	8,779	2,936	3,251	8,464
Prosecuting Attorney Training	395	290	633	52
Prosecuting Attorney Bad Check	10,479	5,640	12,137	3,982
Children's Trust	268	288	312	244
Citizen's Safety	0	94,323	82,682	11,641
Recorder's Record Storage	29,349	9,289	5,449	33,189
911	44,126	82,387	76,517	49,996
Courthouse Renovation	242	4	246	0
Sheriff's Special	9,931	8,720	9,109	9,542
Law Enforcement	258	10	0	268
Maries County Law Enforcement	874	64	0	938
Election Service	1,769	1,141	216	2,694
Law Library	506	7,757	8,173	90
Circuit Clerk Interest	4,716	105	0	4,821
Associate Circuit Division Interest	134	36	104	66
Circuit Clerk Special Account Fund	125,137	3,728	0	128,865
Public Water Supply Dist. Fund	0	681	681	0
Total	\$ 300,174	2,540,517	2,424,977	415,715

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MARIES COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 82,389	1,008,153	1,080,281	10,261
Special Road and Bridge	42,035	741,153	730,366	52,822
Assessment	252	105,162	105,286	128
Law Enforcement Training	7,342	3,513	2,076	8,779
Prosecuting Attorney Training	219	496	320	395
Prosecuting Attorney Bad Check	6,712	6,599	2,832	10,479
Children's Trust	570	283	585	268
Recorder's Record Storage	23,551	6,979	1,181	29,349
911	49,668	84,124	89,666	44,126
Courthouse Renovation	36,880	90,313	126,951	242
Sheriff's Special	7,991	8,323	6,383	9,931
Law Enforcement	247	11	0	258
Maries County Law Enforcement	731	143	0	874
Election Service	1,030	1,728	989	1,769
Law Library	114	4,893	4,501	506
Family Court	2,298	2,237	4,535	0
Circuit Clerk Interest	4,460	283	27	4,716
Associate Circuit Division Interest	59	75	0	134
Circuit Clerk Special Account Fund	119,996	5,141	0	125,137
Total	\$ 386,544	2,069,607	2,155,979	300,174

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 2,377,711	2,446,194	68,483	1,979,203	2,056,826	77,623
DISBURSEMENTS	2,407,561	2,342,294	65,267	2,038,374	2,146,916	(108,542)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(29,850)	103,900	133,750	(59,171)	(90,090)	(30,919)
CASH, JANUARY 1	300,171	300,171	0	258,638	258,638	0
CASH, DECEMBER 31	270,321	404,071	133,750	199,467	168,548	(30,919)
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property Taxes	271,000	261,826	(9,174)	271,300	249,920	(21,380)
Sales Taxes	341,000	345,659	4,659	433,000	396,633	(36,367)
Intergovernmental	141,700	114,866	(26,834)	19,137	22,158	3,021
Charges for Services	146,400	166,558	20,158	144,854	146,272	1,418
Interest	3,800	1,484	(2,316)	6,000	3,864	(2,136)
Other	26,298	112,670	86,372	22,435	84,063	61,628
Transfers In	160,360	142,800	(17,560)	60,861	105,243	44,382
Total Receipts	1,090,558	1,145,863	55,305	957,587	1,008,153	50,566
DISBURSEMENTS						
County Commissioner	58,234	58,488	(254)	56,551	56,313	238
County Clerk	51,401	50,926	475	49,571	50,044	(473)
Elections	47,950	39,623	8,327	15,495	20,672	(5,177)
Buildings and Ground	56,475	71,503	(15,028)	70,664	56,900	13,764
Employee Fringe Benefits	107,000	132,112	(25,112)	95,000	98,288	(3,288)
County Treasurer	24,286	24,408	(122)	23,481	23,316	165
County Collector	62,149	62,318	(169)	60,592	58,204	2,388
Circuit Clerk and Ex Officio Recorder of Deeds	23,134	21,697	1,437	22,513	21,389	1,124
Associate Circuit and Probate Court	12,780	5,949	6,831	14,502	7,499	7,003
Court Administrator	10,922	4,288	6,634	9,800	7,638	2,162
Public Administrator	14,117	14,577	(460)	15,020	20,541	(5,521)
Sheriff	179,243	180,795	(1,552)	190,715	175,288	15,427
Jail	133,872	145,248	(11,376)	128,482	139,730	(11,248)
Prosecuting Attorney	59,509	59,433	76	52,816	52,527	289
Juvenile Officer	23,405	21,370	2,035	22,311	19,604	2,707
County Coroner	10,172	9,247	925	11,120	7,359	3,761
Public Health and Welfare Service	6,500	7,500	(1,000)	6,000	6,836	(836)
Other:						
University Extension	21,500	21,500	0	20,500	20,500	0
Insurance	41,500	51,035	(9,535)	27,396	40,339	(12,943)
License	36,210	39,780	(3,570)	33,492	31,782	1,710
Other	10,250	6,582	3,668	15,700	75,552	(59,852)
Trash Patrol	2,485	2,050	435	2,700	6,530	(3,830)
Other Government	37,445	30,879	6,566	30,250	60,930	(30,680)
Transfers Out	22,540	25,857	(3,317)	32,340	22,500	9,840
Emergency Fund	32,717	0	32,717	27,544	0	27,544
Total Disbursements	1,085,796	1,087,165	(1,369)	1,034,555	1,080,281	(45,726)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,762	58,698	53,936	(76,968)	(72,128)	4,840
CASH, JANUARY 1	10,261	10,261	0	82,389	82,389	0
CASH, DECEMBER 31	15,023	68,959	53,936	5,421	10,261	4,840

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property Taxes	172,150	172,184	34	163,100	163,987	887
Sales Taxes	101,000	81,990	(19,010)	65,000	73,052	8,052
Intergovernmental	731,625	695,286	(36,339)	431,420	473,314	41,894
Lease Proceeds	0	0	0	30,000	0	(30,000)
Interest	2,600	2,157	(443)	2,800	2,471	(329)
Other	31,250	116,133	84,883	19,825	28,329	8,504
Total Receipts	1,038,625	1,067,750	29,125	712,145	741,153	29,008
DISBURSEMENTS						
Salaries	212,800	205,900	6,900	220,000	206,153	13,847
Employee Fringe Benefit	60,650	73,777	(13,127)	54,716	55,540	(824)
Supplies	146,000	141,020	4,980	117,000	143,800	(26,800)
Insurance	0	7,978	(7,978)	0	562	(562)
Lease Payments	158,123	158,070	53	139,185	152,743	(13,558)
Road and Bridge Material	95,000	85,419	9,581	77,000	62,417	14,583
Equipment Repairs	23,500	20,620	2,880	14,500	15,441	(941)
Equipment Purchases	49,877	33,094	16,783	40,000	46,450	(6,450)
Construction, Repair, and Maintenance	273,000	263,789	9,211	2,000	27,667	(25,667)
Other	18,850	19,341	(491)	18,200	19,593	(1,393)
Transfers Out	21,000	21,000	0	21,000	0	21,000
Total Disbursements	1,058,800	1,030,008	28,792	703,601	730,366	(26,765)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,175)	37,742	57,917	8,544	10,787	2,243
CASH, JANUARY 1	52,822	52,822	0	42,035	42,035	0
CASH, DECEMBER 31	32,647	90,564	57,917	50,579	52,822	2,243
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	84,858	79,875	(4,983)	75,880	81,737	5,857
Charges for Services	500	437	(63)	500	566	66
Interest	300	210	(90)	256	262	6
Other	20	1,564	1,544	0	97	97
Transfers In	38,635	27,419	(11,216)	32,340	22,500	(9,840)
Total Receipts	124,313	109,505	(14,808)	108,976	105,162	(3,814)
DISBURSEMENTS						
Assessor	124,313	108,293	16,020	108,976	105,286	3,690
Total Disbursements	124,313	108,293	16,020	108,976	105,286	3,690
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,212	1,212	0	(124)	(124)
CASH, JANUARY 1	128	128	0	252	252	0
CASH, DECEMBER 31	128	1,340	1,212	252	128	(124)

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for Service:	2,000	2,015	15	2,500	2,206	(294)
Interest	300	335	35	275	324	49
Other	1,550	586	(964)	1,500	983	(517)
Total Receipts	3,850	2,936	(914)	4,275	3,513	(762)
DISBURSEMENTS						
Sheriff	8,700	3,251	5,449	4,500	1,954	2,546
Other	0	0	0	2,800	122	2,678
Total Disbursements	8,700	3,251	5,449	7,300	2,076	5,224
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,850)	(315)	4,535	(3,025)	1,437	4,462
CASH, JANUARY 1	8,779	8,779	0	7,342	7,342	0
CASH, DECEMBER 31	3,929	8,464	4,535	4,317	8,779	4,462
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for Service:	500	282	(218)	450	486	36
Interest	10	8	(2)	10	10	0
Total Receipts	510	290	(220)	460	496	36
DISBURSEMENTS						
Prosecuting Attorney	421	633	(212)	400	320	80
Total Disbursements	421	633	(212)	400	320	80
RECEIPTS OVER (UNDER) DISBURSEMENTS	89	(343)	(432)	60	176	116
CASH, JANUARY 1	395	395	0	219	219	0
CASH, DECEMBER 31	484	52	(432)	279	395	116
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for Service:	7,500	5,326	(2,174)	7,500	6,263	(1,237)
Interest	0	314	314	100	336	236
Total Receipts	7,500	5,640	(1,860)	7,600	6,599	(1,001)
DISBURSEMENTS						
Prosecuting Attorney	12,345	12,137	208	6,015	2,832	3,183
Total Disbursements	12,345	12,137	208	6,015	2,832	3,183
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,845)	(6,497)	(1,652)	1,585	3,767	2,182
CASH, JANUARY 1	10,479	10,479	0	6,712	6,712	0
CASH, DECEMBER 31	5,634	3,982	(1,652)	8,297	10,479	2,182

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Interest	15	8	(7)	10	13	3
Charges for Service:	270	280	10	300	270	(30)
Total Receipts	285	288	3	310	283	(27)
DISBURSEMENTS						
Donations	300	312	(12)	400	585	(185)
Total Disbursements	300	312	(12)	400	585	(185)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15)	(24)	(9)	(90)	(302)	(212)
CASH, JANUARY 1	268	268	0	570	570	0
CASH, DECEMBER 31	253	244	(9)	480	268	(212)
<u>RECORDER'S RECORD STORAGE FUND</u>						
RECEIPTS						
Interest	1,000	1,168	168	1,200	982	(218)
Charges for Service:	6,000	8,121	2,121	4,850	5,997	1,147
Total Receipts	7,000	9,289	2,289	6,050	6,979	929
DISBURSEMENTS						
Ex Officio Recorder of Deed:	3,000	5,449	(2,449)	3,200	1,181	2,019
Total Disbursements	3,000	5,449	(2,449)	3,200	1,181	2,019
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,000	3,840	(160)	2,850	5,798	2,948
CASH, JANUARY 1	29,349	29,349	0	23,551	23,551	0
CASH, DECEMBER 31	33,349	33,189	(160)	26,401	29,349	2,948
<u>911 FUND</u>						
RECEIPTS						
Charges for Service:	83,000	80,380	(2,620)	71,000	81,657	10,657
Interest	2,400	2,007	(393)	1,500	2,467	967
Total Receipts	85,400	82,387	(3,013)	72,500	84,124	11,624
DISBURSEMENTS						
Salaries	16,096	0	16,096	13,876	759	13,117
Office Expense	10,000	10,226	(226)	6,000	8,910	(2,910)
Mileage and Training	0	0	0	100	0	100
Equipment Expense	20,000	18,170	1,830	20,000	32,676	(12,676)
Transfers Out	39,110	46,529	(7,419)	31,401	43,292	(11,891)
Other	4,500	1,592	2,908	1,000	4,029	(3,029)
Total Disbursements	89,706	76,517	13,189	72,377	89,666	(17,289)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,306)	5,870	10,176	123	(5,542)	(5,665)
CASH, JANUARY 1	44,124	44,124	0	49,667	49,667	0
CASH, DECEMBER 31	39,818	49,994	10,176	49,790	44,125	(5,665)

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COURTHOUSE RENOVATION FUND</u>						
RECEIPTS						
Interest	0	4	4	100	766	666
Sales Tax	0	0	0	80,000	89,547	9,547
Transfers In	0	0	0	20,000	0	(20,000)
Total Receipts	0	4	4	100,100	90,313	(9,787)
DISBURSEMENTS						
Lease Payments	0	0	0	93,000	65,000	28,000
Transfers Out	0	246	(246)	0	61,951	(61,951)
Total Disbursements	0	246	(246)	93,000	126,951	(33,951)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(242)	(242)	7,100	(36,638)	(43,738)
CASH, JANUARY 1	242	242	0	36,880	36,880	0
CASH, DECEMBER 31	242	0	(242)	43,980	242	(43,738)
<u>SHERIFF'S SPECIAL FUND</u>						
RECEIPTS						
Charges for Service:	7,500	8,393	893	8,000	8,018	18
Interest	300	327	27	200	305	105
Total Receipts	7,800	8,720	920	8,200	8,323	123
DISBURSEMENTS						
Equipment	11,200	9,109	2,091	5,350	5,379	(29)
Other	0	0	0	2,600	1,004	1,596
Total Disbursements	11,200	9,109	2,091	7,950	6,383	1,567
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,400)	(389)	3,011	250	1,940	1,690
CASH, JANUARY 1	9,931	9,931	0	7,991	7,991	0
CASH, DECEMBER 31	6,531	9,542	3,011	8,241	9,931	1,690
<u>LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Interest	0	10	10			
Total Receipts	0	10	10			
DISBURSEMENTS						
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	10	10			
CASH, JANUARY 1	258	258	0			
CASH, DECEMBER 31	258	268	10			

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>MARIES COUNTY LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Charges for Service:	0	30	30			
Interest	0	34	34			
Total Receipts	0	64	64			
DISBURSEMENTS						
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	64	64			
CASH, JANUARY 1	874	874	0			
CASH, DECEMBER 31	874	938	64			
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Charges for Service:	500	1,069	569	1,000	1,689	689
Interest	10	72	62	0	39	39
Total Receipts	510	1,141	631	1,000	1,728	728
DISBURSEMENTS						
Equipment	1,000	0	1,000	600	602	(2)
Election Services	0	0	0	0	387	(387)
Other	0	216	(216)	0	0	0
Total Disbursements	1,000	216	784	600	989	(389)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(490)	925	1,415	400	739	339
CASH, JANUARY 1	1,769	1,769	0	1,030	1,030	0
CASH, DECEMBER 31	1,279	2,694	1,415	1,430	1,769	339
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for Service:	1,400	1,900	500			
Transfers In	4,500	5,857	1,357			
Total Receipts	5,900	7,757	1,857			
DISBURSEMENTS						
Law Library	6,400	8,173	(1,773)			
Total Disbursements	6,400	8,173	(1,773)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(416)	84			
CASH, JANUARY 1	506	506	0			
CASH, DECEMBER 31	6	90	84			

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST</u>						
RECEIPTS						
Interest	0	105	105			
Other	250	0	(250)			
Total Receipts	250	105	(145)			
DISBURSEMENTS						
Circuit Clerk	250	0	250			
Total Disbursements	250	0	250			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	105	105			
CASH, JANUARY 1	4,715	4,715	0			
CASH, DECEMBER 31	4,715	4,820	105			
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUN</u>						
RECEIPTS						
Interest	30	36	6			
Total Receipts	30	36	6			
DISBURSEMENTS						
Associate Circuit Divisor	150	104	46			
Total Disbursements	150	104	46			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(120)	(68)	52			
CASH, JANUARY 1	134	134	0			
CASH, DECEMBER 31	14	66	52			
<u>CIRCUIT CLERK SPECIAL ACCOUNT FUNE</u>						
RECEIPTS						
Interest	0	3,728	3,728			
Other	4,500	0	(4,500)			
Total Receipts	4,500	3,728	(772)			
DISBURSEMENTS						
Circuit Clerk	4,500	0	4,500			
Total Disbursements	4,500	0	4,500			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	3,728	3,728			
CASH, JANUARY 1	125,137	125,137	0			
CASH, DECEMBER 31	125,137	128,865	3,728			

Exhibit B

MARIES COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PUBLIC WATER SUPPLY DIST. FUND</u>						
RECEIPTS						
Intergovernmental Revenue:	680	681	1			
Total Receipts	680	681	1			
DISBURSEMENTS						
Public Water Supply Dist	680	681	(1)			
Total Disbursements	680	681	(1)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MARIES COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Maries County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Fund	2001
Maries County Law Enforcement Fund	2001
Public Water Supply Dist. Fund	2001
Law Library Fund	2001
Family Court Fund	2001*
Circuit Clerk Interest Fund	2001
Associate Circuit Division Interest Fund	2001
Circuit Clerk Special Account Fund	2001
Citizen's Safety Fund	2002**

*The Family Court Fund closed 06/15/01.

**The Citizen's Safety Fund was established in 2002.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Road and Bridge Fund	2001
911 Fund	2001
Courthouse Renovation Fund	2001 and 2002
General Revenue Fund	2001 and 2002
Children's Trust Fund	2001 and 2002
Recorder's Record Storage Fund	2002
Prosecuting Attorney Training Fund	2002

Election Service Fund	2001
Law Library Fund	2002
Public Water Supply Dist. Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statement(s) for the year(s) ended December 31, 2001 and 2002, included all funds presented in the accompanying financial statements.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

3. Property Taxes

Through December 31, 2002, Maries County collected \$43,977 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Maries County voters enacted a 1/2 cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

Schedule

MARIES COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2001 AND 2002

This schedule includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

02-1. Property Tax Reduction Due to Sales Tax

The county has not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Maries County voters under provisions of Section 67.505, RSMo 2000.

The following are the calculations used in determining excess property tax revenues collected for 2001 and 2002:

	Year Ended December 31,	
	2002	2001
Actual Sales Tax Revenues	\$ 216,193	\$ 218,881
Required percentage of revenue reduction	X 50 %	X 50 %
Required property tax revenue reduction	108,097	109,440
Assessed Valuation	83,163,660	81,294,466
General Revenue Fund tax levy reduction (per \$100 assessed valuation)	X 0.14	X 0.15
Actual property tax revenue reduction	116,429	121,942
Excess property tax revenues collected	(8,332)	(12,501)
Excess property tax revenues collected for prior years	52,309	64,810
Excess through December 31,	\$ 43,977	\$ 52,309

The rollback for 2002 and 2001 was sufficient and resulted in some reduction in the balance of excess property tax revenue collections. However, future reductions will need to be made. This condition was noted in the four prior reports.

WE RECOMMEND the County Commission continue to reduce the property tax levy in order to meet the sales tax reduction requirements and ensure appropriate adjustments are made to future levies.

AUDITEE'S RESPONSE:

The County Commission plans to continue to gradually decrease the General Revenue Fund's property tax levy. In addition, Maries County unintentionally rolled back the Road Districts 1 and 2 levies in 1996, therefore, shorting the Road District #1 of \$14,140 and Road District #2 of \$15,731, for a total of \$29,871. The County Commission feels that the excess through December 31, 2002, is \$14,106. Commission will try to lower levy enough to take care of one half of the balance in 2003. The rest will be made up in 2004.

02-2. Road and Bridge Capitalized Lease Obligations

- A. The county's Special Road and Bridge Fund has been financing the purchases of equipment such as loaders, brush cutters, dump trucks, and motor graders in increasing amounts over the past several years. The total debt balance continues to increase. The following schedule shows the recent trend:

Year ended December 31,	Outstanding lease and loan balances
1994	\$263,063
1996	\$580,351
1998	\$703,207
2000	\$768,318
2001	\$658,221
2002	\$665,478
June 1, 2003	\$843,189

The most recent increase is due to the county selling older motor graders to the manufacturer under a buy-back agreement and purchasing four new ones to replace them. The buy-back provision did provide an equity position which was used as a down payment on the new motor graders. However, the four new motor graders increased the total lease and debt amount by \$180,000. The County Commission indicated that it is more cost effective to trade the equipment in on new equipment to save on labor and repair expense. However, the Commission did not prepare a formal cost/benefit analysis comparing the labor and repair costs saved to the cost of interest incurred by refinancing this equipment.

Given the county's current financial condition, the County Commission needs to evaluate the practice of trading equipment in such a short time frame. The debt payments for 2004 will be approximately \$142,400 which is a significant expenditure for the county. A balloon payment will also be due in 2008 on these items of approximately \$362,000.

- B. The county does not maintain records documenting payments made and balances due on all lease and loan agreements. The county relies on the bank to provide these records. Due to the large amount of leases the county maintains, these records are necessary to help in planning for upcoming expenditures.

WE RECOMMEND the County Commission:

- A. Carefully review this trend of increased borrowing and monitor the ability of this fund to meet debt obligations. The County Commission should perform a cost benefit analysis of repair cost saved in comparison to the cost of interest incurred by refinancing. The Commission should also develop a program to stagger the purchase of equipment, especially motor graders, in order to minimize the financial impact related to the debt payments when a large number are purchased at once.

- B. Maintain records documenting the lease and loan payments made and balances due.

AUDITEE'S RESPONSE

We have been watching the principal and interest payments very closely. At the beginning of 2003, the county owned approximately \$1.5 million of road and bridge equipment and property based on fair market value and had \$800,000 or 50% of equity in this equipment and property. We are going to increase our payment to \$25,000 per grader (principal and interest) to reflect the lower buyback of the graders and the higher initial cost. We believe that the action we have taken is in the best long term interest of the county. We will retain documentation of the costs/benefits of future equipment purchases.

02-3. County Sales Tax Passed In November 2001

The County Commission submitted to the voters of Maries County a one-half of one percent sales tax for the purpose of general operations in order to address the county's financial needs. This sales tax was approved by the voters in November 2001. Although the ballot did not specify a statutory reference, the County Clerk indicated that this sales tax was imposed under Section 67.547, RSMo 2000. However, the county has another one-half of one percent sales tax levy that was passed in April 1990 under this same law. The ballot for that sales tax indicated its purpose as funding general operations, road and bridge and law enforcement services.

With this additional general operations sales tax, the county has imposed a levy of one-half of one percent above the statutory maximum allowed by Section 67.547. Furthermore, Attorney General's Opinion No. 61-89 states that a county cannot enact a sales tax that exceeds one half of one percent under Section 67.547, RSMo. This new tax is not in accordance with state statutes and could be subject to challenge. Under this new tax, the county received \$147,578 in revenues in 2002 and anticipates higher receipts in 2003. If this tax was to be repealed, the county's financial condition would be significantly impacted.

WE RECOMMEND the County Commission review the various sales taxes being imposed to determine which are valid and consider passing a sales tax under another section of the Missouri statutes.

AUDITEE'S RESPONSE

In the best interest of Maries County, the sales tax was distributed as it was presented to the voters on the November 6, 2001 ballot. The voters passed this tax by an overwhelming margin. The Statute number was not printed on the ballot. The 1990 sales tax has been and will continue to be distributed as it was presented to the voters.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MARIES COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Maries County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2000.

00-1. Property Tax Reduction Due to Sales Tax

The county did not sufficiently reduce its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Maries County voters under the provisions of Section 67.505, RSMo 1994.

Recommendation:

The County Commission should continue to reduce the property tax levy adequately to meet sales tax reduction requirements and ensure appropriate adjustments are made to the levy to reflect excess property taxes collected in prior years.

Status:

Partially implemented. The county's rollback for 2001 and 2002 was sufficient for that year and also resulted in some reduction in the balance of prior years' excess property tax revenue collections. See finding number 02-1.

00-2. Road and Bridge Capitalized Lease Obligations

The county continues to increase the amount of debt and lease obligations. The increased amount has expanded principal and interest payments which can adversely impact the county's ability to meeting ongoing obligations.

Recommendation:

The County Commission should carefully monitor this trend and perform a cost benefit analysis of repair costs saved versus the interest expense incurred by refinancing when considering purchasing new road equipment.

Status:

Partially Implemented. The Commission did conduct an informal analysis of repair costs versus the purchase of new road equipment. The analysis was not documented so an evaluation could be conducted as to its comprehensiveness and sufficiency of information used.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
Independent Auditor's Findings

MARIES COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
INDEPENDENT AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Maries County, Missouri, as of and for the years ended December 31, 2001 and 2002, and have issued our report thereon dated June 13, 2003.

We have also audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Maries County, but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. County Financial Condition

Although the cash positions in the General Revenue Fund and Road District and Bridge Fund increased from year-end 2001 to year-end 2002, the county experienced cash flow issues during the second half of 2002. Timely deposits of cash from federal awards and insurance reimbursements provided much needed funds during this time. The approval of a ½ cent sales tax by the voters in November 2001 also helped the county meet its financial obligations when receipts were received in the second half of 2002. This situation, coupled with the amount of debt and lease liability discussed in the previous section, has left the county with very limited available reserves if it was to experience an unexpected crisis or continued weakness in the economy as a whole.

WE RECOMMEND the County Commission:

- A. Begin establishing reserve funds that would be available to meet unexpected cash needs or provide liquidity during times when receipts are not sufficient to meet expenditures.
- B. Initiate efforts to reduce lease and debt amounts from current levels by limiting or staggering equipment purchases.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *Starting this year, the County Commission plans on putting \$50,000 in reserve.*
- B. *During the bidding process, the County Commission will try to consider all options.*

2. General Fixed Assets

Per Section 49.091, RSMo 2000, the County Commission or its designee is responsible for maintaining a complete detailed record of county property. The County Clerk has a software program for managing inventory and the necessary inventory tags, but has not implemented their use. Without an effective program in place, the County Commission cannot ensure all equipment items are still in their possession. A review of equipment items that are under debt and lease obligation liens found all items were listed on the various insurance policies as required by lease and debt covenants. However, the Commission cannot ensure all other items are listed on the county's property insurance policy. In addition, a complete listing of items can give valuable information concerning excess equipment that could be disposed of or reallocated to other county departments.

Quarterly inspections of county owned land and buildings have not been performed, and most fixed assets are not properly numbered, tagged, or otherwise identified as county owned property.

Section 49.093, RSMo 2000, provides that the officer of each department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section are to be signed by the County Clerk.

Adequate general fixed asset records are necessary to improve control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage.

A similar condition was noted in the last two reports.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. The County Commission should ensure adequate insurance coverage is obtained for all county assets. In addition, quarterly inspections of all county land and buildings should be performed.

AUDITEE'S RESPONSE

The road department will try to have their fixed asset report to the County Clerk by June 30, 2003. A memo will be sent by the County Commission, and a deadline of June 30, 2003 will be set, for all office holders to have a report turned in.

3. Budgets and Financial Reporting

The county's overall budgeting process needs to be improved in order to more effectively monitor actual financial performance, manage ongoing cash flow needs and meet state regulatory requirements. The items that should be addressed include:

1. The Commission should consider developing a monthly cash flow budget during the annual budget process. This budget would provide valuable information on anticipated expenditures during the year which would help the Commission identify when additional funds are needed to meet increased cash needs.
2. Current statute requires that three percent of the General Revenue fund be designated as an Emergency fund which was included in the 2002 and 2003 budgets. When funds are needed, the Commission can transfer monies from this designated fund to the budgeted area needing them. However, actual practice does not include the appropriate transferring of funds as required by Section 50.540, RSMo 2000. Appropriate record in the Commission's meeting minutes of these transfers needs to

be established.

3. Amendments to expenditures and revenues in various county funds were not effectively documented in the Commission's meeting minutes. Also, per Section 50.622, RSMo 2000, amendments to the budget are not to take place until the last two months of the fiscal year. Amendments to the budget were made at various times during the year (i.e. increased expenditures to payoff the patrol car lease). Appropriate documentation in the Commission's meeting minutes of these amendments should be recorded.
4. The Commission's approvals of money transfers from various county funds to the General Revenue fund were not clearly documented in the Commission's minutes. The minutes need to include this important information.
5. The Commission should require that all departments include an analysis of expenditures that materially exceeded their respective budgets at each year end. This analysis would be beneficial to the Commissioners to evaluate future budgets and identify potential areas that could be addressed to improve the department's or county's financial condition.

WE RECOMMEND the County Commission in conjunction with the County Clerk:

- A. Develop a monthly cash flow budget at the beginning of each fiscal year and monitor progress throughout the year.
- B. Approve and document the transfer of funds from the Emergency fund to the General Revenue Fund as required by state statute.
- C. Approve and document in the Commission minutes all budget amendments that take place.
- D. Approve and document in the Commission minutes all money transferred between various county funds during the year.
- E. Require a detailed analysis from the various departments on expenditures that exceeded budget at the end of the fiscal year.

AUDITEE'S RESPONSE

The Commission provided the following responses:

- A. *Deputy County Clerk hands out a monthly budget report to all offices. All long-term costs are usually figured in at the regular budget time.*
- B. *The Emergency Fund will be a segregated fund in 2004.*

- C. County Commission and County Clerk will try to improve the minutes.*
- D. The need to transfer has lessened due to a change in computer program beginning January 2003.*
- E. County Commission will require a detailed report at the time of occurrence, if the expense or revenue will eventually cause a budget shortfall.*

4. Analysis of Program Expenditures

Monitoring of expenditures associated with revenues from sources other than regular means, such as insurance reimbursements and FEMA funds should be improved. A monthly report on the revenue received and expenditures paid should be developed. This monitoring would provide valuable information to the Commission regarding the funds that have been expensed and determine whether additional county funds were used or excess funds were available for reallocation.

WE RECOMMEND the County Commission in conjunction with the County Clerk implement a monthly report tracking these revenues and their related expenditures.

AUDITEE'S RESPONSE:

A ledger will be kept to track revenues related to their expenses.

5. Commission Meetings and Minutes

The review of the Commission minutes noted several deficiencies in their documentation. Improvements are needed in the following areas:

- A. Approvals for transfers of monies between county funds are not documented.
- B. Approvals for budget amendments are not documented.
- C. Subjects of discussions between the Commission and county constituents are not documented.
- D. Actions taken by the Commission to address significant issues, such as the cash flow concerns in 2002, were not documented.

The minutes are the official record of the Commission. They effectively document the actions taken by the group in order to meet their fiduciary responsibilities.

WE RECOMMEND the County Commission in conjunction with the County Clerk implement actions to significantly improve the documentation of the Commission

meetings. The minutes should clearly show the actions taken and motions that were made and approved by the group.

AUDITEE'S RESPONSE

The Commission responded to all recommendations by stating:

The County Commission and County Clerk will try to do better at tracking minutes.

6. FEMA Award Utilization

The county received FEMA grant funds for road damage incurred during 2002 storms. The Commission has used some of these funds to repair various roads. However, a total of \$38,117 remains that must be used by November 6, 2003 and bids for the needed projects have not yet been called for. If the funds are not used, the county could potentially have to return the grants.

WE RECOMMEND the County Commission initiate the process for developing and advertising the necessary bids for these projects and continuously monitor their progress.

AUDITEE'S RESPONSE

County Commission will accept bids and will complete project before the November deadline.

7. Federal Programs and Awards Documentation

The county does not have adequate procedures in place to track federal awards for preparation of the SEFA. The county prepared a SEFA for the years ending December 31, 2001 and 2002; however, the schedule contained a number of errors and omissions. For example, the County Clerk included four items that were not federal awards. Also, amounts received from FEMA for sub-recipients were not included on the schedule.

WE RECOMMEND the County Clerk, with review by the Commission, should implement a filing and documentation process that will effectively monitor all federal grants received by the county. The grants should be monitored whether used by the county or passed on to other entities.

AUDITEE'S RESPONSE:

The Commission responded by stating:

A ledger will be kept to monitor federal money.

8. Departmental Procedure Manuals

Currently, procedure manuals that document the activities and processes used by the various departments are not available. Procedure manuals are necessary in order to document the procedures and processes of the county. They are also beneficial when elected officials change or tenured staff leave the county's employment. Most departments rely on the tenured staff as the repository of processes and procedures.

WE RECOMMEND the County Commission should develop a time table for the development of departmental procedure manuals. Ongoing monitoring by the Commission should take place until all relevant documents are completed.

AUDITEE'S RESPONSE

The County Commission will talk to office holders to figure out a plan for procedure manuals.

9. Disaster Recovery and Information System Security

The county currently does not have a documented disaster recovery plan. This plan would document the process for copying data and storing it offsite on a regular basis. For example, the backup data files could be stored in the county's depository bank. This would allow the departments to recover information system data in the event the systems are damaged or become unavailable.

In addition, the various departments do not on a regular basis change system passwords for personnel. A practice of periodic password changes improves information system security and data integrity.

WE RECOMMEND the County Commission in conjunction with all department leaders develop and implement a policy and related procedures to backup and store offsite critical data. The procedures should also include provisions for periodically changing employee system passwords.

AUDITEE'S RESPONSE

The County Commission will check into getting a safety deposit box for backup information to be stored.

10. Budget Public Hearings and Financial Statement Submissions

The County Clerk needs to improve the processes for maintaining documentation of public hearing notices. The official public notice for the 2002 budget public hearing was printed; but, the affidavits from the two local newspapers were not received nor follow-up conducted to ensure receipt. Although state statute does not require the affidavits, a

practice should be implemented to ensure sufficient documentation is maintained.

In addition, the County Clerk has not complied with Section 50.810, RSMo 2000. The statute requires that an affidavit of the publication of the county's most recent fiscal year-end financial statements be sent to the state auditor's office. If a receipt from the State Auditor has not been received back by the Clerk by April 1, the Commissioners shall not be paid until the notice is received. For the 2001 financial statements, the receipt from the state auditor's office was not received until July 2002. In addition, the 2002 financial statements were not submitted to the State Auditor until June of this year.

WE RECOMMEND the County Commission in conjunction with the County Clerk to take steps to ensure the financial statements are sent to the State Auditor's office in a timely manner. In accordance with state statutes, payments to the commissioners should be suspended until receipt of the state auditor's notification.

AUDITEE'S RESPONSE

The County Commission and County Clerk will contact the local paper to receive a more timely response on affidavits.

11. Maps and Plat Book Sales

Current processes for documenting sales of county maps and plat books could be improved. All sales should be documented with a receipt even if the document is given to other county or state agencies at no charge. Documenting all sales with these receipts allows for the periodic evaluation of the inventory on hand in relation to existing sales.

WE RECOMMEND the County Commission in conjunction with the County Treasurer develop a process for effectively documenting all sales, including those at no charge.

AUDITEE'S RESPONSE

As of this day, June 13, 2003, County Treasurer will begin charging everyone for plat books and maps.

12. Smoking Areas in the County Courthouse

Section 191.676, RSMo 2000, states that a person shall not smoke in a public place or in a public meeting except in a designated smoking area. The Commission has designated the dispatch room in the 911/dispatch office as the smoking area for the Maries County courthouse. This area is a work area for all dispatchers. The state statute defines a public area as any enclosed indoor area used by the general public or serving as a place of work (Section 191.765, RSMo 2000). As a result, the current area designated in the dispatch room is not in accordance with state statute.

WE RECOMMEND the County Commission discontinue its current policy of allowing

smoking in a work area.

AUDITEE'S RESPONSE

The kitchen is the designated smoking area. A filtration system was added to this area in December 2002, making it 99.7 percent pure air. This designated area is to be used by the Sheriff's Department only. All other personnel are to smoke outside.

Follow-Up on Prior Audit Findings

MARIES COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Maries County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider actions to address them.

1. County Expenditures and Revenues

- A. Bids were not always solicited or advertised by the county.
- B. The county did not obtain or retain supporting documentation for some travel expenditures.
- C. Invoices were not always noted as paid and canceled.
- D. The Commission did not monitor the contract with the individual hired to coordinate the 911 system implementation.
- E. The county's personnel manual does not have provisions for actions to be taken against violators.
- F. The county did not receive 911 surcharge fees due from a telecommunications company in March of 1999.

Recommendations:

- A. Solicit bids for all purchases.
- B. Ensure adequate documentations is received and maintained for all expenditures.
- C. Ensure invoices are properly canceled.
- D. Require detailed documentation of contractor's services provided.
- E. Establish a written drug-free workplace policy.
- F. Monitor receipts to ensure recurring amounts due are collected.

Status:

- A-C. Implemented
- D. The contract ended in March 2001. No further follow-up was warranted.
- E-F. Implemented

2. County's Financial Condition and Sales Tax

The sales tax implemented as the result of a November 2001 ballot measure that passed was imposed under a statute incorrectly.

Recommendation:

Review the overall sales taxes being levied and ensure they are in accordance with state statutes.

Status:

Not Implemented. See Schedule of Findings 02-3.

3. Budgets and Financial Reporting

- A. Actual expenditures exceeded budgeted amounts in several funds.
 - a. Public hearings were not held prior to adopting budget amendments.
 - b. Valid reasons for the excess disbursements were not documented.
- B. Formal budgets were not prepared for various county funds.
- C. The annual published financial statements did not include the activity for some county funds.
- D. An expenditure amendment to the General Revenue fund budget did not include all available resources needed.

Recommendations:

- A. Implement procedures to improve the budget process.
- B. Ensure budgets are prepared for all funds.
- C. Ensure the financial information is properly presented.
- D. Discontinue deficit budgeting.

Status:

- A. Not Implemented. See MAR 3.
- B-C. Implemented.
- D. Not Implemented. See MAR 3.

4. County Officials' Compensation and Bonds

- A. Raises were given to the Commissioners improperly.
- B. Salary commission minutes did not clearly document the approval of the COLA for county officials.
- C. Various county employees handling receipts were not bonded.
- D. Costs for the County Treasurer and Collector's bond were not expensed to the appropriate funds.

Recommendations:

- A. Develop a repayment plan for the Commissioner's salary overpayments.
- B. Salary commission minutes need to clearly document all decisions.
- C. Acquire a bond of all county employees handling assets.
- D. Pay the County Collectors and Treasurer's bond county portion of the bond expense from the General Revenue Fund.

Status:

- A. Not Implemented. Further action by the Commission has not taken place.
- B. Not Implemented. A salary commission has not met since the last audit.
- C. Implemented.
- D. Not Implemented. The Commission continues to allocate the expenditure to the School Fines fund. They reason that a majority of receipts processed by the two departments in the first quarter of the year are school funds when the bond payments are due.

5. Property Tax System and Computer Controls

- A. Controls over property tax additions and abatements are not adequate.
- B. Original forms prepared to support the changes to the property tax data files for real estate additions, abatements, and supplements are not always retained.
- C. The County Clerk does not maintain an account book with the County Collector.
- D. The Land and Personal Tax Aggregate Abstract and the Railroad and Utility Aggregate Abstracts were not prepared in 1999 and 2000.
- E. Passwords in key departments are not changed periodically.

Recommendations:

- A. Revise the process so the County Collector does not have the capability to make changes to property tax data or ensure an independent comparison is made.
- B. Ensure the Assessor's office maintains all supporting documentation.
- C. Ensure an account book is established.
- D. Ensure the County Clerk prepares and files the appropriate abstracts.
- E. Ensure passwords are changed periodically.

Status:

- A-B. Implemented.
- C. Not Implemented. The County Clerk will investigate the information needed to evaluate the implementation of this item.
- D. Implemented.
- E. Not implemented by all departments. See MAR No. 9.

6. General Fixed Assets

- A. Listing of fixed assets is outdated.
- B. Quarterly inspections of county owned land and building have not taken place.
- C. Adequate general fixed asset records were not available.

Recommendation:

- A. Establish a written policy for accounting of all fixed assets.
- B. Ensure adequate insurance coverage on all items owned by the county.
- C. Quarterly inspections of personal property and land need to be conducted.

Status:

- A-C. Not Implemented. See MAR No. 2

7. Sheriff's Records and Procedures

- A. The following issues were noted concerning open items in the Sheriff's two bank accounts:
 - a. The bond account holds several significantly aged items.
 - b. An open items listing was not prepared for the regular account.
- B. Checks and money orders are not endorsed immediately.
- C. Deposits are not deposited timely.
- D. Payment methods were not included on receipts.
- E. Fees received are not turned over to the Treasurer monthly.

- F. Follow-up should be completed on outstanding checks greater than one year old.
- G. Mileage and fuel usage logs are not maintained.
- H. Documentation needs to be maintained on food costs for the jail.

Recommendations:

- A. Establish procedures to routinely follow-up on open items.
- B. Endorse all checks immediately.
- C. Deposit funds on a daily basis.
- D. Ensure the method of payment is indicated on all receipts.
- E. Turn over all fees monthly to the County Treasurer.
- F. Attempt to resolve the old outstanding checks.
- G. Require mileage and fuel usage logs to be maintained.
- H. Ensure records are maintained on jail boarding costs.

Status:

A-I. Implemented.

8. License Office Records and Procedures

- A. All fees charged and collected are not properly accounted for.
- B. The office waives fees for county employees and relatives but no mention in the county personnel policy.
- C. Accurate balances are not maintained in the check register and bank reconciliations were not properly completed.
- D. The method of payment is not always indicated on the Department of Revenue receipt forms.

Recommendations:

- A. Reconcile county fees charged and collected to the deposit amounts.
- B. Review the policy for waiving county employees' payment of the license fee.
- C. Ensure accurate check registers and bank reconciliations are prepared.
- D. Ensure the method of payment is indicated on the receipt.

Status:

- A-B. Implemented.
- C. Not Implemented. The reconciliations are not being reviewed by an independent person.
- D. Implemented.

9. Public Administrator's Procedures

- A. Twenty annual settlements were not filed in a timely manner.
- B. An inventory and appraisal for two estates were not filed timely.
- C. Checks associated with various estates were not deposited timely.
- D. Bills were not always paid timely.
- E. One annual settlement did not account for a piece of real estate.

Recommendation:

- A. Have the Associate Circuit Judge require the information to be filed timely.
- B. Have the Associate Circuit Judge require the information to be filed timely.
- C. Deposit receipts on a daily basis.
- D. Pay all bills when due.
- E. Ensure all real estate is listed on the annual settlements.

Status:

A-E. Implemented.

10. Prosecuting Attorney's Records and Procedures

- A. Money orders are not endorsed immediately.
- B. Deposits are not made daily.
- C. Approvals for reductions in bad check fees were not always documented.
- D. Segregation of duties is not sufficient for receiving, recording, and depositing monies.

Recommendation:

- A. Endorse money orders immediately.
- B. Deposit receipts on a daily basis.
- C. Document the reductions of bad check fees charged.
- D. Adequately segregate accounting duties.

Status:

- A. Implemented.
- B. Partially implemented. Receipts are not consistently deposited on a daily basis but improvements have been made.
- C. Implemented. Practice has ceased.
- D. Implemented.

11. County Clerk's Procedures

- A. Fees collected are not turned over to the Treasurer on a timely basis.
- B. Method of payment is not indicated on the receipts.
- C. Checks are not endorsed in a timely manner.

Recommendations:

- A. Turn over all fees to the Treasurer in a timely manner.
- B. Indicate the method of payment on all receipts.
- C. Endorse checks immediately.

Status:

A-C. Implemented.

12. Associate Circuit Division Procedures

- A. The division issues unnumbered receipt slips to defendants for criminal fines and costs due.

Recommendation:

- A. Issue prenumbered receipt slips for all monies.

Status:

A. Implemented by the Sheriff.



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Howell County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Howell County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by A. M. Barnhart, P.C., Certified Public Accountant, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-83
August 13, 2003

***HOWELL COUNTY, MISSOURI
WEST PLAINS, MISSOURI***

***SPECIAL-PURPOSE FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT***

***FOR THE TWO YEARS ENDED
DECEMBER 31, 2002***

AMB

*A. M. BARNHART, P.C.
Certified Public Accountant
1463 S. Sam Houston Blvd.
Houston, Missouri 65483
(417) 967-4700 Fax (417) 967-2288*

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FINANCIAL SECTION



A. M. Barnhart, P.C.

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

To the County Commission and
Officeholders of Howell County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Howell County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Howell County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Howell County, Missouri.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Howell County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 9, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Government, and Non-Profit Organizations, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

A. M. Barnhart, P.C.
Certified Public Accountant

Houston, Missouri
May 9, 2003



A. M. Barnhart, P.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission and
Officeholders of Howell County, Missouri

We have audited the special-purpose financial statements of various funds of Howell County, Missouri, as of and for the years ended December 21, 2002 and 2001, and have issued our report thereon dated May 9, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Howell County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Howell County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Howell County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

A. M. Barnhart, P.C.
Certified Public Accountant

Houston, Missouri
May 9, 2003

HOWELL COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CHANGES - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

FUND	Cash January 1	Receipts	Disbursements	Cash December 31
General Revenue	\$452,022.22	\$2,830,522.91	\$2,849,640.64	\$432,904.49
School Resource Officer	16,451.80	51,733.75	42,868.90	25,316.65
Special Road and Bridge	72,671.87	2,166,468.58	1,895,660.22	343,480.23
Law Enforcement Training	13,635.43	11,950.23	15,651.26	9,934.40
Prosecuting Attorney Bad Check	1,867.17	58,277.93	40,671.18	19,473.92
Assessment	47,029.15	302,907.32	348,678.43	1,258.04
Recorder's Special	39,289.88	17,458.88	16,912.90	39,835.86
Prosecuting Attorney Training	1,607.03	2,034.98	2,339.30	1,302.71
911 Emergency Telephone	424,264.90	465,809.58	424,273.07	465,801.41
Law Enforcement Sales Tax	545,299.55	2,024,300.76	1,942,667.24	626,933.07
Recorder's Technology	3,804.17	13,020.20	0.00	16,824.37
Children's Trust	166.00	6,069.19	6,135.20	99.99
Prosecuting Attorney Special	1,063.42	1,164.16	84.08	2,143.50
Drug Enforcement	21,971.44	23,694.32	26,313.90	19,351.86
Sheriff Special	1,372.26	39,542.93	0.00	40,915.19
Sheriff Emergency Response Team	2,868.29	45.10	175.00	2,738.39
Special Grant	0.00	242,841.88	242,754.67	87.21
Election Service	6,214.36	3,548.85	3,177.94	6,585.27
Collector's Tax Maintenance	0.00	1,716.91	0.00	1,716.91
Micro Enterprise Loan	0.00	75,000.00	75,000.00	0.00
Senate Bill 40 Board	39,830.23	152,787.05	96,525.45	96,091.83
Circuit Clerk Interest	23,421.00	1,985.45	3,675.75	21,730.70
Associate Circuit Division Interest	19,055.62	2,602.05	14,252.80	7,404.87
Law Library	17,156.09	22,960.74	26,373.98	13,742.85
TOTAL	\$1,751,061.88	\$8,518,443.75	8,073,831.91	\$2,195,673.72

The accompanying Notes to the Financial Statements are an integral part of this statement.

HOWELL COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CHANGES - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

FUND	Cash January 1	Receipts	Disbursements	Cash December 31
General Revenue	\$328,214.83	\$2,788,724.87	2,664,917.48	\$452,022.22
School Resource Officer	26,573.92	30,848.85	40,970.97	16,451.80
Special Road and Bridge	161,529.80	1,430,808.34	1,519,666.27	72,671.87
Law Enforcement Training	16,413.74	12,966.25	15,744.56	13,635.43
Prosecuting Attorney Bad Check	13,482.02	45,995.01	57,609.86	1,867.17
Assessment	47,298.16	300,029.10	300,298.11	47,029.15
Recorder's Special	54,943.10	17,883.65	33,536.87	39,289.88
Prosecuting Attorney Training	1,955.26	2,224.27	2,572.50	1,607.03
911 Emergency Telephone	345,264.90	452,576.82	373,576.82	424,264.90
Law Enforcement Sales Tax	66,478.06	1,855,851.07	1,377,029.58	545,299.55
Recorder's Technology	0.00	3,804.17	0.00	3,804.17
Children's Trust	0.00	6,663.44	6,497.44	166.00
Prosecuting Attorney Special	782.92	1,520.39	1,239.89	1,063.42
Drug Enforcement	23,936.11	1,035.33	3,000.00	21,971.44
Sheriff Special	5,959.16	36,947.71	41,534.61	1,372.26
Sheriff Emergency Response Team	3,001.45	135.66	268.82	2,868.29
Special Grant	3,621.03	220,915.23	224,536.26	0.00
Election Service	1,928.04	6,081.81	1,795.49	6,214.36
Micro Enterprise Loan		18,620.00	18,620.00	0.00
Speculative Industrial Building Loan		400,000.00	400,000.00	0.00
Senate Bill 40 Board	35,981.97	146,938.76	143,090.50	39,830.23
Circuit Clerk Interest	27,113.90	343.54	4,036.44	23,421.00
Associate Circuit Division Interest	15,538.51	4,722.48	1,205.37	19,055.62
Law Library	11,404.26	21,861.52	16,109.69	17,156.09
TOTAL	\$1,191,421.14	\$7,807,498.27	\$7,247,857.53	\$1,751,061.88

The accompanying Notes to the Financial Statements are an integral part of this statement.

HOWELL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$8,421,767.42	\$8,518,443.75	\$96,676.33	\$7,889,807.77	\$7,776,065.91	(\$113,741.86)
DISBURSEMENTS	8,857,203.06	8,073,831.91	783,371.15	8,187,063.93	7,222,001.21	965,062.72
RECEIPTS OVER [UNDER] DISBURSEMEN	(435,435.64)	444,611.84	880,047.48	(297,256.16)	554,064.70	851,320.86
CASH JANUARY 1	1,751,061.88	1,751,061.88	0.00	1,137,364.47	1,137,364.47	0.00
CASH DECEMBER 31	\$1,315,626.24	\$2,195,673.72	\$880,047.48	\$840,108.31	\$1,691,429.17	\$851,320.86
=====						
NOTE: \$59,632.71 difference in ending cash 2001 and beginning cash 2002 are funds that had no budget in 2001 and were budgeted in 2002. Funds without budgets not included in 2001.						
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	\$41,600.00	\$40,939.78	(660.22)	\$39,300.00	\$41,579.73	2279.73
Sales taxes	1,525,000.00	1,605,094.61	80094.61	1,530,000.00	1,550,147.62	20147.62
Intergovernmental	682,183.48	650,182.12	(32001.36)	611,172.41	654,114.68	42942.27
Charges for services	450,150.00	452,005.32	1855.32	426,160.00	424,862.99	(1297.01)
Interest	40,000.00	24,465.49	(15534.51)	40,000.00	39,187.86	(812.14)
Other	58,138.75	57,099.64	(1039.11)	46,130.88	72,901.80	26770.92
Transfers in	12,419.57	735.95	(11683.62)	5,000.00	5,930.19	930.19
Total receipts	2,809,491.80	2,830,522.91	21031.11	2,697,763.29	2,788,724.87	90,961.58
DISBURSEMENTS						
County Commission	98,840.00	96,619.88	2,220.12	97,640.00	96,097.73	1,542.27
County Clerk	96,175.00	90,233.85	5,941.15	93,675.00	93,355.55	319.45
Elections	97,500.00	94,117.08	3,382.92	57,800.00	64,812.62	(7,012.62)
Buildings and grounds	90,700.00	88,365.27	2,334.73	72,700.00	100,789.47	(28,089.47)
Employee fringe benefits	234,500.00	217,842.88	16,657.12	243,300.00	247,231.36	(3,931.36)
County Treasurer	47,610.36	46,565.61	1,044.75	46,971.77	45,961.27	1,010.50
County Collector	135,680.00	134,441.37	1,238.63	130,580.00	130,412.77	167.23
Recorder of Deeds	76,750.00	72,343.67	4,406.33	69,300.00	68,119.69	1,180.31
Circuit Clerk	27,000.00	24,732.20	2,267.80	27,000.00	23,880.15	3,119.85
Associate Circuit Court	14,850.00	12,897.47	1,952.53	19,000.00	17,489.65	1,510.35
Court Administration	8,300.00	4,652.24	3,647.76	8,200.00	3,907.72	4,292.28
Public Administrator	51,100.00	48,733.41	2,366.59	50,350.00	50,295.54	54.46
Prosecuting Attorney	179,608.00	179,683.92	(75.92)	158,468.00	157,816.20	651.80
Juvenile Officer	170,750.70	170,996.27	(245.57)	151,937.82	138,767.75	13,170.07
County Coroner	26,000.00	23,736.84	2,263.16	26,000.00	21,524.73	4,475.27
Health and welfare	600.00	0.00	600.00	500.00	550.00	(50.00)
Emergency	85,000.00	0.00	85,000.00	81,000.00	0.00	81,000.00
Other	663,072.14	583,257.60	79,814.54	606,225.70	528,705.98	77,519.72
Transfers out	918,478.34	960,421.08	(41,942.74)	937,348.27	875,199.30	62,148.97
Total disbursements	3,022,514.54	2,849,640.64	172,873.90	2,877,996.56	2,664,917.48	213,079.08
RECEIPTS OVER [UNDER] DISBURSEMEN	(213,022.74)	(19,117.73)	193,905.01	(180,233.27)	123,807.39	304,040.66
CASH JANUARY 1	452,022.22	452,022.22	0.00	328,214.83	328,214.83	0.00
CASH DECEMBER 31	\$238,999.48	\$432,904.49	\$193,905.01	\$147,981.56	\$452,022.22	\$304,040.66
=====						

The accompanying Notes to the Financial Statements are an integral part of this statement.

HOWELL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
SPECIAL ROAD AND BRIDGE FUND						
RECEIPTS						
Property taxes	\$30,000.00	\$28,978.42	(1021.58)	\$30,000.00	\$29,431.46	(568.54)
Sales taxes	290,000.00	250,000.00	(40000.00)	290,000.00	250,000.00	(40000.00)
Intergovernmental	1,844,310.47	1,846,310.39	1999.92	1,160,360.47	1,142,506.29	(17854.18)
Charges for services	28,500.00	940.00	(27560.00)	500.00	915.00	415.00
Interest	5,000.00	3,293.14	(1706.86)	11,000.00	7,735.59	(3264.41)
Other		36,946.63	36946.63		215.00	215.00
Transfers in					5.00	5.00
Total receipts	2,197,810.47	2,166,468.58	(31,341.89)	1,491,860.47	1,430,808.34	(61,052.13)
DISBURSEMENTS						
Salaries	504,000.00	532,356.45	(28,356.45)	495,000.00	491,282.73	3,717.27
Employee fringe benefits	185,260.00	182,086.66	3,173.34	179,000.00	170,543.58	8,456.42
Supplies	139,000.00	118,249.68	20,750.32	144,000.00	127,752.59	16,247.41
Insurance	35,000.00	39,738.49	(4,738.49)	28,000.00	39,828.42	(11,828.42)
Road and bridge materials	345,000.00	230,404.42	114,595.58	381,000.00	316,684.31	64,315.69
Equipment repairs	68,000.00	70,079.86	(2,079.86)	75,000.00	50,123.24	24,876.76
Rentals	30,000.00	623.62	29,376.38	35,000.00	31,118.65	3,881.35
Equipment purchases	215,000.00	301,274.56	(86,274.56)	205,000.00	242,465.57	(37,465.57)
Road and bridge construction	367,500.00	398,470.91	(30,970.91)	21,500.00	23,829.58	(2,329.58)
Other	26,400.00	22,375.57	4,024.43	27,650.00	26,037.60	1,612.40
Total disbursements	1,915,160.00	1,895,660.22	19,499.78	1,591,150.00	1,519,666.27	71,483.73
RECEIPTS OVER [UNDER] DISBURSEMEN	282,650.47	270,808.36	(11,842.11)	(99,289.53)	(88,857.93)	10,431.60
CASH JANUARY 1	72,671.87	72,671.87	0.00	161,529.80	161,529.80	0.00
CASH DECEMBER 31	\$355,322.34	\$343,480.23	(\$11,842.11)	\$62,240.27	\$72,671.87	\$10,431.60
ASSESSMENT FUND						
RECEIPTS						
Intergovernmental	\$258,212.51	\$227,573.67	(30638.84)	\$242,003.57	\$232,343.61	(9659.96)
Charges for services	11,500.00	0	(11500.00)	9,000.00	11,371.38	2371.38
Interest	2,500.00	957.81	(1542.19)	2,500.00	3,465.84	965.84
Other		397.50	397.50	0.00	0.00	0.00
Transfers in	33,978.34	73,978.34	40,000.00	52,848.27	52,848.27	0.00
Total receipts	306,190.85	302,907.32	(3,283.53)	306,351.84	300,029.10	(6,322.74)
DISBURSEMENTS						
Assessor	353,220.00	348,678.43	4,541.57	353,650.00	300,298.11	53,351.89
Total disbursements	353,220.00	348,678.43	4,541.57	353,650.00	300,298.11	53,351.89
RECEIPTS OVER [UNDER] DISBURSEMEN	(47,029.15)	(45,771.11)	1,258.04	(47,298.16)	(269.01)	47,029.15
CASH JANUARY 1	47,029.15	47,029.15	0.00	47,298.16	47,298.16	0.00
CASH DECEMBER 31	\$0.00	\$1,258.04	\$1,258.04	\$0.00	\$47,029.15	\$47,029.15

The accompanying Notes to the Financial Statements are an integral part of this statement.

HOWELL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
SCHOOL RESOURCE FUND						
RECEIPTS						
Intergovernmental	\$46,131.79	\$51,733.75	\$5,601.96			
Other - grants				\$45,796.79	\$30,848.85	(\$14,947.94)
Total receipts	46,131.79	51,733.75	\$5,601.96	45,796.79	30,848.85	(14,947.94)
DISBURSEMENTS						
Juvenile Office	38,145.82	35,751.03	2,394.79	38,145.82	34,649.51	3,496.31
Fringe benefits	7,985.97	7,117.87	868.10	7,650.97	6,321.46	1,329.51
Total disbursements	46,131.79	42,868.90	3,262.89	45,796.79	40,970.97	4,825.82
RECEIPTS OVER [UNDER] DISBURSEMENT	0.00	8,864.85	8,864.85	0.00	(10,122.12)	(10,122.12)
CASH JANUARY 1	16,451.80	16,451.80	0.00	26,573.92	26,573.92	0.00
CASH DECEMBER 31	\$16,451.80	\$25,316.65	\$8,864.85	\$26,573.92	\$16,451.80	(\$10,122.12)
LAW ENFORCEMENT TRAINING FUND						
RECEIPTS						
Charges for services	\$8,675.00	\$8,100.48	(574.52)	\$9,200.00	\$8,679.69	(520.31)
Interest	700.00	207.69	(492.31)	800.00	739.31	(60.69)
Other	3,500.00	3,642.06	142.06	3,500.00	3,547.25	47.25
Total receipts	12,875.00	11,950.23	(924.77)	13,500.00	12,966.25	(533.75)
DISBURSEMENTS						
Sheriff	26,510.00	15,651.26	10,858.74	29,000.00	15,744.56	13,255.44
Total disbursements	26,510.00	15,651.26	10,858.74	29,000.00	15,744.56	13,255.44
RECEIPTS OVER [UNDER] DISBURSEMENT	(13,635.00)	(3,701.03)	9,933.97	(15,500.00)	(2,778.31)	12,721.69
CASH JANUARY 1	13,635.43	13,635.43	0.00	16,413.74	16,413.74	0.00
CASH DECEMBER 31	\$0.43	\$9,934.40	\$9,933.97	\$913.74	\$13,635.43	\$12,721.69
PROSECUTING ATTORNEY BAD CHECK FUND						
RECEIPTS						
Intergovernmental	\$47,000.00	\$1,737.94	(45262.06)	\$50,000.00	\$45,518.14	(4481.86)
Charges for services		56,315.97	56315.97			
Interest	500.00	224.02	(275.98)	500.00	476.87	(23.13)
Total receipts	47,500.00	58,277.93	10,777.93	50,500.00	45,995.01	(4504.99)
DISBURSEMENTS						
Salaries				17,463.70	17,453.76	9.94
fringe benefits				6,063.30	5,789.93	273.37
Office expenses	27,800.00	24,692.82	3,107.18	27,700.00	25,950.40	1,749.60
Other	19,380.00	15,978.36	3,401.64	12,260.00	8,415.77	3,844.23
Total disbursements	47,180.00	40,671.18	6,508.82	63,487.00	57,609.86	5,877.14
RECEIPTS OVER [UNDER] DISBURSEMENT	320.00	17,606.75	17,286.75	(12,987.00)	(11,614.85)	1,372.15
CASH JANUARY 1	1,867.17	1,867.17	0.00	13,482.02	13,482.02	0.00
CASH DECEMBER 31	\$2,187.17	\$19,473.92	\$17,286.75	\$495.02	\$1,867.17	\$1,372.15

The accompanying Notes to the Financial Statements are an integral part of this statement.

HOWELL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
RECORDER'S SPECIAL FUND						
RECEIPTS						
Intergovernmental	\$20,000.00	\$16,860.00	(3140.00)	\$15,000.00	\$15,688.00	\$688.00
Interest	2,000.00	598.88	(1401.12)	2,000.00	2,195.65	195.65
Total receipts	22,000.00	17,458.88	(4541.12)	17,000.00	17,883.65	883.65
DISBURSEMENTS						
Recorder of Deeds	39,000.00	16,912.90	22,087.10	34,000.00	33,536.87	463.13
Total disbursements	39,000.00	16,912.90	22,087.10	34,000.00	33,536.87	463.13
RECEIPTS OVER [UNDER] DISBURSEMENTS	(17,000.00)	545.98	17,545.98	(17,000.00)	(15,653.22)	1,346.78
CASH JANUARY 1	39,289.88	39,289.88	0.00	54,943.10	54,943.10	0.00
CASH DECEMBER 31	\$22,289.88	\$39,835.86	\$17,545.98	\$37,943.10	\$39,289.88	\$1,346.78
PROSECUTING ATTORNEY TRAINING FUND						
RECEIPTS						
Charges for services	\$2,150.00	\$2,009.04	(140.96)	\$2,050.00	\$2,162.71	\$112.71
Interest	50.00	25.94	(24.06)	120.00	61.56	(58.44)
Total receipts	2,200.00	2,034.98	(165.02)	2,170.00	2,224.27	54.27
DISBURSEMENTS						
Prosecuting Attorney	3,750.00	2,339.30	1,410.70	4,050.00	2,572.50	1,477.50
Total disbursements	3,750.00	2,339.30	1,410.70	4,050.00	2,572.50	1,477.50
RECEIPTS OVER [UNDER] DISBURSEMENTS	(1,550.00)	(304.32)	1,245.68	(1,880.00)	(348.23)	1,531.77
CASH JANUARY 1	1,607.03	1,607.03	0.00	1,955.26	1,955.26	0.00
CASH DECEMBER 31	\$57.03	\$1,302.71	\$1,245.68	\$75.26	\$1,607.03	\$1,531.77
911 EMERGENCY TELEPHONE FUND						
RECEIPTS						
Intergovernmental	\$415,000.00	\$444,066.39	\$29,066.39	\$375,000.00	\$424,106.26	\$49,106.26
Interest	12,000.00	19,122.87	7,122.87	16,000.00	26,995.80	10,995.80
Other		2,620.32	2,620.32		1,417.00	1,417.00
Adjusting entry					57.76	57.76
Total receipts	427,000.00	465,809.58	38,809.58	391,000.00	452,576.82	61,576.82
DISBURSEMENTS						
Salaries	230,000.00	236,856.07	(6,856.07)	230,000.00	222,758.68	7,241.32
Fringe benefits	73,100.00	69,913.78	3,186.22	68,000.00	62,895.92	5,104.08
Office expenditures	71,602.00	80,881.28	(9,279.28)	47,602.00	32,483.98	15,118.02
Equipment	64,000.00	11,761.38	52,238.62	17,000.00	8,091.78	8,908.22
Mileage and training	7,000.00	9,930.50	(2,930.50)	6,500.00	5,914.41	585.59
Other expenses	32,930.00	14,930.06	17,999.94	24,330.00	36,432.05	(12,102.05)
Transfer out	5,000.00	0.00	5,000.00	5,000.00	5,000.00	0.00
Total disbursements	483,632.00	424,273.07	59,358.93	398,432.00	373,576.82	24,855.18
RECEIPTS OVER [UNDER] DISBURSEMENTS	(56,632.00)	41,536.51	98,168.51	(7,432.00)	79,000.00	86,432.00
CASH JANUARY 1	424,264.90	424,264.90	0.00	345,264.90	345,264.90	0.00
CASH DECEMBER 31	\$367,632.90	\$465,801.41	\$98,168.51	\$337,832.90	\$424,264.90	\$86,432.00

The accompanying Notes to the Financial Statements are an integral part of this statement.

HOWELL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
LAW ENFORCEMENT SALES TAX FUND						
RECEIPTS						
Sales taxes	\$900,000.00	\$926,600.59	\$26,600.59	\$916,000.00	\$898,383.12	(17616.88)
Intergovernmental	92,867.10	139,523.35	46,656.25	37,010.84	74,585.26	37574.42
Charges for services		800.00	800.00			0.00
Interest	4,000.00	4,686.55	686.55	10,000.00	3,428.32	(6571.68)
Other	53,400.00	72,690.27	19,290.27	45,950.00	60,391.48	14441.48
Transfers in	880,000.00	880,000.00	0.00	880,000.00	819,062.89	(60937.11)
Total receipts	1,930,267.10	2,024,300.76	94,033.66	1,888,960.84	1,855,851.07	(33109.77)
DISBURSEMENTS						
Sheriff	963,301.77	919,700.65	43,601.12	976,464.00	771,355.18	205,108.82
Detention Center	414,260.00	348,631.06	65,628.94	226,440.00	172,885.37	53,554.63
Grants	81,383.30	168,401.87	(87,018.57)	50,256.20	60,891.96	(10,635.76)
Community Projects	5,050.00	15,647.84	(10,597.84)	2,800.00	2,786.84	13.16
Public Health & Welfare	41,000.00	51,023.60	(10,023.60)	40,500.00	24,557.74	15,942.26
Jail Lease Agreement	142,500.00	135,296.19	7,203.81	138,000.00	77,428.53	60,571.47
Other	282,048.50	50,136.97	231,911.53	22,000.00	43,900.73	(21,900.73)
Fringe Benefits	294,844.00	253,829.06	41,014.94	284,620.35	223,223.23	61,397.12
Total disbursements	2,224,387.57	1,942,667.24	281,720.33	1,741,080.55	1,377,029.58	364,050.97
RECEIPTS OVER [UNDER] DISBURSEMENTS	(294,120.47)	81,633.52	375,753.99	147,880.29	478,821.49	330,941.20
CASH JANUARY 1	545,299.55	545,299.55	0.00	66,478.06	66,478.06	0.00
CASH DECEMBER 31	\$251,179.08	\$626,933.07	\$375,753.99	\$214,358.35	\$545,299.55	\$330,941.20
RECORDER'S TECHNOLOGY FUND						
RECEIPTS						
Intergovernmental	\$7,500.00	\$12,873.75	\$5,373.75	\$5,000.00	\$3,792.50	(\$1,207.50)
Interest	200.00	146.45	(53.55)	10.00	11.67	\$1.67
Total receipts	7,700.00	13,020.20	5,320.20	5,010.00	3,804.17	(1,205.83)
RECEIPTS OVER [UNDER] DISBURSEMENTS	7,700.00	13,020.20	5,320.20	5,010.00	3,804.17	(1,205.83)
CASH JANUARY 1	3,804.17	3,804.17	0.00	0.00	0.00	0.00
CASH DECEMBER 31	\$11,504.17	\$16,824.37	\$5,320.20	\$5,010.00	\$3,804.17	(\$1,205.83)

The accompanying Notes to the Financial Statements are an integral part of this statement.

HOWELL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
CHILDREN'S TRUST FUND						
RECEIPTS						
Intergovernmental	\$9,500.00	\$6,069.19	(\$3,430.81)	\$12,000.00	\$6,663.44	(\$5,336.56)
Total receipts	9,500.00	6,069.19	(3430.81)	12,000.00	6,663.44	(5,336.56)
DISBURSEMENTS						
Other	9,500.00	6,135.20	3,364.80	12,000.00	6,497.44	5,502.56
Total disbursements	9,500.00	6,135.20	3,364.80	12,000.00	6,497.44	5,502.56
RECEIPTS OVER [UNDER] DISBURSEMENTS	0.00	(66.01)	(66.01)	0.00	166.00	166.00
CASH JANUARY 1	166.00	166.00	0.00	0.00	0.00	0.00
CASH DECEMBER 31	\$166.00	\$99.99	(\$66.01)	\$0.00	\$166.00	\$166.00
=====						
PROSECUTING ATTORNEY SPECIAL FUND						
RECEIPTS						
Intergovernmental	\$1,500.00	\$1,149.53	(\$350.47)	\$800.00	\$1,520.39	\$720.39
Interest		14.63	14.63	100.00	0.00	(100.00)
Total receipts	1,500.00	1,164.16	(335.84)	900.00	1,520.39	620.39
DISBURSEMENTS						
Prosecuting Attorney	2,500.00	84.08	2,415.92	1,500.00	1,239.89	260.11
Total disbursements	2,500.00	84.08	2,415.92	1,500.00	1,239.89	260.11
RECEIPTS OVER [UNDER] DISBURSEMENTS	(1,000.00)	1,080.08	2,080.08	(600.00)	280.50	880.50
CASH JANUARY 1	1,063.42	1,063.42	0.00	782.92	782.92	0.00
CASH DECEMBER 31	\$63.42	\$2,143.50	\$2,080.08	\$182.92	\$1,063.42	\$880.50
=====						
DRUG ENFORCEMENT FUND						
RECEIPTS						
Intergovernmental	\$23,313.90	\$23,313.90	\$0.00			
Interest	800.00	380.42	(419.58)	\$1,200.00	\$1,035.33	(\$164.67)
Total receipts	24,113.90	23,694.32	(419.58)	1,200.00	1,035.33	(164.67)
DISBURSEMENTS						
Sheriff	45,284.90	26,313.90	18,971.00	25,000.00	3,000.00	22,000.00
Total disbursements	45,284.90	26,313.90	18,971.00	25,000.00	3,000.00	22,000.00
RECEIPTS OVER [UNDER] DISBURSEMENTS	(21,171.00)	(2,619.58)	18,551.42	(23,800.00)	(1,964.67)	21,835.33
CASH JANUARY 1	21,971.44	21,971.44	0.00	23,936.11	23,936.11	0.00
CASH DECEMBER 31	\$800.44	\$19,351.86	\$18,551.42	\$136.11	\$21,971.44	\$21,835.33
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The accompanying Notes to the Financial Statements are an integral part of this statement.

HOWELL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
SHERIFF SPECIAL FUND						
RECEIPTS						
Intergovernmental	\$36,000.00	\$39,542.93	\$3,542.93	\$40,500.00	\$36,910.21	(\$3,589.79)
Transfers in					37.50	37.50
Total receipts	36,000.00	39,542.93	3,542.93	40,500.00	36,947.71	(3,552.29)
DISBURSEMENTS						
Sheriff	36,372.26	0.00	36,372.26	46,000.00	41,534.61	4,465.39
Total disbursements	36,372.26	0.00	36,372.26	46,000.00	41,534.61	4,465.39
RECEIPTS OVER [UNDER] DISBURSEMENTS	(372.26)	39,542.93	39,915.19	(5,500.00)	(4,586.90)	913.10
CASH JANUARY 1	1,372.26	1,372.26	0.00	5,959.16	5,959.16	0.00
CASH DECEMBER 31	\$1,000.00	\$40,915.19	\$39,915.19	\$459.16	\$1,372.26	\$913.10
SHERIFF'S EMERGENCY RESPONSE TEAM						
RECEIPTS						
Interest	\$150.00	\$45.10	(\$104.90)	\$150.00	\$135.66	(\$14.34)
Total receipts	150.00	45.10	(104.90)	150.00	135.66	(14.34)
DISBURSEMENTS						
Sheriff	3,000.00	175.00	2,825.00	3,000.00	268.82	2,731.18
Total disbursements	3,000.00	175.00	2,825.00	3,000.00	268.82	2,731.18
RECEIPTS OVER [UNDER] DISBURSEMENTS	(2,850.00)	(129.90)	2,720.10	(2,850.00)	(133.16)	2,716.84
CASH JANUARY 1	2,868.29	2,868.29	0.00	3,001.45	3,001.45	0.00
CASH DECEMBER 31	\$18.29	\$2,738.39	\$2,720.10	\$151.45	\$2,868.29	\$2,716.84
SPECIAL GRANTS FUND						
RECEIPTS						
Intergovernmental	\$270,000.00	\$242,641.88	(\$27,358.12)	\$285,000.00	\$215,936.19	(\$69,063.81)
Other		200.00	200.00			
Transfers in					4,979.04	4,979.04
Total receipts	270,000.00	242,841.88	(27,158.12)	285,000.00	220,915.23	(64,084.77)
DISBURSEMENTS						
Grant expenditures	270,000.00	242,641.88	27,358.12	288,621.03	224,536.26	64,084.77
Other		112.79	(112.79)			
Total disbursements	270,000.00	242,754.67	27,245.33	288,621.03	224,536.26	64,084.77
RECEIPTS OVER [UNDER] DISBURSEMENTS	0.00	87.21	87.21	(3,621.03)	(3,621.03)	0.00
CASH JANUARY 1	0.00	0.00	0.00	3,621.03	3,621.03	0.00
CASH DECEMBER 31	\$0.00	\$87.21	\$87.21	\$0.00	\$0.00	\$0.00

The accompanying Notes to the Financial Statements are an integral part of this statement.

HOWELL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
ELECTION SERVICES FUND						
RECEIPTS						
Intergovernmental	\$7,000.00	\$1,508.95	(\$5,491.05)	\$6,500.00	\$5,827.11	(\$672.89)
Interest	250.00	97.16	(152.84)		180.16	180.16
Interest					74.54	74.54
Transfers in		1,942.74	1,942.74			
Total receipts	7,250.00	3,548.85	(3,701.15)	6,500.00	6,081.81	(418.19)
DISBURSEMENTS						
Elections	12,500.00	3,177.94	9,322.06	2,900.00	1,795.49	1,104.51
Total disbursements	12,500.00	3,177.94	9,322.06	2,900.00	1,795.49	1,104.51
RECEIPTS OVER [UNDER] DISBURSEMEN	(5,250.00)	370.91	5,620.91	3,600.00	4,286.32	686.32
CASH JANUARY 1	6,214.36	6,214.36	0.00	1,928.04	1,928.04	0.00
CASH DECEMBER 31	\$964.36	\$6,585.27	\$5,620.91	\$5,528.04	\$6,214.36	\$686.32
COLLECTOR'S TAX MAINTENANCE FUND						
RECEIPTS						
Intergovernmental	\$2,000.00	\$1,716.91	(\$283.09)			
Total receipts	2,000.00	1,716.91	(283.09)			
DISBURSEMENTS						
County Collector	0.00	0.00	0.00			
Total disbursements	0.00	0.00	0.00			
RECEIPTS OVER [UNDER] DISBURSEMEN	2,000.00	1,716.91	(283.09)			
CASH JANUARY 1	0.00	0.00	0.00			
CASH DECEMBER 31	\$2,000.00	\$1,716.91	(\$283.09)			
MICRO-ENTERPRISE LOAN FUND						
RECEIPTS						
Intergovernmental	\$80,280.00	\$75,000.00	(\$5,280.00)	\$98,900.00	\$18,620.00	(\$80,280.00)
Total receipts	80,280.00	75,000.00	(5,280.00)	98,900.00	18,620.00	(80,280.00)
DISBURSEMENTS						
Micro-enterprise loan	80,280.00	75,000.00	5,280.00	98,900.00	18,620.00	80,280.00
Total disbursements	80,280.00	75,000.00	5,280.00	98,900.00	18,620.00	80,280.00
RECEIPTS OVER [UNDER] DISBURSEMEN	0.00	0.00	0.00	0.00	0.00	0.00
CASH JANUARY 1	0.00	0.00	0.00	0.00	0.00	0.00
CASH DECEMBER 31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

The accompanying Notes to the Financial Statements are an integral part of this statement.

HOWELL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
SENATE BILL 40 BOARD FUND						
RECEIPTS						
Property taxes	\$150,000.00	\$149,917.77	(\$82.23)	\$130,000.00	\$142,793.49	\$12,793.49
Intergovernmental	430.00	1,126.26	696.26	644.54	362.57	(281.97)
Interest	3,500.00	1,743.02	(1,756.98)	4,100.00	3,782.70	(317.30)
Total receipts	153,930.00	152,787.05	(1,142.95)	134,744.54	146,938.76	12,194.22
DISBURSEMENTS						
Office expenses	600.00	258.97	341.03	500.00	250.50	249.50
Contract services	193,000.00	96,266.48	96,733.52	170,000.00	142,840.00	27,160.00
Total disbursements	193,600.00	96,525.45	97,074.55	170,500.00	143,090.50	27,409.50
RECEIPTS OVER [UNDER] DISBURSEMEN	(39,670.00)	56,261.60	95,931.60	(35,755.46)	3,848.26	39,603.72
CASH JANUARY 1	39830.23	39,830.23	0.00	35,981.97	35,981.97	0.00
CASH DECEMBER 31	\$160.23	\$96,091.83	\$95,931.60	\$226.51	\$39,830.23	\$39,603.72
LAW LIBRARY FUND						
RECEIPTS						
Intergovernmental	\$21,420.00	\$22,684.50	\$1,264.50			
Interest	540.00	276.24	(263.76)			
Total receipts	21,960.00	22,960.74	1,000.74			
DISBURSEMENTS						
Law library	19,680.00	26,373.98	(6,693.98)			
Total disbursements	19,680.00	26,373.98	(6,693.98)			
RECEIPTS OVER [UNDER] DISBURSEMEN	2,280.00	(3,413.24)	(5,693.24)			
CASH JANUARY 1	17,156.09	17,156.09	0.00			
CASH DECEMBER 31	\$19,436.09	\$13,742.85	(\$5,693.24)			
CIRCUIT CLERK - INTEREST FUND						
RECEIPTS						
Interest	\$500.00	\$1,195.41	\$695.41			
Other	1,000.00	790.04	(209.96)			
Total receipts	1,500.00	1,985.45	485.45			
DISBURSEMENTS						
Circuit clerk	4,000.00	3,675.75	324.25			
Total disbursements	4,000.00	3,675.75	324.25			
RECEIPTS OVER [UNDER] DISBURSEMEN	(2,500.00)	(1,690.30)	809.70			
CASH JANUARY 1	23,421.00	23,421.00	0.00			
CASH DECEMBER 31	\$20,921.00	\$21,730.70	\$809.70			

The accompanying Notes to the Financial Statements are an integral part of this statement.

HOWELL COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31

	2002			2001		
	Budget	Actual	Variance Favorable [Unfavorable]	Budget	Actual	Variance Favorable [Unfavorable]
ASSOCIATE CIRCUIT DIVISION - INTEREST FUND						
RECEIPTS						
Interest	\$4,416.51	\$2,602.05	(\$1,814.46)			
Total receipts	4,416.51	2,602.05	(1,814.46)			
DISBURSEMENTS						
Associate circuit clerk	19,000.00	14,252.80	4,747.20			
Total disbursements	19,000.00	14,252.80	4,747.20			
RECEIPTS OVER [UNDER] DISBURSEMENTS	(14,583.49)	(11,650.75)	2,932.74			
CASH JANUARY 1	19,055.62	19,055.62	0.00			
CASH DECEMBER 31	\$4,472.13	\$7,404.87	\$2,932.74			

SPECULATIVE INDUSTRIAL BUILDING LOAN FUND

RECEIPTS			
Intergovernmental	\$400,000.00	\$400,000.00	0.00
Total receipts	400,000.00	400,000.00	0.00
DISBURSEMENTS			0.00
Spec building	400,000.00	400,000.00	0.00
Total disbursements	400,000.00	400,000.00	\$0.00
RECEIPTS OVER [UNDER] DISBURSEMENTS	0.00	0.00	
CASH JANUARY 1	0.00	0.00	
CASH DECEMBER 31	\$0.00	\$0.00	\$0.00

The accompanying Notes to the Financial Statements are an integral part of this statement.

HOWELL COUNTY, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2002, AND 2001

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Howell County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Senate Bill 40 Board. The General Revenue Fund is the county's operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash receipts and cash disbursements basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>
Circuit Clerk Interest Fund	2001
Associate Circuit Division Interest Fund	2001
Law Library Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>
Law Library Fund	2002

HOWELL COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002, AND 2001

1. Summary of Significant Accounting Policies - Continued

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. Financial statements were published as required.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county had not adopted such a policy as of December 31, 2002. However, during 2003 a policy has been written for the approval of the County Commission.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Senate Bill 40 Board's deposits at December 31, 2002 and 2001 were entirely covered by federal depository insurance, collateral securities held by the county's custodial bank in the county's name, or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

However, for the period August 19, 2001 through July 19, 2002 one certificate of deposit was under pledged by \$1,691.40.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

HOWELL COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31,

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	2002 Expenditures	2001 Expenditures
U.S. Department of Agriculture				
Passed-through Missouri Office of Administration Schools and Roads - Grants to States	10.665	Not Applicable	\$73,979.99	\$48,592.73
U.S. Department of Commerce				
Direct Program Grants for Public Works and Economic Development	11.300	2000-MO-03		400,000.00
U.S. Department of Housing and Urban Development				
Passed-through Missouri Department of Economic Development Community Development Block Grants	14.228	2000-ME-02	75,000.00	18,620.00
Department of Social Services Emergency Shelter Grants	14.231	Not Applicable	17,844.32	29,202.02
U.S. Department of Justice				
Direct Program Equitable Sharing of Seized and Forfeited Property	16.000	Not Applicable		23,313.90
Passed-through Missouri Department of Public Safety Juvenile Justice and Delinquency Prevention	16.540	01-JFJ4-12	5,434.55	
Juvenile Justice and Delinquency Prevention	16.540	00-JFJ4-20	26,762.66	
National Criminal History Improvement Program	16.554	Not Applicable		10,220.65
Crime Victim Assistance	16.575	2000-VOCA-0143	5,252.49	
Byrne Formula Grant Program	16.579	2000-NCD2-012		90,098.68
Byrne Formula Grant Program	16.579	2000-NDC2-022		76,961.38
Byrne Formula Grant Program	16.579	2001-NCD2-032	182,992.90	
Violence Against Women Formula Grants	16.588	2000VAWA-0066	19,701.27	
Violence Against Women Formula Grants	16.588	98-VAWA-0087		20,391.09
Violence Against Women Formula Grants	16.588	2000-VAWA-0019		22,110.84
Local Law Enforcement Block Grant Program	16.592	2002-LB-BX-3109	12,401.00	
Juvenile Investigator	16.540	00JFJ4-20		5,496.94
Juvenile Accountability Incentive	16.523	99JAIBG-INT-07	14,629.93	
Sheriff's Meth-Amphetamine Relief Team MO-Smart Program	16.580	2000DDVX0055	49,345.16	34,059.74
MO-Smart Program	16.580	TF-2001-10	41,804.66	28,274.18
Restorative Justice Mediation Service Grant	16.523	JAIBG-LG-12	270.00	
Sheriffs' Association DVERT Grant	16.590	2002WE-BX-0033	68,576.78	

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

HOWELL COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31,

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	2002 Expenditures	2001 Expenditures

U.S. Department of Transportation				

Passed-through Missouri				
Highway and Transportation Commission				
Highway Planning and Construction	20.205	BRO-046(7)	264,099.16	10,604.80
Federal Emergency Management Agency				

Passed-through Missouri				
Department of Public Safety				
Emergency Management - State and Local Assistance	83.534	Not Applicable	7,856.93	4,844.23
Disaster Relief	83.544	1412-OR-MO	416,276.11	
U.S. Department of Health & Human Services				

Passed-through Missouri				
Department of Social Services				
Child Support Enforcement	93.563	Not Applicable	129,707.03	109,603.69
Family Centered Out of Home Grant	93.658	AOC6000316	85,992.96	87,626.34
TOTAL FEDERAL AWARDS			\$1,497,927.90	\$1,020,021.21
			=====	=====

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

HOWELL COUNTY, MISSOURI
NOTES TO SUPPLEMENTARY SCHEDULE
YEARS ENDED DECEMBER 31, 2002, AND 2001

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The Accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Howell County, Missouri, except for the programs accounted for in the Howell County Public Housing Agency Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended June 30, 2002 and 2001.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance - means assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award - means federal financial assistance and federal cost-reimbursement contracts that nonfederal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash receipts and cash disbursements method of accounting, which recognized amounts only when disbursed in cash.

Amounts for the Equitable Sharing of Seized and Forfeited Property Program, CFDA number 16.000 represents the county's share of seized monies or property.

HOWELL COUNTY, MISSOURI
NOTES TO SUPPLEMENTARY SCHEDULE
YEARS ENDED DECEMBER 31, 2002, AND 2001

2. Sub recipients

Of the federal expenditures presented in the schedule, the county provided federal awards to sub recipients as follows:

<u>CFDA Number</u>	<u>Program Title</u>	<u>2002</u>	<u>Amount Provided</u> <u>Year Ended December 31,</u> <u>2001</u>
14.231	Emergency Shelter Grants		\$ 17,844.32 \$ 29,202.02
16.000	Equitable Sharing of Seized and Forfeited Property		\$ 23,313.90
16.579	Byrne Formula Grant Program		\$182,992.90 \$167,060.06
16.580	MO-Smart Program		\$ 41,804.66 \$ 28,274.18

FEDERAL AWARDS- SINGLE AUDIT SECTION



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission and
Officeholders of Howell County, Missouri

Compliance

We have audited the compliance of Howell County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Howell County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

Internal Control Over Compliance

The management of Howell County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Howell County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

A. M. Barnhart, P.C.
Certified Public Accountant

Houston, Missouri
May 9, 2003

HOWELL COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? ___ Yes X No

Reportable condition(s) identified
not considered to be material weaknesses? ___ Yes X None reported

Noncompliance material to financial
statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ Yes X No

Reportable condition(s) identified
not considered to be material weaknesses? X Yes ___ None reported

Type of auditor's report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Section .510(a)
of Circular A-133? X Yes ___ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.300	Grants for Public Works and Economic Development
16.579	Byrne Formula Program
20.205	Highway Planning and Construction
83.544	Disaster Relief

Dollar threshold used to distinguish between
type A and type B programs: \$300,000.00

Auditee qualified as low-risk auditee? ___ Yes X No

HOWELL COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)-CONTINUED
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section II--Financial Statement Findings

This section includes no audit findings that Government Auditing Standards requires to be reported for an audit of financial statements.

Section III--Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1	Schedule of Expenditures of Federal Awards
Federal Grantor: Pass-Through Grantor: Federal CFDA Number: Program Title: Pass-Through Entity Identifying No. Award Years: Questioned Costs:	U.S. Department of Agriculture Office of Administration 10.665 Schools and Roads - Grants to States Not applicable 2001 Not applicable
Federal Grantor: Pass-Through Grantor: Federal CFDA Number: Program Title: Pass-Through Entity Identifying No. Award Years: Questioned Costs:	U.S. Department of Housing and Urban Dev. Department of Economic Development 14.228 Community Development Block Grants 2000-ME-02 2002 Not applicable
Federal Grantor: Pass-Through Grantor: Federal CFDA Number: Program Title: Pass-Through Entity Identifying No. Award Years: Questioned Costs:	U.S. Department of Justice Department of Public Safety 16.540 Juvenile Justice and Delinquency Prevention 01-JFJ4-12, 00-JFJ4-20 and OOJFJ4-20 2001 and 2002 Not applicable
Federal Grantor: Pass-Through Grantor: Federal CFDA Number: Program Title: Pass-Through Entity Identifying No. Award Years: Questioned Costs:	U.S. Department of Justice Department of Public Safety 16.575 Crime Victim Assistance 2000-VOCA-0143 2002 Not applicable

HOWELL COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION) - CONTINUED
YEARS ENDED DECEMBER 31, 2002 AND 2001

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	16.579
Program Title:	Byrne Formula Grant
Pass-Through Entity Identifying No.	2000-NDC2-012 and 2000-NDC2-022
Award Years:	2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	16.588
Program Title:	Violence Against Women Formula Grants
Pass-Through Entity Identifying No.	98-VAWA-0087 and 2000-VAWA-0019
Award Years:	2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Sheriff's Meth-Amphetamine Relief Team
Federal CFDA Number:	16.580
Program Title:	MO-Smart Program
Pass-Through Entity Identifying No.	TF-2001-10 and 2000DDVX0055
Award Years:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Sheriff's Meth-Amphetamine Relief Team
Federal CFDA Number:	16.523
Program Title:	Restorative Justice Mediation Service Grant
Pass-Through Entity Identifying No.	JAIBG-LG-12
Award Years:	2002
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Sheriff's Association
Federal CFDA Number:	16.590
Program Title:	DVERT Grant
Pass-Through Entity Identifying No.	2002WE-BX-0033
Award Years:	2002
Questioned Costs:	Not applicable
Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.534
Program Title:	Emergency Management-State and Local
Pass-Through Entity Identifying No.	Not applicable
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

HOWELL COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION) - CONTINUED
 YEARS ENDED DECEMBER 31, 2002 AND 2001

Federal Grantor:	U.S. Department of Health and Human Serv.
Pass-Through Grantor:	Department of Social Services
Federal CFDA Number:	93.563
Program Title:	Child Support Enforcement
Pass-Through Entity Identifying No.	Not applicable
Award Years:	2002
Questioned Costs:	Not applicable
 Federal Grantor:	 U.S. Department of Health and Human Serv.
Pass-Through Grantor:	Department of Social Services
Federal CFDA Number:	93.658
Program Title:	Family Centered Out of Home Grant
Pass-Through Entity Identifying No.	AOC6000316
Award Years:	2002
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have procedures in place to track federal awards for preparation of the SEFA. For the years ended December 31, 2002 and 2001, the county's SEFA contained numerous errors and omissions for programs listed above. For example, expenditures relating to several federal grants were not included on the schedules. Other programs reported did not include the required pass-through grantor's number or the Catalog of Federal Domestic Assistance (CFDA) number. In addition, some programs were reported incorrectly, and in total, expenditures were understated by \$62,611.41 and \$146,848.21 for 2002 and 2001, respectively.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

Procedures are being implemented between the various county offices to address this recommendation.

HOWELL COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Howell County's audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

HOWELL COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Howell County's prior audit report issued for the two years ended December 31, 2000, included a finding that was required to be reported under Section .510(a) of OMB Circular A-133 regarding the inadequacy of procedures used to accumulate data and prepare the required Schedule of Expenditures of Federal Awards. Following is the program information.

Federal Grantor:	U.S. Department of Agriculture	U.S. Department of Justice
Pass-Through Grantor:	Office of Administration	Department of Public Safety
Federal CFDA Number:	10.665	16.579
Program Title:	Schools and Roads-Grants to States	Byrne Formula Grant Program
Pass-Through Entity No.	Not applicable	98-NCD2-036, 99-NCD2-013, and 2000-NCD2-012
Award Years:	2000 and 1999	2000 and 1999
Questioned Costs:	Not applicable	Not applicable
Federal Grantor:	U.S. Department of Housing and Urban Development	
Pass-Through Grantor:	Department of Economic Development	
Federal CFDA Number:	14.228	
Program Title:	Community Development Block Grants-State's Program	
Pass-Through Entity No.	96-ED-09, 97-PF-11, 98-PF-13, and 2000-ME-02	
Award Years:	2000 and 1999	
Questioned Costs:	Not applicable	

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 02-1

MANAGEMENT ADVISORY REPORT SECTION

HOWELL COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT - AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Howell County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 9, 2003. We also have audited the compliance of Howell County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 9, 2003.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county.

Because the Howell County Public Housing Agency is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed that audit report and other applicable information.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the special-purpose financial statements referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Howell County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. Budgetary Practices

- A. Budgets were not prepared for various county funds for the year ended December 31, 2001.

Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.

- B. Actual disbursements exceeded the budgeted amounts in various funds as follows:

Law Library Fund

December 31, 2002

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246(1954), that county officials are required to strictly comply with the county budget laws. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

WE RECOMMEND the County:

- A. Ensure financial information for all county funds is included in the annual budgets.
- B. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements the original budget should be formally amended and filed with the State Auditor's office.

AUDITEE'S RESPONSE

The offices identified will be reminded of these recommendations.

2. Collateral Securities

The county has not established procedures to monitor collateral securities required on certificates of deposit. The county does not "book" interest earned and added to certificates until a check is actually received. Therefore, there was one instance for the period August 19, 2001 through July 19, 2002 where one certificate of deposit was under pledged by \$1,691.40.

Section 110.020, RSMo 2000, requires that the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave the county funds unsecured and subject to loss in the event of a bank failure.

In addition, the Senate Bill 40 Board has not entered into a written depositary agreement with their depositary banks. A depositary contract is necessary to ensure both the bank and the county or county board understand and comply with the agreement. Such a contract may cover issues such as costs of checking accounts and safe deposit boxes, interest charges for borrowed funds, interest to be paid on certificate of deposit, savings accounts and interest bearing checking accounts, and should include collateral securities required to be pledged. In addition, Section 110.130, RSMo 2000, requires the Senate Bill 40 Board to enter into agreements with the bank or banks selected as the depositary during the May term in each odd-numbered year.

WE RECOMMEND the County Commission:

- A. Establish monitoring procedures to ensure depository banks pledge adequate collateral securities at all times. In addition, the Senate Bill 40 Board should enter into written depository agreements with all depository banks, as required by state law.

AUDITEE'S RESPONSE

The county has implemented procedures to insure adequate pledged securities at all times and have a Collateral Pledge Agreement in place. The Senate Bill 40 Board will obtain agreements as required and implement procedures to assure adequate pledged securities as needed.

HOWELL COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Howell County, Missouri on special-purpose financial statement findings in the Management Advisory Report (MAR) of the county's audit report issued for the two years ended December 31, 2000. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR.

1. Budgetary Practices:

- A. Formal budgets were not prepared for various funds for the years ended December 31, 2000 and 1999.
- B. Actual expenditures exceeded budgeted amounts for the Criminal Pleas, Sheriff's Equipment, and Special Grants funds for 2000 and for the CDBG Project #98-PF-13 fund for 1999.
- C. The annual financial statements of the county did not include the financial activity of some county funds as required.

Recommendation:

- A. Ensure financial information for all county funds is included in the annual budgets.
- B. Refrain from authorizing disbursements in excess of budgeted amounts.
- C. Ensure financial information for all county funds is properly reported in the annual financial statements.

Status:

A implemented in 2002, B not implemented for the Law Library Fund - See MAR finding number 1. C implemented.

2. Collateral Securities:

- A. The county and the Senate Bill 40 Board have not established procedures to monitor collateral securities pledged by their depository banks.
- B. The county and the Senate Bill 40 Board have not entered into written depository agreements with their depository banks.

Recommendation:

- A. County Commission and the Senate Bill 40 Board establish monitoring procedures to ensure depositary banks pledge adequate collateral securities at all times.
- B. County Commission and the Senate Bill 40 Board enter into a written depositary agreement with all depositary banks.

Status:

A & B not fully implemented - See MAR finding number 2.



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Stoddard County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Stoddard County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Schott & Van de Ven, Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-82
August 7, 2003

STODDARD COUNTY, MISSOURI

December 31, 2002 and 2001

STODDARD COUNTY, MISSOURI

December 31, 2002 and 2001

Independent Auditors' Report on the Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	
Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	
Statement of Receipts, Disbursements, and Changes In Cash – Various Funds.	Exhibits A-1 & A-2
Comparative Statement of Receipts, Disbursements, and Changes In Cash – Budget and Actual – Various Funds	Exhibit B
Notes to the Financial Statements	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2002 and 2001	Schedule 1
Notes to the Supplementary Schedule.	
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	
Schedule of Findings and Questioned Costs (Including Management's Plan For Corrective Action), Years Ended December 31, 2002 and 2001	
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	



Schott & Van de Ven

Certified Public Accountants

1020 N. Kingshighway, Suite D, P.O. Box 1090, Cape Girardeau, MO 63702-1090 573-335-1231

FAX 573-339-0163

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of Stoddard County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Stoddard County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Stoddard County, Missouri, and comparisons of such information with the corresponding budgeted information for

various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Stoddard County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Stoddard County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 16, 2003, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

SCHOTT & VAN DE VEN

May 16, 2003



Schott & Van de Ven

Certified Public Accountants

1020 N. Kingshighway, Suite D, P.O. Box 1090, Cape Girardeau, MO 63702-1090 573-335-1231

FAX 573-339-0163

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission

and

Officeholders of Stoddard County, Missouri

We have audited the special-purpose financial statements of various funds of Stoddard County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 16, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Stoddard County, Missouri, are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Stoddard County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the County Commissioners in a separate letter dated May 16, 2003.

This report is intended for the information of the management of Stoddard County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

SCHOTT & VAN DE VEN

May 16, 2003

Exhibit A-1

STODDARD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 695,927	2,529,389	2,377,048	848,268
Special Road and Bridge	1,158,883	1,496,032	1,508,958	1,145,957
Assessment	142,165	249,195	222,818	168,542
Law Enforcement Training	6,907	5,169	4,504	7,572
Prosecuting Attorney Training	8,417	952	1,064	8,305
Drainage Districts	115,748	25,500	39,421	101,827
County Farm	56,750	0	0	56,750
Prosecuting Attorney Administration	18,615	17,737	22,005	14,347
Recorder Maintenance	15,877	24,744	9,677	30,944
Domestic Violence	10,145	3,354	6,000	7,499
Crime Reduction	161	0	0	161
Prosecuting Attorney Delinquent Tax	4,593	270	1,870	2,993
Archives	8,434	10,401	12,371	6,464
Use Tax	57,776	0	56,100	1,676
D.A.R.E.	0	0	0	0
Sheriff's Forfeiture	80	0	0	80
P.O.S.T.	9,234	2,380	1,472	10,142
Sheriff's Civil Process	7,677	26,461	17,423	16,715
Capital Improvements	460,693	444,319	815,974	89,038
Associate Circuit Division Interest	4,517	1,471	328	5,660
Circuit Division Interest	19,217	3,839	9,159	13,897
Law Library	8,965	12,107	11,101	9,971
Total	\$ 2,810,781	4,853,320	5,117,293	2,546,808

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

STODDARD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 902,548	2,370,746	2,577,367	695,927
Special Road and Bridge	1,176,650	1,313,632	1,331,399	1,158,883
Assessment	112,146	255,578	225,559	142,165
Law Enforcement Training	5,800	5,330	4,223	6,907
Prosecuting Attorney Training	7,217	1,200	0	8,417
Drainage Districts	156,894	32,994	74,140	115,748
County Farm	57,593	0	843	56,750
Prosecuting Attorney Administration	33,469	18,403	33,257	18,615
Recorder Maintenance	15,156	17,797	17,076	15,877
Domestic Violence	12,072	4,073	6,000	10,145
Crime Reduction	3,835	161	3,835	161
Prosecuting Attorney Delinquent Tax	5,365	702	1,474	4,593
Archives	2,968	14,652	9,186	8,434
Use Tax	55,555	2,221	0	57,776
D.A.R.E.	799	48	847	0
Sheriff's Forfeiture	847	56	823	80
P.O.S.T.	8,597	2,825	2,188	9,234
Sheriff's Civil Process	5,235	20,189	17,747	7,677
Capital Improvements	306,455	2,561,356	2,407,118	460,693
Associate Circuit Division Interest	8,319	2,098	5,900	4,517
Circuit Division Interest	25,200	2,050	8,033	19,217
Law Library	7,604	13,565	12,204	8,965
Total	\$ 2,910,324	6,639,676	6,739,219	2,810,781

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

STODDARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 4,931,227	4,835,903	(95,324)	6,885,929	6,621,963	(263,966)
DISBURSEMENTS	5,789,815	5,096,705	693,110	8,106,049	6,713,082	1,392,967
RECEIPTS OVER (UNDER) DISBURSEMENTS	(858,588)	(260,802)	597,786	(1,220,120)	(91,119)	1,129,001
CASH, JANUARY 1	2,778,082	2,778,082	0	2,869,201	2,869,201	0
CASH, DECEMBER 31	1,919,494	2,517,280	597,786	1,649,081	2,778,082	1,129,001
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	411,272	405,705	(5,567)	353,885	377,267	23,382
Sales taxes	1,050,000	1,170,760	120,760	1,002,000	1,038,581	36,581
Intergovernmental	566,329	459,152	(107,177)	544,883	497,168	(47,715)
Charges for services	321,500	380,656	59,156	286,200	302,396	16,196
Interest	65,000	14,239	(50,761)	66,500	65,620	(880)
Other	67,650	65,127	(2,523)	49,895	65,003	15,108
Transfers in	33,750	33,750	0	24,711	24,711	0
Total Receipts	2,515,501	2,529,389	13,888	2,328,074	2,370,746	42,672
DISBURSEMENTS						
County Commission	89,390	87,826	1,564	89,390	88,324	1,066
County Clerk	103,324	92,371	10,953	100,624	93,319	7,305
Elections	144,940	108,964	35,976	106,910	71,239	35,671
Buildings and grounds	133,172	133,098	74	106,967	93,230	13,737
Employee fringe benefits	287,358	236,864	50,494	259,356	257,428	1,928
County Treasurer	124,574	117,942	6,632	117,074	113,017	4,057
Ex Officio Recorder of Deeds	111,810	111,187	623	109,460	108,893	567
Circuit Clerk	24,000	21,366	2,634	26,500	15,822	10,678
Associate Circuit Court	21,500	17,889	3,611	21,000	20,027	973
Associate Circuit (Probate)	25,000	18,252	6,748	25,500	23,128	2,372
Court administration	11,051	10,314	737	13,523	9,152	4,371
Public Administrator	33,300	32,507	793	33,700	29,726	3,974
Sheriff	663,047	644,152	18,895	652,296	636,182	16,114
Prosecuting Attorney	146,486	130,815	15,671	132,936	119,628	13,308
Juvenile Officer	247,372	226,397	20,975	253,421	222,166	31,255
County Coroner	28,400	26,133	2,267	28,400	24,473	3,927
Building Improvements	50,000	44,009	5,991	50,000	11,084	38,916
Highway Engineer	100	0	100	100	0	100
Emergency Management	17,255	15,826	1,429	14,850	14,780	70
Other	126,137	111,786	14,351	128,763	128,756	7
Public health and welfare services	4,500	4,500	0	4,700	4,700	0
Transfers out	184,850	184,850	0	492,293	492,293	0
Emergency Fund	80,000	0	80,000	74,500	0	74,500
Total Disbursements	2,657,566	2,377,048	280,518	2,842,263	2,577,367	264,896
RECEIPTS OVER (UNDER) DISBURSEMENTS	(142,065)	152,341	294,406	(514,189)	(206,621)	307,568
CASH, JANUARY 1	695,927	695,927	0	902,548	902,548	0
CASH, DECEMBER 31	553,862	848,268	294,406	388,359	695,927	307,568
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental	1,625,000	1,478,755	(146,245)	1,589,700	1,254,015	(335,685)
Interest	40,000	17,277	(22,723)	23,500	59,617	36,117
Total Receipts	1,665,000	1,496,032	(168,968)	1,613,200	1,313,632	(299,568)
DISBURSEMENTS						
Road and bridge materials	20,000	817	19,183	20,000	665	19,335
Construction, repair, and maintenance	1,658,882	1,474,391	184,491	1,726,650	1,306,023	420,627
Transfers out	33,750	33,750	0	24,711	24,711	0
Total Disbursements	1,712,632	1,508,958	203,674	1,771,361	1,331,399	439,962
RECEIPTS OVER (UNDER) DISBURSEMENTS	(47,632)	(12,926)	34,706	(158,161)	(17,767)	140,394
CASH, JANUARY 1	1,158,883	1,158,883	0	1,176,650	1,176,650	0
CASH, DECEMBER 31	1,111,251	1,145,957	34,706	1,018,489	1,158,883	140,394

Exhibit B

STODDARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	253,400	248,124	(5,276)	250,900	249,032	(1,868)
Interest	3,500	1,071	(2,429)	1,700	6,546	4,846
Total Receipts	256,900	249,195	(7,705)	252,600	255,578	2,978
DISBURSEMENTS						
Assessor	304,899	222,818	82,081	297,384	225,559	71,825
Total Disbursements	304,899	222,818	82,081	297,384	225,559	71,825
RECEIPTS OVER (UNDER) DISBURSEMENTS	(47,999)	26,377	74,376	(44,784)	30,019	74,803
CASH, JANUARY 1	142,165	142,165	0	112,146	112,146	0
CASH, DECEMBER 31	94,166	168,542	74,376	67,362	142,165	74,803
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	5,100	5,169	69	4,550	5,093	543
Interest	100	0	(100)	100	237	137
Total Receipts	5,200	5,169	(31)	4,650	5,330	680
DISBURSEMENTS						
Sheriff	4,504	4,504	0	4,300	4,223	77
Total Disbursements	4,504	4,504	0	4,300	4,223	77
RECEIPTS OVER (UNDER) DISBURSEMENTS	696	665	(31)	350	1,107	757
CASH, JANUARY 1	6,907	6,907	0	5,800	5,800	0
CASH, DECEMBER 31	7,603	7,572	(31)	6,150	6,907	757
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	900	889	(11)	800	872	72
Interest	200	63	(137)	100	328	228
Total Receipts	1,100	952	(148)	900	1,200	300
DISBURSEMENTS						
Prosecuting Attorney	5,000	1,064	3,936	5,000	0	5,000
Total Disbursements	5,000	1,064	3,936	5,000	0	5,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,900)	(112)	3,788	(4,100)	1,200	5,300
CASH, JANUARY 1	8,417	8,417	0	7,217	7,217	0
CASH, DECEMBER 31	4,517	8,305	3,788	3,117	8,417	5,300
<u>DRAINAGE DISTRICTS</u>						
RECEIPTS						
Property Taxes	26,500	25,416	(1,084)	25,570	26,482	912
Interest	6,400	84	(6,316)	6,300	6,512	212
Total Receipts	32,900	25,500	(7,400)	31,870	32,994	1,124
DISBURSEMENTS						
Drainage Districts	75,000	39,421	35,579	75,000	74,140	860
Total Disbursements	75,000	39,421	35,579	75,000	74,140	860
RECEIPTS OVER (UNDER) DISBURSEMENTS	(42,100)	(13,921)	28,179	(43,130)	(41,146)	1,984
CASH, JANUARY 1	115,748	115,748	0	156,894	156,894	0
CASH, DECEMBER 31	73,648	101,827	28,179	113,764	115,748	1,984

Exhibit B

STODDARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COUNTY FARM FUND</u>						
RECEIPTS						
Charges for services	0	0	0	0	0	0
Total Receipts	0	0	0	0	0	0
DISBURSEMENTS						
Other	50,000	0	50,000	50,000	843	49,157
Total Disbursements	50,000	0	50,000	50,000	843	49,157
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50,000)	0	50,000	(50,000)	(843)	49,157
CASH, JANUARY 1	56,750	56,750	0	57,593	57,593	0
CASH, DECEMBER 31	6,750	56,750	50,000	7,593	56,750	49,157
<u>PROSECUTING ATTORNEY ADMINISTRATION FUND</u>						
RECEIPTS						
Charges for services	18,000	17,737	(263)	21,000	16,905	(4,095)
Interest	1,300	0	(1,300)	1,500	1,498	(2)
Total Receipts	19,300	17,737	(1,563)	22,500	18,403	(4,097)
DISBURSEMENTS						
Prosecuting Attorney	33,073	22,005	11,068	54,320	33,257	21,063
Total Disbursements	33,073	22,005	11,068	54,320	33,257	21,063
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,773)	(4,268)	9,505	(31,820)	(14,854)	16,966
CASH, JANUARY 1	18,615	18,615	0	33,469	33,469	0
CASH, DECEMBER 31	4,842	14,347	9,505	1,649	18,615	16,966
<u>RECORDER MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	17,000	22,549	5,549	15,000	15,648	648
Interest	1,000	2,195	1,195	1,000	2,149	1,149
Total Receipts	18,000	24,744	6,744	16,000	17,797	1,797
DISBURSEMENTS						
Recorder	17,899	9,677	8,222	17,122	17,076	46
Total Disbursements	17,899	9,677	8,222	17,122	17,076	46
RECEIPTS OVER (UNDER) DISBURSEMENTS	101	15,067	14,966	(1,122)	721	1,843
CASH, JANUARY 1	15,877	15,877	0	15,156	15,156	0
CASH, DECEMBER 31	15,978	30,944	14,966	14,034	15,877	1,843
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	3,600	3,354	(246)	3,500	3,593	93
Interest	500	0	(500)	700	480	(220)
Total Receipts	4,100	3,354	(746)	4,200	4,073	(127)
DISBURSEMENTS						
Payments to shelters	6,000	6,000	0	6,000	6,000	0
Total Disbursements	6,000	6,000	0	6,000	6,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,900)	(2,646)	(746)	(1,800)	(1,927)	(127)
CASH, JANUARY 1	10,145	10,145	0	12,072	12,072	0
CASH, DECEMBER 31	8,245	7,499	(746)	10,272	10,145	(127)

Exhibit B

STODDARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CRIME REDUCTION FUND</u>						
RECEIPTS						
Interest	0	0	0	0	161	161
Total Receipts	0	0	0	0	161	161
DISBURSEMENTS						
Prosecuting Attorney	161	0	161	3,835	3,835	0
Total Disbursements	161	0	161	3,835	3,835	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(161)	0	161	(3,835)	(3,674)	161
CASH, JANUARY 1	161	161	0	3,835	3,835	0
CASH, DECEMBER 31	0	161	161	0	161	161
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Charges for services	825	270	(555)	1,800	506	(1,294)
Interest	75	0	(75)	125	196	71
Total Receipts	900	270	(630)	1,925	702	(1,223)
DISBURSEMENTS						
Prosecuting Attorney	2,000	1,870	130	2,000	1,474	526
Total Disbursements	2,000	1,870	130	2,000	1,474	526
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,100)	(1,600)	(500)	(75)	(772)	(697)
CASH, JANUARY 1	4,593	4,593	0	5,365	5,365	0
CASH, DECEMBER 31	3,493	2,993	(500)	5,290	4,593	(697)
<u>ARCHIVES</u>						
RECEIPTS						
Intergovernmental	552	551	(1)	7,700	1,308	(6,392)
Transfers In	9,850	9,850	0	13,344	13,344	0
Total Receipts	10,402	10,401	(1)	21,044	14,652	(6,392)
DISBURSEMENTS						
Other	18,823	12,371	6,452	24,012	9,186	14,826
Total Disbursements	18,823	12,371	6,452	24,012	9,186	14,826
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,421)	(1,970)	6,451	(2,968)	5,466	8,434
CASH, JANUARY 1	8,434	8,434	0	2,968	2,968	0
CASH, DECEMBER 31	13	6,464	6,451	0	8,434	8,434
<u>USE TAX FUND</u>						
RECEIPTS						
Interest	2,200	0	(2,200)	2,100	2,221	121
Total Receipts	2,200	0	(2,200)	2,100	2,221	121
DISBURSEMENTS						
Transfer Out	57,776	56,100	1,676	55,555	0	55,555
Total Disbursements	57,776	56,100	1,676	55,555	0	55,555
RECEIPTS OVER (UNDER) DISBURSEMENTS	(55,576)	(56,100)	(524)	(53,455)	2,221	55,676
CASH, JANUARY 1	57,776	57,776	0	55,555	55,555	0
CASH, DECEMBER 31	2,200	1,676	(524)	2,100	57,776	55,676

Exhibit B

STODDARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>D.A.R.E. FUND</u>						
RECEIPTS						
Other	0	0	0	500	48	(452)
Total Receipts	0	0	0	500	48	(452)
DISBURSEMENTS						
Sheriff	0	0	0	847	847	0
Total Disbursements	0	0	0	847	847	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(347)	(799)	(452)
CASH, JANUARY 1	0	0	0	799	799	0
CASH, DECEMBER 31	0	0	0	452	0	(452)
<u>SHERIFF'S FORFEITURE FUND</u>						
RECEIPTS						
Other	0	0	0	150	56	(94)
Total Receipts	0	0	0	150	56	(94)
DISBURSEMENTS						
Sheriff	0	0	0	847	823	24
Total Disbursements	0	0	0	847	823	24
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(697)	(767)	(70)
CASH, JANUARY 1	80	80	0	847	847	0
CASH, DECEMBER 31	80	80	0	150	80	(70)
<u>P.O.S.T. FUND</u>						
RECEIPTS						
Charges for services	3,200	2,380	(820)	2,150	2,825	675
Total Receipts	3,200	2,380	(820)	2,150	2,825	675
DISBURSEMENTS						
Sheriff	3,000	1,472	1,528	3,000	2,188	812
Total Disbursements	3,000	1,472	1,528	3,000	2,188	812
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	908	708	(850)	637	1,487
CASH, JANUARY 1	9,234	9,234	0	8,597	8,597	0
CASH, DECEMBER 31	9,434	10,142	708	7,747	9,234	1,487
<u>SHERIFF'S CIVIL PROCESS FUND</u>						
RECEIPTS						
Charges for services	20,000	26,461	6,461	17,000	20,090	3,090
Interest	0	0	0	0	99	99
Total Receipts	20,000	26,461	6,461	17,000	20,189	3,189
DISBURSEMENTS						
Sheriff	25,500	17,423	8,077	17,800	17,747	53
Total Disbursements	25,500	17,423	8,077	17,800	17,747	53
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,500)	9,038	14,538	(800)	2,442	3,242
CASH, JANUARY 1	7,677	7,677	0	5,235	5,235	0
CASH, DECEMBER 31	2,177	16,715	14,538	4,435	7,677	3,242

Exhibit B

STODDARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CAPITAL IMPROVEMENTS FUND</u>						
RECEIPTS						
Intergovernmental	156,000	151,486	(4,514)	42,940	55,100	12,160
Interest	2,000	43,525	41,525	0	12,688	12,688
Other	43,524	74,308	30,784	2,045,177	2,014,619	(30,558)
Transfers In	175,000	175,000	0	478,949	478,949	0
Total Receipts	376,524	444,319	67,795	2,567,066	2,561,356	(5,710)
DISBURSEMENTS						
Building and Grounds	815,982	815,974	8	2,875,403	2,407,118	468,285
Total Disbursements	815,982	815,974	8	2,875,403	2,407,118	468,285
RECEIPTS OVER (UNDER) DISBURSEMENTS	(439,458)	(371,655)	67,803	(308,337)	154,238	462,575
CASH, JANUARY 1	460,693	460,693	0	306,455	306,455	0
CASH, DECEMBER 31	21,235	89,038	67,803	(1,882)	460,693	462,575

The accompanying Notes to the Financial Statements are an integral part of this statement.

STODDARD COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Stoddard County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, or an elected county official. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division Interest Fund	2002 and 2001
Circuit Division Interest Fund	2002 and 2001
Law Library Fund	2002 and 2001

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Capital Improvement Fund for 2001.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the County's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division Interest Fund	2002 and 2001
Circuit Division Interest Fund	2002 and 2001
Law Library Fund	2002 and 2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at

financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The County's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral held by the County's custodial bank in the Stoddard County Treasurer's name.

3. Prior Period Adjustment

The archives fund's cash balance at January 1, 2001 as previously stated has been increased by \$8,000 to reflect a transfer from the general fund in December 2000, that was not recorded as a receipt into the archives fund until 2001.

Schedule 1

STODDARD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through State:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-1204W ERS045-2204W ERS045-3204W	\$ 0 87,448 6,211	68,362 18,718 0
	Program Total		<u>93,659</u>	<u>87,080</u>
10.559	Summer Food Service Program for Children	ERS146-1204I ERS146-2204I	0 145	952 0
	Program Total		<u>145</u>	<u>952</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through State:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	2000-PF-155	3,280	0
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	95CFWX1931	0	11,129
16.585	Drug Court Planning	98-DC-VX-0032	0	6,058
Passed through:				
State Department of Public Safety -				
16.523	Juvenile Accountability Incentive Block Grant	98JAIBG-LG-020 99JAIBG-LG-020 JAIBG-LG-021	0 0 151,486	55,100 9,091 0
	Program Total		<u>151,486</u>	<u>64,191</u>
Missouri Sheriffs' Association -				
16.580	Methamphetamine Hot Spots	N/A	52,103	42,531

Schedule 1

STODDARD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through State Highway and Transportation Commission:			
20.205	Highway Planning and Construction	BRO-103	348,768	129,012
	Passed through State Department of Public Safety:			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	3,549	3,341
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through State Department of Public Safety:			
83.534	Emergency Management - State and Local Assistance	N/A	3,497	7,440
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through State:			
	Department of Health -			
93.043	Special Program for the Aging	N/A	0	1,435
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-1204L	0	1,010
93.268	Immunization Grants	N/A	40,511	48,974
	Program Total	PGA064-2204A	2,247	0
			42,758	48,974
	Department of Social Services -			
93.563	Child Support Enforcement	ERO 103-29207	1,488	21,340
	Department of Health -			
93.575	Child Care and Development Block Grant	PGA067-1204C&S	0	3,911
		PGA067-2204C&S	5,366	0
		PGA067-3204C	623	0
	Program Total		5,989	3,911

Schedule 1

STODDARD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
	Department of Health -			
93.919	Cooperative Agreements for State-Based	ERS161-10009	0	15,375
	Comprehensive Breast and Cervical Cancer	ERS161-20046	23,346	8,625
	Early Detection Programs			
	Program Total		23,346	24,000
93.991	Preventive Health and Health Services Block Grant	2000B1MOPRVS	5,000	436
93.994	Maternal and Child Health Services	ERS146-1204M	5,220	28,342
	Block Grant to the States	AOC01380036	6,416	7,069
		N/A	0	100
		ERS175-2073F	16,023	2,509
		N/A	425	5,510
		N/A	9,418	0
		ERS146-2204M	18,097	0
		ERS146-3204M	4,050	0
		CHO20027071	98	0
	Program Total		59,747	43,530
	Total Expenditures of Federal Awards		\$ 794,815	496,370

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

STODDARD COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Stoddard County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or

contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$40,511 and \$48,974 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the State Department of Health during the years ended December 31, 2002 and 2001. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$425 and \$5,510 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2002 and 2001. The remaining amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the County provided \$348,768 and \$129,012 to subrecipients under the Highway Planning and Construction Program (CFDA number 20.205) during the years ended December 31, 2002 and 2001.



Schott & Van de Ven

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission

and

Officeholders of Stoddard County, Missouri

Compliance

We have audited the compliance of Stoddard County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable

assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Stoddard County, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Stoddard County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 through 02-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance

with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding numbers 02-1 and 02-3 to be material weaknesses.

This report is intended for the information of the management of Stoddard County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

SCHOTT & VAN DE VEN

May 16, 2003

STODDARD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? _____ yes x no

Reportable condition identified that is
not considered to be a material weakness? _____ yes x none reported

Noncompliance material to the financial statements
noted? _____ yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? x yes _____ no

Reportable condition identified that is
not considered to be a material weakness x yes _____ none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?

☒ yes ☐ no

Identification of programs tested as major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
16.580	Methamphetamine Hot Spots
16.710	Public Safety Partnership and Community Policing Grant
20.205	Highway Planning and Construction
93.268	Immunization Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

☐ yes ☒ no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding(s) that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1 Subrecipient Monitoring

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Pass-Through Entity Number:	BRO-103
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable

During the years ended December 31, 2002 and 2001, Stoddard County was designated as the recipient for Highway Planning and Construction Grants for bridge replacement and rehabilitation under the Highway Planning and Construction Program. These funds were passed through to several townships and special road districts within the County. The County Commission did not adequately monitor these subrecipients for compliance with applicable laws and regulations. Grant funding for these programs totaled \$477,780 for the two years.

Under provisions of the Single Audit Act and OMB Circular A-133, the County, as the primary grant recipient, is required to monitor any subrecipients receiving \$25,000 or more in federal financial assistance for compliance with applicable laws and regulations. The County did not receive a written contract with the subrecipients regarding the use of the federal funds. The County did not obtain any proof from the townships or special road districts that the contractors were actually paid. By not properly monitoring the subrecipients, the County cannot ensure that the grant monies are being expended in accordance with federal requirements. As the grant recipient, the County is ultimately responsible for ensuring the compliance with federal requirements.

RECOMMENDATION

We recommend that the County Commission obtain contracts and proof of payment from the subrecipients to ensure compliance with applicable laws and regulations.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County does not pay anything until approved and inspected by the engineering firm. The engineer sends the request to the state for money. Upon receipt of the money from the State, the County issues a check to the township or special road district where the project is located. In the future, the County Commission will require paid receipts or copies of checks be sent to them by the road district or township upon their payment to the contractor or engineer.

02-2 Schedule of Expenditures and Federal Awards

Federal Grantor:	U.S. Department of Justice
Program:	16.580- Methamphetamine Hot Spots
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Health and Human Services
Program:	93.268- Immunization Grants
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable

The County prepared a schedule of expenditures of federal awards for each of the two years ended December 31, 2002. The information shown on these reports for some of the programs was not accurate.

The County's schedule did not include the juvenile block grants. It also included several grants for incorrect dollar amounts. As a result, the County over reported expenditures by approximately \$103,000 in 2002 and \$9,000 in 2001.

Without an accurate and complete schedule of expenditures, the federal financial activity may not be properly audited and reported in accordance with the federal requirements.

RECOMMENDATION

We recommend that the County Clerk prepare a complete and accurate schedule of expenditures of federal awards. The County Clerk should make sure all the various departments that may

provide information for this schedule are aware of the importance of the accuracy and provide guidance to them if necessary.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk will do their best to fill out this form as correctly as possible with the information made available to them.

02-3 Report Reconciliation

Federal Grantor:	U.S. Department of Justice
Program:	16.580- Methamphetamine Hot Spots
Program:	16.710- Public Safety Partnership and Community Policing Grants
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable

The Sheriff's department received both of these federal grants. The Sheriff's department prepared all of the applicable financial reports. However, the financial information was not reconciled with the general ledger information prepared by the County Clerk's office. Therefore, the amounts shown on the financial reports were incorrect in some instances. The differences for these years were considered immaterial.

RECOMMENDATION

We recommend that all the financial reports for federal grants be reconciled with the general ledger before being submitted.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission will request that the Sheriff reconcile with the general ledger before submitting the applicable reports.

STODDARD COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the years ended December 31, 2000 and 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

STODDARD COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on the prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Prior Audit Findings

- 00-1 Subrecipient Monitoring: Not Implemented. See finding number 02-1 in the current year Schedule of Findings and Questioned Costs.
- 00-2 Schedule of Expenditures and Federal Awards: Not Implemented. See finding number 02-2 in the current year Schedule of Findings and Questioned Costs.



Schott & Van de Ven

Certified Public Accountants

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FAX 573-339-0163

To the County Commissioners
Stoddard County, Missouri

In planning and performing our audit of the special-purpose financial statements of Stoddard County, Missouri for the years ended December 31, 2002 and 2001, we considered the County's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our reports dated May 16, 2003 on the financial statements and A-133 compliance of Stoddard County, Missouri. Our comments and recommendations are intended to improve the internal control and operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

1. Procedures Manual:

- a. We would like to suggest that the County consider developing an accounting procedures manual. A manual could help to standardize the accounting processes and could be used to inform all employees of desired operating procedures and policies. Such a manual could be of great help if an employee is incapacitated and unable to perform their normal duties for a period of time. Also, if new office holders are elected, the manual could serve as a valuable training aid.
- b. We also believe the County should have a computer software manual that can guide employees on operating the software properly.

Stoddard County, Missouri

2. Transfers:

- a. During the audit, it was discovered that a transfer from the general fund was recorded in 2000, but the transfer in to the archives fund wasn't recorded until 2001.

It appears the treasurer held the check from the general fund instead of depositing it into the archives fund immediately.

It is imperative that both sides of the transfer be recorded in the same accounting period. Good communication between the clerk's and treasurer's offices should eliminate this problem.

- b. The combined accumulated interest fund (an agency fund) apparently did not transfer the interest earnings to the various other County funds as it is required to do. The transfer is normally done in January for the previous year, however, no such transfer was made in 2002. At the end of 2002, the accumulated interest fund had a balance of \$181,440.

It appears that the previous treasurer normally made the computation and transferred the funds. When she left office at the end of 2001, no one else made the transfer.

As previously stated in 1a, a procedures manual would have provided the details of this transaction and prevented the oversight. If the transfers for 2001 and 2002 have not been completed yet, it should be done as soon as possible.

3. Grant Accounting:

Appropriate accounting for federal award expenditures is very important. Separate general ledger accounts should be established to record the expenditures for every federal award. This procedure has been done for some of the awards but not all. The juvenile incentive block grant expenditures were not recorded in separate accounts.

The use of this procedure will aid in the preparation of the schedule of expenditures of federal awards and the various financial reports required by the award agencies. In addition, the required financial reports should be reconciled with the general ledger before they are submitted to the award agencies.

4. Bonding:

Several County employees responsible for cash transactions are not bonded. Adequate bonding is necessary to reduce the risk of loss if funds are mishandled. We suggest the County investigate obtaining bonds for these employees to reduce unnecessary risks.

Stoddard County, Missouri

5. Payroll:

- a. The clerk's office handles all the payroll related activity for the County. The payroll is processed using computer software. However, the clerk's office is also maintaining a manual ledger card for each employee's payroll. This ledger card shows the employee's gross wages, all deductions, hours worked, etc. The clerk's office stated that the software does not provide all of this information in one report. This manual posting is time consuming.

We suggest the County discuss this problem with the software provider. A small revision could possibly be made to the program that could eliminate this time consuming task and enable that employee to provide more beneficial services to the County.

- b. The County does not currently have a cafeteria plan in place for its health insurance. A cafeteria plan (Code Section 125 Plan) would enable any employee that is paying for a portion of the health insurance coverage to have it deducted from their paycheck as a pre-tax deduction instead of an after-tax deduction. This would save the employee and the County tax dollars. Depending on the total amount of the health insurance deductions, the savings could be substantial.

We suggest the County investigate this option.

We believe that the implementation of these recommendations will provide the County with a stronger system of internal accounting control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you and assist in any way possible with their implementation.

Yours truly,

SCHOTT & VAN DE VEN

Original Signed by Auditor

May 16, 2003

Cape Girardeau, Missouri



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Ste. Genevieve County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Ste. Genevieve County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Schott & Van de Ven, Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-81
August 7, 2003



CLAIRE C. McCASKILL
Missouri State Auditor

Schott & Van de Ven, Certified Public Accountants, performed the audit of Ste. Genevieve County for the two years ended December 31, 2002 (Report No. 2003-81). On August 29, 2003, the firm issued a correction to the Notes to the Financial Statements of the audit report. The attached reflects the correction.

STE. Genevieve County, Missouri

December 31, 2002 and 2001

STE. GENEVIEVE COUNTY, MISSOURI

December 31, 2002 and 2001

Independent Auditors' Report on the Financial Statements	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	
Statement of Receipts, Disbursements, and Changes In Cash – Various Funds.	Exhibits A-1 & A-2
Comparative Statement of Receipts, Disbursements, and Changes In Cash – Budget and Actual – Various Funds	Exhibit B
Notes to the Financial Statements	
Schedule of Findings, Years Ended December 31, 2002 and 2001	
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	



Schott & Van de Ven

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the County Commission

and

Officeholders of Ste. Genevieve County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Ste. Genevieve County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Ste. Genevieve County, Missouri, and comparisons of such information with the

corresponding budgeted information for various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Ste. Genevieve County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Ste. Genevieve County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 2, 2003, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

SCHOTT & VAN DE VEN

Original Signed by Auditor

May 2, 2003

Cape Girardeau, Missouri



Schott & Van de Ven

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission

and

Officeholders of Ste. Genevieve County, Missouri

We have audited the special-purpose financial statements of various funds of Ste. Genevieve County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 2, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Ste. Genevieve County, Missouri, are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Ste. Genevieve County, Missouri, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the County in a separate letter dated May 2, 2003.

This report is intended for the information of the management of Ste. Genevieve County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

SCHOTT & VAN DE VEN

Original Signed by Auditor

May 2, 2003

Cape Girardeau, Missouri

Exhibit A-1

STE GENEVIEVE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 544,336	3,584,688	3,884,412	244,612
Special Road and Bridge	1,552,327	1,270,811	1,197,985	1,625,153
Assessment	52,896	225,992	231,816	47,072
Law Enforcement Training	11,227	6,566	11,161	6,632
Prosecuting Attorney Training	3,277	1,223	2,014	2,486
Prosecuting Attorney Delinquent Tax	1,302	453	1,406	349
Recorder's User Fees	33,896	22,050	21,991	33,955
Victims of Domestic Violence	935	1,589	1,630	894
Capital Improvement Sales Tax	1,634,760	56,136	441,149	1,249,747
Law Enforcement Probation	5,458	61	5,226	293
Prosecuting Attorney Bad Check	11,164	10,075	18,045	3,194
Criminal Activity Forfeiture Act	306	5	0	311
9-1-1 Emergency	176,177	311,367	385,792	101,752
Health Center	508,727	491,735	715,370	285,092
Community Mental Health	682,545	258,858	149,524	791,879
Tax Increment Finance	0	172,024	172,024	0
Senate Bill 40	88,781	205,557	181,660	112,678
Senior Citizens Service	67,409	105,076	109,424	63,061
Law Library	7,017	5,425	7,283	5,159
Community Center Construction	600,923	899,997	992,208	508,712
Community Center Operation	20,667	871,887	892,554	0
Sheriff's Fees	31,133	21,299	44,118	8,314
Special Elections	0	34,877	34,877	0
Industrial Development Authority	115,742	31,634	81,199	66,177
Circuit Clerk Interest	1,506	776	268	2,014
Associate Circuit Division Interest	2,188	264	323	2,129
Local Law Enforcement Block Grant 2000	14,101	98	14,199	0
Election Services	1,876	3,156	1,590	3,442
Nursing Home Maintenance	218,226	8,971	166,391	60,806
Total	\$ 6,388,902	8,602,650	9,765,639	5,225,913

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

STE GENEVIEVE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 824,449	3,440,462	3,720,575	544,336
Special Road and Bridge	1,528,998	1,242,939	1,219,610	1,552,327
Assessment	52,263	241,289	240,656	52,896
Law Enforcement Training	14,858	8,431	12,062	11,227
Prosecuting Attorney Training	2,533	995	251	3,277
Prosecuting Attorney Delinquent Tax	2,466	321	1,485	1,302
Recorder's User Fees	29,081	14,674	9,859	33,896
Victims of Domestic Violence	822	1,521	1,408	935
Capital Improvement Sales Tax	1,630,568	95,595	91,403	1,634,760
Law Enforcement Probation	25,313	2,821	22,676	5,458
Prosecuting Attorney Bad Check	13,929	9,356	12,121	11,164
Criminal Activity Forfeiture Act	2,861	95	2,650	306
9-1-1 Emergency	144,800	410,520	379,143	176,177
Health Center	433,031	467,571	391,875	508,727
Community Mental Health	520,416	283,125	120,996	682,545
Tax Increment Finance	0	127,471	127,471	0
Senate Bill 40	54,653	176,128	142,000	88,781
Senior Citizens Service	67,135	97,627	97,353	67,409
Law Library	6,241	5,608	4,832	7,017
Community Center Construction	540,971	690,017	630,065	600,923
Community Center Operation	43,862	650,042	673,237	20,667
Sheriff's Fees	37,846	25,596	32,309	31,133
Special Elections	0	7,232	7,232	0
Industrial Development Authority	105,300	93,220	82,778	115,742
Circuit Clerk Interest	3,004	1,153	2,651	1,506
Associate Circuit Division Interest	2,269	1,835	1,916	2,188
Local Law Enforcement Block Grant #2	16,897	2,219	19,116	0
Local Law Enforcement Block Grant 2000	13,535	566	0	14,101
Local Law Enforcement Block Grant 2001	0	15,040	15,040	0
Election Services	679	2,668	1,471	1,876
Nursing Home Maintenance	277,302	14,948	74,024	218,226
Total	\$ 6,396,082	8,131,085	8,138,265	6,388,902

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2002			2001			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 8,842,509	8,602,650	(239,859)	7,703,191	8,131,085	427,894
DISBURSEMENTS	11,376,248	9,765,639	1,610,609	9,206,092	8,138,265	1,067,827
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,533,739)	(1,162,989)	1,370,750	(1,502,901)	(7,180)	1,495,721
CASH, JANUARY 1	6,388,902	6,388,902	0	6,396,082	6,396,082	0
CASH, DECEMBER 31	\$ 3,855,163	5,225,913	1,370,750	4,893,181	6,388,902	1,495,721
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	\$ 384,500	447,555	63,055	351,000	469,885	118,885
Sales taxes	670,000	668,922	(1,078)	615,000	665,645	50,645
Intergovernmental	2,131,503	1,908,595	(222,908)	1,731,932	1,787,787	55,855
Charges for services	323,290	345,000	21,710	280,591	295,918	15,327
Interest	50,000	16,896	(33,104)	55,000	57,636	2,636
Other	101,662	162,827	61,165	118,970	128,067	9,097
Transfers in	56,217	34,893	(21,324)	53,031	35,524	(17,507)
Total Receipts	\$ 3,717,172	3,584,688	(132,484)	3,205,524	3,440,462	234,938
DISBURSEMENTS						
County Commission	\$ 122,015	121,343	672	119,757	117,025	2,732
County Clerk	119,081	118,777	304	115,778	115,142	636
Elections	34,000	19,617	14,383	7,000	19,534	(12,534)
Buildings and grounds	78,324	69,483	8,841	71,844	83,185	(11,341)
County Treasurer	51,849	49,991	1,858	51,997	49,540	2,457
County Collector	95,719	109,322	(13,603)	95,149	91,382	3,767
Ex Officio Recorder of Deeds	117,851	119,595	(1,744)	112,842	114,071	(1,229)
Circuit Clerk	6,042	3,559	2,483	7,695	5,100	2,595
Associate Circuit Court	8,360	6,641	1,719	11,600	8,360	3,240
Court Administration	11,447	10,679	768	12,530	11,447	1,083
Public Administrator	20,759	20,797	(38)	30,792	31,314	(522)
Sheriff	793,228	831,283	(38,055)	698,467	748,176	(49,709)
Jail	1,692,429	1,708,145	(15,716)	1,632,928	1,630,175	2,753
Prosecuting Attorney	117,316	116,965	351	113,524	112,030	1,494
Juvenile Officer	128,461	127,650	811	64,230	0	64,230
County Coroner	32,235	36,972	(4,737)	35,896	31,159	4,737
Other	458,910	397,112	61,798	515,510	514,236	1,274
Transfers out	10,000	11,623	(1,623)	18,000	8,616	9,384
Emergency Fund	111,515	4,858	106,657	96,166	30,083	66,083
Total Disbursements	\$ 4,009,541	3,884,412	125,129	3,811,705	3,720,575	91,130
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (292,369)	(299,724)	(7,355)	(606,181)	(280,113)	326,068
CASH, JANUARY 1	544,336	544,336	0	824,449	824,449	0
CASH, DECEMBER 31	\$ 251,967	244,612	(7,355)	218,268	544,336	326,068

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	\$ 340,000	313,902	(26,098)	300,000	360,707	60,707
Intergovernmental	742,520	770,415	27,895	734,560	704,490	(30,070)
Interest	75,000	60,929	(14,071)	75,000	91,276	16,276
Other	123,400	125,565	2,165	82,000	86,466	4,466
Total Receipts	\$ 1,280,920	1,270,811	(10,109)	1,191,560	1,242,939	51,379
DISBURSEMENTS						
Salaries	\$ 325,766	285,704	40,062	313,276	309,007	4,269
Employee fringe benefits	70,236	63,433	6,803	70,530	66,594	3,936
Supplies	420,000	251,522	168,478	515,000	336,254	178,746
Insurance	40,000	40,811	(811)	40,000	35,908	4,092
Equipment repairs	50,000	28,045	21,955	50,000	36,560	13,440
Rentals	1,500	0	1,500	1,500	250	1,250
Equipment purchases	350,000	316,528	33,472	350,000	191,259	158,741
Construction, repair, and maintenance	510,000	100,127	409,873	320,000	111,446	208,554
Other	106,400	76,922	29,478	89,400	96,809	(7,409)
Transfers out	56,217	34,893	21,324	53,031	35,523	17,508
Total Disbursements	\$ 1,930,119	1,197,985	732,134	1,802,737	1,219,610	583,127
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (649,199)	72,826	722,025	(611,177)	23,329	634,506
CASH, JANUARY 1	1,552,327	1,552,327	0	1,528,998	1,528,998	0
CASH, DECEMBER 31	\$ 903,128	1,625,153	722,025	917,821	1,552,327	634,506
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	\$ 215,048	216,715	1,667	228,537	232,744	4,207
Interest	1,800	1,738	(62)	2,000	4,281	2,281
Other	30,722	7,539	(23,183)	3,500	4,264	764
Total Receipts	\$ 247,570	225,992	(21,578)	234,037	241,289	7,252
DISBURSEMENTS						
Assessor	\$ 247,570	231,816	15,754	252,003	240,656	11,347
Total Disbursements	\$ 247,570	231,816	15,754	252,003	240,656	11,347
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	(5,824)	(5,824)	(17,966)	633	18,599
CASH, JANUARY 1	52,896	52,896	0	52,263	52,263	0
CASH, DECEMBER 31	\$ 52,896	47,072	(5,824)	34,297	52,896	18,599
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	\$ 6,000	6,409	409	6,000	5,398	(602)
Interest	500	157	(343)	500	544	44
Other	2,000	0	(2,000)	0	2,489	2,489
Total Receipts	\$ 8,500	6,566	(1,934)	6,500	8,431	1,931
DISBURSEMENTS						
Sheriff	\$ 15,000	11,161	3,839	18,000	12,062	5,938
Total Disbursements	\$ 15,000	11,161	3,839	18,000	12,062	5,938
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (6,500)	(4,595)	1,905	(11,500)	(3,631)	7,869
CASH, JANUARY 1	11,227	11,227	0	14,858	14,858	0
CASH, DECEMBER 31	\$ 4,727	6,632	1,905	3,358	11,227	7,869

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	\$ 800	1,176	376	1,000	886	(114)
Interest Income	100	47	(53)	100	109	9
Total Receipts	\$ 900	1,223	323	1,100	995	(105)
DISBURSEMENTS						
Prosecuting Attorney	\$ 4,177	2,014	2,163	3,633	251	3,382
Total Disbursements	\$ 4,177	2,014	2,163	3,633	251	3,382
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (3,277)	(791)	2,486	(2,533)	744	3,277
CASH, JANUARY 1	3,277	3,277	0	2,533	2,533	0
CASH, DECEMBER 31	\$ 0	2,486	2,486	0	3,277	3,277
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Interest	\$ 50	18	(32)	125	83	(42)
Other	200	435	235	200	238	38
Total Receipts	\$ 250	453	203	325	321	(4)
DISBURSEMENTS						
Office Equipment	\$ 1,000	1,099	(99)	2,000	1,485	515
Mileage	200	0	200	291	0	291
Other	352	307	45	500	0	500
Total Disbursements	\$ 1,552	1,406	146	2,791	1,485	1,306
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,302)	(953)	349	(2,466)	(1,164)	1,302
CASH, JANUARY 1	1,302	1,302	0	2,466	2,466	0
CASH, DECEMBER 31	\$ 0	349	349	0	1,302	1,302
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	\$ 13,000	14,427	1,427	9,800	10,204	404
Interest	0	875	875	0	1,694	1,694
Other	0	6,748	6,748	0	2,776	2,776
Total Receipts	\$ 13,000	22,050	9,050	9,800	14,674	4,874
DISBURSEMENTS						
Supplies	\$ 0	0	0	2,000	609	1,391
Contract Services	9,935	9,935	0	9,250	9,250	0
Misc	10,000	12,056	(2,056)	0	0	0
Total Disbursements	\$ 19,935	21,991	(2,056)	11,250	9,859	1,391
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (6,935)	59	6,994	(1,450)	4,815	6,265
CASH, JANUARY 1	33,896	33,896	0	29,081	29,081	0
CASH, DECEMBER 31	\$ 26,961	33,955	6,994	27,631	33,896	6,265

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	\$ 1,500	1,580	80	1,900	1,502	(398)
Interest	20	9	(11)	40	19	(21)
Total Receipts	\$ 1,520	1,589	69	1,940	1,521	(419)
DISBURSEMENTS						
Health and Welfare	\$ 2,455	1,630	825	2,000	1,408	592
Total Disbursements	\$ 2,455	1,630	825	2,000	1,408	592
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (935)	(41)	894	(60)	113	173
CASH, JANUARY 1	935	935	0	822	822	0
CASH, DECEMBER 31	\$ 0	894	894	762	935	173
<u>CAPITAL IMPROVEMENT SALES TAX FUND</u>						
RECEIPTS						
Interest	60,000	56,136	(3,864)	90,000	95,595	5,595
Total Receipts	\$ 60,000	56,136	(3,864)	90,000	95,595	5,595
DISBURSEMENTS						
Salaries	\$ 40,363	39,615	748	12,051	21,742	(9,691)
Supplies	650,000	401,452	248,548	158,500	69,358	89,142
Equipment	1,000	82	918	800	303	497
Total Disbursements	\$ 691,363	441,149	250,214	171,351	91,403	79,948
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (631,363)	(385,013)	246,350	(81,351)	4,192	85,543
CASH, JANUARY 1	1,634,760	1,634,760	0	1,630,568	1,630,568	0
CASH, DECEMBER 31	\$ 1,003,397	1,249,747	246,350	1,549,217	1,634,760	85,543
<u>LAW ENFORCEMENT PROBATION FUND</u>						
RECEIPTS						
Charges for services	\$ 1,600	0	(1,600)	0	1,828	1,828
Interest	100	61	(39)	1,000	993	(7)
Total Receipts	\$ 1,700	61	(1,639)	1,000	2,821	1,821
DISBURSEMENTS						
Salaries	\$ 2,153	2,153	0	1,077	2,153	(1,076)
Office Expenditures	2,500	2,803	(303)	8,500	0	8,500
Mileage & Training	1,000	270	730	4,000	20,025	(16,025)
Equipment	0	0	0	5,600	0	5,600
Other	1,500	0	1,500	6,200	498	5,702
Total Disbursements	\$ 7,153	5,226	1,927	25,377	22,676	2,701
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (5,453)	(5,165)	288	(24,377)	(19,855)	4,522
CASH, JANUARY 1	5,458	5,458	0	25,313	25,313	0
CASH, DECEMBER 31	\$ 5	293	288	936	5,458	4,522

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	\$ 8,000	9,923	1,923	6,000	8,769	2,769
Interest	300	152	(148)	750	587	(163)
Total Receipts	\$ 8,300	10,075	1,775	6,750	9,356	2,606
DISBURSEMENTS						
Salaries	\$ 13,464	13,055	409	13,179	8,593	4,586
Office Expenditures	5,000	4,990	10	5,000	3,374	1,626
Mileage & Training	500	0	500	1,000	154	846
Equipment	500	0	500	1,000	0	1,000
Total Disbursements	\$ 19,464	18,045	1,419	20,179	12,121	8,058
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (11,164)	(7,970)	3,194	(13,429)	(2,765)	10,664
CASH, JANUARY 1	11,164	11,164	0	13,929	13,929	0
CASH, DECEMBER 31	\$ 0	3,194	3,194	500	11,164	10,664
<u>CRIMINAL ACTIVITY FORFEITURE ACT FUND</u>						
RECEIPTS						
Interest	\$ 0	5	5	0	95	95
Total Receipts	\$ 0	5	5	0	95	95
DISBURSEMENTS						
Other	\$ 0	0	0	2,500	2,650	(150)
Total Disbursements	\$ 0	0	0	2,500	2,650	(150)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	5	5	(2,500)	(2,555)	(55)
CASH, JANUARY 1	306	306	0	2,861	2,861	0
CASH, DECEMBER 31	\$ 306	311	5	361	306	(55)
<u>911 EMERGENCY FUND</u>						
RECEIPTS						
Intergovernmental Revenues	\$ 149,000	166,733	17,733	141,000	149,027	8,027
Charges for services	139,114	140,121	1,007	250,260	253,855	3,595
Interest	7,000	4,318	(2,682)	7,000	7,556	556
Other	70	195	125	0	82	82
Total Receipts	\$ 295,184	311,367	16,183	398,260	410,520	12,260
DISBURSEMENTS						
Salaries	\$ 336,644	317,568	19,076	314,213	305,060	9,153
Office Expenditures	16,891	34,225	(17,334)	16,607	13,358	3,249
Equipment	64,932	27,776	37,156	43,132	48,957	(5,825)
Mileage & Training	4,000	3,079	921	2,500	2,136	364
Other	8,346	3,144	5,202	5,834	9,632	(3,798)
Total Disbursements	\$ 430,813	385,792	45,021	382,286	379,143	3,143
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (135,629)	(74,425)	61,204	15,974	31,377	15,403
CASH, JANUARY 1	176,177	176,177	0	144,800	144,800	0
CASH, DECEMBER 31	\$ 40,548	101,752	61,204	160,774	176,177	15,403

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>HEALTH CENTER</u>						
RECEIPTS						
Property Taxes	\$ 252,194	252,968	774	241,317	245,682	4,365
Intergovernmental	116,695	101,209	(15,486)	105,107	94,158	(10,949)
Interest	16,000	16,295	295	22,000	30,888	8,888
Other	104,545	121,263	16,718	91,292	96,843	5,551
Total Receipts	\$ 489,434	491,735	2,301	459,716	467,571	7,855
DISBURSEMENTS						
Salaries	\$ 341,286	333,942	7,344	310,542	302,435	8,107
Office Expenditures	47,200	57,112	(9,912)	43,430	40,105	3,325
Equipment	265,000	289,721	(24,721)	17,000	6,102	10,898
Mileage & Training	13,240	7,626	5,614	15,020	7,732	7,288
Other	57,726	26,969	30,757	42,350	35,501	6,849
Total Disbursements	\$ 724,452	715,370	9,082	428,342	391,875	36,467
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (235,018)	(223,635)	11,383	31,374	75,696	44,322
CASH, JANUARY 1	508,727	508,727	0	433,031	433,031	0
CASH, DECEMBER 31	\$ 273,709	285,092	11,383	464,405	508,727	44,322
<u>COMMUNITY MENTAL HEALTH FUND</u>						
RECEIPTS						
Property Taxes	\$ 253,000	230,984	(22,016)	243,000	241,696	(1,304)
Intergovernmental	1,000	1,985	985	750	4,361	3,611
Interest	30,000	25,312	(4,688)	28,000	36,994	8,994
Other	100	577	477	500	74	(426)
Total Receipts	\$ 284,100	258,858	(25,242)	272,250	283,125	10,875
DISBURSEMENTS						
Contract services	\$ 180,000	40,807	139,193	75,000	15,641	59,359
Office expenditures	32,000	12,374	19,626	27,650	16,640	11,010
Equipment	32,000	2,873	29,127	21,000	4,715	16,285
Building & Grounds	268,000	5,470	262,530	50,000	0	50,000
Other	88,000	88,000	0	100,000	84,000	16,000
Total Disbursements	\$ 600,000	149,524	450,476	273,650	120,996	152,654
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (315,900)	109,334	425,234	(1,400)	162,129	163,529
CASH, JANUARY 1	682,545	682,545	0	520,416	520,416	0
CASH, DECEMBER 31	\$ 366,645	791,879	425,234	519,016	682,545	163,529
<u>SENATE BILL 40 FUND</u>						
RECEIPTS						
Property Taxes	\$ 173,557	202,975	29,418	157,440	173,527	16,087
Interest	1,300	2,582	1,282	1,575	2,601	1,026
Total Receipts	\$ 174,857	205,557	30,700	159,015	176,128	17,113
DISBURSEMENTS						
Contract services	\$ 124,340	179,248	(54,908)	141,360	140,717	643
Other	56,879	2,412	54,467	15,335	1,283	14,052
Total Disbursements	\$ 181,219	181,660	(441)	156,695	142,000	14,695
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (6,362)	23,897	30,259	2,320	34,128	31,808
CASH, JANUARY 1	88,781	88,781	0	54,653	54,653	0
CASH, DECEMBER 31	\$ 82,419	112,678	30,259	56,973	88,781	31,808

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>SENIOR CITIZENS FUND</u>						
RECEIPTS						
Property Taxes	\$ 89,342	97,597	8,255	78,312	86,194	7,882
Intergovernmental	6,319	5,911	(408)	7,234	464	(6,770)
Interest	2,000	1,568	(432)	5,000	3,985	(1,015)
Other	0	0	0	0	6,984	6,984
Total Receipts	\$ 97,661	105,076	7,415	90,546	97,627	7,081
DISBURSEMENTS						
Office expenditures	\$ 200	0	200	200	0	200
Contract services	101,069	101,139	(70)	92,284	97,353	(5,069)
Other	8,285	8,285	0	7,000	0	7,000
Total Disbursements	\$ 109,554	109,424	130	99,484	97,353	2,131
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (11,893)	(4,348)	7,545	(8,938)	274	9,212
CASH, JANUARY 1	67,409	67,409	0	67,135	67,135	0
CASH, DECEMBER 31	\$ 55,516	63,061	7,545	58,197	67,409	9,212
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	\$ 5,500	5,425	(75)	5,000	5,608	608
Total Receipts	\$ 5,500	5,425	(75)	5,000	5,608	608
DISBURSEMENTS						
Office Expenditures	\$ 12,517	7,283	5,234	11,241	4,832	6,409
Total Disbursements	\$ 12,517	7,283	5,234	11,241	4,832	6,409
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (7,017)	(1,858)	5,159	(6,241)	776	7,017
CASH, JANUARY 1	7,017	7,017	0	6,241	6,241	0
CASH, DECEMBER 31	\$ 0	5,159	5,159	0	7,017	7,017
<u>T.L.F. FUND</u>						
RECEIPTS						
Sales Tax Revenues	\$ 20,000	23,247	3,247	31,000	17,231	(13,769)
Intergovernmental Revenues	125,493	148,777	23,284	75,000	110,240	35,240
Total Receipts	\$ 145,493	172,024	26,531	106,000	127,471	21,471
DISBURSEMENTS						
Other	\$ 145,493	172,024	(26,531)	106,000	127,471	(21,471)
Total Disbursements	\$ 145,493	172,024	(26,531)	106,000	127,471	(21,471)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	\$ 0	0	0	0	0	0

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>COMMUNITY CENTER CONSTRUCTION FUND</u>						
RECEIPTS						
Sales Tax Revenues	\$ 675,000	668,522	(6,478)	626,703	666,762	40,059
Interest	19,500	6,475	(13,025)	28,500	23,255	(5,245)
Transfer	250,000	225,000	(25,000)	0	0	0
Total Receipts	\$ 944,500	899,997	(44,503)	655,203	690,017	34,814
DISBURSEMENTS						
Construction Costs	\$ 132,673	111,489	21,184	59,000	91,259	(32,259)
Bond Debt Service	537,123	537,123	0	536,548	503,790	32,758
Transfers	310,180	329,796	(19,616)	25,000	8,616	16,384
Insurance	13,000	13,800	(800)	0	26,400	(26,400)
Total Disbursements	\$ 992,976	992,208	768	620,548	630,065	(9,517)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (48,476)	(92,211)	(43,735)	34,655	59,952	25,297
CASH, JANUARY 1	600,923	600,923	0	540,971	540,971	0
CASH, DECEMBER 31	\$ 552,447	508,712	(43,735)	575,626	600,923	25,297
<u>COMMUNITY CENTER OPERATING FUND</u>						
RECEIPTS						
Intergovernmental Revenues	\$ 500,000	543,173	43,173	255,000	255,000	0
Charges for services	255,000	199,114	(55,886)	423,230	252,392	(170,838)
Interest	2,500	107	(2,393)	9,000	1,971	(7,029)
Other	149,600	129,493	(20,107)	0	140,679	140,679
Total Receipts	\$ 907,100	871,887	(35,213)	687,230	650,042	(37,188)
DISBURSEMENTS						
Salary	\$ 470,500	472,196	(1,696)	491,727	477,644	14,083
Office Expenses	58,900	34,504	24,396	74,400	64,501	9,899
Mileage & Training	4,300	4,084	216	0	5,590	(5,590)
Other	125,300	156,770	(31,470)	121,500	125,502	(4,002)
Transfer Sales Tax Fund	250,000	225,000	25,000			
Total Disbursements	\$ 909,000	892,554	16,446	687,627	673,237	14,390
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,900)	(20,667)	(18,767)	(397)	(23,195)	(22,798)
CASH, JANUARY 1	20,667	20,667	0	43,862	43,862	0
CASH, DECEMBER 31	\$ 18,767	0	(18,767)	43,465	20,667	(22,798)
<u>SHERIFF FEES FUND</u>						
RECEIPTS						
Charges for services	\$ 25,000	18,034	(6,966)	18,000	20,072	2,072
Interest	1,000	279	(721)	1,000	1,381	381
Other	0	2,986	2,986	0	4,143	4,143
Total Receipts	\$ 26,000	21,299	(4,701)	19,000	25,596	6,596
DISBURSEMENTS						
Office Supplies	\$ 4,500	4,492	8	7,000	0	7,000
Equipment	44,150	12,576	31,574	23,500	27,058	(3,558)
Departmental Expenses	4,000	20,873	(16,873)	22,500	5,011	17,489
Training	1,500	498	1,002	2,000	240	1,760
Other	0	5,679	(5,679)	0	0	0
Total Disbursements	\$ 54,150	44,118	10,031	55,000	32,309	22,691
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (28,150)	(22,819)	5,330	(36,000)	(6,713)	29,287
CASH, JANUARY 1	31,133	31,133	0	37,846	37,846	0
CASH, DECEMBER 31	\$ 2,983	8,314	5,330	1,846	31,133	29,287

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>SPECIAL ELECTION FUND</u>						
RECEIPTS						
Intergovernmental Revenues	\$ 60,000	34,877 (25,123)	0	7,232	7,232	
Total Receipts	\$ 60,000	34,877 (25,123)	0	7,232	7,232	
DISBURSEMENTS						
Elections	\$ 60,000	34,877 25,123	0	7,232	(7,232)	
Total Disbursements	\$ 60,000	34,877 25,123	0	7,232	(7,232)	
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	0 0	0	0	0	
CASH, JANUARY 1	0	0 0	0	0	0	
CASH, DECEMBER 31	\$ 0	0 0	0	0	0	
<u>LLEBG 2001 FUND</u>						
RECEIPTS						
Intergovernmental Revenue	\$ 0	0 0	0	13,498	13,498	
Interest	0	0 0	0	42	42	
Other	0	0 0	0	1,500	1,500	
Total Receipts	\$ 0	0 0	0	15,040	15,040	
DISBURSEMENTS						
Expenditures	\$ 0	0 0	0	15,040	(15,040)	
Total Disbursements	\$ 0	0 0	0	15,040	(15,040)	
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	0 0	0	0	0	
CASH, JANUARY 1	0	0 0	0	0	0	
CASH, DECEMBER 31	\$ 0	0 0	0	0	0	
<u>LLEBG 2000 FUND</u>						
RECEIPTS						
Interest	\$ 100	98 (2)	0	566	566	
Total Receipts	\$ 100	98 (2)	0	566	566	
DISBURSEMENTS						
Ads	\$ 14,201	14,199 2	10,000	0	10,000	
Total Disbursements	\$ 14,201	14,199 2	10,000	0	10,000	
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (14,101)	(14,101) 0	(10,000)	566	10,566	
CASH, JANUARY 1	14,101	14,101 0	13,535	13,535	0	
CASH, DECEMBER 31	\$ 0	0 0	3,535	14,101	10,566	

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>INDUSTRIAL DEVELOPMENT AUTHORITY FUND</u>						
RECEIPTS						
Intergovernmental Revenues	\$ 65,848	29,533	(36,315)	88,760	84,475	(4,285)
Charges for services	0	0	0	5,000	0	(5,000)
Interest	3,500	2,101	(1,399)	5,000	3,553	(1,447)
Other	0	0	0	0	5,192	5,192
Total Receipts	\$ 69,348	31,634	(37,714)	98,760	93,220	(5,540)
DISBURSEMENTS						
Salaries	\$ 75,169	74,340	829	73,724	73,351	373
Office Supplies	9,900	4,995	4,905	7,976	6,821	1,155
Other	2,980	1,864	1,116	3,524	2,606	918
Equipment	0	0	0	1,400	0	1,400
Total Disbursements	\$ 88,049	81,199	6,851	86,624	82,778	3,846
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (18,701)	(49,565)	(30,863)	12,136	10,442	(1,694)
CASH, JANUARY 1	115,742	115,742	0	105,300	105,300	0
CASH, DECEMBER 31	\$ 97,041	66,177	(30,863)	117,436	115,742	(1,694)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for services	\$ 2,000	3,118	1,118	600	1,168	568
Interest	50	38	(12)	25	48	23
Other	0	0	0	0	1,452	1,452
Total Receipts	\$ 2,050	3,156	1,106	625	2,668	2,043
DISBURSEMENTS						
Supplies	\$ 1,800	1,590	210	1,200	1,471	(271)
Total Disbursements	\$ 1,800	1,590	210	1,200	1,471	(271)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 250	1,566	1,316	(575)	1,197	1,772
CASH, JANUARY 1	1,876	1,876	0	679	679	0
CASH, DECEMBER 31	\$ 2,126	3,442	1,316	104	1,876	1,772
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	\$ 1,000	776	(224)	750	1,153	403
Total Receipts	\$ 1,000	776	(224)	750	1,153	403
DISBURSEMENTS						
Office Supplies	\$ 100	144	(44)	1,230	129	1,101
Salaries	1,145	0	1,145	1,000	0	1,000
Equipment	1,150	124	1,026	0	2,522	(2,522)
Total Disbursements	\$ 2,395	268	2,127	2,230	2,651	(421)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,395)	508	1,903	(1,480)	(1,498)	824
CASH, JANUARY 1	1,506	1,506	0	3,004	3,004	0
CASH, DECEMBER 31	\$ 111	2,014	1,903	1,524	1,506	824

Exhibit B

STE. GENEVIEVE COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>ASSOCIATE CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Charges for services	\$ 0	0	0	0	1,330	1,330
Interest	350	264	(86)	300	505	205
Total Receipts	\$ 350	264	(86)	300	1,835	1,535
DISBURSEMENTS						
Office Expense	\$ 1,300	323	977	1,003	1,916	(913)
Total Disbursements	\$ 1,300	323	977	1,003	1,916	(913)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (950)	(59)	891	(703)	(81)	622
CASH, JANUARY 1	2,188	2,188	0	2,269	2,269	0
CASH, DECEMBER 31	\$ 1,238	2,129	891	1,566	2,188	622
<u>LLEBG#2 FUND</u>						
RECEIPTS						
Interest	\$ 0	0	0	0	280	280
Other	0	0	0	2,000	1,939	(61)
Total Receipts	\$ 0	0	0	2,000	2,219	219
DISBURSEMENTS						
Grants	\$ 0	0	0	18,897	0	18,897
Equipment	0	0	0	0	19,116	(19,116)
Total Disbursements	\$ 0	0	0	18,897	19,116	(219)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	0	0	(16,897)	(16,897)	0
CASH, JANUARY 1	0	0	0	16,897	16,897	0
CASH, DECEMBER 31	\$ 0	0	0	0	0	0
<u>RIVER VIEW MANOR NURSING HOME MAINT FUND</u>						
RECEIPTS						
Interest	\$ 0	8,971	8,971	0	14,948	14,948
Total Receipts	\$ 0	8,971	8,971	0	14,948	14,948
DISBURSEMENTS						
Maintenance	\$ 100,000	166,391	(66,391)	141,739	74,024	67,715
Total Disbursements	\$ 100,000	166,391	(66,391)	141,739	74,024	67,715
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (100,000)	(157,420)	(57,420)	(141,739)	(59,076)	82,663
CASH, JANUARY 1	218,226	218,226	0	277,302	277,302	0
CASH, DECEMBER 31	\$ 118,226	60,806	(57,420)	135,563	218,226	82,663

The accompanying Notes to the Financial Statements are an integral part of this statement.

STE. GENEVIEVE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Ste. Genevieve County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, Community Mental Health Board, Senate Bill 40 Board, Senior Citizen's Service Board, Industrial Development Authority Board, or the Community Center Board. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various County funds in accordance with

Sections 50.525 through 50.745, RSMo 2000, the County budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the County did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Election Fund	2001
LLEBG 2001 Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder's User Fee Fund	2002
Criminal Activity Forfeiture Act Fund	2001
Senate Bill 40 Fund	2002
TIF Fund	2002 and 2001
Community Center Construction Fund	2001
Special Election Fund	2001
LLEBG 2001 Fund	2001
Election Services Fund	2001
Circuit Clerk Interest Fund	2001
Associate Circuit Clerk Interest Fund	2001
LLEBG #2 Fund	2001
Riverview Manor Maintenance Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The County's published financial statements for the years ended December 31, 2002 and 2001, included all funds presented in the accompanying financial statements.

However, for the Health Center and Senate Bill 40 Funds, the County's published financial statements for the years ended December 31, 2001 and 2002, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

Deposits

The County's, Health Center's and Senate Bill 40 Board's deposits at December 31, 2002 and 2001 were entirely covered by federal depository insurance or by collateral securities held by the County's custodial bank in the County's name.

STE. GENEVIEVE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the years ended December 31, 2000 and 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

STE. GENEVIEVE COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2002 AND 2001

This schedule includes no audit findings that Government Auditing Standards requires to be reported for an audit of financial statements.



Schott & Van de Ven

Certified Public Accountants

1020 N. Kingshighway, Suite D, P.O. Box 1090, Cape Girardeau, MO 63702-1090 573-335-1231

FAX 573-339-0163

To the Board of Commissioners
County of Ste. Genevieve
Ste. Genevieve, MO 63670

In planning and performing our audit of the special-purpose financial statements of the County of Ste. Genevieve, Missouri for the years ended December 31, 2002 and 2001, we considered the County's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are summarized below. A separate report dated May 2, 2003, contains our report on reportable conditions in the Company's internal control. This letter does not affect our report dated May 2, 2003, on the financial statements of the County of Ste. Genevieve.

Segregation of Duties: Preparing and Mailing Checks:

The treasurer is responsible for preparing checks that are issued from the treasurer's office and is also responsible for mailing the same checks and stamping the invoices paid. The limited size of the treasurer's department makes it impracticable to achieve an optimum segregation of duties. However, the internal accounting controls would be significantly strengthened if checks were mailed by someone other than their preparer, to provide control on whether the checks written are, in fact, sent out.

Checks that are issued by the County clerk's office are given to the treasurer for the final signature. After signing, the treasurer returns the checks to the County clerk's office to be mailed.

The checks should be mailed by the last person signing the check and should not be returned to someone who has previously signed the check. This provides assurance that the checks written have, in fact, been sent out.

County of Ste. Genevieve, Missouri

Page 2

Invoices Stamped Paid:

During disbursement testing of 60 invoices, we became aware of two invoices that had not been stamped paid.

All invoices should be stamped paid or defaced in some way to avoid the double payment of an invoice.

Collateral Coverage:

The Health Center deposits in The Bank of Bloomsdale at December 31, 2001 exceeded the coverage provided by collateral and the F.D.I.C.

We recommend that the collateral coverage provided by depository institutions be reviewed to ensure adequate coverage.

We have already discussed many of these comments and suggestions with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

SCHOTT & VAN DE VEN

Original Signed by Auditor

May 2, 2003

Cape Girardeau, Missouri



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Randolph County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Randolph County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Casey and Company, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-80
August 7, 2003

RANDOLPH COUNTY, MISSOURI
FOR THE TWO YEARS
ENDED DECEMBER 31, 2002

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Casey and Company of Columbia, L.L.C.
Certified Public Accountants
Columbia, Missouri

RANDOLPH COUNTY, MISSOURI

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FINANCIAL SECTION

Independent Auditors' Reports

CASEY AND COMPANY OF COLUMBIA, L.L.C.



A Certified Public Accounting and Consulting Firm

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of Randolph County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Randolph County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

MEMBER
•
American
Institute of
Certified
Public
Accountants
•
Missouri
Society of
Certified
Public
Accountants
•

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Randolph County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Randolph County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Randolph County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 9, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor
Casey and Company, LLC
Independent Auditor
June 9, 2003

CASEY AND COMPANY OF COLUMBIA, L.L.C.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Randolph County, Missouri

We have audited the special-purpose financial statements of various funds of Randolph County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 9, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Randolph County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement

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Accountants
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amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Randolph County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Randolph County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

June 9, 2003

Financial Statements

Exhibit A-1

RANDOLPH COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue Fund	\$ (134,688)	2,811,457	3,051,529	(374,760)
Special Road and Bridge Fund	917,737	1,656,811	1,828,284	746,264
Assessment Fund	255,415	275,082	312,240	218,257
Law Enforcement Training Fund	20,680	8,032	11,443	17,269
Prosecuting Attorney Training Fund	332	1,383	781	934
Recorder's User Fee Fund	24,124	14,045	26,334	11,835
Domestic Abuse Fund	2,192	1,095	2,100	1,187
Sheriff Fund	7,524	72,596	65,288	14,832
Local Emergency Planning Comm. Fund	8,325	5,770	1,403	12,692
Circuit Clerk Interest Fund	6,604	984	2,628	4,960
Cemetery Trust Fund	30,038	843	1,540	29,341
Law Library Fund	11,439	14,183	7,953	17,669
Prosecuting Attorney Bad Check Fund	11,807	53,249	48,143	16,913
Parenting Class Fund	4,155	2,800	2,415	4,540
Sheriff Donation Fund	2,943	505	-	3,448
Election Service Fund	4,694	3,954	245	8,403
Health Center Fund	524,383	2,688,825	2,540,831	672,377
Prosecuting Attny Delinquent Tax Fund	963	376	1,136	203
Ferguson Scholarship Fund	5,393	128	400	5,121
911 Fund	28,409	108,821	104,127	33,103
Law Enforcement Block Grant Fund	77	6,032	-	6,109
Recorder Technology Fund	2,537	6,576	-	9,113
Justice Center Fund	-	89,864	483,633	(393,769)
Collector Tax Maintenance Fund	-	1,488	-	1,488
Total	\$ 1,735,083	7,824,899	8,492,453	1,067,529

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

RANDOLPH COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue Fund	\$ (144,636)	2,787,434	2,777,486	(134,688)
Special Road and Bridge Fund	1,198,770	1,870,242	2,151,275	917,737
Assessment Fund	211,425	295,642	251,652	255,415
Law Enforcement Training Fund	18,140	12,743	10,203	20,680
Prosecuting Attorney Training Fund	82	1,781	1,531	332
Recorder's User Fee Fund	21,208	10,930	8,014	24,124
Domestic Abuse Fund	1,925	1,217	950	2,192
Sheriff Fund	4,285	67,992	64,753	7,524
Local Emergency Planning Comm. Fund	5,354	5,551	2,580	8,325
Circuit Clerk Interest Fund	7,722	3,360	4,478	6,604
Cemetery Trust Fund	29,774	2,049	1,785	30,038
Law Library Fund	7,859	7,830	4,250	11,439
Juvenile Officer Tutoring Fund	538	-	538	-
Prosecuting Attorney Bad Check Fund	17,677	53,000	58,870	11,807
Parenting Class Fund	2,930	4,375	3,150	4,155
Sheriff Donation Fund	4,333	-	1,390	2,943
Election Service Fund	3,000	3,624	1,930	4,694
Health Center Fund	340,050	2,405,408	2,221,075	524,383
Prosecuting Attny Delinquent Tax Fund	1,431	760	1,228	963
Ferguson Scholarship Fund	5,381	212	200	5,393
911 Fund	-	66,941	38,532	28,409
Law Enforcement Block Grant Fund	-	7,604	7,527	77
Recorder Technology Fund	-	2,537	-	2,537
Total	\$ 1,737,248	7,611,232	7,613,397	1,735,083

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

RANDOLPH COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 429,500	431,460	1,960	412,000	501,273	89,273
Sales taxes	1,200,000	1,167,742	(32,258)	1,114,000	1,128,197	14,197
Intergovernmental	460,714	526,815	66,101	378,400	462,143	83,743
Charges for services	558,600	569,257	10,657	523,300	551,918	28,618
Interest	14,000	5,179	(8,821)	18,100	16,899	(1,201)
Other	18,800	34,484	15,684	93,950	28,966	(64,984)
Transfers in	87,500	76,520	(10,980)	100,000	98,038	(1,962)
Total Receipts	\$ 2,769,114	2,811,457	42,343	2,639,750	2,787,434	147,684
DISBURSEMENTS						
County Commission	\$ 96,540	96,547	(7)	96,775	96,808	(33)
County Clerk	97,300	95,846	1,454	96,700	92,809	3,891
Elections	45,000	36,827	8,173	18,800	16,540	2,260
Buildings and grounds	76,400	86,814	(10,414)	71,500	63,475	8,025
Employee fringe benefits	457,500	440,978	16,522	420,000	392,433	27,567
County Treasurer	34,400	44,380	(9,980)	34,500	34,060	440
County Collector	101,240	100,297	943	98,325	98,016	309
Recorder of Deeds User Fund	80,075	80,144	(69)	80,650	80,637	13
Circuit Clerk	54,000	38,929	15,071	30,100	17,002	13,098
Associate Circuit Court	22,910	8,991	13,919	17,620	6,771	10,849
Associate Circuit (Probate) Court	2,250	605	1,645	19,832	20,121	(289)
Court Administration	2,325	585	1,740	3,840	527	3,313
Public Administrator	68,050	67,731	319	67,080	65,507	1,573
Sheriff	616,270	647,881	(31,611)	602,900	650,119	(47,219)
Jail	464,640	598,705	(134,065)	459,700	461,888	(2,188)
Prosecuting Attorney	300,300	297,561	2,739	273,100	276,939	(3,839)
Juvenile Officer	280,900	282,811	(1,911)	322,640	257,805	64,835
Coroner	24,700	22,618	2,082	20,860	26,609	(5,749)
Other	90,100	88,032	2,068	104,600	97,408	7,192
Public Defender	6,300	6,255	45	6,255	5,349	906
Jury Commission	16,400	8,992	7,408	12,800	16,663	(3,863)
Emergency Fund	83,000	-	83,000	87,000	-	87,000
Total Disbursements	\$ 3,020,600	3,051,529	(30,929)	2,945,577	2,777,486	168,091
RECEIPTS OVER (UNDER) DISBURSEMENTS	(251,486)	(240,072)	11,414	(305,827)	9,948	315,775
CASH, JANUARY 1	(134,688)	(134,688)	-	(144,636)	(144,636)	-
CASH, DECEMBER 31	\$ (386,174)	(374,760)	11,414	(450,463)	(134,688)	315,775

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit C

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 578,000	631,724	53,724	501,000	584,816	83,816
Intergovernmental revenues	975,850	899,831	(76,019)	1,234,500	1,177,959	(56,541)
Charges for service	500	812	312	500	505	5
Interest income	65,000	20,600	(44,400)	80,000	68,601	(11,399)
Other revenues	83,000	103,844	20,844	11,150	38,361	27,211
Total Receipts	\$ 1,702,350	1,656,811	(45,539)	1,827,150	1,870,242	43,092
DISBURSEMENTS						
Salaries	\$ 413,000	369,116	43,884	413,000	387,952	25,048
Employee fringe benefits	154,200	137,936	16,264	149,300	128,107	21,193
Supplies	29,000	26,601	2,399	27,000	24,987	2,013
Insurance	55,000	54,782	218	39,000	36,768	2,232
Road and bridge materials	399,000	290,805	108,195	384,000	348,509	35,491
Equipment repairs	63,000	43,533	19,467	73,000	51,142	21,858
Rentals	10,000	14,584	(4,584)	10,000	8,500	1,500
Equipment purchases	450,000	238,042	211,958	500,000	373,926	126,074
Construction, repair, and maintenance projects	412,000	523,958	(111,958)	412,000	625,771	(213,771)
Other	114,300	74,927	39,373	113,800	102,613	11,187
Transfers out	63,000	54,000	9,000	62,000	63,000	(1,000)
Total Disbursements	\$ 2,162,500	1,828,284	334,216	2,183,100	2,151,275	31,825
RECEIPTS OVER (UNDER) DISBURSEMENTS	(460,150)	(171,473)	288,677	(355,950)	(281,033)	74,917
CASH, JANUARY 1	917,737	917,737	-	1,198,770	1,198,770	-
CASH, DECEMBER 31	\$ 457,587	746,264	288,677	842,820	917,737	74,917

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit D

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ASSESSMENT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 278,500	267,188	(11,312)	269,500	278,316	8,816
Charges for services	2,400	1,756	(644)	2,000	2,470	470
Interest income	15,000	5,996	(9,004)	15,400	14,713	(687)
Other revenues	200	142	(58)	100	143	43
Total Receipts	\$ 296,100	275,082	(21,018)	287,000	295,642	8,642
DISBURSEMENTS						
Assessor	\$ 349,875	312,240	37,635	345,550	251,652	93,898
Total Disbursements	\$ 349,875	312,240	37,635	345,550	251,652	93,898
RECEIPTS OVER (UNDER) DISBURSEMENTS	(53,775)	(37,158)	16,617	(58,550)	43,990	102,540
CASH, JANUARY 1	255,415	255,415	-	211,425	211,425	-
CASH, DECEMBER 31	\$ 201,640	218,257	16,617	152,875	255,415	102,540

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit E

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 13,000	8,032	(4,968)	10,000	12,743	2,743
Total Receipts	\$ 13,000	8,032	(4,968)	10,000	12,743	2,743
DISBURSEMENTS						
Sheriff	\$ 10,000	11,443	(1,443)	10,000	10,202	(202)
Outstanding warrants	-	-	-	-	1	(1)
Total Disbursements	\$ 10,000	11,443	(1,443)	10,000	10,203	(203)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,000	(3,411)	(6,411)	-	2,540	2,540
CASH, JANUARY 1	20,680	20,680	-	18,140	18,140	-
CASH, DECEMBER 31	\$ 23,680	17,269	(6,411)	18,140	20,680	2,540

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit F

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 1,800	1,383	(417)	1,700	1,781	81
Total Receipts	\$ 1,800	1,383	(417)	1,700	1,781	81
DISBURSEMENTS						
Prosecuting Attorney	\$ 2,132	781	1,351	3,050	1,531	1,519
Total Disbursements	\$ 2,132	781	1,351	3,050	1,531	1,519
RECEIPTS OVER (UNDER) DISBURSEMENTS	(332)	602	934	(1,350)	250	1,600
CASH, JANUARY 1	332	332		82	82	-
CASH, DECEMBER 31	\$ -	934	934	(1,268)	332	1,600

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit G

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
RECORDER'S USER FEE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 10,000	13,675	3,675	9,800	9,696	(104)
Interest income	1,250	370	(880)	1,000	1,234	234
Total Receipts	\$ 11,250	14,045	2,795	10,800	10,930	130
DISBURSEMENTS						
Recorder of Deeds	\$ 25,000	26,334	(1,334)	10,500	8,014	2,486
Total Disbursements	\$ 25,000	26,334	(1,334)	10,500	8,014	2,486
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,750)	(12,289)	1,461	300	2,916	2,616
CASH, JANUARY 1	24,124	24,124	-	21,208	21,208	-
CASH, DECEMBER 31	\$ 10,374	11,835	1,461	21,508	24,124	2,616

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit H

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
DOMESTIC ABUSE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 1,250	1,095	(155)	950	1,217	267
Total Receipts	\$ 1,250	1,095	(155)	950	1,217	267
DISBURSEMENTS						
Shelter	\$ 2,100	2,100	-	950	950	-
Total Disbursements	\$ 2,100	2,100	-	950	950	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(850)	(1,005)	(155)	-	267	267
CASH, JANUARY 1	2,192	2,192	-	1,925	1,925	-
CASH, DECEMBER 31	\$ 1,342	1,187	(155)	1,925	2,192	267

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit I

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SHERIFF FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 50,000	72,327	22,327	68,500	59,904	(8,596)
Interest income	500	269	(231)	1,000	588	(412)
Other revenues	9,000	-	(9,000)	7,500	7,500	-
Total Receipts	\$ 59,500	72,596	13,096	77,000	67,992	(9,008)
DISBURSEMENTS						
Equipment	\$ 40,000	50,748	10,748	20,000	35,988	(15,988)
Other	5,000	4,040	(960)	22,000	4,619	17,381
Transfers out	10,500	10,500	-	-	24,146	(24,146)
Total Disbursements	\$ 55,500	65,288	(9,788)	42,000	64,753	(22,753)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,000	7,308	3,308	35,000	3,239	(31,761)
CASH, JANUARY 1	7,524	7,524	-	4,285	4,285	-
CASH, DECEMBER 31	\$ 11,524	14,832	3,308	39,285	7,524	(31,761)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit J

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LOCAL EMERGENCY PLANNING COMMISSION FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest income	\$ 200	157	(43)	250	188	(62)
Other revenue	5,300	5,613	313	5,000	5,363	363
Total Receipts	\$ 5,500	5,770	270	5,250	5,551	301
DISBURSEMENTS						
Equipment	\$ 4,000	673	3,327	650	870	(220)
Training and preparedness	3,500	692	2,808	5,000	1,665	3,335
Other	3,000	38	2,962	200	45	155
Total Disbursements	\$ 10,500	1,403	9,097	5,850	2,580	3,270
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	4,367	9,367	(600)	2,971	3,571
CASH, JANUARY 1	8,325	8,325	-	5,354	5,354	-
CASH, DECEMBER 31	\$ 3,325	12,692	9,367	4,754	8,325	3,571

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit K

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest income	\$ 2,000	984	(1,016)	2,500	3,360	860
Total Receipts	\$ 2,000	984	(1,016)	2,500	3,360	860
DISBURSEMENTS						-
Circuit Clerk	\$ 8,000	2,628	5,372	7,479	4,478	3,001
Total Disbursements	\$ 8,000	2,628	5,372	7,479	4,478	3,001
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,000)	(1,644)	4,356	(4,979)	(1,118)	3,861
CASH, JANUARY 1	6,604	6,604	-	7,722	7,722	-
CASH, DECEMBER 31	\$ 604	4,960	4,356	2,743	6,604	3,861

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit L

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
CEMETERY TRUST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest income	\$ 1,000	843	(157)	650	2,049	1,399
Total Receipts	\$ 1,000	843	(157)	650	2,049	1,399
DISBURSEMENTS						
Mowing service	\$ 2,000	1,540	460	1,000	1,785	(785)
Total Disbursements	\$ 2,000	1,540	460	1,000	1,785	(785)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	(697)	303	(350)	264	614
CASH, JANUARY 1	30,038	30,038	-	29,774	29,774	-
CASH, DECEMBER 31	\$ 29,038	29,341	303	29,424	30,038	614

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit M

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW LIBRARY FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Library Fund	\$ 6,000	14,183	8,183	5,000	7,830	2,830
Total Receipts	\$ 6,000	14,183	8,183	5,000	7,830	2,830
DISBURSEMENTS						
Books and miscellaneous.	\$ 5,000	7,953	(2,953)	10,000	4,250	5,750
Total Disbursements	\$ 5,000	7,953	(2,953)	10,000	4,250	5,750
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	6,230	5,230	(5,000)	3,580	8,580
CASH, JANUARY 1	11,439	11,439	-	7,859	7,859	-
CASH, DECEMBER 31	\$ 12,439	17,669	5,230	2,859	11,439	8,580

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit N

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
JUVENILE OFFICER TUTORING FUND

	Year Ended December 31,		
	2001		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Donations	\$ 1,300	-	(1,300)
Total Receipts	\$ 1,300	-	(1,300)
DISBURSEMENTS			
Tutor salaries	\$ 1,300	538	762
Total Disbursements	\$ 1,300	538	762
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(538)	(538)
CASH, JANUARY 1	538	538	-
CASH, DECEMBER 31	\$ 538	-	(538)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit O

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY BAD CHECK FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest income	\$ 500	201	(299)	700	-	(700)
Fees	30,000	52,048	22,048	40,000	53,000	13,000
Grant reimbursement	8,000	1,000	(7,000)	3,200	-	(3,200)
Donations	-	-	-	4,000	-	(4,000)
Total Receipts	\$ 38,500	53,249	14,749	47,900	53,000	5,100
DISBURSEMENTS						
Prosecuting Attorney	\$ 32,500	36,123	(3,623)	-	45,251	(45,251)
Transfers out	14,000	12,020	1,980	-	13,619	(13,619)
Total Disbursements	\$ 46,500	48,143	(1,643)	-	58,870	(58,870)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,000)	5,106	13,106	47,900	(5,870)	(53,770)
CASH, JANUARY 1	11,807	11,807	-	17,677	17,677	-
CASH, DECEMBER 31	\$ 3,807	16,913	13,106	65,577	11,807	(53,770)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit P

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PARENTING CLASS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Fees	\$ 4,000	2,800	(1,200)	4,000	4,375	375
Total Receipts	\$ 4,000	2,800	(1,200)	4,000	4,375	375
DISBURSEMENTS						
Classes attended	\$ 4,000	2,415	1,585	3,000	3,000	-
Outstanding warrants	-	-	-	-	150	(150)
Total Disbursements	\$ 4,000	2,415	1,585	3,000	3,150	(150)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	385	385	1,000	1,225	225
CASH, JANUARY 1	4,155	4,155	-	2,930	2,930	-
CASH, DECEMBER 31	\$ 4,155	4,540	385	3,930	4,155	225

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit Q

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SHERIFF DONATION FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Other revenue	\$ -	505	505	-	-	-
Total Receipts	\$ -	505	505	-	-	-
DISBURSEMENTS						
Equipment	\$ 2,943	-	2,943	4,000	1,390	2,610
Total Disbursements	\$ 2,943	-	2,943	4,000	1,390	2,610
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,943)	505	3,448	(4,000)	(1,390)	2,610
CASH, JANUARY 1	2,943	2,943	-	4,333	4,333	-
CASH, DECEMBER 31	\$ -	3,448	3,448	333	2,943	2,610

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit R

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ELECTION SERVICE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 3,000	3,846	846	2,000	3,468	1,468
Interest income	200	108	(92)	200	156	(44)
Total Receipts	\$ 3,200	3,954	754	2,200	3,624	1,424
DISBURSEMENTS						
Equipment	\$ 4,000	-	4,000	1,000	1,257	(257)
Training	2,000	145	1,855	500	673	(173)
Other	1,000	100	900	200	-	200
Total Disbursements	\$ 7,000	245	6,755	1,700	1,930	(230)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,800)	3,709	7,509	500	1,694	1,194
CASH, JANUARY 1	4,694	4,694	-	3,000	3,000	-
CASH, DECEMBER 31	\$ 894	8,403	7,509	3,500	4,694	1,194

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit S

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY DELINQUENT TAX FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ -	372	372	-	737	737
Interest income	-	4	4	-	23	23
Total Receipts	\$ -	376	376	-	760	760
DISBURSEMENTS						
Equipment	-	1,136	(1,136)	-	1,228	(1,228)
Total Disbursements	\$ -	1,136	(1,136)	-	1,228	(1,228)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(760)	(760)	-	(468)	(468)
CASH, JANUARY 1	963	963	-	1,431	1,431	-
CASH, DECEMBER 31	\$ 963	203	(760)	1,431	963	(468)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit T

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
FERGUSON SCHOLARSHIP FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest income	\$ 150	128	(22)	-	212	212
Total Receipts	\$ 150	128	(22)	-	212	212
DISBURSEMENTS						
Scholarships	\$ 400	400	-	400	200	200
Total Disbursements	\$ 400	400	-	400	200	200
RECEIPTS OVER (UNDER) DISBURSEMENTS	(250)	(272)	(22)	(400)	12	412
CASH, JANUARY 1	5,393	5,393	-	5,381	5,381	-
CASH, DECEMBER 31	\$ 5,143	5,121	(22)	4,981	5,393	412

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit U

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
911 FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 101,000	108,821	7,821	-	66,941	66,941
Total Receipts	\$ 101,000	108,821	7,821	-	66,941	66,941
DISBURSEMENTS						
Salary	\$ 25,000	3,236	21,764	-	-	-
Mapping	29,000	73,512	(44,512)	-	38,532	(38,532)
Operation expenses	100,000	23,929	76,071	-	-	-
Benefits	10,024	3,450	6,574	-	-	-
Total Disbursements	\$ 164,024	104,127	59,897	-	38,532	(38,532)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(63,024)	4,694	67,718	-	28,409	28,409
CASH, JANUARY 1	28,409	28,409	-	-	-	-
CASH, DECEMBER 31	\$ (34,615)	33,103	67,718	-	28,409	28,409

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit V

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT BLOCK GRANT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental revenues	\$ -	6,000	6,000	-	29	29
Interest income	-	32	32	-	75	75
Transfers in	-	-	-	-	7,500	7,500
Total Receipts	\$ -	6,032	6,032	-	7,604	7,604
DISBURSEMENTS						
Salaries and benefits	\$ -	-	-	-	2,754	(2,754)
Transfers out	-	-	-	-	4,773	(4,773)
Total Disbursements	\$ -	-	-	-	7,527	(7,527)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	6,032	6,032	-	77	77
CASH, JANUARY 1	77	77	-	-	-	-
CASH, DECEMBER 31	\$ 77	6,109	6,032	-	77	77

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit W

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
RECORDER TECHNOLOGY FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 4,145	6,481	2,336	-	2,525	2,525
Interest income	65	95	30	-	12	12
Total Receipts	\$ 4,210	6,576	2,366	-	2,537	2,537
DISBURSEMENTS						
Equipment	\$ 4,000	-	4,000	-	-	-
Total Disbursements	\$ 4,000	-	4,000	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	210	6,576	6,366	-	2,537	2,537
CASH, JANUARY 1	2,537	2,537	-	-	-	-
CASH, DECEMBER 31	\$ 2,747	9,113	6,366	-	2,537	2,537

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit X

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
JUSTICE CENTER FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Sales tax revenues	\$ 150,000	89,864	(60,136)
Total Receipts	\$ 150,000	89,864	(60,136)
DISBURSEMENTS			
Legal fees	\$ 5,000	-	5,000
Architect fees	50,000	180,215	(130,215)
Pre-construction expenses	75,000	243,571	(168,571)
Consulting fees	-	59,847	(59,847)
Total Disbursements	\$ 130,000	483,633	(353,633)
RECEIPTS OVER (UNDER) DISBURSEMENTS	20,000	(393,769)	(413,769)
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ 20,000	(393,769)	(413,769)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit Y

RANDOLPH COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
COLLECTOR TAX MAINTENANCE FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ -	1,488	1,488
Total Receipts	\$ -	1,488	1,488
DISBURSEMENTS			
Office expenses	\$ -	-	-
Total Disbursements	\$ -	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	1,488	1,488
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	1,488	1,488

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

RANDOLPH COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Randolph County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although law requires adoption of a formal budget, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ending December 31,</u>
Collector's Tax Maintenance Fund	2002
911 Fund	2001
Law Enforcement Block Grant Fund	2002 and 2001
Recorder's Technology Fund	2001
Prosecuting Attorney Delinquent Tax Fund	2002 and 2001

Because the Health Center prepares its budget on the accrual basis of accounting, which recognizes revenues when earned and expenditures when the related liability is incurred, the comparison of budget and actual information for the Health Center Fund is not included in Fund Exhibits. This information is provided below:

Health Center Fund							
Year Ended December 31,							
2002				2001			
Variance				Variance			
Favorable				Favorable			
Budget	Actual	(Unfavorable)		Budget	Actual	(Unfavorable)	
RECEIPTS							
Property Taxes	\$ 419,890	419,960	70	431,400	431,006	(394)	
Intergovernmental	525,195	568,645	43,450	558,617	548,116	(10,501)	
Charges for							
Service	1,472,772	1,437,829	(34,943)	1,224,700	1,218,104	(6,596)	
Interest	-	25,581	25,581	-	23,380	23,380	
NonProfit							
Agencies	147,443	162,351	14,908	144,900	136,097	(8,803)	
Other	61,564	39,984	(21,580)	58,000	39,242	(18,758)	
Contributions	-	20,000	20,000	-	1,735	1,735	
Total Receipts	\$ 2,626,864	2,674,350	47,486	2,417,617	2,397,680	(19,937)	

Health Center Fund continued on next page

Health Center Fund (continued)						
Year Ended December 31,						
2002			2001			
			Variance		Variance	
			Favorable		Favorable	
	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
Disbursements						
Salaries	\$ 1,496,496	1,484,295	12,201	1,374,680	1,368,020	6,660
Office						
Expenditures	258,478	251,578	6,900	218,600	203,029	15,571
Equipment	147,276	116,990	30,286	101,651	100,307	1,344
Mileage &						
Training	80,262	79,688	574	63,800	61,974	1,826
Fringe benefits	369,856	359,372	10,484	294,900	291,925	2,975
Contract Labor	225,450	184,711	40,739	165,450	156,151	9,299
Other	15,660	14,624	1,036	14,300	17,522	(3,222)
Total Disbursements	\$ 2,593,478	2,491,258	102,220	2,233,381	2,198,928	34,453

Exhibit A presents total receipts and disbursements of the Health Center Fund on the cash basis of accounting. Reconciliations of Exhibit A data to the actual revenues and expenditures recorded in the Health Center's financial records are presented below.

Reconciliation of Receipts to Revenues

Receipts on Exhibit A reconcile to revenues as follows:

Health Center Fund		
Year Ended December 31,		
	2002	2001
RECEIPTS PER BUDGET DOCUMENT	\$ 2,674,350	2,397,680
Increase (Decrease) in accounts receivable	(18,841)	16,519
(Increase) Decrease in Unearned revenues	33,316	(8,791)
REVENUES PER EXHIBIT A	\$ 2,668,825	2,405,408

Reconciliation of Disbursements to Expenditures

Disbursements on Exhibit A reconcile to Expenditures as follows:

DISBURSEMENTS PER BUDGET DOCUMENT	\$ 2,491,258	2,198,928
Increase (Decrease) in salaries and fringe benefits payable	25,660	(5,400)
(Increase) Decrease in inventory and fixed assets	15,996	48,801
Increase (Decrease) in accounts payable	(1,484)	(11,438)
(Increase) Decrease in prepaid expenses	9,401	(9,815)
EXPENDITURES PER EXHIBIT A	\$ 2,540,831	2,221,075

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ending December 31,</u>
Sheriff's Fund	2002 and 2001
Prosecuting Attorney Bad Check Fund	2002 and 2001
General Revenue Fund	2002
Recorder's User Fee Fund	2002
Law Library Fund	2002
Justice Center Fund	2002
Law Enforcement Training Fund	2002 and 2001
Cemetery Trust Fund	2001
Election Service Fund	2001
Parenting Class Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the General Revenue Fund (2002 and 2001), the Prosecuting Attorney Training Fund (2001), and the 911 Fund (2002).

However, the budgets of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Funds</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2002 and 2001
Cemetery Trust Fund	2002 and 2001
Law Library Fund	2002 and 2001
Juvenile Officer Tutoring Fund	2001
Parenting Class Fund	2002 and 2001
Prosecuting Attorney Delinquent Tax Fund	2002 and 2001
Collector's Tax Maintenance Fund	2002
Law Enforcement Block Grant Fund	2002 and 2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are

demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

At December 31, 2002, the reported amount of the county's deposits was \$7,612,469 and the bank balance was \$7,824,845. Of the bank balance, \$729,184 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$7,095,661 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company.

At December 31, 2001, the reported amount of the county's deposits was \$7,044,596 and the bank balance was \$7,284,247. Of the bank balance, \$1,529,822 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$5,754,425 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company.

The Health Center Board's deposit at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the Health Center Board's custodial bank in the Health Center Board's name.

Investments

The only investment of the various funds at December 31, 2002 and 2001, was a repurchase agreement with a reported amount of \$500,000 and \$1,300,000, respectively (which approximated fair value).

This investment represents uninsured and unregistered investments for which the securities were held by the dealer bank's trust department or agent in the county's name.

3. Property Taxes

Through December 31, 2002, Randolph County collected \$5,258 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Randolph County voters enacted a one-half cent sales tax with a provision to reduce property taxes by fifty percent of sales tax collected. Tax levies were not reduced sufficiently for actual sales tax collections.

Supplementary Schedule

Schedule

RANDOLPH COUNTY, MISSOURI**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2188	\$ -	118,537
		ERS045-3188	122,042	-
10.559	Office of Administration -	SDA4230007	39,768	47,665
	Healthy Children Nutrition Education Initiative	ERS146-2188I	120	
	Summer Food Service Program for Children		39,888	47,665
	Program Total			
U.S. DEPARTMENT OF JUSTICE				
Passed through state Department of Public Safety				
16.554	National Criminal History Improvement Program	2000-VOCA-0063	9,785	2,446
16.588	Violence Against Women Formula Grants	2001-VAWA-0033	71,000	68,155
16.592	Local Law Enforcement Block Grants Program	2002-LBG-078	6,000	7,500
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	n/a	-	428
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-088(20)	-	223,002
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	2-22301	1,000	-
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.575	Child Care and Development Block Grant			
	Local Sanitation Inspections of Child Care Facilities	PGA067-1188S	2,734	
	Local Sanitation Inspections of Child Care Facilities	PGA067-2188S	-	1,176
	Child Care Health Consultation	PGA067-1188C	-	14,345
	Child Care Health Consultation	PGA067-2188C	18,348	-
	Program Total		21,082	15,521

Schedule

RANDOLPH COUNTY, MISSOURI**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
Department of Health -				
93.268	Immunization Grants			
	Vaccinations			
	Vaccinations IAP	n/a	26,916	26,092
	Influenza/Pneumococcal	PGN064-3188A	4,349	-
		PGN064-2188A	-	2,423
	Program Total		<u>31,265</u>	<u>28,515</u>
93.991	Preventative Health and Health Services Block Grant			
	Chronic Disease Health Education Initiative	AOC02380056	-	3,921
		DH030015002	30,620	-
	Safe Kids Colalition 1999/2000 Contract Year	C100023001	-	2,950
		DH020041001	-	1,035
	Program Total		<u>30,620</u>	<u>7,906</u>
93.994	Maternal and Child Health Services Block Grant to the States			
	Dental Sealant	DH020027062		200
	Materanal and Child Health Services	ERS146-1188M	-	19,383
		ERS146-3188M	20,636	-
	Home Visitation Implementation	AOCO138105	26,258	25,079
	Comprehensive Family Planning	ERS175-1188F	-	64,178
	Transportation services for Woman and Children	ERS175-2060F	21,898	-
		C100019001	18,107	16,445
	Immunizations	PGA064-3188A	289	
		PGA064-2188A		2,935
	Program Total		<u>87,188</u>	<u>128,220</u>
93.945	Assistance Programs for Chronic Disease Prevention and Control			
	State Cardiovascular Heathh Program (Wellness)	DH020041001	13,181	-
	Total Expenditures of Federal Awards		<u>\$ 433,051</u>	<u>647,895</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

RANDOLPH COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Randolph County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-

through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly the schedule includes cash and non cash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Of the amounts for Immunization Grants (CFDA number 93.268), \$26,916 and \$26,092 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2002 and 2001. The remaining amounts for Immunization grants represent cash disbursements.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

Independent Auditors' Report

CASEY AND COMPANY OF COLUMBIA, L.L.C.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Randolph County, Missouri

Compliance

We have audited the compliance of Randolph County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal program for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

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and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Randolph County, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002 and December 31, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding 02-1.

Internal Control Over Compliance

The management of Randolph County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Randolph County, Missouri's ability to administer a major federal program in accordance with the applicable requirements of laws,

regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as finding numbers 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition is a material weakness

This report is intended for the information of the management of Randolph County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

June 9, 2003

Schedule

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes X no

Reportable conditions identified that are
not considered to be a material weaknesses? yes X none reported

Noncompliance material to the financial statements
noted? yes X no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes X no

Reportable conditions identified that are
not considered to be material weaknesses? X yes none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?

 X yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutritional Program for Women Infants and Children
20.205	Highway Planning and Construction
93.994	Maternal and Child Health Services Block Grant to the States

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

 yes X no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Federal Grantor: Department of Agriculture
Pass-Through Grantor: Missouri Department Health
Federal CFDA Number: 10.557
Program Title: Special Supplemental Nutrition Program for Women,
Infants and Children
Pass-Through Entity
Identifying Number: ERS045-2188, ERS045-3188
Award Years: 2002 and 2001
Questioned Costs: None

Federal Grantor: Department of Transportation
Pass-Through Grantor: Missouri Highway and Transportation Commission
Federal CFDA Number: 20.205
Program Title: Highway Planning and Construction
Pass-Through Entity
Identifying Number: BRO-088(20)
Award Years: 2001
Questioned Costs: None

Federal Grantor: Department of Health and Human Services
Pass-Through Grantor: Missouri Department of Health
Federal CFDA Number: 93.994
Program Title: Maternal and Child Health Services Block Grant to the State
Pass-Through Entity
Identifying Number: DH020027062; ERS146-1188M; ERS146-3118M;
AOCO138105; ERS175-1188F; ERS175-2060F; C100019001; PGA064-3188A;
PGA064-2188A
Award Years: 2002 and 2001
Questioned Costs: None

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as part of the annual budget. The county does not have adequate procedures in place to track federal financial assistance for the preparation of the SEFA.

The county's SEFA schedule contained numerous errors and omissions. For example, expenditures from federal programs totaling approximately \$164,886 were omitted from the schedule. Some information provided to the County Clerk by the Health Center and Juvenile Office was inaccurate and/or incomplete. Additionally the county should

submit one SEFA; currently the county submits two SEFA's, with the Health Center SEFA being submitted separately.

Without one accurate and complete SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds.

Similar conditions were noted in the prior report.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEES RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk will attempt to prepare a complete and accurate schedule of expenditures of federal awards within his ability and within the scope of information provided to him by various county entities.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

RANDOLPH COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

RANDOLPH COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

00-1	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass- Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Woman, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-1188W, ERS045-0188W, and ERS045-9188
Award Years:	2000 and 1999
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Transportation
Pass- Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.600
Program Title:	State and Community Highway Safety
Pass-Through Entity	
Identifying Number:	00-SA-09-4 and 99-SA-09-4
Award Years:	2000 and 1999

Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Health and Human Services
Pass- Through Grantor:	Department of Health
Federal CFDA Number:	93.994
Program Title:	Maternal and Child Health Services Block Grant to the States
Pass-Through Entity Identifying Number:	ERS146-1188M, ERS146-0188M, and ERS146-9188, AOC00380169, AOC01380105, ERS175-1188F, ERS175- 0188F, ER075-9188FP, and C1000190001
Award Years:	2000 and 1999
Questioned Costs:	Not Applicable

FINDING:

The county schedule of expenditures of federal awards (SEFA) for the years ended December 31, 2000 and 1999 was not complete and accurate according to the county's expenditure records. Approximately \$164,000 was omitted from the schedule.

RECOMMENDATION:

Prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

STATUS:

Not implemented. The 2002 and 2001 schedule of expenditures of federal awards was again missing information which involved grants totaling approximately \$164,000. See finding 02-1.

SECTION ON OTHER MATTERS

RANDOLPH COUNTY, MISSOURI
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Randolph County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 9, 2003. We also have audited the compliance of Randolph County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001 and have issued our report thereon dated June 9, 2003.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These matters resulted from our audit of the special-purpose financial statements of Randolph County and of its compliance with the types of compliance requirements applicable to its major federal programs but does not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that are required for an audit performed in accordance with *Government Auditing Standards* and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Nevertheless, the county should consider this matter and take appropriate corrective action.

1. Financial Condition

As noted in three prior audit reports, the county's General Revenue Fund is in poor financial condition. The cash balance has been negative since 1997, declining from (\$10,440) at December 31, 1997, to (\$374,759) at December 31, 2002. In addition, the County Commission has budgeted significant deficit ending cash balances every year since 1996. The following chart shows the General Revenue Fund receipts, disbursements, and cash balances for the two years ended December 31, 2002.

Cash balance, January 1, 2001	\$	(144,636)
Receipts		2,787,434
Disbursements		(2,777,486)
Cash balance, December 31, 2001		<hr/> (134,688)
Receipts		2,811,457
Disbursements		(3,051,529)
Cash Balance, December 31, 2002	\$	<hr/> (374,759) <hr/>

The county has passed a deficit budget in the General Revenue Fund for 2003, which will exacerbate the problem. The County Commission should review discretionary disbursements and evaluate management practices to ensure efficient use of resources available to the county and to determine if long-term reductions in discretionary disbursements are possible. In addition, the County Commission should attempt to maximize receipts from all sources. If these alternatives do not work, the county should continue to seek voter approval to increase the General Revenue Fund property tax or impose additional sales taxes.

3. Justice Center

We found not all files on the project could be located, the budget was overspent by a large amount, and the funding for the project was not firmly in place before the project was begun. The issues first arose during our audit period and extend beyond our audit period and are of such concern to the citizens that the Missouri State Auditor's Office and the Office of the Missouri Attorney General have undertaken investigations of the project and the procedures related to it. Their reports should be consulted for complete findings related to the issues the Justice Center.

4. Expense Allocation

We found a disproportionate amount of insurance expense and salaries charged to the Road and Bridge Fund than the General Revenue Fund because the former fund had a higher cash balance than the latter. Expenses should be properly allocated between funds without regard to the resources available to the fund.

5. Health Center

The county is not including the in-kind value of immunizations dispensed through the Health Center on its schedule of expenditure of federal awards (SEFA). The budget documents submitted to the County included differing amounts than the accounting system. An immaterial instance of noncompliance with the WIC program was discovered in an overcharge of indirect costs which was subsequently corrected. These types of findings should be avoided by careful preparation of the SEFA, the budget document, and WIC program billings.

6. Transfers between Funds

Instances of incorrect classifications of transfers between funds as revenue or expense were discovered in matching transfers between funds. The fund which receives income from a source outside of the County should record the income and the fund which expends the funds to a source outside the County should record the expense. Amounts moved between County funds should be recorded by the funds as transfers in and transfers out.

7. Competitive Bidding

The County's selection of a consulting engineer was not submitted to a competitive bidding process. All contracts for goods and services in excess of the State's threshold for competitive bidding should be observed in the best interest of the citizens of the County.

This Letter on Other Matters is intended for the information of the management of Randolph County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

June 9, 2001



RANDOLPH COUNTY JUSTICE CENTER

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-79
August 6, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2003

Due to much public attention and the numerous calls and complaints received from Randolph County citizens, the State Auditor's Office has performed an audit of the Randolph County Justice Center construction project. The following problems were discovered as a result of the audit.

- The County Commission did not adequately relate costs and needs to funding sources or adequately document its considerations when determining the sales tax issue to be presented for voter approval. Additionally, the county's project documentation is insufficient and the County Commission cannot demonstrate that it has been actively involved in the decision making process or has adequately monitored the financial aspects of the project.

The County Commission could not provide documentation showing how a ½ cent, 18-year sales tax was determined to be adequate to fund the justice center project. Even though the length of the proposed sales tax was shortened, it appears the conceptual drawings for the justice center at the time of the November 2001 election were brought forward to the April 2002 election.

The April 2003 bond schedule calculations used lower operating costs and inflation rates than provided for in the county's project documentation. The County Commission could not explain the reason for this discrepancy in amounts. If the county's documented estimated costs are used, projected operating costs over the 17-year bond period are approximately \$24.6 million or about \$5 million more than the April 2003 bond issue estimate, and operating costs and projected bond principal and interest payments would exceed estimated resources by approximately \$2.2 million.

The Justice Center Fund has had a negative cash balance since its inception and by the end of May 2003, the cash balance in this fund was (\$267,307). Monies from other county funds are being borrowed to cover the costs of the justice center project until other financing is secured.

The January 2003 project budget reflects a total project cost of approximately \$7.1 million, whereas the April 2003 project budget reflects a total project cost of approximately \$7.6 million. The April 2003 bond issue information indicates the project funds available from the bond issue proceeds is approximately \$7.7 million (proceeds less other fund deposits and underwriter discounts). A comparison of these amounts shows that the anticipated project cost is very close

YELLOW SHEET

to estimated funds available for the project from the bond proceeds. Should bond issue proceeds not be sufficient to cover the total project costs, other county funds will need to be used. Given the county's overall poor financial condition, this may not even be a potential option.

The County Commission has delegated much of its authority on the project. To answer many of our questions, the County Commission referred us to the owner's representative. Additionally, many records associated with the project were not on file at the county courthouse, and had to be obtained from the owner's representative or others involved with the project.

- In May 2002, the county contracted with a professional engineer to provide consulting services for the justice center project. The contract provides for the consultant to serve as the owner's representative and provide consultation and advice in connection with the justice center project.

The County Commission did not negotiate with or solicit requests for proposals from any other company or individual for owner's representative services.

The county entered into this contract without adequately evaluating the potential time and cost involved and did not ensure it documented clear expectations of the owner's representative. The contract did not provide for a maximum amount. According to the initial project budget dated June 2002, the owner's representative fee was estimated at \$100,000. However, this was doubled five months later to \$200,000 on the January 2003 project budget.

The owner's representative's billings did not include adequate supporting documentation for services rendered, mileage incurred, and reimbursable expenses.

- Problems were also noted with other professional services arrangements. Competitive proposals were not always solicited and documentation regarding the selection process was not adequate. Some contracts were either incomplete or not on file at the county.
- Project information provided in the County Commission meeting minutes was generally very limited and often included only a reference to those in attendance and the topics discussed. The minutes lacked sufficient details regarding the commissioners' discussions and decisions.

All reports are available on our website: www.auditor.state.mo.us

RANDOLPH COUNTY JUSTICE CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Randolph County, Missouri

We have audited the Randolph County Justice Center. The scope of this audit included, but was not necessarily limited to, the period April 2, 2002, through May 30, 2003. The objectives of this audit were to:

1. Review project planning, financing decisions, and monitoring.
2. Review procurement and contracting procedures.
3. Review compliance with certain legal and contractual provisions.
4. Review Justice Center Fund receipts and disbursements.
5. Identify and investigate public concerns.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various officials, personnel, and contractors of the county.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the Randolph County Justice Center.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

May 30, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Susan Beeler

BACKGROUND INFORMATION

RANDOLPH COUNTY JUSTICE CENTER BACKGROUND INFORMATION

On April 2, 2002, the voters in Randolph County authorized a ½ cent sales tax for the purpose of constructing, equipping, operating, and maintaining a county jail with judicial facilities on the county farm in Huntsville. The new sales tax became effective on October 1, 2002, and will continue for a period of 18 years. The county plans to issue approximately \$8 million in leasehold revenue bonds to fund the project. The bonds will be paid off over the next 17 years with revenues generated from the new sales tax and other county funds if necessary. The planned facility, which is referred to as the Randolph County Justice Center, will be approximately 40,000 square feet and include a 76-bed jail, judicial facilities (courtroom and office space for court personnel and judge), and a sheriff's office. The estimated total project cost as of April 2003 is approximately \$7.6 million.

Over the last several months there has been much publicity regarding project concerns. Due to this public attention and the numerous calls and complaints received from Randolph County citizens, the State Auditor's Office has performed an audit of the Randolph County Justice Center construction project.

For several years the county considered the need for new county facilities. In 1997 a "Master Plan" was prepared to assess the need and cost of a new jail, courthouse, and administrative building. A sales tax issue was placed on the ballot in 1997 to fund a new facility based on the Master Plan. The ballot issue did not provide for a sunset provision (expiration date of sales tax) and failed. Similar ballot issues failed during November 1999 and November 2001 elections. The 1999 issue provided for a 30-year sales tax to fund construction and occupancy of a governmental center and justice center. The 2001 issue provided for a 25-year sales tax to provide law enforcement services, which included, but was not limited to, constructing, equipping, operating and maintaining a new jail and court facilities to be located at the county farm and the Commerce Bank building in Moberly to be used for court facilities, and any other law enforcement functions authorized by the Commission.

Prior to the November 2001 election, conceptual drawings for the proposed justice center included an unfinished open lower level that would eventually be converted into county administrative offices. This lower level was referred to as the administrative shell. It appears the same conceptual drawings were brought forward for the April 2002 election and were being utilized subsequent to its passage. However, after the ballot issue passed, it was determined projected construction costs exceeded the projected amount available for construction given the anticipated sales tax revenues. Additionally, there were questions regarding whether the ballot language allowed for the administrative shell and the County Commission indicated they were advised by the Prosecuting Attorney's office that the sales tax monies could not be used for the administrative shell. Therefore, the proposed facility was changed from a winged facility to a rectangular facility and the administrative shell was removed.

In May 2002, the county established a Justice Center Fund to account for the new sales tax receipts and related project disbursements. The county also contracted with a professional engineer to provide consultation and advice in connection with the justice center project and serve as the owner's (the county) representative.

Through May 2003, the county had expended \$779,000 on the project and had collected \$512,000 in sales tax revenues. To cover the shortfall, monies were borrowed from other county funds. The majority of justice center expenditures related to the owner's representative, architectural, construction management, and mine remediation services. Some earthwork was completed and most of the construction phase bid packages were awarded.

The county had planned to sell the leasehold revenue bonds in April 2003. However, the county has delayed issuing the bonds and is currently planning to sell tax anticipation notes in the amount of \$500,000 so that work on the project can continue.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

RANDOLPH COUNTY JUSTICE CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Financial Planning and Monitoring

The County Commission did not adequately relate costs and needs to funding sources or adequately document its considerations when determining the sales tax issue to be presented for voter approval. Additionally, the county's project documentation is insufficient and the County Commission cannot demonstrate that it has been actively involved in the decision making process or has adequately monitored the financial aspects of the project.

- A.1. The County Commission could not provide documentation showing how a ½ cent, 18-year sales tax was determined to be adequate to fund the justice center project. According to the County Commission, the taxpayers wanted the tax to be less than 20 years. Therefore, after the 30-year and 25-year sales tax ballot issues failed in 1999 and 2001, respectively, the County Commission decreased the sunset provision to 18 years. However, it appears the conceptual drawings for the justice center at the time of the November 2001 election were brought forward to the April 2002 election, even though the length of the proposed sales tax was shortened. Given the changes to the ballot language provisions and anticipated sales tax revenues, utilizing the same drawings appears questionable and demonstrates inadequate planning.
2. After the sales tax ballot issue passed in April 2002, initial project estimates were prepared by the owner's representative to calculate the amount of funds available for construction. During the next few months the owner's representative obtained input from the various users of the new justice center regarding space and furnishing needs. This information was provided to the construction manager who developed detailed project estimates based on users' needs. These estimates were substantially more than was feasible given the anticipated sales tax revenues, and the building space was scaled back several times to ensure sales tax revenues would be sufficient to fund the project and operate the new facility. Sometime during August and September 2002, the proposed justice center building was modified from a winged facility to a rectangular facility. The administrative shell was also removed from the drawings at some point, but it is unclear exactly when this occurred. The County Commission, county employees, and county contractors provided varying information regarding this change.

The County Commission could not provide documentation regarding these significant changes to the conceptual drawings or show that these changes were sufficiently discussed and conveyed to the public. As noted in other findings, the County Commission meeting minutes did not provide adequate details to show whether these decisions were discussed during the meetings. In addition, the

county's 2001 published financial statements (issued in February 2002) included a drawing of the proposed justice center with the winged design that was brought forward from the November 2001 election. Several newspaper articles prior to the election also discussed plans for additional space that would eventually be used for county administrative offices. As a result, it appears there was a need to publicly provide more information regarding changes subsequent to the election.

As the justice center project continues, the County Commission needs to ensure that decisions are more adequately documented and conveyed to the public.

- B. The county intends to issue approximately \$8 million in leasehold revenue bonds to fund the project. The April 2003 bond issue information provides revenue and cost projections for 2004 through 2020 (the year the bonds are planned to mature). This information projects approximately \$25.7 million in sales tax revenues and \$8.5 million in General Revenue Fund appropriations over the 17-year bond period (a total of \$34.2 million). These funds will be used to pay for projected facility operating costs of approximately \$19.6 million and satisfy projected bond principal and interest of approximately \$11.8 million (a total of \$31.4 million). While the county's bond statement provides for \$8.5 million in General Revenue Fund appropriations, the county does not anticipate that it will need the total amount appropriated each year, thus the \$2.8 million difference.

Along with the bond issue information, we reviewed the county's General Revenue Fund and Justice Center Fund budgets, various financial records, project budgets, operating costs estimates, and construction bid information.

- 1) According to the county's investment banker, the amount of the leasehold revenue bond issue is based on the anticipated sales tax revenues (from the date the bonds are sold to the expiration of the sales tax), anticipated costs of operating the new facility, and interest rates at the time of the issuance. County documentation provided for \$980,000 in operating costs in the first year with a 4.65 percent increase for each year thereafter. However, the April 2003 bond schedule calculations used operating costs of \$900,000 in the first year with a 3 percent increase for each year thereafter. The County Commission could not explain the reason for this discrepancy in amounts, but indicated other counties were contacted regarding operating costs and the estimates were lowered. There is no information in the County Commission minutes or other documentation to support this explanation. Therefore, it is uncertain if the appropriate operating costs projections were used for the bond issue calculations.

A recalculation of the bond schedule using \$980,000 in projected operating costs in the first year with a 4.65 percent increase each year changes projected operating costs over the 17-year bond period to approximately \$24.6 million (about \$5 million more than the April 2003 bond issue estimate). With the results, total operating costs and projected

bond principal and interest payments would exceed estimated resources by approximately \$2.2 million. The county needs to review all projections and ensure its utilizes the most appropriate operating cost estimates.

- 2) The Justice Center Fund has had a negative cash balance since its inception. The County Commission began approving expenditures from the fund in May 2002, even though the county received no monies from the new sales tax until November 2002. During 2002 the county budgeted for a surplus in this fund of \$20,000. However, actual disbursements exceeded approved budgeted amounts by approximately \$354,000 and actual revenues were approximately \$60,000 below budgeted amounts, which resulted in a cash balance in the fund at year-end of (\$393,770). By the end of May 2003, the cash balance in this fund was (\$267,307). Because all county funds are maintained in one bank account, monies from other county funds (particularly the Special Road and Bridge Fund) are being borrowed to cover the costs of the justice center project until other financing is secured. Additionally, the County Commission has not developed procedures to authorize transfers between funds and report interfund debts in the county's financial records.
- 3) In April 2003, the bids for the construction phase of the project were opened, and some came in higher than the project estimates. Additionally, bids were not received for some bid packages and will have to be rebid. Thus, there is some uncertainty as to whether these bids will be more or less than the project estimate amounts. The January 2003 project budget (which includes the construction phase estimated cost amounts) reflects a total project cost of approximately \$7.1 million, whereas the April 2003 project budget (which includes the construction phase bid amounts) reflects a total project cost of approximately \$7.6 million, an approximate 7.5 percent increase in anticipated project costs. The April 2003 bond issue information indicates the project funds available from the bond issue proceeds is approximately \$7.7 million (proceeds less other fund deposits and underwriter discounts). A comparison of these amounts shows that the anticipated project cost is very close to estimated funds available for the project from the bond proceeds. However, due to the delay in issuing the bonds, the possibility that interest rates may change, and any change in anticipated sales tax amounts, future bond issue information will differ from the April 2003 amounts. Should bond issue proceeds not be sufficient to cover the total project costs, other county funds will need to be used. Given the county's overall poor financial condition and the fact that the General Revenue Fund cash balance was (\$374,760) at December 31, 2002, the County Commission needs to consider if this is even a potential option.
- 4) The county has not established a record keeping procedure to account for justice center project expenditures by project budget categories. Due to the financial concerns related to the bond proceeds and projected costs, it

is critical that the county closely monitor its actual project expenditures to ensure it is staying within its project budget.

When undertaking such a significant capital improvement project, it is imperative that the County Commission carefully assess the county's needs as compared to the available funds and proposed funding sources. Additionally, the County Commission must carefully evaluate its funding decisions and closely monitor actual expenditures as compared to project budget estimates.

- C. The County Commission has delegated much of its authority on the project to the owner's representative and the County Commission is apparently not aware of many aspects of the project. The County Commission referred us to the owner's representative to answer many of our questions. Additionally, many records associated with the project were not on file at the county courthouse, and had to be obtained from the owner's representative or others involved with the project. The County Commission has a fiduciary responsibility to ensure public funds are properly expended, complete records are maintained, and that significant county projects are carefully supervised.

WE RECOMMEND the County Commission:

- A. Ensure information regarding significant project decisions is thoroughly documented and made available to the public through the meeting minutes and other methods, as appropriate.
- B. Reevaluate the overall financial plans for the project, giving consideration to construction costs, anticipated ongoing operating costs of the justice center, and the county's overall financial condition. The county also needs to formalize its interfund borrowing process and establish a method to effectively monitor budget to actual project expenditures.
- C. Ensure it is actively involved in decisions made for the remainder of the justice center project, and that all pertinent documentation is retained by the county.

AUDITEE'S RESPONSE

The Associate Commissioners provided the following responses:

- A. *As with many public projects, it is difficult to precisely pinpoint construction costs before an architect is even retained to design the building.*
- B. *The County Commission understands the point being made here, but it is comfortable with the April 2003 bond schedule calculations.*

The County Commission will request a legal opinion from the Randolph County Prosecuting Attorney regarding the proper procedure for documentation of interfund transfers.

The County Commission acknowledges that bids were not received for some bid packages and accordingly the bids could be less (or more) than the project estimate. The County Commission acknowledges the need, as it goes through the building construction process, to ensure that sufficient revenues be available to fund project costs. The County Commission will continue to rely on its financial advisor, bond counsel, owner's representative, and other involved parties to assist it in this process.

The County Commission will explore ways to categorize expenditures into project budget categories.

- C. *The owner's representative functions as the person chosen by the County Commission to superintend the erection of the County building. This is wholly consistent with Sections 49.330 and 49.440, RSMo. The County Building Superintendent, as provided for in Chapter 49, RSMo, evidences Missouri legislative intent and recognition that third-class counties cannot 1) afford to or 2) have the need to employ, on a full-time basis, a person to oversee county building construction projects. It also evidences Missouri public policy that it is beneficial for a county to retain someone to serve as a building project manager. As a result, we do not believe that the comments contained in this section are consistent with Missouri state law on how county building projects may be managed.*

AUDITOR'S COMMENT

- C. There was no reference to the provisions of Chapter 49, RSMo, in the County Commission minutes, contract with the owner's representative, or other county project records.

The Presiding Commissioner provided the following responses:

- A. *The media will be faxed a copy of the agenda each week when it is posted. I will recommend that we endeavor to group items on the agenda in a timeframe that will allow the media to cover and report the significant actions taken by the Commission. Implementation date - August 15, 2003.*

We will ask the newspaper, as a public service, to print the agenda each week to better inform the public. Implementation date - August 1, 2003.

The statute creating the office of County Clerk is Section 51.010, RSMo, and states "In each county of this state there shall be an office of clerk of the county commission to be styled "The Office of the Clerk of the County Commission"." We will need to require the County Clerk or a deputy to fulfill the duties as required by law. Section 51.120, RSMo says, "Every clerk of a county commission shall keep an accurate record of the orders, rules, and proceedings of the county commission, and shall make a complete alphabetical

index thereto;..." The County Clerk must fulfill the requirements of the law. He or a deputy must attend and actively take minutes to record the how and why of the decisions as well as recording of the vote. Implementation date - August 15, 2003.

- B. A complete reevaluation of the financial plans must be a priority and must take place at the earliest possible date. I will place it on the agenda of the first meeting after this report is made public. This should take place before the bonds are sold to reestablish the confidence of investors and the public that it is a financially viable project. Implementation date - August 15, 2003.*

The Justice Center operating budget will be reviewed and adjusted as necessary to ensure the financial health of the facility and the county General Revenue Fund budget. Implementation date - August 15, 2003.

I will propose that we ask the Moberly Town Council to allow some of their professional managers to assist us in developing a financial monitoring system. Implementation date - August 15, 2003.

We as a Commission must strongly reassert our authority to make all decisions concerning the project. The first three hours of each weekly commission meeting should include a tour of the site and a report from the construction managers. We should require a comprehensive written weekly report from the construction management company. The construction management company must be made to understand the absolute necessity of full communication of problems and progress without delay. Implementation date - August 15, 2003.

2. Contracting and Related Expenditures
--

The county has entered into various contracts and agreements for services to be performed related to the justice center project. These include agreements for owner's representative, construction management, legal, architectural, investment banking, surveying, mine remediation, and geotechnical engineering services.

- A. In May 2002, the county contracted with a professional engineer to provide consulting services for the justice center project. The contract provides for the consultant to serve as the owner's representative and provide consultation and advice in connection with the justice center project. The owner's representative consults with the County Commission and designated third parties on matters pertaining to the project.

- 1) The County Commission did not negotiate with or solicit requests for proposals from any other company or individual for owner's representative services. The County Commission indicated the owner's representative was chosen largely due to the county's past experience with him for engineering services on bridge projects. The County Commission

also indicated his company provided the most inexpensive engineering services to the county, and while the architect or construction manager on the project could have provided some of these services, it would have been at a higher cost to the county. Additionally, the County Commission wanted someone familiar with the county who could commit significant time to this project.

Despite these verbal comments, the County Commission could provide no documented justification for choosing the owner's representative and had no evidence to show how the owner's representative was qualified for this type of project. The owner's representative stated that his company generally works on road and bridge projects, not building projects. Additionally, the county did not perform a cost benefit analysis to determine if using an owner's representative was the most cost effective approach and has no documentation supporting a cost savings. Soliciting proposals and subjecting such services to a competitive selection process is necessary to make a better informed decision and ensure services are obtained from the best qualified vendor at the lowest and best cost.

- 2) The county entered into this contract without adequately evaluating the potential time and cost involved and did not ensure it documented clear expectations of the owner's representative. The contract did not provide for a maximum amount, but instead required compensation at \$50 per hour, mileage reimbursement at \$.30 per mile, and payment of reimbursable expenses at actual cost.

According to the initial project budget dated June 2002, the owner's representative fee was estimated at \$100,000. However, this was doubled five months later to \$200,000 on the January 2003 project budget. In April 2003, the County Commission and the owner's representative indicated the owner's representative's work was approximately 90 percent complete. Through May 2003, the owner's representative had billed the county approximately \$134,000, so given their estimate, it appears remaining billings should approximate an additional \$15,000. It is apparent the County Commission has not adequately monitored the progress of the work performed as compared to the project budget and billings under the contract.

Entering into agreements that do not set a maximum value for the services performed makes it difficult to monitor and control the overall costs of the services, and to assess the reasonableness of contractor billings. In addition, written agreements should provide a means for the county to monitor compliance with the contract terms and protect the county in the event of a dispute over the terms of the agreement. Had the County Commission utilized a competitive process for selecting owner's representative services and performed a cost benefit analysis to evaluate

the more economical alternative for the county, there would likely be less uncertainty regarding total costs under this contract.

- 3) The owner's representative's billings did not include adequate supporting documentation for services rendered, mileage incurred, and reimbursable expenses. In addition, the reimbursable expenses did not always appear reasonable. Through May 2003, the owner's representative had billed for a total of 2,480 hours, 12,470 miles, and \$6,217 in reimbursable expenses. The invoices reflected no information regarding the services performed during the invoice periods, including only the total number of hours worked and the total number of miles traveled.

While some supporting documentation was present for reimbursable expenses claimed by the owner's representative, it was generally inadequate. For example, some outside engineers, consultants, and an architect were hired to review design schematics. There was no documentation to indicate the County Commission was aware of or approved the hiring of outside consultants. Also, the related billings lacked adequate documentation regarding the services provided, the need for these services, and conclusions reached by these reviewers. Some supporting documentation consisted of rediform receipt slip copies for a permit fee and a deposit on materials apparently paid by the owner's representative. However, the receipt slip copies did not identify the entities these payments were made to, and there was no documentation (i.e., permit copy) attached to support the amounts paid. Due to the limited information provided, the county has less assurance as to the propriety of the consulting service fees and expenses billed.

The county also reimbursed the owner's representative \$775 for a registration fee to attend a construction training seminar at the University of Wisconsin in November 2002. However, there was no documentation to show that this training was necessary for the owner's representative to accomplish contract objectives or whether it was an allowable reimbursable cost under the contract terms.

- 4) The contract provides for monthly billings from the owner's representative; however, billing periods have been inconsistent and varied from 14 days to 60 days. It does not appear the County Commission could effectively review and evaluate the reasonableness of billings that include charges which cover periods longer than the contract specifies, especially given the lack of details provided with the billings.

- B. In August 2002, the county contracted with a professional contracting company to provide construction management services for the design phase of the justice center project, not to exceed \$60,000. In December 2002, the county extended the contract with this company to include the construction phase of the project.

The construction management services were not procured in accordance with state law. The county did not place advertisements in a local newspaper. In addition, the County Commission did not document its selection procedures and did not maintain adequate documentation regarding the firms considered for the construction management services. For the design phase, the county could only provide information submitted by one firm. Additionally, the County Commission extended the scope of services to be provided by the design phase construction manager to include the construction phase without soliciting additional proposals for the construction phase or documenting its reasons for extending the contract. As of April 21, 2003, the date of the latest project budget revision, the county had expended \$59,000 for the design phase contract and the estimated cost for the construction phase was approximately \$400,000 in fees and reimbursable expenses.

Section 8.679, RSMo 2002, provides that if the cost of a construction project exceeds \$1.5 million, proposals for construction management services shall be solicited by advertisement in a specified manner. This includes placing advertisements in a local paper. Section 8.681, RSMo 2002 provides various criteria for evaluating proposals received and selecting a construction manager.

C. We noted concerns regarding other professional services arrangements:

- The county contracted with an attorney in April 2002 to provide legal services related to the project. Through May 2003, the county had paid the attorney \$4,875. The County Commission did not solicit proposals for this service. Additionally, the County Commission signed its acceptance to the attorney's proposal letter prior to approving it at a County Commission meeting.
- The county contracted with an architectural firm in July 2002. Although the County Commission meeting minutes indicated various firms were considered, the county did not retain any other firms' proposals and had no written documentation of criteria used in the selection process. Additionally, the county has not monitored the architect's compliance with this contract. Through May 2003, the county had paid the firm approximately \$367,000 in fees and reimbursable expenses. The architect's billings show the percentages to be billed for various phases differ from contract terms. Because the county does not have procedures for comparing billings to contract terms, the county paid \$16,000 earlier than was necessary.
- The County Commission approved an investment banker in July 2001, but could not provide written documentation of criteria used or reasons for selecting this investment banker or demonstrate whether other proposals were submitted. In March 2003, the county changed investment bankers. The County Commission meeting minutes indicated there were discussions with two potential firms; however, adequate documentation was not retained.

regarding these discussions, the firms' qualifications, and the subsequent decisions.

- On May 21 2002, the County Commission signed its acceptance to a proposal for survey work to be performed at the project site. Three invoices were received from this surveyor totaling \$6,368. However, \$3,485 of the billed amounts did not pertain to the survey work described in the proposal on file at the county, but the invoices made reference to other agreed upon fees. Therefore, it appears the county did not retain all agreements with this company.
- In November 2002 the county contracted with a firm for mine remediation services at the justice center site. Through May 2003, the county had paid the firm \$171,000. However, the contract retained by the county was not dated and was not complete.

The County Commission should always seek and retain proposals for professional services and document the criteria used and basis for selection to ensure the county is receiving quality services at a reasonable price. Additionally, the County Commission should ensure contracts are not signed prior to County Commission approval, are reviewed by legal counsel for propriety, and are retained in the county's files. The County Commission should also ensure that billings to the county are reviewed for compliance with contract provisions.

WE RECOMMEND the County Commission ensure that 1) future professional services obtained by the county are subject to a competitive and well documented selection process; 2) contract terms clearly quantify services to be performed and compensation to be paid and provide a means for the county to assess achievement of contract objectives; and, 3) contractor billings are submitted timely, provide sufficient detail, and are reviewed for compliance with contract terms. The County Commission should also ensure contracts are not signed prior to County Commission approval, are reviewed by legal counsel for propriety, and are retained in the county's files. In addition, the County Commission should ensure these recommendations are considered for the remainder of the project.

AUDITEE'S RESPONSE

The Associate Commissioners provided the following responses:

The reasoning for retaining the owner's representative is the same reason why Missouri has enacted laws authorizing counties to retain a person to superintend the erection of county buildings and to provide compensation to that person that the County Commission deems reasonable. See Section 49.330, RSMo. The owner's representative's billing statements are consistent with industry's custom and practice in this part of the state.

The County Commission understands the point being made here, and will endeavor to comply with all required notice and documentation provisions on future professional services arrangements.

AUDITOR'S COMMENT

The limited amount of detail provided in the owner's representative billings and contract do not appear consistent with industry standards.

The Presiding Commissioner provided the following responses:

We will follow the letter of the law in acquiring professional services. The County Clerk will be required to develop a procedure to ensure the retention of all contract documents. We will require professionals with ongoing contracts to update their qualifications and experience annually and that this information be kept on file. Implementation date - September 1, 2003.

We will submit all contracts to the Prosecuting Attorney or other appropriate attorney for review prior to acceptance. The Commission and the contractor will make objectives and measurements an integral part of the contract. Implementation date - August 15, 2003.

The Commission, with the County Clerk, will establish guidelines and a checklist to ensure timeliness, detailed documentation, and compliance. Every contractor will be advised of the requirements and the consequences if they are not followed. Implementation date - September 1, 2003.

To regain public confidence we must publicly ensure compliance with these recommendations throughout the remainder of the project. Implementation date - immediately.

3. Meeting Minutes

The County Commission meeting minutes indicated there were numerous discussions regarding topics such as possible future building projects, obtaining citizen input through public meetings and task forces, ballot language, professional services and contractors to be used for the building project, progress updates from the owner's representative and architect, and revenue bond financing options and requirements. However, the information provided in the minutes was generally very limited and often included only a reference to those in attendance and the topics discussed. The county has no written policy regarding meeting procedures and minutes.

Examples where information was lacking included the following:

- On numerous occasions the County Commission met with the owner's representative, architect, or other individuals involved with the justice center project. Details regarding matters discussed and subsequent decisions made were not sufficient.
- Information regarding bids and proposals submitted by potential project contractors was generally very limited and included no justification for the selection of various vendors. This concern is more significant when considering the county could not provide many documents related to bids/proposals received and the evaluation process. As a result, the county cannot demonstrate that it has properly selected project contractors and obtained quality services at a reasonable price.
- The minutes stated the project attorney, owner's representative, surveyor, and geotechnical engineer were hired by the county. However, a record of votes taken was not included as required by Section 610.020(6), RSMo 2000.
- According to the meeting minutes there were a few occasions where the County Commission attended meetings regarding the justice center project at an off-site location (i.e., owner's representative's office, construction manager's office). While there were references to these meetings in the regular County Commission meeting minutes, they lacked adequate details regarding those attending, discussions, and any decisions made.

While the County Clerk indicated he attends County Commission meetings and is on hand to record the results of votes taken, the minutes still lacked sufficient details regarding the commissioners' discussions and decisions. Section 51.120, RSMo 2000 requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission.

On April 29, 2002, the County Commission appointed an Executive Committee to make "all decisions" for the justice center project. The Executive Committee was comprised of the County Commissioners, the Circuit Judge, and the owner's representative, with the owner's representative being appointed spokesman. Although all five members of the Executive Committee stated the committee never actually met, the May 14, 2002, County Commission meeting minutes indicate the Executive Committee met with the architect and awarded the surveyor and geotechnical engineering bids. This is the only documented decision made by the Executive Committee. Additionally, a county commission resolution dated May 27, 2003, indicated that neither the circuit judge nor owner's representative ever agreed to serving on the committee and were not in attendance at the May 14, 2002 meeting. Due to the lack of documentation regarding the Executive Committee and the lack of documentation available in the County Commission meeting minutes, it is unclear exactly who made the significant decisions regarding the

project. The justice center project represents a major capital improvement for the county and decisions related to a project of this magnitude should be documented thoroughly.

Complete and accurate minutes provide an official record of County Commission actions and decisions. The minutes are the only official record of the actions of the County Commission. Care should be taken to ensure the minutes are complete and document discussions and specific intentions or reasons behind County Commission decisions. Inadequate or unclear minutes can lead to subsequent confusion as to the County Commission's intentions, possible incorrect interpretation of the County Commission's actions by the general public or other outside entities, and the inability to demonstrate compliance with legal provisions.

WE RECOMMEND the County Commission ensure meeting minutes include the information necessary to provide a complete record of all significant matters discussed and actions taken. In addition, the County Commission should consider developing a written policy regarding meeting procedures and minutes.

AUDITEE'S RESPONSE

The Associate Commissioners provided the following response:

A draft of a Sunshine Law policy has been circulated to the Missouri State Auditor's office and Attorney General's office for their review. It is anticipated that it will be presented to the County Commission for adoption during the month of July. We would like to ask that the report reflect the fact that the County Commission adopted a resolution abolishing the Executive Committee.

The Presiding Commissioner provided the following responses:

I am recommending that the Commission acquire a tape recorder so that all meetings will be recorded. This will provide a complete record that will be available to the public and the media that could be accessed at any time. It will also prevent many disputes caused by selective memory. Implementation date - September 1, 2003.

We will adopt a policy to govern meeting procedures and the recording of minutes. The policy will include appropriate portions of Robert's Rules of Order. The procedures will be written to ensure that all commissioners are provided the opportunity to bring issues before the Commission. In addition, the Commission will develop a policy to ensure compliance with the Missouri Sunshine Law. Implementation date - September 1, 2003.

In response to finding number 1 the duties of the County Clerk were addressed. That response applies to this recommendation as well.



**DAVIESS COUNTY, MISSOURI
EX-OFFICIO COUNTY COLLECTOR**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-78
August 5, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2003

Our office conducted an audit of the Ex-Officio County Collector, Daviess County, Missouri.

State statute requires the state auditor to audit the office of the County Collector after being notified of a vacancy in that office. On January 25, 2003, a vacancy occurred in the office of the Ex-Officio County Collector of Daviess County, Missouri; a successor was appointed effective February 28, 2003 and sworn into office March 5, 2003.

This audit report includes no findings arising from our audit of the Daviess County Ex-Officio County Collector.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

DAVIESS COUNTY, MISSOURI
EX-OFFICIO COUNTY COLLECTOR

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Ex-Officio County Collector
Daviess County, Missouri

Section 52.150, RSMo 2000, requires the state auditor to audit the office of the County Collector after being notified of a vacancy in that office. On January 25, 2003, a vacancy occurred in the office of the Ex-Officio County Collector of Daviess County, Missouri; a successor was appointed effective February 28, 2003, and sworn into office March 5, 2003.

To satisfy our statutory obligation, we have audited the operations of the Ex-Officio County Collector of Daviess County, Missouri. The scope of this audit included, but was not necessarily limited to, the period March 1, 2002 to January 25, 2003, and the year ended February 28, 2002. The objectives of this audit were to:

1. Determine the financial condition of the accounts of the office of the Ex-Officio County Collector.
2. Determine the proper compensation that should have been paid to the replaced Ex-Officio County Collector during the period April 1, 2001 to January 25, 2003, and the compensation actually paid during such period.
3. File a report of our findings with the County Commission and the person appointed to fill the vacancy in the office of the Ex-Officio County Collector.

Section 52.150, RSMo 2000, requires the County Commission to take certain specific actions if the state auditor finds any monies owing to the county or the past Ex-Officio County Collector. No findings resulted from our audit of the Daviess County Ex-Officio County Collector.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed the County Clerk and various personnel of the Ex-Officio County Collector.

As part of our audit, we assessed the controls of the Ex-Officio County Collector to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the Ex-Officio Collector and was not subjected to the procedures applied in the audit of that office.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 9, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Kelly Petree

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DAVIESS COUNTY, MISSOURI
EX-OFFICIO COUNTY COLLECTOR
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Ex-Officio County Collector and the township collectors bill and collect property taxes for the county and most local governments. Pursuant to Section 54.030, RSMo 2000, the County Treasurer/Ex-Officio County Collector's term of office ends March 31. Annual settlements are to be filed with the county commission for the fiscal year March 1 through February 28(29).

Judy Carder served as Ex-Officio Collector until January 25, 2003. Reta Raines was appointed the Daviess County Ex-Officio Collector effective February 28, 2003 and sworn into office on March 5, 2003.

The Ex-Officio County Collector received compensation of \$32,739 for the period April 1, 2002 to January 25, 2003. During the year ended March 31, 2002, the Ex-Officio received compensation of \$35,148. Compensation was in accordance with statutory provisions.

The following schedule reflects amounts from the records of the Ex-Officio County Collector on the modified accrual basis. The schedule does not include any of the operating costs of the Ex-Officio County Collector's office. Operating costs are paid from the General Revenue Fund of the county.

Appendix

DAVIESS COUNTY, MISSOURI
EX-OFFICIO COUNTY COLLECTOR
SCHEDULE OF REVENUES AND EXPENDITURES

	Period March 1, 2002 to January 25, 2003	Year Ended February 28, 2002
REVENUES		
Property taxes	\$ 5,357,962	5,313,089
Interest	464	974
Other	78,541	77,594
Less Provision for Uncollectible Accounts	(600,093)	(541,325)
Total Revenues	<u>4,836,874</u>	<u>4,850,332</u>
EXPENDITURES		
State of Missouri	21,160	21,637
General Revenue Fund	204,661	209,509
Assessment Fund	47,377	47,500
Health Center Fund	178,573	176,206
Senate Bill 40 Board Fund	69,174	70,596
School districts	3,013,362	3,074,102
Library district	137,942	142,131
Ambulance districts	231,226	236,525
Fire protection districts	163,159	162,657
Townships	61,132	62,727
Township road and bridge	439,049	460,876
Watershed districts	4,286	4,233
Special Road Bonds Fund	78,157	76,607
Cities	93,087	11,636
Nursing Home Debt Service Fund	21	46
County Clerk	238	247
County Employees' Retirement Fund	21,370	20,846
Tax Maintenance Fund	175	0
Commissions and fees:		
Township Collectors	41,989	42,409
General Revenue Fund	30,736	29,842
Total Expenditures	<u>4,836,874</u>	<u>4,850,332</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 0</u>	<u>0</u>



**DEPARTMENT OF INSURANCE
THREE YEARS ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-77
July 31, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

July 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Insurance (MDI).

The MDI's current travel policies allow its insurance examiners domiciled in the same location and working on the same examination to use different travel methods, which has resulted in higher travel costs. On at least two occasions, examiners assigned to the same examination used different travel methods or worked different schedules, and travel costs could have been reduced on these examinations if all examiners had worked the same schedules. In addition, the MDI does not require examiners to ride together in personal vehicles when driving to the examination site or to the airport. Because examiners are reimbursed for travel in personal vehicles, requiring employees to ride together would result in lower travel costs. Travel costs incurred by examiners totaled \$1.49 million, \$1.29 million, and \$1.31 million for fiscal years 2002, 2001, and 2000, respectively.

Similar conditions were noted in our prior audit. Because of the significant amount of travel costs incurred by examiners, it is important that the MDI adopt travel policies which require cost-efficient travel methods be followed by all examiners.

The MDI has not certified delinquent premium tax collections on certain policies (called surplus lines policies) on a timely basis. The MDI certified delinquent collections totaling \$811,312 and \$266,074 due in 2002 and 2001, respectively, to the Department of Revenue (DOR) in January 2003. The DOR is responsible for collecting interest and penalties on premium taxes and the amount of interest and penalties to be collected for these delinquent taxes totaled \$102,724 and \$41,288 for 2002 and 2001, respectively. A cooperative agreement between the MDI and the DOR requires certification of delinquent premium taxes every six months.

The MDI receives a federal grant from the U.S. Department of Health and Human Services (DHHS), which it uses to contract with a not-for-profit foundation to provide insurance counseling services for senior citizens. To obtain payment from the MDI, the foundation submits monthly invoices listing the hours spent by various personnel, the hourly reimbursement rate, and other operating expenses. The MDI does not require the foundation to provide detailed documentation supporting the amounts claimed for reimbursement. The foundations bills for actual indirect costs and fringe benefits not to exceed the rates approved by the DHHS for another contract with the foundation; however, the MDI has not required the foundation to provide documentation for these rates. A similar condition was noted in our prior audit.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

DEPARTMENT OF INSURANCE

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor
and
Scott Lakin, Director
Department of Insurance
Jefferson City, MO 65102

We have audited the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash and Investments; Comparative Statement of Receipts; and Comparative Statement of Appropriations and Expenditures of the various funds of the Department of Insurance as of and for the years ended June 30, 2002, 2001, and 2000. These financial statements are the responsibility of the department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the General Revenue Fund-Federal, Insurance Examiners Fund, Department of Insurance Dedicated Fund, Trans-National Warranty Accounts, and Rehabilitation Accounts; the receipts of the General Revenue Fund-State, Worker's Compensation Fund, Second Injury Fund, and State School Moneys Fund; and the

appropriations and expenditures of the various funds of the Department of Insurance as of and for the years ended June 30, 2002, 2001, and 2000, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 4, 2003, on our consideration of the department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

An integral part of the department's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



Claire McCaskill
State Auditor

April 4, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	John Lieser, CPA
Audit Staff:	Thomas Franklin David Gregg



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
and
Scott Lakin, Director
Department of Insurance
Jefferson City, MO 65102

We have audited the financial statements of the Department of Insurance as of and for the years ended June 30, 2002, 2001, and 2000, and have issued our report thereon dated April 4, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Department of Insurance are free of material misstatement, we performed tests of the department's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance which is described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Department of Insurance, we considered the department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce

to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of the Department of Insurance and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 4, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

DEPARTMENT OF INSURANCE
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 AND INVESTMENTS
 YEAR ENDED JUNE 30, 2002

	General Revenue Fund - Federal	Insurance Examiners Fund	Department of Insurance Dedicated Fund	Rehabilitation Accounts	Total (Memorandum Only)
RECEIPTS					
Federal grant	\$ 400,000	0	0	0	400,000
Examination fees	0	8,056,415	0	0	8,056,415
Salesman licenses or permits	0	0	4,197,370	0	4,197,370
Broker licenses	0	0	407,210	0	407,210
Merchant licenses	0	0	818,965	0	818,965
Regulatory fees and renewals	0	0	1,862,782	0	1,862,782
Miscellaneous fees	0	0	570,580	0	570,580
Filing fees	0	0	698,260	0	698,260
Interest	0	0	379,687	8,249	387,936
Other	0	4	74,802	0	74,806
Total Receipts	400,000	8,056,419	9,009,656	8,249	17,474,324
DISBURSEMENTS					
Personal service	0	4,758,333	4,820,093	0	9,578,426
Employee fringe benefits	0	1,266,690	1,547,075	0	2,813,765
Expense and equipment	0	1,746,310	1,261,692	0	3,008,002
State office building rent	0	27,938	226,112	0	254,050
Workers' compensation claims	0	14,910	35,916	0	50,826
Insurance counseling contract costs	400,000	0	0	0	400,000
Lease parking	0	0	8,099	0	8,099
Other refunds	0	7,768	71,971	0	79,739
Cost allocation plan	0	107,846	148,679	0	256,525
Transfer to another account	0	0	0	10,719	10,719
Other	0	0	3,497	203	3,700
Total Disbursements	400,000	7,929,795	8,123,134	10,922	16,463,851
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	126,624	886,522	(2,673)	1,010,473
CASH AND INVESTMENTS, JULY 1	0	523,237	9,190,004	127,705	9,840,946
CASH AND INVESTMENTS, JUNE 30	\$ 0	649,861	10,076,526	125,032	10,851,419

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit A-2

DEPARTMENT OF INSURANCE
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 AND INVESTMENTS
 YEAR ENDED JUNE 30, 2001

	General Revenue Fund - Federal	Insurance Examiners Fund	Department of Insurance Dedicated Fund	Trans- National Warranty Accounts	Rehabilitation Accounts	Total (Memorandum Only)
RECEIPTS						
Federal grant	\$ 409,484	0	0	0	0	409,484
Examination fees	0	7,366,070	0	0	0	7,366,070
Salesman licenses or permits	0	0	3,611,006	0	0	3,611,006
Broker licenses	0	0	390,625	0	0	390,625
Merchant licenses	0	0	941,515	0	0	941,515
Regulatory fees and renewals	0	0	1,945,303	0	0	1,945,303
Miscellaneous fees	0	0	609,102	0	0	609,102
Filing fees	0	0	686,670	0	0	686,670
Transfer from another account	0	0	0	90,183	0	90,183
Interest	0	0	573,653	1,598	12,460	587,711
Other	0	0	50,497	0	0	50,497
Total Receipts	409,484	7,366,070	8,808,371	91,781	12,460	16,688,166
DISBURSEMENTS						
Personal service	0	4,536,537	4,734,860	0	0	9,271,397
Employee fringe benefits	0	1,189,382	1,471,687	0	0	2,661,069
Expense and equipment	0	1,597,470	1,553,772	0	0	3,151,242
State office building rent	0	25,685	303,589	0	0	329,274
Workers' compensation claims	0	0	20,690	0	0	20,690
Insurance counseling contract costs	409,484	0	0	0	0	409,484
Lease parking	0	0	8,249	0	0	8,249
Article X refunds	0	0	105,561	0	0	105,561
Other refunds	0	0	41,349	0	0	41,349
Transfer to another account	0	0	0	0	5,434	5,434
Claims	0	0	0	135,098	0	135,098
Payments to rehabilitation administrators	0	0	0	9,423	0	9,423
Other	0	0	0	1,417	887	2,304
Total Disbursements	409,484	7,349,074	8,239,757	145,938	6,321	16,150,574
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	16,996	568,614	(54,157)	6,139	537,592
CASH AND INVESTMENTS, JULY 1	0	506,241	8,621,390	54,157	121,566	9,303,354
CASH AND INVESTMENTS, JUNE 30	\$ 0	523,237	9,190,004	0	127,705	9,840,946

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-3

DEPARTMENT OF INSURANCE
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
 AND INVESTMENTS
 YEAR ENDED JUNE 30, 2000

	General Revenue Fund - Federal	Insurance Examiners Fund	Department of Insurance Dedicated Fund	Trans- National Warranty Accounts	Rehabilitation Accounts	Total (Memorandum Only)
RECEIPTS						
Federal grant	\$ 289,318	0	0	0	0	289,318
Examination fees	0	7,083,481	0	0	0	7,083,481
Salesman licenses or permits	0	0	3,182,195	0	0	3,182,195
Broker licenses	0	0	423,790	0	0	423,790
Merchant licenses	0	0	826,390	0	0	826,390
Regulatory fees and renewals	0	0	1,907,337	0	0	1,907,337
Miscellaneous fees	0	0	594,565	0	0	594,565
Filing fees	0	0	744,320	0	0	744,320
Transfer from another account	0	0	0	0	4,000	4,000
Interest	0	0	505,799	10,188	8,148	524,135
Other	0	2,114	35,306	0	0	37,420
Total Receipts	289,318	7,085,595	8,219,702	10,188	12,148	15,616,951
DISBURSEMENTS						
Personal service	0	4,314,268	4,398,584	0	0	8,712,852
Employee fringe benefits	0	1,061,996	1,183,895	0	0	2,245,891
Expense and equipment	0	1,615,364	1,529,913	0	0	3,145,277
State office building rent	0	26,312	288,768	0	0	315,080
Workers' compensation claims	0	0	18,928	0	0	18,928
Insurance counseling contract costs	289,318	0	0	0	0	289,318
Lease parking	0	0	7,594	0	0	7,594
Article X refunds	0	0	189,851	0	0	189,851
Other refunds	0	0	37,822	0	0	37,822
Transfer to another account	0	0	0	91,897	3,447	95,344
Other	0	0	0	0	187	187
Total Disbursements	289,318	7,017,940	7,655,355	91,897	3,634	15,058,144
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	67,655	564,347	(81,709)	8,514	558,807
CASH AND INVESTMENTS, JULY 1	0	438,586	8,057,043	135,866	113,052	8,744,547
CASH AND INVESTMENTS, JUNE 30	\$ 0	506,241	8,621,390	54,157	121,566	9,303,354

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DEPARTMENT OF INSURANCE
COMPARATIVE STATEMENT OF RECEIPTS

		Year Ended June 30,		
		2002	2001	2000
GENERAL REVENUE FUND - STATE				
Premium taxes	\$	165,142,630	144,747,082	152,215,097
Surplus lines taxes		12,516,253	9,732,442	7,867,016
Total General Revenue Fund - State	\$	<u>177,658,883</u>	<u>154,479,524</u>	<u>160,082,113</u>
WORKERS' COMPENSATION FUND				
Workers' compensation taxes	\$	<u>2,221,514</u>	<u>3,633,190</u>	<u>18,851,326</u>
SECOND INJURY FUND				
Second injury assessments	\$	<u>41,202,760</u>	<u>40,002,911</u>	<u>35,987,992</u>
STATE SCHOOL MONEYS FUND				
Fines and forfeitures	\$	<u>892,222</u>	<u>630,132</u>	<u>978,374</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

DEPARTMENT OF INSURANCE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURE:

	Year Ended June 30,								
	2002			2001			2000		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - FEDERAL									
Purpose of funding programs providing counseling of health insurance coverage and benefits to Medicare beneficiaries	\$ 400,000	400,000	0	400,000	357,316	42,684	275,000	166,306	108,694
Total General Revenue Fund - Federal	400,000	400,000	0	400,000	357,316	42,684	275,000	166,306	108,694
INSURANCE EXAMINERS FUND									
Market conduct and financial examinations of insurance companies -									
Personal Service	4,924,547	4,758,333	166,214	4,907,327	4,500,845	406,482	0	0	0
Expense and Equipment *	1,759,104	1,744,037	15,067	1,704,104	1,541,375	162,729	5,988,668	5,924,166	64,502
Refunds	7,801	7,768	33	1	0	1	0	0	0
Total Insurance Examiners Fund	6,691,452	6,510,138	181,314	6,611,432	6,042,220	569,212	5,988,668	5,924,166	64,502
DEPARTMENT OF INSURANCE DEDICATED FUND									
Real Property Leases	16,198	8,099	8,099 **	8,099	8,099	0	8,099	7,744	355
Personal Service	4,935,732	4,820,093	115,639	4,889,269	4,675,626	213,643	4,624,229	4,369,547	254,682
Expense and Equipment	1,831,463	1,276,403	555,060	1,831,600	1,312,865	518,735	2,124,923	1,634,737	490,186
Refunds	75,000	71,971	3,029	50,000	39,734	10,266	37,500	37,446	55
Total Department of Insurance Dedicated Fund	6,858,393	6,176,566	681,827	6,778,968	6,036,324	742,644	6,794,751	6,049,474	745,277
Total All Funds	\$ 13,949,845	13,086,704	863,141	13,790,400	12,435,860	1,354,540	13,058,419	12,139,946	918,473

* The personal service and expense and equipment appropriation were combined in fiscal year 2000.

** Biennial Appropriation

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DEPARTMENT OF INSURANCE
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Department of Insurance.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the General Revenue Fund-Federal, Insurance Examiners Fund, Department of Insurance Dedicated Fund, Trans-National Warranty Accounts, and Rehabilitation Accounts. Except for the Trans-National Warranty Accounts and Rehabilitation Accounts, appropriations from these funds are expended by or for the department for restricted purposes. The Trans-National Warranty Accounts and Rehabilitation Accounts are not subject to appropriations.

The Department of Insurance takes control of the assets and operations of insurance companies ordered into rehabilitation or liquidation by the courts. The department may appoint a special deputy receiver to act as rehabilitator or liquidator of these companies. At June 30, 2002, eighteen insurance companies were in rehabilitation or liquidation. Except for the Trans-National Warranty Accounts and Rehabilitation Accounts, the department has appointed special deputy receivers to control the operation and assets of the companies in rehabilitation or liquidation. The special deputy receivers are not officials or employees of the department; therefore, the financial activities of these companies are not presented in the financial statements.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Receipts are presented in Exhibit B for the General Revenue Fund-State, Workers' Compensation Fund, Second Injury Fund, and State School Moneys Fund. Receipts include monies the department collects during its normal activities and remits to the funds. These amounts are not necessarily related to appropriations.

Appropriations, presented in Exhibit C, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related funds but are used only to account for and control the department's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the department and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, present amounts when they are received or disbursed.

The Statement of Receipts, Exhibit B, prepared on the cash basis of accounting, presents amounts when received.

The Statement of Appropriations and Expenditures, Exhibit C, is presented on the state's legal budgetary basis of accounting. For the year ended June 30, 2000, expenditures include amounts payable or encumbered at June 30 and paid during the lapse period, which ended August 31. The authority to expend appropriations ended with the close of the lapse period. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, both before and after June 30, 2000, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the two-year period are re-appropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The department administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly, except for the Trans-National Warranty Accounts and Rehabilitation Accounts which are controlled entirely by the department.

General Revenue Fund-Federal: The department administers a program financed wholly or partially by federal monies maintained in the state treasury in the Department of Insurance's-Federal Fund. These federal monies may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize disbursement of the department's federal monies.

Insurance Examiners Fund: This fund is authorized by Sections 374.160 and 374.162, RSMo 2000, to receive all monies paid to the state by insurance companies

for the costs incurred by the department in conducting examinations, valuations, or proceedings against such companies. Expenditures, authorized by appropriations, are to be used for the purpose of paying the compensation of insurance examiners and expenses incurred for supervision and support of the examiners. Any unexpended balances in this fund are perpetually maintained for the purposes of the fund.

Department of Insurance Dedicated Fund: This fund is authorized by Section 374.150, RSMo 2000, to receive all fees due to the state under the provisions of the insurance laws. Appropriations from this fund are to be used solely for the payment of expenditures incurred by the department in performing the duties required by law which are not paid for by another source of funds. Any unexpended balance in this fund is perpetually maintained for the purposes of this fund unless the unencumbered balance at the close of the biennium year exceeds two times the total amount appropriated, paid, or transferred to the fund during such fiscal year.

Trans-National Warranty Accounts: The department established various bank accounts to pay claims for an insurance company that had issued vehicle warranty agreements in Missouri but was not licensed to conduct business in the state. These bank accounts were established outside the state treasury and are not state funds. In accordance with a court order, the balances of these accounts were paid to the Cole County Circuit Court in February 2001 and the accounts were closed.

Rehabilitation Accounts: The department established various joint bank accounts and investments outside of the state treasury for the payment of claims and administrative expenses for an insurance company that was placed under rehabilitation by the department. These funds are not state funds.

General Revenue Fund-State: The department does not receive appropriations from this fund and does not maintain a proprietary interest in the fund. Receipts collected by the department and deposited into the General Revenue Fund-State include the following:

- 1) Premium taxes: In accordance with various provisions of Chapter 148, RSMo 2000, insurance companies licensed in the state are required to pay a two percent tax on direct premiums received during the calendar year. The department certifies to the Department of Revenue the amount of premium taxes due together with the amount of quarterly installments to be paid by the insurance companies. The Department of Revenue collects the premium taxes and deposits them into the General Revenue Fund-State. Some premium taxes deposited into the General Revenue Fund-State are not available for general revenue purposes. The provisions of Chapter 148, RSMo 2000, restrict about 50 percent of such premium taxes for distribution to the various school districts in the state.
- 2) Surplus lines taxes: In accordance with various provisions of Chapter 384, RSMo 2000, the department collects and deposits into the General Revenue

Fund-State a five percent tax on net premiums for high risk insurance that is underwritten by a surplus lines insurer. The department certifies to the Department of Revenue all penalties and interest due as a result of late payments. The Department of Revenue collects the penalties and interest and deposits them into the General Revenue Fund-State.

Workers' Compensation Fund: In accordance with Section 287.690, RSMo 2000, on October 31 each year, the director of the Division of Workers' Compensation estimates the amount of revenue required to administer this chapter and determines the rate of tax for the following calendar year based on that estimate as well as the estimated December 31 balance of the fund. The tax, which is imposed upon all insurance companies providing workers' compensation insurance coverage and authorized self-insurers, shall not exceed two percent in lieu of all other taxes on the workers' compensation net deposits, net premiums, or net assessments. The Department of Revenue collects these taxes and deposits them into the Workers' Compensation Fund.

Second Injury Fund: In accordance with Section 287.715.2, RSMo 2000, on October 31 each year, the director of the Division of Workers' Compensation estimates the amount of benefits payable from the Second Injury Fund during the ensuing calendar year and calculates the total amount of the annual surcharge based on that estimate to be imposed upon all workers' compensation policyholders and authorized self-insurers. The surcharge imposed shall be set at and calculated against a percentage of the policyholder's or self-insured's workers' compensation net deposits, net premiums, or net assessments for the previous policy year. The Department of Revenue collects the surcharges and deposits them into the Second Injury Fund.

State School Moneys Fund: Fines and forfeitures imposed and collected by the department under the Missouri Insurance Code are deposited into the State School Moneys Fund.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a monthly state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least one year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security

and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibit A are the transfers from the Insurance Examiners Fund and Department of Insurance Dedicated Fund for costs related to salaries paid from those funds. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit C.

2. Cash and Investments

The balances of the General Revenue Fund-Federal, Insurance Examiners Fund, and Department of Insurance Dedicated Fund are pooled with other state funds and invested by the state treasurer.

Deposits

The department's deposits in the Trans-National Warranty Accounts at June 30, 2001 and 2000, and Rehabilitation Accounts at June 30, 2002, 2001, and 2000, were entirely covered by federal depository insurance.

Investments

The Rehabilitation Accounts' only investment at June 30, 2002, 2001, and 2000, was a U.S. Treasury note with a reported amount of \$85,000 (which approximated fair value).

This investment was held by the custodial bank in the name of the insurance company and the department.

3. Article X Refunds/Refund Replenishments

Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. Total state revenues exceeded this limit in fiscal years 1998 and 1999 which triggered income tax refund liabilities under provisions of the Constitution. The Office of Administration calculated the proportional share of the liabilities to be allocated to each fund and transfers were made from the Department of Insurance Dedicated Fund to the state's General Revenue Fund to cover the fund's share of the liabilities.

4. State Office Building Rent

The Office of Administration calculated the proportional share of costs for state office building space to be allocated to each fund, and monthly transfers were made from the Insurance Examiners Fund and the Department of Insurance Dedicated Fund to the state's General Revenue Fund to cover each fund's share of the costs.

5. Insurance Counseling Contract Costs

The department contracted with the Missouri Patient Care Review Foundation to provide insurance counseling services for senior citizens. This expenditure category represents the costs associated with this contract paid from the General Revenue Fund-Federal.

6. Lease Parking

The Missouri General Assembly made appropriations from the Department of Insurance Dedicated Fund for the department's proportionate share of lease parking at the state office buildings in St. Louis and Kansas City. These appropriations are administered by the Office of Administration, Division of Facilities Management.

7. Securities on Deposit

Insurance companies doing business in Missouri are required to deposit securities with the department for the protection of policy holders and creditors in accordance with various provisions of Chapters 354, 376, 379, 381, and 384, RSMo 2000. Only capital securities are required and the requirements are dependent on the type of insurance company.

Securities having a total accepted value of approximately \$310 million, \$305 million, and \$274 million at June 30, 2002, 2001, and 2000, respectively, were on deposit with the contracted bank. The accepted value is the market value of each security at year-end. These amounts are not included in the financial statements because the department has no ownership interest in them. Missouri domiciled insurance companies sometimes maintain securities on deposit in excess of Missouri requirements to meet the depository requirements of other states in which they do business. Foreign domiciled insurance companies are frequently not required to deposit securities with the department if securities meeting Missouri requirements are on deposit with the applicable state of domicile.

8. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit C as follows:

<u>General Revenue Fund-Federal</u>		<u>Year Ending June 30,</u>		
		<u>2002</u>	<u>2001</u>	<u>2000</u>
DISBURSEMENTS PER EXHIBIT A	\$	400,000	409,484	289,318
Lapse period expenditures:				
2002		0	0	0
2001		0	0	0
2000		0	(52,168)	52,168
1999		0	0	(175,180)
EXPENDITURES PER EXHIBIT C	\$	<u>400,000</u>	<u>357,316</u>	<u>166,306</u>

Insurance Examiners Fund

		Year Ending June 30,		
		2002	2001	2000
DISBURSEMENTS PER EXHIBIT A	\$	7,929,795	7,349,074	7,017,940
Employee fringe benefits		(1,266,690)	(1,189,382)	(1,061,996)
State office building rent		(27,938)	(25,685)	(26,312)
Workers' compensation claims		(14,910)	0	0
Cost allocation plan		(107,846)	0	0
Lapse period expenditures:		0	0	0
2002		0	0	0
2001		(11,526)	11,526	0
2000		0	(103,303)	103,303
1999		0	0	(103,073)
Accounts payable, June 30:		0	0	0
2002		9,253	0	0
2001		0	0	0
2000		0	(10)	10
1999		0	0	(5,706)
EXPENDITURES PER EXHIBIT C	\$	<u>6,510,138</u>	<u>6,042,220</u>	<u>5,924,166</u>

Department of Insurance Dedicated Fund

		Year Ending June 30,		
		2002	2001	2000
DISBURSEMENTS PER EXHIBIT A	\$	8,123,134	8,239,757	7,655,355
Employee fringe benefits		(1,547,075)	(1,471,687)	(1,183,895)
State office building rent		(226,112)	(303,589)	(288,768)
Worker's compensation claims		(35,916)	(20,690)	(18,928)
Article X refunds		0	(105,561)	(189,851)
Cost allocation plan		(148,679)	0	0
Other		(3,497)	0	0
Lapse period expenditures:		0	0	0
2002		0	0	0
2001		14,662	(14,662)	0
2000		0	(286,437)	286,437
1999		0	0	(193,264)
Accounts payable, June 30:		0	0	0
2002		50	0	0
2001		(1)	1	0
2000		0	(808)	808
1999		0	0	(18,420)
EXPENDITURES PER EXHIBIT C	\$	<u>6,176,566</u>	<u>6,036,324</u>	<u>6,049,474</u>

Supplementary Data

Schedule

DEPARTMENT OF INSURANCE
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

		Year Ended June 30,		
		2002	2001	2000
Salaries and wages	\$	9,578,426	9,176,471	8,709,450
Travel, in-state		360,821	296,436	348,109
Travel, out-of-state		1,230,230	1,110,729	1,065,140
Fuel and utilities		0	0	66
Supplies		268,817	0	0
Administrative supplies		0	272,575	236,909
Merchandising supplies		0	325	1,909
Repair, maintenance, and usage supplies		0	3,432	2,432
Residential supplies		0	917	879
Specific use supplies		0	5,079	3,441
Professional development		121,462	112,843	152,951
Communication service and supplies		208,347	213,969	16,985
Services:				
Business		0	199,587	171,708
Professional		496,368	191,039	213,047
Housekeeping and janitorial		0	61	57
Maintenance and repair		60,198	0	0
Equipment maintenance and repair		0	71,386	92,090
Transportation maintenance and repair		0	1,116	0
Computer equipment		178,110	134,623	414,586
Electronic and photo equipment		0	9,528	2,500
Motorized equipment		0	32,196	0
Office equipment		33,375	103,271	32,755
Specific use equipment		0	161	0
Stationary equipment		0	3,929	0
Property and improvements		4,087	0	17,202
Debt service		9,741	0	0
Real property rentals and leases		10,898	8,705	7,948
Equipment rental and leases		43,623	0	0
Building lease payments		0	82,923	82,077
Building and equipment rentals		0	3,792	35,122
Miscellaneous expenses		2,462	3,717	4,108
Rebillable expenses		0	0	324,723
Refunds		79,739	39,734	37,446
Program distributions		400,000	357,316	166,306
Total Expenditures	\$	<u>13,086,704</u>	<u>12,435,860</u>	<u>12,139,946</u>

Note: Certain classifications of expenditures changed during the three-year period, which may affect the comparability of the amounts.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DEPARTMENT OF INSURANCE
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the Department of Insurance as of and for the years ended June 30, 2002, 2001, and 2000, and have issued our report thereon dated April 4, 2003.

The following Management Advisory Report presents our findings arising from our audit of the Department of Insurance's financial statements. During our audit, we also identified certain management practices which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered all-inclusive of areas needing improvement.

1.	Examiners' Expense Accounts
-----------	------------------------------------

The Insurance Examiners Fund was established pursuant to Section 374.162, RSMo 2000, to pay market conduct and financial examiners' salaries and expenses. Insurance companies being examined reimburse the fund. The Missouri Department of Insurance (MDI) computes billings for the companies using the examiners' expense reports, time sheets, and other miscellaneous expense amounts. The MDI adds an additional 15 percent administrative fee to each billing in accordance with Section 374.160(3), RSMo 2000.

The examiners frequently incur travel expenses since they must travel to the insurance companies to perform the examinations. Travel expenses paid from the Insurance Examiners Fund totaled approximately \$1.49 million, \$1.29 million, and \$1.31 million for fiscal years 2002, 2001, and 2000, respectively. The MDI has developed travel policies that are included in the department's policy manual. Our review noted certain instances where travel expenses could be reduced by modifying department travel policy or by better monitoring of compliance with existing department travel policies.

A. The MDI's current travel policies allow examiners domiciled in the same location and working on the same examination to use different travel methods, which appears to have resulted in higher travel costs. We noted the following examples:

- 1) During a financial examination in March 2003 in Des Moines, Iowa, two examiners worked four ten-hour days and returned home every weekend while the examiner-in-charge (EIC) worked five eight-hour days, staying in Des Moines for a weekend and returning home every second weekend. Each examiner was domiciled in St. Louis and flew to the exam site. MDI policy requires examiners when flying to the exam site to return home every weekend unless it is less expensive to stay at the job site on one weekend and return home every second weekend. Each examiner documented that his work schedule was the most cost effective method and the examination manager approved each proposed work schedule. However, the EIC's

estimates were based on higher airfare because he used the rates of a different, more expensive airline than the other examiners. There was no documentation or justification for the EIC's higher estimated airfare costs, even though all three examiners flew to and from the same airports. The EIC's actual airfare costs were the same as the other examiners, but because he worked 5-day weeks and stayed at the job site every other weekend, he incurred higher actual costs than the other two examiners. Over a particular two-week period, the EIC's actual travel costs were \$240 more than the other examiners' costs.

- 2) During a financial examination in March 2003 in Columbia, Missouri, two examiners, domiciled in Kansas City, worked four ten-hour days each week while the other examiners, one domiciled in Kansas City and two domiciled in Jefferson City, worked five eight-hour days each week. The examiners working the four-day schedule received approval from the examination manager after documenting the cost savings compared to a five-day work schedule. Although it appears the work schedules of the other examiners resulted in higher costs, the MDI did not require these examiners to adopt the lower cost four-day work schedule. MDI officials explained for non-flying jobs, the five-day week is the standard and employees are not required to document or justify travel costs unless a different work schedule is used. The MDI should change the policy to require examiners to adopt the lowest cost work schedule for all examinations.

- B. The MDI does not require examiners to ride together when driving to the examination site or to the airport. We reviewed examiners' expense reports for the 10 market conduct examinations conducted during January 2003 and the 10 financial examinations conducted in March 2003 and noted opportunities existed on four of these examinations for examiners to ride together to the examination site or airport. The examiners drove separately in these instances. Because the employees drove personal vehicles and received mileage reimbursements, requiring employees to ride together could have resulted in lower travel costs.

Similar conditions were noted in our prior audit. While the department has implemented some procedures to better monitor and control examiners' travel costs, additional improvement is needed. This is especially important because insurance companies pay for these travel costs and then receive a credit on their premium taxes, thus reducing state revenues.

WE RECOMMEND the MDI:

- A. Adopt policies which require examiners to document planned travel costs for each examination and require the least expensive travel methods to be adopted and approved. Any extenuating circumstances which require adoption of more expensive travel methods should be fully documented.

- B. Require examiners to ride together to examination sites when feasible.

AUDITEE'S RESPONSE

- A. *The department is committed to conducting examinations in as cost-effective manner as possible. Currently, the department's travel policy requires examiners to return home every weekend unless it is less expensive to stay at the job site one weekend and return home every second weekend. Examiners are required to project expected costs to justify a deviation from the policy. The department will more closely monitor the relationship of projected costs to actual costs to ensure the least expensive travel methods are used in a manner consistent with effective and efficient management of examinations.*

Department policy requires examiners who work a schedule other than the standard five days per week/eight hours per day to document savings in order to justify such a schedule. Uniformity of work schedules is encouraged. The department will more closely monitor exam team work-schedules to ensure the least expensive work schedules are used in a manner consistent with effective and efficient management of examinations.

- B. *The department's travel policy requires examiners to share rides to work sites when department-owned or rental vehicles are used for transportation. The department does not however, require examiners to transport other examiners in their personal vehicles because the state's liability coverage does not extend to personal vehicles even though they are being used for business purposes. Examiners who are comfortable transporting others in their personal vehicles are encouraged to do so.*

The department is currently working with the Division of Purchasing to bid an instate and out-of-state car rental contract. This contract will be used when it would result in cost savings over travel in personal vehicles or state-owned vehicles and should decrease the need for examiners to travel in personal vehicles.

2. Surplus Lines Delinquent Premium Taxes
--

The MDI regulates the placement of coverage and collection of taxes on premiums written in the non-admitted market known as surplus lines. The non-admitted market consists of insurers that are not licensed to do business in Missouri, but are eligible to write insurance policies for coverage not served in the general commercial market. Surplus lines brokers and self-procurers are required to report annually to the MDI the premiums for policies written during the year and remit a tax of five percent of total premiums to the MDI. The premium taxes become delinquent on April 16. The MDI collects delinquent premium taxes and certifies the delinquent collection amounts to the Department of Revenue (DOR), and the DOR collects applicable interest and penalties.

The MDI has not certified delinquent premium tax collections on surplus lines policies on a timely basis. The MDI certified delinquent collections totaling \$811,312 and \$266,074 due in 2002 and 2001, respectively, to the DOR in January 2003. Interest and penalties to be collected for these delinquent taxes totaled \$102,724 and \$41,288 for 2002 and 2001,

respectively. A cooperative agreement between the MDI and the DOR requires certification of delinquent premium taxes to the DOR every six months. MDI officials indicated problems with its computer program for calculating interest and penalties contributed to the untimely certification. Timely certifications of delinquent tax collections are necessary to help ensure prompt collection of taxes, interest, and penalties.

WE RECOMMEND the MDI certify delinquent surplus lines premium tax collections to the DOR within the time frames required by the cooperative agreement.

AUDITEE'S RESPONSE

The department agrees. The problem with the computer system's calculation of the penalty and interest has been corrected. Future certifications will be completed in a timely manner.

3. Federal Grant Expenditures

The MDI receives a federal grant from the U.S. Department of Health and Human Services (DHHS), Centers for Medicare and Medicaid Services, which it uses to contract with a not-for-profit foundation to provide insurance counseling services for senior citizens. Amounts paid to the foundation totaled about \$400,000, \$409,000, and \$289,000 for the years ended June 30, 2002, 2001, and 2000, respectively.

To obtain payment from the MDI, the foundation submits monthly invoices listing the hours spent by various personnel and the hourly reimbursement rate for the applicable personnel. Also included on the invoices are other operating expenses, such as temporary employees, telephone, promotional items, postage, and travel. The MDI tracks these expenses to ensure they are within the grant budget amount and also compares these expenses to monthly performance reports for reasonableness. The MDI does not require the foundation to provide detailed documentation supporting the amounts claimed for reimbursement. Also included on the invoices are amounts for fringe benefits and indirect costs. The foundation bills for actual indirect costs and fringe benefits not to exceed the rates approved by the DHHS for another contract with the foundation; however, the MDI has not required the foundation to provide documentation for these rates.

To ensure amounts paid are reasonable and in compliance with the grant requirements, the MDI should require the foundation to submit detailed documentation supporting the amounts claimed for reimbursement. In addition, the MDI should require the foundation to submit documentation of fringe benefit and indirect cost rate calculations to ensure the rates are reasonable and do not include costs already billed to the MDI.

A similar condition was noted in our prior audit.

WE RECOMMEND the MDI require the foundation to submit detailed documentation to support expenses claimed for reimbursement. In addition, the MDI should require the foundation to document its fringe benefit and indirect cost rate calculations.

AUDITEE'S RESPONSE

The department meets all federal requirements for spending, monitoring, and reporting of grant funds. The department's previous audit recommended that the foundation be required to submit adequate supporting documentation and that the documentation be reviewed for reasonableness. It further recommended that any undocumented or unusual items be investigated and explained before approving invoices for payment. The department made revisions to the contract to require additional reporting and bill detail. A staff person was assigned to review each monthly bill and to track expenditures against the grant budget.

This contract will be re-bid in the near future. The department will make further revisions when the request for proposals is let for bid. Further breakdown of expense and equipment categories, additional supporting documentation where needed, and detail of what is included in fringe and indirect calculations will be requested and reviewed.

This report is intended for the information and use of the management of the Department of Insurance and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

DEPARTMENT OF INSURANCE
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Insurance on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the department should consider implementing those recommendations.

1. Receipts

Some receipts were not transmitted by the Missouri Department of Insurance (MDI) to the Department of Revenue (DOR) for deposit on a timely basis and checks were not restrictively endorsed immediately upon receipt. Also, a record of checks being held by the department, called the "pending check log," was not kept up-to-date.

Recommendation:

The MDI restrictively endorse checks immediately upon receipt and transmit receipts to the DOR in a timely manner. In addition, the MDI should ensure the "pending check log" is properly updated.

Status:

Implemented.

2. Examiners' Expense Accounts

A. For expense accounts reviewed for the period April 15, to May 15, 1999, all insurance examiners claimed the maximum meal allowance for reimbursement. Also, examiners working on the same examination sometimes incurred additional costs by traveling separately to the exam site.

B. The department's travel policies provided for the examiners to return to their domicile every other weekend, which sometimes resulted in higher travel costs than would have been incurred if the examiners had returned to their domicile every weekend.

Recommendation:

The MDI:

A. Ensure expenses claimed by the examiners are reasonable and in compliance with the department's travel policies.

- B. Consider changes to the department's travel policies so that examiners do not remain at the job site over the weekend when it would be more economical to return to their domicile.

Status:

Partially implemented. The MDI has changed its travel policies to require receipts for individual meal expenses of \$15 or more and to require examiners to return to their domicile every weekend when it is more economical than staying at the job site. However, we noted instances where travel costs savings could be achieved with further changes to MDI travel policy and better monitoring of existing policy. See MAR finding number 1.

3. Federal Grant Expenditures

The MDI received a federal grant to contract with a not-for-profit foundation to provide insurance counseling services to senior citizens. The MDI did not adequately review the monthly expenditure invoices submitted by the foundation or follow up on unusual expenditures included on the monthly invoices.

Recommendation:

The MDI require the foundation to submit adequate supporting documentation and review this documentation for reasonableness. Any undocumented or unusual items should be investigated and explained before approving invoices for payment.

Status:

Partially implemented. The MDI modified the contract to establish maximum quarterly payments and made other changes to the contract terms. However the MDI has not required the foundation provide detailed documentation to support expenses claimed for reimbursement. See MAR finding number 3.

4. Computer Information Systems

The department did not have a formal contingency plan for their computer system.

Recommendation:

The MDI develop formal contingency plans and provide a system for periodic review and testing of the contingency plans.

Status:

Partially implemented. The MDI has begun developing a contingency plan and expects to complete the plan by June 2003. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Receiverships

The MDI administered certain insurance companies requiring rehabilitation or liquidation, commonly referred to as receiverships. The special deputy receivers or agents for insurance companies in receivership submitted reports to the MDI; however, MDI personnel only occasionally visited the special deputy receivers and agents to review the accounting records which support these reports. Additionally, independent audits were not required for companies in receivership.

Recommendation:

The MDI require independent audits for all receiverships or perform other monitoring procedures to ensure the information and reports submitted by the special deputy receivers or agents are accurate.

Status:

Implemented.

6. Delinquent Taxes

- A. The MDI did not prepare timely reconciliations between its delinquent tax listings and the delinquent tax listings prepared by the DOR.
- B. The MDI computer-generated delinquent tax listing at March 31, 1999, was significantly overstated and manual adjustments were made correct the listing.

Recommendation:

The MDI:

- A. Perform reconciliations between the DOR and the MDI delinquent tax listings in a timely manner.
- B. Correct the computer system and work with the DOR to ensure that the delinquent tax listing is accurate.

Status:

Implemented.

7. Regulation of Health Maintenance Organizations

- A. The MDI had not developed written procedures detailing how the various health maintenance organization (HMO) reports were to be analyzed by MDI analysts.
- B. Reports were frequently filed late by the various HMOs and the MDI did not assess a fine or fee for the late reports.

Recommendation:

The MDI:

- A. Develop standardized, written procedures for the review of health maintenance organizations' reports. These procedures should indicate how the review is to be documented, including the name of the reviewer, date prepared, and the results of the review.
- B. Consider assessing fines or fees to HMOs which do not file statutorily required reports in a timely manner.

Status:

Implemented.

8. Market Conduct Section

While Market Conduct Section personnel indicated they followed examination procedures established by the National Association of Insurance Commissioners (NAIC), written examination programs were sometimes not included in the working papers.

Recommendation:

The MDI require the Market Conduct Section utilize formal written examination programs documenting the procedures performed. A copy of the program should be included in the working papers and an indication of the steps performed as well as the examiner performing the steps should be made.

Status:

Partially implemented. The Market Conduct Section developed more detailed written examination plans which detail the planned examination procedures, and has developed written examination procedures and handbooks to supplement the NAIC handbook. Additional changes planned for approximately September 2003 will require the working papers contain examination programs. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DEPARTMENT OF INSURANCE
HISTORY, ORGANIZATION
AND STATISTICAL INFORMATION

The Missouri Division of Insurance was created by an act of the Missouri legislature in 1869. With the enactment of the state Omnibus Reorganization Act of 1974, the agency was transferred to the Department of Consumer Affairs, Regulation and Licensing. Constitutional Amendment No. 6, passed in August 1984, changed the name of the Department of Consumer Affairs, Regulation and Licensing, to the Department of Economic Development, effective September 7, 1984. Constitutional Amendment No. 4, passed in August 1990, created a new Department of Insurance (MDI), effective July 1, 1991.

The department operates under the authority of Chapter 374, RSMo. The management and control of the department is vested in a director who is nominated by the governor with the advice and consent of the Senate. Keith Wenzel served as Director from May 10, 1999 to March 14, 2001. Scott Lakin was appointed Director on March 15, 2001, and continues to serve in that capacity.

When the agency was organized in 1869, 51 domestic and 120 foreign insurance companies were licensed in Missouri. As of December 2002, there were 246 domestic and 1,510 foreign insurance companies licensed in Missouri.

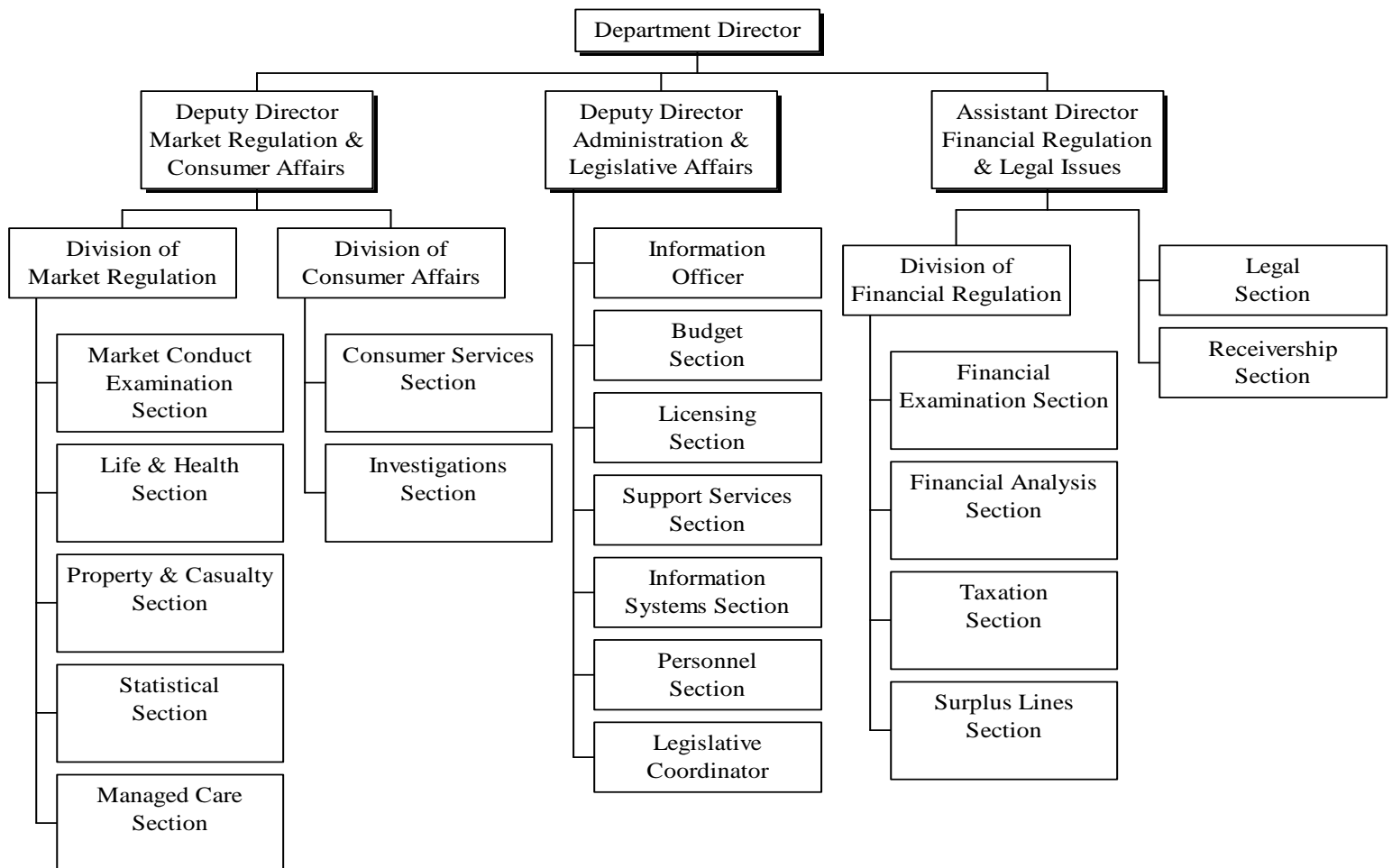
The MDI regulates the insurance industry in the state through enforcement of Chapters 325, 354, and 374 through 385, RSMo. The department regulates and licenses the insurance industry in the state; ensures that the insurance industry is financially sound, trustworthy, competent, and responsive to the insurance-buying public; and ensures that the insurance industry complies with the laws of the state. To fulfill these responsibilities, the department maintains a central office in Jefferson City and branch offices in St. Louis and Kansas City. As illustrated in the following organization chart, the MDI is organized into these functional units: Market Regulation and Consumer Affairs, Administration and Legislative Affairs, and Financial Regulation and Legal Issues. The MDI had 217 employees at June 30, 2002.

The following provides a breakdown of the type of companies licensed in the state.

	<u>As of December 31, 2002</u>	
	Missouri	
<u>Type of Company</u>	<u>Domicile</u>	<u>Foreign</u>
Assessment	1	0
FAIR Plan	1	0
Foreign Fire	0	6
Fraternal Benefit	2	32
Health Maintenance Organization	18	5
Life	35	549
Malpractice	1	0
Missouri (Farm) Mutuals	28	0
Missouri Mutuals	91	0
Mutual Casualty	5	40
Mutual Fire	0	26
Prepaid Dental Plan	6	8
Reciprocal Inter-Insurance Exchange	4	13
Reinsurer	0	68
Risk Retention Group	0	50
Self-Insured Liability	8	0
Stock Casualty	41	603
Stock Fire	2	96
Title	3	14
Totals	<u>246</u>	<u>1,510</u>

According to the National Association of Insurance Commissioners (NAIC), for 2001, Missouri ranks ninth nationally in the number of companies incorporated in the state and seventeenth in the amount of premium volume written. The department's budget for fiscal year 2002 ranks eighteenth nationally.

DEPARTMENT OF INSURANCE
ORGANIZATION CHART
DECEMBER 31, 2002





**CITY OF BRANSON, MISSOURI
YEAR ENDED SEPTEMBER 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-76
July 30, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

July 2003

The following problems were discovered as a result of an audit conducted by our office of the City of Branson, Missouri.

The city has expended approximately \$29 million for the development of a waterfront project and a convention center on lakefront property in the downtown area. There has been extensive controversy over the development, and the city is currently involved in two pending lawsuits. Our review of the project noted work was performed on the development prior to entering into written contracts, some costs were questionable due to the lack of documentation, bids were not solicited for some services, and an independent feasibility study was not obtained prior to committing to the project.

The city has expended over \$1.7 million to subsidize the principal and interest payments on bonds for the Branson Meadows Development Project as of September 30, 2002. While in 1995 the city initially estimated a gain of approximately \$19 million, this project has fallen short of meeting original estimations and it appears unlikely that the city will break-even on the project.

The city does not adequately monitor tourism tax collections. Our review noted several business licenses were renewed even though delinquent tourism taxes were owed, and penalties and interest were not consistently applied to delinquent accounts. In addition, concerns were noted regarding the marketing portion of the city's tourism tax funds.

Large payments were made to city administrators and directors for "special leave", unused vacation and sick leave, and deferred compensation with no evidence of prior board approval. In addition, payments made during 2001 and 2002 to select city employees totaling \$56,733 for "special leave" appear to be in violation of the Missouri Constitution. Further, the City Administrator received \$19,263 for unused vacation and sick leave; however, leave records maintained by the city were unreliable.

Financial information prepared by the city to inform city residents and the Board of Aldermen of the city's financial position was often incomplete, inaccurate and lacked adequate detail. For instance, \$4 million in reserve funds were not reflected in the city's budget, and a \$1.3 million transfer was omitted from the city's Tourism Tax Fund budget. In addition, there was a \$2.8 million difference between the ending and beginning fund balance reported in the city's published financial statements.

YELLOW SHEET

The city pays for approximately seventy-seven cellular phone plans for various city departments and employees. Cellular phone expenditures totaled approximately \$21,800 for the year ending September 30, 2002. The city has not established a written policy regarding cellular phones, and confusion exists among city employees as to whether personal calls are allowed and should be reimbursed to the city.

Several weaknesses were noted with the Board of Aldermen's procedures for closed meetings. Open meeting minutes were not always maintained or signed attesting to their accuracy. In addition, it is not evident if the city is complying with the Sunshine law regarding public requests for information.

The audit also includes some matters related to city vehicles and contractual agreements.

All reports are available on our website: www.auditor.state.mo.us

CITY OF BRANSON, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
Branson, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Branson, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended September 30, 2002. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices which we believe could be improved.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Branson, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

March 19, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF BRANSON, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Branson Landing Development Project

The city has expended approximately \$29 million for the development of a waterfront project and a convention center on lakefront property in the downtown area. There has been extensive controversy over the development, and the city is currently involved in two pending lawsuits. Our review of the project noted work was performed on the development prior to entering into written contracts, some costs were questionable due to the lack of documentation, bids were not solicited for some services, and an independent feasibility study was not obtained prior to committing to the project.

On August 17, 2001, the City of Branson entered into a predevelopment agreement with Branson Landing LLC (BLLLC), to "develop a convention center development on its Lake Taneycomo waterfront." The predevelopment agreement indicated BLLLC assembled and would acquire the lakefront property for development, and should the project be terminated, the city would be liable for \$3 to \$5 million of BLLLC's project costs. Closed meeting minutes of the Board of Aldermen for November 13, 2001, indicate that it was the consensus of the board to proceed with the acquisition of the lakefront property with or without the development of the convention center. On November 29, 2001, the city entered into a sale and assignment agreement with BLLLC to terminate the project as defined in the predevelopment agreement and subsequently paid BLLLC \$5 million for their work product and the options to purchase the assembled lakefront property. In December 2001 the city exercised the real estate options, and paid \$19.8 million for approximately 26 acres of lakefront property. According to the sale and assignment agreement if the city proceeds with the project, BLLLC maintains the first and last opportunity to contract with the city to manage the convention center.

Subsequent to the city terminating the project, BLLLC filed a lawsuit against the city in federal court alleging they are still the developer of the lakefront project. In March 2003 BLLLC filed a second suit in state court requesting an injunction to prevent the city from proceeding with the lakefront development. These cases are still pending.

Prior to entering into the predevelopment agreement with BLLLC and committing the city to \$3 to \$5 million, the city did not have an independent study analyzing the feasibility of a convention center in the lakefront area. Without such a study city officials had no independent professional analysis to determine if a convention center was feasible. The city subsequently entered into an agreement with a company to conduct a feasibility study and received some preliminary results in October 2001 (approximately two months after signing the predevelopment agreement). However, the final report of this study was not presented to the board until August 2002.

According to city officials, since the Board of Aldermen decided to concentrate the development on the lakefront property controlled by BLLLC, bids or proposals were not solicited from developers prior to signing the predevelopment agreement. Subsequent to terminating the agreement with BLLLC and acquiring the lakefront property, the city solicited proposals from developers to continue the project.

According to terms of the real estate options exercised by the city for the lakefront properties, "development fees" up to approximately seven percent were paid to an individual responsible for negotiating the real estate option contracts. While most of the option contracts specified that the property owner pay the development fee, two option contracts required that the buyer (the city) pay the development fees. Litigation, not involving the city, has been filed by a former property owner regarding the legality of the development fees. The litigation is currently pending. The city paid \$264,050 in development fees, and in June 2002 paid \$1.5 million for 5.6 acres of additional property in the lakefront area which was owned by the same individual who received the development fees.

On November 27, 2001, the board passed an ordinance authorizing the borrowing of \$32.5 million through bond anticipation notes. On February 25, 2002, the city passed an ordinance refinancing the \$32.5 million bond anticipation notes at an amount not to exceed \$33.5 million. These funds were used to purchase the lakefront property, pay BLLLC the \$5 million, purchase additional property, and provide funding for demolition and the work of consultants. City records indicate that as of April 28, 2003, approximately \$4.5 million remained on hand, and approximately \$29 million had been expended on the lakefront development project.

Branson Landing Development Cost

Type	Amount
Land purchase	\$21,337,960
BLLLC	5,000,000 ¹
Demolition and asbestos removal	769,973
Bond issuance cost	397,005
Legal fees	281,470
Bond interest	270,906
Architect	254,843
Program development	155,862
Governmental relations attorney	111,447
Development fees	100,000
Feasibility study	93,882
Legal fees for BLLLC litigation	50,917
Consulting fees	30,000
Postage, publication, and printing	27,965
Appraisal	25,046
Study tour	18,245
Permit fees	3,053
Total	\$28,928,574

Source: City financial records

¹ Included in this amount are option fees totaling approximately \$500,000 paid to land owners at the time option agreements were negotiated. Information provided to the city indicates BLLLC also incurred costs totaling approximately \$6 million for legal, architectural, consulting, and financial advising services on the Branson Landing project.

In January 2003 the city approved the issuance of \$56 million in 30-year permanent bond financing for the purpose of paying off the \$33.5 million in temporary bonds, as well as to pay off three other bond issues for unrelated projects. According to city ordinance, these permanent bonds did not require voter approval and are not considered an indebtedness of the city within the meaning of any provision of the constitution or laws of the State of Missouri. The bonds are secured by an assignment of a leasehold interest in leased property, which includes the city hall and fire station.

During our review of the expenditures related to the project, the following concerns were noted:

- A. On November 21, 2001, the City Administrator signed a contract with Integra Realty Resources for \$23,000 plus expenses to conduct an appraisal of the lakefront property. There was no documentation that the city solicited bids or proposals for the appraisal. The appraisal document shows an effective date of November 20, 2001 (1 day prior to entering into the contract), and indicates that company representatives inspected the property on various dates in October and November 2001. It is not clear why the effective date of the appraisal and inspections of the property were performed prior to the date of the contract.

Further, the Board of Aldermen minutes recognize the need for an appraisal of the lakefront property as early as October 8, 2001. In a January 16, 2002, memo to

the Board of Aldermen, the City Administrator indicated a contract was entered into with Integra Realty Resources through the city's emergency purchase code which is not subject to the city's normal bidding policy or prior approval by the Board of Aldermen. Considering the board's acknowledgement of the need for an appraisal, it is unclear how this constituted an emergency purchase.

The properties purchased by the city were appraised on an assembled basis at approximately \$22.3 million. (The total appraised value of this property, plus lakefront property already owned by the city was approximately \$25.4 million.) The city received preliminary results of the appraisal via fax on November 28, 2001, one day after the Board of Aldermen approved an ordinance to borrow \$32.5 million. While the appraisal did not appraise each property separately, the amount the city paid to property owners ranged from \$180,000 to \$4.7 million.

In addition, the city had no documentation to support \$2,046 of expenses reimbursed to Integra Realty Resources. The city should obtain adequate documentation to ensure expenditures are reasonable and necessary.

- B. On December 12, 2001 the City Administrator signed an engagement letter with CORE Program Development, Inc. for \$125 per hour plus out-of-pocket costs to review documents pertaining to the Branson Landing Project. According to invoices, CORE began providing services to the city as early as November 27, 2001. Again, the City Administrator reported to the Board of Aldermen on January 16, 2002, that this was an emergency purchase which is not subject to the city's normal bidding policy or prior approval by the Board of Aldermen. On February 20, 2002, the Board of Aldermen signed another agreement with CORE to be a consultant on the Branson Landing Project. No bids or proposals were solicited for either of these services and the reasons for not soliciting proposals was not documented.

In addition, neither agreement with CORE established a maximum amount to be paid for services and expenses. According to city records as of April 28, 2003, \$155,862 has been paid to CORE. During our review of one invoice paid by the city, we noted charges for alcoholic beverages of \$33. Additionally, amounts as high as \$946 for a round trip flight from Dallas to Springfield were incurred while some flights cost less. Given that the contracts did not establish a maximum amount to be paid, the city has no assurance the amount paid for the service is reasonable. Further, the city cannot adequately control expense reimbursements to ensure they are reasonable and necessary. The city should ensure maximum amounts are included in all hourly rate agreements to help control and monitor the costs.

- C. On January 28, 2002, the city approved an agreement with Crawford Architects for \$102,900 plus out-of-pocket costs not to exceed \$14,500. A change order dated May 16, 2002, increased the contract by \$5,275. Based upon invoices of work performed by the architect, services were provided as early as January 14,

2002, (14 days prior to the date of the contract). While the City Administrator reported to the Board of Aldermen on January 16, 2002, that an agreement had been entered into with Crawford Architects as an emergency purchase which is not subject to the city's normal bidding policy or prior approval by the Board of Aldermen, there is no documentation of a written agreement prior to January 28, 2002. In addition, bids or proposals were not solicited for these services. See MAR No. 6.

- D. In September 2001 a group of citizens and six city representatives went on an 8-day tour of various waterfront attractions and convention centers across the country. The purpose of this tour was to study developments similar to the one being considered by the city. The tour included visits of developments in Dallas, Orlando, Baltimore, Philadelphia, Seattle, San Diego and San Antonio. The city paid \$18,245 for the expenses of three board members and three employees.

Of the \$18,245 in tour related expenses paid by the city, \$14,297 was paid as a reimbursement to BLLLC who planned the trip. The city did not have adequate supporting documentation to ensure the \$14,297 reimbursed to BLLLC was accurate and consisted solely of allowable expenditures. In addition, the payment was only approved by the Finance Director; however, city policy requires all expenditures over \$5,000 to also be approved by the City Administrator. The remaining \$3,948 represented trip expenses paid using a city credit card. The city did not have adequate supporting documentation to substantiate some city credit card expenditures to ensure these consisted of reasonable and necessary expenditures.

- E. In May 2002 the city solicited proposals for the development of the lakefront property as well as a convention center. While the original agreement with BLLLC and the appraisal of the lakefront property indicate the lakefront was to be the site of the convention center, the request for proposals did not require the convention center to be located on the city's lakefront property. In December 2002 the city entered into a technical service contract with HCW Development Company to proceed with the convention center and lakefront development. Upon execution of this agreement, the city paid HCW Development Company a \$100,000 deposit on the \$500,000 encumbered for development fees. The developer will be paid four percent of the costs related to designing and constructing the development.

The technical services agreement and the redevelopment contract with HCW Development Company provide for a maximum of \$7,500 per month be paid to Graf Consulting, and specifies they will be treated as an unrelated third-party. (Graf Consulting also provided consulting services through the city's original developer, BLLLC with whom litigation is currently pending.) As of April 30, 2003, the city has paid \$30,000 to HCW Development Company for services provided by Graf Consulting during January through April 2003. Invoices to support the \$30,000 were not adequately detailed, only including a brief

description of the work performed. In addition, it appears the invoices for January and February were identical as were invoices for March and April. Also, based upon the dates of the invoices, payments were made in advance of services performed. The agreement indicates that a detailed invoice must be presented for reimbursement by the city.

The technical service agreement also required HCW Development Company to obtain retail commitments no later than June 1, 2003. In February 2003 the city entered into a restated technical services contract and a redevelopment contract with the developer and extended the deadline to obtain retail commitments until January 1, 2004.

The city has invested \$21.3 million in lakefront property and is now planning on acquiring additional property west of the lakefront property for the convention center. The current contract with the developer allows the option of obtaining additional land for the convention center by eminent domain, and the option for the developer to negotiate the purchase of additional property on behalf of the city. If the developer negotiates the purchase of land, the latest contract with HCW Development Company indicates the cost of the land shall not exceed the fair market value of the land at an assembled basis. In addition, the city has agreed to pay the developer a fee of four percent of the purchase price for assembling the property.

According to city estimates, the lakefront development project is anticipated to cost approximately \$484 million (\$307 in development costs, and \$177 in interest and financing costs). The city's share of the development costs will be approximately \$150 million, including the \$33.5 million in bond financing discussed earlier, and approximately \$116.5 million the city plans to obtain through additional bond financing.

Approximately 208 acres in the Branson lakefront area has been declared blighted, and application was made to the Missouri Department of Economic Development for the area to be approved as a tax increment financing (TIF) project pursuant to Section 99.800 to 99.865 RSMo. According to the city's TIF proposal, payments in lieu of taxes (PILOTS); which are incremental increases in property taxes on real estate in the TIF area, and 50 percent of the incremental increase in the economic activity taxes (EATs); which are sales taxes generated in the TIF area will be pledged as security for the bonds.

The city's January 2003 TIF proposal anticipates collecting approximately \$336 million from the economic activity taxes (EATS) and payments in lieu of taxes (PILOTS) during the 23 year term of the TIF plan. (This estimate includes 50 percent of the incremental increases in state and county sales taxes, and 100 percent of the incremental increase in city sales tax, as well as amounts collected from the city's tourism tax and food and beverage tax. The estimate further assumes the creation of a Transportation Development District with all of the one-percent assessment available. Further, income estimations are based upon sales of over \$170 million during 2004 increasing by as much as 15 percent in 2005 upon project completion, and increasing from 2 to 7 percent each subsequent year until 2025.)

In addition to the city's share of the development costs (\$150 million), the city estimates interest and financing costs to total \$177 million making the city responsible for a total of \$327 million. The city previously used similar financing on the Branson Meadows development project, see MAR No. 2.

In June 2003 the state's participation in the Branson Landing TIF was approved at approximately \$54.6 million for 19 years. The city's TIF proposal estimated the state's participation to be approximately \$60.4 million for 23 years. The city is currently compiling new project cost and revenue estimations.

Considering the handling of some of the contracts, the lack of documentation surrounding the project, and that significant costs are projected for years to come, the board needs to review past transactions as well as project estimates to ensure the city's resources will not be exposed to unnecessary risk.

WE RECOMMEND the Board of Aldermen review the transactions for the Branson Landing development for propriety, adequate documentation, and compliance with the city's bidding and purchasing policies. In addition, the Board of Aldermen should continue to review the proposed project, including the TIF revenue projections, to ensure the city's resources will not be exposed to unnecessary risk.

AUDITEE'S RESPONSE

The Board of Aldermen strongly disagrees with the Auditor's opinions in MAR 1. Before taking any action, the Board of Aldermen retained the services of professional consultants in various fields, including law, investment banking, and accounting. A primary reason for retaining those professionals was to insure that the Board acted properly at all times under state and local law. In addition to obtaining professional input, the Board sought the collective input of the citizens of Branson through numerous public meetings. The Board's actions throughout this project, as demonstrated by the auditor's lack of any findings that the Board violated any laws, illustrate that the Board's course of action throughout this project ensured that the project met or exceeded the requirements of all state and local laws. At its essence, MAR 1 is nothing more than the auditor's personal opinion – an opinion that simply differs from the collective judgment of the duly elected governing body of the City of Branson. Throughout this process all expenditures have been reviewed by the Board and the Board's consultants, and were subject to the Board's judgment of whether the expenditures are a prudent use of taxpayer funds. The auditors should not substitute their opinion in place of those of the duly elected local authority.

Prior to specifically itemizing issues in MAR 1, A through F, the auditors made statements in the opening paragraphs of MAR 1 that must each be addressed. These issues are as follow:

- *The auditors stated that the City should have acquired an independent study on the feasibility of a convention center on the waterfront. The City, prior to entering into a predevelopment agreement with BLLLC, was given access to four separate reports by convention center authorities that concluded that a convention center was feasible anywhere in Branson. Furthermore, prior to*

signing the Branson Landing Predevelopment Agreement, the City obtained the opinion of Convention Sports & Leisure, Inc., that the lakefront was the most desirable location for a convention center.

- *The auditors stated that bids or proposals were not solicited from developers prior to signing the predevelopment agreement with BLLLC because the Board had decided to concentrate the development on the BLLLC lakefront property. The implication from this comment by the auditor seems to be that the city was only willing to deal with BLLLC to the exclusion of other developers. The City notes that the following accurately denotes the sequence of events leading up to the actual selection of a developer. First, the City did not select a developer for what eventually became the City's lakefront property until 2002 when HCW was selected. Instead, in 2001 at the inception of the lakefront project, both the City and County, after public hearings, selected the lakefront location only for the City's convention center. Second, only then did the City begin to deal with the owner of the land, BLLLC, to purchase and develop the City's convention center site. And, third, concurrent with the development of the convention center site, the City planned, through the use of Tax Increment Financing, to encourage the private redevelopment of the lakefront to generate TIF dollars to finance the convention center. Only at that point did the City enter into a predevelopment agreement. BLLLC was the owner of all the assembled real estate (via land option contracts) and there was no rational basis, and certainly no legal requirement, to solicit bids or proposals for the predevelopment agreement. It would be illogical to impose such a requirement because BLLLC was the only entity that could respond to a bid or proposal. To require the City to conduct a Request For Proposal (RFP) process at that point would be similar to requiring the City to take bids or proposals when it needs to acquire a certain piece of road right-of-way. The location selection process is thoroughly documented in minutes of joint meetings of the Board of Aldermen and the Taney County Commission. The City, once again, encourages the auditors to review the minutes that clearly document the events stated above.*
- *The City also takes issue with the auditor's inclusion in this report of litigation surrounding development fees. The fact is that the mentioned pending litigation in no way involves the City. This information serves no purpose other than to obscure the facts surrounding the lakefront development and to confuse the public.*

- A. *The Board of Aldermen disagrees with the Auditor's opinion regarding the Integra contract. Documentation demonstrating that proposals were solicited and received has been provided to the auditors. Additionally, not only did the City follow all state laws and city code, it exceeded those requirements by obtaining and documenting proposals when proposals were not even required by law. The auditor's comments regarding the effective date of the execution of the contract with Integra are irrelevant. The City was not bound to any contract until both the City and Integra executed it. The fact that*

Integra was performing services prior to executing the contract was a risk borne entirely by Integra.

The expense reimbursement to Integra was reviewed for reasonableness by city staff prior to being authorized. There is no requirement that expenses be itemized or documented unless specifically stated in the individual contract. The Board of Aldermen will review the City's current practice.

- B. The Board of Aldermen disagrees with the Auditor's opinion regarding the CORE Program Development, Inc., contract. Like Integra, CORE began working prior to signing a contract. Again, this action by CORE was immaterial to the City since the City bore no risk until the parties executed an agreement. In addition, the City's retention of professional services is not required to go through a Request For Proposal process. This method of engaging professional services is consistent with all state and local laws.*

The auditor's mention that City did not place a maximum dollar limit on the CORE contract fails to understand the purpose of hourly contracts. As the auditors should be aware, when parties cannot, in advance, define the scope of services or the length of time required to perform those services, they enter into an hourly contract. Attorneys, engineers, architects, accountants, etc., often use this type of contract. It is especially ironic that state law creates what amounts to a contractual relationship between municipalities and the state auditor that allows the auditor to charge the actual cost (an hourly rate) to the citizens of Branson. There is no maximum dollar limit on what the auditor can charge, and as of the date of this response, the auditor has exceeded the cost estimate given to the citizens by at least fifty percent.

The City accepts the auditor's finding that a vendor, as part of a \$7,300 invoice, submitted an expenditure of \$19.50 for alcohol. This expenditure, while inadvertently submitted by the vendor, has been reimbursed to the city.

- C. The Board of Aldermen found that the auditor's claim that there is no documentation of a written agreement prior to January 28, 2002 for architectural services provided by Crawford Architects to be false and that the City complied with all state laws and City Codes. The Board of Aldermen believe that the auditors fail to recognize the following:*

- 1. The Board of Aldermen, after November 30, 2001, was no longer working with BLLLC as the owner of the property. The City had, at that time, become the owner of the waterfront property. The decision by the Board of Aldermen to purchase the property materially changed the complete nature of the waterfront project and required the City to take certain immediate steps as the new owner to protect the City's interests that included certain emergency purchases.*
- 2. An agreement was signed on December 27, 2001, with Crawford Architects pursuant to City Code 160.140.*

3. *The Aldermen were aware of this agreement. However, the City of Branson held only one Business meeting in December 2001. Because of the necessity to continue the 404 Process with the Corps of Engineers, it was critical to have Crawford Architects continue working. A thirty-day delay was not acceptable to the Board of Aldermen and the only way to continue was through the emergency purchase provision of the City Code.*
4. *Since there was only one business meeting in December 2001, and since there had been three emergency purchases in the interim, the Board of Aldermen took the additional and non-required step of presenting those purchases at its regularly scheduled January 28, 2002 meeting. Although not required by law to do so, the Board of Aldermen chose to go beyond what is required to ensure that the public was informed of those agreements. Anyone disagreeing with those purchases could have done so at the January 28, 2002 meeting. The minutes reflect that no members of the audience objected to those agreements.*

The Board of Aldermen disagree with the auditor's reasoning as to why the Crawford Architect agreement is an issue and even included in this report. The Board not only complied with all laws, they also went above and beyond all legal requirements to insure that the public was informed. The auditor also fails to account for the fact that Crawford had been retained by BLLLC when the BLLLC was still working on the project. Further, under the Sale and Assignment Agreement executed by the City and BLLLC, the City had acquired the entire work product generated by Crawford. Since Crawford was already the architect working on the project, it would have been financially unwise for the City to seek other architects. If the City had advertised for and selected another architect, the City would have paid twice for work that Crawford had already performed. In addition, the City would have suffered an unavoidable delay in the project while the new architect became familiar with the project and performed the same work previously completed by Crawford. By retaining Crawford, the City was able to utilize the services of a professional architect familiar with the project. This decision also allowed the Board of Aldermen to keep the project moving forward.

- D. *The Board of Aldermen disagrees with the auditor's opinion that the City did not have adequate supporting documentation for an expenditure of \$18,245 for an eight-day inspection trip to examine other waterfront development projects. The Board of Aldermen also disagrees with the auditor's assertion that those expenditures had to be approved by the City Administrator. The Board of Aldermen made the decision to take the trip and incur the expense. Because the purpose of the City's Purchasing Code is to ensure that the Board of Aldermen are aware of payments to vendors, and since the Board knowingly created and directed this expense, any approvals by any city staff member would have been meaningless. Moreover, the Board approved all of these expenses at their November 12, 2001 business meeting. Additionally, the funds used to pay for these expenditures were derived from a temporary bond issue of which the proceeds had to be placed, by law, into a trust account under the independent control of a trustee bank. The trustee bank was legally responsible to the bondholders to thoroughly review all expenditures, the details and documentation of those expenditures and the*

appropriateness of those expenditures before releasing funds. The trustee bank reviewed and approved the documentation presented by the City, the same documentation that, in the auditor's opinion, is inadequate.

- E. *The Board of Aldermen disagrees with the auditor claims that invoices submitted by Graf Consulting do not provide adequate details. Invoices submitted by Graf contain descriptions of services rendered by the vendor. These descriptions adequately detail the activities undertaken by Graf and they are sufficient to allow the City to determine the nature of scope and services rendered during the previous month. Given the scope of services rendered by Graf and the length of time required to perform such services in a project of this size, it is not uncommon for details of services rendered to be similar to services rendered in prior invoices. The Board will, however, take the auditor's recommendation into consideration.*

In summary, the Board of Aldermen has reviewed the auditor's opinions in MAR 1, and has determined that these opinions are unfounded. The Board strongly believes that the transactions for the Branson Landing Project have met or exceeded all legal requirements. The Board of Aldermen has always taken every reasonable action to safeguard the City's resources from unnecessary risks and to keep the public fully informed about this project, and will continue to do so.

AUDITOR'S COMMENT

- A. The city did not solicit proposals for an appraisal. The documentation provided to the auditors were proposals solicited by BLLLC prior to terminating the predevelopment agreement.
- C. The only agreement provided by the city was dated January 28, 2002.
- D. The Board of Aldermen should not rely on the trustee bank to fulfill fiduciary duties they have been elected to perform.
- E. The invoices did not include details of work performed such as phone calls made, meetings attended and letters written. Further, the number of hours worked and rate charged was also not included. While the contract with Graf Consulting provides for compensation of a maximum of \$7,500 per month, it is unclear how the Board of Aldermen will determine when a lesser amount should be paid without these details.

It is apparent by the Board of Aldermen's responses that they believe all transactions involved in this project were handled appropriately; however given the issues discussed, it is disappointing that they have not acknowledged that the handling of some transactions could have been improved, and they believe as a duly elected local authority they are not subject to public scrutiny.

The city has expended about \$1.7 million to subsidize the principal and interest payments on bonds for the Branson Meadows Development Project as of September 30, 2002.

In 1995, the city approved the Branson Meadows Development Project and in August of that year issued \$8 million in tax increment allocation bonds to pay a portion of the costs of the infrastructure improvements needed for that development. The 340-acre development project was approved as a tax increment financing (TIF) project pursuant to Section 99.800 to 99.865, RSMo. The city established the project with the intent to repay the bonds using a portion of the incremental increase in the economic activity taxes (EATs); which are sales taxes generated within the TIF area. Although the payments in lieu of taxes (PILOTS), which are the incremental increases in property taxes on real estate in the area, were pledged as security for the bonds, the city did not plan on using the PILOTS to help retire the TIF debt. Supplemental agreements were entered into with the various taxing authorities that these monies would be distributed to those taxing authorities. The city's original projections indicated that the city expected TIF revenues totaling \$32 million to cover the total bond debt service of \$13 million, for a projected gain of \$19 million. However, an analysis prepared by the city indicates that significant increases in EATs must occur within the next several years for the city to recover any funds.

While a theme park, theatres, and several restaurants and hotels were planned, only one of the original proposed projects (the factory outlet mall) was completed, as the other proposed businesses decided against locating in the project area. The 1995 project plans estimated that the EATs generated from the factory outlet mall would be sufficient to pay the annual debt service of the bonds. There has been minimal additional commercial retailers develop within the project area since the factory outlet mall, and the EATs generated in the project area have never met the debt service requirements. In addition, the City Engineer indicated that, although the land owners are still attempting to sell the available land to interested developers, there is no additional planned development within the project area at this time.

The city entered into an agreement stating the project developers will be reimbursed from TIF funds, for roadway improvements made in accordance with plans approved by the city. However, the agreement indicated that the developers will only be reimbursed from EATs that are left over after the bond principal and interest related to Branson Meadows are fully paid, and after the city is reimbursed for general fund revenues used to pay the debt service payments not covered by the EATs. At September 30, 2002, the amount of the developer's reimbursable costs for roadway improvements, including interest, was approximately \$6.9 million.

In 1997 the city refinanced the bonds pledging revenues generated by the Branson Meadows TIF as well as revenues generated by the city-wide TIF. The city-wide TIF only captures revenue from the city's transportation tax and the city's property tax. All

other tax revenues (PILOTS and EATS) are returned to the taxing districts. This refinancing allowed the city to subsidize the Branson Meadows principal and interest payments with city transportation tax funds generated outside of the Branson Meadows area.

To form the Branson Landing TIF, the city decided to dissolve the city-wide TIF which resulted in the city again refinancing the Branson Meadows bonds. These bonds were included in the \$56 million permanent bond refinancing discussed in MAR No. 1.

Through September 2002 the city has subsidized about \$1.7 million of the Branson Meadows debt service payments. Based upon an analysis prepared by the City Finance Director, the city will not start recovering any monies until 2013 after the bonds are retired and will only breakeven by the completion of the TIF. However, the City Finance Director's analysis shown in the chart below used an annual increase in EATs ranging from five to fourteen percent annually. Actual EATs in this area appear to have been very unstable and have been declining since 2000.

Branson Meadows TIF Analysis

Year Ending September 30	TIF Income and Interest	Debt Service Payment	Deficit Absorbed by City
1996	\$226,645 ¹	\$429,481	(\$202,836)
1997	\$369,087 ¹	\$748,540	(\$582,289)
1998	\$348,523 ¹	\$868,837	(\$1,102,603)
1999	\$447,557 ¹	\$374,552 ²	(\$1,029,598)
2000	\$525,692 ¹	\$374,552 ²	(\$878,458)
2001	\$428,238 ¹	\$824,611	(\$1,274,831)
2002	\$351,436 ¹	\$820,695	(\$1,744,090)
2003	\$388,240 ³	\$820,078	(\$2,175,928)
2004	\$433,950 ⁴	\$822,995	(\$2,564,973)
2005	\$488,563 ⁵	\$819,405	(\$2,895,815)
2006	\$511,023 ⁶	\$818,130	(\$3,202,922)
2007	\$534,607 ⁶	\$819,130	(\$3,487,445)
2008	\$559,370 ⁶	\$813,755	(\$3,741,830)
2009	\$585,371 ⁶	\$817,535	(\$3,973,994)
2010	\$612,672 ⁶	\$815,033	(\$4,176,355)
2011	\$641,338 ⁶	\$815,250	(\$4,350,267)
2012	\$671,437 ⁶	\$813,375	(\$4,492,205)
2013	\$1,450,692 ^{6,7}	\$809,750	(\$3,851,263)
2014	\$696,876 ⁸	\$0	(\$3,154,387)
2015	\$731,720 ⁸	\$0	(\$2,422,667)
2016	\$768,306 ⁸	\$0	(\$1,654,361)
2017	\$806,721 ⁸	\$0	(\$847,640)
2018	\$847,057 ⁸	\$0	(\$583)

Source: City Finance Director

¹ Actual data.

² Includes interest payment only, bonds were refinanced.

³ Assumes 5 percent increase in EATs plus interest on reserved funds totaling \$29,513.

⁴ Assumes 10 percent increase in EATs plus interest on reserved funds totaling \$39,350.

⁵ Assumes 14 percent increase in EATs plus interest on reserved funds totaling \$39,350.

⁶ Assumes 5 percent increase in EATs plus interest on reserved funds totaling \$39,350.

⁷ Includes \$787,000 from bond reserve available for final bond payment.

⁸ Assumes 5 percent increase in EATs with no interest revenue.

The city's analysis includes large increases during 2004 and 2005 with a steady growth of five percent after that to arrive at a break-even point. However, there has been a lack of stability in the TIF income since 1996, and there are no plans for current development in that area. For comparison purposes we computed a constant five percent growth in TIF income for 2003 through 2018. Under those projections, the city will be unable to recover about \$1 million of the debt service paid for these bonds and the developer will not be reimbursed. In addition, the city has not considered interest revenue that could have been earned on the city funds in their analysis.

While the city initially estimated a gain of approximately \$19 million, this project has fallen short of meeting original estimations and it appears unlikely that the city will breakeven on the project.

Our prior report, dated September 18, 1997, recommended that the city perform and document thorough reviews of any future proposed development projects prior to authorizing the city's participation. Currently, the city is working to develop the Branson Landing area at an estimated cost of \$150 million to the city. See MAR No. 1.

WE RECOMMEND the Board of Aldermen review the current status of the Branson Meadows project and determine the appropriate course of action to minimize the amount of city subsidies required to liquidate the debt service requirements of this project. In addition, ensure future undertakings of a similar nature incorporate assurance or other safeguards to avoid exposing the city's financial resources to risk.

AUDITEE'S RESPONSE

This is a project that began in 1993 and was finalized in 1995. Past Board of Aldermen have already addressed the concerns raised by this audit.

However, while it appears that the auditors are attempting to show that the Branson Meadows TIF is a failure, it can be clearly shown that it is not. The City did, in 1995, give up the right to capture certain revenue streams that were allowed by law, which had they been kept, would have easily provided more than enough revenue to service the Branson Meadows Bonds. However, the auditors have refused to acknowledge that the amount of dollars captured by the City specifically to service the bonded debt is only a fraction of the dollars that the Branson Meadow project generates. The City, County, school district, the state of Missouri and other local taxing jurisdictions retain these revenues. These are dollars that would not exist but for the Branson Meadows TIF Project. From 1996 through 2002, this project generated gross tax revenues of over \$13.5 million. After paying debt service (including interest), the Branson Meadows project has generated a net direct tax benefit in excess of \$8.9 million of new revenue for these jurisdictions. The total economic impact to the area created by new revenues, the multiplier effect, new jobs, etc., far exceeds the direct tax benefit mentioned above. Additionally, all of these new revenues and benefits will continue long after the bonded debt service is paid in full.

The City continues to take every reasonable action to ensure the success of the Meadows Project and will continue to work with the landowner to do the same in the future.

AUDITOR'S COMMENT

Information identified in the City's response (other than actual amounts) was also known when their projections included a \$19 million gain in 1995.

3.

Tourism Tax

The city does not adequately monitor tourism tax collections. Several business licenses were renewed even though delinquent tourism taxes were owed, and penalties and interest were not consistently applied to delinquent accounts. In addition, concerns were noted regarding the marketing portion of the city's tourism tax funds.

In November 1997 the city's voters approved a tourism tax proposal pursuant to Sections 94.802 and 94.805, RSMo. This proposal provided for the collection of a four percent tax on private tourist attractions and hotel and motel charges, and a one-half of one percent (.05%) tax on food and drinks sold in restaurants and other establishments. Section 94.815, RSMo requires 75 percent of the tourism tax monies to be used for constructing and maintaining infrastructure improvements, and 25 percent of the tourism tax monies to be used for tourism marketing and promotional purposes. The city collected approximately \$10.9 million in tourism taxes during the fiscal year ended September 30, 2002. We noted the following concerns:

A. The city is not properly monitoring tourism tax collections. Local businesses are responsible for calculating the amount of tourism tax owed to the city, and submitting monthly tourism tax reports indicating their total receipts and tourism tax amount due with their payment. If a business has not sent in the report by the monthly due date, the city sends a letter to the business notifying them that the information and payment was not received. If payment is not received after ninety days, city ordinance allows the city to revoke the business license. According to city records as of March 3, 2003, approximately \$260,000 in delinquent tourism tax has been reported by businesses. The amount owed by businesses that have not filed their monthly reports is unknown. The city does not have adequate controls over the collection of tourism taxes as follows.

- We noted numerous instances (7 out of 13 businesses selected) where the city renewed the business license for businesses that owed delinquent tourism taxes. In some cases, the city knew the amount of delinquent tourism taxes and the business did not have a current payment plan approved by the city. In other cases, the city did not know the amount of delinquent tourism taxes since the business failed to turn in one or more tourism tax reports. In these cases, the city indicated the license should not have been renewed, or could provide no explanation as to why the license was renewed.
- We noted one business that had been operating without a business license since 1999 and had stopped paying tourism taxes in June 1999. This business was not identified by the city as unlicensed with delinquent tourism taxes until June 2002. The city indicated the business had been charging the tourism taxes to customers, but failed to remit the taxes to the city. The business owed about \$42,000, and is now on an installment payment plan.
- The city is not following up on delinquent businesses in a timely manner. We noted several businesses that were sent a letter on January 6, 2003, indicating the business license would be revoked if payment was not received within fifteen days. However, as of March 19, 2003, five of these businesses had not contacted the city to make payment arrangements and no action had been taken to revoke the licenses.
-

- The city is not consistently charging penalties and interest on delinquent tourism taxes. City officials indicated that prior to January 2003 the computer system was not set up to automatically apply interest and penalties and these charges were manually applied only to businesses the city considered seriously delinquent.
- The city periodically contracts with an outside CPA firm to review compliance with tourism tax statutes by performing audits of local businesses. The city selects the businesses to be audited, but has no policies or procedures in place to determine which businesses to select and the city does not document its selection process.

To help ensure prompt collection of tourism taxes, prevent the loss of tax revenue, and ensure equitable treatment of local businesses, the city should establish controls to adequately monitor and enforce the collection of tourism taxes.

- B. The city allocates 2 percent of the marketing portion of the tourism tax monies to a contingency fund. The city indicated the marketing contingency monies are used for marketing related expenditures for special or unanticipated events not handled through the city's contracted marketing services provider. During the year ended September 30, 2002, the city allocated approximately \$55,000 to the contingency fund, and used \$15,000 for a mural that was placed on the back of a local privately owned business. It is unclear how this expenditure meets the intent of the tourism tax marketing monies.

WE RECOMMEND the Board of Aldermen:

- A. Establish controls to adequately monitor and enforce the collection of tourism taxes.
- B. Ensure all tourism tax marketing monies are used for their intended purpose.

AUDITEE'S RESPONSE

The Board of Aldermen disagrees that the City does not adequately monitor tourism tax collections. In particular, the Board makes the following responses:

- A.1. *The auditor asserts that "numerous" instances were found where the City renewed business licenses when delinquent tourism taxes were due. The Board of Aldermen disagrees with this characterization. During the audit period of 2002, the city issued 1495 business licenses. The City has reviewed all 1495 licenses issued in 2002 and found that of those licenses issued, 520 were businesses collecting tourism taxes. Of those 520, only seven businesses were issued licenses when the business owed outstanding tourism taxes or the business failed to file required monthly tourism tax reports. Three of those seven businesses were identified as being in a balance due status when a business license was issued in 2002. However, what the auditors fail to mention is that those three*

businesses have payment disputes pending and were issued licenses at the direction of the City's legal counsel pending the resolution of those disputes.

The other four businesses were in a non-reporting status. These businesses were not identified as non-reporting until 2002 because they had valid business licenses in 2001. In 2001 they had failed to file one monthly report. Two of those four businesses were closed during the month that the report was not filed and did not file a report because no tourism taxes were collected or due. The other two had not filed a report for the month of November and should not have been issued a business license without more complete documentation.

The Board of Aldermen recognizes that the Branson economy is seasonal and continues to encourage staff to work with businesses to keep them open and operating rather than work against them. The Board believes that the auditor's comments show a significant lack of understanding regarding the tourism economy of Branson, its seasonal nature and the practicalities of dealing with seasonal tourism businesses.

- 2. The auditor comments that a business operated from 1999 to 2002 without a business license. The report also states that the same business had stopped paying tourism taxes in 1999. The fact is that the business mentioned by the auditors as operating up to 1999 was an altogether separate company from the business that failed to remit tourism taxes from 1999 to 2002. The new company, that failed to remit tourism taxes from 1999 until 2002, failed to identify itself to the City. In the collection of tourism and sales taxes, neither the City nor the state has a mechanism to automatically identify a newly opened business. The City continues to use existing resources to identify and prosecute violators. It should be noted that the auditors did acknowledge that the business mentioned had been identified by the City and is paying the City for back taxes, penalties and interest.*
- 3. The auditors state that the City did not follow up on business license revocation notices sent in January 2003. That statement is correct. However, during that time, the City was without a City Attorney and had to retain outside legal counsel at an hourly rate. Five businesses had been sent notices. Due to the high cost of outside legal counsel, it was determined that it was not best use of City dollars to pursue collection until the vacant city attorney position was filled. The City lost no revenue through the short delay, and saved considerable dollars by not using outside legal counsel.*
- 4. The City attempts to work with seasonal businesses in an effort to resolve delinquency issues. The revocation of a business' license is, by the City's choice, a last resort. Consequently, the city, in applying penalties, looked at the circumstances of each individual occurrence. What the auditors noted as inconsistencies were, in fact, individual determinations based on each business' circumstances and the Board of Aldermen, after reviewing this issue, disagrees that the application of penalties was inconsistent. However, it should be noted that prior to the state audit, the City had already begun the process to modify its tax collection software to automatically apply penalties and interest to past due tourism tax balances. All taxpayers were notified in November 2002 and the process was implemented in January 2003.*

5. *The audit report states that the City has no policies or procedures in place to determine which businesses are selected to be reviewed for compliance with tourism tax ordinances. The Board will review the auditor's recommendation to see if a policy can be created that is both feasible and practical to implement.*
- B. *The Board of Aldermen disagrees with the auditor's opinion that it is unclear how an expenditure of \$15,000 for the American Highrise Project meets the intent of the tourism tax marketing monies. In 2001, a study was performed by the Harrison Price Company to identify and recommend future actions that could be taken by the City and/or the Chamber of Commerce, CVB or the private sector to increase tourism to Branson. One of the recommendations by Harrison Price was to beautify the city with quality mural programs to draw tourists. The Price study stated that a murals program should generate about 500,000 new visitors annually. The American Highrise Project was determined by the Board of Aldermen to be an initial step in implementing the murals program. Both the written minutes and the audiotapes of the council meetings amply document the appropriateness of the proposal and the council's deliberations on the propriety of the City's participation.*

AUDITOR'S COMMENT

- A.1. The city provided no documentation substantiating the claim that licenses were issued at the direction of the city's legal counsel.

4. Payroll and Personnel

Large payments were made to city administrators and directors for "special leave", unused vacation and sick leave, and deferred compensation with no evidence of prior board approval. In addition, the payments made to select city employees for "special leave" appear to be in violation of the Missouri Constitution. Also, leave records maintained for city directors and administrators were unreliable.

- A. Payments totaling \$26,281 and \$30,452 were paid to the City Administrator, Assistant City Administrator, and thirteen directors in October 2001 and 2002, respectively, for 7½ days of "special leave". The city's personnel policy indicates that the City Administrator may approve up to 15 days per year of "special leave" for unclassified employees, and up to 50% of any unused portion of this leave may be compensated to specific employees as designated by the City Administrator. While the City Administrator approved the payments made to all directors, there is no documentation that the payments made to the City Administrator and Assistant City Administrator were approved.

In addition, each month approximately six employees are selected to receive a half-day off with pay as a reward for wearing a city pin.

Awarding additional leave to specific employees on a discretionary basis appears to represent additional compensation for services previously rendered and violates Article III, Section 39 of the Missouri Constitution. Attorney General's Opinion No. 72, 1955 to Pray, states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

B. While most city employee leave records are maintained by a city staff accountant, annual leave and sick leave records for city directors, the City Administrator and the Assistant City Administrator are maintained by the Finance Director. Our review noted several concerns:

- Three payments totaling \$19,263 were made to the City Administrator for 60 hours of unused vacation and 329 hours of unused sick leave during the year ended September 30, 2002. While the employment contract with the City Administrator allows payment for unused vacation and sick leave with no limitation on the accrual balance, the leave balance records provided to us for the City Administrator were not accurate. These leave records included numerous calculation errors and the leave accrual rate earned did not agree to the rate indicated in his contract. Upon bringing these differences to the attention of the City Finance Director, a second report was prepared and the City Administrator's vacation leave balance as of September 30, 2002, was reduced from 728 to 279 available hours. The City Finance Director indicated that she believed the errors were the result of a computer software problem. While errors were noted in the sick leave accrual records, no revisions were made.
- Records showing vacation and sick leave earned, taken, and the accumulated balances for city directors were also unreliable. The City Finance Director provided us with two leave reports for directors (one showing activity by day and one showing activity by pay period); however these two reports were not in agreement. The accumulated balance on the report by pay period contained calculation errors, and could be adjusted manually in the computer by employees with access to the system. In addition, leave used did not always agree between the two reports.
- City employees (including city directors, the City Administrator and Assistant City Administrator) are required to prepare leave requests when using vacation and sick leave; however, we noted that amounts reported on leave requests did not always agree with the leave records maintained by the City Finance Director. In several instances, a director or administrator did not prepare or have a leave request on file. Since directors and administrators also do not prepare time sheets, the overall accuracy of the leave records is questionable.

Without accurate leave records, the city cannot ensure that payments made for unused leave are correctly calculated and that leave time used is not in excess of time accumulated. Given the amount of accrued leave paid to the City Administrator, accurate leave records are imperative. In addition, payroll records such as time sheets and leave requests are necessary to document hours worked and leave used, to substantiate payroll expenditures and to provide the board with a method to monitor payroll. Accrual amounts for vacation and sick leave should agree to the City Administrator's contract and the city should make necessary adjustments to reflect the correct amount of leave time earned by the City Administrator. Additionally, leave records for all employees should be reviewed and corrected as applicable.

- C. The city made payments of \$12,450, \$12,450, and \$2,264 to or on behalf of the City Administrator, Assistant City Administrator, and City Finance Director, respectively, in January 2002. These payments represent contributions of \$11,000 to the deferred compensation plans of the City Administrator and Assistant City Administrator and \$2,000 to the City Finance Director's deferred compensation plan, with the remaining balance of each payment representing the employees' share of payroll taxes and retirement.

The Assistant City Administrator's letter of employment indicates that the City Administrator will authorize a payment to a deferred compensation plan, but it does not specify any amount. While the City Administrator's employment contract and the letter of employment for the City Finance Director specify amounts to be contributed by the city to the employees deferred compensation plan, these documents are silent as to the employees' share of payroll taxes and retirement.

Deferred compensation contributions made by the city to the Assistant City Administrator and Finance Director should be documented in an employment contract and the employees' share of payroll taxes and retirement should be addressed in all employment contracts.

Because payroll transactions are not reviewed and approved by the Board of Aldermen and the city's budget does not adequately detail payroll amounts (see MAR No.5), there is no evidence how the Board of Aldermen is made aware of transactions like those noted in parts A-C.

- D. The city has not adopted an ordinance to establish the duties and compensation of the City Clerk. The Board of Aldermen removed the section of the city code pertaining to the City Clerk in 1995 and has not taken any action to reestablish the City Clerk's duties or compensation by ordinance. Sections 79.270 and 79.290, RSMo 2000, require the duties and compensation of city officials to be set by ordinance.

WE RECOMMEND the Board of Aldermen:

- A. Discontinue the practice of granting additional compensation to employees.
- B. Ensure accurate leave records are maintained for all employees and leave requests and/or time sheets are completed by all employees.
- C. Ensure all details regarding deferred compensation contributions are included in employment contracts.
- D. Establish the compensation and duties of the City Clerk by ordinance as required by statute.

AUDITEE'S RESPONSE

- A.1. *The Board of Aldermen disagrees with the auditor's opinion that the City's special leave policy violates Article III, Section 39 of the Missouri Constitution. Article III, Section 39 states "a government agency . . . would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered." The only guidance on this provision is an Attorney General's Opinion interpreting whether a city's proposal to pay yearend bonuses to employees would violate the Missouri Constitution. While the Board agrees that "bonuses" would be extra compensation paid after services are rendered, the City's special leave policy is not a bonus, but rather a negotiated part of a full-time, unclassified, at-will employee's compensation package agreed to in advance of services rendered each year.*
- 2. *The Boards awarding of a half-day off is part of the City's Values Program that is a focus toward providing quality customer service to the citizens of Branson. The City will continue to provide incentive awards as a management tool when those awards contribute to better and more effective service by city employees to Branson visitors and citizens.*
- B.1. *The Board of Aldermen disagree with the auditor's assertion that leave accrual records for the City Administrator and directors were not accurate. The Board's review found that the City's accrual records, as used by the Finance Department were accurate. Documentation has been provided that clearly shows that the City's data was correct and that the discrepancies mentioned by the auditors were the result of software errors affecting only historical reports not used by the City. The Board of Aldermen does not understand why the auditors continue to raise this issue when they have been provided complete documentation from the software vendor that refutes the auditor's comments. As the auditors know, the City's Finance Department operates a primarily paperless payroll operation. As part of their audit, the auditors requested hard copy reports of employee accrual information never used by the City. The Employee Accrual History Report provided by the software system and provided the auditors, were reports not used by the City or necessary for the payroll operations of the City. When those reports were activated for the auditors just after the end of the calendar year, calculation errors were*

found in all department heads' accrual histories when compared with the live system. The City contacted the software vendor and the vendor advised that they had just found a programming error in their software program that was causing errors in the history reports after leave accruals were rolled forward at yearend. The vendor subsequently issued a letter to the City acknowledging the programming error and that the error would be corrected. However, it is critical to note that the software vendor has verified, in writing, that the data on the live system used by the City were not in error and that no employee received any leave or leave pay above their actual accrual.

- 2. The Board takes specific exception to the discussion regarding the City Administrator's accrued leave hours and again does not understand why the auditors persist in this allegation when they have been provided documentation by the software vendor to the contrary. The auditors allege that the City Administrator's accrued vacation hours were reduced from 728 to 279 after the differences were brought to the attention of the Finance Director. This is a totally incorrect statement. Upon seeing the Employee Accrual History Reports mentioned above, the Finance Director saw that ALL of the department heads' accruals were not consistent with the data on the live system and contacted the software vendor. The software vendor subsequently remotely accessed the program, acknowledged the software errors and made corrections to the Employee Accrual History Report. These corrections were noted by the software vendor in the program and appear on the Employee Accrual History Report that was provided to the auditors. It is important to note that the Finance Director never made, nor had any reason to make, any adjustments or corrections to any employee's leave accrual hours on the City's computer system. As documented by the software vendor, the system data was never in error.*
- 3. The auditors also commented that reports showing accruals by pay period contained calculation errors and could be changed by employees with access to the system. Again, the report to which the auditors are referring comes from the same erroneous report already discussed above. While it is correct that employees can make manual changes to the system, the auditors fail to mention three important facts. First, they fail to mention that there must be access to the system by certain authorized employees when data entry corrections are necessary. Second, they fail to mention that there are only two specific employees that can and must access leave accrual data for maintenance purposes. Finally, the auditors fail to mention that when the system is accessed, or if any changes are made, these instances create an electronic log showing that the system has been accessed. No city employee has the ability to override or delete the electronic log and consequently no changes can be made to system data without a permanent record being created.*
- 4. Contrary to the auditor's assertion, there are no discrepancies in department head system leave records. Department heads are unclassified employees and consequently their time is accounted for on the payroll system on a system exception basis. Accordingly, leave is usually entered into the system after the pay period in which the leave was taken. An additional reason that the auditors believed that the leave records were not accurate is because, as mentioned above, the auditors insist on continuing to*

use the erroneous Employee Accrual History Reports. It is important to note again that leave accrual records for all employees were accurate on the payroll system and that no employee received leave accruals beyond what they were entitled.

- C.1. The Board agrees that the deferred compensation agreement provided as a condition of employment to the Assistant City Administrator did not denote the amount. This issue will be corrected by an addendum to the Assistant City Administrator's letter of employment.*
- D.1. The Board of Aldermen believes it complied with Section 79.320 RSMo when the Board of Aldermen elected the current City Clerk to office on January 8, 1990. The City Clerk's term of office, as set forth in the City's ordinances, was at the pleasure of the Board of Aldermen. The Board is reviewing whether it would be more appropriate to specify a definite term of office. Additionally, the City Clerk's duties were established by the Board of Aldermen in accordance with 79.320 RSMo through the adoption of the City's Personnel Ordinance that created the City's classification system and class specifications. The Board is also in the process of setting forth the City Clerk's duties by a separate ordinance.*

AUDITOR'S COMMENT

- B. It is encouraging to see that since our review the city has been working to fix this problem, however; it is still concerning that in May 2003 the city now has records showing the City Administrator's leave balance was 419 hours at September 2002.

5. Financial Monitoring

Financial information prepared by the city to inform city residents and the Board of Aldermen of the city's financial position was often incomplete, inaccurate and lacked adequate detail.

- A. The city's 2003 budget is not sufficiently detailed and prior year financial information included in the budget did not always agree with financial information included in the city's annual audit report or the city's semi-annual published financial statements.
- The city's budget included significant expenditure amounts budgeted in broad categories with no detail provided. For instance, the city's water and sewer fund budget included expenditures totaling about \$6.4 million divided among five broad categories (personal services, contractual service, commodities, debt service, and non-cash expenditures). In another part of the city's budget the same \$6.4 million was divided among five different categories (water, sewer, administrative, depreciation, and interest/bond costs). The budget document does not clearly show the relationship among these various categories and no other detail is provided. In addition, the amounts reflected

in the departmental budgets for all city funds did not always agree with the budget summary by fund presented at the end of the city's budget.

- The city's budget for the year ending September 30, 2003, (adopted in September 2002) presented actual financial information for the years ending September 30, 2000 and 2001, and estimated financial information for the year ending September 30, 2002. The actual financial information presented for the year ending September 30, 2001, did not always agree with the financial information included in the city's published financial statement, or the city's annual audit report. For instance, the ending fund balance for the city's Recreation Fund was reported as \$74,110 in the city's budget and \$22,429 in the city's annual audit report. It is unclear why this difference existed. In addition, the ending fund balance of the Tourism Tax Fund was reported as \$7.8 million in the city's budget, but both the city's annual audit report and the city's published financial statement reported an ending fund balance of \$9.1 million. After bringing this difference to the city's attention, the City Finance Director explained that while a transfer of \$1.3 million from the water and sewer fund into the tourism tax fund was reflected in the water and sewer fund, it was omitted from the tourism tax fund.
- The city's budget also did not reflect about \$4 million in reserve funds that the city had voluntarily reserved for a "rainy day." According to city officials, the \$4 million represents a 20 percent reserve from the general, recreation, and water and sewer funds. While the city's published financial statement and audit report included these reserve funds, the city's budget did not reflect the amount.

Failure to present detailed financial information decreases the effectiveness of the budget as a management tool. In addition, to be of maximum benefit to the city and its taxpayers, a complete, accurate and detailed budget document is needed.

- B. The city's semi-annual financial statements were not always published timely and were not always accurate.

While the city generally publishes its semi-annual financial statements for the six months ending March 30 timely, they routinely publish the financial statements for the six months ending September 30 after the statutory deadline. The city indicated the financial statements for the six months ending September 30 are not published until the city's independent auditor issues the annual audit report of the city. For example, the financial statements for the six months ending September 30, 2002 were not published until March 18, 2003, and the financial statements for the six months ending September 30, 2001, were not published until January 18, 2002.

In addition, the beginning fund balance reported on the published financial statement for the six months ending March 31, 2002, did not agree to the ending

fund balance reported on the financial statement published for the prior six months. The difference in the reported fund balances was approximately \$2.8 million, and represented differences in the city's General, Debt Service, Capital Projects, Recreation, and Proprietary Funds. Based upon information provided by the City Finance Director, the difference represents audit adjustments made by the city's independent auditor, as well as the inclusion of several city funds that were not previously reported in the city's published financial statement.

The city's published financial statements did not provide any detail of receipts such as sales tax, property tax, fees, interest, etc. Further, the published financial statement for the six months ending March 31, 2002, provided a summary of expenditures by fund as well as a more detailed list of expenditures by program; however, the totals of the two listings did not agree. The summary showed expenditures of \$49.3 million, while the detail list of expenditures by program totaled only \$44.7 million. According to the City Finance Director transfers between city funds were excluded from the detail listing of expenditures, causing the difference in the reported amounts.

Section 79.160, RSMo 2000, requires the board to prepare and publish semi-annual financial statements within one month of the end of each six-month period. In addition, Section 79.165, RSMo 2000, states the city cannot legally disburse funds until the financial statement is published. Further, the city should ensure that the city's financial statements are accurately reported to keep the citizens informed of the financial activity and condition of the city.

- C. Documentation is not adequate to determine if the financial information reviewed by the Board of Aldermen was sufficient to properly monitor the financial position of the city's funds.
- Board members receive monthly budget to actual reports listing expenditures by department, however these reports do not compare actual revenues to budgeted revenues, do not include information for some city funds, and only include detail by department. Board members also receive a monthly listing of sales tax monies received; however, information regarding other revenues such as property taxes, fees, or interest is not provided. There is no evidence that these reports are reviewed and approved during board meetings.
 - Board members also receive a copy of the monthly check register; however instances were noted where the check register was incomplete, missing numerous check numbers.
 - Board members do not receive any information regarding payroll transactions. For fiscal year ending September 30, 2002, payroll transactions were about \$7 million.

- The Board of Aldermen normally approves expenses at the next regular board meeting after the checks have been written. However, the Board of Aldermen postponed their approval of the check register in two consecutive meetings during February and March 2002. As a result, checks presented to the Board on February 25, 2002 and March 11, 2002, were not approved until March 25, 2002. The board should review and approve city disbursements in a timely manner.

Complete and detailed information about the city's finances is essential for the Board of Aldermen to make informed decisions while managing the resources of the city. In addition, good business practices require all disbursements to be reviewed by the board.

D. City Code requires the creation of three committees (budget and finance, personnel, and capital improvement) composed of two members of the Board of Aldermen and the Mayor. While the city has properly established these committees, it is not evident how the personnel and budget and finance committees fulfill their duties as required by city code.

1. According to city officials, the budget and finance committee met only once during 2001 and twice during 2002 to review the city's budget document; however, city code specifies that the committee review and recommend the disposition of payable and claims and routinely be informed about cash flow and investment matters. There is no indication that the committee performed these duties.

While minutes of the budget and finance committee's meeting are not specific as to what information the committee reviewed prior to approving the budget, city officials indicate that no detail, other than what is included in the city's final budget document, was provided to the committee. The City Administrator indicated that additional financial information is provided verbally to the committee during their review of the city's budget. Given the lack of detail included in the city's budget as noted in part A., it is questionable how the committee's review of the budget was adequate. Subsequent to the review and approval of the budget by the committee, the city's budget is adopted by the Board of Aldermen.

2. The personnel committee met only once during both 2001 and 2002 to approve raises for city employees and the addition of staff positions. While city code requires the committee to develop and review salary schedules for each budget year, it is not evident how the personnel committee is performing other duties as outlined in the city code, such as supervising the administration of the city's personnel manual.

Considering the lack of documentation to support what the budget and finance committee reviewed regarding the city's budget, it is questionable as to the thoroughness of the committee's review prior to making recommendations to the

Board of Aldermen. Further, without the committees involvement in financial and personnel decisions as outlined in the city code, the effectiveness of the Board of Aldermen's management of city business is reduced.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the city's budget is adequately detailed, contains accurate financial information and presents all city funds, including reserve funds.
- B. Publish accurate semi-annual financial statements in a timely manner, as required by state law.
- C. Require complete and detailed information regarding the financial position of the city. In addition, the Board should review and approve financial information in a timely manner.
- D. Ensure the personnel and budget and finance committees perform the duties as required by city code. In addition, to ensure the effectiveness of the review and approval process, the budget and finance committee should review detailed financial information regarding the cities budget prior to making recommendations to the Board of Aldermen.

AUDITEE'S RESPONSE

- A.1. *The Board of Aldermen disagrees with the auditor's opinion that the City's budget is not sufficiently detailed and is not structured correctly. The City's budget structure follows approved and recommended guidelines from the Governmental Finance Officers Association (GFOA). Additionally, the City's budget is structured as a program budget. This budget format is recognized as an excellent method of budget presentation especially at the municipal level for city councils and citizens because it is an outstanding tool for defining and evaluating service delivery.*

The auditors also state that there is not a clear relationship shown between the operating details of the Water and Sewer Department and the Fund Summary of the Water and Sewer Fund. After reviewing this specific issue, the Board of Aldermen believe that the auditors did not recognize the difference as well as the relationship between the operating budget pages and the Fund Summaries section of the budget.

The level of detail provided in any municipal budget document is determined by the governing body and the community. The purpose of the budget is to provide a working document to the Board of Aldermen and citizens. Such a document must be a useful and clear tool to allow the public to evaluate programs and service delivery. The Board believes that the City's budget format presents the information in just such a manner. The City will provide any greater level of detail when requested. In keeping with past practices, however, the Board will continue to annually evaluate the level of detail contained in the budget and direct staff accordingly.

2. *The City agrees that the Fiscal Year 2003 budget document contains informational numbers for Fiscal Year 2001 that were typographical errors. It should be noted, however, that those FY2001 numbers are included in the budget for informational purposes only and are not part of the annual appropriation ordinance adopted by the Board of Aldermen that establishes expenditure appropriations and creates the official numbers for the adopted budget.*

3. *The Board of Aldermen disagrees with the auditor's opinion that the "rainy day" reserve should have been included in the City's budget. State law provides for the creation of a "rainy day" reserve and the Board of Aldermen have, by ordinance, required that such a reserve be established and maintained with "unexpended" funds. Because the reserve is maintained with "unexpended" funds, then in accordance with Government Finance Officers Association recommendations, the City only recognizes this reserve in the operating budget when the Board of Aldermen appropriates these funds. This reserve has been and continues to be documented in reports provided to the Board of Aldermen and to the public, reports provided to the Board of Aldermen Budget Committee, have been published in the semiannual financial reports in the newspaper and in the annual audit report presented to the Board in a public meeting. The City will consider the auditor's recommendation that the "rainy day" reserve be included in the annual operating budget.*

- B.1. *The Board of Aldermen acknowledges that Chapter 79 requires that a semi-annual financial statement be published within thirty days of the close of the City's fiscal year. However, because the Chapter 79 language was adopted by the Missouri General Assembly in 1909 and does not fit current accounting standards, the City believes that it is better to publish semi-annual statements when such statements are in their most accurate form. At all times, however, the City published semi-annual statements in full compliance with the ordinances adopted by the Board of Aldermen. The timing requirement contained in Chapter 79 can only be met using a cash basis accounting system. The City is required by the Governmental Accounting Standards Board to account on a modified accrual basis. The City cannot provide an accurate financial report by literally complying with Chapter 79. However, the Board will consider the onsite state auditor's verbal recommendation made to the Board that the City should go ahead and spend taxpayers' dollars twice annually to publish an erroneous financial statement and then note on those statements that the reports are not accurate.*

2. *The Board of Aldermen disagrees that the City's financial statements were not always accurate. The Board acknowledges that due to the inclusion of reserve funds into its March 2002 financial statement, a one-time difference in fund balances was created. Reserve funds were included in an effort by the Board to give more information to the public. However, the statement was accurate. While the City could have been more thorough in explaining this change when it published this statement, the Board fails to see any basis for the auditor's assertion that this statement was inaccurate.*

3. *The audit report states that the City's published financial reports do not provide certain details and that the published financial statement listings do not agree. The Board does*

not understand the auditor's allegation for the following reasons. First, the City is publishing the detailed statements required by Section 79.160 RSMo. There are no other statutory guidelines or requirements specifying the amount of detail to be published. Second, the City routinely provides more detail than is required by Section 79.160 RSMo. Finally, the financial statement does correctly note balance differences between summary expenditures and expenditures by program. Transfers are not expenditures and consequently they should not be included in the "Expenditure by Program" section of the published report as implied by the auditors. Transfers are, however, properly noted in the section titled "Summary of Revenue, Expenditures and Fund Balance."

- C.1. The auditors state that documentation is not adequate to determine if the Board receives adequate information to monitor the City's financial position. The Board disagrees. Monthly financial information is routinely provided the Board. The Board receives and reviews the amount of detail that they have directed staff to provide. The Board will continue to collectively review the information provided along with the information available and will direct staff to provide information as requested.*
- 2. The auditors state that the check register presented to the Board of Aldermen is incomplete because it was missing check numbers. As fully explained to the auditors, the report that the auditors are addressing is an expenditure report requested by the Board of Aldermen and is not intended nor is it presented as a check register. Check numbers are not required on this report for the purpose that the Board is receiving and reviewing the report. Additionally, a review of the proper reports by the Board show that there are no missing check numbers and that the City has a very strict internal control process to account for and secure voided checks. That process is reviewed annually during the state mandated independent financial audit. However, this issue will be resolved in the future by the Board requesting an expenditure report only.*
- 3. The Board disagrees with the auditor's opinion that the Board does not receive information regarding payroll transactions. The City has a sophisticated classification system and pay matrix that is adopted by ordinance, reviewed annually by the Board's Budget Committee, and approved by the Board through the adoption of the annual appropriation ordinance. However, the Board will continue to review the payroll transaction information it receives and determine if additional information is desired.*
- 4. The Board of Aldermen disagrees with the auditor's opinion that the Board did not approve claims in a timely manner. On the dates stated by the auditors, the Board did not have a quorum on that issue and could not take action. The Board fails to understand why the auditors would suggest that the Board did not act in a timely manner when the Board was prohibited by law from taking action.*
- D. The Board of Aldermen do routinely review information about cash flow, investment matters and, when necessary, review personnel issues. The Board often chooses to address these items as an entire Board rather than through a specific committee. The Board will review the appropriateness of the ordinance creating the existing committees.*

AUDITOR'S COMMENT

- A.3. Section 67.010 RSMo 2000 states the annual budget shall present a complete financial plan for the ensuing budget year.
- B. State Law requires the city to prepare and publish semi-annual financial statements within one month of the end of each six month period. The city needs to determine a way to provide accurate financial information to the public on a more timely basis. It is of concern that the city needed almost six months to compile financial information for the September 30, 2002 published financial statements.
- C.4. The written minutes on those dates show five of six board members were in attendance at the meeting.

6. Expenditures

Controls and procedures over city expenditures need improvement. The Board of Aldermen does not consistently follow the city's procurement policy regarding professional services. The city does not have a policy regarding local meal expenses, and numerous expenditures did not appear to be a prudent or necessary use of city funds. Further, controls over the petty cash funds need to be improved.

- A. The city's procurement policy is not consistently followed. The policy indicates that professional services are excluded from the competitive bidding requirements if the funds have been approved by the Board of Alderman in the annual budget. However, as noted at MAR No. 5, the city's budget is not adequately detailed; therefore it is unclear which professional services were included in the budget. In addition, the city had no documentation to support why they solicited proposals for only some professional services.
- The city did not solicit proposals for the services of the bond underwriter, bond counsel, and bond rating services for debt instruments issued in January 2003, for the Branson Landing project and to retire previous bond issues. These issuance costs totaled about \$800,000.
 - The city has hired several law firms and individuals to provide various legal services and to serve as the city's prosecuting attorney. The city paid approximately \$124,400 for these legal services during the year ended September 30, 2002. In addition, the city has contracted with a governmental relations attorney and a legislative consultant and paid them \$64,000 and \$35,000; respectively, during the year ended September 30, 2002. The city did not solicit proposals for these services.

- The city contracted with a company based in Florida to provide services related to re-codifying the city's ordinances. The base amount of the contract is \$16,000. The city did not solicit proposals for these services.
- We reviewed contracts with two separate architects during the year ended September 30, 2002. The city solicited proposals for architectural services related to a new recreation center with swimming pool and sports complex, and paid the architect about \$15,000 during the year. However, the city did not solicit proposals for architectural services related to the Branson Landing project, for which they paid approximately \$114,000 during the year ending September 30, 2002. (See MAR No. 1 regarding the Branson Landing project).
- The city solicited proposals for auditing services in 1998 and 2001. In 1998, the city advertised in four newspapers throughout Missouri and one newspaper in Arkansas, receiving proposals from six different firms. The city solicited proposals for auditing services again in 2001, however they only advertised in a local newspaper and indicated they sent letters to select firms. The city received proposals from only two firms and awarded the contract to the same auditing firm they contracted with 1998. While this firm was the lowest of the two proposals received in 2001, city officials could not adequately explain why the city solicited proposals in a different manner which resulted in less proposals. The city paid this auditing firm approximately \$36,800 during the year ended September 30, 2002.

While professional services, such as attorneys, architects, accountants, and consultants, may not be subject to standard bidding procedures, the city should consider amending its policy and solicit proposals for professional services to the extent practical. Soliciting proposals and subjecting such services to a competitive selection process does not preclude the city from selecting the vendor or individual best suited to provide the service required. Such practices help provide a range of possible choices and allow the city to make a better-informed decision to ensure necessary services are obtained from the best-qualified vendor at the lowest and best cost. In addition, the city should maintain documentation indicating the basis for selection.

- B. The city does not have a policy regarding local meal expenses. Numerous meal expenses within the city limits of Branson were requested and reimbursed, or charged to the city's credit card. In the one month reviewed, we noted local meal expenses of about \$700. According to city personnel, these meals were for meetings among city employees or board members. Many of the instances noted included lunch reimbursements for the same three or four employees as well as members of the board. The City Administrator indicated that due to the long hours city employees are required to work, it seems appropriate for the city to incur these costs.

The city should review the need for reimbursing local meal expenses. If the city determines this to be a necessary cost of the city, guidelines should be established defining those expenses eligible for reimbursement.

C. The city allocates vending machine revenue from all vending machines located throughout the city parks and property to pay for annual parties, gift certificates, and employee recognition awards. However, for fiscal year ended September 30, 2002, these revenues of approximately \$9,900 were not sufficient to cover the expenses of approximately \$10,800. Our review noted the following:

- The city holds an annual holiday party which all city officials, employees, and their spouses are invited to attend. The city pays all of the costs related to the party, which totaled approximately \$3,800 for the year ended September 30, 2002. Cost related to the party were for meals, facility, band, prizes, candy, decorations, and camera film.
- The city awards numerous gifts to employees selected as employees of the month and employees of the year. These include gift certificates to area restaurants (\$50-\$75), gift certificates to a local business or outlet mall (\$150), movie and popcorn passes (\$20), a designated parking space with a marker including the employees name, plaques, and a reception in the employees department with food and beverages for the reception (\$100-\$300). For the year ending September 30, 2002 approximately \$3,300 was expended on employee awards.

Numerous other questionable expenditures including flowers and gifts for employees were also purchased. In addition, the city has a policy allowing employees to make one 15 minute personal call per day paid for by the city when the employee is traveling out of town on city business. It is unclear how these expenditures are a prudent use of public funds.

The city's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. These purchases do not appear to represent a necessary and prudent use of city funds.

D. The city does not have a policy regarding the use of petty cash funds. Various departments within the city maintain petty cash funds ranging from \$50 to \$650. Reimbursements to these petty cash funds for the year ended September 30, 2002, totaled approximately \$6,700. Our review of the city's petty cash funds noted the following areas of concern:

1. The petty cash funds are used to pay for items which should be purchased through the city's normal disbursement process. For instance, petty cash was regularly used to reimburse employees for meals. All meal expenses should be reimbursed to employees based on the filing of detailed expense reimbursement reports.

2. Although the petty cash reimbursement form requires an approval signature, we noted numerous instances in which the reimbursement was not authorized by someone independent of the requestor, or was approved by someone that does not have authority to approve expenditures. We also noted several instances in which the form did not indicate who actually received the reimbursement. Several of the expenditures that were not properly approved were for questionable items such as employee gift certificates and refreshments noted in part C. above.

To ensure expenditures are valid and appropriate, all reimbursement forms should be properly completed and approved by someone independent of the requestor that has the authority to approve expenditures.

- E. The city does not account for the numerical sequence of checks, and voided checks are not always input into the city's computer accounting system in a timely manner. The city provided us with an electronic database of checks issued during the year ended September 30, 2002. While the city indicated the database was a complete listing of all checks issued, we noted several missing checks. At our request the city investigated the missing check numbers and found many of them to be voided checks that had not been added to the system in a timely manner. However, one check had been issued out of numerical sequence and was included in the prior fiscal year's activity.

To ensure all checks are accounted for properly, the numerical sequence of all checks should be accounted for and all checks should be entered into the computer system in a timely manner, including voided checks.

WE RECOMMEND the Board of Aldermen:

- A. Consider amending the city's procurement policy and require periodic solicitation of proposals for professional services. In addition, maintain adequate documentation indicating the basis for selection.
- B. Review the need for reimbursing local meal expenses. If this is determined to be a necessary operating cost of the city, a formal policy should be established defining those circumstances where such expenses would be eligible for reimbursement.
- C. Ensure all expenditures from city monies are a prudent use of public funds.
- D.1. Ensure meals are properly reimbursed through the accounts payable system, and that the petty cash fund is only used for small type expenditures.
2. Ensure petty cash reimbursement forms are properly completed and approved by someone independent of the requestor with the authority to approve expenditures.

- E. Account for the numerical sequence of checks issued and ensure all checks are entered into the system in a timely manner, including voided checks.

AUDITEE'S RESPONSE

- A.1. *The Board of Aldermen disagrees with the auditor's opinion that the Board of Aldermen does not consistently follow the city's procurement policy for professional services and excludes them from bidding requirements. Professional services are obtained based on qualifications. Professional services providers are selected based on the specific nature of the service, circumstances surrounding the purchase and past experience. These criteria are presented by staff during the necessary Board committee meetings and regularly scheduled board meetings. This flexibility is what is intended within the city code to insure the best outcome for the City and it fully complies with city and state law.*
2. *The Board disagrees with the auditor's opinion that the City's budget is not adequately detailed to determine which professional services are included. It should be noted that there is no standard regarding the amount of detail that should be included in a published budget. The Government Finance Officers Association recommends a more summarized publication using service categories that allow an easier analysis by citizens for the cost of services. The City's published budget is a summarized program-based budget using service categories. The amount of detail that is actually available could not possibly be placed into one published document. The question then becomes how much detail is enough. Each community makes a determination and establishes an answer through its elected officials.*

The City's published budget provides a category called Contractual Services that includes professional services. This category, reviewed in detail by the Budget Committee, includes all known contractual services along with all reasonably anticipated, but uncertain expenses, for contractual services. Additionally, the Board of Aldermen approves all contracts exceeding \$15,000, even if the item is specifically stated in the budget. Given the types of professional services that fall within the Contractual Services Category, competitive bidding would be adverse to the City's best interest since these purchases usually involve specialized expertise within a narrow legal or professional area. Merely awarding a contract to the lowest bidder for these types of services would result in the City receiving substandard or inferior services. It should be noted that even the state of Missouri, when seeking Requests for Proposals (RFPs) for such services as road design and engineering, prohibits cost from being submitted in the RFP response. The state only considers the qualifications of the respondent when awarding a contract.

- B. *The Board of Aldermen approves the current practice regarding meal expenses. However, the Board will continue to review this practice.*
- C. *The Board disagrees with the auditor's opinion regarding employee morale programs. Every business and organization understands the need to provide these types of programs. Human resource management research continues to show that these*

programs create a more positive, productive and effective workforce and are good business practices. It has also been the practice of the Board to provide flowers for funerals and hospitalized employees and awards for years of service and retirement. The Board will continue to review the use of employee programs, expenditures for flowers and appropriate awards for retirement and service. Further, these forms of expressing appreciation to volunteers and employees are an appropriate use of taxpayers dollars and do not violate state law or published rules.

- D.1. The Board of Aldermen disagrees that the City does not have a policy regarding the use of petty cash funds. While there is not a written policy, the Finance Department has established petty cash fund procedures through standard operational and internal cash management processes. The City uses the American Institute of Certified Public Accountants (AICPA) guidelines in determining process and adequacy of petty cash controls. Furthermore, as documented by the AICPA and the Controllers Policy and Procedures Manual, standard business practices definitely do not limit the proper use of petty cash to only those uses suggested by the auditors. Petty cash provides a timely reimbursement to employees who must use their own cash to make a city related purchase. Additionally, and even more important, the use of petty cash for small but necessary city purchases eliminates the need to create a check through the accounts payable system. Running a small purchase through the accounts payable system would often create a cost greater than the original expenditure.*
- 2. Organization-wide, the City averages approximately \$550 dollars per month for petty cash reimbursements. The decision to allow departmental directors to authorize petty cash reimbursements, including any they incur themselves, is a decision which reflects the limited number of petty cash transactions, the responsibility levels of those directors as executive staff and efficiency issues based on the fact that many department heads are not centrally located. Additionally, all petty cash reimbursements are reviewed by Finance for appropriateness. Consequently, due to the small amounts and limited number of transactions involved, any improperly reimbursed petty cash expenditure would be quickly determined and corrected.*
- 3. The Board of Aldermen disagree with the auditors statement that some petty cash expenditures were not properly approved or authorized. A review of all petty cash transactions showed proper approval and authorization of all transactions by city department heads or their appropriate designees.*
- E. The Board of Alderman disagrees with the auditor's opinion that the City does not account for the numerical sequence of checks, and voided checks are not always entered into the city's computer accounting system in a timely manner. The "All Check Register Report" and the "Voided Check Register Report" come directly off the computer system and clearly document that checks are accounted for in a numerical sequence in the system and documents that entries are processed in a timely manner.*

AUDITOR'S COMMENT

- E. The expenditure data provided to us from the city's computer system did not include 19 check numbers.

7. Cellular Phones

The city pays for seventy-seven cellular phone plans for various city departments and employees. Seventy-five cellular phones are serviced by one provider charging a monthly fee of approximately \$21 per phone with 15,000 shared minutes for all the phones. The remaining two phones are serviced by a different provider. Cellular phone expenditures totaled approximately \$21,800 for the year ending September 30, 2002. Our review identified the following:

- The city has not developed a formal written policy regarding cellular phone usage, or guidelines to determine whether a cellular phone is needed or of benefit to the city. The city currently has cellular phones for approximately 38% of full-time employees. We noted several cellular phones with little or no usage, while the majority of the usage on several other cellular phones was for personal calls. Of the seven employees we reviewed for one month, two directors utilized their cellular phones over 60% for personal use, three employees had more than 20% personal usage, and two employees had less than 10% personal usage.
- Confusion apparently exists among city employees as to whether personal cellular phone usage is allowed and if so, if the personal use is to be reimbursed to the city. Some city departments discourage personal use of cellular phones except in cases of emergency, while other departments allow personal use of cellular phones with such costs to be reimbursed to the city. The City Administrator indicated that personal phone calls were allowed, and reimbursement is on a voluntary basis and not required. We reviewed the cellular phone usage for the City Administrator, Assistant City Administrator, several directors and employees, and found that most of these employees regularly reviewed their personal cell phone usage and reimbursed the city. However, the City Administrator only reimbursed the city \$18 during the year, but the one month reviewed indicated personal calls and fees in excess of \$18. While it appears the City Administrator regularly makes personal phone calls, there was no documentation to indicate that he reviews his bills for personal use.
- Two of the cellular phones are through a separate provider, and the city is charged a monthly fee as well as a fee for each minute of usage. As these phones receive very little usage, it appears it would be more cost-efficient to use the same provider for all cellular phones.

While cellular phones can help increase employee productivity, they are also costly. A formal written policy should be developed regarding cellular phones. This policy should

establish a monitoring system for the assignment and usage, and ensure the cellular phones are properly used for business purposes. In this policy, the city should consider prohibiting the personal use of the cellular phones, except in cases of emergency.

WE RECOMMEND the Board of Aldermen develop a formal written policy regarding the use of cellular phones, including a provision prohibiting their use for personal reasons. In addition, the city should establish a monitoring system for the assignment and usage of cellular phones and should consider utilizing the same provider for all cellular phone services.

AUDITEE'S RESPONSE

The Board of Aldermen disagrees that the City does not have a written cell phone use policy. The City has a phone use policy that applies to cell phones and landline phones. Since this policy was provided to the auditors, the Board fails to understand their claim.

Just as with the City's landline phones, the City is charged a flat rate not based on accumulated air time minutes. Consequently, cell phone air time within the city's cell phone region, which includes the state of Missouri and parts of several other states, does not result in additional charges just as the use of the City's landline phones create no extra cost when only local calls are made. While the use of any city phone for personal use is discouraged, it is recognized that a certain amount of personal calls will occur – on either cell phones or landline phones. Call histories for all phones are reviewed monthly for excessive personal use and any personal calls that generate long distance or roam charges must be reimbursed.

The auditor's comments regarding personal use of cell phones by department heads completely ignores the reality of the work obligation expected and required of the City's executive staff. Work requirements and demands occurring both before and after normal working hours, create circumstances that can and often do place a strain on family relationships. Because the Board recognizes and supports positive family values and relationships, it will continue to allow the reasonable usage of phones for personal use. Additionally, all directors are assigned a cell phone. The amount of usage of a cell phone by an employee has no correlation with the importance or necessity of that employee being assigned a cell phone.

AUDITOR'S COMMENT

While the city does have a written policy regarding telephones and fax machines, the policy does not specifically address cellular phones. Such a policy should address which employees need a cellular phone, the proper use of a cellular phone, and a reimbursement policy if the Board of Aldermen authorizes cellular phones to be used for personal use.

Mileage logs are not maintained on most city owned vehicles, and the Board of Aldermen did not receive complete bid information on a vehicle purchased for the City Administrator.

- A. Through its various departments, the city owns and operates approximately 140 vehicles. With the exception of some vehicles utilized by the fire department and police department, mileage logs are not maintained for most city owned vehicles. Complete and detailed mileage logs are necessary to monitor mileage and evaluate the usage of vehicles. The mileage logs should include the purpose and destination of each trip, and the daily beginning and ending odometer readings. These logs should be reviewed by a supervisor to ensure vehicles and equipment are used only for city business and are being properly utilized. Information on the logs should be reconciled to gasoline purchases and other maintenance charges.

In addition, 18 employees, including the City Administrator, Assistant Administrator, and several directors, use city owned vehicles to commute to and from work. Further, the City Administrator's employment contract authorizes personal use of the city owned vehicle as part of his compensation; however, no compensation has been included on the City Administrator's W-2. IRS reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs that distinguish between business and personal usage. Procedures have not been established by the city to ensure personal mileage is reported to the IRS. As a result, the city may be subject to penalties and/or fines for failure to report all taxable benefits.

- B. In February 2002 the city purchased a new utility vehicle costing approximately \$33,000 for the City Administrator. While advertising records indicate bids were publicly solicited and it appeared several bids met the specifications outlined in the bid request, only one bid was presented on the staff report provided to the Board of Aldermen for consideration. According to the City Administrator, after bids had been requested, members of the Board of Aldermen verbally told him to ensure the utility vehicle purchased was equipped with a third seat for additional adult seating, and only one of the bids met this requirement. However, we identified other bids containing the third row seating option; one \$1,000 less and the other \$2,500 less than the bid selected. The city provided no documentation to support the justification for eliminating all but one bid on the staff report presented to the Board of Aldermen.

Competitive bidding helps ensure all parties are given an equal opportunity to participate in city business. If specifications were changed after the bid was publicly requested, the Board of Aldermen should have considered rebidding.

WE RECOMMEND the Board of Aldermen:

- A. Require a mileage log be maintained that reflects business and personal miles driven and review this log periodically for reasonableness. In addition, the board should comply with IRS guidelines for the reporting of fringe benefits relating to personal vehicle use.
- B. Ensure specifications are not changed after public bids are solicited. If the Board of Aldermen determines the need to change bid specifications, consideration should be given to rebidding.

AUDITEE'S RESPONSE

- A.1. *The Board of Aldermen will review the auditor's opinion regarding the merits of certain employees maintaining a mileage log. While the City Administrator does maintain a mileage log, the Board questions the practicality and actual value for other employees who are not allowed to use city vehicles for personal use to be required to maintain a log. The City is complying with IRS guidelines pertaining to the use of company vehicles.*
- 2. *Twelve of the eighteen vehicles taken home by employees are on-call emergency fire and police personnel. The remaining vehicles are assigned to employees who are expected to be responsive to immediate call out and other special duties required by their positions. Additionally, it is more cost effective to provide a city vehicle than to pay mileage reimbursements to an employee using their personal vehicle for city business.*
- B. *The Board disagrees with the auditor's comments concerning the purchase of the City Administrator's vehicle. The specifications were not changed as stated by the auditors, and the Board was directly involved in the decision to purchase the vehicle. All expenditures are subject to the Board's judgment of whether they are a prudent use of taxpayer funds. The auditors should not substitute their judgment in place of those of the duly elected local authority.*

AUDITOR'S COMMENT

- A. We saw no evidence of personal usage being reported to the IRS.
- B. With the lack of documentation for this transaction, any judgment would be difficult.

Several weaknesses were noted with the Board of Aldermen's procedures for closed meetings. Open meeting minutes were not always maintained or signed attesting to their accuracy. In addition, it is not evident if the city is complying with the Sunshine law regarding public requests for information.

A. The Board of Aldermen held several closed meetings during 2001 and 2002. Our review of the closed meeting minutes identified the following concerns:

1. The regular board minutes and the meeting agendas do not document the specific reasons for going into a closed session. The minutes and the agendas normally quote Section 610.021 RSMo., subsections 1, 2, and 3 which are three general reasons for going into closed session and include litigation, real estate transactions, and personnel issues. The specific reason for going into closed session is not indicated, and several instances were noted in which the board did not discuss all three of the issues indicated.

Section 610.021, RSMo, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, personnel issues, some competitive bidding issues, confidential or privileged communications with auditors, etc. Section 610.022, RSMo, requires a closed meeting, record or vote be held only for the specific reasons announced publicly at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

2. It is unclear how some items discussed by the Board of Aldermen during closed meetings are allowed under the provisions of the Sunshine law. Examples include the city's bond rating and financing options, the contract with the city's governmental relations attorney, and the advertisement of the Municipal Judge position. The board should ensure that topics discussed in closed session are restricted to the specific business at hand.

Section 610.021, RSMo, allows the board to discuss certain subjects in closed meetings. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

3. Numerous decisions have been made in closed meetings and are not recorded in the regular minutes or otherwise publicly posted. Instead, the city's practice is to make them available only upon request. Section 610.021, RSMo 2000, requires certain matters discussed in closed meetings to be made public upon final disposition.

- B. Minutes were not maintained for some meetings of the Board of Aldermen, and the city does not have adequate controls over the postings of public meetings.

Annually the Board of Aldermen and the Mayor meet for a goal setting workshop, and although a notice appears to have been posted for these workshops, there were no minutes taken. In addition, we noted several instances when meeting notices indicate a majority of board members were to attend various activities at other locations, but minutes were not maintained.

The City Clerk maintains a file of the notices for all meetings. Based upon documentation in the file, it appears that only some notices are faxed to the media, and it is unclear why all notices are not handled consistently. The city needs to establish controls to ensure minutes are maintained of all meetings, and the method in which meeting notices are posted is adequately documented. Section 610.010, RSMo 2000, indicates that any meeting of a public governmental body at which any public business is discussed, decided, or public policy formulated is subject to the provisions of the open meetings law, which includes the requirement to post the meetings, and the preparation of minutes documenting any actions taken or decisions made.

- C. Regular board meeting minutes are prepared by the City Clerk; however, the minutes are not always signed by the City Clerk and the Mayor. The minutes from October 28, 2002, through January 27, 2003, had not been signed. The minutes should be signed by the City Clerk and approved by the Board of Aldermen and signed by the Mayor immediately upon approval to provide an attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.
- D. The city does not have adequate controls to ensure compliance with the Sunshine law in following up on information requested by the public. The city maintains a log of public requests; however, various problems were noted with the log.

The log was often incomplete, as in numerous instances the log did not indicate the date the request was completed. Without such information, compliance with the request being answered within the three days as required by statute cannot be proven. In addition, there was no documentation of how the information provided to the requestor was derived and in some instances, the information provided was vague.

Section 610.023, RSMo 2000, indicates each request for access to a public record shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received by the custodian of records of a public governmental body. If access to the public record is not granted immediately, the custodian shall give a detailed explanation of the cause for further delay and the place and earliest time and date that the record will be

available for inspection. To ensure the city is complying with statute, the city should document adequate information in the request log to determine if requests are completed timely and that all requests are adequately fulfilled. In addition, the city should ensure the request is adequately fulfilled by providing clear, detailed information.

WE RECOMMEND the Board of Aldermen:

- A. Ensure minutes state the specific reasons for going into a closed session and limit closed meetings to only those purposes specifically allowed by state law. In addition, the board should ensure the final disposition of certain matters discussed at closed meetings is made public.
- B. Ensure meetings are publicly posted and minutes are maintained for all meetings, in accordance with the provisions of Chapter 610, RSMo.
- C. Ensure board minutes are properly signed to attest to their accuracy.
- D. Ensure the city's public request log is complete and that the city is complying with the Sunshine law.

AUDITEE'S RESPONSE

The Board will review the auditor's comments and continue to rely upon the City's legal counsel's advice to ensure compliance with state law.

10. Contractual Agreements

The city has not adequately monitored lease payments due to the city, obtained documentation of insurance coverage on boat dock leases, and entered into an agreement with Taney County for the collection of city property taxes.

- A. The city entered into an agreement with a local business in 1986 to lease a portion of the old airport property. The lease agreement provided for an increase in the rent amount every 5 years based upon the consumer price index. While lease payments were adjusted in 1991, payments were not increased in 1996. The city noticed the error in April 2001 and subsequently billed the lessee \$64,000, which according to city records was paid on October 18, 2002.

The failure to monitor lease agreements timely could result in lost revenue to the city.

- B. The city entered into lease agreements with several boat dock owners. The lease agreements indicate the dock owners are required to keep insurance in force that will protect the city against any liability that may arise based on claims of persons

who go on the boat docks from the city's property. However, the city has not monitored to ensure the dock owners are maintaining insurance coverage. Insurance policies for dock owners dated back to 1992 and 1993, with the most current copy dated 1997.

To protect the financial interests of the city and ensure the dock owners are complying with contract terms, the city should obtain and review insurance documentation from the dock owners.

- C. The city has not entered into a formal written contract for the collection of city property taxes by the Taney County Collector. Amounts are withheld from all city tax collections for commission and assessment withholdings by Taney County. The last contract for these services expired in 1996. Section 432.070, RSMo 2000, requires contracts of political subdivisions be in writing.

WE RECOMMEND the Board of Aldermen:

- A. Ensure lease payments are adjusted in a timely manner in accordance with lease agreements.
- B. Ensure adequate documentation of insurance coverage is obtained from dock owners that protects the city against any potential losses.
- C. Obtain a written agreement with Taney County for tax collections.

AUDITEE'S RESPONSE

- A. *The Board acknowledges the auditor's finding that in 1996 the City did not adjust an airport lease. The adjustment due the City from the 1996 lease adjustment had been identified by the City in 2001 and was corrected.*
- B. *The Board will review the auditor's findings and will continue to rely upon its legal counsel's advice to ensure compliance with all contracts and state law.*
- C. *The Board notes the auditor's suggestion regarding a formal written contract with the Taney County Collector for the collection of city taxes. However, as the auditors are aware, the County Collector, due to prior litigation involving collection contracts, had determined that it was better practice to not enter into written collection contracts with the city and instead to follow guidance of Missouri statutes regarding the collection of ad valorem taxes.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF BRANSON, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Branson is located in Taney County. The city was incorporated in 1912 as a fourth-class city. The population of the city in 2000 was 6,050.

The city government consists of a mayor and a six-member board of aldermen. The members are elected for two-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other principal officials at September 30, 2002, were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Compensation Paid for the Year Ended September 30, 2002</u>
Louis Schaefer, Mayor	April 2003	\$ 10,200
Stan Barker, Alderman (1)	April 2004	210
Eric Farris, Alderman (2)	April 2003	110
Dick Gass, Alderman (3)	April 2004	120
Ron Huff, Alderman	April 2003	220
Larry Taylor, Alderman (4)	April 2003	110
Bob Warlick, Alderman (5)	April 2003	230
<u>Other Principal Officials</u>		
Terry Dody, City Administrator (6)		137,539
Kevin Faught, Assistant City Administrator(7)		87,154
Sandra Williams, City Clerk(8)		58,213
Deanna Schlegel, Finance Director(7)		79,626
Donald Stephens, Planning Director(8)		69,502
Larry VanGilder, Public Works Director(8)		74,112
David Miller, City Engineer(8)		73,630
Carl Sparks, Fire Chief(8)		64,479
Stephen Mefford, Chief of Police(8)		74,113
Linnea Smith, Health Director(8)		61,184
Deborah Durler, Personnel Director(8)		67,782
Thomas Motley, Municipal Judge (9)		10,625
Cindy Shook, Parks Director(8)		47,455
Deborah Deuster, City Attorney(8)		70,816
Jerry Adams, Public Relations Director(8)		58,204

All city employees, including elected officials, are covered by a \$100,000 blanket bond.

- (1) Elected in April 2002 to replace Mike Palmer.
- (2) Elected in April 2002. Replaced by David Edie in April 2003.
- (3) Elected in April 2002 to replace Jeanne Hendricks
- (4) Elected in April 2002 to replace Walt Stone. Replaced by Beverly Martin in April 2003.
- (5) Served in Ward I until April 2002 when he was elected in Ward II replacing Barbara Nygard. Replaced by Jack Purvis in April 2003.
- (6) In addition to his base salary, the City Administrator was paid \$12,450 for deferred compensation, \$19,263 for unused vacation and sick leave, and \$2,884 for "special leave." His total compensation for fiscal year 2002 was \$137,539.
- (7) In addition to base salary, includes payments for deferred compensation and "special leave."
- (8) In addition to base salary, includes payments for "special leave."
- (9) Appointed in March 2002 replacing William Adams who passed away in December 2001.

On September 30, 2002, the city employed approximately 200 full-time and 16 part-time employees.

Assessed valuations and tax rates for 2002 were as follows:

ASSESSED VALUATION

Real estate	\$ 298,745,230
Personal property	38,636,092
Total	<u>\$ 337,381,322</u>

TAX RATES PER \$100 ASSESSED VALUATION

	Rate
General Fund	<u>\$ 0.4842</u>

The city has the following sales taxes; the rates are per \$1 of retail sales:

	Rate	Expiration Date
General	<u>\$.010</u>	<u>None</u>
Road improvement	.005	09/30/2005

The city also has the following tourism taxes; rates are per \$1 of related sales:

	Rate
Rooms/accommodations and tourist attractions	<u>\$.040</u>
Restaurants	.005



**ST. LOUIS REGIONAL CONVENTION AND SPORTS
COMPLEX AUTHORITY**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-75
July 25, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office of
Missouri State Auditor
Claire McCaskill

July 2003

Inadequate insurance coverage and improper closed meetings noted in audit of St. Louis Regional Convention and Sports Authority

This audit reviewed practices and procedures of the St. Louis Regional Convention and Sports Complex Authority (the Authority) for the three years ending December 31, 2002. The Authority was established in 1989 to finance, construct, operate and maintain a multi-purpose convention and sports facility, which expanded the existing A. J. Cervantes Convention Center with a new 70,000-seat domed stadium. The stadium, named the Edward Jones Dome (the Dome), hosts conventions, trade shows, exhibitions, concerts and sporting events, including St. Louis Rams games. The project was a joint venture between Missouri, St. Louis City and St. Louis County. The state will ultimately spend \$355 million for its portion of the project through 2021.

50-day lapse in adequate earthquake insurance coverage for sports dome

For 50 days in the summer of 2002, the Dome was not adequately insured against earthquake damage.

The Authority owns the Dome and is responsible for its maintenance and preservation. However, the Authority has leased the Dome to the St. Louis Convention and Visitors Commission (the CVC), which is also responsible for the rest of the America's Center complex. Under the lease with the Authority, the CVC maintains and operates the Dome and is responsible for obtaining and paying for the insurance on the Dome.

During the period from July 1, 2002 to August 19, 2002, the CVC maintained only \$80 million in earthquake insurance on the America's Center (including the Dome). CVC officials said the shortfall in coverage was due to difficulty in obtaining insurance and skyrocketing prices following the events of September 11, 2001. The proximity of St. Louis to the New Madrid fault also added to the cost of earthquake insurance. CVC officials initially estimated total insurance costs at \$1.5 million for fiscal year 2003, but actual bids were approximately \$2.8 million. Due to the large increase, CVC officials initially obtained insurance closer to the original cost estimate, which did not include adequate earthquake coverage. However, effective August 20, 2002, the CVC purchased additional earthquake insurance totaling \$475 million, equal to the approximate value of the America's Center facilities and the amount needed to meet legal requirements.

Although Authority officials had discussions with CVC officials regarding insurance difficulties well before the July 2002 renewal date, additional efforts were apparently needed to resolve the difficulties before the lapse in coverage.

YELLOW SHEET

In a response to the finding, the Authority asserted it had properly exercised due diligence to ensure the CVC fulfilled its responsibilities regarding the lease. When the Authority became aware the earthquake insurance was less than necessary, it made demands on the CVC to obtain additional insurance. However, the Authority stated it has taken steps to improve interaction and communications with the CVC. (See page 5)

Some of the Authority's closed meetings did not fully comply with the Sunshine Law

Auditors found several examples of items improperly discussed in closed session meetings, such as the use of the Authority's suite at the Dome by current and former commissioners and inquiries from the St. Louis Mayor's office regarding the purpose of the Authority and its budget. Authority officials agreed that sometimes matters such as these came up in closed session, but then quickly terminated and handled later in open session. Meeting minutes did not show the length of such discussions. In addition, the meeting minutes do not specify the particular reasons for going into closed session, which is required by state law.

In a response to the finding, the Authority disagreed with the auditors' conclusions and asserted that the Authority's meetings are in full compliance with the Sunshine Law; however, it indicated it has since distributed information to commissioners detailing appropriate closed meeting subjects and will endeavor to be as specific as possible when citing statutory authority to go into closed session. (See page 8)

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ST. LOUIS REGIONAL CONVENTION AND SPORTS
COMPLEX AUTHORITY

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the Missouri General Assembly
and
Members of the St. Louis Regional Convention
and Sports Complex Authority
St. Louis, MO 63101

We have audited the St. Louis Regional Convention and Sports Complex Authority (the Authority). The scope of this audit included, but was not necessarily limited to, the years ended December 31, 2002, 2001, and 2000. The objectives of this audit were to:

1. Review expenditures made by the Authority, including those made from state funding received by the Authority.
2. Review compliance with applicable legal, regulatory, and contractual provisions and established policies.
3. Review the efficiency and the effectiveness of certain management practices and operations.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. The firm of KPMG, LLP, Certified Public Accountants, had been engaged to perform financial audits of the Authority for the years ended December 31, 2001 and 2000. A similar audit for the year ended December 31, 2002, has not been completed. To minimize any duplication of effort, we reviewed the reports and substantiating working papers of the CPA firm. In conducting our audit, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed Authority personnel.

As part of our audit, we assessed the Authority's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the Authority's management and was not subjected to the procedures applied in the audit of the Authority.

The accompanying Management Advisory Report presents our findings arising from our audit of the St. Louis Regional Convention and Sports Complex Authority.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

January 14, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In Charge Auditor:	Scott L. Fontana

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

ST. LOUIS REGIONAL CONVENTION AND SPORTS
COMPLEX AUTHORITY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Insurance Coverage
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The Edward Jones Dome (the Dome) was not adequately insured against damage from a destructive earthquake during a 50-day period during the summer of 2002.

The Authority owns the Dome and is responsible for its maintenance and preservation. To assist in these responsibilities, the Authority has entered into an operating lease with the St. Louis Convention and Visitors Commission (CVC) to maintain and operate the Dome. This operating lease requires the CVC to obtain and pay for insurance that adequately covers the value of the facility. Because the CVC is contractually responsible for operating the entire America's Center complex (the Dome and the adjoining convention center), it has obtained insurance packages that cover the entire complex.

The America's Center (including the Dome) was not adequately insured from July 1, 2002 to August 19, 2002. During that period, the CVC maintained only \$80 million in earthquake (seismic) insurance. In contrast, at July 1, 2002, the value of the buildings, including improvements, of the America's Center (including the Dome) totaled \$473 million. During the prior policy period (July 1, 2001 to June 30, 2002), the CVC maintained earthquake insurance for the America's Center totaling \$799.5 million. According to the CVC, this insurance coverage was the aggregate of (i) earthquake coverage which was an adjunct to and cost little more than normal property insurance, business interruption coverage for the CVC and the St. Louis Rams football team, and (ii) an extra 15 percent, which insurance companies routinely added on prior to September 11, 2001.

According to a CVC official, the shortfall in insurance coverage during this 50-day period was the result of great difficulties in getting the insurance coverage renewed. We were informed the events of September 11, 2001, the economy, and other factors had a significant impact on the insurance industry, and the CVC's insurance broker was unable to obtain comprehensive quotes on possible coverage until just a few days before the July 2002 renewal date. Once the quotes were obtained, it was discovered the number of insurance markets interested in providing insurance on high profile public facilities had shrunk and the cost of insurance had skyrocketed.

Even though the CVC had anticipated an increase in insurance costs, the increase was substantially more than anticipated. According to this CVC official, the America's Center had budgeted about \$1.5 million for insurance costs (a 37 percent increase) for fiscal year 2002, compared to \$1.1 million the previous year. However, the actual insurance bids were approximately \$2.8 million. After obtaining these bids, the CVC decided to secure basic insurance coverage at a cost approximating the budgeted amount.

The initial earthquake coverage obtained totaled \$80 million. According to that official, to increase the coverage to the maximum then available (\$425 million) would have cost another \$1.1 million and was considered cost prohibitive.

We were informed the CVC requested its insurance broker to continue to pursue excess earthquake insurance. Besides the general market forces, it appears the proximity of St. Louis to the New Madrid fault resulted in additional earthquake insurance being very costly. After determining the excess earthquake insurance could not be obtained for less, the CVC purchased insurance (totaling \$475 million), effective August 20, 2002, for \$1.2 million. Although less than the coverage maintained prior to July 1, 2002, the amount is comparable to the value of the complex's buildings and improvements and is considered sufficient by Authority officials.

Although the shortfall in earthquake insurance was eventually corrected, the Dome was not adequately protected during this 50-day period had a major earthquake occurred. Besides the financial disaster which would have resulted had an earthquake occurred, this situation represents noncompliance with various legal requirements involving the financing and leasing of the Dome.

The 1991 Financing Agreement entered into between the Authority and the sponsors of the project (the state of Missouri, the city of St. Louis, and St. Louis County) requires insurance be maintained against loss or damage by fire, lightning, earthquake, or other risks in an amount equal to the value of the facility.

The Authority has a responsibility to ensure the Dome is adequately insured at all times. Although Authority officials had discussions with CVC officials regarding insurance difficulties as early as April 2002 and were aware that a significant increase in insurance costs was anticipated, sufficient efforts should have been made to resolve the insurance difficulties prior to the lapse of coverage.

WE RECOMMEND the Authority work with the CVC to ensure the Edward Jones Dome is adequately insured at all times.

AUDITEE'S RESPONSE

Contrary to the position asserted by the State Auditor, the Authority has met its responsibilities regarding insurance coverage for the Dome. Additionally, the Authority believes that the heading should be "Sufficiency of Earthquake Insurance Coverage" as all other required insurance coverages were in place on July 1, 2002, including \$80 million of earthquake coverage.

Pursuant to the terms of the Operating Lease between the Authority and CVC, CVC is responsible for obtaining all insurance coverage for the Dome required by the various financing agreements relating to the Dome. Insurance coverage for the Dome was renewed annually by CVC effective each July 1. In anticipation of the changes in the insurance market after September 11, 2001, the Authority, through its Executive Director commenced communications with senior management of CVC in March 2002, inquiring as to the status of the insurance

renewal, any issues anticipated by CVC and whether CVC had sufficient monies to pay for the required coverages. These communications from the Authority to CVC were both oral and written and continued monthly at regular Authority and CVC management meetings. Copies of the written communications were provided to the representatives of the State Auditor's office during the course of the state audit, and the Executive Director also provided notes of meetings and telephone communications with CVC on these matters. The Executive Director reported to the representative that CVC informed the Authority that no further assistance from the Authority was needed and that CVC was handling the matter.

In addition, the Executive Director attended many public meetings of the CVC, including the June 2002 Annual Meeting, and no mention was ever made of an insurance problem. As that date approached, the Authority requested a copy of the insurance certificate evidencing procurement of the required coverages. CVC assured the Authority that the insurance was in place and that the Authority would receive a copy of the insurance certificate after July 1, 2002. The Authority's Executive Director made several requests for the certificate and each time was told it would be delivered to the Authority. It should be noted that, because of the heavy volume of insurance business with July 1 renewals, it is not at all unusual for insurance certificates and binders to be delayed after the insurance is placed in effect. This was doubly true in June and July 2002, post 9/11, when property and reinsurance markets were in turmoil. It was therefore not unexpected or alarming that the actual insurance certificates were delayed. Only on August 18, 2002, did the Authority become aware that the earthquake coverage that had been obtained on July 1 was substantially less than the previous year and did not meet the necessary coverage amount. At that time the Authority made demands on CVC to obtain additional earthquake coverage and CVC had the additional insurance coverage in place the next day. The Authority believes it was diligent in working with CVC to make certain that adequate insurance was obtained in a timely fashion. Had CVC communicated the problem, the Authority had the backup financial resources in place to obtain the additional and necessary coverage and would have done so on July 1.

The Authority has taken steps to improve interaction and communications with CVC and in 2003 has participated with CVC in intensive evaluations and reassessment of insurance requirements for America's Center and the Edward Jones Dome, employing outside design consultants to evaluate the replacement and total insurable values for the facilities. Insurance consultants assisted in evaluation of all base and excess coverages and for insurance quoted, purchased and in place by July 1 as required by the Project Financing Agreement, the Operating Lease and the other financing and lease documents. The Authority has obtained evidence of adequate insurance coverage for the year commencing July 1, 2003.

The Authority asserts that it has properly and adequately exercised its due diligence to insure that CVC fulfilled its responsibilities under the Project Financing Agreement, the Operating Lease and other financing and lease documents. The Authority was entitled to rely on assurances that policies had been secured with appropriate coverage, and when a discrepancy was identified, the Authority took immediate steps to insure the appropriate excess level of coverage was placed.

2.**Closed Meetings**

The Authority's handling of closed meetings was not in full compliance with the Sunshine Law.

The Authority's commissioners generally conduct their meetings on a quarterly basis. These meetings usually include a closed, or executive, session as allowed by state law. During our review of the handling and minutes of the closed meetings, we noted the following concerns:

- A. Some items were discussed in closed session that are not allowed by law. Section 610.021, RSMo Cumulative Supp. 2002, allows matters to be discussed in closed session only if they relate to certain specified subjects. Those subjects that would appear to be most applicable to the Authority include matters related to pending or possible litigation, real estate transactions, and personnel actions involving employees.

Some examples of matters that were improperly discussed in closed session include:

- The design of a plaza adjacent to the Dome.
- Inquiries from the city of St. Louis Mayor's Office regarding the purpose of the Authority and its budget.
- The annual renewal of the agreement with the Authority's contracted lobbyist.
- The usage of the Authority's suite at the Dome by current and former commissioners.

Authority officials agreed that sometimes matters such as those mentioned above were brought up in closed session; however, the discussions were quickly terminated and handled later in the open session. The length and circumstances of the discussion of these matters in closed session were not clear based on a review of the minutes.

To ensure compliance with the state law, care should be taken to ensure only matters specifically authorized by law are discussed in closed session.

- B. At the end of each quarterly meeting, the Authority's commissioners generally vote to go into closed session at the beginning of the next quarterly meeting. This results in the commissioners beginning their next meeting (approximately three months later) in closed session.

The governing bodies of governmental entities in Missouri generally vote to go into closed session either immediately or shortly before the closed meeting is held. The Authority's current practice is unusual, and it is feasible a commissioner could vote to go into closed session at the beginning of the next

quarterly meeting and be replaced prior to that next meeting. This would result in a different individual participating in a closed meeting that they had not voted to close.

If the commissioners wish to hold the closed portion of their quarterly meetings near the beginning of those meetings, they should consider starting their meetings in open session and then voting to go into closed session.

- C. The minutes of the Authority's regular meetings do not specify the particular reason(s) for going into closed session. Instead, whenever the commissioners go into closed session, the same statement is routinely documented in the minutes. The statement documented indicates the meetings are to be closed "to discuss personnel issues as well as any confidential and/or privileged communications between the Authority members, its representatives, and its attorneys, to discuss litigation or action for litigation, property acquisition and all other matters pursuant to Section 610.021 RSMo, or any other sections of Missouri Statutes relative to executive sessions of public bodies."

Section 610.022, RSMo 2000, requires the specific reason(s) for closing a meeting to be announced publicly at an open meeting and entered into the minutes. A statement which includes all the possible matters which might be discussed in closed session appears to miss the intent of the law.

WE RECOMMEND the Authority:

- A. Ensure only matters specifically authorized by law are discussed in closed session.
- B. Revise the current practice regarding the timing of the vote authorizing the commissioners to go into closed session.
- C. Ensure the specific reason(s) for going into closed session is announced publicly and documented in the regular meeting minutes.

AUDITEE'S RESPONSE

The Authority's handling of closed meetings was in full compliance with Missouri's Sunshine Law. The Auditor could provide no statutory authority, case law or Missouri Attorney General opinions supporting the Auditor's interpretation of the statute. The Auditor's representative admitted that various legal counsel supported other interpretations of the Sunshine Law consistent with the actions of the Authority. The Authority also notes that compliance with the Sunshine Law is outside the scope of the State Auditor's authority in conducting the audit. The following points should be made regarding this finding.

- A. *The Auditor cites examples of some matters that were mentioned in closed session that were allegedly improper subjects of discussion. The Authority's Executive Director recorded the minutes and she noted that the matters cited in the example had been raised.*

She also told the Auditor's representative that on each and every occasion either she or the Authority's General Counsel had immediately noted that the matter raised could only be discussed in open session and that there was no further discussion of the matter in closed session. The Executive Director offered to make a sworn affidavit of those facts, and the Authority's General Counsel assured the Auditor's representative that the Executive Director's statements were accurate. The minutes do not reflect any actual discussion of the matter, only that the matter was raised.

With respect to the specific examples, the Authority makes the following comments. The first example regarding the design of the plaza was a question about the cost of what CVC wanted to do with the plaza. The second and fourth points were questions about potential litigation matters involving the Authority. The third example relating to the Authority's lobbyist had been reviewed with the State Auditor in a prior audit, and the Auditor had agreed it could be treated as a personnel matter that could be discussed in closed session. Despite this approval, the matter in question was actually handled in open session.

To ensure compliance with the Sunshine Law and to avoid inappropriate questions raising matters in closed session, the Authority has distributed, to each Commissioner, information on what subjects are appropriate for discussion in closed meetings and will continue to distribute such information on a regular basis.

- B. The report suggests that it is inappropriate for Commissioners to vote to go into a closed session in advance of the closed meeting. There is no authority in the statute or any Attorney General's opinion suggesting that such procedures would be improper. In fact, the Authority took this action to give as much notice as possible to the public of a closed session. The Authority did not want to start an open meeting and suddenly and without advance notice surprise the public by going into closed session, causing the public inconvenience in leaving the meeting and waiting outside for what could be a significant period of time before being allowed to re-enter the meeting.*

The Auditor also seems to question whether it would be proper for a Commissioner to vote to close a future meeting and be replaced prior to that future meeting resulting in a new Commissioner participating in the closed meeting. The Auditor cites no authority that such action would be improper. The issue is whether the vote to close the meeting was proper at the time the vote was taken. If the vote was proper, then so long as the matter voted on was the subject discussed at the closed meeting, then everything is proper, in order and in compliance with the Sunshine Law

Without admitting that any of its actions were improper, the Authority has already changed its procedures so as to hold closed meetings at the end of open sessions and to take the vote to do so during the then open session. This does not provide as much advance notice to the general public as the Authority's prior procedures (which had been previously reviewed by the State Auditor in a prior audit and not commented on), but will not cause the inconvenience to the general public of going into closed session several times during the course of an open meeting causing great inconvenience to those who must leave the meeting.

- C. *The Auditor's report states that the resolution voted on by the Commissioners is not specific enough. Interpretations of the Sunshine Law by the Missouri Attorney General state that recitation of the statutory reasons is sufficient and no further specificity is required or even appropriate as it could reveal matters that should not be revealed. Again, this procedure had been reviewed in prior audits without comment.*

Without admitting any improper action or non-compliance with the Sunshine Law, the Authority will endeavor to be as specific as possible when citing statutory authority to go into closed session.

AUDITOR'S COMMENT

Despite the Authority's assertion to the contrary, reviewing compliance with applicable state laws (including the Sunshine Law) is within the scope of audits of government entities. In addition to routinely reviewing compliance with the Sunshine Law on individual agency/entity audits, in recent years the Missouri State Auditor's office has conducted three audits of agency/entity compliance with the Sunshine Law. The findings presented in this audit are similar to observations made and conclusions reached in other audits.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

ST. LOUIS REGIONAL CONVENTION AND SPORTS
COMPLEX AUTHORITY
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The St. Louis Regional Convention and Sports Complex Authority (the Authority) was established in 1989 (with commissioners appointed in 1990) pursuant to Section 67.650, RSMo, to finance, construct, operate, and maintain a multi-purpose convention and sports facility. This facility represented an eastern expansion of the existing A. J. Cervantes Convention Center and included a 70,000 seat domed stadium. This project was intended to complement the existing convention center.

The project was a joint venture between the state of Missouri, the city of St. Louis, and St. Louis County (the Sponsors), with the Authority being responsible for the construction of the facility as well as its subsequent maintenance and operation. In 1991, a financing agreement was entered into whereby each of the Sponsors agreed to contribute funds annually to the Authority, subject to appropriation, to fund principal and interest payments on bonds issued to finance the cost of the project. In addition, beginning in 1994, the Sponsors agreed to contribute additional funds to the Authority's Preservation Fund to be used to pay future costs of maintaining the project facility.

Based on the financing agreement, the state will ultimately spend \$355 million for its portion of the debt service requirements and preservation payments through the year 2021. During the three years ended December 2002, the state contributed \$12 million annually, \$10 million for the payment of debt service and \$2 million for preservation purposes. During that same period, the city of St. Louis and St. Louis County each contributed \$6 million annually, \$5 million for debt service and \$1 million for preservation purposes.

The project was originally financed by bonds issued by the Authority in August 1991. The bonds were sponsored by the state of Missouri, the city of St. Louis, and St. Louis County for \$132.9 million, \$65.7 million, and \$60.1 million, respectively. Because of favorable market conditions, the bonds sponsored by the state of Missouri and St. Louis County were refinanced in 1993, and the bonds sponsored by the city of St. Louis were refinanced in 1997. The Authority made its first debt service payment on the bonds in February 1992, with the last debt service payment scheduled to be due in August 2021.

The Authority completed the construction of the project in November 1995 for approximately \$298 million. These costs included design fees; construction management fees; land acquisition; utility relocations; demolition; site preparation; professional accounting and legal fees; administrative costs; and construction costs. In 1999, the Authority completed \$6.7 million in improvements for signage, graphics, and fan accommodations.

The project, named the Edward Jones Dome (the Dome), is a multi-purpose facility used for conventions, trade shows, exhibitions, concerts and a variety of sports events, including home games of the National Football League's St. Louis Rams football team. Besides its use as a sports stadium, it has 180,000 square feet of column-free space available for conventions, trade shows, and exhibitions. This space is on a contiguous level with the adjoining convention center. The Dome is considered part of the America's Center, a convention center and sports complex which also includes the previously existing A. J. Cervantes Convention Center and a southern expansion of that facility.

In 1991, the Authority entered into an agreement to lease operations of the project facility (the Dome) to the St. Louis Convention and Visitors Commission (CVC) upon project completion. Since completion, the Dome has been marketed and operated by the CVC pursuant to this lease agreement. The CVC has a sublease with the St. Louis Rams football team which allows the team to use and operate the facility for its home football games.

The CVC markets the city of St. Louis and St. Louis County as a convention and meeting site and as a leisure travel destination. In 1991, the CVC's board was reorganized to reflect the organization's new role in managing the expanded America's Center convention complex. The CVC is funded primarily by a 3.75 percent tax on hotel sleeping rooms in the city and county. The CVC works to bring citywide conventions, meetings, group tours, and individual leisure travel to the area. In addition, the CVC also books sporting and special events in the Dome.

The Authority is bipartisan and consists of up to eleven commissioners who shall be qualified voters of the state of Missouri and residents of either the city or the county. Up to five commissioners, one of whom shall be the chairman, are appointed by the Governor with the advice and consent of the Senate. Up to three commissioners are appointed by the Mayor of St. Louis with the advice and consent of the Board of Aldermen. In addition, up to three commissioners are appointed by the County Executive of St. Louis County with the advice and consent of the County Council. The commissioners serve staggered terms of six years and hold office until successors have been appointed and qualified. The commissioners serve without compensation. At December 31, 2002, the commissioners were:

<u>Commissioner</u>	<u>Title</u>	<u>Term Expires</u>
J. Kent Underwood	Chairman	May 31, 2002*
Larry L. Deskins	Vice-Chairman	May 31, 2004
Michael F. Shanahan, Jr.	Secretary/Treasurer	May 31, 2006
Ora Lee Malone	Member	May 31, 2004
James H. Buford	Member	May 31, 2006
Gretchen Myers	Member	May 31, 2002*
Michael A. Garvin	Member	May 31, 2002*
Gerald T. Feldhaus	Member	May 31, 2004
Jay Dearing	Member	May 31, 2006
Harriett F. Woods	Member	May 31, 2008

* Term expired. Commissioner continuing to serve until replaced.

During 2002, the Authority employed three individuals assigned to various administrative and support functions. Renee A. Kleffner served as Executive Director until she resigned in December 2002. She was replaced by J. Kent Underwood, who resigned from the board and accepted the position effective January 24, 2003.

* * * * *



**JACKSON COUNTY SPORTS
COMPLEX AUTHORITY**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-74
July 25, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

July 2003

The following problems were discovered as a result of a review conducted by our office of the Jackson County Sports Complex Authority.

The Jackson County Sports Complex Authority (the Authority) is currently operating under 25-year lease agreements with the Kansas City Royals and Kansas City Chiefs which were entered into in January 1990. Each lease agreement calls for annual basic rents paid by the teams of \$450,000 and percentage rentals based upon gross receipts, net of taxes, in excess of \$7,500,000.

In connection with the lease agreements, the Authority agreed to a comprehensive master plan of improvements and repairs to keep the Harry S. Truman Sports Complex in top condition. The Authority also entered into management contracts with the teams which provide for the Authority to pay management fees to the Royals and Chiefs. Management fees of approximately \$2.8 million and \$3.0 million were paid to the Royals and the Chiefs, respectively, during the year ended December 31, 2002. These fees are to compensate the teams for the costs to manage the daily operations of the stadiums, including utilities.

As noted in previous audits, past analyses and studies have indicated anticipated revenues of the Authority would not be sufficient to cover its expenses over the life of the leases. Past projections made by various parties, including the State Auditor's office, have estimated a revenue shortfall over the term of the lease agreements ranging from \$19 million to \$53 million. Past audits have disclosed efforts by the Authority and other parties to fund the revenue shortfall, including consideration of a metropolitan funding solution.

Based on the current review, it is apparent the Authority will still be unable to meet its obligations under the leases without additional funding. The auditors projected the revenue shortfall would range between \$35 million and \$47 million.

In addition, the auditors reported the 1990 leases did not adequately describe the scope of work required related to the master plan projects. As a result, the public obligations toward the sports complex have not been adequately defined or limited. Also, the actual costs incurred related to master plan projects have been significantly higher than initial estimates.

A 1994 study estimated the total cost for master plan improvements would total approximately \$56 million over the term of the leases. However, as of December 31, 2002, the Authority has spent almost \$61 million on master plan projects, with 12 years remaining in the leases and approximately 44 percent of the master plan projects not yet completed.

YELLOW SHEET

In late 2002, Jackson County officials entered into Memorandums of Understanding with the two teams which, among other things, would extend the leases for a 25-year period and include provisions for future improvements at the sports complex. The implementation of these new agreements is tied to proposed plans for a bi-state sales tax. The quarter-cent sales tax, if approved by the voters, would provide an additional \$354 million for improvements to the sports complex over a 25-year period. The Memorandum of Understandings entered into with the teams are still subject to the approval of the county legislature and it is not anticipated the bi-state tax proposal will be placed on the ballot before 2004.

The auditors questioned expenditures totaling \$7,820 for meals served to Authority officials and guests attending the Kansas City Chiefs home football games from 2000 to 2002. A review of the food/beverage invoices indicated the Authority generally paid for 30 to 40 meals at each game. By comparison the St. Louis Regional Convention and Sports Complex Authority, the entity that owns and oversees the Edward Jones Dome in St. Louis, assesses a food and beverage charge each game to those Authority members and guests attending St. Louis Rams games to offset the costs incurred.

The auditors recommended the Authority reevaluate the practice of providing meals to Authority members and guests on game days and whether this is an appropriate use of public funds. In addition, the Authority was advised to ensure the costs of any food/beverages provided to state officials are included on lobbying reports filed with the Missouri Ethics Commission.

Other questionable expenditures noted included mileage allowance payments made to the Executive Director and additional compensation or bonuses to employees totaling \$8,750. In addition, the Authority did not approve its 2003 and 2002 budgets on a timely basis.

Formal written minutes are not prepared for closed meetings. Although minutes for closed meetings are not specifically required by law, such minutes provide evidence only matters specifically authorized by law are discussed in closed session. In addition, formal minutes for closed meetings result in a better record of Authority transactions, discussions, and decisions.

All reports are available on our website: www.auditor.state.mo.us

JACKSON COUNTY SPORTS
COMPLEX AUTHORITY

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the Missouri General Assembly
and
Members of the Jackson County Sports
Complex Authority
Kansas City, MO 64129

We have audited the Jackson County Sports Complex Authority (the Authority). The scope of this audit included, but was not necessarily limited to, the years ended December 31, 2002, 2001, and 2000. The objectives of this audit were to:

1. Review expenditures made by the Authority, including those made from state funding received by the entity.
2. Review compliance with applicable legal, regulatory, and contractual provisions and established policies.
3. Review the efficiency and the effectiveness of certain management practices and operations.
4. Determine the extent to which audit recommendations included in our prior audit were implemented.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. The firm of Cudney, Ecord, McEnroe and Mullane, L.L.C., Certified Public Accountants (CPAs) had been engaged to perform financial audits of the Authority for the years ended December 31, 2002, 2001 and 2000. To minimize any duplication of effort, we reviewed the reports and substantiating working papers of this CPA firm. In conducting our audit, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed Authority personnel.

As part of our audit, we assessed the Authority's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been

placed in operation and we assessed control risk. In order to assess control risk, we performed tests of controls to obtain evidence regarding the effectiveness of the design and operation of certain policies and procedures.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the Authority's management and was not subjected to the procedures applied in the audit of the Authority.

The accompanying Management Advisory Report presents our findings arising from our audit of the Jackson County Sports Complex Authority.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

January 23, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Katherine K. Cardenas, CPA
Audit Staff:	Jeffrey Wilson

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

JACKSON COUNTY SPORTS
COMPLEX AUTHORITY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Lease Agreements With Teams
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The Jackson County Sports Complex Authority (the Authority) will not be able to meet its obligations under the current leases with the Kansas City Royals and the Kansas City Chiefs without additional funding. The actual costs incurred in completing master plan projects have been significantly higher than the amounts estimated.

In 1990, the Authority signed 25-year lease agreements with the Royals and the Chiefs. These lease agreements provided for each of the teams to pay the Authority base rent of \$450,000 per year, and percentage rentals based upon gross receipts. Total rent payments received from the Royals totaled \$1,116,331, \$1,114,520, and \$1,053,205, in 2002, 2001, and 2000, respectively. Total rent payments received from the Chiefs totaled \$1,478,850, \$1,393,544, and \$1,320,766 in 2002, 2001, and 2000, respectively.

Besides the rent payments received from the Royals and the Chiefs, the Authority has received annual funding from Jackson County, the city of Kansas City, and the state of Missouri. The level of total funding from these government entities has changed since the inception of the leases in 1990, but in recent years the county, the city, and the state have committed annual funding of \$3.5 million, \$2 million, \$3 million, respectively.

These lease agreements required the Authority to make some one-time capital improvements to the facilities which were completed in 1992. The leases also required the Authority to implement a comprehensive master plan of improvements and repairs to the sports complex which were to be completed over the life of the leases. While the master plan costs were not estimated or determined at the time the leases were entered into, it was anticipated they would be substantial.

In conjunction with the lease agreements, the Authority entered into management contracts with both teams. These contracts provide for the teams to manage the operations of the stadiums, including the payment of utilities. The Authority was required to pay management fees to the teams beginning with a base amount of \$2,050,000 and \$1,950,000 to the Royals and the Chiefs, respectively, during the first year of the contracts. The fees increased three percent each year until 1997, when they increased with the Consumer Price Index (up to a maximum of 4.75 percent per year). Management fees paid to the Royals totaled \$2,794,173, \$2,764,096, and \$2,609,435 during 2002, 2001, and 2000, respectively. Management fees paid to the Chiefs totaled \$3,047,719, \$2,234,537, and \$2,482,146 during 2002, 2001, and 2000, respectively.

In October 1998, the county issued leasehold revenue bonds totaling over \$40 million, of which approximately \$34 million was allocated to the Authority to pay for improvements

at the sports complex. In addition, the county allocated an additional \$8.3 million in proceeds from an October 2002 leasehold revenue bond issuance to be used for improvements at the sports complex. Starting in 1999, the county began withholding a substantial portion of the \$3.5 million annual funding commitment to pay debt service costs on the 1998 bonds. After these bonds are liquidated, the county plans to withhold a portion of its annual \$3.5 million funding commitment to pay debt service costs on the 2002 bonds.

As noted in previous audits, past analyses and studies have indicated anticipated revenues of the Authority would not be sufficient to cover its expenses over the life of the leases. Past projections made by various parties, including the State Auditor's office, have estimated a revenue shortfall over the term of the lease agreements ranging from \$19 million to \$53 million. A comprehensive master plan study conducted in 1994 by a private firm projected a deficit fund balance of almost \$29 million by the end of the lease agreements in early 2015.

Past audits have disclosed efforts by the Authority and other parties to fund the revenue shortfall, including consideration of a metropolitan funding solution. However, at the time of the prior audit, such a solution had not been secured and we recommended the Authority work with the county, city, and state and other appropriate entities and continue efforts to address the projected deficits. A review of this situation during the current audit disclosed the following:

- A. The Authority has not had a comprehensive master plan study conducted since the 1994 study was prepared. However, based on our review, it is apparent the Authority will still be unable to meet its obligations under the current leases without additional funding.

Using the 1994 master plan study as a basis and using historical revenue and expenditure data through 2002, we estimated future funding and expenditures of the Authority through the terms of the current leases (year 2015) under three different scenarios to determine the amount of the projected deficit under each scenario.

Under the first scenario, we applied a growth or inflation factor of 3 percent for those revenue and expenditures items which would be expected to vary, except for master plan expenditures. The estimated costs of master plan projects not completed were allocated over the remaining years of the lease and a 3.3 percent growth/inflation rate was applied to those costs. These growth/inflation rates were the same as those used in the 1994 study.

Under the second scenario, we adjusted the applicable revenue and expenditure items by the same growth/inflation factors used in the first scenario. In addition, we increased the estimated costs of uncompleted master plan projects by a factor of 84 percent. This percentage increase factor was determined based on a review of six completed master plan projects totaling almost \$20 million. Total costs

actually incurred on those projects exceeded the total estimated costs of those projects by 84 percent.

Under the third scenario, we applied a growth/inflation rate equal to the Consumer Price Index (CPI), or 2.4 percent. In addition, we increased master plan expenditures by the 84 percent factor discussed in the second scenario.

The projected deficits under these three scenarios ranged between \$35 million and \$47 million. It should be noted the three scenarios presented above are based on several uncertainties. For example, the funding from the city and state is subject to annual appropriation and is not certain.

- B. The 1990 leases did not adequately describe the scope of work required related to the master plan projects. As a result, the public obligations toward the sports complex have not been adequately defined or limited. In addition, we noted the actual costs incurred related to master plan projects have been significantly higher than initial estimates.

The 1994 master plan study estimated the total cost for master plan improvements would total approximately \$56 million over the term of the leases. However, as of December 31, 2002, the Authority has spent almost \$61 million on master plan projects, with 12 years remaining in the leases and approximately 44 percent of the master plan projects not yet completed.

A primary reason for the cost overruns is due to the incomplete and inadequately defined project descriptions in the master plan. For example, a project line item in the master plan is to "replace stadium seating..." The line item description and cost estimates did not address the type of chairs to be used, account for accessibility for the disabled, or include the cost for removal of the old seats. As a result, the actual cost to replace the stadium seating (which was coordinated with two other master plan items - waterproofing and concrete repair) at Kauffman and Arrowhead stadiums totaled \$14.5 million; however, the total estimated cost was only \$8.6 million, a difference of \$5.9 million or 69 percent. In addition, as noted in part A. above, actual costs incurred on six completed master plan projects reviewed exceeded the estimated costs by 84 percent.

The inadequacy of the master plan descriptions requires the Authority to negotiate the scope of work for every master plan project with the teams. While the actual project costs are often more than originally estimated, Authority officials indicated the projected costs are only estimates and the negotiations between the Authority and the team determine the scope of work and the final project costs.

In late 2002, Jackson County officials entered into Memorandums of Understanding with the two teams which, among other things, would extend the leases for a 25-year period and include provisions for future improvements at the sport complex. The implementation of these new agreements is tied to proposed plans for a bi-state sales tax.

The quarter-cent sales tax, if approved by the voters, would provide an additional \$354 million for improvements to the sports complex over a 25-year period.

According to Authority officials, as of mid-March 2003, the Memorandum of Understandings entered into with the teams are still subject to the approval of the county legislature and it is not anticipated the bi-state tax proposal will be placed on the ballot before 2004. If area voters eventually pass such a tax, the lease agreements with the Royals and Chiefs will be extended by 25 years from the date of the bi-state tax's adoption. If not, the current leases will remain in effect until 2015.

WE RECOMMEND the Authority:

- A. Continue to work with Jackson County, the city of Kansas City, the state of Missouri, and other appropriate entities in an effort to address the projected deficits.
- B. Ensure any future lease agreements with the teams better define the scope of promised improvements and limit the amount of public funding obligations committed to the sports complex.

AUDITEE'S RESPONSE

- A. *We concur with the conclusion that under the three (3) scenarios the auditors used that the projected deficits under the current leases that terminate on January 31, 2015 ranged from \$35 million to \$47 million.*
- B. *We concur with the recommendation that any future lease agreements with the teams better define the scope of capital improvements as well as repairs and maintenance and further that there be a cap on the public funding for the same. In addition, the Authority is endeavoring to have some of the above referred costs paid by patrons paying a user fee.*

2. Expenditures

Various expenditures were noted which appeared questionable or were not handled properly. These included costs totaling \$7,820 for meals served to Authority officials and guests attending the Kansas City Chiefs home football games, mileage allowance payments made to the Executive Director, and additional compensation or bonuses to employees totaling \$8,750. In addition, the Authority did not approve the 2003 and 2002 budgets on a timely basis.

- A. During the years ended December 31, 2002, 2001, and 2000, the Authority spent \$3,022, \$2,139, and \$2,659, respectively, for food, beverages (soft drinks), and related expenses served on game day to Authority members and other individuals.

For each home game at Arrowhead Stadium, the Authority receives 60 tickets to the game at no cost to the Authority. The Authority members and invited guests, including government officials, watch the game from the Authority's conference room/suite overlooking the playing field. According to Authority officials, the number of individuals who watch the games in the Authority's suite generally ranges from 30 to 60 people. Our review of the food/beverage invoices indicated the Authority generally paid for 30 to 40 meals at each game. The cost of any alcoholic beverages served in the suite is paid by the Authority members and other attendees from personal funds.

1. These expenditures may not represent an appropriate use of public funds. It should be noted that members of the St. Louis Regional Convention and Sports Complex Authority, the entity that owns and oversees the Edward Jones Dome in St. Louis, also watch home football games of the St. Louis Rams from a suite at that facility along with invited guests and other individuals. That authority assesses a food and beverage charge each game to those attending the game to offset the costs incurred.

The Authority board should review these costs and consider if these expenditures are an appropriate use of public funds.

2. The costs of any food and beverages provided to state officials at football games are not reported as lobbying expenses as required by state law.

According to the Executive Director of the Authority, it is not unusual for state legislators and other state officials to visit the Authority's suite during football games. He indicated no records are maintained documenting whether these officials consumed any food or beverages; however, he indicated these officials are welcome to partake in the food/beverage items provided.

Section 105.473, RSMo 2000 requires that all expenditures made by a lobbyist or their lobbyist principals on behalf of state officials, their staffs, or spouses and dependent children be reported monthly by the lobbyists to the Ethics Commission. The expenditures to be reported include the costs of food and beverages provided to these individuals.

Even though the costs of any food and beverages provided to state officials during the football games do not appear significant, the Authority should ensure the cost of such items provided to state officials is properly reported to the Ethics Commission as required.

- B. Mileage allowance payments to the Executive Director were not reported on his annual W-2 forms as compensation. During the three years ended December 31, 2002, the Executive Director received a monthly mileage allowance of \$250 to offset mileage driven to attend meetings and handle other Authority business.

The Executive Director was not required by the Authority to account for the business mileage driven to support these payments.

IRS Regulation Sections 1.62-2 and 31.3401(a)-4 specifically require business expenses not accounted for to the employer be considered gross income and that payroll taxes be withheld from the undocumented payments.

- C. During December 2001 and 2000, the Authority board authorized additional compensation for its two full-time staff members totaling \$3,000 and \$2,750, respectively, for "extra services rendered during the month of December." However, based on discussions with the applicable employees, no additional or extra services could be identified during those months to warrant the additional compensation. Additional compensation payments were not made in December 2002; however, in February 2003, the Authority board again authorized additional payments to these employees totaling \$3,000 for what was described as "services rendered." No payroll taxes or other withholdings were withheld from any of these payments.

These payments appear to represent bonuses which are not allowed in the governmental sector. Article III, Section 39 of the Missouri Constitution prohibits the granting of additional compensation to a public officer after the services have been performed. In addition, Attorney General's Opinion No. 72, to Pray, 1955, states "a government agency which derives its power and authority from the Constitution and laws of this state would be prohibited from granting extra compensation in the form of bonuses to public officers or servants after the service has been rendered."

A similar finding was included in the previous report.

- D. The Authority's annual budgets were not approved on a timely basis for the years ended December 31, 2003 and 2002. The 2003 and 2002 budgets were not approved until March 20, 2003 and February 22, 2002, respectively.

The Authority's by-laws provide that a budget be prepared by October 1 of each year for the following calendar year. The by-laws require that a hearing on the budget be held in November of each year, and the budget be approved by the Authority following the public meeting. For budgets to be of maximum benefit as financial planning and monitoring tools, they need to be established and approved on a timely basis.

WE RECOMMEND the Authority:

- A.1. Reevaluate the current practice of providing meals in the Authority's suite on game days and whether this is an appropriate use of public funds.

2. Ensure the costs of any food/beverages provided to state officials who visit the Authority's suite during football games are included on the lobbyist reports filed with the Ethics Commission.
- B. Require the Executive Director to account for the business mileage driven to support the monthly mileage allowance payments or ensure any amounts not accounted for be reported as income on that individual's W-2 forms. In addition, payroll tax withholdings should be withheld from any amounts reported as compensation.
- C. Discontinue the practice of providing additional compensation or bonuses to its employees.
- D. Ensure its annual budgets are approved on a timely basis in accordance with its by-laws.

AUDITEE'S RESPONSE

- A.1. *The Authority believes that having its stadium offices open during sporting events at Arrowhead Stadium and making its facilities available to interested public officials is in the best interest of the Authority as well as the general public. The Authority will endeavor to review the appropriateness of the use of public funds, if any, for this purpose.*
2. *The Authority concurs that the requirements of Section 105.473, RSMo 2000 are applicable to the operations of the Authority. Additionally, the Chairman has directed the Authority's legal counsel to contact the Missouri Ethics Commission for direction in determining the recommended course of action to assure compliance with the reporting requirements. It is the intention of the Chairman to recommend to the Authority's Board of Commissioners at the next regular meeting of the Authority the adoption of a policy that will follow the suggestions that have been provided by the Ethics Commission.*
- B. *The Authority concurs that mileage allowance payments to employees should be reported as compensation on its annual W-2 or 1099 forms.*
- C. *The Authority will request its legal counsel to review the applicability of the requirements of Article III, Section 39 of the Missouri Constitution to this Authority and every effort will be made to comply with any applicable requirements.*
- D. *Prior to May 18, 1993, the Authority By-Laws required the approval by the Authority of its annual budget in February of each year. On the referred date an amendment was made to the By-Laws reflecting the current language requiring the Authority to prepare a budget by October 1 of each year for the following calendar year and further requiring a budget hearing on the budget to be held in November with the budget being approved by the Authority following the public meeting in a regular meeting of the Authority. In view of the fact that significant funds for support of the operations at the Sports Complex are provided by Jackson County, Missouri by way of an annual appropriation and further*

that the County does not ordinarily adopt its budget, which includes the Authority's appropriation, until January of each year, the Chairman is going to recommend to the Authority Board at its next meeting that the current By-Laws be amended in order to return to the February date for approval of its annual budget.

3.

Closed Meetings

Formal written minutes are not prepared for closed meetings. Although minutes for closed meetings are not specifically required by law, such minutes provide evidence only matters specifically authorized by law are discussed in closed session. The Sunshine Law (Chapter 610, RSMo 2000) allows matters to be discussed in closed session only if they relate to certain specified subjects. Those subjects that would appear to be most applicable to the Authority include matters related to pending or possible litigation, real estate transactions, and personnel matters.

In addition, minutes constitute the record of proceedings of the board. Therefore, formal written minutes for closed meetings result in a better record of Authority transactions, discussions, and decisions.

WE RECOMMEND the Authority ensure formal written minutes are prepared to document discussions held in closed session.

AUDITEE'S RESPONSE

The Authority concurs with the statement that the Sunshine Law (Chapter 610, RSMo) does not specifically require that formal written minutes for closed meetings be kept. Written minutes of the Authority have not been kept due to the fact that no votes are taken in the closed meetings. All votes requiring action by the Authority are taken in open meetings.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

JACKSON COUNTY SPORTS
COMPLEX AUTHORITY
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Jackson County Sports Complex Authority (the Authority) on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended December 31, 1994.

The prior recommendations which have not been implemented are repeated in the current MAR.

1. Lease Agreements

A December 1994 study projected that without additional funding the Authority would be in a deficit fund balance position of almost \$29 million by the end of the lease agreements in 2015.

Recommendation:

The Authority work with the county, the state, the city, and/or other appropriate entities and continue efforts to address the projected deficits.

Status:

Partially implemented. During 1998 and 2002, Jackson County issued revenue bonds to provide additional funding for master plan projects. However, a substantial revenue shortfall is still projected and a long-term funding solution to this situation has not yet been secured. See MAR finding number 1.

2. Investments

Authority funds were invested in commercial paper, which represents short-term corporate securities. The Missouri Constitution prohibits most government entities from investing in these types of securities.

Recommendation:

The Authority monitor the types of securities maintained within its investment portfolio and ensure its funds are invested in accordance with the limits provided in its banking contract and the applicable constitutional restriction.

Status:

Implemented.

3. Christmas Gifts

Each December the Authority authorized additional compensation to its employees as Christmas gifts. In December 1994, these payments totaled \$250.

Recommendation:

The Authority discontinue the practice of providing gifts to its employees. Expenditures should be limited to those necessary to properly administer and maintain the sports complex.

Status:

Not implemented. During the current audit period, the Authority board similarly authorized additional compensation or bonuses to employees. See MAR finding number 2.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

JACKSON COUNTY SPORTS
COMPLEX AUTHORITY
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Jackson County Sports Complex Authority (the Authority) was created as a body corporate and politic and a political subdivision of the state of Missouri in 1965 under the authority of Section 64.920, RSMo. The Authority oversaw the construction of the Harry S. Truman Sports Complex, a dual stadium complex, which opened for football during the 1972 season and for baseball during the 1973 season.

The Authority was assigned certain powers, duties, and obligations directed principally to plan, construct, operate, and maintain all things necessary to a complex suitable for all types of sports and recreation.

The Authority is currently operating under 25-year lease agreements with the Kansas City Royals and Kansas City Chiefs which were entered into in January 1990. Each lease agreement calls for annual basic rents paid by the teams of \$450,000 and percentage rentals based upon gross receipts, net of taxes, in excess of \$7,500,000.

In connection with the lease agreements, the Authority agreed to a comprehensive master plan of improvements and repairs to keep the Harry S. Truman Sports Complex in top condition. The Authority also entered into management contracts with the teams which provide for the Authority to pay management fees to the Royals and Chiefs. Management fees of approximately \$2.8 million and \$3.0 million were paid to the Royals and the Chiefs, respectively, during the year ended December 31, 2002. These fees are to compensate the teams for the costs to manage the daily operations of the stadiums, including utilities. The management fees currently increase each year with the Consumer Price Index, not to exceed 4.75 percent, during the remainder of the contracts.

In 1990, the voters of Jackson County approved the shift of an eight cent property tax levy to the county's Park Fund to help finance the obligations contained in the leases. Since that time, the county has allocated \$3.5 million annually from this levy to support the obligations contained in the leases. In 1998 and 2002, the county issued \$40,170,000 and \$10,000,000, respectively, of leasehold revenue bonds in part to fund improvements at the sports complex. The 1998 bond proceeds were used for master plan projects and improvement expenditures totaling \$34,100,000. Beginning in 1999, the county began using a significant portion of the \$3.5 million annual allocation to pay the debt service costs on the 1998 bonds. After the 1998 bonds are retired in 2015, the county will use a portion of the \$3.5 million annual allocation to pay the debt service costs on the 2002 bonds.

From 1991 to 1996, the Missouri General Assembly appropriated \$2 million annually for the maintenance of the sports complex pursuant to Sections 67.638 through 67.641, RSMo 2000. The state funding increased to \$3 million annually beginning in 1997.

Each year, the Authority enters into a cooperative agreement with the city of Kansas City, whereby the city agrees to appropriate \$2 million annually to partially fund the master plan

projects and for other maintenance and repair expenses at the sports complex. The county, state, and city funds have been deposited into a Convention and Sports Complex Fund which was established pursuant to Section 61.641, RSMo, and the monies in this fund are used to maintain and operate the sports complex.

The Authority board is bipartisan and consists of five commissioners who are qualified voters of the state of Missouri and residents of Jackson County. The Jackson County legislature submits a list of candidates to the Governor to replace members of the authority whose terms have expired. The Governor then appoints, with the advice and consent of the Senate, the succeeding members from that list of candidates. The commissioners serve staggered terms of five years and hold office until a successor has been appointed and confirmed. Commission members receive a maximum salary of \$3,000 per year, plus reimbursement for actual expenses incurred in the performance of their duties. The Authority board elects its own officers. At December 31, 2002, the commissioners were:

Commissioners	Title	Term Expires
John Bondon	Chairman	July 15, 2002*
Gerald E. Winship	First Vice Chairman	July 15, 2001*
Rev. Nelson Thompson	Second Vice Chairman	July 15, 1999*
Mike Smith	Treasurer	July 15, 2005
Jerry Mackey	Secretary	July 15, 2003

* Term expired. Commissioner continuing to serve until replaced.

During 2002, the Authority employed two full-time employees, consisting of an executive director and an administrative assistant, and one part-time employee who served as receptionist. John Friedmann has served as Executive Director of the Authority since 1990 and continues in that position.

Appendix

JACKSON COUNTY SPORTS COMPLEX AUTHORITY COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND ASSETS

	Year Ended December 31,				
	2002	2001	2000	1999	1998
RECEIPTS					
Basic rent -					
Kansas City Royals Baseball Corporation	\$ 450,000	450,000	450,000	450,000	450,000
Kansas City Chiefs Football Club, Inc.	450,000	450,000	450,000	450,000	450,000
Percentage rent -					
Kansas City Royals Baseball Corporation	666,331	664,520	603,205	523,713	504,892
Kansas City Chiefs Football Club, Inc.	1,028,850	943,544	870,766	872,024	816,256
Intergovernmental -					
Jackson County	323,000	331,737	329,272	279,233	3,500,000
State of Missouri	3,000,000	3,250,000	2,750,000	3,750,000	2,750,000
City of Kansas City	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Proceeds from revenue bonds	18,729	698,484	8,912,747	15,852,401	10,152,730
Interest	17,483	73,619	104,310	127,352	222,971
Other income	3,118	2,495	2,099	169,143	102,620
Total Receipts	<u>7,957,511</u>	<u>8,864,399</u>	<u>16,472,399</u>	<u>24,473,866</u>	<u>20,949,469</u>
DISBURSEMENTS					
Master plan	613,859	2,495,339	11,020,931	18,859,178	15,824,968
Repairs and improvements	1,169,009	1,307,574	1,306,973	1,053,264	851,989
Administrative	338,611	374,207	264,562	307,697	263,997
Lease negotiations	207,276	257,958	0	0	0
Management fees -					
Kansas City Royals Baseball Corporation	2,794,173	2,764,096	2,609,435	2,565,816	2,512,865
Kansas City Chiefs Football Club, Inc.	3,047,719	2,234,537	2,482,146	2,440,655	2,390,543
Total Disbursements	<u>8,170,647</u>	<u>9,433,711</u>	<u>17,684,047</u>	<u>25,226,610</u>	<u>21,844,362</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(213,136)	(569,312)	(1,211,648)	(752,744)	(894,893)
FUND ASSETS AT BEGINNING OF YEAR	<u>3,168,813</u>	<u>3,738,125</u>	<u>4,949,773</u>	<u>5,702,517</u>	<u>6,597,410</u>
FUND ASSETS AT END OF YEAR	<u>\$ 2,955,677</u>	<u>3,168,813</u>	<u>3,738,125</u>	<u>4,949,773</u>	<u>5,702,517</u>

* * * * *



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Perry County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Perry County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Schott & Van de Ven, Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-73
July 21, 2003

Perry County, Missouri

December 31, 2002 and 2001

PERRY COUNTY, MISSOURI

December 31, 2002 and 2001

Independent Auditors' Report on the Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	
Statement of Receipts, Disbursements, and Changes In Cash – Various Funds. Exhibits A-1 & A-2	
Comparative Statement of Receipts, Disbursements, and Changes In Cash – Budget and Actual – Various Funds Exhibit B	
Notes to the Financial Statements	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2002 and 2001 Schedule 1	
Notes to the Supplementary Schedule.	
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	
Schedule of Findings and Questioned Costs (Including Management's Plan For Corrective Action), Years Ended December 31, 2002 and 2001	
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	



Schott & Van de Ven

Certified Public Accountants

1020 N. Kingshighway, Suite D, P.O. Box 1090, Cape Girardeau, MO 63702-1090 573-335-1231

FAX 573-339-0163

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of Perry County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Perry County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Perry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Perry County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Perry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 28, 2003, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

SCHOTT & VAN DE VEN

Original Signed by Auditor

May 28, 2003

Cape Girardeau, Missouri



Schott & Van de Ven

Certified Public Accountants

1020 N. Kingshighway, Suite D, P.O. Box 1090, Cape Girardeau, MO 63702-1090 573-335-1231

FAX 573-339-0163

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission

and

Officeholders of Perry County, Missouri

We have audited the special-purpose financial statements of various funds of Perry County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 28, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Perry County, Missouri, are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Perry County, Missouri, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the County Commissioners in a separate letter dated May 28, 2003.

This report is intended for the information of the management of Perry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

SCHOTT & VAN DE VEN

Original Signed by Auditor

May 28, 2003

Cape Girardeau, Missouri

Exhibit A-1

PERRY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 451,028	2,175,333	2,091,251	535,110
Special Road and Bridge	83,739	1,545,382	1,150,659	478,462
Assessment	14,256	175,384	185,230	4,410
Landfill/Transfer Station	163,182	562,540	552,534	173,188
Law Enforcement Training	2,271	5,492	7,573	190
Prosecuting Attorney Training	7,462	1,099	637	7,924
Recorder's User Fees	21,917	30,823	6,506	46,234
Prosecuting Attorney Bad Check	8,409	14,902	14,855	8,456
911 Emergency	280,320	186,289	146,881	319,728
Health Center	271,919	754,610	687,202	339,327
Mental Health	133,750	219,445	133,900	219,295
Senate Bill 40	176,160	220,640	198,952	197,848
Law Library	8,258	8,669	9,672	7,255
Sheriff's Reserve	5,169	2,700	2,207	5,662
Sheriff's Commissary	7,099	12,371	13,152	6,318
Sheriff's Civil Fees	17,867	20,343	20,992	17,218
Local Park Sales Tax	623,040	945,205	935,758	632,487
Perry County Health Center Building	201	20,401	20,388	214
Election Services	4,068	3,605	1,623	6,050
Circuit Clerk Division Interest	4,219	612	547	4,284
Associate Circuit Division Interest	6,915	1,114	3,299	4,730
Collector's Tax Maintenance	0	458	0	458
County Health Insurance	44,279	333,632	376,332	1,579
Total	\$ 2,335,528	7,241,049	6,560,150	3,016,427

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

PERRY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 516,863	2,068,629	2,134,464	451,028
Special Road and Bridge	383,659	1,464,021	1,763,941	83,739
Assessment	28,001	204,335	218,080	14,256
Landfill/Transfer Station	132,302	555,317	524,437	163,182
Law Enforcement Training	1,183	5,785	4,697	2,271
Prosecuting Attorney Training	6,409	1,319	266	7,462
Recorder's User Fees	14,091	12,443	4,617	21,917
Prosecuting Attorney Bad Check	3,540	16,386	11,517	8,409
911 Emergency	262,577	189,534	171,791	280,320
Health Center	253,836	722,905	704,822	271,919
Mental Health	218,107	215,432	299,789	133,750
Senate Bill 40	122,180	206,863	152,883	176,160
Law Library	3,740	10,988	6,470	8,258
Sheriff's Reserve	2,255	5,500	2,586	5,169
Sheriff's Commissary	6,547	13,526	12,974	7,099
Sheriff's Civil Fees	28,484	27,261	37,878	17,867
Local Park Sales Tax	568,495	945,290	890,745	623,040
Perry County Health Center Building	2,885	30,065	32,749	201
Election Services	1,380	3,457	769	4,068
Circuit Clerk Division Interest	4,122	1,868	1,771	4,219
Associate Circuit Division Interest	5,108	1,824	17	6,915
County Health Insurance	0	247,233	202,954	44,279
Total	\$ 2,565,764	6,949,981	7,180,217	2,335,528

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 6,607,058	6,906,959	299,901	6,882,235	6,702,748	(179,487)
DISBURSEMENTS	7,162,030	6,183,818	978,212	7,358,345	6,977,263	381,082
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (554,972)	723,141	1,278,113	(476,110)	(274,515)	201,595
CASH, JANUARY 1	2,291,249	2,291,249	0	2,565,764	2,565,764	0
CASH, DECEMBER 31	\$ 1,736,277	3,014,390	1,278,113	2,089,654	2,291,249	201,595
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	\$ 418,000	438,751	20,751	412,000	409,739	(2,261)
Sales taxes	980,000	989,516	9,516	985,000	982,354	(2,646)
Intergovernmental Revenues	297,976	288,435	(9,541)	385,100	299,015	(86,085)
Charges for services	279,600	325,900	46,300	253,549	281,432	27,883
Interest	19,500	22,049	2,549	25,000	19,236	(5,764)
Other	68,625	110,682	42,057	52,550	76,853	24,303
Transfers in	40,000	0	(40,000)	40,000	0	(40,000)
Total Receipts	\$ 2,103,701	2,175,333	71,632	2,153,199	2,068,629	(84,570)
DISBURSEMENTS						
County Commission	\$ 88,994	88,715	279	87,481	86,709	772
County Clerk	91,665	89,283	2,382	88,317	86,437	1,880
Elections	58,590	48,662	9,928	55,000	7,202	47,798
Buildings and grounds	202,927	165,995	36,932	193,348	181,160	12,188
Employee Fringe Benefits	376,000	286,913	89,087	337,200	270,283	66,917
County Treasurer	32,963	32,710	253	31,879	32,328	(449)
County Collector	74,740	75,033	(293)	72,039	71,600	439
Circuit Clerk	61,002	61,981	(979)	58,848	56,863	1,985
Associate Circuit Court	6,000	4,934	1,066	6,000	5,822	178
Court Administration	33,691	31,106	2,585	32,742	25,397	7,345
Public Administrator	17,700	15,523	2,177	15,700	20,006	(4,306)
Sheriff	340,561	344,062	(3,501)	350,215	376,142	(25,927)
Jail	215,535	260,010	(44,475)	213,816	206,592	7,224
Prosecuting Attorney	115,500	114,400	1,100	105,258	104,542	716
Juvenile Officer	69,480	23,160	46,320	69,480	69,480	0
County Coroner	13,478	18,476	(4,998)	13,170	18,484	(5,314)
Dispatch Operations	109,725	113,895	(4,170)	131,109	129,893	1,216
General County Government	166,134	179,037	(12,903)	164,321	175,228	(10,907)
Other General County Government	92,197	74,026	18,171	106,200	98,104	8,096
Debt service	0	0	0	20,000	19,635	365
Other	64,324	63,330	994	38,686	64,057	(25,371)
Transfers out	18,821	0	18,821	0	0	0
Emergency Fund	63,200	0	63,200	65,000	28,500	36,500
Total Disbursements	\$ 2,313,227	2,091,251	221,976	2,255,809	2,134,464	121,345
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (209,526)	84,082	293,608	(102,610)	(65,835)	36,775
CASH, JANUARY 1	451,028	451,028	0	516,863	516,863	0
CASH, DECEMBER 31	\$ 241,502	535,110	293,608	414,253	451,028	36,775

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	\$ 649,960	690,644	40,684	612,000	624,623	12,623
Intergovernmental Revenues	747,500	797,279	49,779	837,000	645,475	(191,525)
Charges for services	45,000	33,567	(11,433)	65,000	50,820	(14,180)
Interest	20,000	21,545	1,545	30,000	37,411	7,411
Other	2,825	2,347	(478)	12,140	105,692	93,552
Total Receipts	\$ 1,465,285	1,545,382	80,097	1,556,140	1,464,021	(92,119)
DISBURSEMENTS						
Salaries	\$ 375,000	376,799	(1,799)	345,000	330,181	14,819
Employee fringe benefits	130,375	113,107	17,268	108,500	91,674	16,826
Supplies	102,300	77,258	25,042	107,500	87,767	19,733
Insurance	16,300	15,889	411	14,000	15,366	(1,366)
Road and bridge materials	130,000	148,991	(18,991)	120,000	88,009	31,991
Equipment repairs	81,500	89,499	(7,999)	81,500	118,329	(36,829)
Rentals	500	0	500	500	0	500
Equipment purchases	154,836	35,065	119,771	101,000	67,965	33,035
Construction, repair, and maintenance	335,000	163,695	171,305	759,500	808,738	(49,238)
Debt service	31,164	31,164	0	56,000	46,692	9,308
Other	107,350	99,192	8,158	148,700	109,220	39,480
Transfers out	40,000	0	40,000	40,000	0	40,000
Total Disbursements	\$ 1,504,325	1,150,659	353,666	1,882,200	1,763,941	118,259
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (39,040)	394,723	433,763	(326,060)	(299,920)	26,140
CASH, JANUARY 1	83,739	83,739	0	383,659	383,659	0
CASH, DECEMBER 31	\$ 44,699	478,462	433,763	57,599	83,739	26,140
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental Revenues	\$ 180,500	168,937	(11,563)	214,553	196,661	(17,892)
Interest	4,000	1,181	(2,819)	5,500	3,183	(2,317)
Other	5,000	5,266	266	5,000	4,491	(509)
Transfers in	18,775	0	(18,775)	0	0	0
Total Receipts	\$ 208,275	175,384	(32,891)	225,053	204,335	(20,718)
DISBURSEMENTS						
Assessor	\$ 222,531	185,230	37,301	239,106	218,080	21,026
Total Disbursements	\$ 222,531	185,230	37,301	239,106	218,080	21,026
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (14,256)	(9,846)	4,410	(14,053)	(13,745)	308
CASH, JANUARY 1	14,256	14,256	0	28,001	28,001	0
CASH, DECEMBER 31	\$ 0	4,410	4,410	13,948	14,256	308

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>LANDFILL/TRANSFER STATION FUND</u>						
RECEIPTS						
Intergovernmental Revenues	\$ 100,800	71,482	(29,318)	51,409	41,120	(10,289)
Charges for Services	400,000	487,215	87,215	500,000	506,710	6,710
Interest	6,000	3,792	(2,208)	4,500	7,302	2,802
Other	100	51	(49)	100	185	85
Total Receipts	\$ 506,900	562,540	55,640	556,009	555,317	(692)
DISBURSEMENTS						
Salaries	\$ 45,700	49,653	(3,953)	28,000	38,296	(10,296)
Office	3,425	4,094	(669)	3,025	2,758	267
Equipment	8,817	7,303	1,514	7,015	43,804	(36,789)
Employee Fringe Benefits	16,925	15,170	1,755	8,100	9,181	(1,081)
Water Pollution Control Permit	1,500	3,565	(2,065)	1,500	1,500	0
Methane Migration/Buyout	18,000	32,313	(14,313)	35,000	5,945	29,055
Recycling Center	100,800	75,366	25,434	50,621	34,603	16,018
Other	393,000	365,070	27,930	414,700	388,350	26,350
Total Disbursements	\$ 588,167	552,534	35,633	547,961	524,437	23,524
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (81,267)	10,006	91,273	8,048	30,880	22,832
CASH, JANUARY 1	163,182	163,182	0	132,302	132,302	0
CASH, DECEMBER 31	\$ 81,915	173,188	91,273	140,350	163,182	22,832
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental Revenues	\$ 5,800	5,452	(348)	5,000	5,727	727
Interest	100	40	(60)	150	58	(92)
Total Receipts	\$ 5,900	5,492	(408)	5,150	5,785	635
DISBURSEMENTS						
Sheriff Training Expenses	\$ 8,000	7,573	427	7,600	4,697	2,903
Total Disbursements	\$ 8,000	7,573	427	7,600	4,697	2,903
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,100)	(2,081)	19	(2,450)	1,088	3,538
CASH, JANUARY 1	2,271	2,271	0	1,183	1,183	0
CASH, DECEMBER 31	\$ 171	190	19	(1,267)	2,271	3,538
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Intergovernmental Revenues	\$ 1,100	925	(175)	925	988	63
Interest Income	400	174	(226)	400	331	(69)
Total Receipts	\$ 1,500	1,099	(401)	1,325	1,319	(6)
DISBURSEMENTS						
Prosecuting Attorney Training Expenses	\$ 9,650	637	9,013	200	266	(66)
Total Disbursements	\$ 9,650	637	9,013	200	266	(66)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (8,150)	462	8,612	1,125	1,053	(72)
CASH, JANUARY 1	7,462	7,462	0	6,409	6,409	0
CASH, DECEMBER 31	\$ (688)	7,924	8,612	7,534	7,462	(72)

Exhibit B

PERRY COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	\$ 14,648	19,357	4,709	8,868	11,657	2,789
Intergovernmental Revenues	0	10,810	10,810	0	0	0
Interest	867	515	(352)	887	775	(112)
Other	28	141	113	0	11	11
Total Receipts	\$ 15,543	30,823	15,280	9,755	12,443	2,688
DISBURSEMENTS						
Software Maintenance	\$ 5,859	4,860	999	4,434	4,617	(183)
Contract Services	15,000	0	15,000	8,000	0	8,000
Misc	0	1,646	(1,646)	0	0	0
Total Disbursements	\$ 20,859	6,506	14,353	12,434	4,617	7,817
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (5,316)	24,317	29,633	(2,679)	7,826	10,505
CASH, JANUARY 1	21,917	21,917	0	14,091	14,091	0
CASH, DECEMBER 31	\$ 16,601	46,234	29,633	11,412	21,917	10,505
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	\$ 17,000	14,539	(2,461)	15,500	16,146	646
Interest	400	177	(223)	600	239	(361)
Other	0	186	186	0	1	1
Total Receipts	\$ 17,400	14,902	(2,498)	16,100	16,386	286
DISBURSEMENTS						
Salaries	\$ 2,500	1,251	1,249	7,000	1,126	5,874
Office Expenditures	9,875	7,981	1,894	5,800	7,430	(1,630)
Rent	1,500	1,500	0	1,500	1,500	0
Equipment	10,000	4,123	5,877	5,000	1,461	3,539
Total Disbursements	\$ 23,875	14,855	9,020	19,300	11,517	7,783
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (6,475)	47	6,522	(3,200)	4,869	8,069
CASH, JANUARY 1	8,409	8,409	0	3,540	3,540	0
CASH, DECEMBER 31	\$ 1,934	8,456	6,522	340	8,409	8,069
<u>911 EMERGENCY FUND</u>						
RECEIPTS						
Interest	13,000	5,382	(7,618)	15,000	12,113	(2,887)
Other	175,250	180,907	5,657	179,500	177,421	(2,079)
Total Receipts	\$ 188,250	186,289	(1,961)	194,500	189,534	(4,966)
DISBURSEMENTS						
Salaries	\$ 57,991	55,282	2,709	30,776	30,645	131
Office Expenditures	6,000	4,920	1,080	8,450	4,750	3,700
Equipment	71,500	56,097	15,403	63,500	53,138	10,362
Mileage & Training	5,000	1,715	3,285	30,500	28,549	1,951
Other	17,100	13,238	3,862	43,250	48,118	(4,868)
Fringe Benefits	15,400	15,629	(229)	7,000	6,591	409
Total Disbursements	\$ 172,991	146,881	26,110	183,476	171,791	11,685
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 15,259	39,408	24,149	11,024	17,743	6,719
CASH, JANUARY 1	280,320	280,320	0	262,577	262,577	0
CASH, DECEMBER 31	\$ 295,579	319,728	24,149	273,601	280,320	6,719

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER</u>						
RECEIPTS						
Property Taxes	\$ 393,500	417,027	23,527	387,000	384,318	(2,682)
Intergovernmental Revenues	261,500	285,116	23,616	285,000	280,667	(4,333)
Charges for Services	31,000	36,933	5,933	41,000	35,085	(5,915)
Interest	12,000	12,241	241	17,000	19,627	2,627
Other	2,000	3,293	1,293	0	3,208	3,208
Total Receipts	\$ 700,000	754,610	54,610	730,000	722,905	(7,095)
DISBURSEMENTS						
Salaries	\$ 438,000	420,786	17,214	450,000	424,862	25,138
Fringe Benefits	116,500	109,361	7,139	112,000	103,985	8,015
Office Expenditures	14,100	16,407	(2,307)	17,000	15,088	1,912
Equipment	6,400	5,133	1,267	9,300	8,001	1,299
Mileage & Training	18,000	16,818	1,182	24,000	17,940	6,060
Other	107,000	118,697	(11,697)	117,700	134,946	(17,246)
Total Disbursements	\$ 700,000	687,202	12,798	730,000	704,822	25,178
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	67,408	67,408	0	18,083	18,083
CASH, JANUARY 1	271,919	271,919	0	253,836	253,836	0
CASH, DECEMBER 31	\$ 271,919	339,327	67,408	253,836	271,919	18,083
<u>MENTAL HEALTH FUND</u>						
RECEIPTS						
Property Taxes	\$ 196,000	212,630	16,630	190,000	196,082	6,082
Intergovernmental Revenues	500	111	(389)	600	446	(154)
Charges for Services	5,000	6,563	1,563	0	0	0
Interest	0	0	0	15,000	14,334	(666)
Other	100	141	41	100	4,570	4,470
Total Receipts	\$ 201,600	219,445	17,845	205,700	215,432	9,732
DISBURSEMENTS						
Office expenditures	25,750	14,947	10,803	25,750	15,006	10,744
Equipment	20,000	2,778	17,222	20,000	1,117	18,883
Other	136,800	116,175	20,625	152,468	283,666	(131,198)
Total Disbursements	\$ 182,550	133,900	48,650	198,218	299,789	(101,571)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 19,050	85,545	66,495	7,482	(84,357)	(91,839)
CASH, JANUARY 1	133,750	133,750	0	218,107	218,107	0
CASH, DECEMBER 31	\$ 152,800	219,295	66,495	225,589	133,750	(91,839)

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<u>SENATE BILL 40 FUND</u>						
RECEIPTS						
Property Taxes	\$ 174,590	212,629	38,039	170,000	196,082	26,082
Intergovernmental Revenues	410	126	(284)	0	436	436
Interest	0	3,583	3,583	7,000	10,345	3,345
Other	5,683	4,302	(1,381)	0	0	0
Total Receipts	\$ 180,683	220,640	39,957	177,000	206,863	29,863
DISBURSEMENTS						
Expenditures to Agencies	\$ 322,514	196,430	126,084	166,091	148,556	17,535
Other	0	2,366	(2,366)	2,900	3,944	(1,044)
Equipment	0	156	(156)	0	383	(383)
Total Disbursements	\$ 322,514	198,952	123,562	168,991	152,883	16,108
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (141,831)	21,688	163,519	8,009	53,980	45,971
CASH, JANUARY 1	176,160	176,160	0	122,180	122,180	0
CASH, DECEMBER 31	\$ 34,329	197,848	163,519	130,189	176,160	45,971
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	\$ 11,500	8,595	(2,905)	10,000	10,790	790
Interest	125	74	(51)	40	103	63
Other	0	0	0	0	95	95
Total Receipts	\$ 11,625	8,669	(2,956)	10,040	10,988	948
DISBURSEMENTS						
Publications	\$ 10,000	9,672	328	10,000	6,470	3,530
Total Disbursements	\$ 10,000	9,672	328	10,000	6,470	3,530
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 1,625	(1,003)	(2,628)	40	4,518	4,478
CASH, JANUARY 1	8,258	8,258	0	3,740	3,740	0
CASH, DECEMBER 31	\$ 9,883	7,255	(2,628)	3,780	8,258	4,478
<u>SHERIFF'S RESERVE FUND</u>						
RECEIPTS						
Charges for services	\$ 1,000	500	(500)	50	1,000	950
Other	2,250	2,200	(50)	2,250	4,500	2,250
Total Receipts	\$ 3,250	2,700	(550)	2,300	5,500	3,200
DISBURSEMENTS						
Patrolmen's Supplies	\$ 1,500	774	726	1,000	177	823
Equipment	2,500	0	2,500	1,250	0	1,250
Departmental Expenses	0	0	0	1,200	2,396	(1,196)
Training	1,000	740	260	500	0	500
Other	3,000	693	2,307	600	13	587
Total Disbursements	\$ 8,000	2,207	5,793	4,550	2,586	1,964
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (4,750)	493	5,243	(2,250)	2,914	5,164
CASH, JANUARY 1	5,169	5,169	0	2,255	2,255	0
CASH, DECEMBER 31	\$ 419	5,662	5,243	5	5,169	5,164

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S COMMISSARY FUND</u>						
RECEIPTS						
Charges for services	13,000	12,371	(629)	9,620	13,526	3,906
Total Receipts	\$ 13,000	12,371	(629)	9,620	13,526	3,906
DISBURSEMENTS						
Commissary Supplies	\$ 8,000	5,558	2,442	6,000	7,936	(1,936)
Equipment	12,000	7,594	4,406	10,000	5,038	4,962
Total Disbursements	\$ 20,000	13,152	6,848	16,000	12,974	3,026
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (7,000)	(781)	6,219	(6,380)	552	6,932
CASH, JANUARY 1	7,099	7,099	0	6,547	6,547	0
CASH, DECEMBER 31	\$ 99	6,318	6,219	167	7,099	6,932
<u>SHERIFF'S CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	26,500	19,916	(6,584)	26,000	25,872	(128)
Interest	1,400	427	(973)	1,700	1,389	(311)
Total Receipts	\$ 27,900	20,343	(7,557)	27,700	27,261	(439)
DISBURSEMENTS						
Sheriff Expenditures	\$ 41,500	20,992	20,508	45,200	37,878	7,322
Total Disbursements	\$ 41,500	20,992	20,508	45,200	37,878	7,322
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (13,600)	(649)	12,951	(17,500)	(10,617)	6,883
CASH, JANUARY 1	17,867	17,867	0	28,484	28,484	0
CASH, DECEMBER 31	\$ 4,267	17,218	12,951	10,984	17,867	6,883
<u>LOCAL PARK SALES TAX FUND</u>						
RECEIPTS						
Sales Tax	\$ 912,100	928,260	16,160	928,900	916,102	(12,798)
Interest	18,242	16,945	(1,297)	33,600	29,188	(4,412)
Total Receipts	\$ 930,342	945,205	14,863	962,500	945,290	(17,210)
DISBURSEMENTS						
Debt Service	\$ 983,453	935,758	47,695	750,000	661,042	88,958
City of Perryville	0	0	0	240,625	229,703	10,922
Total Disbursements	\$ 983,453	935,758	47,695	990,625	890,745	99,880
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (53,111)	9,447	62,558	(28,125)	54,545	82,670
CASH, JANUARY 1	623,040	623,040	0	568,495	568,495	0
CASH, DECEMBER 31	\$ 569,929	632,487	62,558	540,370	623,040	82,670

Exhibit B

PERRY COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER BUILDING FUND</u>						
RECEIPTS						
Interest	16	13	(3)	144	73	(71)
Other	20,388	20,388	0	36,675	29,992	(6,683)
Total Receipts	\$ 20,404	20,401	(3)	36,819	30,065	(6,754)
DISBURSEMENTS						
Debt Service	\$ 20,388	20,388	0	36,675	32,749	3,926
Total Disbursements	\$ 20,388	20,388	0	36,675	32,749	3,926
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 16	13	(3)	144	(2,684)	(2,828)
CASH, JANUARY 1	201	201	0	2,885	2,885	0
CASH, DECEMBER 31	\$ 217	214	(3)	3,029	201	(2,828)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental Revenues	\$ 3,000	3,508	508	750	3,352	2,602
Interest	100	97	(3)	75	105	30
Total Receipts	\$ 3,100	3,605	505	825	3,457	2,632
DISBURSEMENTS						
Training Expenses	\$ 2,000	1,623	377	2,000	769	1,231
Total Disbursements	\$ 2,000	1,623	377	2,000	769	1,231
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 1,100	1,982	882	(1,175)	2,688	3,863
CASH, JANUARY 1	4,068	4,068	0	1,380	1,380	0
CASH, DECEMBER 31	\$ 5,168	6,050	882	205	4,068	3,863
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	1,800	612	(1,188)	1,700	1,868	168
Total Receipts	\$ 1,800	612	(1,188)	1,700	1,868	168
DISBURSEMENTS						
Office Supplies	\$ 0	0	0	4,000	1,771	2,229
Miscellaneous	4,000	547	3,453	0	0	0
Total Disbursements	\$ 4,000	547	3,453	4,000	1,771	2,229
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,200)	65	2,265	(2,300)	97	2,397
CASH, JANUARY 1	4,219	4,219	0	4,122	4,122	0
CASH, DECEMBER 31	\$ 2,019	4,284	2,265	1,822	4,219	2,397
<u>ASSOCIATE CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Other Revenues	\$ 0	30	30	0	0	0
Interest	600	1,084	484	800	1,824	1,024
Total Receipts	\$ 600	1,114	514	800	1,824	1,024
DISBURSEMENTS						
Office Expense	\$ 4,000	3,299	701	4,000	17	3,983
Total Disbursements	\$ 4,000	3,299	701	4,000	17	3,983
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (3,400)	(2,185)	1,215	(3,200)	1,807	5,007
CASH, JANUARY 1	6,915	6,915	0	5,108	5,108	0
CASH, DECEMBER 31	\$ 3,515	4,730	1,215	1,908	6,915	5,007

The accompanying Notes to the Financial Statements are an integral part of this statement.

PERRY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Perry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, or an elected County official. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various County funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the County budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the County did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
County Health Insurance Fund	2002 and 2001
Collector's Tax Maintenance Fund	2002

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2001
Mental Health Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Law Enforcement Training Fund for 2001 and in the Prosecuting Attorney Training Fund for 2002.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. The County's published financial statements for the years ended December 31, 2002 and 2001 included all funds presented in the accompanying financial statements.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The County's, Health Department's and Senate Bill 40 Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral held by the County's custodial bank in the County's or appropriate board's name.

However, because of higher bank balances in March, 2001, the Health Department had uninsured and uncollateralized balances at that time, although not at year end.

Schedule 1

PERRY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through State:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-1179W ERS045-2179 ERS045-3179W	\$ 0 35,134 12,150	38,193 13,545 0
	Program Total		\$ 47,284	51,738
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through State:				
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO 1640459 ERO 1640530	\$ 0 7,327	14,280 0
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
16.710	Public Safety Partnership and Community Policing Grants	02011823	\$ 745	0
Passed through:				
Missouri Sheriffs' Association -				
16.xxx	Domestic Cannabis Eradication/Suppression Program	N/A	\$ 1,349	1,508
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through State Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-079(12)	\$ 7,289	268,383

Schedule 1

PERRY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through State Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	N/A	\$ 7,117	1,547
83.544	Public Assistance Grants	157-99157-00	37,732	0
	Program Total		\$ 44,849	1,547
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through State:				
Department of Health -				
93.268	Immunization Grants	PGA064-2179A	10,530	0
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-1179C	\$ 0	1,000
		PGA067-2179C&S	959	3,129
	Program Total		\$ 959	4,129
Department of Health -				
93.994	Maternal and Child Health Services	ERS146-1179M	\$ 0	15,797
	Block Grant to the States	ERS146-2179M	16,825	0
	Program Total		\$ 16,825	15,797
	Total Expenditures of Federal Awards		\$ 137,157	357,382

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

PERRY COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Perry County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Because Perry County expended no noncash awards for the years ended December 31, 2002 and 2001, the schedule includes expenditures of cash awards only.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.



Schott & Van de Ven

Certified Public Accountants

1020 N. Kingshighway, Suite D, P.O. Box 1090, Cape Girardeau, MO 63702-1090 573-335-1231

FAX 573-339-0163

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Perry County, Missouri

Compliance

We have audited the compliance of Perry County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable

assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Perry County, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Perry County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as Finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance

with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described in Finding number 02-1 is not a material weakness.

This report is intended for the information of the management of Perry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

SCHOTT & VAN DE VEN

Original Signed by Auditor

May 28, 2003

Cape Girardeau, Missouri

PERRY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified?	_____ yes	<u> x </u> no
Reportable condition identified that is not considered to be a material weakness?	_____ yes	<u> x </u> none reported
Noncompliance material to the financial statements noted?	_____ yes	<u> x </u> no

Federal Awards

Internal control over major programs:

Material weaknesses identified?	_____ yes	<u> x </u> no
Reportable condition identified that is not considered to be a material weakness	<u> x </u> yes	_____ none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?

☒ yes ☐ no

Identification of programs tested as major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
---------------	----------------------

20.205	Highway Planning and Construction
--------	-----------------------------------

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

☐ yes ☒ no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding(s) that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1 Schedule of Expenditures and Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

The County prepared a schedule of expenditures of federal awards for each of the two years ended December 31, 2002. The information shown on these reports for the Highway Planning and Construction program was not accurate.

The County's schedule included the County match as a federal expenditure and reported 2002 expenditures in 2001. As a result, the County under reported expenditures by approximately \$7,300 in 2002 and over reported expenditures by approximately \$67,000 in 2001.

Without an accurate and complete schedule of expenditures, the federal financial activity may not be properly audited and reported in accordance with the federal requirements.

RECOMMENDATION

We recommend that the County Clerk prepare a complete and accurate schedule of expenditures of federal awards. The County Clerk should make sure the various departments that may provide information for this schedule are aware of the importance of the accuracy and provide guidance to them if necessary.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

Perry County reported actual costs made for these programs for the years mentioned without taking into consideration whether or not the funds were federal funds or county match.

In the future the County Clerk will prepare a complete and accurate schedule of expenditures of federal funds in the proper years.

PERRY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the years ended December 31, 2000 and 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

PERRY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on the prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Prior Audit Findings

The County did not require an audit in accordance with OMB A-133 in the prior period.



Schott & Van de Ven

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To the Board of Commissioners
Perry County
Perryville, MO 63670

In planning and performing our audit of the special-purpose financial statements of Perry County, Missouri for the years ended December 31, 2002 and 2001, we considered the County's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are summarized below. A separate report dated May 28, 2003, contains our report on reportable conditions in the Company's internal control. This letter does not affect our report dated May 28, 2003, on the financial statements of the Perry County.

Collateral Coverage:

The Health Department deposits in Perry County Savings Bank in March 2001 exceeded the coverage provided by collateral and the F.D.I.C. by \$8,600.

We recommend that the collateral coverage provided by depository institutions be reviewed to ensure adequate coverage.

General Ledger:

Currently, the general ledger maintained by the County Clerk does not include the amounts invested in certificates of deposit.

We recommend that all investment activity be recorded in the general ledger to provide more accurate reports for the County officials.

Board Minutes:

The Health Department board minutes could not be located for November 2001.

We recommend that a record of all board meetings be kept on file.

Federal Programs:

The amounts reported on the schedule of federal expenditures for some of the federal programs were not accurate. Without an accurate and complete schedule of expenditures, the federal financial activity may not be properly reported in accordance with federal requirements.

We recommend that all federal program expenditures be reconciled with the amounts recorded in the general ledger. This will allow the County Clerk to prepare a complete and accurate schedule of expenditures of federal awards. The County Clerk should make sure the various departments that may provide information for this schedule are aware of the importance of the accuracy of this information and provide guidance to them if necessary.

We have already discussed many of these comments and suggestions with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

SCHOTT & VAN DE VEN

Original Signed by Auditor

May 28, 2003
Cape Girardeau, Missouri



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Moniteau County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Moniteau County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Larson, Allen, Weishair & Co., L.L.P., Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-72
July 21, 2003

MONITEAU COUNTY, MISSOURI
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2002 AND 2001

**MONITEAU COUNTY, MISSOURI
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INDEPENDENT AUDITOR'S REPORT

To the County Commission
and Officeholders of Moniteau County, Missouri

We have audited the special-purpose financial statements of various funds of Moniteau County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Moniteau County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Moniteau County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Moniteau County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than U.S. generally accepted accounting principles.

Page Two

In accordance with Government Auditing Standards, we have also issued a report dated April 11, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements of Moniteau County, Missouri. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

LARSON, ALLEN, WEISHAIR & CO., LLP

April 11, 2003
St. Louis, Missouri

EXHIBIT A-1

MONITEAU COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,357	\$ 1,266,109	\$ 1,237,420	\$ 30,046
Special Road and Bridge	147,761	896,727	880,018	164,470
Assessment	18,482	133,878	138,931	13,429
Law Enforcement Training	470	2,158	2,352	276
Prosecuting Attorney Training	1,141	545	895	791
Adult Abuse	2,066	1,783	2,174	1,675
Prosecuting Attorney Forfeiture	1,158	23	0	1,181
Prosecuting Attorney Bad Check	43,594	8,639	20,403	31,830
Prosecuting Attorney Delinquent Tax	684	157	683	158
Recorder User Fee	31,420	13,410	16,528	28,302
Sheriff Civil Fee	12,347	32,285	11,965	32,667
Local Emergency Planning Commission	8,634	5,312	5,066	8,880
Off System Bridge Projects	0	29,568	29,568	0
Election Service	1,846	3,010	1,341	3,515
Cemetery Trust	15,233	678	764	15,147
Associate Circuit Division Interest	1,802	67	135	1,734
Circuit Clerk Interest	14,130	2,334	4,319	12,145
Law Library	11,056	4,731	6,385	9,402
Health Center	402,292	371,498	336,352	437,438
Emergency Dispatch	170,042	431,334	454,666	146,710
Community Development Block Grant	1,000	175,510	176,510	0
Missouri SMART	50	40,069	40,119	0
Drug Task Force Assistance	0	12,250	4,425	7,825
Senate Bill 40 Board	82,586	179,352	34,575	227,363
Total	<u>\$ 969,151</u>	<u>\$ 3,611,427</u>	<u>\$ 3,405,594</u>	<u>\$ 1,174,984</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT A-2

**MONITEAU COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001**

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 42,222	\$ 1,130,466	\$ 1,171,331	\$ 1,357
Special Road and Bridge	63,391	923,789	839,419	147,761
Assessment	9,878	147,106	138,502	18,482
Law Enforcement Training	426	2,553	2,509	470
Prosecuting Attorney Training	1,407	472	738	1,141
Adult Abuse	1,589	2,136	1,659	2,066
Prosecuting Attorney Forfeiture	1,112	46	0	1,158
Prosecuting Attorney Bad Check	33,669	25,650	15,725	43,594
Prosecuting Attorney Delinquent Tax	468	216	0	684
Recorder User Fee	24,488	9,639	2,707	31,420
Sheriff Civil Fee	7,911	13,928	9,492	12,347
Local Emergency Planning Commission	7,775	4,334	3,475	8,634
Off System Bridge Projects	0	272,632	272,632	0
Election Service	1,792	1,983	1,929	1,846
Cemetery Trust	15,295	835	897	15,233
Associate Circuit Division Interest	1,641	161	0	1,802
Circuit Clerk Interest	12,019	2,111	0	14,130
Law Library	10,379	6,155	5,478	11,056
Health Center	337,456	369,459	304,623	402,292
Emergency Dispatch	151,234	420,716	401,908	170,042
Community Development Block Grant	0	32,694	31,694	1,000
Missouri SMART	0	44,748	44,698	50
Senate Bill 40 Board	10,688	159,376	87,478	82,586
Total	<u>\$ 734,840</u>	<u>\$ 3,571,205</u>	<u>\$ 3,336,894</u>	<u>\$ 969,151</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

**MONITEAU COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,723,224	\$ 3,611,427	\$ (111,797)	\$3,905,234	\$ 3,571,205	\$ (334,029)
DISBURSEMENTS	4,003,334	3,405,594	597,740	4,109,819	3,336,894	772,925
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (280,110)	\$ 205,833	\$ 485,943	\$ (204,585)	\$ 234,311	\$ 438,896
CASH, JANUARY 1	969,151	969,151	-	734,840	734,840	-
CASH, DECEMBER 31	<u>\$ 689,041</u>	<u>\$1,174,984</u>	<u>\$ 485,943</u>	<u>\$ 530,255</u>	<u>\$ 969,151</u>	<u>\$ 438,896</u>
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	\$ 225,550	\$ 204,116	\$ (21,434)	\$ 233,600	\$ 264,028	\$ 30,428
Sales taxes	500,000	498,496	(1,504)	450,000	453,367	3,367
Intergovernmental	231,400	215,406	(15,994)	151,300	151,840	540
Charges for services	202,780	227,029	24,249	179,950	207,150	27,200
Interest	4,500	2,035	(2,465)	10,200	6,036	(4,164)
Other	32,800	79,473	46,673	24,250	23,621	(629)
Transfers in	51,105	39,554	(11,551)	-	24,424	24,424
Total Receipts	<u>\$ 1,248,135</u>	<u>\$ 1,266,109</u>	<u>\$ 17,974</u>	<u>\$1,049,300</u>	<u>\$ 1,130,466</u>	<u>\$ 81,166</u>
DISBURSEMENTS						
County Commission	\$ 84,875	\$ 84,423	\$ 452	\$ 80,965	\$ 79,922	\$ 1,043
County Clerk	81,840	81,667	173	88,626	86,991	1,635
Elections	38,550	36,342	2,208	13,210	12,475	735
Buildings and grounds	63,942	60,388	3,554	70,390	55,929	14,461
Employee fringe benefits	100,300	90,555	9,745	100,300	91,700	8,600
County Treasurer	30,750	30,528	222	29,345	29,114	231
County Collector	73,590	71,784	1,806	81,148	73,772	7,376
Ex Officio Recorder of Deeds	19,118	18,870	248	23,412	20,606	2,806
Circuit Clerk	-	-	-	-	-	-
Associate Circuit Court	14,684	13,648	1,036	18,747	16,551	2,196
Associate Circuit (Probate)	-	-	-	-	-	-
Court administration	20,250	20,229	21	13,700	10,751	2,949
Public Administrator	27,570	26,580	990	34,576	34,239	337
Sheriff	200,390	199,370	1,020	192,085	187,399	4,686
Jail	174,175	173,971	204	185,623	179,305	6,318
Prosecuting Attorney	103,922	103,628	294	106,008	104,883	1,125
Juvenile Officer	54,518	34,693	19,825	49,392	43,734	5,658
County Coroner	13,075	12,565	510	12,425	11,563	862
Insurance	24,500	23,495	1,005	17,500	22,005	(4,505)
University Extension	10,152	10,152	-	10,152	10,152	-
Postage	18,000	17,887	113	17,000	17,025	(25)
Circuit Judges and Court Reporters	8,845	7,335	1,510	7,847	6,607	1,240
Crime Victim Advocate	27,430	25,293	2,137	25,474	24,548	926
Drug Task Force	89,875	72,574	17,301	-	-	-
Other	20,651	17,955	2,696	25,900	17,122	8,778
Transfers Out	5,600	3,488	2,112	4,500	34,938	(30,438)
Emergency Fund	19,514	-	19,514	379	-	379
Total Disbursements	<u>\$ 1,326,116</u>	<u>\$ 1,237,420</u>	<u>\$ 88,696</u>	<u>\$1,208,704</u>	<u>\$ 1,171,331</u>	<u>\$ 37,373</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(77,981)	28,689	106,670	(159,404)	(40,865)	118,539
CASH, JANUARY 1	1,357	1,357	-	42,222	42,222	-
CASH, DECEMBER 31	<u>\$ (76,624)</u>	<u>\$ 30,046</u>	<u>\$ 106,670</u>	<u>\$ (117,182)</u>	<u>\$ 1,357</u>	<u>\$ 118,539</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

**MONITEAU COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	\$ 360,650	\$ 352,688	\$ (7,962)	\$ 329,400	\$ 347,211	\$ 17,811
Sales taxes	-	-	-	-	-	-
Intergovernmental	521,250	521,925	675	532,080	519,894	(12,186)
Charges for services	18,500	11,756	(6,744)	15,000	17,096	2,096
Interest	7,200	3,988	(3,212)	7,400	8,665	1,265
Other	14,500	6,370	(8,130)	7,500	15,247	7,747
Transfers in	-	-	-	-	15,676	15,676
Total Receipts	<u>\$ 922,100</u>	<u>\$ 896,727</u>	<u>\$ (25,373)</u>	<u>\$ 891,380</u>	<u>\$ 923,789</u>	<u>\$ 32,409</u>
DISBURSEMENTS						
Salaries	\$ 286,520	\$ 289,316	\$ (2,796)	\$ 279,240	\$ 280,679	\$ (1,439)
Employee fringe benefits	66,820	55,332	11,488	60,242	53,895	6,347
Supplies	125,800	94,354	31,446	130,800	105,128	25,672
Insurance	18,500	23,125	(4,625)	18,500	17,971	529
Road and bridge materials	150,000	125,637	24,363	160,000	105,016	54,984
Equipment repairs	90,000	93,438	(3,438)	80,000	92,260	(12,260)
Rentals	-	-	-	-	-	-
Equipment purchases	140,000	153,618	(13,618)	132,000	114,292	17,708
Construction, repair, and maintenance	40,000	39,743	257	40,000	51,568	(11,568)
Other	27,250	5,455	21,795	27,250	8,665	18,585
Transfers out	-	-	-	-	9,945	(9,945)
Total Disbursements	<u>\$ 944,890</u>	<u>\$ 880,018</u>	<u>\$ 64,872</u>	<u>\$ 928,032</u>	<u>\$ 839,419</u>	<u>\$ 88,613</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (22,790)</u>	<u>\$ 16,709</u>	<u>\$ 39,499</u>	<u>\$ (36,652)</u>	<u>\$ 84,370</u>	<u>\$ 121,022</u>
CASH, JANUARY 1	<u>147,761</u>	<u>147,761</u>	<u>-</u>	<u>63,391</u>	<u>63,391</u>	<u>-</u>
CASH, DECEMBER 31	<u>\$ 124,971</u>	<u>\$ 164,470</u>	<u>\$ 39,499</u>	<u>\$ 26,739</u>	<u>\$ 147,761</u>	<u>\$ 121,022</u>
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	\$ 132,176	\$ 133,095	\$ 919	\$ 125,954	\$ 144,832	\$ 18,878
Interest	1,000	783	(217)	2,000	2,274	274
Other	-	-	-	-	-	-
Transfers in	1,594	-	(1,594)	4,500	-	(4,500)
Total Receipts	<u>\$ 134,770</u>	<u>\$ 133,878</u>	<u>\$ (892)</u>	<u>\$ 132,454</u>	<u>\$ 147,106</u>	<u>\$ 14,652</u>
DISBURSEMENTS						
Assessor	\$ 134,770	\$ 138,931	\$ (4,161)	\$ 139,584	\$ 138,502	\$ 1,082
Total Disbursements	<u>\$ 134,770</u>	<u>\$ 138,931</u>	<u>\$ (4,161)</u>	<u>\$ 139,584</u>	<u>\$ 138,502</u>	<u>\$ 1,082</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ -</u>	<u>\$ (5,053)</u>	<u>\$ (5,053)</u>	<u>\$ (7,130)</u>	<u>\$ 8,604</u>	<u>\$ 15,734</u>
CASH, JANUARY 1	<u>18,482</u>	<u>18,482</u>	<u>-</u>	<u>9,878</u>	<u>9,878</u>	<u>-</u>
CASH, DECEMBER 31	<u>\$ 18,482</u>	<u>\$ 13,429</u>	<u>\$ (5,053)</u>	<u>\$ 2,748</u>	<u>\$ 18,482</u>	<u>\$ 15,734</u>
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	2,600	2,155	(445)	3,000	2,543	(457)
Interest	10	3	(7)	50	10	(40)
Other	-	-	-	-	-	-
Total Receipts	<u>\$ 2,610</u>	<u>\$ 2,158</u>	<u>\$ (452)</u>	<u>\$ 3,050</u>	<u>\$ 2,553</u>	<u>\$ (497)</u>
DISBURSEMENTS						
Sheriff	\$ 2,500	\$ 2,352	\$ 148	\$ 3,200	\$ 2,509	\$ 691
Total Disbursements	<u>\$ 2,500</u>	<u>\$ 2,352</u>	<u>\$ 148</u>	<u>\$ 3,200</u>	<u>\$ 2,509</u>	<u>\$ 691</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ 110</u>	<u>\$ (194)</u>	<u>\$ (304)</u>	<u>\$ (150)</u>	<u>\$ 44</u>	<u>\$ 194</u>
CASH, JANUARY 1	<u>470</u>	<u>470</u>	<u>-</u>	<u>426</u>	<u>426</u>	<u>-</u>
CASH, DECEMBER 31	<u>\$ 580</u>	<u>\$ 276</u>	<u>\$ (304)</u>	<u>\$ 276</u>	<u>\$ 470</u>	<u>\$ 194</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

**MONITEAU COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	\$ 450	\$ 525	\$ 75	\$ 475	\$ 419	\$ (56)
Interest	50	20	(30)	55	53	(2)
Total Receipts	<u>\$ 500</u>	<u>\$ 545</u>	<u>\$ 45</u>	<u>\$ 530</u>	<u>\$ 472</u>	<u>\$ (58)</u>
DISBURSEMENTS						
Prosecuting Attorney	\$ 1,500	\$ 895	\$ 605	\$ 1,000	\$ 738	\$ 262
Total Disbursements	<u>\$ 1,500</u>	<u>\$ 895</u>	<u>\$ 605</u>	<u>\$ 1,000</u>	<u>\$ 738</u>	<u>\$ 262</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (1,000)</u>	<u>\$ (350)</u>	<u>\$ 650</u>	<u>\$ (470)</u>	<u>\$ (266)</u>	<u>\$ 204</u>
CASH, JANUARY 1	1,141	1,141	-	1,407	1,407	-
CASH, DECEMBER 31	<u>\$ 141</u>	<u>\$ 791</u>	<u>\$ 650</u>	<u>\$ 937</u>	<u>\$ 1,141</u>	<u>\$ 204</u>
<u>ADULT ABUSE FUND</u>						
RECEIPTS						
Charges for services	\$ 2,300	\$ 1,783	\$ (517)	\$ 2,500	\$ 2,136	\$ (364)
Interest	-	-	-	-	-	-
Total Receipts	<u>\$ 2,300</u>	<u>\$ 1,783</u>	<u>\$ (517)</u>	<u>\$ 2,500</u>	<u>\$ 2,136</u>	<u>\$ (364)</u>
DISBURSEMENTS						
Domestic Violence Shelter	\$ 3,500	\$ 2,174	\$ 1,326	\$ 3,500	\$ 1,659	\$ 1,841
Total Disbursements	<u>\$ 3,500</u>	<u>\$ 2,174</u>	<u>\$ 1,326</u>	<u>\$ 3,500</u>	<u>\$ 1,659</u>	<u>\$ 1,841</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (1,200)</u>	<u>\$ (391)</u>	<u>\$ 809</u>	<u>\$ (1,000)</u>	<u>\$ 477</u>	<u>\$ 1,477</u>
CASH, JANUARY 1	2,066	2,066	-	1,589	1,589	-
CASH, DECEMBER 31	<u>\$ 866</u>	<u>\$ 1,675</u>	<u>\$ 809</u>	<u>\$ 589</u>	<u>\$ 2,066</u>	<u>\$ 1,477</u>
<u>PROSECUTING ATTORNEY FORFEITURE FUND</u>						
RECEIPTS						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	35	23	(12)	50	46	(4)
Total Receipts	<u>\$ 35</u>	<u>\$ 23</u>	<u>\$ (12)</u>	<u>\$ 50</u>	<u>\$ 46</u>	<u>\$ (4)</u>
DISBURSEMENTS						
Prosecuting Attorney	\$ 1,156	\$ -	\$ 1,156	\$ 1,100	\$ -	\$ 1,100
Total Disbursements	<u>\$ 1,156</u>	<u>\$ -</u>	<u>\$ 1,156</u>	<u>\$ 1,100</u>	<u>\$ -</u>	<u>\$ 1,100</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (1,121)</u>	<u>\$ 23</u>	<u>\$ 1,144</u>	<u>\$ (1,050)</u>	<u>\$ 46</u>	<u>\$ 1,096</u>
CASH, JANUARY 1	1,158	1,158	-	1,112	1,112	-
CASH, DECEMBER 31	<u>\$ 37</u>	<u>\$ 1,181</u>	<u>\$ 1,144</u>	<u>\$ 62</u>	<u>\$ 1,158</u>	<u>\$ 1,096</u>
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	\$ 9,000	\$ 8,063	\$ (937)	\$ 9,000	\$ 8,481	\$ (519)
Interest	1,200	576	(624)	1,100	1,519	419
Transfers In	-	-	-	-	15,650	15,650
Total Receipts	<u>\$ 10,200</u>	<u>\$ 8,639</u>	<u>\$ (1,561)</u>	<u>\$ 10,100</u>	<u>\$ 25,650</u>	<u>\$ 15,550</u>
DISBURSEMENTS						
Prosecuting Attorney	\$ 22,254	\$ 3,669	\$ 18,585	\$ 15,000	\$ 51	\$ 14,949
Transfers Out	-	16,734	(16,734)	-	15,674	(15,674)
Total Disbursements	<u>\$ 22,254</u>	<u>\$ 20,403</u>	<u>\$ 1,851</u>	<u>\$ 15,000</u>	<u>\$ 15,725</u>	<u>\$ (725)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (12,054)</u>	<u>\$ (11,764)</u>	<u>\$ 290</u>	<u>\$ (4,900)</u>	<u>\$ 9,925</u>	<u>\$ 14,825</u>
CASH, JANUARY 1	43,594	43,594	-	33,669	33,669	-
CASH, DECEMBER 31	<u>\$ 31,540</u>	<u>\$ 31,830</u>	<u>\$ 290</u>	<u>\$ 28,769</u>	<u>\$ 43,594</u>	<u>\$ 14,825</u>

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EXHIBIT B

**MONITEAU COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND FUND</u>						
RECEIPTS						
Intergovernmenta	\$ 250	\$ 154	\$ (96)	\$ 150	\$ 194	\$ 44
Interest	29	3	(26)	25	22	(3)
Total Receipts	<u>\$ 279</u>	<u>\$ 157</u>	<u>\$ (122)</u>	<u>\$ 175</u>	<u>\$ 216</u>	<u>\$ 41</u>
DISBURSEMENTS						
Transfers Out	\$ 684	\$ 683	\$ 1	\$ -	\$ -	\$ -
Total Disbursements	<u>\$ 684</u>	<u>\$ 683</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (405)</u>	<u>\$ (526)</u>	<u>\$ (121)</u>	<u>\$ 175</u>	<u>\$ 216</u>	<u>\$ 41</u>
CASH, JANUARY 1	684	684	-	468	468	-
CASH, DECEMBER 31	<u><u>\$ 279</u></u>	<u><u>\$ 158</u></u>	<u><u>\$ (121)</u></u>	<u><u>\$ 643</u></u>	<u><u>\$ 684</u></u>	<u><u>\$ 41</u></u>
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for services	\$ 8,500	\$ 12,873	\$ 4,373	\$ 6,000	\$ 8,585	\$ 2,585
Interest	1,000	537	(463)	1,200	1,054	(146)
Total Receipts	<u>\$ 9,500</u>	<u>\$ 13,410</u>	<u>\$ 3,910</u>	<u>\$ 7,200</u>	<u>\$ 9,639</u>	<u>\$ 2,439</u>
DISBURSEMENTS						
Ex Officio Recorder of Deed:	\$ 25,618	\$ 3,960	\$ 21,658	\$ 4,750	\$ 2,707	\$ 2,043
Transfers Out	-	12,568	(12,568)	-	-	-
Total Disbursements	<u>\$ 25,618</u>	<u>\$ 16,528</u>	<u>\$ 9,090</u>	<u>\$ 4,750</u>	<u>\$ 2,707</u>	<u>\$ 2,043</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (16,118)</u>	<u>\$ (3,118)</u>	<u>\$ 13,000</u>	<u>\$ 2,450</u>	<u>\$ 6,932</u>	<u>\$ 4,482</u>
CASH, JANUARY 1	31,420	31,420	-	24,488	24,488	-
CASH, DECEMBER 31	<u><u>\$ 15,302</u></u>	<u><u>\$ 28,302</u></u>	<u><u>\$ 13,000</u></u>	<u><u>\$ 26,938</u></u>	<u><u>\$ 31,420</u></u>	<u><u>\$ 4,482</u></u>
<u>SHERIFF CIVIL FEE FUND</u>						
RECEIPTS						
Charges for services	\$ 14,200	\$ 13,567	\$ (633)	\$ 13,000	\$ 13,547	\$ 547
Intergovernmenta	-	18,333	18,333	-	-	-
Interest	300	385	85	500	381	(119)
Total Receipts	<u>\$ 14,500</u>	<u>\$ 32,285</u>	<u>\$ 17,785</u>	<u>\$ 13,500</u>	<u>\$ 13,928</u>	<u>\$ 428</u>
DISBURSEMENTS						
Sheriff	\$ 20,000	\$ 5,995	\$ 14,005	\$ 20,000	\$ 9,492	\$ 10,508
Transfers Out	-	5,970	(5,970)	-	-	-
Total Disbursements	<u>\$ 20,000</u>	<u>\$ 11,965</u>	<u>\$ 8,035</u>	<u>\$ 20,000</u>	<u>\$ 9,492</u>	<u>\$ 10,508</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (5,500)</u>	<u>\$ 20,320</u>	<u>\$ 25,820</u>	<u>\$ (6,500)</u>	<u>\$ 4,436</u>	<u>\$ 10,936</u>
CASH, JANUARY 1	12,347	12,347	-	7,911	7,911	-
CASH, DECEMBER 31	<u><u>\$ 6,847</u></u>	<u><u>\$ 32,667</u></u>	<u><u>\$ 25,820</u></u>	<u><u>\$ 1,411</u></u>	<u><u>\$ 12,347</u></u>	<u><u>\$ 10,936</u></u>
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmenta	\$ 4,000	\$ 5,197	\$ 1,197	\$ 2,600	\$ 4,032	\$ 1,432
Interest	-	115	115	300	302	2
Total Receipts	<u>\$ 4,000</u>	<u>\$ 5,312</u>	<u>\$ 1,312</u>	<u>\$ 2,900</u>	<u>\$ 4,334</u>	<u>\$ 1,434</u>
DISBURSEMENTS						
Training	\$ 6,200	\$ 5,066	\$ 1,134	\$ 4,200	\$ 3,475	\$ 725
Total Disbursements	<u>\$ 6,200</u>	<u>\$ 5,066</u>	<u>\$ 1,134</u>	<u>\$ 4,200</u>	<u>\$ 3,475</u>	<u>\$ 725</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (2,200)</u>	<u>\$ 246</u>	<u>\$ 2,446</u>	<u>\$ (1,300)</u>	<u>\$ 859</u>	<u>\$ 2,159</u>
CASH, JANUARY 1	8,634	8,634	-	7,775	7,775	-
CASH, DECEMBER 31	<u><u>\$ 6,434</u></u>	<u><u>\$ 8,880</u></u>	<u><u>\$ 2,446</u></u>	<u><u>\$ 6,475</u></u>	<u><u>\$ 8,634</u></u>	<u><u>\$ 2,159</u></u>

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EXHIBIT B

**MONITEAU COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>OFF SYSTEM BRIDGE PROJECTS FUND</u>						
RECEIPTS						
Intergovernmenta	\$ 75,000	\$ 29,568	\$ (45,432)	\$ 565,000	\$ 262,687	\$ (302,313)
Transfers in	-	-	-	-	9,945	9,945
Total Receipts	\$ 75,000	\$ 29,568	\$ (45,432)	\$ 565,000	\$ 272,632	\$ (292,368)
DISBURSEMENTS						
Bridge Projects	\$ 75,000	\$ 29,568	\$ 45,432	\$ 565,000	\$ 256,956	\$ 308,044
Transfers Out	-	-	-	-	15,676	(15,676)
Total Disbursements	\$ 75,000	\$ 29,568	\$ 45,432	\$ 565,000	\$ 272,632	\$ 292,368
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Intergovernmenta	\$ 2,500	\$ 1,476	\$ (1,024)	\$ 1,000	\$ 1,917	\$ 917
Interest	65	46	(19)	-	66	66
Transfers in	-	1,488	1,488	-	-	-
Total Receipts	\$ 2,565	\$ 3,010	\$ 445	\$ 1,000	\$ 1,983	\$ 983
DISBURSEMENTS						
County Clerk	\$ 2,750	\$ 1,341	\$ 1,409	\$ 2,000	\$ 1,929	\$ 71
Total Disbursements	\$ 2,750	\$ 1,341	\$ 1,409	\$ 2,000	\$ 1,929	\$ 71
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (185)	\$ 1,669	\$ 1,854	\$ (1,000)	\$ 54	\$ 1,054
CASH, JANUARY 1	1,846	1,846	-	1,792	1,792	-
CASH, DECEMBER 31	\$ 1,661	\$ 3,515	\$ 1,854	\$ 792	\$ 1,846	\$ 1,054
<u>CEMETARY TRUST FUND</u>						
RECEIPTS						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	825	678	(147)	1,150	835	(315)
Total Receipts	\$ 825	\$ 678	\$ (147)	\$ 1,150	\$ 835	\$ (315)
DISBURSEMENTS						
Cemetery Upkeep	\$ 3,750	\$ 764	\$ 2,986	\$ 2,000	\$ 897	\$ 1,103
Total Disbursements	\$ 3,750	\$ 764	\$ 2,986	\$ 2,000	\$ 897	\$ 1,103
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,925)	\$ (86)	\$ 2,839	\$ (850)	\$ (62)	\$ 788
CASH, JANUARY 1	15,233	15,233	-	15,295	15,295	-
CASH, DECEMBER 31	\$ 12,308	\$ 15,147	\$ 2,839	\$ 14,445	\$ 15,233	\$ 788
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	\$ 150	\$ 67	\$ (83)	\$ -	\$ 161	\$ 161
Total Receipts	\$ 150	\$ 67	\$ (83)	\$ -	\$ 161	\$ 161
DISBURSEMENTS						
Associate Circuit Court	\$ 1,250	\$ 135	\$ 1,115	\$ -	\$ -	\$ -
Total Disbursements	\$ 1,250	\$ 135	\$ 1,115	\$ -	\$ -	\$ -
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,100)	\$ (68)	\$ 1,032	\$ -	\$ 161	\$ 161
CASH, JANUARY 1	1,802	1,802	-	1,641	1,641	-
CASH, DECEMBER 31	\$ 702	\$ 1,734	\$ 1,032	\$ 1,641	\$ 1,802	\$ 161

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EXHIBIT B

**MONITEAU COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	\$ 2,200	\$ 2,334	\$ 134	\$ 2,000	\$ 2,111	\$ 111
Total Receipts	\$ 2,200	\$ 2,334	\$ 134	\$ 2,000	\$ 2,111	\$ 111
DISBURSEMENTS						
Circuit Clerk	\$ 7,319	\$ 720	\$ 6,599	\$ 600	\$ -	\$ 600
Transfers Out	-	3,599	(3,599)	-	-	-
Total Disbursements	\$ 7,319	\$ 4,319	\$ 3,000	\$ 600	\$ -	\$ 600
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (5,119)	\$ (1,985)	\$ 3,134	\$ 1,400	\$ 2,111	\$ 711
CASH, JANUARY 1	14,130	14,130	-	12,019	12,019	-
CASH, DECEMBER 31	\$ 9,011	\$ 12,145	\$ 3,134	\$ 13,419	\$ 14,130	\$ 711
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	\$ 6,000	\$ 4,652	\$ (1,348)	\$ 5,500	\$ 5,988	\$ 488
Interest	-	79	79	325	167	(158)
Total Receipts	\$ 6,000	\$ 4,731	\$ (1,269)	\$ 5,825	\$ 6,155	\$ 330
DISBURSEMENTS						
Law Library	\$ 7,500	\$ 6,385	\$ 1,115	\$ 4,850	\$ 5,478	\$ (628)
Total Disbursements	\$ 7,500	\$ 6,385	\$ 1,115	\$ 4,850	\$ 5,478	\$ (628)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,500)	\$ (1,654)	\$ (154)	\$ 975	\$ 677	\$ (298)
CASH, JANUARY 1	11,056	11,056	-	10,379	10,379	-
CASH, DECEMBER 31	\$ 9,556	\$ 9,402	\$ (154)	\$ 11,354	\$ 11,056	\$ (298)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property Taxes	\$ 200,131	\$ 195,359	\$ (4,772)	\$ 182,908	\$ 194,438	\$ 11,530
Intergovernmental	119,520	133,694	14,174	118,843	120,405	1,562
Charges for Services	16,850	22,919	6,069	18,400	25,246	6,846
Interest	15,000	15,424	424	14,000	25,741	11,741
Other	3,200	4,102	902	2,100	3,629	1,529
Total Receipts	\$ 354,701	\$ 371,498	\$ 16,797	\$ 336,251	\$ 369,459	\$ 33,208
DISBURSEMENTS						
Salaries	\$ 320,593	\$ 275,776	\$ 44,817	\$ 278,538	\$ 253,414	\$ 25,124
Office Expenditures	9,700	7,609	2,091	9,700	7,668	2,032
Contract Services	10,900	11,625	(725)	10,700	9,576	1,124
Capital Expenditures	17,000	10,693	6,307	14,000	9,465	4,535
Travel and Training	10,000	11,685	(1,685)	11,700	10,203	1,497
Insurance	2,600	2,676	(76)	2,550	2,128	422
Medical Supplies	5,000	6,578	(1,578)	5,000	3,875	1,125
Other	11,500	9,710	1,790	12,050	8,294	3,756
Total Disbursements	\$ 387,293	\$ 336,352	\$ 50,941	\$ 344,238	\$ 304,623	\$ 39,615
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (32,592)	\$ 35,146	\$ 67,738	\$ (7,987)	\$ 64,836	\$ 72,823
CASH, JANUARY 1	402,292	402,292	-	337,456	337,456	-
CASH, DECEMBER 31	\$ 369,700	\$ 437,438	\$ 67,738	\$ 329,469	\$ 402,292	\$ 72,823

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EXHIBIT B

**MONITEAU COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EMERGENCY DISPATCH FUND</u>						
RECEIPTS						
Sales Taxes	\$ 425,918	\$ 425,918	\$ -	\$ 411,152	\$ 411,152	\$ -
Interest	4,565	4,565	-	7,859	7,859	-
Other	851	851	-	1,705	1,705	-
Total Receipts	<u>\$ 431,334</u>	<u>\$ 431,334</u>	<u>\$ -</u>	<u>\$ 420,716</u>	<u>\$ 420,716</u>	<u>\$ -</u>
DISBURSEMENTS						
Office Equipment	\$ 4,517	\$ 4,517	\$ -	\$ 7,442	\$ 7,442	\$ -
Professional Fees	7,627	7,627	-	5,765	5,765	-
Salaries and Fringe Benefits	272,786	272,786	-	259,366	259,366	-
Telephone Services	51,736	51,736	-	51,669	51,669	-
Education and Travel	6,656	6,656	-	5,675	5,675	-
Utilities and Trash	5,974	5,974	-	6,392	6,392	-
Building and Equipment	72,017	72,017	-	34,768	34,768	-
Payroll Taxes	21,773	21,773	-	21,605	21,605	-
Other	11,580	11,580	-	9,226	9,226	-
Total Disbursements	<u>\$ 454,666</u>	<u>\$ 454,666</u>	<u>\$ -</u>	<u>\$ 401,908</u>	<u>\$ 401,908</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (23,332)</u>	<u>\$ (23,332)</u>	<u>\$ -</u>	<u>\$ 18,808</u>	<u>\$ 18,808</u>	<u>\$ -</u>
CASH, JANUARY 1	<u>170,042</u>	<u>170,042</u>	<u>-</u>	<u>151,234</u>	<u>151,234</u>	<u>-</u>
CASH, DECEMBER 31	<u><u>\$ 146,710</u></u>	<u><u>\$ 146,710</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 170,042</u></u>	<u><u>\$ 170,042</u></u>	<u><u>\$ -</u></u>
<u>COMMUNITY DEVELOPMENT BLOCK GRANT</u>						
RECEIPTS						
Intergovernmental	\$ 202,750	\$ 175,510	\$ (27,240)	\$ 266,850	\$ 32,694	\$ (234,156)
Charges for services	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Receipts	<u>\$ 202,750</u>	<u>\$ 175,510</u>	<u>\$ (27,240)</u>	<u>\$ 266,850</u>	<u>\$ 32,694</u>	<u>\$ (234,156)</u>
DISBURSEMENTS						
Courthouse	\$ 203,750	\$ 176,510	\$ 27,240	\$ 266,850	\$ 31,694	\$ 235,156
Total Disbursements	<u>\$ 203,750</u>	<u>\$ 176,510</u>	<u>\$ 27,240</u>	<u>\$ 266,850</u>	<u>\$ 31,694</u>	<u>\$ 235,156</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
CASH, JANUARY 1	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH, DECEMBER 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,000</u></u>	<u><u>\$ 1,000</u></u>
<u>MISSOURI SMART FUND</u>						
RECEIPTS						
Intergovernmental	\$ 56,031	\$ 38,069	\$ (17,962)	\$ 43,303	\$ 25,460	\$ (17,843)
Transfers In	-	2,000	2,000	-	19,288	19,288
Total Receipts	<u>\$ 56,031</u>	<u>\$ 40,069</u>	<u>\$ (15,962)</u>	<u>\$ 43,303</u>	<u>\$ 44,748</u>	<u>\$ 1,445</u>
DISBURSEMENTS						
Other	\$ 45,543	\$ 40,119	\$ 5,424	\$ 43,303	\$ 35,948	\$ 7,355
Transfers Out	-	-	-	-	8,750	(8,750)
Total Disbursements	<u>\$ 45,543</u>	<u>\$ 40,119</u>	<u>\$ 5,424</u>	<u>\$ 43,303</u>	<u>\$ 44,698</u>	<u>\$ (1,395)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ 10,488</u>	<u>\$ (50)</u>	<u>\$ (10,538)</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 50</u>
CASH, JANUARY 1	<u>50</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH, DECEMBER 31	<u><u>\$ 10,538</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (10,538)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 50</u></u>	<u><u>\$ 50</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

**MONITEAU COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DRUG TASK FORCE ASSISTANCE FUND</u>						
RECEIPTS						
Intergovernmental	\$ 15,000	\$ 12,250	\$ (2,750)	\$ -	\$ -	\$ -
Interest	100	-	(100)	-	-	-
Total Receipts	<u>\$ 15,100</u>	<u>\$ 12,250</u>	<u>\$ (2,850)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISBURSEMENTS						
Other	\$ 15,100	\$ 4,425	\$ 10,675	\$ -	\$ -	\$ -
Total Disbursements	<u>\$ 15,100</u>	<u>\$ 4,425</u>	<u>\$ 10,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ -</u>	<u>\$ 7,825</u>	<u>\$ 7,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	<u>\$ -</u>	<u>\$ 7,825</u>	<u>\$ 7,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>SENATE BILL 40 BOARD</u>						
RECEIPTS						
Property Taxes	\$ 146,000	\$ 175,330	\$ 29,330	\$ 148,000	\$ 146,647	\$ (1,353)
Interest	2,000	4,022	2,022	2,000	696	(1,304)
Other	79,639	-	(79,639)	-	12,033	12,033
Total Receipts	<u>\$ 227,639</u>	<u>\$ 179,352</u>	<u>\$ (48,287)</u>	<u>\$ 150,000</u>	<u>\$ 159,376</u>	<u>\$ 9,376</u>
DISBURSEMENTS						
General Administration	\$ 27,495	\$ 16,207	\$ 11,288	\$ 14,485	\$ 12,951	\$ 1,534
Residential Services	23,756	16,737	7,019	22,144	22,144	-
Other	258,974	1,631	257,343	113,371	52,383	60,988
Total Disbursements	<u>\$ 310,225</u>	<u>\$ 34,575</u>	<u>\$ 275,650</u>	<u>\$ 150,000</u>	<u>\$ 87,478</u>	<u>\$ 62,522</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (82,586)</u>	<u>\$ 144,777</u>	<u>\$ 227,363</u>	<u>\$ -</u>	<u>\$ 71,898</u>	<u>\$ 71,898</u>
CASH, JANUARY 1	82,586	82,586	-	10,688	10,688	-
CASH, DECEMBER 31	<u>\$ -</u>	<u>\$ 227,363</u>	<u>\$ 227,363</u>	<u>\$ 10,688</u>	<u>\$ 82,586</u>	<u>\$ 71,898</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**MONITEAU COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Moniteau County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Emergency Dispatch Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from U.S. generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

Fund	Year(s) Ended December 31,
Associate Circuit Division Interest	2001

**MONITEAU COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Practices (Continued)

Warrants issued were in excess of budgeted amounts for the following funds:

Fund	Year(s) Ended December 31,
Assessment Fund	2002
Prosecuting Attorney Bad Check Fund	2001
Law Library Fund	2001
Missouri SMART Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the General Revenue Fund for the year ended December 31, 2002 and 2001. However, the budget of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balance presented.

Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

Fund	Year(s) Ended December 31,
Health Center Fund	2002 and 2001
Emergency Dispatch Fund	2002 and 2001
Senate Bill 40 Board Fund	2002 and 2001
Community Development Block Grant	2001

**MONITEAU COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

NOTE 2 CASH

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No.3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depository insurance are pledged to the county rather than to specific county officials.

The County's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name, or by commercial insurance provided through a surety bond.

The Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the Health Center Board's custodial bank in the Health Center Board's name, or by commercial insurance provided through a surety bond.

The Emergency Dispatch Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the Emergency Dispatch Board's custodial bank in the Emergency Dispatch Board's name, or by commercial insurance provided through a surety bond.

MONITEAU COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 2 CASH (CONTINUED)

The Senate Bill 40 Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the Senate Bill 40 Board's custodial bank in the Senate Bill 40 Board's name, or by commercial insurance provided through a surety bond.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The only investment of the various county funds at December 31, 2001 and 2002 was a repurchase agreement with a reported amount of \$388,242 and \$459,100 (which approximated fair value). This amount represents uninsured and unregistered investments for which the securities were held by the dealer bank's trust department or agent but not in the county's name.

NOTE 3 TAXES

The assessed valuation of the tangible property for the calendar year 2002 and 2001 for purposes of local taxation was \$137,130,686 and \$133,416,637.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2002 and 2001 for purposes of local taxation was:

	<u>2002</u>	<u>2001</u>
General Revenue Fund	\$ 0.1808	\$ 0.1670
Special Road & Bridge Fund	<u>0.2507</u>	<u>0.2500</u>
Total	<u><u>\$ 0.4315</u></u>	<u><u>\$ 0.4170</u></u>

These levies represent amounts directly received by the County for its purposes versus amounts collected by the County as a pass through on behalf of another entity.

**MONITEAU COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

NOTE 4 PARTICIPATION IN PUBLIC ENTITY RISK POOLS

Missouri Public Entity Risk Management Fund

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MOPERM (Missouri Public Entity Risk Management) is a public entity risk pool currently operating as a common risk management and insurance program. The County does not pay premiums to purchase insurance policies but pays an assessment to be a member of the self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole.

The pooling agreement requires the pool to be self-sustaining. The County believes that it is not possible to estimate the range of contingent losses to be borne by the County.

NOTE 5 CONTINGENCIES

Legal Matters

The County is involved in various threatened litigations at which time the probable outcome is not readily obtainable. The County's management and legal counsel anticipate that the potential claims against the County not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the County.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the County Commission and
Officeholders of Moniteau County, Missouri

We have audited the special-purpose financial statements of various funds of Moniteau County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 11, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Moniteau County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Moniteau County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Moniteau County's ability to record, process, summarize and report financial data consistent with the assertions of management in the special-purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1.

Page Two

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and the use of the administration, management, County Commissioners, State of Missouri Auditor's Office and Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specific parties.

Original Signed by Auditor

LARSON, ALLEN, WEISHAIR & CO., LLP

April 11, 2003
St. Louis, Missouri

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission and
Officeholders of Moniteau County, Missouri

Compliance

We have audited the compliance of Moniteau County, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002 and 2001. Moniteau County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Moniteau County, Missouri's management. Our responsibility is to express an opinion on Moniteau County, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Moniteau County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Moniteau County, Missouri's compliance with those requirements.

In our opinion, Moniteau County, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Moniteau County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Moniteau County, Missouri's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and the use of the administration, management, County Commissioners, State of Missouri Auditor's Office and Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specific parties.

Original Signed by Auditor

LARSON, ALLEN, WEISHAIR & CO., LLP

April 11, 2003
St. Louis, Missouri

**MONITEAU COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? ☐ Yes ☒ No
- Reportable condition identified that are not considered to be material weaknesses?
☒ Yes ☐ None Reported
- Noncompliance material to financial statements noted?
☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness identified? ☐ Yes ☒ No
- Reportable condition identified that are not considered to be material weakness?
☐ Yes ☒ None Reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs?

CFDA Number(s)	Name of Federal Program or Cluster	2002 Amount	2001 Amount
20.205	Highway Planning and Construction	\$ 29,568	\$ 275,726
14.228	Community Development Block Grant	175,510	32,694
		<u>\$ 205,078</u>	<u>\$ 308,420</u>

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

MONITEAU COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Section II – Financial Statement Findings

Finding: 02-1

Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit: An Amendment to SAS No. 55*.

Condition: Lack of sufficient segregation of duties.

Questioned Costs: None.

Context: A review of the internal control procedures.

Effect: The design of the internal control over financial reporting that could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within the accounting department.

Recommendation: These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Management's Response: We will review periodically the size and budget constraints limiting the number of personnel within the accounting department. We will continue to utilize the other internal controls, such as administrative oversight, to minimize the lack of sufficient segregation of duties.

Section III – Federal Awards Findings and Questioned Costs

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended December 31, 2002 and 2001.

**MONITEAU COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

Financial Statement Findings

The audit did not disclose any noncompliance and internal control findings which are material to the special-purpose financial statements of the County.

Federal Award Findings and Questioned Costs

There were no prior year audit findings related to internal control, compliance, questioned costs, or fraud that relate to federal awards for the years ended December 31, 2000 and 1999.

**MONITEAU COUNTY, MISSOURI
CORRECTIVE ACTION PLAN
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

Findings – Financial Statement and Federal Awards

Questions regarding the County's Corrective Action Plan should be directed to Anita Groepper at 573-796-4661.

SCHEDULE 1

**MONITEAU COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001**

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through State:			
	Department of Social Services -			
10.550	Food Distribution	Unknown	\$ -	\$ 28
	Department of Health -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Unknown	22,741	25,729
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through State:			
	Department of Economic Development-			
14.228	Community Development Block Grants/State's Program	2000-PF-25	175,510	32,694
U.S. DEPARTMENT OF JUSTICE				
	Direct Programs:			
16.710	Public Safety Partnership and Community Policing Grants	Unknown	42,223	4,466
	Passed through:			
	State Department of Public Safety-			
16.575	Crime Victim Assistance	Unknown	25,772	30,126
16.592	Local Law Enforcement Block Grants Program	Unknown	1,193	1,213
	Missouri Sheriffs' Meth-Amphetamine Relief Team-			
16.580	Edward Bryne Memorial State and Local Law	Unknown	38,069	25,460
16.580	Department of Public Safety Sheriff Vehicle	Unknown	9,000	-
16.xxx	Domestic Cannabis Eradication/Suppression Program	Unknown	-	1,372

SCHEDULE 1

**MONITEAU COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001**

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state Highway and Transportation Commission:			
20.205	Highway Planning and Construction	BRO-068(8)	29,568	275,726
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration-			
39.003	Donation of Federal Surplus Personal Property	Unknown	7,552	7,882
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety:			
83.534	Emergency Management - State and Local Assistance	Unknown	2,198	2,808
83.544	Public Assistance Grants	Unknown	4,196	4,032
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through State:			
	Department of Health -			
93.268	Immunization Grants	Unknown	22,293	25,091
93.575	Child Care and Development Block Grant	Unknown	2,765	1,515
	Department of Social Services -			
93.667	Social Services Block Grant	Unknown	-	720
93.994	Maternal and Child Health Services Block Grant to the States	Unknown	23,001	13,766
	Total Expenditures of Federal Awards		\$ 406,081	\$ 452,628

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

MONITEAU COUNTY, MISSOURI
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Moniteau County, Missouri.

Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$22,293 and \$25,091 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the State Department of Health during the years ended December 31, 2002 and 2001. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA 93.994), \$23,001 and \$13,766 represent the original cost of vaccines received by the Health Center through the State Department of Health during the years ended December 31, 2002 and 2001. The remaining amounts for Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

MONITEAU COUNTY, MISSOURI

MANAGEMENT LETTER

DECEMBER 31, 2002

To the County Commission and
Officeholders of Moniteau County, Missouri:

In planning and performing our audit of the special-purpose financial statements of Moniteau County, Missouri as of and for the two years ended December 31, 2002, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgement, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

REPORTABLE CONDITIONS

We noted the following reportable condition that is not considered to be a material weakness.

Segregation of Duties

The small size of the accounting department limits the extent of a proper segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. This results in some risk that intentional or unintentional errors could be made and not detected.

We noted the following:

1. The County Treasurer is responsible for recording various cash receipts, reconciling the bank statements, preparing and recording cash disbursements, and reconciling the general ledger.

OBSERVATIONS

We noted the following observations that are not considered to be reportable conditions, but are comments to help strengthen internal controls and operating efficiency.

Changes in Reporting Requirements

The Governmental Accounting Standards Board recently released a new financial statement reporting requirement commonly referred to as "GASB 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". The intent of GASB 34 is to standardize financial statement reporting across governmental entities and to make them more comparable to statements issued by like-sized profit-seeking companies. Adherence to GASB 34 is a requirement for all local governmental entities, including school districts, and the gradual implementation requirement is as follows:

<u>Entities With Revenues</u>	<u>Fiscal Year Beginning After</u>
Greater than \$100 million	June 15, 2001
\$10 - \$100 million	June 15, 2002
Less than \$10 million	June 15, 2003

GASB 34 will require government-wide financial statements to include a Statement of Activities and a Statement of Net Assets. It will also require as supplemental information a narrative section referred to as "Management Discussion and Analysis" to further communicate the operations and goals of the School District. As management is ultimately responsible for the financial statements, they will likewise be responsible for all statements as reported under GASB 34.

Cooperation

We received complete cooperation from all County officials during the 2002 and 2001 audit. It appears that the overall accounting procedures laid down by the County, are being adhered to by the officials within each office.

We welcome the opportunity to discuss the points mentioned in this letter, or any other accounting and procedural problems in order to coordinate our efforts with you, the mutual objectives being the development of more effective accounting, financial reporting, and business procedures for the County.

We understand that some of the aforementioned points are in the process of implementation or may already have been implemented; however, these points are noted so that effective follow up can be accomplished.

Thank you for the opportunity to be of service to you. We sincerely appreciate all the courtesies and cooperation extended to us by you and your staff and remind you that we are available on a year-round basis. Please do not hesitate to call us whenever you believe we can be of assistance.

Page Three

This report is intended solely for the information and use of the County Commission and Officeholders of Moniteau County, Missouri, and others within the administration.

Original Signed by Auditor

LARSON, ALLEN, WEISHAIR & CO., LLP

April 11, 2003
St. Louis, Missouri



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Crawford County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Crawford County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Larson, Allen, Weishair & Co., L.L.P., Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-71
July 21, 2003



CLAIRE C. McCASKILL
Missouri State Auditor

Larson, Allen, Weishair & Co., LLP, Certified Public Accountants, performed the audit of Crawford County for the two years ended December 31, 2002 (Report No. 2003-71). On September 24, 2003, the firm issued a correction to the Schedule of Expenditures of Federal Awards, the Schedule of Findings and Questioned Costs, and the Management Letter. In addition, the dates for the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards were changed to reflect the issue date for the corrected report. The attached reflects the correction.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the County Commission and
Officeholders of Crawford County, Missouri

We have audited the special-purpose financial statements of various funds of Crawford County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 29, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Crawford County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the county in a separate letter dated May 29, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Crawford County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Crawford County's ability to record, process, summarize and report financial data consistent with the assertions of management in the special-purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1.

Page Two

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and the use of the administration, management, County Commissioners, State of Missouri Auditor's Office and Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specific parties.

A handwritten signature in dark ink, appearing to read "Larson, Allen Weishaar & Co., LLP". The signature is written in a cursive, flowing style.

LARSON, ALLEN, WEISHAIR & CO., LLP

September 24, 2003
St. Louis, Missouri

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission and
Officeholders of Crawford County, Missouri

Compliance

We have audited the compliance of Crawford County, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002 and 2001. Crawford County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Crawford County, Missouri's management. Our responsibility is to express an opinion on Crawford County, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Crawford County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Crawford County, Missouri's compliance with those requirements.

In our opinion, Crawford County, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002 and 2001. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the county in a separate letter dated May 29, 2003.

Internal Control Over Compliance

The management of Crawford County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Crawford County, Missouri's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and the use of the administration, management, County Commissioners, State of Missouri Auditor's Office and Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specific parties.

Larson, Allen, Weishair & Co., CP

LARSON, ALLEN, WEISHAIR & CO., LLP

September 24, 2003
St. Louis, Missouri

CRAWFORD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? Yes X No

- Reportable condition identified that are not considered to be material weaknesses?
 X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness identified? Yes X No

Reportable condition identified that are not considered to be material weakness?
 Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Yes X No

Identification of major programs?

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>2002 Amount</u>	<u>2001 Amount</u>
10.557	Special Supplemental Nutrition Program for Women, Infants and Children	\$ 58,273	\$ 67,975
93.563	Child Support Enforcement	82,061	82,487
20.205	Highway Planning and Construction	849,592	15,500
		<u>\$ 989,926</u>	<u>\$ 165,962</u>

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee? Yes X No

CRAWFORD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Section II – Financial Statement Findings

Finding: 02-1

Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit: An Amendment to SAS No. 55*.

Condition: Lack of sufficient segregation of duties.

Questioned Costs: None.

Context: A review of the internal control procedures.

Effect: The design of the internal control over financial reporting that could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within the accounting department.

Recommendation: These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Management's Response: We will review periodically the size and budget constraints limiting the number of personnel within the accounting department. We will continue to utilize the other internal controls, such as administrative oversight, to minimize the lack of sufficient segregation of duties.

Section III – Federal Awards Findings and Questioned Costs

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended December 31, 2002 and 2001.

CRAWFORD COUNTY, MISSOURI
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Crawford County, Missouri.

Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards

Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$25,136 and \$14,220 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the State Department of Health during the years ended December 31, 2002 and 2001. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA 93.994), \$23,037 and \$18,774 represent the original cost of vaccines received by the Health Center through the State Department of Health during the years ended December 31, 2002 and 2001. The remaining amounts for Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

CRAWFORD COUNTY, MISSOURI

MANAGEMENT LETTER

DECEMBER 31, 2002

To the County Commission and
Officeholders of Crawford County, Missouri:

In planning and performing our audit of the special-purpose financial statements of Crawford County, Missouri as of and for the two years ended December 31, 2002, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgement, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

REPORTABLE CONDITIONS

We noted the following reportable condition that is not considered to be a material weakness.

Segregation of Duties

The small size of the accounting department and Recorder's Office limits the extent of a proper segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. This results in some risk that intentional or unintentional errors could be made and not detected.

We noted the following:

- 1 The County Treasurer and the Recorder is responsible for recording various cash receipts, reconciling the bank statements, preparing and recording cash disbursements, and reconciling the general ledger.

OBSERVATIONS

We noted the following observations that are not considered to be reportable conditions, but are comments to help strengthen internal controls and operating efficiency.

Senate Bill 40

Because the Senate Bill 40 Board is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed that audit report and other applicable information.

Assessor's Office

Currently, the Assessor's Office does not always deposit money on a daily basis. We encourage the Assessor's Office to deposit monies on a daily basis and to continue to maintain all County monies in fully secured bank accounts, while gaining the Board of Commissioner's approval for opening and closing all bank and depository accounts.

Allowable Costs-Single Audit

During our testing of expenditure transactions, it was noted, that expenditures were not properly authorized by the supervisor. In addition, we discovered that several expenditures were not properly coded to correct account classification.

Summary of Federal Expenditures

Each year the County prepares a summary of the expenditures of Federal awards. This report is submitted to the Missouri State Auditors Office. During the audit period covered the County omitted a program from that report. The omitted program was with the Department of Transportation and was audited subsequent to notification by the State of Missouri.

Changes in Reporting Requirements

The Governmental Accounting Standards Board recently released a new financial statement reporting requirement commonly referred to as "GASB 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". The intent of GASB 34 is to standardize financial statement reporting across governmental entities and to make them more comparable to statements issued by like-sized profit-seeking companies. Adherence to GASB 34 is a requirement for all local governmental entities, including school districts, and the gradual implementation requirement is as follows:

<u>Entities With Revenues</u>	<u>Fiscal Year Beginning After</u>
Greater than \$100 million	June 15, 2001
\$10 - \$100 million	June 15, 2002
Less than \$10 million	June 15, 2003

GASB 34 will require government-wide financial statements to include a Statement of Activities and a Statement of Net Assets. It will also require as supplemental information a narrative section referred to as "Management Discussion and Analysis" to further communicate the operations and goals of the School District. As management is ultimately responsible for the financial statements, they will likewise be responsible for all statements as reported under GASB 34.

Audit Engagement and County's Policies and Procedures

During the audit process, we encountered certain difficulties in our attempt to retrieve audit evidence. As a result, additional procedures and inquiries were required. Ultimately, all inquiries and requests were satisfied and resolved.

It appears that the overall accounting procedures laid down by the County are being adhered to in most cases by officials within each office.

We welcome the opportunity to discuss the points mentioned in this letter, or any other accounting and procedural problems in order to coordinate our efforts with you, the mutual objectives being the development of more effective accounting, financial reporting, and business procedures for the County.

We understand that some of the aforementioned points are in the process of implementation or may already have been implemented; however, these points are noted so that effective follow up can be accomplished.

This report is intended solely for the information and use of the County Commission and Officeholders of Crawford County, Missouri, and others within the administration.

Thank you for the opportunity to be of service to you. Please do not hesitate to call us whenever you believe we can be of assistance.

Larry Allen Weishaar, CFP

LARSON, ALLEN, WEISHAIR & CO., LLP

May 29, 2003
St. Louis, Missouri

CRAWFORD COUNTY, MISSOURI
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2002 AND 2001

**CRAWFORD COUNTY, MISSOURI
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INDEPENDENT AUDITOR'S REPORT

To the County Commission
and Officeholders of Crawford County, Missouri

We have audited the special-purpose financial statements of various funds of Crawford County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Crawford County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Crawford County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Crawford County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than U.S. generally accepted accounting principles.

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In accordance with Government Auditing Standards, we have also issued a report dated May 29, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements of Crawford County, Missouri. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

LARSON, ALLEN, WEISHAIR & CO., LLP

May 29, 2003
St. Louis, Missouri

CRAWFORD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

<u>Fund</u>	<u>Cash, January 1</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash, December 31</u>
General Revenue	\$ 57,485	\$ 2,360,315	\$ 2,387,686	\$ 30,114
Special Road and Bridge	1,079,510	2,342,354	2,958,336	463,528
Assessment	38,162	184,447	179,585	43,024
Law Enforcement Training	7,922	9,055	8,103	8,874
Prosecuting Attorney Training	2,319	1,372	1,417	2,274
ADA Capital Improvement	66,651	3,793	3,134	67,310
Handicap	150,488	8,792	159,280	-
Courthouse and Jail Capital Improvement	169,115	129,068	68,886	229,297
Prosecuting Attorney Bad Check	7,739	19,368	13,592	13,515
Prosecuting Attorney Delinquent Tax	1,298	78	-	1,376
Records Preservation	14,314	17,429	15,518	16,225
Law Enforcement Equipment	9,470	11,096	14,835	5,731
Sheriff's Special	24,881	45,673	41,194	29,360
Children's Trust	1,750	1,066	2,000	816
Special Law Enforcement	4,714	463	5,020	157
Emergency 911	187,545	542,748	515,807	214,486
Family Access	1,134	-	-	1,134
Missouri Department of Conservation	7,730	-	-	7,730
Election Service	1,502	965	2,456	11
Senior Citizens Service	-	89,494	89,494	-
Records Fund For Technology	3,274	8,438	-	11,712
County Jail Project	-	639,421	340,810	298,611
County Jail Bond Project	182	10	-	192
Circuit Clerk Interest	4,355	2,418	1,908	4,865
Associate Circuit Interest	6,175	7,363	4,329	9,209
Law Library	21,270	11,961	11,902	21,329
Total	<u>\$ 1,868,985</u>	<u>\$ 6,437,187</u>	<u>\$ 6,825,292</u>	<u>\$ 1,480,880</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CRAWFORD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

<u>Fund</u>	<u>Cash, January 1</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash, December 31</u>
General Revenue	\$ 38,719	\$ 2,288,133	\$ 2,269,367	\$ 57,485
Special Road and Bridge	1,310,868	1,977,684	2,209,042	1,079,510
Assessment	32,542	162,914	157,294	38,162
Law Enforcement Training	6,957	7,794	6,829	7,922
Prosecuting Attorney Training	1,968	1,333	982	2,319
ADA Capital Improvement	66,241	3,935	3,525	66,651
Handicap	142,002	8,486	-	150,488
Courthouse and Jail Capital Improvement	124,930	133,349	89,164	169,115
Prosecuting Attorney Bad Check	1,526	17,671	11,458	7,739
Prosecuting Attorney Delinquent Tax	1,250	74	26	1,298
Records Preservation	7,132	12,961	5,779	14,314
Law Enforcement Equipment	3,726	18,204	12,460	9,470
Sheriff's Special	17,958	40,633	33,710	24,881
Children's Trust	797	953	-	1,750
Special Law Enforcement	1,317	7,272	3,875	4,714
Emergency 911	112,329	381,019	305,803	187,545
Family Access	1,041	93	-	1,134
Missouri Department of Conservation	7,730	-	-	7,730
Election Service	909	2,148	1,555	1,502
Senior Citizens Service	7,783	73,729	81,512	-
Records Fund For Technology	-	3,274	-	3,274
County Jail Bond Project	-	182	-	182
Circuit Clerk Interest	2,896	4,489	3,030	4,355
Associate Circuit Interest	3,717	6,761	4,303	6,175
Law Library	20,059	10,986	9,775	21,270
Total	<u>\$ 1,914,397</u>	<u>\$ 5,164,077</u>	<u>\$ 5,209,489</u>	<u>\$ 1,868,985</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

**CRAWFORD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 5,336,176	\$ 6,415,445	\$ 1,079,269	\$ 5,003,878	\$ 5,141,841	\$ 137,963
DISBURSEMENTS	6,430,912	6,807,153	(376,241)	5,922,497	5,192,381	730,116
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$(1,094,736)	\$ (391,708)	\$ 703,028	\$ (918,619)	\$ (50,540)	\$ 868,079
CASH, JANUARY 1	1,837,185	1,837,185	-	1,887,725	1,887,725	-
CASH, DECEMBER 31	<u>\$ 742,449</u>	<u>\$1,445,477</u>	<u>\$ 703,028</u>	<u>\$ 969,106</u>	<u>\$1,837,185</u>	<u>\$ 868,079</u>
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	\$ 167,000	\$ 158,682	\$ (8,318)	\$ 179,500	\$ 149,412	\$ (30,088)
Sales taxes	890,000	848,957	(41,043)	875,000	834,434	(40,566)
Intergovernmental	756,537	639,509	(117,028)	530,725	625,105	94,380
Charges for services	456,000	438,600	(17,400)	380,500	391,301	10,801
Interest	7,000	7,610	610	10,000	6,500	(3,500)
Other	71,000	228,957	157,957	202,050	244,293	42,243
Transfers in	38,000	38,000	-	37,088	37,088	-
Total Receipts	<u>\$ 2,385,537</u>	<u>\$2,360,315</u>	<u>\$ (25,222)</u>	<u>\$2,214,863</u>	<u>\$2,288,133</u>	<u>\$ 73,270</u>
DISBURSEMENTS						
County Commission	\$ 92,728	\$ 92,364	\$ 364	\$ 91,762	\$ 90,175	\$ 1,587
County Clerk	79,837	78,302	1,535	91,859	85,298	6,561
Elections	91,605	82,012	9,593	31,804	41,765	(9,961)
Buildings and grounds	68,070	71,127	(3,057)	69,000	73,516	(4,516)
Employee fringe benefits	17,000	1,688	15,312	18,000	19,872	(1,872)
County Treasurer	33,835	33,315	520	33,114	31,860	1,254
County Collector	100,437	102,495	(2,058)	98,753	99,328	(575)
Ex Officio Recorder of Deeds	46,575	47,041	(466)	46,802	46,277	525
Circuit Clerk	7,000	8,285	(1,285)	15,330	9,901	5,429
Associate Circuit Court	8,000	6,865	1,135	9,500	8,126	1,374
Court administration	9,050	7,489	1,561	9,050	11,007	(1,957)
Public Administrator	43,248	43,011	237	41,858	42,728	(870)
Sheriff	436,254	608,012	(171,758)	446,083	411,172	34,911
Jail	506,204	431,008	75,196	412,377	562,706	(150,329)
Prosecuting Attorney	150,551	160,300	(9,749)	151,957	147,604	4,353
Juvenile Officer	47,330	48,475	(1,145)	37,860	40,350	(2,490)
County Coroner	18,659	18,578	81	20,281	21,425	(1,144)
Other General County Government	149,600	161,356	(11,756)	140,537	143,601	(3,064)
Child Support	102,776	100,763	2,013	90,366	96,978	(6,612)
Public health and welfare services	304,078	285,200	18,878	284,962	273,290	11,672
Emergency Fund	71,566	-	71,566	65,060	12,388	52,672
Total Disbursements	<u>\$ 2,384,403</u>	<u>\$2,387,686</u>	<u>\$ (3,283)</u>	<u>\$2,206,315</u>	<u>\$2,269,367</u>	<u>\$ (63,052)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ 1,134</u>	<u>\$ (27,371)</u>	<u>\$ (28,505)</u>	<u>\$ 8,548</u>	<u>\$ 18,766</u>	<u>\$ 10,218</u>
CASH, JANUARY 1	57,485	57,485	-	38,719	38,719	-
CASH, DECEMBER 31	<u>\$ 58,619</u>	<u>\$ 30,114</u>	<u>\$ (28,505)</u>	<u>\$ 47,267</u>	<u>\$ 57,485</u>	<u>\$ 10,218</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

**CRAWFORD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	\$ 430,000	\$ 412,433	\$ (17,567)	\$ 400,000	\$ 382,022	\$ (17,978)
Sales taxes	670,000	668,815	(1,185)	656,000	649,294	(6,706)
Intergovernmental	869,819	1,106,796	236,977	814,000	717,879	(96,121)
Charges for services	1,000	1,996	996	2,000	810	(1,190)
Interest	76,000	73,925	(2,075)	74,000	82,553	8,553
Other	10,140	78,389	68,249	6,300	145,126	138,826
Transfers in	-	-	-	4,000	-	(4,000)
Total Receipts	<u>\$ 2,056,959</u>	<u>\$ 2,342,354</u>	<u>\$ 285,395</u>	<u>\$ 1,956,300</u>	<u>\$ 1,977,684</u>	<u>\$ 21,384</u>
DISBURSEMENTS						
Salaries	\$ 590,000	\$ 549,967	\$ 40,033	\$ 560,000	\$ 530,704	\$ 29,296
Employee fringe benefits	119,000	87,257	31,743	89,560	86,627	2,933
Road and bridge materials	500,000	274,869	225,131	430,000	104,295	325,705
Equipment purchases	542,000	318,977	223,023	365,000	355,770	9,230
Construction, repair, and maintenance	235,126	1,087,542	(852,416)	50,000	31,686	18,314
Other	830,000	601,724	228,276	1,124,000	1,062,872	61,128
Transfers out	38,000	38,000	-	37,088	37,088	-
Total Disbursements	<u>\$ 2,854,126</u>	<u>\$ 2,958,336</u>	<u>\$ (104,210)</u>	<u>\$ 2,655,648</u>	<u>\$ 2,209,042</u>	<u>\$ 446,606</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (797,167)</u>	<u>\$ (615,982)</u>	<u>\$ 181,185</u>	<u>\$ (699,348)</u>	<u>\$ (231,358)</u>	<u>\$ 467,990</u>
CASH, JANUARY 1	1,079,510	1,079,510	-	1,310,868	1,310,868	-
CASH, DECEMBER 31	<u>\$ 282,343</u>	<u>\$ 463,528</u>	<u>\$ 181,185</u>	<u>\$ 611,520</u>	<u>\$ 1,079,510</u>	<u>\$ 467,990</u>
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	\$ 170,322	\$ 177,585	\$ 7,263	\$ 142,500	\$ 158,535	\$ 16,035
Interest	3,500	4,173	673	4,000	3,904	(96)
Other	200	-	(200)	100	475	375
Charges For Services	1,800	2,689	889	1,800	-	(1,800)
Total Receipts	<u>\$ 175,822</u>	<u>\$ 184,447</u>	<u>\$ 8,625</u>	<u>\$ 148,400</u>	<u>\$ 162,914</u>	<u>\$ 14,514</u>
DISBURSEMENTS						
Assessor	\$ 181,796	\$ 179,585	\$ 2,211	\$ 162,133	\$ 157,294	\$ 4,839
Total Disbursements	<u>\$ 181,796</u>	<u>\$ 179,585</u>	<u>\$ 2,211</u>	<u>\$ 162,133</u>	<u>\$ 157,294</u>	<u>\$ 4,839</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (5,974)</u>	<u>\$ 4,862</u>	<u>\$ 10,836</u>	<u>\$ (13,733)</u>	<u>\$ 5,620</u>	<u>\$ 19,353</u>
CASH, JANUARY 1	38,162	38,162	-	32,542	32,542	-
CASH, DECEMBER 31	<u>\$ 32,188</u>	<u>\$ 43,024</u>	<u>\$ 10,836</u>	<u>\$ 18,809</u>	<u>\$ 38,162</u>	<u>\$ 19,353</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

**CRAWFORD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	\$ 5,000	\$ 5,308	\$ 308	\$ 5,800	\$ 4,559	\$ (1,241)
Charges for services	75	280	205	350	564	214
Other	2,900	3,467	567	3,000	2,671	(329)
Total Receipts	<u>\$ 7,975</u>	<u>\$ 9,055</u>	<u>\$ 1,080</u>	<u>\$ 9,150</u>	<u>\$ 7,794</u>	<u>\$ (1,356)</u>
DISBURSEMENTS						
Sheriff	\$ 7,000	\$ 8,103	\$ (1,103)	\$ 8,000	\$ 6,829	\$ 1,171
Total Disbursements	<u>\$ 7,000</u>	<u>\$ 8,103</u>	<u>\$ (1,103)</u>	<u>\$ 8,000</u>	<u>\$ 6,829</u>	<u>\$ 1,171</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ 975</u>	<u>\$ 952</u>	<u>\$ (23)</u>	<u>\$ 1,150</u>	<u>\$ 965</u>	<u>\$ (185)</u>
CASH, JANUARY 1	7,922	7,922	-	6,957	6,957	-
CASH, DECEMBER 31	<u>\$ 8,897</u>	<u>\$ 8,874</u>	<u>\$ (23)</u>	<u>\$ 8,107</u>	<u>\$ 7,922</u>	<u>\$ (185)</u>
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	\$ 1,150	\$ 1,372	\$ 222	\$ 1,365	\$ 1,309	\$ (56)
Intergovernmental	-	-	-	-	24	24
Total Receipts	<u>\$ 1,150</u>	<u>\$ 1,372</u>	<u>\$ 222</u>	<u>\$ 1,365</u>	<u>\$ 1,333</u>	<u>\$ (32)</u>
DISBURSEMENTS						
Prosecuting Attorney	\$ 1,000	\$ 1,417	\$ (417)	\$ 2,500	\$ 982	\$ 1,518
Total Disbursements	<u>\$ 1,000</u>	<u>\$ 1,417</u>	<u>\$ (417)</u>	<u>\$ 2,500</u>	<u>\$ 982</u>	<u>\$ 1,518</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ 150</u>	<u>\$ (45)</u>	<u>\$ (195)</u>	<u>\$ (1,135)</u>	<u>\$ 351</u>	<u>\$ 1,486</u>
CASH, JANUARY 1	2,319	2,319	-	1,968	1,968	-
CASH, DECEMBER 31	<u>\$ 2,469</u>	<u>\$ 2,274</u>	<u>\$ (195)</u>	<u>\$ 833</u>	<u>\$ 2,319</u>	<u>\$ 1,486</u>
<u>ADA CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Interest	\$ 3,000	\$ 3,793	\$ 793	\$ 3,000	\$ 3,935	\$ 935
Total Receipts	<u>\$ 3,000</u>	<u>\$ 3,793</u>	<u>\$ 793</u>	<u>\$ 3,000</u>	<u>\$ 3,935</u>	<u>\$ 935</u>
DISBURSEMENTS						
Other	\$ 15,000	\$ 3,134	\$ 11,866	\$ 22,000	\$ 3,525	\$ 18,475
Total Disbursements	<u>\$ 15,000</u>	<u>\$ 3,134</u>	<u>\$ 11,866</u>	<u>\$ 22,000</u>	<u>\$ 3,525</u>	<u>\$ 18,475</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (12,000)</u>	<u>\$ 659</u>	<u>\$ 12,659</u>	<u>\$ (19,000)</u>	<u>\$ 410</u>	<u>\$ 19,410</u>
CASH, JANUARY 1	66,651	66,651	-	66,241	66,241	-
CASH, DECEMBER 31	<u>\$ 54,651</u>	<u>\$ 67,310</u>	<u>\$ 12,659</u>	<u>\$ 47,241</u>	<u>\$ 66,651</u>	<u>\$ 19,410</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

**CRAWFORD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HANDICAP FUND</u>						
RECEIPTS						
Interest	\$ 8,500	\$ 8,792	\$ 292	\$ 2,000	\$ 8,486	\$ 6,486
Total Receipts	\$ 8,500	\$ 8,792	\$ 292	\$ 2,000	\$ 8,486	\$ 6,486
DISBURSEMENTS						
Building Purchase	\$ 150,000	\$ 159,280	\$ (9,280)	\$ 140,000	\$ -	\$ 140,000
Total Disbursements	\$ 150,000	\$ 159,280	\$ (9,280)	\$ 140,000	\$ -	\$ 140,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (141,500)	\$ (150,488)	\$ (8,988)	\$ (138,000)	\$ 8,486	\$ 146,486
CASH, JANUARY 1	150,488	150,488	-	142,002	142,002	-
CASH, DECEMBER 31	\$ 8,988	\$ -	\$ (8,988)	\$ 4,002	\$ 150,488	\$ 146,486
<u>COURTHOUSE AND JAIL CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Sales Taxes	\$ 120,000	\$ 118,026	\$ (1,974)	\$ 118,500	\$ 114,581	\$ (3,919)
Interest	7,000	10,862	3,862	9,500	7,837	(1,663)
Transfers In	-	-	-	-	-	-
Intergovernmental	-	180	180	-	10,931	10,931
Total Receipts	\$ 127,000	\$ 129,068	\$ 2,068	\$ 128,000	\$ 133,349	\$ 5,349
DISBURSEMENTS						
Equipment	\$ 130,000	\$ 68,886	\$ 61,114	\$ 179,000	\$ 89,164	\$ 89,836
Total Disbursements	\$ 130,000	\$ 68,886	\$ 61,114	\$ 179,000	\$ 89,164	\$ 89,836
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (3,000)	\$ 60,182	\$ 63,182	\$ (51,000)	\$ 44,185	\$ 95,185
CASH, JANUARY 1	169,115	169,115	-	124,930	124,930	-
CASH, DECEMBER 31	\$ 166,115	\$ 229,297	\$ 63,182	\$ 73,930	\$ 169,115	\$ 95,185
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	\$ 15,000	\$ 18,804	\$ 3,804	\$ 13,000	\$ 17,470	\$ 4,470
Interest	300	564	264	300	201	(99)
Other	-	-	-	1,000	-	(1,000)
Total Receipts	\$ 15,300	\$ 19,368	\$ 4,068	\$ 14,300	\$ 17,671	\$ 3,371
DISBURSEMENTS						
Prosecuting Attorney	\$ 12,912	\$ 13,592	\$ (680)	\$ 14,900	\$ 11,458	\$ 3,442
Total Disbursements	\$ 12,912	\$ 13,592	\$ (680)	\$ 14,900	\$ 11,458	\$ 3,442
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 2,388	\$ 5,776	\$ 3,388	\$ (600)	\$ 6,213	\$ 6,813
CASH, JANUARY 1	7,739	7,739	-	1,526	1,526	-
CASH, DECEMBER 31	\$ 10,127	\$ 13,515	\$ 3,388	\$ 926	\$ 7,739	\$ 6,813

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

**CRAWFORD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Interest	\$ 73	\$ 78	\$ 5	\$ 70	\$ 74	\$ 4
Total Receipts	\$ 73	\$ 78	\$ 5	\$ 70	\$ 74	\$ 4
DISBURSEMENTS						
Prosecuting Attorney	\$ 1,000	\$ -	\$ 1,000	\$ 1,000	\$ 26	\$ 974
Total Disbursements	\$ 1,000	\$ -	\$ 1,000	\$ 1,000	\$ 26	\$ 974
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (927)	\$ 78	\$ 1,005	\$ (930)	\$ 48	\$ 978
CASH, JANUARY 1	1,298	1,298	-	1,250	1,250	-
CASH, DECEMBER 31	\$ 371	\$ 1,376	\$ 1,005	\$ 320	\$ 1,298	\$ 978
<u>RECORDS PRESERVATION FUND</u>						
RECEIPTS						
Intergovernmental	\$ 13,000	\$ 16,474	\$ 3,474	\$ 12,000	\$ 12,366	\$ 366
Interest	600	955	355	400	595	195
Total Receipts	\$ 13,600	\$ 17,429	\$ 3,829	\$ 12,400	\$ 12,961	\$ 561
DISBURSEMENTS						
Ex Officio Recorder of Deeds	\$ 18,756	\$ 15,518	\$ 3,238	\$ 14,600	\$ 5,779	\$ 8,821
Total Disbursements	\$ 18,756	\$ 15,518	\$ 3,238	\$ 14,600	\$ 5,779	\$ 8,821
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (5,156)	\$ 1,911	\$ 7,067	\$ (2,200)	\$ 7,182	\$ 9,382
CASH, JANUARY 1	14,314	14,314	-	7,132	7,132	-
CASH, DECEMBER 31	\$ 9,158	\$ 16,225	\$ 7,067	\$ 4,932	\$ 14,314	\$ 9,382
<u>LAW ENFORCEMENT EQUIPMENT FUND</u>						
RECEIPTS						
Other	\$ 8,800	\$ 11,096	\$ 2,296	\$ 8,500	\$ 18,204	\$ 9,704
Total Receipts	\$ 8,800	\$ 11,096	\$ 2,296	\$ 8,500	\$ 18,204	\$ 9,704
DISBURSEMENTS						
Sheriff	\$ 16,000	\$ 14,835	\$ 1,165	\$ 10,000	\$ 12,460	\$ (2,460)
Total Disbursements	\$ 16,000	\$ 14,835	\$ 1,165	\$ 10,000	\$ 12,460	\$ (2,460)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (7,200)	\$ (3,739)	\$ 3,461	\$ (1,500)	\$ 5,744	\$ 7,244
CASH, JANUARY 1	9,470	9,470	-	3,726	3,726	-
CASH, DECEMBER 31	\$ 2,270	\$ 5,731	\$ 3,461	\$ 2,226	\$ 9,470	\$ 7,244

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

**CRAWFORD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S SPECIAL FUND</u>						
RECEIPTS						
Intergovernmental	\$ 41,500	\$ 44,533	\$ 3,033	\$ 38,000	\$ 39,251	\$ 1,251
Interest	1,200	1,140	(60)	1,000	1,382	382
Total Receipts	\$ 42,700	\$ 45,673	\$ 2,973	\$ 39,000	\$ 40,633	\$ 1,633
DISBURSEMENTS						
Sheriff	\$ 62,900	\$ 41,194	\$ 21,706	\$ 34,037	\$ 33,710	\$ 327
Total Disbursements	\$ 62,900	\$ 41,194	\$ 21,706	\$ 34,037	\$ 33,710	\$ 327
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (20,200)	\$ 4,479	\$ 24,679	\$ 4,963	\$ 6,923	\$ 1,960
CASH, JANUARY 1	24,881	24,881	-	17,958	17,958	-
CASH, DECEMBER 31	\$ 4,681	\$ 29,360	\$ 24,679	\$ 22,921	\$ 24,881	\$ 1,960
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Intergovernmental	\$ 900	\$ 972	\$ 72	\$ 1,000	\$ 887	\$ (113)
Interest	60	94	34	320	66	(254)
Total Receipts	\$ 960	\$ 1,066	\$ 106	\$ 1,320	\$ 953	\$ (367)
DISBURSEMENTS						
Other	\$ 1,000	\$ 2,000	\$ (1,000)	\$ 1,000	\$ -	\$ 1,000
Total Disbursements	\$ 1,000	\$ 2,000	\$ (1,000)	\$ 1,000	\$ -	\$ 1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (40)	\$ (934)	\$ (894)	\$ 320	\$ 953	\$ 633
CASH, JANUARY 1	1,750	1,750	-	797	797	-
CASH, DECEMBER 31	\$ 1,710	\$ 816	\$ (894)	\$ 1,117	\$ 1,750	\$ 633
<u>SPECIAL LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Intergovernmental	\$ 1,500	\$ 312	\$ (1,188)	\$ 2,500	\$ 7,096	\$ 4,596
Interest	100	151	51	130	176	46
Total Receipts	\$ 1,600	\$ 463	\$ (1,137)	\$ 2,630	\$ 7,272	\$ 4,642
DISBURSEMENTS						
Other	\$ 4,000	\$ 5,020	\$ (1,020)	\$ 1,000	\$ 3,875	\$ (2,875)
Total Disbursements	\$ 4,000	\$ 5,020	\$ (1,020)	\$ 1,000	\$ 3,875	\$ (2,875)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,400)	\$ (4,557)	\$ (2,157)	\$ 1,630	\$ 3,397	\$ 1,767
CASH, JANUARY 1	4,714	4,714	-	1,317	1,317	-
CASH, DECEMBER 31	\$ 2,314	\$ 157	\$ (2,157)	\$ 2,947	\$ 4,714	\$ 1,767

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

**CRAWFORD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Emergency 911	\$ 400,000	\$ 542,748	\$ 142,748	\$ 392,420	\$ 381,019	\$ (11,401)
Total Receipts	\$ 400,000	\$ 542,748	\$ 142,748	\$ 392,420	\$ 381,019	\$ (11,401)
DISBURSEMENTS						
Emergency 911	\$ 497,789	\$ 515,807	\$ (18,018)	\$ 383,851	\$ 305,803	\$ 78,048
Total Disbursements	\$ 497,789	\$ 515,807	\$ (18,018)	\$ 383,851	\$ 305,803	\$ 78,048
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (97,789)	\$ 26,941	\$ 124,730	\$ 8,569	\$ 75,216	\$ 66,647
CASH, JANUARY 1	187,545	187,545	-	112,329	112,329	-
CASH, DECEMBER 31	\$ 89,756	\$ 214,486	\$ 124,730	\$ 120,898	\$ 187,545	\$ 66,647
<u>FAMILY ACCESS FUND</u>						
RECEIPTS						
Charges for services	\$ 30	\$ -	\$ (30)	\$ 50	\$ 30	\$ (20)
Interest	60	-	(60)	60	63	3
Total Receipts	\$ 90	\$ -	\$ (90)	\$ 110	\$ 93	\$ (17)
DISBURSEMENTS						
Other	\$ 1,000	\$ -	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Total Disbursements	\$ 1,000	\$ -	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (910)	\$ -	\$ 910	\$ (890)	\$ 93	\$ 983
CASH, JANUARY 1	1,134	1,134	-	1,041	1,041	-
CASH, DECEMBER 31	\$ 224	\$ 1,134	\$ 910	\$ 151	\$ 1,134	\$ 983
<u>MISSOURI DEPARTMENT OF CONSERVATION FUND</u>						
RECEIPTS						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS						
Other	\$ 7,730	\$ -	\$ 7,730	\$ 7,730	\$ -	\$ 7,730
Total Disbursements	\$ 7,730	\$ -	\$ 7,730	\$ 7,730	\$ -	\$ 7,730
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (7,730)	\$ -	\$ 7,730	\$ (7,730)	\$ -	\$ 7,730
CASH, JANUARY 1	7,730	7,730	-	7,730	7,730	-
CASH, DECEMBER 31	\$ -	\$ 7,730	\$ 7,730	\$ -	\$ 7,730	\$ 7,730

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

**CRAWFORD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Other	\$ 1,000	\$ 901	\$ (99)	\$ -	\$ 2,062	\$ 2,062
Interest	80	64	(16)	50	86	36
Total Receipts	<u>\$ 1,080</u>	<u>\$ 965</u>	<u>\$ (115)</u>	<u>\$ 50</u>	<u>\$ 2,148</u>	<u>\$ 2,098</u>
DISBURSEMENTS						
Other	\$ 1,000	\$ 2,456	\$ (1,456)	\$ -	\$ 1,555	\$ (1,555)
Total Disbursements	<u>\$ 1,000</u>	<u>\$ 2,456</u>	<u>\$ (1,456)</u>	<u>\$ -</u>	<u>\$ 1,555</u>	<u>\$ (1,555)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 80	\$ (1,491)	\$ (1,571)	\$ 50	\$ 593	\$ 543
CASH, JANUARY 1	1,502	1,502	-	909	909	-
CASH, DECEMBER 31	<u>\$ 1,582</u>	<u>\$ 11</u>	<u>\$ (1,571)</u>	<u>\$ 959</u>	<u>\$ 1,502</u>	<u>\$ 543</u>
<u>SENIOR CITIZENS SERVICE FUND</u>						
RECEIPTS						
Property Taxes	\$ 82,500	\$ 89,490	\$ 6,990	\$ 70,000	\$ 72,899	\$ 2,899
Interest	-	4	4	-	830	830
Total Receipts	<u>\$ 82,500</u>	<u>\$ 89,494</u>	<u>\$ 6,994</u>	<u>\$ 70,000</u>	<u>\$ 73,729</u>	<u>\$ 3,729</u>
DISBURSEMENTS						
Senior Citizen Board	\$ 82,500	\$ 89,494	\$ (6,994)	\$ 77,783	\$ 81,512	\$ (3,729)
Total Disbursements	<u>\$ 82,500</u>	<u>\$ 89,494</u>	<u>\$ (6,994)</u>	<u>\$ 77,783</u>	<u>\$ 81,512</u>	<u>\$ (3,729)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ -	\$ -	\$ (7,783)	\$ (7,783)	\$ -
CASH, JANUARY 1	-	-	-	7,783	7,783	-
CASH, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>RECORDS FUND FOR TECHNOLOGY</u>						
RECEIPTS						
Intergovernmental	\$ 3,500	\$ 8,056	\$ 4,556	\$ -	\$ 3,251	\$ 3,251
Interest	30	382	352	-	23	23
Total Receipts	<u>\$ 3,530</u>	<u>\$ 8,438</u>	<u>\$ 4,908</u>	<u>\$ -</u>	<u>\$ 3,274</u>	<u>\$ 3,274</u>
DISBURSEMENTS						
Other	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ -	\$ -
Total Disbursements	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 2,530	\$ 8,438	\$ 5,908	\$ -	\$ 3,274	\$ 3,274
CASH, JANUARY 1	3,274	3,274	-	-	-	-
CASH, DECEMBER 31	<u>\$ 5,804</u>	<u>\$ 11,712</u>	<u>\$ 5,908</u>	<u>\$ -</u>	<u>\$ 3,274</u>	<u>\$ 3,274</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

**CRAWFORD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002 AND 2001**

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COUNTY JAIL PROJECT FUND</u>						
RECEIPTS						
Sales Tax	\$ -	\$ 634,243	\$ 634,243	\$ -	\$ -	\$ -
Interest	-	5,178	5,178	-	-	-
Total Receipts	\$ -	\$ 639,421	\$ 639,421	\$ -	\$ -	\$ -
DISBURSEMENTS						
County Jail	\$ -	\$ 340,810	\$ (340,810)	\$ -	\$ -	\$ -
Total Disbursements	\$ -	\$ 340,810	\$ (340,810)	\$ -	\$ -	\$ -
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ 298,611	\$ 298,611	\$ -	\$ -	\$ -
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 298,611	\$ 298,611	\$ -	\$ -	\$ -
<u>COUNTY JAIL BOND PROJECT FUND</u>						
RECEIPTS						
County Jail	\$ -	\$ -	\$ -	\$ -	\$ 182	\$ 182
Interest	-	10	10	-	-	-
Total Receipts	\$ -	\$ 10	\$ 10	\$ -	\$ 182	\$ 182
DISBURSEMENTS						
County Jail	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Disbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ 10	\$ 10	\$ -	\$ 182	\$ 182
CASH, JANUARY 1	182	182	-	-	-	-
CASH, DECEMBER 31	\$ 182	\$ 192	\$ 10	\$ -	\$ 182	\$ 182

The accompanying Notes to the Financial Statements are an integral part of this statement.

**CRAWFORD COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Crawford County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Senior Citizens Service Board or the Emergency 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from U.S. generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Year(s) Ended December 31,</u>
Circuit Clerk Interest Fund	2002 and 2001
Associate Circuit Interest Fund	2002 and 2001
Law Library Fund	2002 and 2001
Records Fund For Technology	2001
County Jail Project Fund	2002
County Jail Bond Project Fund	2002 and 2001

**CRAWFORD COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Practices (Continued)

Warrants issued were in excess of budgeted amounts for the following funds:

Fund	Year(s) Ended December 31,
General Fund	2002 and 2001
Special Road and Bridge Fund	2002
Law Enforcement Training Fund	2002
Prosecuting Attorney Training Fund	2002
Handicap Fund	2002
Prosecuting Attorney Bad Check Fund	2002
Law Enforcement Equipment Fund	2001
Children's Trust Fund	2002
Special Law Enforcement Fund	2002 and 2001
Emergency 911 Fund	2002
Election Service Fund	2002 and 2001
Senior Citizens Service Fund	2002 and 2001
County Jail Project Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

Fund	Year(s) Ended December 31,
Circuit Clerk Interest Fund	2002 and 2001
Associate Circuit Interest Fund	2002 and 2001
Law Library	2002 and 2001

**CRAWFORD COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

NOTE 2 CASH

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

Deposits

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

The County's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, or by commercial insurance provided through a surety bond.

The Emergency 911 Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the Emergency 911 Board's custodial bank in the Emergency 911 Board's name.

The Senior Citizens Service Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the Senior Citizens Service Board's custodial bank in the Senior Citizens Service Board's name.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

**CRAWFORD COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

NOTE 3 TAXES

The assessed valuation of the tangible property for the calendar year 2002 and 2001 for purposes of local taxation was \$191,384,782 and \$182,678,396.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2002 and 2001 for purposes of local taxation was:

	<u>2002</u>	<u>2001</u>
General Revenue Fund	\$ 0.0821	\$ 0.0749
Special Road & Bridge Fund	<u>0.2143</u>	<u>0.2143</u>
Total	<u><u>\$ 0.2964</u></u>	<u><u>\$ 0.2892</u></u>

These levies represent amounts directly received by the County for its purposes versus amounts collected by the County as a pass through on behalf of another entity.

NOTE 4 PARTICIPATION IN PUBLIC ENTITY RISK POOLS

Missouri Public Entity Risk Management Fund

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MOPERM (Missouri Public Entity Risk Management) is a public entity risk pool currently operating as a common risk management and insurance program. The County does not pay premiums to purchase insurance policies but pays an assessment to be a member of the self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole.

The pooling agreement requires the pool to be self-sustaining. The County believes that it is not possible to estimate the range of contingent losses to be borne by the County.

NOTE 5 CONTINGENCIES

Legal Matters

The County is involved in various threatened litigations at which time the probable outcome is not readily obtainable. The County's management and legal counsel anticipate that the potential claims against the County not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the County.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the County Commission and
Officeholders of Crawford County, Missouri

We have audited the special-purpose financial statements of various funds of Crawford County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 29, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Crawford County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the county in a separate letter dated May 29, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Crawford County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Crawford County's ability to record, process, summarize and report financial data consistent with the assertions of management in the special-purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1.

Page Two

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and the use of the administration, management, County Commissioners, State of Missouri Auditor's Office and Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specific parties.

Original Signed by Auditor

LARSON, ALLEN, WEISHAIR & CO., LLP

May 29, 2003
St. Louis, Missouri

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission and
Officeholders of Crawford County, Missouri

Compliance

We have audited the compliance of Crawford County, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002 and 2001. Crawford County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Crawford County, Missouri's management. Our responsibility is to express an opinion on Crawford County, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Crawford County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Crawford County, Missouri's compliance with those requirements.

In our opinion, Crawford County, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002 and 2001. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the county in a separate letter dated May 29, 2003.

Internal Control Over Compliance

The management of Crawford County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Crawford County, Missouri's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and the use of the administration, management, County Commissioners, State of Missouri Auditor's Office and Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specific parties.

Original Signed by Auditor

LARSON, ALLEN, WEISHAIR & CO., LLP

May 29, 2003
St. Louis, Missouri

**CRAWFORD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? ☐ Yes ☒ No
- Reportable condition identified that are not considered to be material weaknesses?
☒ Yes ☐ None Reported
- Noncompliance material to financial statements noted?
☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness identified? ☐ Yes ☒ No
- Reportable condition identified that are not considered to be material weakness?
☐ Yes ☒ None Reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs?

CFDA Number(s)	Name of Federal Program or Cluster	2002 Amount	2001 Amount
10.557	Special Supplemental Nutrition Program for Women, Infants and Children	\$ 58,273	\$ 67,975
93.563	Child Support Enforcement	82,061	82,487
		<u>\$ 140,334</u>	<u>\$ 150,462</u>

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

**CRAWFORD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

Section II – Financial Statement Findings

Finding: 02-1

Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit: An Amendment to SAS No. 55*.

Condition: Lack of sufficient segregation of duties.

Questioned Costs: None.

Context: A review of the internal control procedures.

Effect: The design of the internal control over financial reporting that could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within the accounting department.

Recommendation: These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Management's Response: We will review periodically the size and budget constraints limiting the number of personnel within the accounting department. We will continue to utilize the other internal controls, such as administrative oversight, to minimize the lack of sufficient segregation of duties.

Section III – Federal Awards Findings and Questioned Costs

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended December 31, 2002 and 2001.

**CRAWFORD COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

Financial Statement Findings

The audit did not disclose any noncompliance and internal control findings which are material to the special-purpose financial statements of the County.

Federal Award Findings and Questioned Costs

There were no prior year audit findings related to internal control, compliance, questioned costs, or fraud that relate to federal awards for the years ended December 31, 2000 and 1999.

**CRAWFORD COUNTY, MISSOURI
CORRECTIVE ACTION PLAN
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

Findings – Financial Statement and Federal Awards

Questions regarding the County's Corrective Action Plan should be directed to Connie Smith at 573-775-2376.

SCHEDULE 1

**CRAWFORD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001**

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through State:			
	Department of Health -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO045	\$ 58,273	\$ 67,975
U.S. DEPARTMENT OF DEFENSE				
	Passed through State:			
	Department of Public Safety -			
12.xxx	Surplus Property		940	-
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.710	Public Safety Partnership and Community Policing Grants	N/A	39,006	1,796
	Passed through:			
	State Department of Public Safety -			
16.575	Crime Victim Assistance	01-SSVF	-	20,179
16.579	Byrne Formula Grant Program	N/A	-	12,376
16.588	Violence Against Women Formulas Grant	N/A	20,179	-
16.592	Local Law Enforcement Block Grants Program	N/A	13,500	15,880
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state Highway and Transportation Commission:			
20.205	Highway Planning and Construction	BRO-2813	-	15,500
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through State Department of Public Safety			
83.534	Emergency Management - State and Local Assistance	N/A	40,129	-
83.544	Public Assistance Grants		-	-
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through State			
	Department of Health -			
93.197	Childhood Lead Poisoning Prevention Projects- State and Local Childhood Lead Poisoning Prevention	ERO146	2,364	141
93.268	Immunization Grants	N/A	25,136	14,220
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERO161	3,298	5,556
93.994	Maternal and Child Health Service	ERO146	23,037	18,774
93.940	HIV Prevention Activities - Health Department Base	N/A	-	10
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	82,061	82,487
93.575	Child Care Development Block Grants	ERO146	2,198	2,500
	Total Expenditures of Federal Award		<u>\$ 310,121</u>	<u>\$ 257,394</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

CRAWFORD COUNTY, MISSOURI
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Crawford County, Missouri.

Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$25,136 and \$14,220 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the State Department of Health during the years ended December 31, 2002 and 2001. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA 93.994), \$23,037 and \$18,774 represent the original cost of vaccines received by the Health Center through the State Department of Health during the years ended December 31, 2002 and 2001. The remaining amounts for Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

CRAWFORD COUNTY, MISSOURI

MANAGEMENT LETTER

DECEMBER 31, 2002

To the County Commission and
Officeholders of Crawford County, Missouri:

In planning and performing our audit of the special-purpose financial statements of Crawford County, Missouri as of and for the two years ended December 31, 2002, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgement, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

REPORTABLE CONDITIONS

We noted the following reportable condition that is not considered to be a material weakness.

Segregation of Duties

The small size of the accounting department and Recorder's Office limits the extent of a proper segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. This results in some risk that intentional or unintentional errors could be made and not detected.

We noted the following:

1. The County Treasurer and the Recorder is responsible for recording various cash receipts, reconciling the bank statements, preparing and recording cash disbursements, and reconciling the general ledger.

OBSERVATIONS

We noted the following observations that are not considered to be reportable conditions, but are comments to help strengthen internal controls and operating efficiency.

Senate Bill 40

Because the Senate Bill 40 Board is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed that audit report and other applicable information.

Assessor's Office

Currently, the Assessor's Office does not always deposit money on a daily basis. We encourage the Assessor's Office to deposit monies on a daily basis and to continue to maintain all County monies in fully secured bank accounts, while gaining the Board of Commissioner's approval for opening and closing all bank and depository accounts.

Allowable Costs-Single Audit

During our testing of expenditure transactions, it was noted, that expenditures were not properly authorized by the supervisor. In addition, we discovered that several expenditures were not properly coded to correct account classification.

Changes in Reporting Requirements

The Governmental Accounting Standards Board recently released a new financial statement reporting requirement commonly referred to as "GASB 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". The intent of GASB 34 is to standardize financial statement reporting across governmental entities and to make them more comparable to statements issued by like-sized profit-seeking companies. Adherence to GASB 34 is a requirement for all local governmental entities, including school districts, and the gradual implementation requirement is as follows:

<u>Entities With Revenues</u>	<u>Fiscal Year Beginning After</u>
Greater than \$100 million	June 15, 2001
\$10 - \$100 million	June 15, 2002
Less than \$10 million	June 15, 2003

GASB 34 will require government-wide financial statements to include a Statement of Activities and a Statement of Net Assets. It will also require as supplemental information a narrative section referred to as "Management Discussion and Analysis" to further communicate the operations and goals of the School District. As management is ultimately responsible for the financial statements, they will likewise be responsible for all statements as reported under GASB 34.

Audit Engagement and County's Policies and Procedures

During the audit process, we encountered certain difficulties in our attempt to retrieve audit evidence. As a result, additional procedures and inquiries were required. Ultimately, all inquiries and requests were satisfied and resolved.

It appears that the overall accounting procedures laid down by the County are being adhered to in most cases by officials within each office.

We welcome the opportunity to discuss the points mentioned in this letter, or any other accounting and procedural problems in order to coordinate our efforts with you, the mutual objectives being the development of more effective accounting, financial reporting, and business procedures for the County.

We understand that some of the aforementioned points are in the process of implementation or may already have been implemented; however, these points are noted so that effective follow up can be accomplished.

This report is intended solely for the information and use of the County Commission and Officeholders of Crawford County, Missouri, and others within the administration.

Thank you for the opportunity to be of service to you. Please do not hesitate to call us whenever you believe we can be of assistance.

Original Signed by Auditor

LARSON, ALLEN, WEISHAIR & CO., LLP

May 29, 2003
St. Louis, Missouri



**OFFICE OF SHERIFF
CITY OF ST. LOUIS, MISSOURI**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-70
July 17, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office of
Missouri State Auditor
Claire McCaskill

July 2003

St. Louis Sheriff's office needs to tighten procedures for property room evidence and land tax sales, while ensuring all office accounts run through the city treasury

The audit report's 14 findings cover several facets of the St. Louis Sheriff's office including: property room evidence, land tax sales, prisoner transportation costs, bank accounts held outside the city treasury, vehicle purchases, serving of civil processes, and cell phone use. Responsibilities of the 182 employees of the Sheriff's office include: transporting prisoners between jail and court, providing courtroom security, serving civil processes, collecting and storing criminal evidence, issuing handgun permits and jury duty slips, and selling real estate with delinquent property taxes. The Sheriff's office agreed with the recommendations in 12 of the 14 findings, and has already implemented several of the recommendations.

Some property room money kept in outside account and used for office purchases

In April 1989, the Sheriff established a bank account outside the city treasury to handle money in the property room no longer needed as evidence. Between 1989 and 1995, nearly \$200,000 from the property room went into this interest-bearing account. The office used this account to pay for uniforms, training, handguns, cell phones, and other items. The office closed the account in 1995, but then used an additional \$69,000 from the property room between 1997 and 2002 to purchase cashier's checks for alarm, filing, and shelving systems, as well as uniforms. (See page 5)

In addition, the Sheriff's office has continued to hold seized money in the property room, about \$660,000 as of September 2002, which state law requires to be turned over to the state after a certain time period. Several state laws address the correct disposition of the seized property. City and state officials are in litigation over which entity should receive the unneeded property money. (See page 7)

Inadequate property room tracking did not show final disposition of all items

None of the cash envelopes deposited in the outside account or used for cashier's checks were marked as to their final disposition. Between 1993 and 1995, no one recorded the exact amount of money in the cash envelopes. The tracking system also did not include enough information on seized evidence to trace appropriate holding periods as set by state law. (See page 11)

Better record keeping needed for land tax sales and fee collections

The Sheriff's office handles all sales of property with unpaid real estate taxes, which totaled \$3.1 million in revenues during the 2001 and 2002 fiscal years. However, auditors

YELLOW SHEET

noted numerous errors in distributions and fees regarding such sales. Since 1997, these errors included about \$400,000 that never went to the City Collector as required and about \$270,000 in overpayments to the Collector. Because land tax sales often generate proceeds in excess of the back taxes, state law requires the Collector receive excess proceeds that go unclaimed for two years. (See page 14) In addition, auditors found significant weaknesses in the land tax sales accounting controls and procedures. (See page 19)

State overbilled for some prisoner transportation

The Sheriff's office over billed the state at least \$26,444 on some of the 400 prisoner transportation trips made in fiscal years 2001 and 2002. For each prisoner transported, the Sheriff's office is reimbursed a per diem plus round trip mileage for each guard involved. On some trips, the Sheriff's office billed for three guards, even though no more than two guards ever made the trip. On other trips, the mileage reimbursement request exceeded the actual mileage driven. (See page 23)

Private process server account used by Sheriff's office for office supplies

Initially, fees generated from training and licensing citizens who want to serve civil process papers were deposited in a separate bank account held outside the city treasury. The Sheriff's office also spent money from this separate account without city comptroller approval. The Sheriff's office closed this account in August 2002 and paid remaining monies to the city treasurer. However, account expenditures are still not approved by the city comptroller, as required by state law. City treasury officials told auditors as long as the account balance covered the Sheriff's office checks, they signed the checks. (See page 27)

Main bank account maintained on labor intensive, all-paper, manual system

The nearly \$16.5 million in revenues and \$16.3 million in expenditures of the Sheriff's office over fiscal years 2001 and 2002 is recorded in a labor-intensive, paper-based system of logs, journals, and ledgers. Each month, the Sheriff's office totals how much they will turn over to the city and reconciles financial activity to bank activity. Conversion to an automated receipts and disbursement system would allow greater efficiency and early error detection. (See page 30)

Office could have spent less on new vehicles

The Sheriff's office could have saved money on two recent vehicle purchases, including a \$42,486 prisoner transportation van which they could have bought for about \$32,000. State corrections department staff recently purchased transportation vans for no more than \$23,600. The Sheriff's office followed city vehicle purchasing policies, but could have asked to add a vendor to the list. Additional vendors could have included those responding to the state cooperative procurement with less expensive vehicles. (See page 32)

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OFFICE OF SHERIFF
CITY OF ST. LOUIS, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
James W. Murphy, Sheriff
Office of Sheriff
St. Louis, MO 63103

The State Auditor was requested by the Honorable Bob Holden, Governor, under Section 26.060, RSMo 2000, to audit the Office of Sheriff of the city of St. Louis, Missouri. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review the revenues and expenditures of the office.
2. Review certain personnel practices and procedures.
3. Review internal control procedures over certain financial areas.
4. Review management practices and financial information for compliance with certain statutes, city ordinances, and departmental policies.
5. Review the efficiency and effectiveness of certain management practices and operations.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed written policies, financial records, and other pertinent documents and interviewed various personnel of the Sheriff's Office.

As part of our audit, we assessed the Sheriff's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been

placed in operation and we assessed control risk. In order to assess control risk, we performed tests of controls to obtain evidence regarding the effectiveness of the design and operation of certain policies and procedures.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the Sheriff's Office management and was not subjected to the procedures applied in the audit of the Office of Sheriff.

The accompanying Management Advisory Report presents our findings arising from our audit of the Office of Sheriff of the city of St. Louis, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

February 21, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattel, CPA, CFE
In-Charge Auditor:	Dennis Lockwood, CPA
Audit Staff:	Kate Petschonek

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

OFFICE OF SHERIFF
CITY OF ST. LOUIS, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Property Room Monies
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The Office of Sheriff of the city of St. Louis, Missouri is the custodian of evidence seized from persons brought before the Twenty-Second Judicial Circuit Court for arraignment and prosecution of criminal charges. Section 542.301, RSMo Cumulative Supp. 2002, establishes the requirements for disposition of seized property no longer needed as evidence. This statute was amended in the 2002 legislative session to delineate the holding periods for seized property and the issuance of court orders of forfeiture. The requirement that the Sheriff obtain court orders prior to the disposition of seized property has been in place since at least 1978. Under current law, unless the Sheriff has requested the Circuit Attorney to file a motion before the courts and the courts have issued orders of forfeiture within the mandated time frames, the property must be turned over to the state's unclaimed property division. The following table summarizes the disposition of property room monies by the Sheriff during his tenure and the amounts on hand in the property room as of September 2002.

Property Room Monies	Amount
Monies Expended or Disbursed by Sheriff	
Bank Account Held Outside City Treasury(1)	\$ 195,854
Purchase Cashier's Checks	69,117
Turned Over to City Treasury	260,924
Total Monies Expended or Disbursed by Sheriff	\$ 525,895
Monies Held as of September 2002 (2)	
Due to State Unclaimed Property	\$ 474,337
Held Pending Forfeiture	186,152
Total Held as of September 2002	\$ 660,489
Monies Not Accounted For (3)	\$ 17,943
Total Property Room Monies	\$1,204,327

(1) Excludes interest totaling \$20,450, see Section A below

(2) Estimated classification by holding period

(3) May have been deposited into outside bank account

Our audit noted the following concerns regarding the use and accounting for monies and other property processed through the Sheriff's property room:

- A. In April 1989, the Sheriff established a bank account outside of the city treasury and outside the established accounting controls and procedures for the office. There was no documentation that the Sheriff notified other city officials of the existence of the account. We were informed that the Sheriff ordered personnel in charge of the property room to remove money no longer needed as evidence from the evidence envelopes and deposit the money into this bank account. The Sheriff failed to request motions of forfeiture be filed with the courts before disposing of the evidence money. A total of \$195,854 was removed from the property room between 1989 and 1995 and placed into this bank account. This account was an interest bearing account, and the Sheriff also invested some of the money in certificates of deposit. Interest earned totaled \$20,450 while the account was active. The Sheriff ceased use of this bank account in 1995. While this account was open, the Sheriff used it to pay the following:

Description	Amount
Uniforms	\$ 72,535
Training	67,428
Equipment	31,606
Additional Payment to Sheriff's Attorney	8,000
Vehicle Maintenance	7,483
Handguns	6,963
Cell Phone Expense	4,760
Conferences	3,360
Badges	2,157
Bank Charges	1,414
Miscellaneous	10,598
Total	\$ 216,304

Late in the audit process, after requests had been made, the Sheriff provided the checkbook, bank statements, and some related invoices for the account noted above. The Sheriff's Office did not retain any documentation that any applicable purchases were bid. The office retained only a portion of the actual invoices supporting these payments. We noted one cash withdrawal from the account totaling \$1,363 in November 1991, for which there was no supporting documentation.

Section 542.301, RSMo Cumulative Supp. 2002, requires a court order prior to the disposition of seized property and requires money forfeited under court order to be paid to the city treasury if forfeited within the mandated time frames, otherwise the monies go to the state's unclaimed property division. Section 57.490, RSMo 2000, requires all fees, commissions, and emoluments collected by the Sheriff to be turned over to the city treasury monthly and reported to the city comptroller. Section 57.510, RSMo 2000, states that the city shall furnish all supplies upon the requisition of the Sheriff and approval of the comptroller. The Sheriff failed to comply with any of these statutory requirements as they related to evidence money.

- B. In 1995, the Sheriff ceased use of the bank account discussed above; however, between March 1997 and September 2002, an additional \$69,117 was removed from the property room. This money was used to purchase six cashier's checks that paid for additional department related costs. There was no documentation that any of the applicable purchases were bid. Items purchased included:

Description	Amount
Judge's Panic Alarm System	\$ 30,980
Lektreiver Filing System	15,862
Movable Shelving System	12,285
Uniforms	6,107
Rolling Storage Cabinets	1,800
Unknown	2,083
Total	\$ 69,117

The Sheriff's Office was unable to locate documentation supporting two purchases totaling \$2,083. Also, the purchases of the filing system and uniforms included finance charges of \$1,956 because the invoices were not paid timely.

- C. In addition to the monies noted in parts A and B above, while removing money from the property room, the Sheriff's Office deposited at least \$260,924 into the city treasury. These deposits were made between October 1993 and September 2002. Since the Sheriff did not obtain court orders for the forfeiture of these monies, it appears these monies should have been paid to the state's unclaimed property division, as required by Section 542.301, RSMo Cumulative Supp. 2002.
- D. As of September 2002, the Sheriff was holding at least \$474,337 in the property room that was seized prior to 2000. Based on current state law, it appears most of this money should be turned over to the state's unclaimed property division. The remaining money relates to cases that have no statute of limitation and under local court rule must continue to be held.

The Sheriff was holding at least \$186,152 that was seized between January 1, 2000 and September 2002. Under Section 542.301, RSMo Cumulative Supp. 2002, the Sheriff must obtain the order of forfeiture within 18 months of seizure for stolen properties and within three years for other seized property. If the order of forfeiture is not granted within the applicable time, the money must be turned over to the state's unclaimed property division or continue to be held until no longer needed under local court rule.

The property room records we used to identify the money did not include a description of the related crime; therefore, we were unable to determine whether any particular case fell under the 18-month requirement. However, some of the money would fall into that category and is available for immediate distribution to the state treasurer. As each day passes additional money will fall under the three year category and should be turned over to the state.

- E. The Sheriff's Office could not account for 125 evidence envelopes that are either missing or empty. Most of the missing envelopes were received by the property room between 1993 and 1995. However, two of these envelopes had been received in 1981. According to the available documentation, 43 of these envelopes contained a total of \$9,943 and the other 82 contained unspecified amounts of money which we estimated to be at least \$8,000. The Sheriff's Office was unable to provide any documentation regarding the disposition of this money.
- F. The Sheriff has not established procedures for the proper categorization of seized property and corresponding holding periods within which orders of forfeiture must be obtained to provide for the forfeited money to be turned over to the city treasury rather than the state. The Sheriff's Office is improving the existing computerized property room tracking system to meet the established criteria.
- G. The statutory requirements noted above also apply to other property held by the Sheriff. During a tour of the property room, we noted a large number of rifles, shotguns, knives, swords, and other weapons. We also noted at least 50 bicycles, several older personal computers, a big screen television, and a large set of high quality luggage. There were also thousands of sealed bags containing clothes and other personal items of perpetrators and victims. Many of these items had little or no value. Some items such as bloody clothing are potential biohazards.

Local court rules prohibit the sale of the firearms. However, there were many items that could be sold by auction. The last auction was held in 1998. Based on current state law, all items held for the 18-month and three-year timeframes and not ordered destroyed, forfeited, or sold by the courts should be converted to cash and the money immediately turned over to the state.

In November 2002, the court issued an order that all property not meeting certain retention criteria and received by the Sheriff's property room prior to January 1, 2000 was to be destroyed. This order was granted to allow the Sheriff to dispose of a significant volume of seized property prior to the move to the Carnahan courthouse. As the old evidence was being sorted, items that appeared to have some value such as jewelry and watches were retained for a possible future auction.

WE RECOMMEND the Sheriff:

- A, B, & C. Deposit all seized and forfeited money no longer needed as evidence into the Sheriff's officially authorized account and ensure the disposition of all seized monies is in accordance with state law.
- D. Immediately turnover all seized evidence money that meets the criteria as established by state law to the state.

- E. Retain documentation of the final disposition of all evidence money removed from the property room.
- F&G. Improve enhancements to the existing computerized property room tracking system to ensure seized property is correctly categorized and the various holding periods are monitored to provide for the disposition of seized property in accordance with state law.

AUDITEE'S RESPONSE

The audit's first finding concerns monetary evidence held in the Sheriff's Department property room. Commentary on the subject deals both with monies previously expended or disbursed and money currently held. These will be addressed in the order they appear in the audit report.

Monies Previously Disbursed

As the report notes, the Sheriff's Department does not seize evidence itself, but only holds evidence seized by the St. Louis Police Department in cases where a suspect has been formally charged with a crime. Accordingly, the cash and property held by the Sheriff fall outside the purview of the express language of the asset forfeiture laws, which require that the seizing officer initiate the forfeiture. Therefore, asset forfeiture proceedings, when applicable, are initiated by the police department and said assets are never turned over to the Sheriff.

Monies held by the Sheriff thus fall under statutes dealing with unclaimed evidence. These laws have been modified several times during the tenure of the current Sheriff.

The report questions the propriety of the Sheriff expending such money to defray departmental expenses and remitting the balance to the City Treasury during the period of 1989 to 1995. It cites Section 542.301, RSMo 2002, when it asserts "...it appears these monies should have been paid to the state's unclaimed property division..." (page 7). The Sheriff's legal counsel takes exception to that interpretation, noting that the referenced statute establishes procedures for the sale of unclaimed property that must be "converted to cash" and not the disposition of cash, itself.

When the current Sheriff assumed office in 1989, he found a substantial amount of cash on hand. Records regarding the acquisition and disbursement of this money were at best incomplete. As a result, the Sheriff opened a department bank account in order to provide security and generate reliable records for disposition of these monies, as well as earn interest on the sum held. The account was used to defray the necessary expenses of the Sheriff's Office and to remit excess funds to the City Treasury. This account was closed in 1995. Transactions against the account are reflected in the first portion of the chart on page 5 of the audit report entitled "Property Room Monies".

The audit report questions the Sheriff's authority to dispose of unclaimed cash held as evidence without court order during the referenced time frame (1989-1995). In expending and remitting this evidence, the Sheriff followed procedures that had been in place for decades. During the

same time period, the St. Louis Police Department remitted all unclaimed cash in its possession to the Police Relief Fund, also without court order. All monies disposed of in this manner by the Sheriff were either used to defray the necessary expenses of the department or remitted to the City Treasury.

The final item on the chart on page 5, entitled “Monies Not Accounted For”, involves for the most part cash received as evidence between 1993 and 1995 (page 8). These discrepancies thus occurred during the same time frame that a former police officer working for the Circuit Attorney was committing systemic theft from the property room for which she was later convicted in federal court (page 11). While this employee was sentenced for stealing \$64,854 from the property room, the Sheriff believes that her criminal conduct may well explain the additional shortfall occurring during the same time frame.

Monies Currently Held

It must be understood that the Sheriff’s Department is obligated to hold all evidence until such time as the Circuit Attorney’s Office sends notice that it is no longer needed for trial or appeal.

As mentioned in the report, the law governing disposition of unclaimed evidence was changed in 2002. The present issue is what portion of this money should be remitted to the City Treasury and what portion should be remitted to the State.

Subsequent to a formal request from the Sheriff’s Department, the Circuit Attorney has filed suit, seeking remittance of this money to the City Treasury. The Attorney General’s Office has joined this suit seeking these monies for the State. The ultimate disbursement of these funds will be determined by the outcome of that litigation.

To expedite the future processing of monetary evidence, a memorandum of understanding has been struck between the St. Louis Police Department, the Circuit Attorney’s Office and the Sheriff’s Department providing that such evidence will be photocopied then deposited into a holding account established for that purpose. This procedure will be adopted pending approval of the judges of the 22nd Judicial Circuit.

2.

Property Room Procedures

The Sheriff’s property room, as noted above, handles the evidence for criminal cases brought before the circuit court. We noted the following procedures are in need of improvement.

- A. The Sheriff’s Office maintains a computerized property tracking system as well as related paper documentation of the items received from the St. Louis Police Department property room. The system was originally developed in 1991 and has undergone several enhancements since that time. The system does not assign a separate sequential tracking number to each envelope received, but instead uses the evidence voucher number assigned by the St. Louis Police Department. Since

the police department also receives evidence for cases heard in other courts, the vouchers received by the Sheriff's Office are not sequentially numbered.

The voucher numbering system used by the police department and ultimately by the Sheriff's Office begins with one each year. While the Sheriff's Office does record the date of arrest, the date of data entry, and voucher year of each envelope into the tracking system, the primary tracking number used by the office has been duplicated many times over the last eleven years. For instance, voucher number 100 was recorded in the Sheriff's tracking system seven different times.

For example, we scanned voucher numbers 113 to 200 received in 2002 and all were recorded except voucher numbers 159, 160 and 161. Without the assignment of a sequential tracking number to each envelope received by the Sheriff's Office and the recording of that sequential number on both the paper voucher and the evidence envelope, the Sheriff has no assurance that the property tracking system includes all property received by the Sheriff. As a result, we could not determine whether all items in the property room, including the monies discussed earlier in this report, represented all property received by the Sheriff.

A similar recommendation was made in our 1988 report issued to the prior administration. In the written response to that recommendation the Sheriff's Office indicated consideration was being given to a control system for the accountability of seized property. While we noted some improvements in the control system since that time, significant weaknesses remain.

- B.1. The property tracking system did not properly reflect the final disposition of all items. None of the envelopes from which money was removed, as discussed in MAR number 1 above, were noted as having been deposited in the Sheriff's bank account or used to purchase the cashier's checks. In addition, at least 102 envelopes containing \$64,854 had been stolen between 1993 and 1995 by a former St. Louis City Police Officer who had been assigned to the Circuit Attorney's office. The officer was caught with the assistance of the Sheriff's property room officer and sentenced in federal court for the theft. However, the property tracking system was not updated to reflect the monies had been stolen.
2. Between 1993 and mid 1995, the description of the contents recorded in the property tracking system did not indicate the exact amount of money contained in the envelope. Instead the contents were simply listed as "Money". We noted 1,407 envelopes listed in the tracking system with this description. We did note that the paper evidence voucher and the envelope generally reflected a specific monetary amount. Because of the removal and use of property room monies noted earlier in this report, almost all of the envelopes with a description of "Money" have since been removed from the property room. However, the final disposition was not updated in the property tracking system.

3. The property tracking system currently does not contain sufficient information to allow the Sheriff's Office to track holding periods established in state law and the completion of required actions, including orders of forfeiture. This information is needed to facilitate compliance with Section 542.301, RSMo Cumulative Supp. 2002. Additional data fields must be added to the system and management reports must be produced and reviewed periodically to ensure compliance with the statutory requirements for disposition of seized property.
- C. We noted a large number of rifles and shotguns in the property room. The property tracking system indicated that over 1,500 rifles and shotguns were being held. Most of the weapons are inoperable or in extremely poor condition. The property room officer indicated the Sheriff has been unable to locate any business that would be willing to destroy these weapons at a reasonable cost.

While the property room appears to be fairly secure and the building has 24-hour security, the failure to destroy these weapons increases the space required to store the property items, will result in additional time to conduct physical inventories, and increases the risk that loss or theft would not be detected in a timely manner. The Sheriff should continue to pursue destruction of the firearms no longer needed as evidence after obtaining the required court order.

- D. The Sheriff's property room does not fully comply with the industry standard "Two Person Rule". This rule mandates that property room personnel not enter sensitive areas where monies or weapons are stored unless accompanied by another staff member. Since there are only two officers assigned to the property room, there are many days when only one officer is present due to vacations and sick leave. Noncompliance with the "Two Person Rule" significantly increases the need for complete and comprehensive tracking systems and procedures for all seized property received.
- E. The Sheriff's property room also receives property seized during tenant evictions if the property is considered to pose a significant public risk. During the eviction process, the evicted person's property is placed on the curbside of the street fronting the residence. Seized items in these instances include firearms and other dangerous weapons, alcohol, and pornography. These items are labeled with the owner's information and placed in storage; however, these items are not entered into the property tracking system. No records are maintained other than the specific identifying information placed on the property item.

Section 542.301, RSMo Cumulative Supp. 2002, indicates that seized property may only be disposed of following court orders. The Sheriff does not obtain court orders of forfeiture or destruction for the eviction property. Instead, the seized weapons are being held and the Sheriff indicated the alcohol and pornography has been destroyed. Almost all of the eviction property has little or no value; however, there are some unclaimed items that could be sold. The unclaimed eviction property should be disposed of in accordance with state law.

- F. The Sheriff's Office does not perform periodic physical inventories of the property room. Failure to perform periodic physical inventories significantly increases the risk that loss or theft of items may not be detected in a timely manner. The physical inventory should be conducted by persons independent of the property room. The results of the physical inventory should be fully reconciled to the property tracking system.

A similar recommendation was made in our 1988 report issued to the prior administration.

- G. The Sheriff's property room has also been the repository for personal property of prisoners brought before the Circuit Court. This property is normally only in the Sheriff's possession for a few hours. Most of this prisoner property is transferred to the Medium Security Institution along with the prisoner. Some persons, upon release from custody, fail to return to the property room to claim their personal possessions.

As of September 12, 2002, the Sheriff's property room was holding 204 envelopes of unclaimed prisoner property. We scanned the listing of unclaimed prisoner property and attempted to physically locate 20 envelopes. We were unable to locate three of the twenty envelopes and one that was listed as being held had in fact been returned to the owner. It appeared that almost all of the unclaimed prisoner property envelopes contained items of little or no value, such as shoe strings, empty wallets, disposable cigarette lighters, and cheap jewelry. A few envelopes contained small amounts of cash.

We noted that 144 of the 204 envelopes listed had been held over one year and one envelope had been received in 1995. The Sheriff has not sought court orders for the disposition of the unclaimed prisoner property. Envelopes held more than three years should be converted to cash and the money turned over to the state's unclaimed property division.

WE RECOMMEND the Sheriff:

A, B,
C, D,
&E.

- Assign sequential tracking numbers to all seized property received.
- Record all property received into the property tracking system.
- Ensure the final disposition of seized property is correctly reflected in the tracking system.
- Record additional information in the system needed to track the handling and holding periods for each item to ensure compliance with applicable state laws.

- Develop management reports to ensure all property is disposed of in accordance with the court orders, state laws, and local court rule.
- F. Ensure periodic physical inventories of seized property are conducted by persons independent of the property room and reconcile the results of those inventories to the property tracking system.
- G. Dispose of unclaimed prisoner property in accordance with state law.

AUDITEE'S RESPONSE

The department is in the process of implementing the auditor's recommendations. Because the property room is obligated to hold all evidence until the Circuit Attorney's Office orders its release, full cooperation of all involved agencies will be critical to successful implementation.

As a result of this audit, the Sheriff's Department no longer handles prisoner property.

3.	Land Tax Sales Distributions and Collection of Fees
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The Sheriff is responsible for conducting sales of property with unpaid real estate taxes under Sections 92.700 to 92.920, RSMo 2000, the Municipal Land Reutilization Law. The listings of property to be sold are compiled by the city collector for properties with unpaid real estate taxes over three years old. In recent years, four sales per year have been held. The Sheriff employs a full time attorney, referred to as the Chief Execution Deputy (CED), to handle the court duties related to the land tax sales. All transactions regarding distributions of land tax sales are handled through the Land Auction Sales Fund, a fund that is maintained within the city treasury. During the two years ended June 30, 2002, land tax sales revenues totaled \$3,112,847. Since the Sheriff took office on January 1, 1989, total Land Auction Sales Fund revenues were \$11,135,556 and disbursements totaled \$10,142,256.

In our 1988 report issued to the prior administration, we recommended the Sheriff's Office improve record keeping practices, maintain open items listings, and reconcile those listings to the available cash balance, and segregate the authorization, record keeping, and custodianship responsibilities. In 1991, the office started turning over all sales proceeds to the city treasurer following the month of collection. However, the Sheriff's Office was responsible for tracking the liabilities and requesting distribution of the monies held in the Land Auction Sales Fund. We noted the following errors in the handling of land tax sales and related fees by the Sheriff's Office.

Error	Amount
Failure to Distribute Excess Proceeds to Collector(1)	\$ 397,029
(Overpayments) to Collector (1)	(270,828)
(Overpayments) to Others (1)	(60,292)
Failure to Distribute Notification Fees (1)	78,930
(1) Net effect on fund balance of \$144,839	

A. Land tax sales often generate excess proceeds over the amount of back taxes, costs, and fees due at the time of the sale. The Municipal Land Reutilization Law requires excess proceeds that remain unclaimed for two years be turned over to the collector for distribution to the taxing authorities. The Sheriff's Office generally planned to make the turnover in December of the year following the two year holding period. However, since 1997, distributions totaling \$397,029 have not been made.

1. The excess proceeds distribution for the land tax sales in 1999 was calculated by December 6, 2002, and a voucher was prepared for \$287,906. The land tax sales clerk prepared the voucher and forwarded it to the CED's assistant who held the voucher pending approval by the CED. Fortunately that distribution was not made. In the first part of January 2003, during the initial preparation of an open items listing pursuant to our request, a significant weakness in the handling of distributions was noted. The planned distribution contained at least \$110,000 that was in error. Many of the parcels that had undistributed excess proceeds according to records maintained by the land tax sale clerk, had in fact already been paid out to the previous landowner or paid back to the bidder, based on applicable court orders. However, these orders were not provided to the land tax sales clerk but instead were given by the CED to his assistant who prepared the voucher for the payment of the excess proceeds. The correct amount for this distribution due the city collector, determined as of April 30, 2003, was \$176,913.
2. In June 2000, the land tax sales clerk had prepared a letter and listing for the excess proceeds distribution totaling \$190,625 for the tax sales held in 1997 that remained unclaimed, and noted on her copy that the voucher had been prepared and forwarded to the city comptroller's office. However, the voucher was not recorded in the Land Auction Sales Fund and the monies were not distributed to the collector.

After discovering the problem noted in part 1 above, it was apparent that the calculation of the unclaimed excess proceeds of all prior years was highly suspect. The land tax sales clerk reviewed her records, financial reports provided by the comptroller's office, and copies of vouchers still held at the Sheriff's Office. The clerk noted over \$34,000 would have been incorrectly distributed if the original amount had been distributed in

June 2000. As of April 30, 2003, the correct amount identified for this distribution was \$156,355.

3. We also noted the excess proceeds distribution for land tax sales in 1994 should have been distributed in 1997. The Sheriff's Office could provide no documentation that the amounts had been calculated or that listings and a voucher had been prepared. As of April 30, 2003, the identified amount for this distribution was \$63,761.

The total excess proceeds currently available for distribution is \$397,029. However, the overpayments to the collector discussed below must be offset against this distribution to correctly handle the current balances in the Land Auction Sales Fund.

- B. We noted the excess proceeds distributions to the collector that were made in prior years also contained errors caused by the lack of internal communication noted in part A.1. above. The overpayments to the collector identified as of April 30, 2003, totaled \$270,828. Overpayments were noted in each distribution made since 1997.

Similar distributions of excess proceeds should have been made annually since at least 1984, and it is likely those distributions may also have included some overpayments. However, additional research by the Sheriff's Office will be required to identify the specific overpayments. The Sheriff's Office should offset known overpayments to the collector against amounts available for distribution. As of April 30, 2003, the identified correcting distribution that should be made to the collector is \$126,201. This is the difference between the underpayments of \$397,029 noted above and the overpayments of \$270,828 discussed in this section.

- C. We noted the Sheriff's Office distributed 12 double payments totaling \$60,292 to individuals and businesses who bought land tax sale properties. Some of these payments appeared to be caused by the court issuing two different orders for set aside, or cancelling, of sales. In those instances the intended buyer of the parcel would petition the court to have the sale set aside and the order would be granted. The buyer would then contact the office (usually the CED assistant) and a voucher would be initiated in accordance with the court order. Sometime later, another motion for set aside would be brought to the court by either the intended buyer, the CED, or the city collector's attorney, and the court would issue another set aside order and the CED assistant would issue another voucher. The Sheriff should review these apparent double payments and seek court orders for recovery of the monies paid out in error.
- D. Section 92.810, RSMo 2000, requires the Sheriff to send notification of pending tax sales to the owners of the property prior to the tax sale. In 1991, the Sheriff set the fee for providing this notification at \$50 and began collecting the fee from

the buyer at the time of sale. After the property sale has been confirmed by the courts, the Sheriff (and ultimately the city's general revenue fund) is entitled to the fee, otherwise the fee is returned to the buyer if the sale is set aside.

We noted that the Sheriff's Office did not distribute the notification fee on confirmed sales. Instead the money was left in the Land Auction Sales Fund rather than being transferred into the city's general revenue fund. Because the Land Auction Sales Fund is a restricted fund, those monies were not available to support current city operations. Section 57.490, RSMo 2000, states all fees, commissions, and emoluments collected by the Sheriff shall be turned over to the city treasury monthly.

In January 2003, after bringing this matter to the attention of the Sheriff, \$78,930 in notification fees were transferred from the Land Auction Sales Fund to the city's general revenue fund.

E. In Sections 92.860 and 57.280, RSMo 2000, the Sheriff is required to collect commissions on land tax sales at the rate of 5 percent on the first \$500 and 4 percent on amounts above \$500. Our review noted several errors in the calculation and collection of these commissions resulting in commissions being under collected by more than \$30,000 which reduced the Sheriff's turnover of fees to the city by the same amount.

1. The Sheriff's Office has not included all applicable amounts to calculate the commissions. The office has applied the commission percentages to only the judgment amount of the back taxes and not to publication costs, accrued interest, and title search fees. This error has resulted in the undercollection of commission fees.
2. In 1994, the office determined the amounts used to calculate the commissions were incomplete. In an attempt to correct the commissions, it was decided that the formula used in the city collector's automated land tax sales report would be adjusted so that the Sheriff's commissions would be calculated at 5.1263 percent of the first \$500 and 4.17 percent on amounts above \$500 for purposes of setting the minimum bid. The formula was actually adjusted to 5.263 percent of the first \$500 rather than the intended 5.1263 percent. This adjustment slightly increased the minimum acceptable bid on each parcel. After these changes were made, the commissions were still not being calculated on the correct base and now the percentages were incorrect and in excess of what was allowed by law.

We estimated the Sheriff's commission on the 210 properties with gross proceeds of \$1,153,774 that were confirmed in 2002. The combination of errors noted in parts 1. and 2. above resulted in the Sheriff's commissions being undercollected by \$3,989.

We contacted the city collector's office and were told the formula could easily be corrected to allow the commissions to be properly calculated for both establishing the minimum bid and collecting the commission on the minimum bid.

3. We noted that the Sheriff's Office has never collected the commission as mandated by statute on the amounts above the minimum bid (excess proceeds). We estimated the commission on the excess proceeds for the 210 properties confirmed in 2002 should have been \$27,190. Had the commissions been correctly applied in prior years, significant additional revenues would have been realized.

WE RECOMMEND the Sheriff:

- A&B. Make correcting distributions of unclaimed excess proceeds that are not offset by the past overpayments to the collector.
- C. Seek recovery of overpayments to individuals and businesses.
- D. Ensure land tax sale notification fees are paid to the city's general revenue fund as they are earned.
- E. Ensure the calculation and collection of Sheriff commissions on land tax sales is in accordance with state law.

AUDITEE'S RESPONSE

This section deals with the collection of money from land tax sales and the remittance of same to the Collector of Revenue. Money collected at auction is deposited into the Land Auction Sales Fund pending court confirmation of the sale as required by law. If confirmed, money from a given sale is remitted to the Collector. Should the sale be set aside, the money is then returned to the bidder.

The City Comptroller routinely audits the Sheriff's Department on a monthly basis and specifically audits the Land Tax Sales Fund at least once per year. At no time has the Comptroller's Office found fault with the accounting practices or schedule of distributions to the City.

Relying on established procedures and these regular audits, the Sheriff has faithfully administered land auctions and, in doing so, has contributed millions to the City's General Revenue Fund during his tenure.

Regarding the table on Page 15 of the report, it should be noted that Item #1 refers to monies held in the Land Auction Fund that the auditor found to be due the Collector. Item #2 references payments to the Collector that the audit finds should have remained in the Auction Fund.

Obviously, these items offset. As a result of this audit, funds were transferred to reconcile these accounts and the recommended procedural changes have been, or will be, implemented.

Item #3 on the above chart, "Overpayment to Others", is the result of conflicting or duplicate court orders issued on the same parcel of property. This deficiency in the system should be corrected by the adoption of the "open items" accounting method suggested by the auditor (see below).

The auditor notes that the Sheriff has failed to collect a fee on excess proceeds in the event that a property sells at a price higher than the original asking price. When a property is auctioned, the opening bid is calculated by computing back taxes owed plus applicable fees and penalties. The resultant sum became the basis upon which the Sheriff calculated his commission. If the property ultimately sold at a higher price, the original owner could claim the excess proceeds. If unclaimed, they were transferred in full to the Collector.

It has been the policy of the Sheriff's Department not to collect an additional commission on the excess, reasoning that a property owner who lost his/her home should not be subjected to additional penalty after satisfying the outstanding debt. In the case of unclaimed proceeds, the full sum was transferred to the Collector—the party who would ultimately receive the Sheriff's commission had it been assessed.

All recommendations of the auditor relative to this fund have been adopted.

AUDITOR'S COMMENT

It should be noted that although items 1 and 2 in the table offset in total, these independent transactions represent many errors occurring over several years and these individual transactions could not have been offset. Two wrong transactions having opposite outcomes do not make a correct transaction.

4. Land Tax Sales Accounting Controls and Procedures

We noted significant weaknesses in the land tax sales accounting controls and procedures that allowed errors to go undetected.

- A. The Sheriff's Office did not maintain an automated database of financial activity related to each parcel sold. A detailed "audit sheet", which summarized certain information related to each sale, was maintained for each parcel sold. However, due to the lack of a comprehensive tracking system, the lack of communication between staff, and inadequate supervisory review, significant errors in the processing of land tax sale proceeds were not identified. Without such a tracking system, the Sheriff has no assurance that all money collected from land tax sales is properly distributed as required. The errors in distribution of land tax monies and collection of fees noted in this report could have been prevented or at least

detected and corrected within a reasonable time if such a system had been in place.

- B. The Sheriff's Office did not maintain a monthly listing of liabilities (open items) for funds held in trust pending distribution to the responsible party. The office did not attempt to reconcile the liabilities to the fund balance. In September 2002, we requested the Sheriff's Office prepare an open items listing. As of April 30, 2003, the Sheriff's Office prepared open items listing for monies held as of December 31, 2002, indicated a fund shortage of \$16,443.

Classification of Liabilities	Amounts Owed
Undistributed Excess Proceeds In Holding Period	\$1,318,053
Held Pending Confirmation of Sale	314,911
Excess Proceeds Not Distributed as Required	397,029
Past Overpayments to Collector	(270,828)
Past Overpayments to Others	(60,292)
Notification Fees	78,930
Work in Process	86,734
Total Liabilities	1,864,537
Fund Balance	1,848,094
Open Items Difference	\$ 16,443

Due to the lack of adequate records and the failure to maintain and retain monthly open items listings, it is unclear whether all errors have been discovered. There was also a fund shortage noted in our 1988 report issued to the prior administration. We could not determine if adjustments for the errors noted in the 1988 report had been corrected.

If an open items listing had been maintained and reconciled monthly, the failure to make past distributions to the collector, the past overpayments made to the collector and others, and the lack of fee distributions could have been discovered and corrected in a timely manner.

Due to the extensive problems noted regarding the accounting and procedures related to land tax sales, it appears the Sheriff should request the city comptroller establish a new fund so all future sales activity may be accounted for separately from past activity. The establishment of the new fund is necessary so the Sheriff's Office can fully track and reconcile at least monthly all financial activity related to future sales. Monies in the existing fund will be distributed as the Sheriff's Office makes the correcting payments discussed above, as matters regarding previously sold property are resolved, as overpayments to individuals are recovered, and as unclaimed excess proceeds are distributed. After all known liabilities have been satisfied, the Sheriff should consult with the city comptroller and the city collector regarding final distribution of any monies remaining in the fund.

It will be crucial for the Sheriff's Office to maintain the open items listing and fully reconcile the listing to fund financial activity reports for the existing fund. The Sheriff must also ensure financial activity related to the existing fund is not commingled with financial activity from future sales.

- C. Once property has been officially designated for land tax sale, the property owner has the opportunity to make payment to or establish a payment plan with the city collector and the property will be withdrawn from the sale. This process is referred to as redemption of the property. The payment plans may be set up for as long as 48 months. As part of that payment or payment plan, the collector collects the Sheriff's notification fee. The collector then submits the fee to the Sheriff after the amount due is paid in full. We noted the Sheriff's Office does not track the collection of the notification fees on redeemed properties but simply accepts the payment submitted by the collector. Therefore, the Sheriff has no assurance that all notification fees arising from redeemed properties are being received.
- D. We noted the Land Auction Sales Fund included \$36,723 related to 23 parcels of land that sold between 1991 and 1999. After the property is sold in a land tax sale, the sale must be confirmed by the courts. The Municipal Land Reutilization Law does not require the confirmation hearing be held within a certain time period. According to the Sheriff's records no hearing was conducted for any of these properties. The CED indicated that it was generally the buyer's responsibility to initiate the request for a confirmation hearing. He indicated it was unclear if the Sheriff had the statutory authority to request hearings. It is not unusual for hearings to be delayed up to two years following the sale.

Many buyers decide they do not want to own the property for such reasons as the existing structures will cost too much to rehabilitate or tear down, or the buyer was unable to purchase adjoining parcels. Also professional property investment companies, that buy many of the properties, determine the property will not be a good investment. Ultimately these parties will request the court set aside the sale and their money will be returned. The parcels are put up for sale again at the next auction.

Until the confirmation hearing is held the sale proceeds may not be distributed and, therefore, the taxes, costs, accrued interest, and fees are not paid out. A Sheriff's deed transferring ownership of the property cannot be issued and the property will remain in the name of the previous owner.

Since the Sheriff's Office handles the sale and collects the sale proceeds, it should establish procedures to identify parcels that have been sold but a hearing for confirmation or set aside has not been held within two years. The Sheriff should report to the courts and the city collector those properties waiting on confirmation or set aside hearings.

- E. The Sheriff's land tax sale held in May 2001 included two parcels owned by the "Governor of Mo C/O Asst Atty Gen". These two properties had been purchased by the state in 1986. The state is exempt from paying local property taxes under Article X, Section 6 of the Missouri Constitution. However, the city assessor and city collector, in addition to the Sheriff, failed to recognize these properties were owned by the state and no property taxes were due. The properties are vacant lots located adjacent to an existing state building. The properties were sold for a total of \$4,050.

While it appears that the notifications of foreclosure and pending sale were mailed and published as required, the address of the Sheriff's notification letters listed an old address of the Attorney General's office in St. Louis and were returned by the post office as forwarding address expired. No further efforts were made by the Sheriff's Office to contact the Attorney General's office prior to the sale. After the sale, the Sheriff's Office distributed a notice that the property was sold and excess proceeds may be available. This notice was sent to the old address also. We notified the Attorney General's office who indicated the state would seek to have the sales set aside.

WE RECOMMEND the Sheriff:

- A&C. Establish and maintain an automated database of financial activity for land tax sales capable of:

- Generating monthly open items listings, and detailed and summary reports of financial activity.
- Tracking collection and disbursement of sheriff fees .
- Calculating and tracking disbursement of Sheriff commissions.
- Tracking the hearings of confirmation or set aside and producing reports of parcels for which no hearings have been held within two years of the sale date.
- Identification of excess proceeds and their related holding periods, and unclaimed excess proceeds distributions.
- Identification and reporting of possible duplicate payments by parcel number and duplicate amounts.
- Generation of monthly reports of change in status for hearings and excess proceeds and unclaimed property holding periods.

- B. Ensure open items listing for the existing land auction sales fund are prepared monthly and reconciled to the existing fund balances. After all known obligations

have been satisfied, the Sheriff should consult with the city comptroller and city collector regarding final distributions and closure of the old fund. In addition, the Sheriff should request the establishment of a new fund to account for the financial activity of all future land tax sales and reconcile the fund activity to the activity recorded in the land parcel tracking system.

- D. Report to the courts and the city collector those properties without a confirmation or set aside hearing within two years of the sale.
- E. Work with the Attorney General and the courts to have the sales of state-owned properties set aside.

AUDITEE'S RESPONSE

The Sheriff's Department does not have a Certified Public Accountant in its employ. The deputies who keep the books on its various accounts are capable of maintaining such records but are not qualified to design accounting procedures.

The auditor recommended the adoption of an "open items" listing for the Land Tax Sales Fund. With their assistance, this accounting method has been implemented. Utilizing this system should allow the Sheriff's Department to better identify instances in which multiple court orders are issued on the same parcel of property.

5. Prisoner Transportation Billings
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The Sheriff's Office is responsible for transporting prisoners sentenced by the circuit courts to the state Department of Corrections' reception and diagnostic centers. The state reimburses the Sheriff for transportation costs based on Section 57.290(4), RSMo 2000. During the two years ended June 30, 2002, the Sheriff's transportation unit made over 400 trips to the prisons in Fulton, Vandalia, Potosi, Pacific, and Farmington, and delivered over 2,750 prisoners. The Sheriff was reimbursed about \$186,000. We noted the following concerns related to prisoner transportation billings:

- A. During the two years ended June 30, 2002, the Sheriff's Office overbilled the state at least \$26,444 in prisoner transportation costs. The Sheriff is reimbursed a per diem charge plus round trip mileage for each guard making the trip. The per diem is \$8 per day for the first guard and is \$6 per day for the second guard. The mileage reimbursement is the rate established by the Internal Revenue Service. During fiscal years 2002 and 2001, the rate was 34.5 cents and 32.5 cents per mile, respectively.

On the trips made to the Fulton prison, the billing document indicated that three guards made the trip when in fact never more than two guards were present in the vehicle. The clerk who prepares the billings indicated she was trained to submit the billing document in that manner when she was assigned those duties over 30

years ago. She was aware that only two guards made the trips. When billing trips to the other prisons she consistently billed for only two guards. For each trip to Fulton, the Sheriff's Office overbilled for a third guard at \$6 per diem and 220 miles at the rate in effect at the time of the trip. The total overbilled for a third guard for the two years ended June 30, 2002, was \$18,382.

The Sheriff's Office billed the mileage for all trips to the Vandalia prison at 125 miles one way. The actual mileage from the Medium Security Institution (MSI) in St. Louis to the prison gates is 103 miles. For each trip made to Vandalia the Sheriff's Office overbilled 22 miles for each prisoner transported and 44 miles for each of the two guards making the trip. For the two years ended June 30, 2002, these errors caused \$1,760 in overbillings.

The transportation unit would frequently make a combined trip driving either to Fulton or Vandalia first and then proceeding on to the other prison before returning to St. Louis. The mileage charged for the Fulton prisoners was correct, while the mileage charged for the Vandalia prisoners was incorrect as noted above. The guard miles were billed as if there had been two separate trips, one to Fulton and one to Vandalia. The total miles billed for each guard on these combined trips was 470 miles. We had the Sheriff review the actual mileage from the MSI to Vandalia to Fulton and back to MSI. The total mileage for the combined trip was 269 miles. For each combined trip, the Sheriff's Office overbilled for two guards for 202 miles each. For the two years ended June 30, 2002, the total overbilled amount was \$6,302 for these errors.

Other billing errors noted included one trip to Fulton was billed twice and, a trip to Farmington was billed at the mileage for a trip to Vandalia. In addition, the Fulton prison roundtrip mileage was inconsistently billed at 110, 125 and 170 miles rather than the correct 220 miles.

As indicated above, the inappropriate billing practices have apparently occurred for years. The Sheriff should reimburse the state \$26,444 for overbilled trips during the two years ended June 30, 2002. In addition, the Sheriff's Office should recalculate all billings for previous years for which documentation is readily available and reimburse the state accordingly. Furthermore, the office's billing practices should be changed to ensure complete and accurate transportation billings are submitted in the future.

- B. We noted the Sheriff's Office failed to bill for 14 trips made during fiscal years 2002 and 2001. We estimated the lost revenues to be \$6,222. According to state law, vendors must submit bills within two years of the delivery of service. The two year limitation has already passed for 5 of the 14 trips. We provided the Sheriff's Office with a list of the unbilled trips to allow immediate action to be taken on the unbilled trips. The Sheriff's Office could recover up to \$4,892 if the nine unbilled trips within the two year limitation period were billed promptly.

The office needs to ensure all future billings are submitted in a timely and accurate manner.

- C. The Sheriff requires the transportation unit to prepare a daily transportation listing of all prisoners to be transported to the various prisons. The guards who make the trips are also required to fill out a trip ticket indicating the vehicle miles driven and the number of prisoners present in the van for each portion of the trip (outbound and return). The primary document used for billing purposes is the certificate of delivery which is prepared in part by the records officer of the Department of Corrections' reception center. This officer lists the prisoners transported and the names of the guards. The guards are to submit the certificate of delivery, the daily transportation sheet, and the trip ticket to the billing clerk upon their return. We noted at least 35 instances where the daily transportation sheets were not prepared. Many of the trip tickets we reviewed were not properly completed, the names of the guards were not listed or were illegible, ending mileages were not always recorded, and the number of prisoners transported was not listed or disagreed with the certificates of delivery and daily transportation sheets. In each instance where a billing was not submitted as noted above, the certificate of delivery was either not obtained from the prison record officer or was not submitted to the billing clerk.

To ensure billings for prisoner transportation costs are correct, the daily transportation sheets, trip tickets, and certificates of delivery should be obtained and reconciled before billings are submitted to the state.

- D. We noted at least 11 instances during fiscal years 2002 and 2001 when a prisoner being returned to the Vandalia prison was not listed on the certificate of delivery prepared by the records officer. We contacted the records officer who indicated that prisoners who are returning to prison under a writ return (no new sentence and judgment) are not to be listed on the certificate of delivery, although we noted that 24 such prisoners were listed on the Vandalia certificates of delivery. We noted that the records officer at the Fulton prison lists all returning inmates. The statutory language regarding reimbursement for prisoner transportation does not address prisoners transported under a writ return. The Sheriff's Office has billed the state for all prisoners listed on the certificates of delivery.

If all 11 prisoners returning under a writ return were listed on the certificates of delivery, the Sheriff would have received additional reimbursements totaling \$390. However, if the 488 prisoners who were listed on the certificates of delivery that were under a writ return were not supposed to be listed on the certificates of delivery, the Sheriff's Office overbilled the state approximately \$18,000 during the two-year period.

The Sheriff should consult with the state Department of Corrections regarding the preparation of the certificates of delivery to ensure billing for prisoners transported to the Department of Corrections under writ returns are correct.

WE RECOMMEND the Sheriff:

- A. Reimburse the state \$26,444 for the overbilled prisoner transportation cost during the two years ended June 30, 2002. In addition, the Sheriff should recalculate the billings from previous years and reimburse the state for all overpayments. The Sheriff also needs to revise the current billing practices to ensure future billings are submitted in a complete and accurate manner.
- B. Submit billings immediately for the nine trips made that were not billed. Future billings need to be submitted in a timely manner.
- C. Ensure daily transportation sheets are prepared for all prisoner transportation trips and reconcile the daily transportation sheets, trip tickets, and certificates of delivery to ensure billings submitted to the state are correct.
- D. Consult with the Department of Corrections regarding the inclusion on the certificates of delivery of prisoners transported to the department under writ returns and bill accordingly.

AUDITEE'S RESPONSE

The current procedure for billing the state for reimbursement for transporting prisoners to the Department of Corrections was established in 1972. Under this method, the state was billed \$8 for the Sheriff's fee, and \$6 for both of the deputies who made the trip, for a total of \$20 per prisoner transfer to Fulton.

When received, this money is remitted to the City Treasury to partially offset the cost of the transfer. The mileage figures submitted were supplied by the Missouri State Highway Patrol.

The auditor found that the Sheriff is not allowed a charge unless he actually makes the trip in person. By their reckoning, the first deputy is allowed a per diem of \$8 per day while the second deputy's per diem is \$6, for a total of \$14 per trip.

Regardless of which computation is used, it must be understood that the compensation received is far short of the actual cost of the deputy salaries paid for these trips. Again, all fees collected for prisoner transfer are turned over to the City Treasury to partially compensate for the expense of transferring convicted felons to the Missouri Department of Corrections.

The auditor's recommendations 'B' and 'C' have already been implemented. The Sheriff's Department will contact the Office of Administration to determine a process for implementation of recommendations 'A' and 'D'.

6.**Private Process Server Bank Account**

In 1994, the Sheriff was authorized by the circuit court to establish a training and licensure program for private individuals who wanted to serve civil process (subpoena, summons, and various court writs) in the city of St. Louis. Each individual was required to attend about 20 hours of training provided by the Sheriff and successfully pass a written examination. In addition, individuals who desired to carry a concealed weapon for protection must also pass annual firearms qualification. They are also required to carry liability insurance. Before a license is issued, a criminal history check is performed by the Sheriff's Office. The initial fee for training and a two year license is \$300. Licensure renewal for subsequent two-year periods is \$150. This program has generated about \$145,000 since 1994. During the two years ended June 30, 2002, the program generated nearly \$44,000 in fees and the Sheriff's Office spent \$21,800 from these fees. We noted the following concerns in our review of the private process server training and licensure program.

- A. The fees generated by the program were deposited into a separate bank account held outside the city treasury and overseen by the Sheriff. The account was outside the established administrative and cash handling functions and, therefore, was not subject to the existing internal control system of the Sheriff's Office and the city. No receipts related to this program were deposited in the city treasury and expenditures were made without the approval of the city comptroller's office.

Section 57.490, RSMo 2000, requires all fees earned by the Sheriff of the city of St. Louis during any calendar month to be paid into the city treasury. Section 57.510, RSMo 2000, indicates all necessary supplies for the Sheriff shall be purchased through the city supply division with the approval of the comptroller. Furthermore, Section 57.520, RSMo 2000, states all necessary expenses incurred by the Sheriff shall, upon his requisition with the approval of the comptroller, be paid out of the city treasury. The Sheriff had no authority to retain the private process server fees or to expend those fees except through the established city purchasing and payment systems. The account discussed above was closed in August 2002, see part C below.

- B. Items purchased during the two years ended June 30, 2002 from the account included batteries for department radios, office equipment, deputy training, attendance at a national law enforcement conference, postage, office supplies, a refrigerator, and 3 light bars for prisoner transportation vans. We also noted that the Sheriff's Office paid \$1,600 to a local shooting range and \$810 to the St. Louis Police gym to cover 50 percent of the cost for office employees to join these organizations. Only a small percentage of the money expended was for items directly related to the private process server training and licensure program, such as postage, printing, license frames, film, and ID making equipment. The Sheriff's Office did not obtain invoices or receipts for four of 20 purchases tested, and did not bid or retain bid documentation for three of 20 purchases tested. The

Sheriff had no authority to make these purchases outside of the established city procurement system.

- C. In August 2002, the Sheriff closed the private process server bank account and paid the remaining monies to the city treasurer. However, the fees deposited into the treasurer's bank account are not processed through the Sheriff's bank account and are not reported to the city comptroller. Whenever the Sheriff desires to make a purchase, one of four designated persons in the Sheriff's Office will write out and sign the check. The check is then taken to the City Treasurer's office for an official signature. We contacted the official at the Treasurer's office authorized to sign these checks and were told that as long as there was sufficient money in the account the checks would be signed. This official also indicated it was not the function of the treasurer's office to question whether the purchase was necessary or reasonable.

Simply moving the bank account failed to result in compliance with the statutory requirements noted above. The Sheriff should immediately turnover the money in the private process server bank account in the same manner as he remits other fees to the city. All purchases should be made within the city's established procurement system.

WE RECOMMEND the Sheriff comply with state law regarding the handling of fees received by his office and the procurement of goods and services for his department. In addition, the Sheriff should immediately request closure of the private process server bank account and deposit the current balance and future private process server fee receipts into the city treasury.

AUDITEE'S RESPONSE

The auditor questions the propriety of the Sheriff maintaining a separate bank account for private process server fees. RSMo. 57.280 provides that a Sheriff may retain up to \$50,000 per year in fees collected to "be expended at the discretion of the sheriff for furtherance of the sheriff's set duties". Monies so collected may accumulate and "shall not lapse to the county general revenue fund at the end of any county budget or fiscal year". The process server account is one of two accounts in which the Sheriff's Department maintains these funds.

The Sheriff's process server account is a registered account of the Treasurer's Office in compliance with Section 95.530, RSMo 2000. Its current balance is \$17,412.

The Treasurer's Office currently lists 32 different city agencies that hold a total of 157 such accounts administered in identical fashion.

Based on the results of the audit, the process server account will be closed and its current balance will be transferred into the remaining account.

The Sheriff's Office maintains an official bank account and various ledgers to record the related receipts and disbursements of money handled by the office's cashier. At month end, disbursement of Sheriff's official fees and land tax sale proceeds are made to the city treasury. Throughout the month, the Sheriff's Office disburses collections from garnishments, writs of sequestration (garnishments for city and local school board employees), proceeds from sales of court ordered executions on real estate and automobiles, and monies collected by seizures of cash on hand from businesses (cash boxes) as directed by court order. The garnishments, writs of sequestration, and cash box seizures are held pending the date of final return as stipulated on the court order. During the two years ended June 30, 2002, the Sheriff's Office recorded \$16.5 million in revenues and \$16.3 million in expenditures in the Sheriff's official account. As of June 30, 2002, the bank account balance was \$698,859. We noted the following concerns during our review of the Sheriff's accounting controls and procedures.

- A. The Sheriff's Office did not prepare monthly listings of liabilities (open items) for funds held in trust in his official bank account. In September 2002, we requested the cashier to prepare such a listing, since the last listing of liabilities had been prepared in approximately 1988 shortly after the release of our prior report issued to the prior administration. After considerable effort, the cashier was able to provide an open items listing as of December 31, 2002. That listing indicated total liabilities of \$259,701, while the reconciled bank balance was \$259,718, resulting in a difference of only \$17. This relatively small difference indicated that some minor errors existed in the records. If the Sheriff's Office had prepared monthly open items listings, any such errors would have been identified and could have been corrected in a timely manner. In response to a recommendation in our 1988 report issued to the prior administration, the Sheriff's Office indicated monthly open items listings would be prepared.
- B. We noted the Sheriff's Office prepares a monthly bank reconciliation and as part of that process prepares a monthly listing of outstanding checks. The outstanding checks listing for December 31, 2002, included 21 items totaling \$3,106 which were outstanding for over 3 years, and 37 items outstanding from 1 to 3 years totaling \$3,828. Section 447.532, RSMo Cumulative Supp. 2002, requires all intangible property held by a public official that is unclaimed after three years to be turned over to the state's unclaimed property division. Failure to perform timely resolution of outstanding checks increases the likelihood that money will remain unclaimed.
- C. As of December 31, 2002, the Sheriff was holding monies related to 18 orders of executions, totaling \$8,625, that had been held for over three years. One item had been held since 1987. The Sheriff's Office should attempt to locate the parties due these funds. If the distribution of these monies can not be accomplished, the funds should be forwarded to the state's unclaimed property division.

The Sheriff's Office was also holding money related to eight child support seizure cases totaling \$23,570 that had been seized in 1999 and 2000. After we brought this to the Sheriff's attention, he contacted the Missouri Division of Child Support Enforcement who initiated court action to claim the money.

Failure to periodically investigate and resolve money held for long periods of time increases the difficulty in locating the benefiting parties and may result in noncompliance with state unclaimed property laws.

- D. The Sheriff's Office had procedures in place to monitor the adequacy of the collateral pledged as security for monies held in the official bank account in excess of FDIC coverage. However, we noted two occasions when the bank account exceeded the amount of collateral securities pledged and FDIC coverage. From May 29 to May 31, 2002, the account was under-collateralized by about \$285,000. From August 8 to August 10, 2001, the account was under-collateralized by about \$224,000. To protect these public monies, adequate collateral security must be maintained at all times.

A similar finding was also noted in our 1988 report issued to the prior administration.

WE RECOMMEND the Sheriff:

- A. Prepare open items listings monthly and reconcile the listings to the bank balances.
- B&C. Resolve outstanding checks and open items in a timely manner. In addition, the Sheriff should ensure compliance with the state unclaimed property laws.
- D. Ensure sufficient collateral securities are pledged at all times.

AUDITEE'S RESPONSE

The auditor's recommendations have been adopted.

8. Computer System

The Sheriff's Office uses a manual, paper based system to record cash receipt and disbursement activity. This system includes logs, journals, and ledgers. The use of the manual system is very labor intensive. Besides the recording duties, reconciliation of the logs to the journal and summary postings from the journals to the ledgers must be performed. The multi-step posting process increases the risk of errors. The monthly turnover of fees to the city must also be tabulated manually from the underlying journals and ledgers. The financial activity must also be reconciled to the bank activity and monthly lists of outstanding checks and open items must be prepared. A computer based

system has been developed to track the financial activity related to writs of sequestration. However, the office's cashier continues to also record this activity on ledger cards. The conversion to an automated receipts and disbursements system would result in greater efficiency, allow for early detection and correction of errors, and significantly increase management's ability to effectively perform and document reconciliations and supervisory review.

The Sheriff's Office also has a computerized workflow tracking system which is used to post the service of process activity, issuance of gun permits, collection of garnishments, writs of sequestration, and executions. This system does not currently have full capability to produce daily reports of activity that may be reconciled to the related cash activity. Management reports of various work activity recorded in the system are not produced. For instance, the data recorded in the system could be used to identify the number and types of the processes assigned to deputies in the service department and the results of those service attempts. Such reports would allow management to identify problem areas or employees and take corrective action to improve the efficiency of the service department.

Integration of the automated receipts and disbursements system along with the workflow tracking system could yield even greater efficiency and further improve management's ability to monitor the financial and workflow activities of the Sheriff's Office. The Sheriff indicated he is waiting for an automated financial system to be installed in the office of the Circuit Clerk and hopes to be able to use that system to record the financial and workflow activity of his office. We contacted the Office of the State Courts Administrator who indicated that implementation of the indicated system in the Circuit Clerk's office was years from implementation and no plans had been made to design the system to allow proper accounting and tracking of financial or workflow activity of the Sheriff's Office.

WE RECOMMEND the Sheriff obtain through the city's bid process an automated and integrated financial receipts, disbursements, and workflow recording system capable of tabulating month end turnovers, producing monthly bank reconciliations, lists of outstanding checks, open items listings, receipt and disbursement journals and ledgers, and daily and monthly reports of workflow activity.

AUDITEE'S RESPONSE

The Sheriff would like to adopt the system recommended by the auditor; however, fiscal constraints posed by the City's budgetary shortfalls may preclude the purchase of the needed equipment.

9.**Vehicle Purchases**

The Sheriff's Office operates a fleet of 26 vehicles. There are five cars, one old bus, and twenty vans. During the two years ended June 30, 2002, the Sheriff's Office purchased one new prisoner transportation van and a new car for the Sheriff. The total cost of these purchases was \$63,540. Our review indicated similar vehicles could have been purchased for about \$49,000.

- A. Although the Sheriff's Office followed city policy by purchasing the van through the city's supply division, the van was purchased at a greater price than vans available on the state cooperative procurement program. An official of the supply division indicated that the current city bidding practices do not allow purchases under statewide procurement contracts. However, city bidding procedures allow the Sheriff to indicate on his bid request that the bid be provided to the same vendors as those responding to the state cooperative procurement program. The Sheriff did not specify any additional vendors that he desired be provided with an opportunity to bid.

We researched the state procurement program and the internet for similar vehicles and equipment. Our research indicated the van as equipped, with a quality prisoner transportation cage installed, could have been purchased for about \$32,000. The van was purchased through the city's supply division and the city's vehicle services division for \$42,486. It is a fifteen passenger diesel engine one ton series van with light bars and a custom built prisoner transportation cage. The van is equipped with dual heat and air conditioning, tilt wheel, power windows and locks, leather bucket seats in the front, and cruise control. The van was delivered with distinctive departmental decals and striping.

The state Department of Corrections stated their recent purchases of vans used for prisoner transportation cost between \$22,500 to \$23,600. Those vans have gasoline engines and the prisoner security measures are not as sophisticated as a cage. It appears the Sheriff's Office should consider revising the specifications on future van purchases. The office should also consider separating the purchase of the van and the prisoner transportation security system. In addition, the office should determine vendors participating in the statewide cooperative purchasing program and request the supply division send those vendors requests for proposals. As an alternative, the Sheriff's Office could contact those vendors to make them aware that the city would be issuing requests for proposals.

- B. The Sheriff also purchased a new 2001 Chevrolet Impala LS sedan for his official and personal use through the supply division at a total cost of \$21,054. We determined the cost of an adequately equipped 2001 Chevrolet Impala sedan under the state cooperative procurement program would have been about \$17,000. In the future, the Sheriff should recommend the supply division submit request for

proposals to vendors participating in the statewide procurement program when purchasing vehicles for his office.

WE RECOMMEND the Sheriff take a proactive role when requisitioning major purchases by designating vendors participating in the state cooperative procurement program to receive requests for proposals. In addition, the Sheriff should consider revising the specifications for prisoner transportation vans.

AUDITEE'S RESPONSE

As noted in the audit report, the Sheriff does not purchase vehicles utilized by the department but rather requisitions them from the City's Supply Division. The Sheriff enjoys no authority over that agency's procurement procedures.

AUDITOR'S COMMENT

We provided the Sheriff with a recommendation as to how he could assist the Supply Division and thereby save the city substantial amounts of money on its vehicle purchases for the Sheriff's Office.

10. Use of Department Vehicles

The Sheriff authorized two deputies who had a department vehicle at their disposal at all times to also receive a monthly car allowance of \$140 for using their own cars in the line of duty. This decision resulted in the city incurring \$6,720 in unnecessary costs during the two years ended June 30, 2002. This practice has existed since at least 1993. The Sheriff's Office did not report to the city comptroller the use of departmental vehicles for personal commuting by these two deputies and three additional deputies. As a result, the city did not comply with Internal Revenue Service (IRS) reporting requirements.

- A. Two supervising deputies of the service unit were assigned department vehicles to be used for business purposes and for commuting to and from work. Both deputies indicated they frequently were required to respond after normal business hours. Department policy authorized deputies working in the service unit to receive a monthly car allowance of \$140 for using their personal vehicles in the line of duty. Since both deputies assigned the department vehicles also worked in the service unit, both received the monthly car allowance even though the Sheriff had assigned them a department vehicle. This practice appears to conflict with city policy which prohibits commuting allowances for employees who are provided any form of free transportation.

One of the deputies had been assigned a department vehicle and had received the monthly car allowance for at least eight years and the other had received the dual benefit for at least three years. It should be noted that in September 2002, the Sheriff discontinued the car allowance for these deputies.

- B. The city, under IRS requirements, must report the value of the benefit received by employees who are allowed to drive city-owned vehicles for personal commuting to and from work. Each department official, including the Sheriff, must report to the city comptroller's office the assignment of city-owned vehicles that are used for employee personal commuting. In addition to the two deputies mentioned above, three other supervising deputies were on call and assigned a department vehicle at all times.

The Sheriff's Office did not report the full-time assignment of city-owned vehicles to these five employees. As a result, the city failed to include the value of these benefits on the employees' W-2. The maximum value of the benefit that would have been reported annually for each applicable employee by the city was \$780.

We brought this matter to the Sheriff's attention in November 2002. However, the Sheriff did not report the additional benefit to the comptroller until March 2003, and, as a result, the benefit was not reported on the employees' W-2 for calendar year 2002.

WE RECOMMEND the Sheriff follow city policies regarding the authorization of car allowances and properly report the assignment of city-owned vehicles to the comptroller in a timely manner.

AUDITEE'S RESPONSE

The auditor's recommendations have been adopted.

11. Cellular Telephones

During the two years ended June 30, 2002, the Sheriff's Office incurred \$6,210 in unnecessary cellular telephone charges. Total cellular telephone expense during the two year period was over \$10,700. Three of the five cellular phones used by the personnel of the Sheriff's Office had only minimal usage and costs.

The Sheriff was using a cellular phone plan that provided 250 peak minutes within the local calling area only. Another cellular phone provided to the supervisor of the service unit was on an 80 minute peak plan for the local calling area. During fiscal years 2002 and 2001, the Sheriff averaged 160 peak minutes **above** his calling plan and incurred over \$4,340 in additional peak minutes, long distance, roaming, and network charges in addition to the plan's basic monthly cost of \$55.95. The service unit supervisor averaged 271 peak minutes **above** his calling plan and incurred \$1,870 in additional charges in addition to the basic monthly cost of \$24. Although in at least six different months the bill for the Sheriff's phone exceeded \$300, it did not appear that the cellular phone bills were being monitored by anyone.

After we brought the cellular phone costs to the attention of the Sheriff in November 2002, we were informed that both of these phones would be switched to calling plans with 500 peak minutes, free nights and weekends, and no long distance or roaming charges at a monthly cost of \$39.99. We obtained copies of the January 2003 billings and the billings for both phones totaled over \$435. The Sheriff had 970 total minutes on his phone for this month. The phone company had not placed the Sheriff's phone on the requested plan and as a result the bill included \$248 for 620 peak day and night minutes above the assigned basic calling plan. The supervisor of the service department had incurred 149 additional billed peak minutes at a cost of \$52. We again brought this to the attention of the Sheriff who indicated both phones would be placed on a 1200 minute peak plan at a monthly cost of \$94 each to eliminate additional peak billing charges. The Sheriff should continue to monitor the cellular phone bills and make adjustments to the calling plans as needed.

We did not attempt to determine the business purpose of any calls made during the period reviewed. The majority of all calls were made to phones outside the office. Some of these calls were made to the home phones of the Sheriff and the unit supervisor. The Sheriff has not established policies regarding personal use of office phones and any reimbursement for personal calls. The other three phones used by the office are set to allow only outgoing calls to the Sheriff's Office.

WE RECOMMEND the Sheriff monitor the cellular telephone bills to ensure the phones are placed on the most economical calling plans. In addition, the Sheriff should establish written policy regarding personal use of office cellular phones and any related reimbursements.

AUDITEE'S RESPONSE

The Sheriff's Department has a total of two cellular phones capable of making calls outside of the department. In accordance with the auditor's recommendation, calling plans for these phones have been modified to preclude over use charges.

12. Outside Service Unit

The Sheriff is responsible for serving of civil process in the city of St. Louis. Those duties are performed by the service unit. During the two years ended June 30, 2002, the Sheriff's Office received over 119,000 subpoenas, summons and other papers from the courts for service. According to the internal workflow tracking system, the Sheriff's Office successfully served about 69 percent of these papers.

The Sheriff's Office did not adequately monitor the service unit and develop and use management reports from the workflow tracking system to identify under-performing employees. Our review noted the following areas where improvements are needed:

- A. During fiscal years 2002 and 2001, as many as 31 full time deputies were assigned to the service unit. The city was divided into districts and each deputy was assigned a specific area within the city. The deputy's primary duty was to serve the papers in his district within the time limits set forth on the document. There were no set work schedules, and the hours each deputy worked was left up to the individual as long as he was able to serve most of the papers assigned to him. According to the unit supervisor, by working early morning, evening, and weekend hours, the attempted service was more successful since that is when most people were at home.

In September 2002, the Sheriff made significant changes in the service unit procedures. Some employees left the department or retired. All remaining employees were assigned set work schedules. Each employee had to sign in and out on a log at the central office. Each employee had to call in to the central office by radio before and after each service attempt. The radio calls were logged. A supervisor was assigned the task of monitoring the work schedules, sign in logs, radio call log, and papers assigned to be served and return of service reports, indicating where and when the service attempt was made and whether the attempt was successful. The city districts were redrawn and reduced from 25 to 18 districts. The unit was reduced to 21 employees. According to the unit supervisor, since these changes were made the rate of successful service had dropped slightly.

Under the current supervision strategy, employees who have low successful service rates are counseled and if improvement is not forthcoming transfers are made. Several factors impact the rate of successful service including the types of paper generally served and the stability of residents in the neighborhoods in the districts. For example, garnishments which are served on businesses are generally much easier to serve than an order of protection against a perpetrator of domestic violence who has gone into hiding. Districts with high concentrations of businesses will generally have higher successful service rates than districts with poorer neighborhoods and high concentrations of abandoned and shuttered residential housing. The unit supervisor indicated the current goal was to maintain individual successful rates of service above 70 percent.

In February, 2003, to address the low rates of successful service, it was decided the service deputies should be allowed a more flexible work schedule so they could work some early morning, evening, and weekend hours. They still must report to central office and continue to call in on the radios. The previously scheduled night crew (1 PM to 9 PM) was reassigned to the new flexible work hours. It appears the changes in the service unit will ultimately lead to more efficient and effective service of process within the department.

- B. We noted an additional management tool has been available to the Sheriff's Office for several years but has not been developed. The workflow tracking system contains data on the service of process by type of paper, district and deputy

assigned, successful service, and the reasons successful service could not be achieved. We performed an analysis of the data for process served during the two years ended June 30, 2002. That analysis indicated the papers were successfully served nearly 69 percent of the time. In many instances, the failure to serve the process was not specifically attributable to a lack of effort on the part of the deputy. Papers that cannot be successfully served must be reported back to the issuing court and are referred to as "Non Est" service. The following table indicates the reason the "Non Est" papers could not be successfully served according to information recorded in the workflow tracking system.

Reason	Percentage of All Papers
Moved	9.01
Several Attempts/No Contact	8.94
Not Served Within Required Time	4.15
Vacant Address	3.32
No Such Address	1.75
County Address	.88
No Access to Residence	.37
Deceased	.13
Vacation or Sick Leave	.11
Other	2.48
Total "Non Est" Service	31.14

We then analyzed the data by individual deputy. We noted that 27 deputies had attempted service of at least 1,000 papers during the two-year period. Of those, 13 deputies had "Non Est" rates ranging between 30 and 56 percent. We noted one deputy who reported that over 52 percent of his "Non Est" papers could not be served because the intended recipients had moved, while the average noted in the table above was nine percent. We noted another deputy who reported that over 55 percent of his "Non Est" papers could not be served after several attempts but no contact, while the average noted in the table above was nine percent. Both of these deputies had full time secondary employment. Both employees had left the job before the new procedures discussed above were placed into effect.

We also noted one deputy reported that over 21 percent of his papers could not be served because the address was vacant. Two deputies were assigned to the night crew which appeared to get significantly more of the difficult to serve orders of protection and almost none of the easier to serve papers, such as garnishments.

If the Sheriff's Office had developed quality management reports from the workflow tracking system and reviewed those reports, the office would have been aware that significant changes in the service unit were necessary. The Sheriff should develop management reports from the workflow tracking system to increase the efficiency and effectiveness of the service unit.

- C. We analyzed the service of process data by type of paper and "Non Est" rates. The data clearly indicates that some types of papers are much easier to serve. For example, virtually 100% of the writs of sequestration are served, since all that is required to serve these papers is to receive the paper and take them in batches to City Hall or to the school board district offices. The following table indicates the various types of papers received during fiscal years 2002 and 2001 by the Sheriff's Office and the percentage of those papers that were returned "Non Est".

Paper Type	Number	% of All Papers	Percentage "Non Est"
Associate Subpoena, Summons or Writ	47,160	39.48	33.62
Garnishments	27,612	23.12	3.23
Orders of Protection	15,618	13.07	53.52
Foreign Subpoena, Summons or Writ	10,148	8.50	47.05
Full Subpoena, Summons or Writ	8,393	7.03	37.51
Writs of Sequestration	4,973	4.16	.02
Full Juror	3,817	3.20	78.57
Other	1,733	11.45	67.40
Total	119,454	100.00	31.14

Nearly half of the full juror summons (about 1,500) were returned "Non Est" because the person moved or the address was vacant. Foreign subpoenas, summons, and writs are issued by courts outside the St. Louis Circuit Courts. The high return rate for these papers is apparently the result of entities outside the city being unable to identify good addresses of the intended recipients.

The most troubling statistic noted in our analysis was the 53 percent "Non Est" rate for the orders of protection. A significant number of these orders arise from a domestic violence situation. According to the unit supervisor, this type of order is handled with the highest priority possible but are often difficult or impossible to serve. The supervisor indicated the person requesting the order must provide a good address for the intended recipient and are often unaware of the actual location of the recipient. In addition, most of the intended recipients have fled their prior residence to avoid contact with the victim and the police. The order of protection must be served in a much shorter time period than allowed for other types of processes, usually less than one week. While it is clear that serving orders of protection is often a difficult task, the Sheriff should consider the dedication of additional resources to the service of orders of protection.

WE RECOMMEND the Sheriff:

- A. Continue the intensive monitoring of the service unit workload and effectiveness and take timely action to correct deficient practices.
- B. Develop management reports based upon the workload tracking system and use those reports as part of the monitoring process.

- C. Consider dedicating additional resources for the service of orders of protection.

AUDITEE'S RESPONSE

Historically, the Outside Service Unit was supervised by monitoring the actual number of papers served—the same system used by virtually every sheriff's department in the state.

As noted in the report, the operational procedures of this unit were revamped to insure greater individual accountability prior to the start of the audit. Several months after implementation, after consultation with the auditors, the new procedures were in turn modified to enhance productivity.

Two important points should be made regarding the 53 percent "Non Est" service rates noted for orders of protection:

First, the rate includes all orders issued by the 22nd Judicial Circuit, irrespective of where the intended recipient resides. Thus, if a woman in St. Louis City obtains an order of protection against a man in St. Louis County, that paper is counted as a "Non Est" service for the City Sheriff, regardless of whether or not the paper is actually served. That's because by law, sheriffs can only serve papers in their own county. Though such papers are forwarded to other counties for service, they still count as "Non Est" because they could not be served by the City Sheriff.

Secondly, these court papers can also be served by the police. When they are, the return is made directly to the court file, making the order a "Non Est" case even though the paper has been served.

Therefore, the cited 53 percent "Non Est" rate, while technically correct, does not accurately reflect the number of these important papers that are actually served.

13. Controls Over Weapons

The Sheriff's Office has 178 handguns and four shotguns. The Sheriff has issued 117 of these guns to his deputies. The remainder are held in inventory. The Sheriff's Office did not maintain a complete centralized listing of all weapons issued to deputies or held in inventory. The Sheriff also allows deputies to carry their personal weapons if they submit a request. As of September 19, 2002, personal weapons were being carried by 28 deputies who did not have authorization.

- A. While some records of guns purchased and assigned were kept, the office did not maintain a complete centralized listing of all weapons controlled by the office, issued to deputies, or held in inventory. In addition, the office had not conducted a physical inventory of either the issued or the unissued weapons for several years. It was only after considerable effort that the Sheriff's Office was able to produce a complete listing of weapons used by the office. The Sheriff should

maintain a perpetual inventory record and conduct periodic physical inventories of both issued and unissued weapons.

- B. Office policy requires all personnel who carry weapons to pass annual firearms qualification. We noted one deputy failed to pass the annual qualification in 2001 and two deputies did not test because they were on extended sick leave while the testing was being performed. We also noted that 10 deputies failed the qualification twice and two others three times before passing. The Sheriff allowed the employees who failed to pass the qualification tests to continue to carry a weapon. All office personnel should be required to meet all requirements before they are permitted to carry a weapon.
- C. Office policy requires all employees who want to carry their privately owned weapons on duty to submit a request for authorization. At September 19, 2002, the Sheriff's records indicated 19 employees had been granted authorization. We noted 28 employees were carrying privately owned weapons who did not have authorization. After we brought this to the Sheriff's attention, he required all staff carrying privately owned weapons to submit the request. The Sheriff should ensure that all applicable employees are properly approved to carry privately owned weapons and should perform periodic unannounced weapons inspections to determine that employees who are carrying privately owned weapons are authorized to do so.

WE RECOMMEND the Sheriff:

- A. Maintain centralized records of weapons used by the office and conduct periodic inventories of all weapons.
- B. Ensure all personnel who carry a firearm on duty take and pass an annual firearms qualification test. Those personnel failing to pass a qualification test should not be allowed to carry a weapon.
- C. Perform periodic unannounced weapons inspections to ensure staff carrying privately owned weapons have been authorized to do so as required by office policy.

AUDITEE'S RESPONSE

Upon assuming office, the current Sheriff instituted a requirement that each armed deputy must re-qualify annually with his or her firearm. Deputies whose duties do not require them to be armed are exempted from the training mandate but are not allowed to carry weapons.

The Sheriff also implemented a formal firearms' policy dictating the circumstances under which deadly force may be used. It is a source of pride that during the 14 plus years that James Murphy has served as Sheriff, there has not been a single improper shooting incident involving a St. Louis Sheriff's deputy.

Because the Sheriff's Department does not have its own firing range, basic training and re-qualification must be conducted at the St. Louis Metro Police Range when that facility is available, or at a licensed private training range when it is not. In either case, associated costs are defrayed from the department's training budget.

In the event that a deputy fails to pass the annual re-qualification at the police range, he or she must attend remedial training at the licensed private facility and must submit documentation that he or she has successfully completed that course in order to remain armed. In those instances, the individual deputy pays the training costs. Deputies who are unable to shoot during the annual re-qualification period (e.g., those on extended medical leave) are required to qualify at the earliest available date upon their return to duty.

In June 2003, the training director furnished the auditors with a complete listing of current firearms' records. Since that time, three newly hired deputies have completed training. Currently, the department has 153 armed deputies and 30 who are not armed. All armed deputies have current qualifications on file.

A complete manifest of deputies who have permission to carry privately owned weapons was also furnished to the auditors.

Subsequent to the audit, the Major in charge of the Administrative Section has created a centralized inventory of all weapons owned by the department, whether issued to active deputies or held in reserve.

14. Approval of Secondary Employment

At least 20 current and 3 former employees had outside employment during the two years ended June 30, 2002, and did not have authorization. Some appeared to have full or nearly full-time secondary employment. Some had only worked outside employment for short periods of time or appeared to work a few hours.

The Sheriff requires all employees who desire to work second jobs to submit a request for approval before they may start other employment. The primary reason is that many deputies who work secondary employment, work as security guards and often wear office uniforms and carry office-issued weapons while on duty as a security guard. In addition, these employees must obtain a city watchman's license when working security jobs. The Sheriff did discover one employee working secondary employment without authorization and he was given one day off without pay.

Effective September 3, 2002, the Sheriff required all personnel with secondary employment to submit new applications for authorization. By September 30, 2002, 28 applications had been received. That order also limited employees to working no more than 20 hours per week in their secondary employment.

Although it appears the Sheriff's Office does some monitoring of secondary employment, the office's policy does not require employees who own private businesses to report that ownership to the Sheriff or receive advance approval. We noted two employees owned a private security firm. To effectively monitor secondary employment, the office's policy needs to be revised to include the reporting of all business relationships.

WE RECOMMEND the Sheriff implement a policy to require all office employees who own private businesses to report such ownership to the Sheriff. In addition, the Sheriff should periodically request employees to verify their secondary employment and the number of hours worked.

AUDITEE'S RESPONSE

The Sheriff instituted a policy of monitoring secondary employment to insure that employees did not engage in outside employment that could bring discredit to the department. He later modified the original policy to limit the time worked at approved secondary jobs to 20 hours in any given workweek. Both of these regulations are internal department policies not mandated by state or local law.

The Sheriff accepts the auditor's recommendation that deputies who own private businesses should report such ownership in compliance with the secondary employment policy.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

OFFICE OF SHERIFF
CITY OF ST. LOUIS, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Office of Sheriff of the city of St. Louis, Missouri is an elected office. Responsibilities are governed by Missouri statutes, city ordinances, and specific court orders. The office is responsible for:

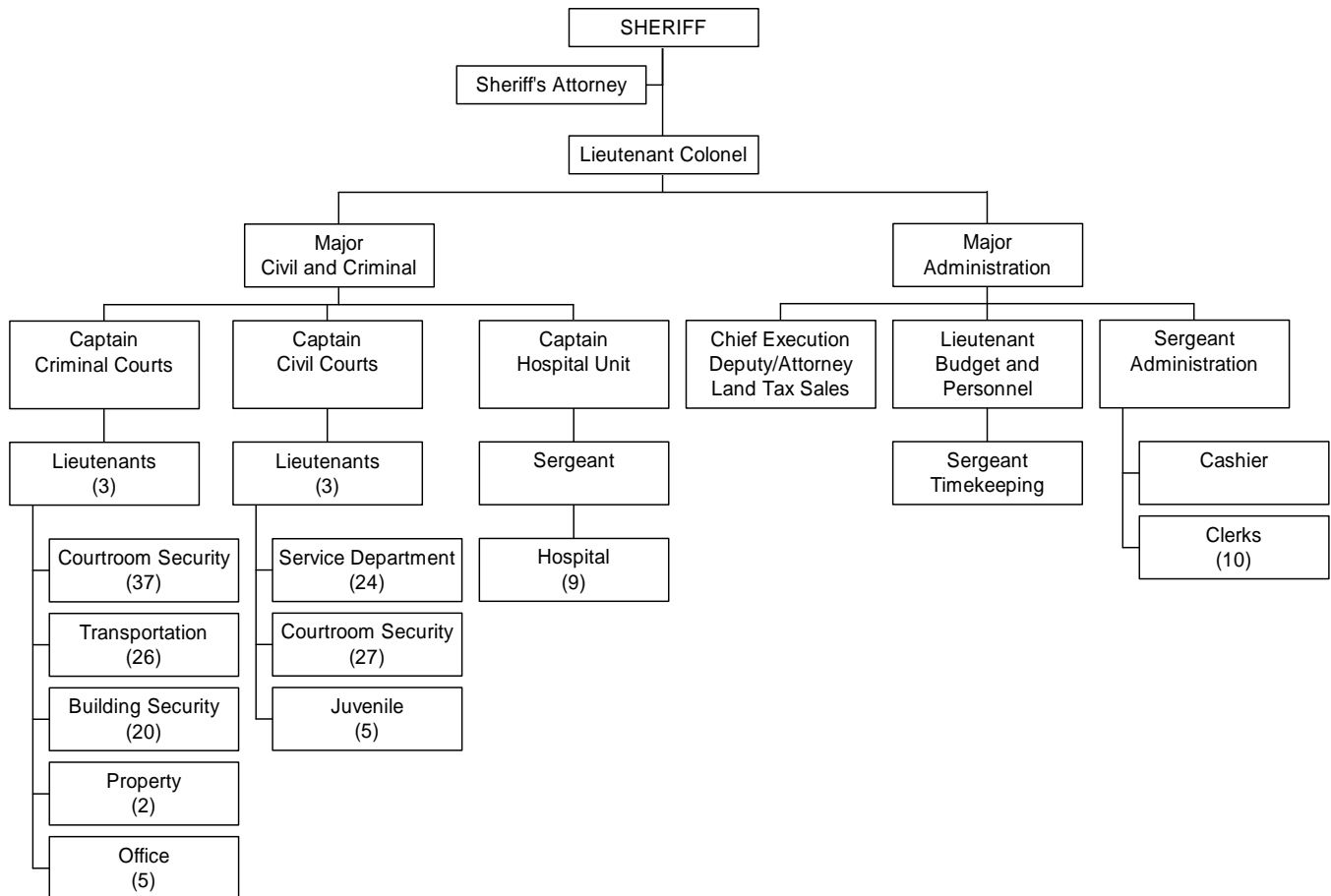
- The custody of prisoners in the circuit courts, during transportation to and from the city jail, medium security institution, and the state Department of Corrections and while receiving medical care at local hospitals and doctor's offices.
- Security of three courthouses and in circuit courtrooms.
- Serving civil processes as ordered by the courts.
- Collecting monies and seizing property related to garnishments and executions.
- Issuing jury duty summons.
- Issuing handgun permits.
- Custody and safekeeping of criminal evidence and prisoners' personal property.
- Conducting sales of real estate having delinquent property taxes.

Sheriff James W. Murphy currently serves as the Sheriff for the city of St. Louis. He has served in that capacity since he was sworn in on January 1, 1989. He was reelected to this position in 1992, 1996, and 2000. The Sheriff oversees the daily operation of the department. A lieutenant colonel and two majors supervise the office's divisions. At December 31, 2002, key office personnel were as follows:

Michael Guzy, Lieutenant Colonel
Randolph Lynch, Major - Administration
Gregory Thomas, Major - Civil and Criminal
George Harsley, Captain - Civil Courts
Scott Lammert, Captain - Criminal Courts
John McCain, Captain - Hospital Unit
Gordon Schweitzer, Chief Execution Deputy/Attorney - Land Tax Sales
Rosemary Churchill, Lieutenant - Budget and Personnel
Raymond Harris, Lieutenant - Outside Service Department
Michael Crawford, Sergeant—Property Room

The Sheriff's office is authorized up to 185 personnel. At December 31, 2002, there were approximately 182 full-time employees. An organization chart follows:

OFFICE OF SHERIFF
CITY OF ST. LOUIS, MISSOURI
ORGANIZATION CHART
DECEMBER 31, 2002



Appendix A

OFFICE OF SHERIFF
CITY OF ST. LOUIS, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CASH BALANCES - CITY FUNDS

	Year Ended June 30 ,	
	2002	2001
<u>GENERAL FUND - SHERIFF</u>		
Revenues		
Sheriff's Fees	\$ 683,501	\$ 628,079
Garnishment Fees	327,652	316,141
Prisoner Transportation Fees	105,989	116,890
Miscellaneous Fees	127,237	113,015
Interest	4,203	8,291
Transfers In from the City's General Revenue Fund	5,757,868	5,193,298
Total Revenues	<u>7,006,450</u>	<u>6,375,714</u>
Expenditure		
Personal Services	6,723,579	6,113,797
Materials and Supply	73,841	89,609
Office Equipment Lease and Rental	6,121	4,066
Vehicle and Security Equipment	18,132	21,237
Contractual and Other Services	142,045	138,538
Prior Year Encumbrances	42,732	8,467
Total Expenditures	<u>7,006,450</u>	<u>6,375,714</u>
Beginning Balance (1)	0	0
Ending Balance	<u>0</u>	<u>0</u>
<u>LAND AUCTION SALES FUND</u>		
Revenues		
Land Tax Sales	1,759,016	1,353,831
Interest	<u>0</u>	<u>81</u>
Total Revenues	<u>1,759,016</u>	<u>1,353,912</u>
Expenditures		
Refunds for Set Asides and Payments of Excess Proceeds	680,585	790,855
Payments to Collector for Taxes, Interest and Costs	665,943	731,066
Fees to Sheriff	14,843	11,268
Total Expenditures	<u>1,361,371</u>	<u>1,533,189</u>
Beginning Balance	1,156,855	1,336,132
Ending Balance	<u>1,554,500</u>	<u>1,156,855</u>
<u>SHERIFF AUCTION PROCEEDS FUND</u>		
Revenues		
Unclaimed Evidence Monies	6,935	33,079
Total Revenues	<u>6,935</u>	<u>33,079</u>
Expenditures		
Uniforms	17,461	0
Total Expenditures	<u>17,461</u>	<u>0</u>
Beginning Balance	48,102	15,023
Ending Balance	<u>\$ 37,576</u>	<u>\$ 48,102</u>

(1) Cash balances lapse at the end of each year.

Appendix B

OFFICE OF SHERIFF
CITY OF ST. LOUIS, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CASH BALANCES -
FUNDS HELD OUTSIDE THE CITY TREASURY

	Year Ended June 30,	
	2002	2001
<u>PROCESS SERVER FEE ACCOUNT</u>		
Revenues		
Training and Licensure Fees	\$ 18,555	\$ 25,360
Total Revenues	<u>18,555</u>	<u>25,360</u>
Expenditures		
Office Supplies, Training, Memberships	<u>9,759</u>	<u>12,041</u>
Total Expenditures	<u>9,759</u>	<u>12,041</u>
Beginning Balance	17,402	4,083
Ending Balance	<u>26,198</u>	<u>17,402</u>
<u>CASH EVIDENCE MONIES</u>		
Revenues		
Cash Evidence Monies Removed from Property Room	<u>14,085</u>	<u>15,862</u>
Expenditures		
Purchases Made by Cashier Checks	\$ <u>14,085</u>	\$ <u>15,862</u>

* * * * *



**SCHUYLER COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-69
July 15, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

July 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Schuyler, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Schuyler County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The Schedule of Expenditures of Federal Awards prepared by the county was not complete or accurate. In addition, the county did not establish cash management procedures to ensure the minimum time elapsed between receipt of federal grant monies for a bridge project and the distribution of such monies to the contractors, as required by the grant program. We noted seven reimbursements totaling \$55,574 which were received and held from 10 to 18 days before the related payment was made to the contractor.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Schuyler County's Associate County Commissioners' salaries were each increased approximately \$2,686 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$5,372 for the two years ended December 31, 2000, should be repaid.

- The County Treasurer's salary was increased \$5,731 annually, effective with the start of a new term of office on January 1, 2003, based on approval given by the salary commission at a meeting held in October 2002. There was no legal documentation supporting whether that meeting complied with Section 50.333, RSMo 2000.

YELLOW SHEET

- The county's budgets and published financial statements for the two years ended December 31, 2002 excluded some cash, receipts, and disbursements amounts such as interest totaling approximately \$23,000 earned on certificates of deposits for several funds, an advance of \$1,000 on a Community Development Block Grant, and \$9,870 received from a Federal Emergency Management Agency grant which was subsequently passed through to a Special Road District.
- The county had not adopted formal policies and procedures over the sale of rock and culverts to the public and other governmental entities. A bill of sale may not always have been prepared by the County Clerk or County Treasurer for each sale and a bill of sale/receipt was not required to pick up materials from the Road and Bridge Department. These sales totaled approximately \$26,000 during the two years ended December 31, 2002.

The audit also suggested improvements to procedures over the handling of Road and Bridge Department invoices, inventory records of construction materials and fuel, county bidding and contracting practices, and fixed assets. In addition, the audit recommended the Schuyler County Senior Citizens Service Board enter into, and monitor, contracts with entities to which it provides funding. The audit also recommended the Schuyler County Health Center Board not authorize expenditures in excess of budgeted amounts.

All reports are available on our website: www.auditor.state.mo.us

SCHUYLER COUNTY, MISSOURI

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SCHUYLER COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Schuyler County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Schuyler County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Schuyler County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 24, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Schuyler County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 24, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Lonnie Breeding III, CPA
Audit Staff:	Jeff Wilson
	Keri Wright
	Gary Raines



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Schuyler County, Missouri

We have audited the financial statements of various funds of Schuyler County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 24, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Schuyler County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Schuyler County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our

consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Schuyler County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

March 24, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

SCHUYLER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 200,697	343,050	357,443	186,304
Special Road and Bridge	159,285	1,122,935	1,054,278	227,942
Assessment	2,766	44,202	42,401	4,567
Law Enforcement Training	2,043	1,365	2,496	912
Prosecuting Attorney Training	250	203	336	117
Law Sales Tax	9,578	235,030	242,499	2,109
Recorder's User Fees	2,975	1,874	439	4,410
Sales Tax Trust	130,179	128,911	128,007	131,083
Prosecuting Attorney Bad Check	4,162	3,149	4,809	2,502
Sheriff's Civil Service	1,466	3,745	3,756	1,455
Election Fees	541	18	0	559
Recorder	438	1,590	0	2,028
Domestic Violence	375	150	0	525
Circuit Court Interest	392	151	285	258
Associate Judge Interest	529	123	52	600
Law Library	184	2,432	1,396	1,220
Health Center	102,243	410,672	389,200	123,715
Senior Citizens Service	3,102	18,120	19,423	1,799
Collector Tax Maintenance	0	142	0	142
Total	\$ 621,205	2,317,862	2,246,820	692,247

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

SCHUYLER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 243,491	325,613	368,407	200,697
Special Road and Bridge	263,310	574,779	678,804	159,285
Assessment	3,825	42,813	43,872	2,766
Law Enforcement Training	2,141	1,663	1,761	2,043
Prosecuting Attorney Training	33	267	50	250
Law Sales Tax	1,750	249,472	241,644	9,578
Recorder's User Fees	1,744	1,646	415	2,975
Sales Tax Trust	124,786	131,914	126,521	130,179
Prosecuting Attorney Bad Check	6,292	3,536	5,666	4,162
Sheriff's Civil Service	653	3,931	3,118	1,466
Domestic Violence	205	170	0	375
Circuit Court Interest	2,478	494	2,580	392
Associate Judge Interest	1,013	229	713	529
Law Library	525	1,425	1,766	184
Health Center	62,418	390,553	350,728	102,243
Senior Citizens Service	3,283	17,544	17,725	3,102
Recorder	0	438	0	438
Election Fees	0	541	0	541
Law Sales Grant	0	4,582	4,582	0
Total	\$ 717,947	1,751,610	1,848,352	621,205

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

SCHUYLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 2,614,698	2,317,720	(296,978)	1,927,539	1,746,049	(181,490)
DISBURSEMENTS	2,741,528	2,246,820	494,708	2,314,612	1,843,770	470,842
RECEIPTS OVER (UNDER) DISBURSEMENTS	(126,830)	70,900	197,730	(387,073)	(97,721)	289,352
CASH, JANUARY 1	621,205	621,205	0	717,947	717,947	0
CASH, DECEMBER 31	494,375	692,105	197,730	330,874	620,226	289,352
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	101,400	100,646	(754)	101,400	96,770	(4,630)
Sales taxes	123,000	126,753	3,753	120,000	123,373	3,373
Intergovernmental	3,900	4,330	430	5,050	4,255	(795)
Charges for services	62,475	66,528	4,053	62,700	64,651	1,951
Interest	7,000	3,149	(3,851)	11,000	17,956	6,956
Other	13,432	11,313	(2,119)	10,580	18,608	8,028
Transfers in	36,000	30,331	(5,669)	20,500	0	(20,500)
Total Receipts	347,207	343,050	(4,157)	331,230	325,613	(5,617)
DISBURSEMENTS						
County Commissioner	47,518	47,088	430	47,357	47,340	17
County Clerk	43,175	42,432	743	42,627	38,557	4,070
Elections	25,500	7,411	18,089	22,000	10,033	11,967
Buildings and grounds	36,600	33,020	3,580	57,600	49,088	8,512
Employee fringe benefit	15,500	13,104	2,396	16,000	12,967	3,033
County Treasurer	17,559	17,166	393	17,534	17,417	117
County Collector	39,599	37,712	1,887	38,100	37,214	886
Circuit Clerk	4,200	3,140	1,060	4,050	2,952	1,098
Associate Circuit Court	3,000	2,155	845	3,850	2,892	958
Associate Circuit (Probate)	400	216	184	500	124	376
Court administration	7,561	4,299	3,262	7,423	2,944	4,479
Public Administrator	13,500	12,520	980	12,325	11,884	441
University Extension Service	22,000	22,000	0	20,100	20,100	0
Insurance	16,000	15,914	86	16,000	14,954	1,046
General county government	16,679	5,168	11,511	15,413	7,131	8,282
Public health and welfare service	17,328	10,344	6,984	8,966	4,912	4,054
Transfers out	98,536	83,754	14,782	104,068	87,898	16,170
Emergency Fund	10,416	0	10,416	13,017	0	13,017
Total Disbursements	435,071	357,443	77,628	446,930	368,407	78,523
RECEIPTS OVER (UNDER) DISBURSEMENTS	(87,864)	(14,393)	73,471	(115,700)	(42,794)	72,906
CASH, JANUARY 1	200,697	200,697	0	243,491	243,491	0
CASH, DECEMBER 31	112,833	186,304	73,471	127,791	200,697	72,906

Exhibit B

SCHUYLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	215,000	212,890	(2,110)	199,300	215,457	16,157
Intergovernmental	1,210,750	878,156	(332,594)	574,400	316,731	(257,669)
Charges for services	7,000	11,425	4,425	14,600	18,314	3,714
Interest	5,000	4,642	(358)	10,000	17,490	7,490
Donations	0	15,390	15,390	0	0	0
Other	1,250	432	(818)	3,800	6,787	2,987
Total Receipts	1,439,000	1,122,935	(316,065)	802,100	574,779	(227,321)
DISBURSEMENTS						
Salaries	216,000	172,707	43,293	210,000	186,520	23,480
Employee fringe benefit	29,500	25,888	3,612	29,500	25,281	4,219
Supplies	40,500	31,945	8,555	46,000	37,229	8,771
Insurance	10,000	9,351	649	10,000	8,601	1,399
Road and bridge materials	287,110	255,743	31,367	188,000	171,781	16,219
Equipment repairs	30,000	22,055	7,945	35,000	28,597	6,403
Rentals	5,000	5,263	(263)	15,000	2,950	12,050
Equipment purchases	40,000	14,224	25,776	165,000	166,577	(1,577)
Construction, repair, and maintenance	717,578	439,831	277,747	287,973	16,621	271,352
Return to towns	25,439	25,439	0	24,728	24,728	0
Special Road District #4	0	9,871	(9,871)	0	0	0
Other	14,501	11,630	2,871	13,001	9,919	3,082
Transfers out	42,469	30,331	12,138	30,726	0	30,726
Total Disbursements	1,458,097	1,054,278	403,819	1,054,928	678,804	376,124
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,097)	68,657	87,754	(252,828)	(104,025)	148,803
CASH, JANUARY 1	159,285	159,285	0	263,310	263,310	0
CASH, DECEMBER 31	140,188	227,942	87,754	10,482	159,285	148,803

Exhibit B

SCHUYLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	46,823	43,001	(3,822)	44,411	41,421	(2,990)
Charges for services	800	626	(174)	1,000	617	(383)
Interest income	600	217	(383)	600	509	(91)
Other	300	358	58	300	266	(34)
Transfers in	722	0	(722)	4,112	0	(4,112)
Total Receipts	49,245	44,202	(5,043)	50,423	42,813	(7,610)
DISBURSEMENTS						
Assessor	49,245	42,401	6,844	50,423	43,872	6,551
Total Disbursements	49,245	42,401	6,844	50,423	43,872	6,551
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,801	1,801	0	(1,059)	(1,059)
CASH, JANUARY 1	2,766	2,766	0	3,825	3,825	0
CASH, DECEMBER 31	2,766	4,567	1,801	3,825	2,766	(1,059)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	500	500	0	620	500	(120)
Charges for services	1,010	848	(162)	1,100	1,083	(17)
Interest	75	17	(58)	50	80	30
Total Receipts	1,585	1,365	(220)	1,770	1,663	(107)
DISBURSEMENTS						
Sheriff	3,000	2,496	504	3,750	1,761	1,989
Total Disbursements	3,000	2,496	504	3,750	1,761	1,989
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,415)	(1,131)	284	(1,980)	(98)	1,882
CASH, JANUARY 1	2,043	2,043	0	2,141	2,141	0
CASH, DECEMBER 31	628	912	284	161	2,043	1,882
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	300	203	(97)	300	267	(33)
Total Receipts	300	203	(97)	300	267	(33)
DISBURSEMENTS						
Prosecuting Attorney	550	336	214	333	50	283
Total Disbursements	550	336	214	333	50	283
RECEIPTS OVER (UNDER) DISBURSEMENTS	(250)	(133)	117	(33)	217	250
CASH, JANUARY 1	250	250	0	33	33	0
CASH, DECEMBER 31	0	117	117	0	250	250

Exhibit B

SCHUYLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW SALES TAX FUND</u>						
RECEIPTS						
Sales tax	120,000	126,793	6,793	120,000	123,643	3,643
Intergovernmental	2,634	1,059	(1,575)	1,500	11,190	9,690
Charges for service:	27,387	22,285	(5,102)	29,925	25,826	(4,099)
Other	1,000	1,139	139	1,400	915	(485)
Transfers in	97,814	83,754	(14,060)	99,956	87,898	(12,058)
Total Receipts	248,835	235,030	(13,805)	252,781	249,472	(3,309)
DISBURSEMENTS						
Sheriff	117,884	115,971	1,913	116,739	112,113	4,626
Jail	60,836	57,620	3,216	58,200	60,346	(2,146)
Prosecutor	41,798	41,828	(30)	41,362	40,858	504
Juvenile office	8,625	3,205	5,420	8,050	4,015	4,035
Coroner	10,270	6,692	3,578	10,180	7,798	2,382
Fringe benefits	19,000	17,183	1,817	20,000	16,514	3,486
Total Disbursements	258,413	242,499	15,914	254,531	241,644	12,887
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,578)	(7,469)	2,109	(1,750)	7,828	9,578
CASH, JANUARY 1	9,578	9,578	0	1,750	1,750	0
CASH, DECEMBER 31	0	2,109	2,109	0	9,578	9,578
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for service:	1,500	1,806	306	1,400	1,540	140
Interest	90	68	(22)	75	106	31
Total Receipts	1,590	1,874	284	1,475	1,646	171
DISBURSEMENTS						
Recorder	1,800	439	1,361	3,219	415	2,804
Total Disbursements	1,800	439	1,361	3,219	415	2,804
RECEIPTS OVER (UNDER) DISBURSEMENTS	(210)	1,435	1,645	(1,744)	1,231	2,975
CASH, JANUARY 1	2,975	2,975	0	1,744	1,744	0
CASH, DECEMBER 31	2,765	4,410	1,645	0	2,975	2,975

Exhibit B

SCHUYLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SALES TAX TRUST FUND</u>						
RECEIPTS						
Sales tax	123,000	126,754	3,754	120,000	123,647	3,647
Interest	4,300	2,157	(2,143)	6,000	8,267	2,267
Total Receipts	127,300	128,911	1,611	126,000	131,914	5,914
DISBURSEMENTS						
Rock	67,685	67,685	0	63,570	63,570	0
Rock hauling	41,748	41,748	0	44,593	44,593	0
Road 4	18,574	18,574	0	18,358	18,358	0
Total Disbursements	128,007	128,007	0	126,521	126,521	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(707)	904	1,611	(521)	5,393	5,914
CASH, JANUARY 1	130,179	130,179	0	124,786	124,786	0
CASH, DECEMBER 31	129,472	131,083	1,611	124,265	130,179	5,914
<u>PROSECUTING ATTORNEY BAD</u>						
<u>CHECK FUND</u>						
RECEIPTS						
Charges for services	4,000	3,149	(851)	4,000	3,536	(464)
Total Receipts	4,000	3,149	(851)	4,000	3,536	(464)
DISBURSEMENTS						
Prosecuting Attorney	6,750	4,809	1,941	8,550	5,666	2,884
Total Disbursements	6,750	4,809	1,941	8,550	5,666	2,884
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,750)	(1,660)	1,090	(4,550)	(2,130)	2,420
CASH, JANUARY 1	4,162	4,162	0	6,292	6,292	0
CASH, DECEMBER 31	1,412	2,502	1,090	1,742	4,162	2,420
<u>SHERIFF'S CIVIL SERVICE FUND</u>						
RECEIPTS						
Charges for services	3,931	3,745	(186)	4,000	3,931	(69)
Total Receipts	3,931	3,745	(186)	4,000	3,931	(69)
DISBURSEMENTS						
Sheriff	3,759	3,756	3	4,653	3,118	1,535
Total Disbursements	3,759	3,756	3	4,653	3,118	1,535
RECEIPTS OVER (UNDER) DISBURSEMENTS	172	(11)	(183)	(653)	813	1,466
CASH, JANUARY 1	1,466	1,466	0	653	653	0
CASH, DECEMBER 31	1,638	1,455	(183)	0	1,466	1,466

Exhibit B

SCHUYLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION FEES FUND</u>						
RECEIPTS						
Charges for service:	500	18	(482)			
Total Receipts	500	18	(482)			
DISBURSEMENTS						
County Clerk	1,041	0	1,041			
Total Disbursements	1,041	0	1,041			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(541)	18	559			
CASH, JANUARY 1	541	541	0			
CASH, DECEMBER 31	0	559	559			
<u>RECORDER FUND</u>						
RECEIPTS						
Charges for service:	400	1,590	1,190			
Total Receipts	400	1,590	1,190			
DISBURSEMENTS						
Recorder	800	0	800			
Total Disbursements	800	0	800			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(400)	1,590	1,990			
CASH, JANUARY 1	438	438	0			
CASH, DECEMBER 31	38	2,028	1,990			

Exhibit B

SCHUYLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	170	150	(20)	190	170	(20)
Total Receipts	170	150	(20)	190	170	(20)
DISBURSEMENTS						
Domestic violence	545	0	545	205	0	205
Total Disbursements	545	0	545	205	0	205
RECEIPTS OVER (UNDER) DISBURSEMENTS	(375)	150	525	(15)	170	185
CASH, JANUARY 1	375	375	0	205	205	0
CASH, DECEMBER 31	0	525	525	190	375	185
<u>CIRCUIT COURT INTEREST FUND</u>						
RECEIPTS						
Interest	240	151	(89)	1,000	494	(506)
Total Receipts	240	151	(89)	1,000	494	(506)
DISBURSEMENTS						
Circuit Clerk	240	285	(45)	3,478	2,580	898
Total Disbursements	240	285	(45)	3,478	2,580	898
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(134)	(134)	(2,478)	(2,086)	392
CASH, JANUARY 1	392	392	0	2,478	2,478	0
CASH, DECEMBER 31	392	258	(134)	0	392	392
<u>ASSOCIATE JUDGE INTEREST FUND</u>						
RECEIPTS						
Interest	200	71	(129)	245	229	(16)
Other	0	52	52	0	0	0
Total Receipts	200	123	(77)	245	229	(16)
DISBURSEMENTS						
Associate Judge	729	52	677	1,258	713	545
Total Disbursements	729	52	677	1,258	713	545
RECEIPTS OVER (UNDER) DISBURSEMENTS	(529)	71	600	(1,013)	(484)	529
CASH, JANUARY 1	529	529	0	1,013	1,013	0
CASH, DECEMBER 31	0	600	600	0	529	529

Exhibit B

SCHUYLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	1,600	2,432	832	1,900	1,425	(475)
Total Receipts	1,600	2,432	832	1,900	1,425	(475)
DISBURSEMENTS						
Office expenditures:	1,784	1,396	388	2,425	1,766	659
Total Disbursements	1,784	1,396	388	2,425	1,766	659
RECEIPTS OVER (UNDER) DISBURSEMENTS	(184)	1,036	1,220	(525)	(341)	184
CASH, JANUARY 1	184	184	0	525	525	0
CASH, DECEMBER 31	0	1,220	1,220	0	184	184
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	50,475	51,861	1,386	46,525	49,812	3,287
Intergovernmental	285,247	314,970	29,723	250,575	303,678	53,103
Charges for service:	26,210	24,676	(1,534)	26,850	25,053	(1,797)
Interest	2,500	2,125	(375)	3,000	3,135	135
Other	6,648	17,040	10,392	6,100	8,875	2,775
Total Receipts	371,080	410,672	39,592	333,050	390,553	57,503
DISBURSEMENTS						
Salaries	289,950	308,329	(18,379)	267,700	277,435	(9,735)
Office expenditure:	19,780	21,676	(1,896)	14,350	19,382	(5,032)
Equipment	18,950	18,618	332	14,000	14,380	(380)
Mileage & training	11,000	10,499	501	7,000	11,036	(4,036)
Multi-county sanitation program	28,333	28,333	0	27,813	27,813	0
Other	3,067	1,745	1,322	2,187	682	1,505
Total Disbursements	371,080	389,200	(18,120)	333,050	350,728	(17,678)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	21,472	21,472	0	39,825	39,825
CASH, JANUARY 1	102,243	102,243	0	62,418	62,418	0
CASH, DECEMBER 31	102,243	123,715	21,472	62,418	102,243	39,825

Exhibit B

SCHUYLER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENIOR CITIZENS SERVICE FUND</u>						
RECEIPTS						
Property tax	17,300	17,960	660	16,800	17,273	473
Intergovernmental	65	81	16	75	65	(10)
Interest	150	79	(71)	200	206	6
Total Receipts	17,515	18,120	605	17,075	17,544	469
DISBURSEMENTS						
Senior center	13,500	13,500	0	12,500	12,500	0
OATS	4,000	3,908	92	4,500	3,210	1,290
Library	2,000	2,000	0	2,000	2,000	0
Other	1,117	15	1,102	1,358	15	1,343
Total Disbursements	20,617	19,423	1,194	20,358	17,725	2,633
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,102)	(1,303)	1,799	(3,283)	(181)	3,102
CASH, JANUARY 1	3,102	3,102	0	3,283	3,283	0
CASH, DECEMBER 31	0	1,799	1,799	0	3,102	3,102

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

SCHUYLER COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Schuyler County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senior Citizens Service Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Collector Tax Maintenance Fund	2002
Recorder Fund	2001
Election Fees Fund	2001
Law Sales Grant Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2002 and 2001
Circuit Clerk Interest Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 2002 and 2001, included all funds presented in the accompanying financial statements.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's and the board's custodial bank in the county's or the board's name.

The Senior Citizens Service Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance.

3. Property Taxes

Through December 31, 2002, Schuyler County collected \$21,359 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Schuyler County voters enacted a half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

4. Prior Period Adjustment

The Surplus Land Fund's and Unclaimed Fees Fund's cash balances of \$766 and \$150, respectively, at January 1, 2001, were previously reported but have been removed as these are not considered county operating funds.

Supplementary Schedule

Schedule

SCHUYLER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state Department of Health and Senior Services			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2199W ERS045-1199W	\$ 12,924 0	0 14,139
	Program Total		12,924	14,139
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	2001-PF-19	178,153	4,425
	Department of Social Services -			
14.231	Emergency Shelter Grants Program	ERO-1640440 ERO-1640376	5,000 0	0 5,000
	Program Total		5,000	5,000
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state Highway and Transportation Commission -			
20.205	Highway Planning and Constructor	BRO-098 (14) BRO-098 (16)	401,913 10,843	13,305 14,550
	Program Total		412,756	27,855
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	2,773	2,409

Schedule

SCHUYLER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety			
83.544	Public Assistance Grants	FEMA-1412-DR-MO	36,051	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state Department of Health and Senior Services			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Level in Children	ERS-146-2199L ERS-146-1199L	2,498 0	0 1,468
	Program Total		<u>2,498</u>	<u>1,468</u>
93.268	Immunization Grants	PGA064-2199A PGA064-1199A	11,737 0	0 7,521
	Program Total		<u>11,737</u>	<u>7,521</u>
93.569	Homeless Challenge Grant	PCH-50	1,800	1,800
93.575	Child Care and Development Block Grant	PGA067-2229C PGA067-1229C	3,035 0	0 3,538
	Program Total		<u>3,035</u>	<u>3,538</u>
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS146-2199C ERS146-1199C	64,715 0	0 55,368
	Program Total		<u>64,715</u>	<u>55,368</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2199M ERS146-1199M	12,095 0	0 11,473
	Program Total		<u>12,095</u>	<u>11,473</u>
	Total Expenditures of Federal Awards		\$ <u><u>743,537</u></u>	<u><u>134,996</u></u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

SCHUYLER COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Schuyler County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property Program (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$9,870 to a subrecipient under the Public Assistance Grants Program (CFDA number 83.544) during the year ended December 31, 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Schuyler County, Missouri

Compliance

We have audited the compliance of Schuyler County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Schuyler County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended

December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

Internal Control Over Compliance

The management of Schuyler County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Schuyler County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

March 24, 2003 (fieldwork completion date)

Schedule

SCHUYLER COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable conditions identified that are
not considered to be a material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying <u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1

Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-098(14), (16)
Award Years:	2002 and 2001
Questioned Costs:	N/A

- A. Section .310(b) of Circular A-133, *Audit of States, Local Governments, and Non-profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county does not have procedures in place to adequately track federal awards for the preparation of the SEFA. For the years ended December 31, 2002 and 2001, the county's SEFA contained several errors and omissions. For example, the Community Developmental Block Grants/State's Program was overstated by \$3,473 and the Highway Planning and Construction program was understated by \$6,040 for the year ended December 31, 2002. In addition, five grants were misstated by \$5,874 and five other grants with expenditures totaling \$13,537 and \$44,010 were omitted from the SEFA for the years ended December 31, 2002 and 2001, respectively. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

- B. The county has not established cash management procedures to ensure the minimum time elapses between its receipt of federal Highway Planning and Construction - Offsystem Bridge Replacement (BRO) project monies and the distribution of such monies to contractors. We noted seven reimbursements totaling \$55,574 which were received and held from 10 to 18 days before the related payment was made to the contractor. While the liability was incurred prior to reimbursement, payment was not made to the contractor in a timely manner.

Section XII -2 of Missouri Department of Transportation's Local Program Agency Manual requires that BRO funds shall be requested such that they are received not more than two days prior to their disbursement.

WE RECOMMEND the County Commission:

- A. And the County Clerk prepare complete and accurate schedules of expenditures of federal awards to submit to the State Auditor's Office as a part of the annual budgets.
- B. Establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with program requirements.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

- A. *The County Commission and County Clerk indicated they agree with this recommendation.*
- B. *The County Commission indicated they will take the recommendation under advisement, however their policy has always been to issue checks only twice a month.*

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

SCHUYLER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Schuyler County, Missouri, on the applicable finding in the prior audit report issued for the two years ended December 31, 2000.

00-1. County Sales Tax

The county did not sufficiently reduce its general property tax levy to fully comply with the County Sales Tax Act. As of December 31, 2000, property tax revenues collected were \$53,436 in excess of allowable amounts.

Recommendation:

Additional reductions will need to be made in future years to offset the balance of prior years' excess property tax revenue collections.

Status:

Partially implemented. The county has reduced its property tax levy by an additional 3 cents each of the last several years to address the prior excess collections. While the county did not maintain documentation of its monitoring of the balance of prior years' excess collections or its calculations of the resulting required property tax reductions, the balance of excess collections has been reduced to approximately \$21,359 at December 31, 2002. If the county continues to reduce its levy by an additional 3 cents each year, the prior excess collections should be eliminated in approximately two years. The county should begin tracking the prior excess collections to determine when the excess is eliminated and the additional tax levy rollback can be discontinued. Although not repeated in the current Management Advisory Report, the recommendation remains as stated above.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

SCHUYLER COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

SCHUYLER COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Schuyler County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 24, 2003. We also have audited the compliance of Schuyler County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 24, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audits of the financial statements of Schuyler County and of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government*

1. County Budgets and Financial Statements

The county's budgets and published financial statements for the two years ended December 31, 2002, excluded some cash, receipts and disbursements amounts.

- A. The county's budgets and published financial statements have reported only the original principal amounts, excluding interest earned on certificates of deposits. The certificates have matured and been rolled over into new certificates for several years. Interest earned on certificates of deposits totaling \$11,768 for the General Revenue Fund, \$11,222 for the Special Road and Bridge Fund, and \$5,644 for the Sales Tax Trust Fund was not included. The misstatement was not detected primarily because an investment ledger was not maintained and interest earned was not recorded in the accounting records each time the certificates were renewed.
- B. A Community Development Block Grant bank account held by the County Treasurer, with a balance of \$1,000 was not included on the county's budget or published financial statements. The County Clerk indicated the account was excluded since the \$1,000 was an advance used to open the account and is due to the grant administrator once the project is completed. However, the \$1,000 represents a county asset until disbursement, at which time it will be considered an expenditure of the grant program.
- C. The county did not include a \$9,870 receipt from a Federal Emergency Management Agency (FEMA) grant and subsequent disbursement to a Special Road District. The County expended approximately \$26,000 of federal FEMA grant monies and passed through another \$9,870 to a Special Road District. All monies were originally recorded as a receipt and disbursement in the county's records, but the pass-through amount was subsequently removed.

Failure to include all cash, receipts and disbursements reduces the effectiveness of the budget process and increases the susceptibility of county assets to loss or misuse. In addition, not including all grant amounts on the budgets and published financial statements makes reconciliation of these records to the Schedule of Expenditures of Federal awards more difficult.

WE RECOMMEND the County Commission ensure all applicable cash, receipt and disbursement transactions are recorded on the budgets and published financial statements. In addition, the commission should require that an investment ledger be maintained. An investment ledger should include certificate and/or account number, interest rate, date of purchase and maturity, as applicable, interest amounts earned, institution with whom the investment is made, and the fund to which the investment applies.

AUDITEE'S RESPONSE

The County Commission indicated they agree and will also discuss the development of an investment ledger with the County Treasurer. The Commission indicated they plan to have this recommendation implemented within six months.

2.	Road and Bridge
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Invoices do not always contain documentation of receipt of goods and are not compared to summary billing statements. Also, policies and procedures over the sale of materials are not adequate and inventory records of materials are not maintained. The county purchased road and bridge materials totaling approximately \$500,000 during the two years ended December 31, 2002. These materials, some of which were resold to the public or other governmental entities, included things such as rock, concrete, bridge steel, fuel, and culverts.

- A. Invoices and delivery tickets received by the Road and Bridge Department are not always forwarded to the County Clerk for comparison to the billing statements, which are approved and used as the basis for payment. In addition, invoices usually do not contain documentation of the receipt of the goods or services. Since the actual receipt of the goods or services is not documented and the billing statements that the county is basing payment on are not agreed to the supporting invoices, the county does not have adequate assurance it is paying only for goods and services actually received and approved.
- B. The county has not adopted formal policies and procedures over the sale of rock and culverts to the public and other governmental entities. The county received approximately \$26,000 from these sales during the two years ended December 31, 2002. Usually rock purchased by the public is put on county roads under a cost-sharing program while culverts are usually purchased by individuals for private purposes or purchased by other governmental entities.

A bill of sale may not always be prepared for each sale and a bill of sale/receipt is not required to pick-up materials from the Road and Bridge Department. A bill of sale is sometimes prepared by the County Clerk when goods are to be billed and at other times the County Treasurer will simply prepare a receipt slip if payment is made in advance. In addition, sometimes the purchaser comes to the county courthouse to make these arrangements prior to picking up the materials, and other times they pick up materials first at the Road and Bridge Department and department employees are then supposed to report the transaction to the County Clerk so a billing can be prepared. As a result of this lack of formal, consistent policies and procedures the county does not have one complete record of all sales. In addition, the county has little assurance that all materials picked up from the Road and Bridge Department will be billed or were paid in full. Our review also noted that the county does not collect sales taxes on applicable sales made for private purposes. Failure to adopt formal policies and procedures over sales to the public could result

in lost revenues. The county should develop consistent procedures whereby all sales must be approved in the County Clerk's office and supported by a bill of sale (whether paid in advance or to be billed later) prior to the release of materials by the Road and Bridge Department.

- C. The Road and Bridge Department does not maintain an inventory record of all construction materials and fuel on hand. The county maintains a stockpile of culverts for its own use and for sale to the public and also purchased a large quantity of steel ahead of time for a series of bridges to be constructed over a couple of years. In addition, the county maintains fuel for road and bridge equipment in bulk fuel tanks. The inventory record should be maintained on a perpetual basis, with all materials and fuel purchased being added and all amounts sold/used being deducted from the record. In addition, materials and fuel on hand should be physically inventoried on a periodic basis and agreed to the perpetual inventory record.

Adequate inventory records are necessary to secure better internal controls and safeguard materials which are susceptible to loss or theft. Periodic physical inventories are necessary to ensure the records are accurate, identify any unrecorded additions and deletions, and detect possible loss or theft.

WE RECOMMEND the County Commission:

- A. Ensure all invoices document the receipt of goods and services. In addition, ensure all invoices received by the Road and Bridge Department are forwarded to the County Clerk for comparison to billing statements prior to payment.
- B. Develop formal policies and procedures over sales to the public. One complete record of all sales should be maintained by the county and materials should only be released after customers present proof of payment or a bill of sale approved by the County Clerk's office. Also, the county should collect sales tax on sales intended for private use.
- C. Maintain a perpetual inventory record of pertinent road and bridge materials and fuel and periodically perform a physical inventory of the applicable materials and fuel.

AUDITEE'S RESPONSE

- A. *The County Commission and County Clerk indicated this recommendation has already been implemented.*
- B. *The County Commission indicated they do not agree with the recommendation. They indicated they do not believe this is a significant concern as the current program is small and they, along with the County Clerk, are in close contact with the Road and Bridge Department regarding materials authorized to be released to the public.*
- C. *The County Commission indicated they agree and will develop records and procedures*

within the next six months.

AUDITOR'S COMMENT

- B. The lack of a single, consistent record of sales, combined with no records of materials released at the Road and Bridge Department increases the risk that materials might be provided to the public for which payment is never received.

3. Policies and Procedures

The county did not always solicit bids for various purchases and did not solicit proposals from engineering firms as required by statute. In addition, the county did not enter into written contracts or monitor monies given to other political subdivisions. Finally, the county did not maintain a general fixed asset record on a perpetual basis or take an annual inventory.

- A. The county did not always solicit bids for various purchases. In addition, the minutes did not adequately document some bid information, such as reasons for accepting bids other than the lowest bid, sole source procurement situations, and efforts to solicit bids. Our review noted the following examples:
- 1) During 2002, the county spent approximately \$157,000 for road rock from the Sales Tax Trust Fund and the Special Road and Bridge Fund. Competitive bids were solicited for 2001, but were not solicited for 2002. Rather, the county only requested quotes from one quarry with which it had dealt in the prior year. According to the County Commission, the prices at the only other source in the county were so much higher in the past that the county did not solicit a bid from that source.
 - 2) The county solicited one bid on a steel purchase of approximately \$35,000 for a 2001 bridge project. The County Clerk stated that the vendor was the sole source. However, there was nothing in the minutes to support this statement and the county had received more than one bid on similar projects.
 - 3) According to the County Clerk, the county has not solicited bids for property and liability insurance coverage for at least four years even though the county spends approximately \$24,000 annually for insurance premiums.
 - 4) The county spends approximately \$24,000 annually for Road and Bridge Department fuel and oil. However, the county has not bid this service or solicited discounts on the pump price. Fuel is purchased in bulk and stored in tanks at the Road and Bridge Department.

Section 50.660, RSMo 2000, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding assures all parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, newspaper publication notices, bids received, the basis of justification for awarding bids, and documentation of all discussions with vendors.

- B. The county did not obtain information required by state law for engineering services related to bridge project number 14. Instead, the county contracted with an engineering firm that had performed work on previous projects for the county. During the audit period, the county incurred engineering costs of approximately \$22,000 on this project. Section 8.289, RSMo 2000, requires that agencies or political subdivisions which utilize engineering services request annual statements of qualifications and performance data from firms. Section 8.291, RSMo 2000, further requires that when negotiating for a contract, the agency or political subdivision must list three highly qualified firms and select the firm considered best qualified and capable of performing the desired work.
- C. The following transactions were made with no contract and for which the county performed no monitoring and required no information from the political subdivisions to document the actual use of the monies:
 - 1) The county paid approximately \$50,000 in total during 2001 and 2002 to the following towns: Lancaster, Downing, Queen City, and Greentop. The payments represent a portion of the county's road and bridge levy and are allocated based upon the cities' assessed valuations.
 - 2) The county paid approximately \$36,000 in total during 2001 and 2002 to Special Road District number four. The payment is based upon the number of graveled roads within the district as compared to the county as a whole. In addition, the county passed through \$9,870 to the road district which represented a portion of a Federal Emergency Management Agency (FEMA) grant received by the county.
 - 3) The county also passed through two grants (Emergency Shelter and Homeless Challenge) of approximately \$26,000 in total during 2001 and 2002 to the NorthEast Missouri Community Action Agency.

Written contracts are necessary to specify the services to be performed and consideration to be paid for the services and provide a means for the county to monitor compliance with the terms of the agreement. Failing to adequately monitor these political subdivisions could result in monies not being spent for the intended purpose.

- D. The County Commission or its designee is responsible for maintaining a complete, detailed record of county property. In the past, the County Clerk has been primarily responsible for these records. While the County Clerk maintained an inventory listing of fixed assets held by the county officials, the fixed asset listings had not been updated, nor had a physical inventory been completed, since 2000. Examples of items purchased which were not included on the fixed asset listing include a motor grader valued at approximately \$132,000, a snow plow, and two computers. In addition, general fixed assets have not been tagged since 2000. The county has not developed a policy to define who is responsible for inventory records, the procedures to be followed, and the content of the records.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained and the justification for selecting the winning bid. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Obtain a statement of qualifications and performance data from at least three engineering firms before contracting for these services.
- C. Enter into written contracts, require financial reports, and adequately monitor the

reports from these political subdivisions.

- D. Establish a written policy related to the handling and accounting for fixed assets. In addition, all fixed asset purchases and dispositions should be recorded as they occur, purchases of fixed assets should be reconciled to additions on the inventory records, and purchased items should be tagged or identified as county-owned property upon receipts.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they agree with the recommendation and will try harder to ensure adequate documentation, including notations in meeting minutes, is maintained.*
- B. *The County Commission indicated they will take the recommendation under advisement. However, in the past they have used firms with which they had prior favorable experience.*
- C. *The County Commission indicated they agree and will develop contracts and require reporting, starting with monies to be distributed in July 2003.*
- D. *The County Commission indicated they agree and will develop policies and procedures by the end of 2003.*

4.

Officials' Salaries

The county has not taken action on mid-term salary increases given to the Associate Commissioners in 1999. Actions of the salary commission in approving a raise for the County Treasurer in October 2002 were not supported by a written legal opinion.

- A. Section 50.333.13, RSMo, enacted in 1997, allowed the salary commissions meeting in 1997 to provide mid-term increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioner' terms had been increased from two years to four years. Based upon this statute, in 1999 Schuyler County's Associate County Commissioners' salaries were each increased approximately \$2,686 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling \$5,372 for the two years ended December 31, 2000, should be repaid. As of March 24, 2003, the County Commission has not reviewed the impact of this decision and has not developed a plan for obtaining repayment of the salary overpayments.

- B. The County Treasurer's salary was increased \$5,731 annually, effective with the start of a new term of office on January 1, 2003. A salary commission meeting held in October 2002 approved this increase.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission **may** authorize the use of the alternative salary schedule. However, 50.333, RSMo 2000, appears to authorize salary commissions to meet only in odd-numbered years. There was no legal documentation supporting whether the meeting complied with Section 50.333, RSMo 2000.

As a result, without a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

WE RECOMMEND the County Commission:

- A. Review the impact of the decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they disagree and do not plan to request repayment from the Associate Commissioners. They indicated they believe the raises were given in good faith based on legislation passed by the state. In addition, they stated legal opinions were obtained from several sources at the time which indicated it would be appropriate to approve the raises.*
- B. *The County Commission indicated this situation had been discussed with legal counsel at the time and they have no plan to rescind the raise.*

AUDITOR'S COMMENT

A&B. No written legal opinions were provided; only verbal discussions at the time the actions were approved. In light of the Supreme Court decision relative to part A, and the statutory conflicts noted in part B, the county should consider obtaining a written opinion on the legality of the raises.

5.**Senior Citizens Service Board**

The Senior Citizens Service Board does not have written contracts with all its service providers and does not adequately monitor monies provided to some of the entities. The board receives approximately \$18,000 annually from a property tax levy. The monies are used to fund various programs, operated by several non-profit and governmental agencies, benefiting senior citizens of Schuyler County.

- A. The board has not entered into written contracts with the Schuyler County Council on Aging (SCCA) and the Schuyler County Library as required by Section 432.070, RSMo 2000. Written agreements are necessary to specify the services to be performed and the consideration to be paid for the services, provide a means for the board to monitor compliance with the contract terms, and protect the board in the event of a dispute over the terms of the agreement.
- B. The board does not adequately monitor monies provided to the SCCA and Older Adults Transportation Service Incorporated (OATS).
 - 1) During the two years ended December 31, 2002, the board granted the SCCA approximately \$26,000 to help offset some of the cost of operating a senior nutrition program. However, the board did not require and did not receive any type of report documenting how these monies were used.
 - 2) The board also granted approximately \$7,100 to OATS for the two years ended December 31, 2002. These monies were to be used to provide transportation services to Schuyler County senior citizens. OATS provided the board with a billing statement, which listed only total monthly billings and the board's share of these billings. The statements contained no details of the dates and amount of the services provided.

Without documentation detailing the services provided, the board has little assurance that the monies were spent for the intended purpose.

WE RECOMMEND the Senior Citizen Board of Directors:

- A. Enter into written contracts with all entities which receive funding from the board.
- B. Require and periodically review records of services provided to residents of Schuyler County. At a minimum, the records should contain the names of citizens participating in the program, the services provided, and the cost of each service.

AUDITEE'S RESPONSE

A&B. The Senior Citizens Service Board Chairperson indicated they agree and plan to implement the recommendations within three months.

6. Health Center

The Health Center Board approved expenditures in excess of the approved budgeted amounts totaling \$18,120 and \$17,678 for the years ended December 31, 2002 and 2001, respectively. According to the Health Center Administrator, budget to actual reports are generated at least quarterly and provided to the board. However, it appears the board is not using these reports as an effective monitoring tool.

It was ruled in *State ex rel. Strong v. Cribb* 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. Also, Section 50.622, RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional funds which could not be estimated when the budget was adopted and that the board shall follow the same procedures required for adoption of the annual budget to amend the budget.

A similar condition was noted in prior audits.

WE RECOMMEND the Health Center Board not authorize expenditures in excess of budgeted amounts and take appropriate action when it appears budget are going to be exceeded. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.

AUDITEE'S RESPONSE

The Health Center Administrator indicated they agree and will take appropriate actions to prevent expenditures in excess of the budget in the future.

Follow-Up on Prior Audit Findings

SCHUYLER COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Schuyler County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998 and our Special Review of the Schuyler County Health Department Billing Project, issued January 7, 2000. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures

- A. Bids were not solicited by the county nor was bid documentation retained for various purchases.
- B. Indication of the receipt of goods and services was not documented on invoices by the employee who received the goods or services.

Recommendation:

The County Commission:

- A. Solicit bids for all items in accordance with Section 50.660, RSMo Cum. Supp. 1998. Documentation of bids solicited and justification of bid awards should be retained by the County Clerk. If it is not practical to obtain bids in a specific instance, or if sole source procurement is necessary, the circumstances should be thoroughly documented.
- B. Require acknowledgement of the receipt of goods and services prior to the approval of an invoice for payment.

Status:

- A. Not implemented. See MAR No. 3.
- B. Not implemented. See MAR No. 2.

2. Health Center

- A. The Health Center Board of Trustees purchased land for a future building site at a price of \$7,500. The Assessor's Office had this land appraised at \$2,534, but an independent appraisal was not obtained to ensure that the purchase price was reasonable. Additionally, no documentation existed to support the board's decision to purchase this land.

- B. The Health Center exceeded budgeted amounts during the years ended December 31, 1998, and 1997 by approximately \$65,700 and \$47,800, respectively.
- C. The Health Center did not perform annual inventories of general fixed assets. In addition, the building and land values were not included on the general fixed asset listing, additions and deletions were not recorded as they occurred and the health center administrator did not reconcile the general fixed asset records to asset purchases and deletions.

Recommendation:

The Health Center Board of Trustees should:

- A. Ensure justification of the selection process is thoroughly documented and an independent appraisal is obtained for future land purchases.
- B. Not authorize expenditures in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budget properly amended following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office.
- C. Perform and document annual inventories of general fixed assets, maintain accurate general fixed asset records on a current basis, and periodically reconcile these records to general fixed asset additions and deletions.

Status:

- A. The Health Center has not begun any new construction projects since our prior audit. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. Public hearings were held to approve the budget. However, expenditures again exceeded budgeted amounts and amendments were not filed with the State Auditor's Office. See MAR No. 6.
- C. Implemented.

3. Employee Leave Records and Procedures

Records of annual leave, sick leave, and compensatory time balances were not centrally maintained.

Recommendation:

The County Clerk maintain centralized leave records for all county employees.

Status:

Not implemented. However, the county has a small number of employees and overtime earned is either paid or taken as compensatory time off in the following week. In addition, sick leave is not accrued and vacation leave must be taken by year end. Although not repeated in the current MAR, our recommendation remains as stated above.

SPECIAL REVIEW OF
SCHUYLER COUNTY HEALTH DEPARTMENT BUILDING PROJECT

1. Overall Planning

The Health Center Board of Trustees was not adequately involved in the building project and related fiscal and budgetary planning. The board members did not evaluate the overall construction costs and other potential costs related to the building project.

Recommendation:

In any future building projects or Health Center operations the Board of Trustees ensure it evaluates in advance all construction costs and other potential costs related to the project in an effort to determine realistic, usable, and complete cost estimates. This information should then be used by the board to determine project feasibility and scope to prepare a proper financial plan. In addition, the board must ensure it exercises proper board oversight, has effective internal controls, adequate budgeting, and properly safeguards all assets.

Status:

The Health Center has not begun any new construction projects. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Building Construction Procedures and Project Oversight

- A. Building project cost estimates were not obtained, documented or approved by the Health Center Board of Trustees as required by Chapter 49, RSMo 1994.
- B. The Health Center did not adequately monitor payments to contractors to ensure contracts amounts were not exceeded.
- C. The Health Center did not adequately monitor the contract specifications on the interior contract. The work specified in the contract required the contractor to furnish and install mini-blinds at each window; however, none were installed.

Recommendation:

- A. Apply adequate oversight procedures and comply with all laws and regulations regarding construction or other activities in any future projects. This would include ensuring project cost estimates are obtained, presented and evaluated to ensure the best informed management decisions are made.
- B. In the future, perform periodic comparison of amounts paid to vendors to the contract bids to prevent overpayment of invoices and ensure the propriety of all payments made.
- C. Review the interior contract specifications and consider requesting the contractor comply with the contract or make appropriate price adjustments.

Status:

- A&B. The Health Center has not begun any new construction projects since our review. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. The Health Center Board has decided not to pursue the matter with the contractor. As a result, no price adjustments were obtained or additional services rendered. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Budgetary Practices

- A. The 1999 health department budget failed to include expected building project expenditures. In July 1999, near building project completion, an amended 1999 budget was submitted that included 1999 budgeted and 1998 actual construction expenditures. Additionally, the board did not adequately comply with statutory requirements for advanced public notice of the hearings for the consideration of the original or amended budgets.
- B. The board did not perform or require a periodic comparison of budgeted expenditures to actual revenues and expenditures with budgeted amounts.

Recommendation:

- A. Ensure complete and accurate budgets that reflect all anticipated revenues and expenditures are prepared. In addition, ensure the department complies with statutory requirements for advanced public notice of the hearings for consideration of the original or amended budgets.

- B. Compare actual revenues and expenditures with budgeted amounts on an ongoing basis.

Status:

- A. Implemented.
- B. Not implemented. See MAR No. 6.

4. Insurance Coverage

The Health Center failed to obtain builder's risk insurance to cover the building project during construction.

Recommendation:

The Board of Trustees ensure that health department assets continue to be adequately insured to protect against losses.

Status:

The Health Center has not begun any new construction projects since our review. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

SCHUYLER COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Schuyler was named after Phillip Schuyler, a Revolutionary War general. Schuyler County is a county-organized, third-class county and is part of the First Judicial Circuit. The county seat is Lancaster.

Schuyler County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 270 miles of county roads and 87 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 4,979 in 1980 and 4,170 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 18.3	18.0	17.6	17.2	16.2	9.1
Personal property	10.2	10.0	9.6	8.9	4.6	3.9
Railroad and utilities	6.3	6.6	6.4	6.3	6.8	6.1
Total	\$ 34.8	34.6	33.6	32.4	27.6	19.1

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Schuyler County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.2900	.2900	.2900	.2900
Special Road and Bridge Fund*	.2600	.2433	.2600	.2600
Common Road and Bridge Fund*	.4866	.4516	.4825	.4800
Health Center Fund	.1500	.1500	.1500	.1500
Senior Citizens Service Fund	.0500	.0500	.0500	.0500

* The road district also has an additional levy approved by the voters. The county has only one road district that receives four-fifths of the tax collections from property within this district, and the Special Road and Bridge Fund retains one-fifth.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
\$				
State of Missouri	10,146	10,090	9,713	9,372
General Revenue Fund	96,993	96,522	92,753	89,701
Special Road and Bridge Fund	91,317	86,659	87,314	84,473
Assessment Fund	20,708	20,543	19,500	19,052
Health Center Fund	50,163	49,937	47,973	46,395
School district	914,608	909,325	874,926	844,782
Library district	49,889	49,069	31,980	30,922
Ambulance district	100,300	99,848	95,900	92,749
Surtax	18,082	18,234	18,234	18,269
Special road district	155,967	145,969	148,619	142,978
Nursing home	50,163	49,936	47,973	46,395
School district bond debt service	257,434	256,263	245,395	237,489
Senior Citizens Service Fund	16,730	16,659	15,992	15,472
Cities	52,674	52,128	49,139	32,756
County Clerk	794	782	769	690
County Employees' Retirement	8,194	7,490	7,109	6,218
Others	2,656	888	2,434	2,526
Commissions and fees:				
General Revenue Fund	36,931	37,759	35,278	35,107
County Collector	1,138	1,111	1,036	541
Total	\$ 1,934,886	1,909,211	1,832,038	1,755,888

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	91.4	94.0	91.9	92.4 %
Personal property	89.0	88.0	89.6	88.3
Railroad and utilities	100.0	100.0	100.0	100.0

Schuyler County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50 %
Road and Bridge	.0050	2004	None
Law Enforcement	.0050	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Robert G. Aldridge, Presiding Commissioner	\$	16,546	16,546	16,546	16,546
Jim Werner, Associate Commissioner		14,546	14,546		
Jaye Baxter, Associate Commissioner		14,546	14,546	14,546	14,546
Jack D. Gray, Associate Commissioner				14,546	14,546
Doyle E. Talbert, County Clerk		22,040	22,040	22,040	22,040
Brenda Swedberg, Prosecuting Attorney		28,120	28,120	28,120	28,120
Donald Bruner, Sheriff		27,360	27,360	20,250	20,250
Karmen Buckallew, County Treasurer		16,309	16,309	16,309	16,309
Douglas B. Norman, County Coroner		6,080	6,080	3,960	3,960
Patricia Swedberg, Public Administrator		11,400	11,400	6,000	750
Teresa Tallman, Public Administrator					5,000
Kathy Roberts, County Collector (1) year ended February 28 (29),	23,178	23,151	23,076	22,581	
Gary Stump, County Assessor (2) year ended August 31,		22,940	22,940	22,940	22,940

(1) Includes fees of \$ 1138, \$1,111, \$ 1,036, and \$541 of commissions earned for collecting city property taxes for the years ended February 28 (29) 2003, 2002, 2001, and 2000.

(2) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Judy Keim, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	46,126	44,292
Stephen K. Willcox, Associate Circuit Judge	96,000	96,000	97,382	87,235

In addition, the county pays a proportionate share of the salaries of circuit court-appointed employees. Schuyler County's share of the First Judicial Circuit's expenses is approximately 25 percent.



**DEPARTMENT OF MENTAL HEALTH
ST. LOUIS PSYCHIATRIC REHABILITATION CENTER**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-68
July 11, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

July 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Mental Health, St. Louis Psychiatric Rehabilitation Center.

The Auxiliary of the St. Louis Psychiatric Rehabilitation Center (SLPRC) operates a canteen that sells food, beverages, cigarettes, and other miscellaneous items to clients and employees. Our review of canteen operations noted:

- The Auxiliary has not entered into formal written agreements with the vendors.
- Five client accounts, within the canteen fund, had negative balances. These negative balances result when clients are allowed to make purchases at the canteen without sufficient monies in their accounts. Disbursements made on behalf of these five clients were made using, or borrowing, other clients' monies. In addition, thirty-eight of the client accounts within the canteen fund, totaling approximately \$630, have been inactive for over six months. Client account balances become inactive when the client is no longer able to use the canteen or when a client leaves the facility or dies.
- Differences noted in the monthly bank reconciliations are not adequately investigated and resolved.

The SLPRC purchases various statutorily-defined psychiatric services from private and public vendors under the authority of state law. The Department of Mental Health (DMH), through its facilities, has entered into contracts with vendors to provide these services and has developed guidelines by which these programs must be operated. State law requires the DMH to monitor the contracts to ensure the services are cost and benefit effective. We visited four vendors and noted some client files reviewed did not contain complete and current Individual Treatment Plans, progress notes that met the established requirements, and did not contain a current Standard Means Test. In addition, some client files reviewed showed units billed in excess of the maximum units allowed for a one month period.

The DMH purchases residential care in community-based facilities through the Community Placement Program (CPP) for clients who would otherwise require institutionalization. The SLPRC is responsible for monitoring the CPP vendors for compliance with contractual terms and quality of care. Our review of four CPP vendors found incomplete and inaccurate quarterly reports, inadequate client fund records, and the facilities not remitting client personal funds exceeding \$200 to the SLPRC as required.

YELLOW SHEET

The SLPRC operates a Client Work Program (CWP) under a certificate issued by the federal Department of Labor. The certificate requires certain records to be kept in the participating client's files. Client records do not always indicate their productivity at periodic intervals, including documents explaining how the productivity and hourly wage of the client was determined. In addition, the amounts paid to clients did not always agree to the commensurate wage rates recorded in the client files, hours recorded on the timesheets approved by the clients' supervisor did not always agree to the hours for which the client was paid, and hourly wage rates of the clients have been reduced to compensate for the cost of care and treatment which is prohibited by federal regulations.

Five of fifteen state-owned vehicles were driven less than 5,000 miles during the year ended June 30, 2002. Low mileage can often indicate that a facility has too many vehicles or is not using them efficiently. During the two years ended June 30, 2002, personnel received mileage reimbursements when using their personal vehicles for business travel instead of utilizing state-owned vehicles. In addition, vehicle logs were not always complete.

The audit report also includes some other matters related to payroll procedures, non-appropriated funds system procedures, accounts receivable, general fixed assets and vending machines upon which the center should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.state.mo.us

DEPARTMENT OF MENTAL HEALTH
ST. LOUIS PSYCHIATRIC REHABILITATION CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Mental Health Commission
and
Dorn Schuffman, Director
Department of Mental Health
and
Diane McFarland, Director
Division of Comprehensive Psychiatric Services
and
Barbara Keehn, Regional Administrator,
Eastern Region
and
Marylois Lacey, Chief Executive Officer
St. Louis Psychiatric Rehabilitation Center
St. Louis, MO 63139

We have audited the Department of Mental Health, St. Louis Psychiatric Rehabilitation Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations, and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.
3. Review certain expenditures made by the St. Louis Psychiatric Rehabilitation Center.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the facility's expenditures, rules, regulations, and other pertinent procedures and documents, and interviewed various personnel of the St. Louis Psychiatric Rehabilitation Center.

As part of our audit, we assessed the facility's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and the Statewide Advantage for Missouri (SAM II) system and was not subjected to the procedures applied in the audit of the Department of Mental Health, St. Louis Psychiatric Rehabilitation Center.

The accompanying Management Advisory Report presents our findings arising from our audit of the St. Louis Psychiatric Rehabilitation Center.



Claire McCaskill
State Auditor

January 31, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Debra S. Lewis, CPA
Audit Staff:	A. Dailey
	Chris Vetter
	Carl Zilch

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF MENTAL HEALTH
ST. LOUIS PSYCHIATRIC REHABILITATION CENTER
MANAGEMENT ADVISORY REPORT-
STATE AUDITOR'S FINDINGS

1.

Canteen Procedures

The Auxiliary of the St. Louis Psychiatric Rehabilitation Center (SLPRC) operates a canteen that sells food, beverages, cigarettes, and other miscellaneous items to clients and employees. The Auxiliary maintains a bank account for the canteen that includes sales from operations and client monies (to be spent at the canteen). Our review of canteen operations and related record-keeping procedures indicated the following areas where improvements are needed:

- A. The Auxiliary has not entered into formal written agreements with the vendors from whom food, beverages, and other miscellaneous merchandise are purchased for resale in the canteen. Written contracts are necessary to ensure all parties are aware of their duties, rights, and responsibilities and to provide protection to all parties.
- B. Five client accounts, within the canteen fund, had negative balances. Overspending occurred because client balances were not adequately reviewed to ensure sufficient balances existed before purchases were made. As a result, disbursements made on behalf of these five clients were made using, or borrowing, other clients' monies. In addition, thirty-eight of the client accounts within the canteen fund, totaling approximately \$640, have been inactive for over six months. Client account balances become inactive when the client is no longer able to use the canteen or when a client leaves the facility or dies.

It is imperative that clients' balances and expenditures are closely monitored to ensure only a client's own funds are used for expenditures. In addition, personnel should investigate the inactive accounts and determine the proper disposition of the account balances.

- C. Differences noted in the monthly bank reconciliations are not adequately investigated and resolved. A difference of approximately \$360 was noted on the June 30, 2002 bank reconciliation. This difference had not been properly investigated, nor had entries been made to correct the difference. In addition, the balance in the canteen account is not reconciled to the individual client account balances.

Complete and accurate bank reconciliations should be prepared to ensure all monies have been properly deposited, accounting records are in agreement with the bank, and errors or discrepancies are detected and corrected timely. In addition, it is imperative that Auxiliary personnel research noted differences and

make the appropriate corrections in the financial records, rather than simply carrying forward the adjustments on the bank statement reconciliation. Ignoring these errors could allow the misuse or theft of monies to go undetected.

- D. Backup disks of the financial records are not prepared. As a result, all computerized financial records from July 2002 through December 2002 were lost when the Auxiliary's computer malfunctioned. Back up disks should be prepared to provide a means of recreating destroyed or lost records. In addition, backup disks should be stored in a secure, off-site location.

WE RECOMMEND the Auxiliary:

- A. Enter into formal written contracts which specify the goods and services to be provided and the amount of compensation. These contracts should adequately detail the rights and duties of all parties to the respective contracts.
- B. Ensure purchases are not made in excess of client balances. In addition, each inactive account should be investigated to determine the proper disposition of the account balances.
- C. Ensure all errors and discrepancies noted during preparation of the bank reconciliation are investigated and corrected in a timely manner. In addition, the Auxiliary should reconcile the balance in the canteen account to the individual client account balances and their operating balance.
- D. Ensure computerized accounting records are backed up on disk and these disks are stored in a secure, off-site location.

AUDITEE'S RESPONSE

The Auxiliary provided the following responses:

- A. *We do not concur. Past practices have not dictated a need for such contracts.*
- B. *We concur. Procedures are in place to aid with this. When problems are noted re-training occurs and the balance is dealt with.*

C&D. We concur.

2. Purchase of Service

The SLPRC purchases various statutorily-defined psychiatric services from private and public vendors under the authority of Section 630.405, RSMo Cumulative Supp. 2002. The Department of Mental Health (DMH), through its facilities, has entered into contracts with vendors to provide these services and has developed a Purchase of Service

(POS) manual to establish guidelines by which these programs must be operated. Section 630.415, RSMo 2000, requires the DMH to monitor the contracts to ensure the services are cost and benefit effective. Pursuant to this section, the DMH has included monitoring guidelines in the POS manual. The SLPRC has a Supportive Community Living Program (SCLP) which is responsible for monitoring the various vendors to ensure they are in compliance with their contract with the SLPRC. As part of our review, we visited four POS vendors and noted the following areas where improvements are needed:

- A. Three of the eleven (27 percent) client files reviewed did not contain complete and current Individual Treatment Plans. The POS manual states that "treatment plans shall be updated at least every six months." Current and complete treatment plans are necessary to ensure clients receive the care and treatment needed to allow them to achieve their defined goals.
- B. Three of the eleven (27 percent) client files reviewed did not contain progress notes that met the requirements established in the POS manual. The vendors use logs to record contacts with clients; however, the logs reviewed did not detail the required clock time and length of service. In addition, one of these three client files did not have the caseworker listed on the progress note.

The POS manual requires progress notes to document all contacts between the caseworker and the clients including the date, name, location, length of service, and an activity synopsis of the service. In addition, progress notes must be signed by the service provider.

- C. Two of the eleven (18 percent) client files reviewed showed units billed in excess of the maximum units allowed for a one month period, as established by the POS manual. The number of units billed in these two months exceeded the allowable maximum by 11 and 37 percent. There was no evidence indicating the SLPRC had detected these over-billings. To avoid overpayments, facility personnel should ensure vendor bills do not exceed the maximum allowable units.
- D. One of the eleven (9 percent) client files reviewed did not contain a current Standard Means Test (SMT). The SMTs are used to identify the clients' financial resources to determine an appropriate rate to charge for care and treatment costs.

Section 630.210, RSMo 2000, states that the director shall apply the SMT annually. Failure to annually prepare the SMT increases the risk that the SLPRC may not receive the maximum revenue available to cover the costs of care and treatment.

WE RECOMMEND the SCLP:

- A. Ensure complete and current Individual Treatment Plans are present in the client files.

- B. Ensure progress notes are complete and in compliance with the POS manual.
- C. Ensure amounts billed by vendors do not exceed amounts allowed by the POS manual.
- D. Ensure the vendors update the Standard Means Test annually for all clients.

AUDITEE'S RESPONSE

We concur.

3.	Community Placement Monitoring
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The DMH purchases residential care in community-based facilities through the Community Placement Program (CPP) for clients who would otherwise require institutionalization. The CPP facilities include residential care facilities, group homes, independent apartments, and nursing homes providing intermediate or skilled nursing care. The SLPRC is responsible for monitoring the CPP vendors for compliance with contractual terms and quality of care.

Our review of four CPP vendors noted the following concerns:

- A. Two of the four (50 percent) vendors' quarterly reports were not complete and accurate. One facility reported only a cumulative total of client revenues and another facility included the resident client balances but not the independent living client balances. In addition, personnel at all four facilities stated they do not remit client personal funds exceeding \$200 to the SLPRC. The SLPRC's policy states that "placement facilities are to reduce all state patients' accounts that exceed \$200..."

Accurate, detailed quarterly reports are necessary to detect excessive account balances. In addition, to avoid additional program costs and the risk of jeopardizing client benefits, the SLPRC's personnel should ensure all client funds in excess of \$200 are being remitted to the SLPRC.

- B. One of the four (25 percent) facilities reviewed did not always require a client's signature for release of funds for procurement. Without a documented authorization for release of funds, the SLPRC has no assurance that individual client monies are only used on the clients' behalf.
- C. One of the four (25 percent) facilities reviewed did not prepare bank reconciliations of client funds on a timely basis. The facility performs bank reconciliations on a quarterly basis. Timely preparation of bank reconciliations is critical to ensure client records are accurately maintained.

- D. Two of the four (50 percent) facilities' client fund records were inadequate. The vendors combined clients' monies with the facility's operating account. The SLPRC's policy requires facilities to keep client funds in a separate bank account from the facilities' operating funds. In addition, the bank balance was not reconciled to the individual client account balances. To ensure all client monies are properly recorded and deposited, the bank balance should be reconciled monthly to the client balances, and any other monies remaining in that account.

WE RECOMMEND the SLPRC's management:

- A. Ensure the CPP vendors' quarterly reports are complete and accurate and all client funds in excess of \$200 are remitted to the SLPRC.
- B. Ensure the CPP facilities require the signature of the client withdrawing funds for personal procurements.
- C. Ensure the CPP facilities perform bank reconciliations on client funds on a timely basis.
- D. Ensure the clients' monies are not combined with the facilities' operating accounts. If these are combined, management should ensure the balance is reconciled monthly to the client account balances and any other monies remaining in the account.

AUDITEE'S RESPONSE

We concur.

4. Client Work Program

The SLPRC operates a Client Work Program (CWP) under a certificate issued by the federal Department of Labor. This certificate authorizes the employment of workers with disabilities in accordance with the requirements of 29 Code of Federal Regulations (CFR) part 525. In addition to the CFR requirements, the certificate requires certain records to be kept in the participating clients' files. Our review of the CWP for compliance with the various requirements noted the following concerns:

- A. Client records do not always indicate their productivity at periodic intervals (not to exceed six months), including documents explaining how the productivity and hourly wage of the client was determined. The DOL certificate indicates the facility must maintain certain records. CFR 29 Part 525.9 requires records "showing the productivity of each worker with a disability or patient worker on a continuing basis or at periodic intervals (not to exceed six months in the case of workers paid hourly wage rates), including documents explaining how the productivity of workers with disabilities not paid a piece rate is determined".

Without adequate documentation of productivity, there is little assurance the commensurate wage rate being paid is accurate.

- B. The prevailing wage rates, paid in the vicinity, are not being updated at least every twelve months. The DOL certificate states the facility must maintain records showing "prevailing wage rates paid in the vicinity to experienced workers not disabled for the work to be performed (updated at least every twelve months)", as required by CFR 29 Part 525.9. Updating the prevailing wage rates on a yearly basis ensures client workers are being paid wages based on current salaries.
- C. Production standards and supporting documentation, including work measurements, were not present in all files. We noted the following concerns:
 - 1) The amounts paid to clients did not always agree to the commensurate wage rates recorded in the client files.
 - 2) The hours recorded on the timesheets approved by the clients' supervisor did not always agree to the hours for which the client was paid. In addition, the weekly timesheets do not always agree to the Record of Activity Reports (ROAR).
 - 3) Quantity amounts recorded as accepted on the ROARs are not always given the correct corresponding score for that quantity. In addition, all of the ROARs are not maintained to support the scores given to the clients.

The DOL certificate requires records of "production standards and supporting documentation, including work measurements", as required by CFR 29 Part 525.16. To ensure compliance with the federal regulations, the various records maintained must be in agreement.

- D. Hourly wage rates of the clients have been reduced to compensate for the cost of care and treatment. CFR 29 Part 525.5 states "no deductions can be made from such individuals' commensurate wages to cover the cost of room, board, or other services provided by the facility. Such individuals must receive his or her wages free and clear..."

The SLPRC has the responsibility to ensure the records maintained by the CWP are in compliance with the DOL certificate and federal regulations. Non-compliance with these requirements could result in the loss of certification.

WE RECOMMEND the SLPRC's management ensure records are kept in compliance with the DOL certificate and federal requirements.

AUDITEE'S RESPONSE

We concur.

5. General Fixed Assets Policies and Procedures
--

- A. The SLPRC has fifteen state-owned vehicles (excluding special purpose vehicles) that are primarily used to transport clients, move goods between campus facilities, and for employee travel. We noted the following concerns regarding the state-owned vehicles:

- 1) Vehicle logs were not always complete. The SLPRC's policy requires employees to document information such as date, odometer reading, time, driver's name and signature, purpose, client name (if applicable), and complete a safety checklist. Vehicle logs reviewed did not always include the driver's signature, the name of the client being transported, or a completed safety checklist.

Complete vehicle logs are necessary to ensure state vehicles are properly used for business purposes.

- 2) Five of fifteen (33 percent) vehicles were driven less than 5,000 miles during the year ended June 30, 2002. Low mileage can often indicate that a facility has too many vehicles or is not using them efficiently. During the two years ended June 30, 2002, personnel received mileage reimbursements when using their personal vehicles for business travel instead of utilizing state-owned vehicles.

Based on this underutilization, it appears the facility should consider reducing the size of its vehicle fleet.

- B. The general fixed asset listing contained inaccuracies. We noted the following concerns regarding general fixed assets:

- 1) Items on the general fixed asset listing could not be found at the SLPRC. These items included a camera/VCR and a vacuum cleaner.
- 2) The accounting department maintains the property control records and performs the annual physical inventory. Because these employees have custody of the fixed asset records and are involved in the annual physical inventory, there is an inadequate segregation of duties.
- 3) The property control manual is outdated. For example, the revised threshold amount for an asset to be accounted for is \$1,000 as opposed to

\$250 as stated in the SLPRC's policy. The last revision of the SLPRC's policy was in 1998.

Adequate general fixed asset records are necessary to improve internal controls over property and provide assurance that assets purchased with taxpayer monies are properly utilized.

WE RECOMMEND the SLPRC's management:

- A.1. Ensure vehicle logs are accurately completed.
- 2. Evaluate the need for each vehicle and ensure each vehicle is effectively utilized.
- B.1. Ensure the general fixed asset listing includes accurate information for all assets.
- 2. Ensure the annual physical inventory of fixed assets is performed by persons with no custodial or record-keeping responsibilities.
- 3. Ensure the property control policy is updated to outline the SLPRC's current procedures.

AUDITEE'S RESPONSE

We concur.

6. Payroll Procedures

- A. Procedures for documenting employees' actual time worked are inadequate. A weekly attendance sheet with each employee's name is maintained for each SLPRC department. Employees are required to record their daily arrival and departure times on the weekly attendance sheet; this sheet must be signed and approved at the end of the week. We noted the following concerns relating to the attendance sheets:
 - 1) Employees do not always document time worked. Six of the twenty (30 percent) employee attendance sheets reviewed did not record arrival and/or departure times for a total of six days during March 2002. These employees did not use leave for these days. The SLPRC assumed these employees were working on these days and they were fully compensated.
 - 2) There is a lack of supervisory review of time worked. Seven of the twenty (35 percent) attendance sheets reviewed were not signed by employees' supervisors.

- 3) Nine of the twenty (45 percent) departments' records reviewed did not retain attendance sheets for one or both months reviewed. The attendance sheets should be retained to support monthly payroll expenditures.

Accurate documentation of time worked and a supervisory review of this documentation are necessary to ensure time worked is adequately supported and employees are paid correctly.

- B. The SLPRC has five unclaimed payroll checks totaling approximately \$2,200 which date back to February 2002. Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If the payees cannot be located, Sections 447.550 through 447.585, RSMo, which relate to unclaimed property, should be used to dispose of these monies.

WE RECOMMEND the SLPRC's management:

- A.1. Ensure all employees accurately document actual time worked.
2. Perform a documented review of weekly attendance sheets.
3. Ensure all attendance sheets are maintained to support payroll expenditures.
- B. Ensure personnel follow-up on old outstanding checks and transfer all unclaimed checks to the state's unclaimed property division as provided by state law.

AUDITEE'S RESPONSE

We concur.

7. Accounts Receivable Procedures
--

Our review noted that client Work Program accounts receivable records are not adequately maintained to ensure amounts are accurate. Facility personnel maintain a listing of each invoice which notes if the invoice has been paid or remains outstanding, and a customer listing which shows the outstanding balance for each vendor. We noted differences between these records. In addition, invoices are not noted as paid or otherwise cancelled upon receipt of payment. The possibilities of an invoice being billed twice are increased when invoices are not properly cancelled. Furthermore, canceled invoices should be reconciled to the detailed accounts receivable records to ensure complete and accurate records are being maintained.

WE RECOMMEND the SLPRC's management ensure accounts receivable records are adequately maintained and reconciled to the canceled invoices.

AUDITEE'S RESPONSE

We concur.

8. Non-Appropriated Funds System Procedures
--

The Non-Appropriated Funds System (NAFS) personnel do not perform monthly reconciliations of the Mental Health Trust Fund (MHTF) balances resulting in an unidentified difference of \$455 as of June 30, 2002. The NAFS personnel maintain the MHTF balances for their individual institution (SLPRC), while the DMH maintains records for the MHTF on a department-wide basis. The SLPRC's balance has not been reconciled to the DMH balance since 1999. As a result, the SLPRC's management can not be assured these monies are accounted for properly, and errors cannot be detected and corrected in a timely manner.

Monthly reconciliations of the MHTF balances are necessary to ensure the MHTF monies are accounted for properly. If reconciliations had been completed, the errors would have likely been detected and corrected in a timely manner.

WE RECOMMEND the SLPRC's management require the NAFS personnel to perform a monthly reconciliation of the MHTF balance, investigate any differences, and make appropriate corrections when necessary.

AUDITEE'S RESPONSE

We concur.

9. Vending Machines

The Auxiliary contracts with a local vending company to provide vending services for the SLPRC. The Auxiliary has no procedures to ensure the commissions from all vending machines are being received. The Auxiliary receives a monthly commission statement from the vendor; however, the statement does not list all machines within the facility. The vendor includes only the machines that monies had been removed from during that period. Without receiving a commission statement listing all machines within the facility and a periodic comparison of commission statements, the Auxiliary cannot ensure they are receiving commissions on all machines.

WE RECOMMEND the Auxiliary ensure commission statements list all vending machines within the facility.

AUDITEE'S RESPONSE

We concur.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH
ST. LOUIS PSYCHIATRIC REHABILITATION CENTER
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The St. Louis Psychiatric Rehabilitation Center (SLPRC) is located in the city of St. Louis. First opened in 1869 to accommodate 150 clients, the facility, originally known as the St. Louis State Hospital, provided state-of-the-art care for people with mental illnesses. During the 1950s, the hospital expanded its facilities to accommodate more than 3,800 clients.

Beginning in the 1960s, the use of psychotropic medications and other new treatment methods enabled many patients to leave the hospital and return to the community. With the success of these types of modern treatments, the hospital was able to reduce to a 212-person facility. In 1997, design and construction of a new hospital building and fourteen cottages was completed to accommodate these new treatment and rehabilitation methods. Along with the new buildings, the name of the facility was changed to St. Louis Psychiatric Rehabilitation Center.

The SLPRC is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). In addition, the SLPRC is certified to provide Medicare/Medicaid services by the Center for Medicare/Medicaid Services (CMS).

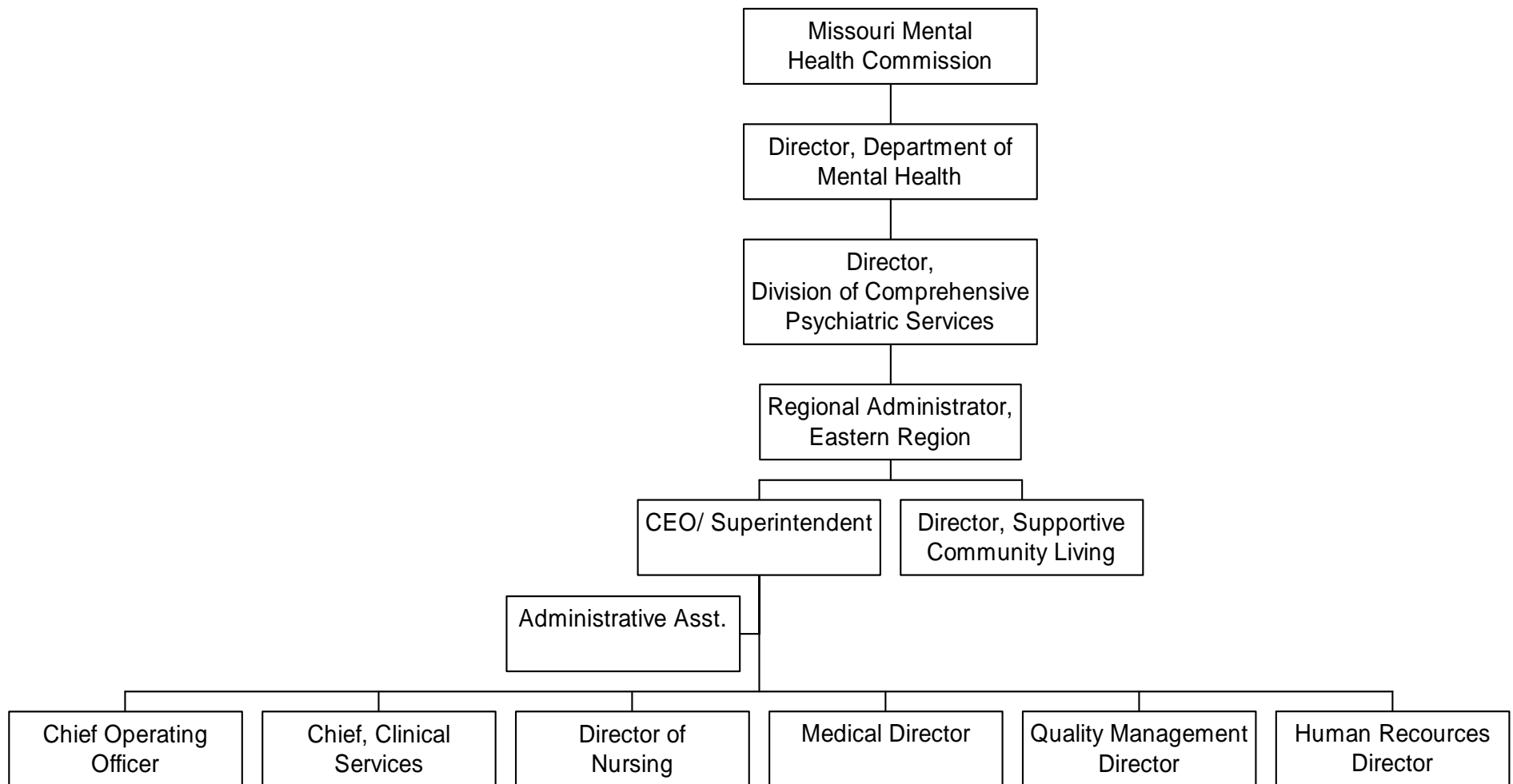
The mission of the SLPRC is to provide high quality, intermediate to long-term, inpatient psychiatric and psychosocial treatment and rehabilitation services for the adult mentally ill residents of the Eastern Region of Missouri.

Today, the SLPRC campus is composed of fourteen cottages and four wards. As of June 30, 2002, the SLPRC housed approximately 206 clients on campus and had an additional 1,522 clients participating in the Supportive Community Living Program (SCLP).

To enhance the efficiency and create synergies between the SLPRC and Metropolitan St. Louis Psychiatric Center (MPC), in June 2002, the Department of Mental Health decided to consolidate several top-level positions: Chief Executive Officer (CEO), Chief Operating Officer (COO), Human Resource Director, and Information Technology Director. Previously distinct titles within both the SLPRC and MPC, these positions are now shared between the two divisions. This audit reports only the management practices and operations of the SLPRC. A separate audit report will be issued for the MPC.

An organization chart and statistical data follow:

DEPARTMENT OF MENTAL HEALTH
ST. LOUIS PSYCHIATRIC REHABILITATION CENTER
ORGANIZATION CHART*
JUNE 30, 2002



* Only personnel at the management level are included on this organization chart. There are numerous staff within each department.

DEPARTMENT OF MENTAL HEALTH
ST. LOUIS PSYCHIATRIC REHABILITATION CENTER
STATISTICAL DATA-CLIENT OCCUPANCY

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
St. Louis Supportive Community Living:		
Nursing Homes	240	261
Residential Care Facilities II	396	438
Residential Care Facilities I	182	215
Psychiatric Group Homes	3	2
Apartment Programs	635	711
Children's Facilities	23	24
Inactive	43	58
St. Louis Psychiatric Rehabilitation Center Campus	<u>206</u>	<u>210</u>
Total Clients	<u><u>1,728</u></u>	<u><u>1,919</u></u>

Appendix A

DEPARTMENT OF MENTAL HEALTH
ST. LOUIS PSYCHIATRIC REHABILITATION CENTER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2002			2001		
		Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE							
Personal Service	\$	16,154,919	15,604,517	550,402	16,780,086	16,608,039	172,047
Personal Service and/or Expense and Equipment		1,794,991	1,794,522	469	0	0	0
Expense and Equipment		2,203,198	2,141,162	62,036	2,157,171	2,157,171	0
Total General Revenue Fund - State		20,153,108	19,540,201	612,907	18,937,257	18,765,210	172,047
DEPARTMENT OF MENTAL HEALTH FUND							
Personal Service		159,250	159,250	0	175,580	175,088	492
Personal Service and/or Expense and Equipment		17,695	17,695	0	0	0	0
Total Department of Mental Health Fund		176,945	176,945	0	175,580	175,088	492
Total All Funds	\$	20,330,053	19,717,146	612,907	19,112,837	18,940,298	172,539

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the State Treasurer, as fund custodian, and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This schedule does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and are not identified by facility. Expenditures charged to department-wide appropriations that are identified to St. Louis Psychiatric Rehabilitation Center are noted in Appendix B.

The lapsed balances include the following withholdings made at the Governor's request:

		Year Ended June 30,	
		2002	2001
Personal Service	\$	550,088	111,981
Expense and Equipment		62,036	0
Total	\$	612,124	111,981

Appendix B

DEPARTMENT OF MENTAL HEALTH
ST. LOUIS PSYCHIATRIC REHABILITATION CENTER
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

Year Ended June 30,				
	2002		2001	
	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For SLPRC	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For SLPRC
Salaries and Wages	\$ 17,473,390	230,891	16,783,127	1,081,359
Travel Expenditures	29,355	30	33,471	18,566
Supplies	1,538,850	617,219	1,434,338	782,903
Fuel and Utilities	0	696,873	0	692,723
Professional Development	8,047	0	13,200	3,182
Communication Services and Supplies	9,143	0	14,622	827
Professional Services	191,731	164,011	177,621	127,316
Housekeeping and Janitorial Services	45,332	0	41,218	0
Maintenance and Repair Services	241,262	0	254,551	2,614
Equipment	91,030	60	69,392	3,084
Property and Improvements	4,354	38,013	33,792	363,372
Debt Service	1,060	0	1,671	0
Equipment Rental & Leases	7,803	6	1,955	511
Miscellaneous Expenses	2,364	57,097	5,716	67,990
Rebillable Expenses	73,425	0	75,624	0
Refunds		348	0	19
Total Expenditures	\$ 19,717,146	1,804,548	18,940,298	3,144,466

Note: Certain classifications of expenditures changed during the two-year period, which may affect the comparability of the amounts.

Appendix C

DEPARTMENT OF MENTAL HEALTH
ST. LOUIS PSYCHIATRIC REHABILITATION CENTER
COMPARATIVE STATEMENT OF CLIENT RECEIPTS, DISBURSEMENTS, AND
CASH BALANCES (FROM NON-APPROPRIATED FUNDS)

		<u>Year Ended June 30,</u>	
		<u>2002</u>	<u>2001</u>
CASH BALANCE, JULY 1	\$	547,579	458,350
RECEIPTS		4,152,426	4,570,158
DISBURSEMENTS		<u>4,238,327</u>	<u>4,480,929</u>
CASH BALANCE, JUNE 30	\$	<u><u>461,678</u></u>	<u><u>547,579</u></u>

Note: The receipts and disbursements presented in this schedule include client benefits as well as other facility monies.

Appendix D

DEPARTMENT OF MENTAL HEALTH
ST. LOUIS PSYCHIATRIC REHABILITATION CENTER
COMPARATIVE STATEMENT OF MENTAL HEALTH TRUST FUND RECEIPTS,
DISBURSEMENTS, AND CASH BALANCES

		<u>Year Ended June 30,</u>	
		<u>2002</u>	<u>2001</u>
CASH BALANCE, JULY 1	\$	217,137	223,163
RECEIPTS		85,820	55,421
DISBURSEMENTS		81,576	61,447
CASH BALANCE, JUNE 30	\$	<u>221,381</u>	<u>217,137</u>

Note: The receipts and disbursements presented in this schedule primarily represent donations from the Auxiliary.

* * * * *



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Webster County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Webster County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Charles Buchanan, P.C., Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-67
July 8, 2003

Webster County, Missouri
Audit Report
Two Years Ended December 31, 2002

Prepared by:
Charles Buchanan, CPA, PC
Certified Public Accountant
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WEBSTER COUNTY, MISSOURI

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Webster County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Webster County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Webster County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Webster County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Webster County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 30, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor
Charles Buchanan, CPA, PC
May 30, 2003

Charles Buchanan, CPA, PC
Certified Public Accountant
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Webster County, Missouri

We have audited the special-purpose financial statements of various funds of Webster County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 30, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special purpose financial statements of various funds of Webster County, Missouri are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Webster County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Webster County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor
Charles Buchanan, CPA, PC
May 30, 2003

Financial Statements

A-1

WEBSTER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

Fund	Cash, 1/1/2002	Receipts	Disbursements	Cash, 12/31/2002
General Revenue	\$247,100	\$2,338,861	\$2,173,464	\$412,497
Special Road and Bridge	225,761	2,753,836	2,605,662	373,935
Assessment	10,656	203,519	188,580	25,595
Law Enforcement Training	1,250	3,307	3,731	826
Prosecuting Attorney Training	74	820	634	260
Capital Improvement Sales Tax	84,162	1,238,341	1,230,452	92,051
Sheriff Equipment	0	1,030	0	1,030
Sheriff Drug	0	0	0	0
DARE	3,720	3,413	2,094	5,039
Prosecuting Attorney Delinquent Tax	32	2	0	34
Prosecuting Attorney Drug	570	16	586	0
Recorder User Fee	8,947	22,704	15,153	16,498
Local Emergency Planning Commission	7,663	5,731	4,952	8,442
Peace Officers Standards Training	0	2,423	2,423	0
Sheriff	13,372	40,185	41,447	12,110
Election Services	5,518	3,269	4,508	4,279
Children's Trust	5,978	1,652	4,000	3,630
Health Center	166,643	762,924	724,229	205,338
Senate Bill 40 Board	30,937	186,827	181,364	36,400
Emergency 911	550,318	523,602	554,714	519,206
Law Library	12,307	16,006	10,855	17,458
Circuit Clerk Interest	5,747	276	20	6,003
Associate Circuit Division Interest	2,875	1,096	0	3,971
Recorder Equipment	4,386	11,804	0	16,190
Tax Maintenance	0	2,189	410	1,779
MOPS	0	0	0	0
Total	\$1,388,016	\$8,123,833	\$7,749,278	\$1,762,571

The accompanying Notes to the Financial Statements are an integral part of this statement.

WEBSTER COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2001

Fund	Cash, 1/1/2001	Receipts	Disbursements	Cash, 12/31/2001
General Revenue	\$538,574	\$1,972,177	\$2,263,651	\$247,100
Special Road and Bridge	190,955	1,546,273	1,511,467	225,761
Assessment	10,932	211,307	211,583	10,656
Law Enforcement Training	2,295	4,186	5,231	1,250
Prosecuting Attorney Training	237	1,004	1,167	74
Capital Improvement Sales Tax	43,789	1,069,872	1,029,499	84,162
Sheriff Equipment	932	40	972	0
Sheriff Drug	1,668	71	1,739	0
DARE	3,661	792	733	3,720
Prosecuting Attorney Delinquent Tax	30	2	0	32
Prosecuting Attorney Drug	690	43	163	570
Recorder User Fee	12,173	17,082	20,308	8,947
Local Emergency Planning Commission	5,897	5,491	3,725	7,663
Peace Officers Standards Training	0	2,091	2,091	0
Sheriff	5,218	53,572	45,418	13,372
Election Services	262	5,501	245	5,518
Children's Trust	8,266	1,712	4,000	5,978
Health Center	149,613	696,466	679,436	166,643
Senate Bill 40 Board	22,885	178,094	170,042	30,937
Emergency 911	608,900	437,615	496,197	550,318
Law Library	10,281	15,325	13,299	12,307
Circuit Clerk Interest	4,164	1,721	138	5,747
Associate Circuit Division Interest	1,758	1,660	543	2,875
Recorder Equipment	0	4,386	0	4,386
Tax Maintenance	0	0	0	0
MOPS	0	0	0	0
Total	\$1,623,180	\$6,226,483	\$6,461,647	\$1,388,016

EXHIBIT B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$7,921,389	\$8,123,833	\$202,444	\$6,132,633	\$6,226,483	\$93,850
DISBURSEMENTS	8,019,500	7,749,278	270,222	6,721,564	6,461,647	259,917
RECEIPTS OVER (UNDER) DISBURSEMENTS	(98,111)	374,555	472,666	(588,931)	(235,164)	353,767
CASH, JANUARY 1	1,388,016	1,388,016	0	1,623,180	1,623,180	0
CASH, DECEMBER 31	1,289,905	1,762,571	472,666	1,034,249	1,388,016	353,767
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	83,868	95,977	12,109	80,713	109,316	28,603
Sales taxes	1,055,514	1,036,857	(18,657)	1,013,803	1,013,803	0
Intergovernmental	157,870	168,833	10,963	84,736	79,626	(5,110)
Charges for services	612,339	806,013	193,674	514,678	677,181	162,503
Interest	22,000	21,891	(109)	25,000	39,174	14,174
Other	395,995	169,929	(226,066)	187,525	11,908	(175,617)
Transfers in	55,375	39,361	(16,014)	51,500	41,169	(10,331)
Total Receipts	2,382,961	2,338,861	(44,100)	1,957,955	1,972,177	14,222
DISBURSEMENTS						
County Commission	87,035	86,129	906	86,700	86,302	398
County Clerk	90,600	88,803	1,797	83,057	82,249	808
Elections	68,350	62,570	5,780	47,050	33,970	13,080
Buildings and grounds	82,260	98,708	(16,448)	100,770	80,866	19,904
Employee fringe benefits	196,340	175,153	21,187	151,800	155,243	(3,443)
County Treasurer	36,287	33,003	3,284	33,722	32,910	812
County Collector	89,071	86,063	3,008	85,234	83,835	1,399
Ex Officio Recorder of Deeds	37,852	37,205	647	35,598	35,575	23
Circuit Clerk	12,300	8,425	3,875	17,600	17,596	4
Associate Circuit Court	22,650	16,531	6,119	16,495	19,045	(2,550)
Associate Probate Court	0	0	0	11,200	0	11,200
Court Administration	16,250	4,722	11,528	7,325	15,948	(8,623)
Public Administrator	57,615	54,357	3,258	61,064	58,078	2,986
Sheriff	696,141	729,931	(33,790)	736,632	734,075	2,557
Jail	135,461	104,683	30,778	0	354	(354)
Prosecuting Attorney	163,644	161,230	2,414	132,709	126,351	6,358
Juvenile Officer	45,596	29,866	15,730	93,150	36,316	56,834
County Coroner	15,675	14,709	966	15,655	15,270	385
Circuit Judge	12,658	3,285	9,373	13,310	3,946	9,364
Purchasing Agent	24,371	24,189	182	13,474	22,579	(9,105)
Emergency Management	15,132	13,755	1,377	12,697	11,929	768
Other	241,882	163,087	78,795	156,134	121,819	34,315
Health and Welfare	10,000	22,311	(12,311)	10,000	43,545	(33,545)
Debt Service	140,375	140,375	0	415,120	418,304	(3,184)
Transfers out	17,671	14,374	3,297	28,491	27,546	945
Emergency Fund	62,650	0	62,650	57,750	0	57,750
Total Disbursements	2,377,866	2,173,464	204,402	2,422,737	2,263,651	159,086
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,095	165,397	160,302	(464,782)	(291,474)	173,308
CASH, JANUARY 1	247,100	247,100	0	538,574	538,574	0
CASH, DECEMBER 31	\$252,195	\$412,497	\$160,302	\$73,792	\$247,100	\$173,308

EXHIBIT B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	\$345,899	\$396,845	\$50,946	\$324,785	\$377,337	\$52,552
Intergovernmental	2,021,594	2,116,734	95,140	925,830	887,354	(38,476)
Charges for services	250,000	66,392	(183,608)	250,000	243,000	(7,000)
Interest	22,000	22,880	880	15,000	21,399	6,399
Other	3,250	20,065	16,815	15,900	17,183	1,283
Transfers in	0	130,920	130,920	0	0	0
Total Receipts	2,642,743	2,753,836	111,093	1,531,515	1,546,273	14,758
DISBURSEMENTS						
Salaries	505,297	508,534	(3,237)	480,000	461,923	18,077
Employee fringe benefits	110,282	112,531	(2,249)	100,925	84,165	16,760
Supplies	22,750	27,784	(5,034)	21,500	22,674	(1,174)
Insurance	40,000	40,400	(400)	30,000	29,382	618
Road and bridge materials	125,000	127,938	(2,938)	158,000	155,982	2,018
Equipment repairs	93,000	119,546	(26,546)	90,000	91,474	(1,474)
Rentals	17,500	20,949	(3,449)	15,000	16,375	(1,375)
Equipment purchases	60,000	55,513	4,487	70,500	84,704	(14,204)
Construction, repair, and maintenance	1,333,500	1,226,332	107,168	386,000	388,434	(2,434)
Distribution to special road district	145,000	140,289	4,711	140,000	142,863	(2,863)
Other	25,500	12,846	12,654	24,500	18,491	6,009
Transfers out	215,000	213,000	2,000	15,000	15,000	0
Total Disbursements	2,692,829	2,605,662	87,167	1,531,425	1,511,467	19,958
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50,086)	148,174	198,260	90	34,806	34,716
CASH, JANUARY 1	225,761	225,761	0	190,955	190,955	0
CASH, DECEMBER 31	175,675	373,935	198,260	191,045	225,761	34,716
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	180,489	183,540	3,051	186,861	180,087	(6,774)
Charges for services	1,000	2,988	1,988	0	2,273	2,273
Interest	1,500	2,819	1,319	0	2,869	2,869
Other	0	1	1	12,932	120	(12,812)
Transfers in	16,423	14,171	(2,252)	26,138	25,958	(180)
Total Receipts	199,412	203,519	4,107	225,931	211,307	(14,624)
DISBURSEMENTS						
Assessor	210,068	188,580	21,488	226,731	211,583	15,148
Total Disbursements	210,068	188,580	21,488	226,731	211,583	15,148
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,656)	14,939	25,595	(800)	(276)	524
CASH, JANUARY 1	10,656	10,656	0	10,932	10,932	0
CASH, DECEMBER 31	0	25,595	25,595	10,132	10,656	524
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	5,500	3,252	(2,248)	5,088	4,100	(988)
Interest	0	55	55	64	86	22
Total Receipts	5,500	3,307	(2,193)	5,152	4,186	(966)
DISBURSEMENTS						
Sheriff	5,500	3,731	1,769	6,100	5,231	869
Total Disbursements	5,500	3,731	1,769	6,100	5,231	869
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(424)	(424)	(948)	(1,045)	(97)
CASH, JANUARY 1	1,250	1,250	0	2,295	2,295	0
CASH, DECEMBER 31	\$1,250	\$826	(\$424)	\$1,347	\$1,250	(\$97)

EXHIBIT B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	\$1,100	\$810	(\$290)	\$1,250	\$987	(\$263)
Interest	0	10	10	0	17	17
Total Receipts	1,100	820	(280)	1,250	1,004	(246)
DISBURSEMENTS						
Prosecuting Attorney	1,100	634	466	1,200	1,167	33
Total Disbursements	1,100	634	466	1,200	1,167	33
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	186	186	50	(163)	(213)
CASH, JANUARY 1	74	74	0	237	237	0
CASH, DECEMBER 31	74	260	186	287	74	(213)
<u>CAPITAL IMPROVEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	1,055,514	1,036,824	(18,690)	1,013,804	1,014,892	1,088
Interest	10,000	3,294	(6,706)	10,000	9,865	(135)
Other	0	223	223	45,000	45,115	115
Transfers in	200,000	198,000	(2,000)	0	0	0
Total Receipts	1,265,514	1,238,341	(27,173)	1,068,804	1,069,872	1,068
DISBURSEMENTS						
Equipment	65,000	109,646	(44,646)	102,500	96,365	6,135
Road and bridge materials	1,020,000	957,307	62,693	772,500	773,086	(586)
Distribution to special road district	175,000	163,499	11,501	159,877	160,048	(171)
Total Disbursements	1,260,000	1,230,452	29,548	1,034,877	1,029,499	5,378
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,514	7,889	2,375	33,927	40,373	6,446
CASH, JANUARY 1	84,162	84,162	0	43,789	43,789	0
CASH, DECEMBER 31	89,676	92,051	2,375	77,716	84,162	6,446
<u>SHERIFF EQUIPMENT FUND</u>						
RECEIPTS						
Interest	0	1,030	1,030	50	40	(10)
Total Receipts	0	1,030	1,030	50	40	(10)
DISBURSEMENTS						
Transfers out	0	0	0	972	972	0
Total Disbursements	0	0	0	972	972	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,030	1,030	(922)	(932)	(10)
CASH, JANUARY 1	0	0	0	932	932	0
CASH, DECEMBER 31	0	1,030	1,030	10	0	(10)
<u>SHERIFF DRUG FUND</u>						
RECEIPTS						
Interest	0	0	0	95	71	(24)
Total Receipts	0	0	0	95	71	(24)
DISBURSEMENTS						
Equipment	0	0	0	1,350	0	1,350
Transfers out	0	0	0	1,739	1,739	0
Total Disbursements	0	0	0	3,089	1,739	1,350
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(2,994)	(1,668)	1,326
CASH, JANUARY 1	0	0	0	1,668	1,668	0
CASH, DECEMBER 31	0	0	0	(1,326)	0	1,326
<u>DARE FUND</u>						
RECEIPTS						
Interest	150	239	89	150	197	47
Other	1,800	3,174	1,374	0	595	595
Total Receipts	1,950	3,413	1,463	150	792	642
DISBURSEMENTS						
Sheriff	4,614	2,094	2,520	750	733	17
Total Disbursements	4,614	2,094	2,520	750	733	17
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,664)	1,319	3,983	(600)	59	659
CASH, JANUARY 1	3,720	3,720	0	3,661	3,661	0
CASH, DECEMBER 31	\$1,056	\$5,039	\$3,983	\$3,061	\$3,720	\$659

EXHIBIT B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Interest	\$2	\$2	\$0	\$2	\$2	\$0
Total Receipts	2	2	0	2	2	0
DISBURSEMENTS						
Prosecuting Attorney	32	0	32	0	0	0
Total Disbursements	32	0	32	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30)	2	32	2	2	0
CASH, JANUARY 1	32	32	0	30	30	0
CASH, DECEMBER 31	2	34	32	32	32	0
<u>PROSECUTING ATTORNEY DRUG FUND</u>						
RECEIPTS						
Interest	45	16	(29)	50	43	(7)
Total Receipts	45	16	(29)	50	43	(7)
DISBURSEMENTS						
Prosecuting Attorney	600	586	14	500	163	337
Total Disbursements	600	586	14	500	163	337
RECEIPTS OVER (UNDER) DISBURSEMENTS	(555)	(570)	(15)	(450)	(120)	330
CASH, JANUARY 1	570	570	0	690	690	0
CASH, DECEMBER 31	15	0	(15)	240	570	330
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for services	16,500	21,909	5,409	15,500	16,532	1,032
Interest	550	795	245	710	550	(160)
Total Receipts	17,050	22,704	5,654	16,210	17,082	872
DISBURSEMENTS						
Ex Officio Recorder of Deeds	17,938	15,153	2,785	22,000	20,308	1,692
Total Disbursements	17,938	15,153	2,785	22,000	20,308	1,692
RECEIPTS OVER (UNDER) DISBURSEMENTS	(888)	7,551	8,439	(5,790)	(3,226)	2,564
CASH, JANUARY 1	8,947	8,947	0	12,173	12,173	0
CASH, DECEMBER 31	8,059	16,498	8,439	6,383	8,947	2,564
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	3,900	5,731	1,831	2,700	5,170	2,470
Interest	275	0	(275)	225	321	96
Total Receipts	4,175	5,731	1,556	2,925	5,491	2,566
DISBURSEMENTS						
Emergency planning	9,400	3,452	5,948	5,171	2,225	2,946
Transfers out	0	1,500	(1,500)	0	1,500	(1,500)
Total Disbursements	9,400	4,952	4,448	5,171	3,725	1,446
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,225)	779	6,004	(2,246)	1,766	4,012
CASH, JANUARY 1	7,663	7,663	0	5,897	5,897	0
CASH, DECEMBER 31	2,438	8,442	6,004	3,651	7,663	4,012
<u>PEACE OFFICERS STANDARDS TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,400	2,423	23	2,000	2,091	91
Total Receipts	2,400	2,423	23	2,000	2,091	91
DISBURSEMENTS						
Sheriff	2,400	2,423	(23)	2,100	2,091	9
Total Disbursements	2,400	2,423	(23)	2,100	2,091	9
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(100)	0	100
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	\$0	\$0	\$0	(\$100)	\$0	\$100

EXHIBIT B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF FUND</u>						
RECEIPTS						
Charges for services	\$40,000	\$36,898	(\$3,102)	\$49,500	\$50,032	\$532
Interest	350	729	379	500	784	284
Other	0	2,558	2,558	0	45	45
Transfers in	0	0	0	2,711	2,711	0
Total Receipts	40,350	40,185	(165)	52,711	53,572	861
DISBURSEMENTS						
Sheriff	40,350	41,447	(1,097)	49,000	45,418	3,582
Total Disbursements	40,350	41,447	(1,097)	49,000	45,418	3,582
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,262)	(1,262)	3,711	8,154	4,443
CASH, JANUARY 1	13,372	13,372	0	5,218	5,218	0
CASH, DECEMBER 31	13,372	12,110	(1,262)	8,929	13,372	4,443
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for services	5,350	2,763	(2,587)	100	3,813	3,713
Interest	100	303	203	50	150	100
Transfers in	0	203	203	2,533	1,538	(995)
Total Receipts	5,450	3,269	(2,181)	2,683	5,501	2,818
DISBURSEMENTS						
Election services	4,000	4,508	(508)	1,450	245	1,205
Total Disbursements	4,000	4,508	(508)	1,450	245	1,205
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,450	(1,239)	(2,689)	1,233	5,256	4,023
CASH, JANUARY 1	5,518	5,518	0	262	262	0
CASH, DECEMBER 31	6,968	4,279	(2,689)	1,495	5,518	4,023
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for services	1,300	1,338	38	1,100	1,300	200
Interest	0	314	314	200	412	212
Total Receipts	1,300	1,652	352	1,300	1,712	412
DISBURSEMENTS						
Domestic violence shelters	4,000	4,000	0	4,000	4,000	0
Total Disbursements	4,000	4,000	0	4,000	4,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,700)	(2,348)	352	(2,700)	(2,288)	412
CASH, JANUARY 1	5,978	5,978	0	8,266	8,266	0
CASH, DECEMBER 31	3,278	3,630	352	5,566	5,978	412
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	296,351	316,869	20,518	294,893	302,633	7,740
Intergovernmental	332,016	347,622	15,606	240,360	290,868	50,508
Charges for services	84,693	90,175	5,482	109,980	92,796	(17,184)
Interest	3,800	8,258	4,458	4,500	10,169	5,669
Total Receipts	716,860	762,924	46,064	649,733	696,466	46,733
DISBURSEMENTS						
Salaries	518,537	514,613	3,924	424,050	488,071	(64,021)
Fringe benefits	0	0	0	96,500	0	96,500
Office expenditures	16,845	17,674	(829)	19,750	16,077	3,673
Equipment	10,500	6,860	3,640	13,550	7,174	6,376
Contractual services	34,917	43,977	(9,060)	0	45,922	(45,922)
Medical and other	135,000	141,105	(6,105)	137,975	122,192	15,783
Total Disbursements	715,799	724,229	(8,430)	691,825	679,436	12,389
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,061	38,695	37,634	(42,092)	17,030	59,122
CASH, JANUARY 1	166,643	166,643	0	149,613	149,613	0
CASH, DECEMBER 31	\$167,704	\$205,338	\$37,634	\$107,521	\$166,643	\$59,122

EXHIBIT B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	\$178,857	\$165,260	(\$13,597)	\$168,510	\$157,805	(\$10,705)
Intergovernmental	0	17,364	17,364	0	16,197	16,197
Interest	0	4,203	4,203	0	4,092	4,092
Total Receipts	178,857	186,827	7,970	168,510	178,094	9,584
DISBURSEMENTS						
Contractual services	181,417	181,364	53	170,042	170,042	0
Total Disbursements	181,417	181,364	53	170,042	170,042	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,560)	5,463	8,023	(1,532)	8,052	9,584
CASH, JANUARY 1	30,937	30,937	0	22,885	22,885	0
CASH, DECEMBER 31	28,377	36,400	8,023	21,353	30,937	9,584
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Sales taxes	426,195	414,724	(11,471)	402,387	405,900	3,513
Interest	15,000	17,778	2,778	20,000	29,860	9,860
Other	0	91,100	91,100	2,790	1,855	(935)
Total Receipts	441,195	523,602	82,407	425,177	437,615	12,438
DISBURSEMENTS						
Salaries	95,175	89,528	5,647	83,145	78,458	4,687
Office expense	19,065	17,585	1,480	18,455	17,837	618
Equipment	3,110	2,528	582	24,365	2,476	21,889
Contractual services	329,210	323,629	5,581	400,475	394,284	6,191
Mileage and training	4,635	4,406	229	4,725	2,717	2,008
Miscellaneous	40,000	117,038	(77,038)	0	425	(425)
Total Disbursements	491,195	554,714	(63,519)	531,165	496,197	34,968
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50,000)	(31,112)	18,888	(105,988)	(58,582)	47,406
CASH, JANUARY 1	550,318	550,318	0	608,900	608,900	0
CASH, DECEMBER 31	500,318	519,206	18,888	502,912	550,318	47,406
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	0	16,006	16,006	14,130	15,325	1,195
Total Receipts	0	16,006	16,006	14,130	15,325	1,195
DISBURSEMENTS						
Ex Officio Recorder of Deeds	0	10,855	(10,855)	14,130	13,299	831
Total Disbursements	0	10,855	(10,855)	14,130	13,299	831
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	5,151	5,151	0	2,026	2,026
CASH, JANUARY 1	12,307	12,307	0	10,281	10,281	0
CASH, DECEMBER 31	12,307	17,458	5,151	10,281	12,307	2,026
<u>CIRCUIT CLERK INTEREST</u>						
RECEIPTS						
Interest	1,200	276	(924)	2,300	1,721	(579)
Total Receipts	1,200	276	(924)	2,300	1,721	(579)
DISBURSEMENTS						
Circuit Clerk	0	20	(20)	2,300	138	2,162
Total Disbursements	0	20	(20)	2,300	138	2,162
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,200	256	(944)	0	1,583	1,583
CASH, JANUARY 1	5,747	5,747	0	4,164	4,164	0
CASH, DECEMBER 31	\$6,947	\$6,003	(\$944)	\$4,164	\$5,747	\$1,583

EXHIBIT B

WEBSTER COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST</u>						
RECEIPTS						
Interest	\$0	\$1,096	\$1,096	\$0	\$1,660	\$1,660
Total Receipts	0	1,096	1,096	0	1,660	1,660
DISBURSEMENTS						
Associate Circuit Division Clerk	0	0	0	0	543	(543)
Total Disbursements	0	0	0	0	543	(543)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,096	1,096	0	1,117	1,117
CASH, JANUARY 1	2,875	2,875	0	1,758	1,758	0
CASH, DECEMBER 31	2,875	3,971	1,096	1,758	2,875	1,117
<u>RECORDER EQUIPMENT FUND</u>						
RECEIPTS						
Charges for services	10,500	11,211	711	4,000	4,386	386
Interest	0	593	593	0	0	0
Total Receipts	10,500	11,804	1,304	4,000	4,386	386
DISBURSEMENTS						
Ex Officio Recorder of Deeds	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	10,500	11,804	1,304	4,000	4,386	386
CASH, JANUARY 1	4,386	4,386	0	0	0	0
CASH, DECEMBER 31	14,886	16,190	1,304	4,000	4,386	386
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	2,800	2,189	(611)	0	0	0
Total Receipts	2,800	2,189	(611)	0	0	0
DISBURSEMENTS						
Equipment and other	367	410	(43)	0	0	0
Total Disbursements	367	410	(43)	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,433	1,779	(654)	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	2,433	1,779	(654)	0	0	0
<u>MOPS</u>						
RECEIPTS						
Charges for services	25	0	(25)	0	0	0
Total Receipts	25	0	(25)	0	0	0
DISBURSEMENTS						
Other	25	0	25	0	0	0
Total Disbursements	25	0	25	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	\$0	\$0	\$0	\$0	\$0	\$0

Notes to the Financial Statements

WEBSTER COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Webster County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, or an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Emergency 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Section 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Funds</u>	<u>Year(s) Ended December 31,</u>
Sheriff Equipment Fund	2002
Law Library Fund	2002
Associate Circuit Division Interest Fund	2002 and 2001
Recorder Equipment Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Funds</u>	<u>Year(s) Ended December 31,</u>
Peace Officers Standards Training Fund	2002
Sheriff Fund	2002
Election Services Fund	2002
Health Center Fund	2002
Emergency 911 Fund	2002
Circuit Clerk Interest	2002
Tax Maintenance Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Funds</u>	<u>Year(s) Ended December 31,</u>
Sheriff Drug Fund	2002
Law Library Fund	2002 and 2001
Circuit Clerk Interest	2002 and 2001
Associate Circuit Division Interest	2002 and 2001

For the Health Center Fund, the county's published financial statement for the years ended December 31, 2002 and 2001 included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No 3 of the Government Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001 were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's, Senate Bill 40 Board's, and Emergency 911 Board's deposits at December 31, 2002 and 2001 were entirely covered by the federal depository insurance or by collateral securities held by the custodial banks in the applicable boards' name.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

WEBSTER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2002	2001
U.S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health-				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2213	\$ 115,916	\$ 116,380
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
Missouri Sheriff's Association-				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	0	1,424
16.unknown	MOSMART	N/A	1,238	6,958
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management-State and Local Assistance	N/A	13,755	11,929
83.544	Public Assistance Grants	N/A	1,052,817	0
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health-				
93.268	Immunization Grants	N/A	66,438	50,150
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	N/A ERS161-20024	97,412	62,813
93.994	Maternal and Child Health Services Block Grant to the States	N/A	714	5,642
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission-				
20.205	Highway Planning and Construction	BRO-112(3)	343,020	0
20.703	Missouri Emergency Response Commission-Hazardous Material	N/A	2,610	2,560
Total Expenditures of Federal Awards			\$ 1,693,920	\$ 257,856

N/A - Not applicable

Notes to the Supplementary Schedule

WEBSTER COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Webster County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food, commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$66,438 and \$50,150 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the State Department of Health during the years ended December 31, 2002 and 2001. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$714 and \$5,642 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2002 and 2001. The remaining amounts for the Immunization Grants and the Maternal and Child Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

Federal Awards-
Single Audit Section

Independent Auditor's Report

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The County Commission
and
Officeholders of Webster County, Missouri

Compliance

We have audited the compliance of Webster County, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Webster County, Missouri, complied in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 2002-1.

Internal Control Over Compliance

The management of Webster County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 2002-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Webster County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor
Charles Buchanan CPA, PC
May 30, 2003

Schedule

Webster County, Missouri
Schedule of Findings and Questioned Costs
(Including Management's Plan For Corrective Action)
Two Years Ended December 31, 2002

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable condition identified that is not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness identified? yes x no

Reportable condition identified that is not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section.510(a) of OMB Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying Number

83.544
20.205

Program Title

Public Assistance Grants
Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes x no

Section II-Financial Statement Findings

This section includes no audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III-Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Repeat Finding: 2002-1 Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying Number:	BRO-112(3)
Award Year:	2002
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of State and Local Government, and Nonprofit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the year ended December 31, 2002, the county's SEFA omitted expenditures of \$343,020 for the Highway Planning and Construction Program. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

For the federal financial schedules to adequately reflect the county's federal financial assistance expenditures, it is necessary that all federal financial expenditures be properly reported. Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

We recommend the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Auditee's Response and Plan for Corrective Action

The Schedule of Federal Awards is completed as a supplement to the county budget in January of each year. The County Clerk submits requests for information to the county departments and independent boards which typically receive federal funding. The information is compiled as received. The County Clerk has no independent means of tracking revenues from programs funded by the federal government, nor the means to verify the reports submitted by recipients are accurate and complete. Greater emphasis will be given to encourage recipients to track and report federal money during the remainder of 2003 in preparation for the 2004 budget.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

WEBSTER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior report issued for the two years ended December 31, 2000, included no audit findings that Government Auditing Standards requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

**WEBSTER COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings Question Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresent the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

00-1 Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grant/State's Program
Pass-Through Entity	
Identifying Number:	97-ED-10
Award Year:	1999
Questioned Costs	

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA as required by Section 310(b) of Circular A-133, *Audits of State, Local Government, and Nonprofit Organizations* and the State Auditor's Office as a part of the annual budget.

Recommendation

The County Clerk prepares a complete and accurate schedule of expenditures of federal awards.

Status

Not implemented.

Management Advisory Report Section

Management Advisory Report-
Independent Auditor's Findings

**Webster County, Missouri
Management Advisory Report-
Independent Auditor's Findings**

We have audited the special-purpose financial statements of various funds of Webster County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 30, 2003. We have also audited the compliance of Webster County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 30, 2003.

As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Webster County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. Associate Circuit Division's Records and Procedures

Monthly bank reconciliation procedures were inadequate for all five (criminal, civil, small claims, probate, and traffic) divisions.

- None of the divisions prepare bank reconciliations on a routine monthly basis.
- Eight of twenty-four bank statements were missing for the criminal division for the two years ended December 31, 2002.

As a result of not preparing bank reconciliations several of the divisions do not have adequate procedures to follow up on checks that have been outstanding for over a year.

Bank reconciliations are an essential element in determining if transactions are properly recorded and discovering errors or omissions in a timely manner. In addition, an attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued or voided as necessary. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

We recommend the Associate Circuit Division reconcile the cash balances to the monthly open-items listing and investigate and resolve any differences.

Auditee's Response

We were unable to obtain a response from the Associate Circuit Division.



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of St. Clair County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of St. Clair County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Davis, Lynn & Moots, P.C., Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-66
July 8, 2003

ST. CLAIR COUNTY, MISSOURI

FINANCIAL STATEMENTS

Years Ended December 31, 2002 and 2001

ST. CLAIR COUNTY, MISSOURI

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ST. CLAIR COUNTY, MISSOURI

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FINANCIAL SECTION

Independent Auditors' Reports

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of St. Clair County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of St. Clair County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of St. Clair County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of St. Clair County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of St. Clair County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The accompanying special purpose financial statements have been prepared assuming that the St. Clair County Health Center will continue as a going concern. As discussed in Note 4 to the special purpose financial statements, the Health Center has needed to increase its short-term loans, which includes tax anticipation notes, in order to meet the Center's cash flow needs. If cash receipts and disbursements remain unchanged for the next year the Center will be required to borrow more than what the Center would receive in tax revenues. These conditions raise a substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 4. The special purpose financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 13, 2003, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

February 13, 2003

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of St. Clair County, Missouri

We have audited the special-purpose financial statements of various funds of St. Clair County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon, dated February 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of St. Clair County, Missouri are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 02-1.

We have also noted certain immaterial instances of noncompliance that we have reported to management of St. Clair County, Missouri in a separate letter dated February 13, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of St. Clair County, Missouri, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect St. Clair County's ability to record, process, summarize and report financial data consistent with the assertions of management in the special purpose financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as item 02-2 and 02-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are material weaknesses.

This report is intended solely for the information and use of the County Commission, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Original Signed by Auditor

February 13, 2003

Financial Statements

Exhibit A-1

ST. CLAIR COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
Year Ended December 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 223,206	\$ 3,294,661	\$ 2,788,301	\$ 729,566
Special Road and Bridge	261,801	946,035	960,354	247,482
Assessment	18,278	113,123	118,945	12,456
Law Enforcement Training	8,179	4,302	8,631	3,850
Prosecuting Attorney Training	1,322	788	908	1,202
Lake Patrol	9,112	39,284	23,062	25,334
Recorder's Maintenance	45,789	14,751	3,792	56,748
Prosecuting Attorney Administrative	12,221	5,801	16,510	1,512
Sheriff Drug	1,001	-	-	1,001
Sheriff Civil Fees	3,850	10,896	5,742	9,004
Local Emergency Planning Commission	7,853	4,796	5,007	7,642
Domestic Violence	205	358	413	150
Circuit Clerk Interest	13,736	4,036	4,235	13,537
Law Library	3,669	3,992	3,656	4,005
Health Center	15,013	898,133	905,733	7,413
Election Services Fund	3,591	3,189	1,505	5,275
Tax Maintenance	-	134	134	-
TOTAL	\$ 628,826	\$ 5,344,279	\$ 4,846,928	\$ 1,126,177

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

ST. CLAIR COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
Year Ended December 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 114,970	\$ 2,786,326	\$ 2,678,090	\$ 223,206
Special Road and Bridge	283,380	914,519	936,098	261,801
Assessment	15,979	115,836	113,537	18,278
Law Enforcement Training	10,413	4,600	6,834	8,179
Prosecuting Attorney Training	722	699	99	1,322
Lake Patrol	16,291	26,951	34,130	9,112
Recorder's Maintenance	39,494	8,506	2,211	45,789
Prosecuting Attorney Administrative	12,077	5,160	5,016	12,221
Sheriff Drug	1,001	-	-	1,001
Federal Prisoner Medical	444	6,328	6,772	-
Sheriff Civil Fees	7,769	11,884	15,803	3,850
Local Emergency Planning Commission	5,445	4,590	2,182	7,853
Domestic Violence	250	435	480	205
Circuit Clerk Interest	10,396	5,440	2,100	13,736
Law Library	3,999	3,724	4,054	3,669
Health Center	10,717	845,593	841,297	15,013
Election Services Fund	2,175	1,746	330	3,591
TOTAL	\$ 535,522	\$ 4,742,337	\$ 4,649,033	\$ 628,826

The accompanying Notes to the Financial Statements are an integral part of this statement.

ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 4,751,488	\$ 5,344,279	\$ 592,791	\$ 4,813,885	\$ 4,742,337	\$ (71,548)
DISBURSEMENTS	5,179,422	4,846,928	332,494	5,214,166	4,649,033	565,133
RECEIPTS OVER (UNDER)	(427,934)	497,351	925,285	(400,281)	93,304	493,585
CASH, January 1	628,826	628,826	-	535,522	535,522	-
CASH, December 31	\$ 200,892	\$ 1,126,177	\$ 925,285	\$ 135,241	\$ 628,826	\$ 493,585
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	\$ 256,156	\$ 295,259	\$ 39,103	\$ 254,648	\$ 278,399	\$ 23,751
Sales taxes	235,000	252,974	17,974	235,000	244,080	9,080
Intergovernmental	2,097,330	2,405,156	307,826	1,819,490	1,842,645	23,155
Charges for services	216,350	231,433	15,083	137,350	201,221	63,871
Interest	19,000	31,325	12,325	10,000	17,566	7,566
Bank loan	-	-	-	190,000	125,128	(64,872)
Other	19,406	28,715	9,309	65,650	38,691	(26,959)
Transfers in	45,816	49,799	3,983	34,400	38,596	4,196
TOTAL RECEIPTS	2,889,058	3,294,661	405,603	2,746,538	2,786,326	39,788
DISBURSEMENTS						
County Commission	85,300	82,270	3,030	83,963	80,610	3,353
County Clerk	88,805	86,550	2,255	94,440	91,518	2,922
Elections	54,406	46,941	7,465	23,410	11,665	11,745
Buildings and grounds	111,456	106,180	5,276	250,412	264,720	(14,308)
County Treasurer	33,203	31,783	1,420	31,519	30,298	1,221
County Collector	85,598	82,324	3,274	81,769	76,039	5,730
Ex Officio Recorder of Deeds	22,786	16,442	6,344	25,687	19,155	6,532
Circuit Clerk	19,960	17,320	2,640	22,135	19,585	2,550
Court administration	19,521	4,596	14,925	26,695	17,067	9,628
Public Administrator	17,674	16,031	1,643	16,199	14,256	1,943
Sheriff	275,418	250,671	24,747	283,857	271,116	12,741
Jail	1,745,916	1,709,730	36,186	1,441,873	1,467,185	(25,312)
Prosecuting Attorney	92,146	83,913	8,233	100,521	99,883	638
Juvenile Officer	36,751	28,139	8,612	34,920	22,643	12,277
County Coroner	12,977	10,847	2,130	12,627	10,793	1,834
Health and welfare	800	2,215	(1,415)	800	800	-
Debt service	132,730	132,730	-	150,000	66,439	83,561
Other	88,525	55,754	32,771	81,916	61,959	19,957
Emergency fund	86,675	-	86,675	84,200	27,748	56,452
Transfers out	36,955	23,865	13,090	35,000	24,611	10,389
TOTAL DISBURSEMENTS	3,047,602	2,788,301	259,301	2,881,943	2,678,090	203,853
RECEIPTS OVER (UNDER)	(158,544)	506,360	664,904	(135,405)	108,236	243,641
CASH, January 1	223,206	223,206	-	114,970	114,970	-
CASH, December 31	\$ 64,662	\$ 729,566	\$ 664,904	\$ (20,435)	\$ 223,206	\$ 243,641

The accompanying Notes to the Financial Statements are an integral part of this statement.

ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
SPECIAL ROAD AND BRIDGE						
RECEIPTS						
Property taxes	\$ 233,800	\$ 257,952	\$ 24,152	\$ 230,035	\$ 239,778	\$ 9,743
Intergovernmental	612,000	619,109	7,109	625,000	645,015	20,015
Charges for services	3,000	1,238	(1,762)	2,500	2,670	170
Interest	18,000	16,916	(1,084)	15,000	17,283	2,283
Other	18,000	50,820	32,820	13,500	9,773	(3,727)
TOTAL RECEIPTS	884,800	946,035	61,235	886,035	914,519	28,484
DISBURSEMENTS						
Salaries	283,000	272,596	10,404	262,500	245,719	16,781
Employee fringe benefits	79,790	66,637	13,153	80,670	66,356	14,314
Supplies	4,850	2,190	2,660	2,350	3,282	(932)
Insurance	14,000	22,073	(8,073)	13,000	11,627	1,373
Road and bridge materials	272,000	211,843	60,157	270,500	168,102	102,398
Equipment repairs	87,500	24,961	62,539	87,500	38,741	48,759
Rentals	5,000	-	5,000	5,000	235	4,765
Equipment purchases	140,000	148,229	(8,229)	140,000	115,709	24,291
Construction, repair and	8,300	-	8,300	59,494	61,200	(1,706)
CART payments to special road	170,000	174,486	(4,486)	200,000	171,881	28,119
Other	1,800	4,185	(2,385)	7,600	23,067	(15,467)
Transfers out	34,000	33,154	846	30,000	30,179	(179)
TOTAL DISBURSEMENTS	1,100,240	960,354	139,886	1,158,614	936,098	222,516
RECEIPTS OVER (UNDER) DISBURSEMENTS	(215,440)	(14,319)	201,121	(272,579)	(21,579)	251,000
CASH, January 1	261,801	261,801	-	283,380	283,380	-
CASH, December 31	\$ 46,361	\$ 247,482	\$ 201,121	\$ 10,801	\$ 261,801	\$ 251,000
ASSESSMENT FUND						
RECEIPTS						
Intergovernmental	\$ 107,885	\$ 90,619	\$ (17,266)	\$ 99,310	\$ 92,901	\$ (6,409)
Interest	900	1,075	175	-	1,207	1,207
Other	2,700	1,429	(1,271)	2,700	1,728	(972)
Operating transfers in	36,955	20,000	(16,955)	35,000	20,000	(15,000)
TOTAL RECEIPTS	148,440	113,123	(35,317)	137,010	115,836	(21,174)
DISBURSEMENTS						
Assessor	144,563	118,945	25,618	131,388	113,537	17,851
TOTAL DISBURSEMENTS	144,563	118,945	25,618	131,388	113,537	17,851
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,877	(5,822)	(9,699)	5,622	2,299	(3,323)
CASH, January 1	18,278	18,278	-	15,979	15,979	-
CASH, December 31	\$ 22,155	\$ 12,456	\$ (9,699)	\$ 21,601	\$ 18,278	\$ (3,323)

The accompanying Notes to the Financial Statements are an integral part of this statement.

ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
LAW ENFORCEMENT						
TRAINING FUND						
RECEIPTS						
Charges for services	\$ 4,000	\$ 4,003	\$ 3	\$ 5,000	\$ 4,058	\$ (942)
Interest	-	299	299	420	542	122
TOTAL RECEIPTS	4,000	4,302	302	5,420	4,600	(820)
DISBURSEMENTS						
Sheriff	8,000	8,631	(631)	11,000	6,834	4,166
TOTAL DISBURSEMENTS	8,000	8,631	(631)	11,000	6,834	4,166
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,000)	(4,329)	(329)	(5,580)	(2,234)	3,346
CASH, January 1	8,179	8,179	-	10,413	10,413	-
CASH, December 31	<u>\$ 4,179</u>	<u>\$ 3,850</u>	<u>\$ (329)</u>	<u>\$ 4,833</u>	<u>\$ 8,179</u>	<u>\$ 3,346</u>
PROSECUTING ATTORNEY						
TRAINING FUND						
RECEIPTS						
Charges for services	\$ 600	\$ 710	\$ 110	\$ 500	\$ 650	\$ 150
Interest	25	78	53	-	49	49
TOTAL RECEIPTS	625	788	163	500	699	199
DISBURSEMENTS						
Prosecuting Attorney	625	108	517	500	99	401
Transfers out	-	800	(800)	-	-	-
TOTAL DISBURSEMENTS	625	908	(283)	500	99	401
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(120)	(120)	-	600	600
CASH, January 1	1,322	1,322	-	722	722	-
CASH, December 31	<u>\$ 1,322</u>	<u>\$ 1,202</u>	<u>\$ (120)</u>	<u>\$ 722</u>	<u>\$ 1,322</u>	<u>\$ 600</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
LAKE PATROL FUND						
RECEIPTS						
Intergovernmental	\$ 30,000	\$ 38,726	\$ 8,726	\$ 33,827	\$ 26,507	\$ (7,320)
Interest	-	558	558	-	444	444
TOTAL RECEIPTS	30,000	39,284	9,284	33,827	26,951	(6,876)
DISBURSEMENTS						
Salaries	24,050	17,488	6,562	20,111	19,993	118
Employee benefits	2,522	1,945	577	4,462	2,759	1,703
Office expenditures	835	689	146	1,200	-	1,200
Equipment	2,000	1,862	138	10,108	10,891	(783)
Mileage and training	-	-	-	3,000	386	2,614
Other	1,500	1,078	422	708	101	607
TOTAL DISBURSEMENTS	30,907	23,062	7,845	39,589	34,130	5,459
RECEIPTS OVER (UNDER) DISBURSEMENTS	(907)	16,222	17,129	(5,762)	(7,179)	(1,417)
CASH, January 1	9,112	9,112	-	16,291	16,291	-
CASH, December 31	\$ 8,205	\$ 25,334	\$ 17,129	\$ 10,529	\$ 9,112	\$ (1,417)
RECORDERS MAINTENANCE						
RECEIPTS						
Charges for services	\$ 8,500	\$ 8,158	\$ (342)	\$ 5,000	\$ 5,695	\$ 695
Interest	1,300	2,452	1,152	-	2,137	2,137
Operating transfers in	-	4,141	4,141	3,400	674	(2,726)
TOTAL RECEIPTS	9,800	14,751	4,951	8,400	8,506	106
DISBURSEMENTS						
Office expenditures	15,750	3,792	11,958	5,040	2,211	2,829
TOTAL DISBURSEMENTS	15,750	3,792	11,958	5,040	2,211	2,829
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,950)	10,959	16,909	3,360	6,295	2,935
CASH, January 1	45,789	45,789	-	39,494	39,494	-
CASH, December 31	\$ 39,839	\$ 56,748	\$ 16,909	\$ 42,854	\$ 45,789	\$ 2,935

The accompanying Notes to the Financial Statements are an integral part of this statement.

ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY						
ADMINISTRATIVE COST FUND						
RECEIPTS						
Charges for services	\$ 4,400	\$ 5,107	\$ 707	\$ 4,000	\$ 4,420	\$ 420
Interest	700	694	(6)	750	740	(10)
TOTAL RECEIPTS	5,100	5,801	701	4,750	5,160	410
DISBURSEMENTS						
Other	-	802	(802)	515	1,016	(501)
Transfer out	15,750	15,708	42	4,000	4,000	-
TOTAL DISBURSEMENTS	15,750	16,510	(760)	4,515	5,016	(501)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,650)	(10,709)	(59)	235	144	(91)
CASH, January 1	12,221	12,221	-	12,077	12,077	-
CASH, December 31	\$ 1,571	\$ 1,512	\$ (59)	\$ 12,312	\$ 12,221	\$ (91)
SHERIFF DRUG FUND						
RECEIPTS						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL RECEIPTS	-	-	-	-	-	-
DISBURSEMENTS						
Drug buy operations	750	-	750	-	-	-
TOTAL DISBURSEMENTS	750	-	750	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(750)	-	750	-	-	-
CASH, January 1	1,001	1,001	-	1,001	1,001	-
CASH, December 31	\$ 251	\$ 1,001	\$ 750	\$ 1,001	\$ 1,001	\$ -
FEDERAL PRISONER MEDICAL FUND						
RECEIPTS						
Intergovernmental				\$ 20,000	\$ 6,328	\$ (13,672)
TOTAL RECEIPTS				20,000	6,328	(13,672)
DISBURSEMENTS						
Prisoner medical				20,000	6,772	13,228
TOTAL DISBURSEMENTS				20,000	6,772	13,228
RECEIPTS OVER (UNDER) DISBURSEMENTS				-	(444)	(444)
CASH, January 1				444	444	-
CASH, December 31				\$ 444	\$ -	\$ (444)

The accompanying Notes to the Financial Statements are an integral part of this statement.

ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
SHERIFF CIVIL FEES FUND						
RECEIPTS						
Charges for services	\$ 20,000	\$ 10,896	\$ (9,104)	\$ 7,000	\$ 11,884	\$ 4,884
TOTAL RECEIPTS	20,000	10,896	(9,104)	7,000	11,884	4,884
DISBURSEMENTS						
Office expenditures	-	4,696	(4,696)	500	2,145	(1,645)
Equipment	13,000	1,046	11,954	9,000	13,658	(4,658)
TOTAL DISBURSEMENTS	13,000	5,742	7,258	9,500	15,803	(6,303)
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,000	5,154	(1,846)	(2,500)	(3,919)	(1,419)
CASH, January 1	3,850	3,850	-	7,769	7,769	-
CASH, December 31	\$ 10,850	\$ 9,004	\$ (1,846)	\$ 5,269	\$ 3,850	\$ (1,419)
LOCAL EMERGENCY COMMISSION FUND						
RECEIPTS						
Intergovernmental	\$ 2,500	\$ 4,465	\$ 1,965	\$ 2,000	\$ 4,285	\$ 2,285
Interest	200	331	131	-	305	305
TOTAL RECEIPTS	2,700	4,796	2,096	2,000	4,590	2,590
DISBURSEMENTS						
Office expenditures	1,750	4,107	(2,357)	1,550	1,429	121
Mileage and training	750	900	(150)	1,150	753	397
TOTAL DISBURSEMENTS	2,500	5,007	(2,507)	2,700	2,182	518
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	(211)	(411)	(700)	2,408	3,108
CASH, January 1	7,853	7,853	-	5,445	5,445	-
CASH, December 31	\$ 8,053	\$ 7,642	\$ (411)	\$ 4,745	\$ 7,853	\$ 3,108
DOMESTIC VIOLENCE FUND						
RECEIPTS						
Charges for services	\$ 425	\$ 358	\$ (67)	\$ 440	\$ 435	\$ (5)
TOTAL RECEIPTS	425	358	(67)	440	435	(5)
DISBURSEMENTS						
Transfers out	425	413	12	690	480	210
TOTAL DISBURSEMENTS	425	413	12	690	480	210
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(55)	(55)	(250)	(45)	205
CASH, January 1	205	205	-	250	250	-
CASH, December 31	\$ 205	\$ 150	\$ (55)	\$ -	\$ 205	\$ 205

The accompanying Notes to the Financial Statements are an integral part of this statement.

ST. CLAIR COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

Year Ended December 31,

	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
CIRCUIT CLERK INTEREST						
RECEIPTS						
Interest	\$ 2,000	\$ 4,036	\$ 2,036	\$ 2,200	\$ 5,440	\$ 3,240
TOTAL RECEIPTS	2,000	4,036	2,036	2,200	5,440	3,240
DISBURSEMENTS						
Circuit Clerk	13,950	4,235	9,715	2,097	2,100	(3)
TOTAL DISBURSEMENTS	13,950	4,235	9,715	2,097	2,100	(3)
RECEIPTS OVER (UNDER)	(11,950)	(199)	11,751	103	3,340	3,237
CASH, January 1	13,736	13,736	-	10,396	10,396	-
CASH, December 31	\$ 1,786	\$ 13,537	\$ 11,751	\$ 10,499	\$ 13,736	\$ 3,237
LAW LIBRARY FUND						
RECEIPTS						
Charges for services	\$ 3,600	\$ 3,992	\$ 392	\$ 3,500	\$ 3,724	\$ 224
TOTAL RECEIPTS	3,600	3,992	392	3,500	3,724	224
DISBURSEMENTS						
Law library	3,650	3,656	(6)	3,500	4,054	(554)
TOTAL DISBURSEMENTS	3,650	3,656	(6)	3,500	4,054	(554)
RECEIPTS OVER (UNDER)	(50)	336	386	-	(330)	(330)
CASH, January 1	3,669	3,669	-	3,999	3,999	-
CASH, December 31	\$ 3,619	\$ 4,005	\$ 386	\$ 3,999	\$ 3,669	\$ (330)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	\$ 158,315	\$ 159,854	\$ 1,539	\$ 147,000	\$ 148,492	\$ 1,492
Intergovernmental	577,750	561,688	(16,062)	138,340	577,786	439,446
Tax anticipation note	-	140,000	140,000	130,000	85,000	(45,000)
Bank loan	-	18,500	18,500	-	-	-
Interest	1,000	1,369	369	2,200	1,199	(1,001)
Other	11,800	16,722	4,922	538,200	33,116	(505,084)
TOTAL RECEIPTS	748,865	898,133	149,268	955,740	845,593	(110,147)
DISBURSEMENTS						
Salaries	562,090	629,160	(67,070)	541,528	536,241	5,287
Office expenditures	8,000	50,098	(42,098)	5,000	11,223	(6,223)
Equipment	10,000	13,878	(3,878)	17,000	9,936	7,064
Mileage and training	15,000	14,779	221	33,000	17,152	15,848
Program costs	46,500	106,376	(59,876)	201,612	77,271	124,341
Other	46,500	1,466	45,034	44,150	70,788	(26,638)
Tax anticipation note-including	89,920	89,976	(56)	100,000	118,686	(18,686)
TOTAL DISBURSEMENTS	778,010	905,733	(127,723)	942,290	841,297	100,993
RECEIPTS OVER (UNDER)	(29,145)	(7,600)	21,545	13,450	4,296	(9,154)
CASH, January 1	15,013	15,013	-	10,717	10,717	-
CASH, December 31	\$ (14,132)	\$ 7,413	\$ 21,545	\$ 24,167	\$ 15,013	\$ (9,154)

The accompanying Notes to the Financial Statements are an integral part of this statement.

ST. CLAIR COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
ELECTION SERVICES FUND						
RECEIPTS						
Intergovernmental	\$ 2,000	\$ 3,029	\$ 1,029	\$ 500	\$ 1,611	\$ 1,111
Interest	75	160	85	25	135	110
TOTAL RECEIPTS	2,075	3,189	1,114	525	1,746	1,221
DISBURSEMENTS						
Election	3,700	1,505	2,195	800	330	470
TOTAL DISBURSEMENTS	3,700	1,505	2,195	800	330	470
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,625)	1,684	3,309	(275)	1,416	1,691
CASH, January 1	3,591	3,591	-	2,175	2,175	-
CASH, December 31	\$ 1,966	\$ 5,275	\$ 3,309	\$ 1,900	\$ 3,591	\$ 1,691
TAX MAINTENANCE FUND						
RECEIPTS						
Charges for services	\$ -	\$ 134	\$ 134			
TOTAL RECEIPTS	-	134	134			
DISBURSEMENTS						
Office expenditures	-	134	(134)			
TOTAL DISBURSEMENTS	-	134	(134)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-			
CASH, January 1	-	-	-			
CASH, December 31	\$ -	\$ -	\$ -			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

ST. CLAIR COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2002 and 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of St. Clair County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various County funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the County budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the County did not adopt a formal budget for the Tax Maintenance Fund.

ST. CLAIR COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

C. Budgets and Budgetary Practices (continued)

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2002
Prosecuting Attorney Training Fund	2002
Prosecuting Attorney Administrative Cost Fund	2002, 2001
Sheriff Civil Fees Fund	2001
Local Emergency Planning Commission Fund	2002
Circuit Clerk Interest Fund	2001
Law Library Fund	2002, 2001
Health Center Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

The budgeted expenditures exceeded budgeted receipts plus beginning cash balances in the General Fund for 2001 and the Health Center Fund for 2002.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. The County's published financial statements for the years ended December 31, 2002 and 2001, included all funds presented.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

ST. CLAIR COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

2. Cash (continued)

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depository insurance are pledged to the County rather than to specific county officials.

The County's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the County's custodial bank in the County's name.

The Health Center's deposits at December 31, 2002 and 2001 were entirely covered by federal depository insurance.

To protect the safety of County deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure County deposits not insured by the Federal Deposit Insurance Corporation.

3. General Long-Term Debt

In 2000, the County entered into a cancellable lease purchase agreement to finance the construction of a jail. The agreement requires annual payments of \$109,776, which includes interest at 8.90% until 2022.

In 2002, the County entered into a cancellable lease purchase agreement to finance the purchase of three John Deere tractors at a cost of \$127,791. The agreement requires annual payments of \$28,036, which includes interest at 4.75%.

ST. CLAIR COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

3. General Long-Term Debt (continued)

In 2002, the County entered into a cancellable lease purchase agreement to finance the purchase of a Motor road grader at a cost of \$153,066. The agreement requires annual payments of \$15,899 which includes interest at 4.80%.

In 2002, the County entered into a cancellable lease purchase agreement to finance the purchase of five International trucks at a cost of \$278,848. The agreement requires annual payments of \$61,273, which includes interest at 4.87%.

Although the agreements provide for cancellation of the leases if the County should fail to appropriate funds at the annual renewal dates, the County does not foresee exercising its options to cancel.

The annual requirements to amortize the principal of the leases are as follows:

Year Ended December 31,	Jail	Motor Road Graders Lease	Five International Trucks Lease	John Deere Tractors Lease	Total Lease Payments
2003	\$ 109,776	\$ 15,899	\$ 61,273	\$ 28,036	\$ 214,984
2004	109,776	15,899	61,273	28,036	214,984
2005	109,776	15,899	61,273	28,036	214,984
2006	109,776	121,899	61,273	28,036	320,984
2007	109,776	-	-	-	109,776
Thereafter	1,538,249	-	-	-	1,538,249
	2,087,129	169,596	245,092	112,144	2,613,961
Portion representing interest	(1,106,421)	(25,082)	(27,517)	(12,390)	(1,171,410)
Minimum future lease payments	\$ 980,708	\$ 144,514	\$ 217,575	\$ 99,754	\$ 1,442,551

ST. CLAIR COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

3. General Long-Term Debt (continued)

The following is the changes in long-term debt for the years ended December 31, 2002 and 2001:

	Balance December 31, 2001	Additions	Retirements	Balance December 31, 2002
Capital Lease Obligations				
2001 Jail Construction Lease	\$ 1,000,000	\$ -	\$ 19,292	\$ 980,708
2002 Motor Grader Lease	-	153,066	8,552	144,514
2002 Five International Trucks Lease	-	278,848	61,273	217,575
2002 John Deere Tractors Lease	-	127,791	28,037	99,754
TOTAL	<u>\$ 1,000,000</u>	<u>\$ 559,705</u>	<u>\$ 117,154</u>	<u>\$ 1,442,551</u>

	Balance December 31, 2000	Additions	Retirements	Balance December 31, 2001
Capital Lease Obligations				
2001 Jail construction Lease	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
2000 Grader Lease	174,747	-	174,747	-
TOTAL	<u>\$ 174,747</u>	<u>\$ 1,000,000</u>	<u>\$ 174,747</u>	<u>\$ 1,000,000</u>

4. Going Concern - St. Clair County Health Center

The St. Clair County Health Center, in order to meet cash flow needs, has issued tax anticipation notes of \$85,000 and \$140,000 for the years ended December 31, 2001 and 2002, respectively. The Health Center also has an outstanding line of credit of \$18,500 and a payroll tax liability with the IRS of \$52,228. For the year ended December 31, 2002, the Health Center had cash receipts of \$739,633 which does not include loan or note proceeds. Cash disbursements totaled \$815,757 which does not include a repayment of \$89,976 on the previous years tax anticipation note. If cash receipts and disbursements remained unchanged for the next year and taking into account the repayment of the \$140,000 current year tax anticipation note and payroll tax liability, the amount the Health Center would need to issue in tax anticipation notes would exceed the amount the Health Center is able to collect in tax receipts.

ST. CLAIR COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

4. Going Concern - St. Clair County Health Center (continued)

Management, in order to address these concerns, is trying to secure financing through a sale lease-back on the Health Center's facility. Management has also proposed eliminating two positions at an annual savings of approximately \$38,000. Management has also reduced three positions from a five day work week to four. Management plans also include steps to increase cash receipts by adding days worked for the nurse practitioner at the Osceola Rural Health Clinic. Management expects more citizens will utilize the clinic for regular care with the increased availability of the nurse practitioner. Management has also hired a consultant to review billings and collections and to make recommendations for reducing uncollected fees. Management also has plans to set a fee for food inspection activities which currently are not being charged. In addition to the reduction in cash disbursements through changes in the staffing pattern, management anticipates an additional increase in cash receipts of \$100,000 through marketing of the clinic services and implementing better billing and collection procedures. If these steps do not allow for the reduction in short-term borrowings, management will consider further reductions in staff in order to meet its cash flow requirements.

5. Claims and Judgments

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of December 31, 2002, significant amounts of grant expenditures have not been audited by grantor governments, but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the County.

Supplementary Schedule

ST. CLAIR COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/ Pass Through Grantor/ Program Title	Pass-through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2002	2001
	U.S. DEPARTMENT OF AGRICULTURE			
	Direct program			
10.766	Community Facilities Loans and Grants	29-93-431872703	\$ -	\$ 900,000
	Department of Health			
10.557	Special Supplemental Nutrition Program for Women, Infants and Children	ERS045-1193W	-	\$ 21,371
		ERS045-2193	24,050	12,629
		ERS045-3193W	15,592	-
	TOTAL U.S. DEPARTMENT OF		39,642	934,000
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
	Department of Economic Development			
14.228	Community Development Block Grant	99-PF-10	-	82,103
	Department of Social Services			
14.231	Emergency Shelter Grants Program	ERO 16440398	24,303	15,455
	TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		24,303	97,558
	U.S. DEPARTMENT OF JUSTICE			
	Department of Public Safety			
16.592	Local Law Enforcement Block Grant	2000-LBG-080	-	4,158
	TOTAL U.S. DEPARTMENT OF JUSTICE		-	4,158
	U.S. DEPARTMENT OF TRANSPORTATION			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-093	15	61,200
		COE-093	-	14,861
	State Emergency Management Assistance			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	3,131	2,182
	TOTAL U.S. DEPARTMENT OF		3,146	78,243
	GENERAL SERVICES ADMINISTRATION			
	Office of Administration			
39.003	Federal Surplus Property	N/A	6,768	366
	TOTAL GENERAL SERVICES		6,768	366

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Schedule

ST. CLAIR COUNTY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

Federal CFDA Number	Federal Grantor/ Pass Through Grantor/ Program Title	Pass-through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2002	2001
	U.S. DEPARTMENT OF HEALTH AND			
	Department of Health			
93.268	Immunization Grants	N/A	32,770	19,147
	Department of Social Services			
93.563	Child Support Enforcement	N/A	-	3,986
93.569	Community Services Block Grant	AOC00380269	77,714	77,775
	Department of Health			
93.575	Child Care and Development Block Grant	N/A	55	193
93.919	Cooperative Agreements for State -Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-10067 ERS161-20066	- 2,781	4,500 -
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-1193M ERS146-2193M ERS146-3193M Immunizations	- 10,483 1,469 353	12,891 - - 2,153
	TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		125,625	120,645
	TOTAL EXPENDITURES OF FEDERAL		\$ 199,484	\$ 1,234,970

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

ST. CLAIR COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by St. Clair County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$32,770 and \$19,147 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2002 and 2001. Of the remaining amounts for the Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The County provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

**FEDERAL AWARDS -
SINGLE AUDIT SECTION**

Independent Auditors' Report

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of St. Clair County, Missouri

Compliance

We have audited the compliance of St. Clair County, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001. The County's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Clair County, Missouri's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on St. Clair County, Missouri's compliance with those requirements.

In our opinion, St. Clair County, Missouri complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2002 and 2001.

To the County Commission and
Officeholders of St. Clair County, Missouri

Internal Control Over Compliance

The management of St. Clair County, Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

In planning and performing our audit, we considered St. Clair County, Missouri's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and to be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the County commission, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Original Signed by Auditor

DAVIS, LYNN & MOOTS, P.C.
February 13, 2003

Schedule

ST. CLAIR COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (INCLUDING MANAGEMENT'S PLAN FOR
CORRECTIVE ACTION)
Years Ended December 31, 2002 and 2001

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

x Yes No

Reportable conditions identified that are not considered to be material weaknesses?

 Yes x No

Noncompliance material to the financial statements noted?

x Yes No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

 Yes x No

Reportable conditions identified that are not considered to be material weaknesses?

 Yes x Nonreported

Type of auditors' report issued on compliance for major program(s):

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?

 Yes x No

Identification of major program(s):

CFDA or Other

Identifying Number Program Title

10.766 Community Facilities Loans and Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?

 Yes x No

ST. CLAIR COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (INCLUDING MANAGEMENT'S PLAN FOR
CORRECTIVE ACTION)
Years Ended December 31, 2002 and 2001

Section II - Financial Statement Findings

Compliance

02-1. Payroll Tax Withholdings

Condition: During the year ended December 31, 2001, payroll tax withholdings totaling \$52,228 were not remitted to the State of Missouri or federal government as required by state and federal regulations.

Criteria: State and federal tax withholdings are to be remitted in accordance with state and federal regulations.

Effect: The cash disbursements for 2001 do not include all required tax disbursements. Also, the St. Clair County Health Center is subject to interest and penalties. As a result, St. Clair County is not in compliance with state and federal regulations.

Recommendation: We recommend all tax withholdings be remitted in accordance with state and federal regulations.

Response: The St. Clair County Health Center is currently making the required payroll tax deposits and is also paying \$1,000 a month on the outstanding payroll tax liability.

Internal Control Over Financial Reporting

02-2 Segregation of duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the combined financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

ST. CLAIR COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (INCLUDING MANAGEMENT'S PLAN FOR
CORRECTIVE ACTION)
Years Ended December 31, 2002 and 2001

Internal Control Over Financial Reporting (continued)

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibit segregation of incompatible duties.

02-3. Cash reconciliations

Condition: Cash reconciliations of bank accounts to the general ledger were not performed in the current year at the St. Clair County Health Center.

Criteria: Cash reconciliations are an important part of the accounting process and should be performed on a monthly basis.

Effect: Risk is that financial statements could be misstated due to incorrect or missing transactions in the accounting system.

Recommendation: We recommend all accounts be reconciled to the general ledger in a timely manner.

Response: Cash reconciliations will be performed monthly on a timely basis in the current fiscal year.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

ST. CLAIR COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

ST. CLAIR COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

To the County Commission
and
Officeholders of St. Clair County, Missouri

In planning and performing our audit of the special-purpose financial statements of St. Clair County, Missouri for the years ended December 31, 2002 and 2001, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of some matters to bring to your attention. The following paragraphs summarize our comments and suggestions regarding these matters.

1. Investment Policy

During our audit, we noted that the County does not have a formal written investment policy that details the County's philosophies, policies and goals. The policy would allow the County to maximize the income earned on investments at an acceptable level of risk.

We Recommend:

The County adopt an investment policy which addresses the investment goals, the targeted return for investments, and the amount of risk that is acceptable.

2. Budgetary Statute

The County was not in compliance with Sections 50.525 through 50.745, RSMo for the years ended December 31, 2002 and 2001. Actual expenditures exceeded budgeted expenditures in the Prosecuting Attorney Training Fund, Prosecuting Attorney Administrative Cost Fund, Local Emergency Planning Commission Fund, and Health Center Fund.

We Recommend:

The County amend the budget as necessary to ensure actual expenditures do not exceed budgeted expenditures. State statutes require that budget amendments be adopted throughout the year as additional expenditures in excess of the original budget are authorized by County management. The County should also adopt a budget for all funds.

3. Cash Reconciliations - St. Clair County Health Center

The Health Center performed cash reconciliations during the year, however, cash was not reconciled to the general ledger. This is a necessary internal control to ensure all transactions have been properly recorded.

We Recommend:

The Health Center prepare monthly cash reconciliations that reconcile to the general ledger on a monthly basis.

4. Accounting Software and Monthly Financial Reporting

The St. Clair County Health Center general ledger was out of balance in that debits did not equal credits. Accounting software should never allow a one-sided entry to be made. As a result of this, numerous miscodings occurred in the general ledger as well as cash not being reconciled to the general ledger. Management and the Board of Trustees have not received accurate financial reports during the year. Management and the Board of Trustees must have accurate and complete financial reports in order to make sound financial decisions.

We Recommend:

The Board of Trustees require from management accurate and complete financial reports prepared from the accounting system on a monthly basis. This will require County personnel to receive training on the accounting software. The Health Center may also need to seek professional accounting assistance in order to correct the general ledger.

5. Payroll Tax Deposits

During our audit, we noted that not all of payroll tax deposits have been remitted to the appropriate government agency for the year ended December 31, 2001. This has resulted in a liability of approximately \$52,000. In addition to this liability the Health Center will be subject to interest on this liability. Also, the Health Center may be subject to penalties imposed by the state and/or federal government.

We Recommend:

The County remit all payroll tax withholdings in the time required by state and federal regulations.

6. Financial Condition - St. Clair County Health Center

During our audit, we noted that the St. Clair County Health Center has had to increase its short-term loans in order to meet its cash flow requirements. However, if cash receipts and disbursements remain unchanged the Center will need to borrow more than what the Center will collect in tax revenues. Management has developed plans to deal with this situation. However, if these plans are not sufficient enough to reduce cash disbursements or increase cash receipts to a level which would permit the Health Center to issue a tax anticipation note in an amount sufficient enough to meet its cash flow requirements, then further reductions in staff will be necessary.

We Recommend:

The Board of Trustees, as well as the County Commission monitor this situation closely and take any steps necessary to ensure that the Center can meet its financial obligations.

We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We appreciate this opportunity to serve as St. Clair County Missouri's independent auditor and the courtesies and assistance extended to us by the County's employees.

Original Signed by Auditor

DAVIS, LYNN & MOOTS, P.C.
February 13, 2003



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Morgan County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Morgan County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Casey and Company, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-65
July 8, 2003

MORGAN COUNTY, MISSOURI
FOR THE TWO YEARS
ENDED DECEMBER 31, 2002

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Casey and Company of Columbia, L.L.C.
Certified Public Accountants
Columbia, Missouri

MORGAN COUNTY, MISSOURI

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FINANCIAL SECTION

Independent Auditors' Reports

CASEY AND COMPANY OF COLUMBIA, L.L.C.



A Certified Public Accounting and Consulting Firm

One Broadway Building
1 East Broadway
Columbia, MO 65203-4205
573 / 442 – 8427
FAX / 875 – 7876
www.caseycpas.com

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the County Commission
and
Officeholders of Morgan County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Morgan County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various

MEMBER
•
American
Institute of
Certified
Public
Accountants
•
Missouri
Society of
Certified
Public
Accountants
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funds of Morgan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Morgan County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Morgan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 31, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

May 31, 2003

CASEY AND COMPANY OF COLUMBIA, L.L.C.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Morgan County, Missouri

We have audited the special-purpose financial statements of various funds of Morgan County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 31, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Morgan County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We noted an immaterial instance

of noncompliance which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Morgan County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Morgan County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

May 31, 2003

Financial Statements

Exhibit A-1

MORGAN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue Fund	\$ 857,389	1,814,927	1,923,429	748,887
Special Road & Bridge Fund	768,474	1,713,648	1,666,723	815,399
Assessment Fund	-	347,392	347,392	-
Law Enforcement Training Fund	4,097	3,377	5,989	1,485
Prosecuting Attorney Training Fund	10,121	989	4,817	6,293
Johnson Grass Fund	12,185	24,473	6,063	30,595
911 Fund	-	372,643	371,487	1,156
Local Emergency Planning Fund	6,533	2,109	3,497	5,145
Prosecuting Attorney Del. Sales Tax Fund	7,418	856	2,771	5,503
Recorder User Fees Fund	14,993	31,769	27,347	19,415
Domestic Violence Fund	1,867	1,561	1,867	1,561
Bad Check Collection Fund	11,430	14,461	10,876	15,015
Prosecuting Attorney Library Fund	7,059	7,669	3,798	10,930
Law Enforcement Sales Tax Fund	-	1,771,543	1,771,543	-
NID's Debt Service Fund	693,333	446,682	420,678	719,337
NID's Ongoing Construction Fund	898,375	73,588	474,161	497,802
Sheriff's Fees Fund	1,225	26,390	26,943	672
P.O.S.T Fund	-	1,631	1,631	-
Election Service Fund	3,953	2,014	3,093	2,874
Morgan County Health Center Fund	162,506	667,014	739,646	89,874
Family Access Fund	1,174	-	-	1,174
MoSmart Fund	-	45,103	45,103	-
Senate Bill 40 Fund	85,367	145,737	148,966	82,138
Circuit Clerk Interest Fund	23,242	1,987	1,801	23,428
Associate Circuit Court Interest Fund	18,331	1,147	3,567	15,911
Senior Citizens Service Fund	41,303	142,528	115,240	68,591
Jury Scrip Fund	696	3,000	1,217	2,479
Local Law Enforcement Block Grant Fund	33,315	5,312	29,136	9,491
Sheriff's Drug Seizure Fund	351	10	270	91
Total	\$ 3,664,737	7,669,560	8,159,051	3,175,246

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MORGAN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue Fund	\$ 1,037,116	1,772,106	1,951,833	857,389
Special Road & Bridge Fund	975,376	1,471,148	1,678,050	768,474
Assessment Fund	-	337,998	337,998	-
Law Enforcement Training Fund	3,525	3,276	2,704	4,097
Prosecuting Attorney Training Fund	8,947	1,174	-	10,121
Johnson Grass Fund	15,813	804	4,432	12,185
911 Fund	1,844	389,550	391,394	-
Local Emergency Planning Fund	6,231	4,820	4,518	6,533
Prosecuting Attorney Del. Sales Tax Fund	10,601	932	4,115	7,418
Recorder User Fees Fund	14,321	22,819	22,147	14,993
Domestic Violence Fund	1,479	1,867	1,479	1,867
Bad Check Collection Fund	11,147	16,745	16,462	11,430
Prosecuting Attorney Library Fund	5,424	7,780	6,145	7,059
Law Enforcement Sales Tax Fund	9,460	1,810,492	1,819,952	-
NID's Debt Service Fund	689,709	542,490	538,866	693,333
NID's Ongoing Construction Fund	774,947	171,601	48,173	898,375
Sheriff's Fees Fund	5,938	25,251	29,964	1,225
P.O.S.T Fund	-	1,305	1,305	-
K-9 Drug Dog Fund	-	551	551	-
Election Service Fund	1,663	2,290	-	3,953
Morgan County Health Center Fund	184,743	597,514	619,751	162,506
Family Access Fund	1,149	25	-	1,174
MoSmart Fund	-	41,394	41,394	-
Senate Bill 40 Fund	82,654	137,204	134,491	85,367
Circuit Clerk Interest Fund	22,617	3,063	2,438	23,242
Associate Circuit Court Interest Fund	16,939	2,120	728	18,331
Senior Citizens Service Fund	30,781	130,548	120,026	41,303
Jury Scrip Fund	3,146	-	2,450	696
Local Law Enforcement Block Grant Fund	22,864	18,032	7,581	33,315
Sheriff's Drug Seizure Fund	337	14	-	351
Total	\$ 3,938,771	7,514,913	7,788,947	3,664,737

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MORGAN COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 273,000	270,704	(2,296)	302,000	259,553	(42,447)
Sales taxes	845,000	871,976	26,976	900,000	832,589	(67,411)
Intergovernmental	5,000	10,317	5,317	4,500	9,780	5,280
Charges for services	437,800	469,320	31,520	343,300	393,939	50,639
Interest	21,000	22,966	1,966	40,000	53,643	13,643
Other	86,650	58,317	(28,333)	39,200	68,008	28,808
Transfers in	150,200	106,048	(44,152)	100,500	153,618	53,118
Adjustments	-	5,279	5,279	-	976	976
Total Receipts	\$ 1,818,650	1,814,927	(3,723)	1,729,500	1,772,106	42,606
DISBURSEMENTS						
County Commission	\$ 114,504	114,872	(368)	110,628	110,303	325
County Clerk	96,810	93,215	3,595	99,228	94,092	5,136
Elections	28,500	27,967	533	5,200	7,721	(2,521)
Buildings and grounds	62,348	70,135	(7,787)	67,616	68,435	(819)
Employee fringe benefits	84,500	82,424	2,076	77,355	80,618	(3,263)
County Treasurer	36,800	35,797	1,003	35,520	34,952	568
County Collector	110,227	109,512	715	105,526	106,082	(556)
Recorder of Deeds User Fund	61,043	59,724	1,319	60,257	59,640	617
Circuit Clerk	4,400	4,929	(529)	5,000	5,067	(67)
Associate Circuit Court	30,580	26,007	4,573	37,864	28,883	8,981
Court Administration	6,000	-	6,000	10,000	-	10,000
Public Administrator	59,163	59,144	19	57,109	56,472	637
Prosecuting Attorney	139,032	140,723	(1,691)	144,684	136,759	7,925
Juvenile Officer	73,438	42,666	30,772	57,543	46,841	10,702
Coroner	27,325	20,538	6,787	23,500	24,965	(1,465)
Circuit Judges - Div. 1 & 2	11,840	9,551	2,289	11,146	8,111	3,035
Other General County Government	176,200	219,870	(43,670)	227,390	180,577	46,813
Transfer out	730,963	806,355	(75,392)	707,844	902,315	(194,471)
Emergency Fund	54,659	-	54,659	51,885	-	51,885
Total Disbursements	\$ 1,908,332	1,923,429	(15,097)	1,895,295	1,951,833	(56,538)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(89,682)	(108,502)	(18,820)	(165,795)	(179,727)	(13,932)
CASH, JANUARY 1	857,389	857,389	-	1,037,116	1,037,116	-
CASH, DECEMBER 31	\$ 767,707	748,887	(18,820)	871,321	857,389	(13,932)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit C

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property Taxes	\$ 310,000	313,309	3,309	285,000	291,628	6,628
Sales Tax Revenues	180,250	202,740	22,490	160,000	184,086	24,086
Intergovernmental Revenues	924,910	967,675	42,765	955,000	946,256	(8,744)
Interest Income	22,820	23,205	385	55,000	48,783	(6,217)
Other Revenues	200,000	206,006	6,006	-	40	40
Transfers In	400	713	313	500	355	(145)
Total Receipts	\$ 1,638,380	1,713,648	75,268	1,455,500	1,471,148	15,648
DISBURSEMENTS						
Salaries	\$ 410,000	414,868	(4,868)	401,000	401,772	(772)
Employee fringe benefits	81,400	75,014	6,386	67,400	76,586	(9,186)
Supplies	120,000	94,861	25,139	132,500	107,387	25,113
Insurance	17,000	24,166	(7,166)	12,000	17,089	(5,089)
Road and Bridge Materials	140,000	159,322	(19,322)	140,000	135,304	4,696
Equipment repairs	70,000	48,827	21,173	55,000	60,334	(5,334)
Equipment purchases	480,000	503,671	(23,671)	400,000	431,569	(31,569)
Construction, repair, and maintenance projects	280,000	105,137	174,863	390,000	217,762	172,238
Other	125,000	132,574	(7,574)	134,500	122,080	12,420
Transfers out	105,250	108,283	(3,033)	58,750	108,167	(49,417)
Total Disbursements	\$ 1,828,650	1,666,723	161,927	1,791,150	1,678,050	113,100
RECEIPTS OVER (UNDER) DISBURSEMENTS	(190,270)	46,925	237,195	(335,650)	(206,902)	128,748
CASH, JANUARY 1	768,474	768,474	-	975,376	975,376	-
CASH, DECEMBER 31	\$ 578,204	815,399	237,195	639,726	768,474	128,748

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit D

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ASSESSMENT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 306,983	307,009	26	277,219	278,731	1,512
Interest Income	700	835	135	1,100	1,799	699
Transfers In	53,684	39,548	(14,136)	66,119	57,468	(8,651)
Total Receipts	\$ 361,367	347,392	(13,975)	344,438	337,998	(6,440)
DISBURSEMENTS						
Assessor	\$ 361,367	347,392	13,975	344,437	337,998	6,439
Total Disbursements	\$ 361,367	347,392	13,975	344,437	337,998	6,439
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	1	-	(1)
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	-	-	1	-	(1)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit E

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Service	\$ 3,150	3,035	(115)	3,150	3,082	(68)
Interest Income	195	67	(128)	150	182	32
Other Revenues	-	275	275	-	12	12
Total Receipts	\$ 3,345	3,377	32	3,300	3,276	(24)
DISBURSEMENTS						
Sheriff	\$ 4,000	5,989	(1,989)	3,300	2,704	596
Total Disbursements	\$ 4,000	5,989	(1,989)	3,300	2,704	596
RECEIPTS OVER (UNDER) DISBURSEMENTS	(655)	(2,612)	(1,957)	-	572	572
CASH, JANUARY 1	4,097	4,097	-	3,525	3,525	-
CASH, DECEMBER 31	\$ 3,442	1,485	(1,957)	3,525	4,097	572

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit F

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Service	\$ 700	765	65	700	719	19
Interest Income	400	224	(176)	400	455	55
Total Receipts	\$ 1,100	989	(111)	1,100	1,174	74
DISBURSEMENTS						
Prosecuting Attorney	\$ 4,573	4,817	(244)	500	-	500
Total Disbursements	\$ 4,573	4,817	(244)	500	-	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,473)	(3,828)	(355)	600	1,174	574
CASH, JANUARY 1	10,121	10,121	-	8,947	8,947	-
CASH, DECEMBER 31	\$ 6,648	6,293	(355)	9,547	10,121	574

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit G

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
JOHNSON GRASS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property Tax Revenue	\$ 10	23,964	23,954	300	3	(297)
Interest	300	269	(31)	900	801	(99)
Transfers In	-	240	240	-	-	-
Total Receipts	\$ 310	24,473	24,163	1,200	804	(396)
DISBURSEMENTS						
Salaries	\$ 3,940	4,759	(819)	3,938	3,809	129
Office Expenditures	40	38	2	30	27	3
Other	1,760	1,266	494	920	596	324
Total Disbursements	\$ 5,740	6,063	(323)	4,888	4,432	456
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,430)	18,410	23,840	(3,688)	(3,628)	60
CASH, JANUARY 1	12,185	12,185	-	15,813	15,813	-
CASH, DECEMBER 31	\$ 6,755	30,595	23,840	12,125	12,185	60

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit H

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
911 FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental Revenues	\$ 83,400	72,200	(11,200)	70,500	67,909	(2,591)
Interest Income	-	326	326	1,000	227	(773)
Other Revenue	255,000	264,338	9,338	225,000	243,156	18,156
Charges for service	-	6	6	-	448	448
Operating Transfers In	32,123	35,773	3,650	87,332	77,810	(9,522)
Total Receipts	\$ 370,523	372,643	2,120	383,832	389,550	5,718
DISBURSEMENTS						
Salaries	\$ 300,684	304,307	(3,623)	311,268	313,987	(2,719)
Office Expenditures	13,864	16,822	(2,958)	21,864	13,728	8,136
Equipment	10,000	8,859	1,141	9,000	23,739	(14,739)
Mileage & Training	5,500	5,496	4	7,500	5,488	2,012
Line Charges	39,000	34,670	4,330	32,000	33,060	(1,060)
Other	1,475	1,333	142	2,200	1,392	808
Total Disbursements	\$ 370,523	371,487	(964)	383,832	391,394	(7,562)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	1,156	(1,156)	-	(1,844)	(1,844)
CASH, JANUARY 1	-	-	-	1,844	1,844	-
CASH, DECEMBER 31	\$ -	1,156	(1,156)	1,844	-	(1,844)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit I

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LOCAL EMERGENCY PLANNING COMMITTEE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental Revenues	\$ -	-	-	1,730	-	(1,730)
Interest Income	75	-	(75)	200	74	(126)
Other Revenues	4,500	2,109	(2,391)	2,500	4,746	2,246
Total Receipts	\$ 4,575	2,109	(2,466)	4,430	4,820	390
DISBURSEMENTS						
Expenditures	\$ 6,200	3,497	2,703	10,100	4,518	5,582
Total Disbursements	\$ 6,200	3,497	2,703	10,100	4,518	5,582
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,625)	(1,388)	237	(5,670)	302	5,972
CASH, JANUARY 1	6,533	6,533	-	6,231	6,231	-
CASH, DECEMBER 31	\$ 4,908	5,145	237	561	6,533	5,972

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit J

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEYS DEL. SALES TAX COLLECTION FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Service	\$ 500	683	183	600	481	(119)
Interest Income	400	173	(227)	400	451	51
Total Receipts	\$ 900	856	(44)	1,000	932	(68)
DISBURSEMENTS						
Expenditures	\$ 2,294	2,771	(477)	4,115	4,115	-
Total Disbursements	\$ 2,294	2,771	(477)	4,115	4,115	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,394)	(1,915)	(521)	(3,115)	(3,183)	(68)
CASH, JANUARY 1	7,418	7,418	-	10,601	10,601	-
CASH, DECEMBER 31	\$ 6,024	5,503	(521)	7,486	7,418	(68)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit K

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
RECORDER USER FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Service	\$ 29,000	31,242	2,242	17,000	22,168	5,168
Interest Income	375	527	152	750	651	(99)
Total Receipts	\$ 29,375	31,769	2,394	17,750	22,819	5,069
DISBURSEMENTS						
Office Expenditures	\$ 23,600	27,347	(3,747)	6,500	22,147	(15,647)
Total Disbursements	\$ 23,600	27,347	(3,747)	6,500	22,147	(15,647)
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,775	4,422	(1,353)	11,250	672	(10,578)
CASH, JANUARY 1	14,993	14,993	-	14,321	14,321	-
CASH, DECEMBER 31	\$ 20,768	19,415	(1,353)	25,571	14,993	(10,578)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit L

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
DOMESTIC VIOLENCE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Service	\$ 1,400	1,534	134	1,550	1,821	271
Interest Income	-	27	27	50	46	(4)
Total Receipts	\$ 1,400	1,561	161	1,600	1,867	267
DISBURSEMENTS						
Office Expenditures	\$ 1,867	1,867	-	3,025	1,479	1,546
Total Disbursements	\$ 1,867	1,867	-	3,025	1,479	1,546
RECEIPTS OVER (UNDER) DISBURSEMENTS	(467)	(306)	161	(1,425)	388	1,813
CASH, JANUARY 1	1,867	1,867	-	1,479	1,479	-
CASH, DECEMBER 31	\$ 1,400	1,561	161	54	1,867	1,813

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit M

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
BAD CHECK COLLECTION FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Service	\$ 16,500	14,132	(2,368)	16,000	16,170	170
Interest Income	600	329	(271)	550	575	25
Total Receipts	\$ 17,100	14,461	(2,639)	16,550	16,745	195
DISBURSEMENTS						
Salaries	\$ 10,875	10,841	34	18,426	15,380	3,046
Office Expenditures	198	-	198	183	842	(659)
Equipment	-	-	-	-	200	(200)
Other	40	35	5	-	40	(40)
Total Disbursements	\$ 11,113	10,876	237	18,609	16,462	2,147
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,987	3,585	(2,402)	(2,059)	283	2,342
CASH, JANUARY 1	11,430	11,430	-	11,147	11,147	-
CASH, DECEMBER 31	\$ 17,417	15,015	(2,402)	9,088	11,430	2,342

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit N

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY LIBRARY FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Other Revenues	\$ 7,000	7,669	669	6,200	7,780	1,580
Total Receipts	\$ 7,000	7,669	669	6,200	7,780	1,580
DISBURSEMENTS						
Law Library	\$ 7,000	3,798	3,202	6,000	6,145	(145)
Total Disbursements	\$ 7,000	3,798	3,202	6,000	6,145	(145)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	3,871	3,871	200	1,635	1,435
CASH, JANUARY 1	7,059	7,059	-	5,424	5,424	-
CASH, DECEMBER 31	\$ 7,059	10,930	3,871	5,624	7,059	1,435

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit O

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT SALES TAX FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales Tax Revenues	\$ 913,500	924,436	10,936	950,000	898,806	(51,194)
Charges for Service	107,000	80,415	(26,585)	184,870	101,021	(83,849)
Interest Income	1,000	2,746	1,746	40,000	17,249	(22,751)
Other Revenues	47,528	40,411	(7,117)	57,364	31,371	(25,993)
Operating Transfers In	640,656	723,535	82,879	547,593	762,045	214,452
Total Receipts	\$ 1,709,684	1,771,543	61,859	1,779,827	1,810,492	30,665
DISBURSEMENTS						
Salaries Expenditures	\$ 742,756	730,317	12,439	786,318	784,439	1,879
Office Expenditures	18,000	31,902	(13,902)	36,000	29,837	6,163
Equipment Expenditures	6,000	8,683	(2,683)	11,689	13,179	(1,490)
Mileage & Training	57,000	56,418	582	97,000	87,671	9,329
Other Expenditures	62,500	77,578	(15,078)	69,860	66,885	2,975
Jail	101,500	165,918	(64,418)	87,500	121,204	(33,704)
Fringe Benefits	149,100	133,648	15,452	136,685	145,564	(8,879)
Bond Payment	469,100	471,806	(2,706)	469,380	468,375	1,005
Utilities	63,000	50,170	12,830	85,395	61,404	23,991
Transfers Out	40,728	45,103	(4,375)	-	41,394	(41,394)
Total Disbursements	\$ 1,709,684	1,771,543	(61,859)	1,779,827	1,819,952	(40,125)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	(9,460)	(9,460)
CASH, JANUARY 1	-	-	-	9,460	9,460	-
CASH, DECEMBER 31	\$ -	-	-	9,460	-	(9,460)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit P

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
N.I.D. DEBT SERVICE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property Tax Revenues	\$ 423,724	430,978	7,254	378,697	475,145	96,448
Interest Income	13,967	15,704	1,737	22,802	50,021	27,219
Other Income	-	-	-	-	17,324	17,324
Transfers In	6,000	-	(6,000)	-	-	-
Total Receipts	\$ 443,691	446,682	2,991	401,499	542,490	140,991
DISBURSEMENTS						
Expenditures	\$ 510,489	371,897	138,592	377,455	394,611	(17,156)
Transfers Out	80,729	48,781	31,948	61,745	144,255	(82,510)
Total Disbursements	\$ 591,218	420,678	170,540	439,200	538,866	(99,666)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(147,527)	26,004	173,531	(37,701)	3,624	41,325
CASH, JANUARY 1	693,333	693,333	-	689,709	689,709	-
CASH, DECEMBER 31	\$ 545,806	719,337	173,531	652,008	693,333	41,325

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit Q

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
N.I.D. ONGOING CONSTRUCTION FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property Tax Revenue	\$ 11,000	-	(11,000)	-	10,682	10,682
Interest Income	22,469	12,180	(10,289)	40,772	15,465	(25,307)
Operating Transfers In	80,728	48,781	(31,947)	61,745	144,255	82,510
Other Revenues	-	12,627	12,627	11,000	1,199	(9,801)
Total Receipts	\$ 114,197	73,588	(40,609)	113,517	171,601	58,084
DISBURSEMENTS						
Expenditures	\$ 665,704	474,161	191,543	38,679	48,173	(9,494)
Total Disbursements	\$ 665,704	474,161	191,543	38,679	48,173	(9,494)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(551,507)	(400,573)	150,934	74,838	123,428	48,590
CASH, JANUARY 1	898,375	898,375	-	774,947	774,947	-
CASH, DECEMBER 31	\$ 346,868	497,802	150,934	849,785	898,375	48,590

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit R

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SHERIFF'S FEES FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Service	\$ 30,000	25,143	(4,857)	26,000	25,004	(996)
Interest Income	250	13	(237)	400	247	(153)
Other Revenues	-	1,234	1,234	-	-	-
Total Receipts	\$ 30,250	26,390	(3,860)	26,400	25,251	(1,149)
DISBURSEMENTS						
Expenditures	\$ 30,310	26,943	3,367	28,513	29,964	(1,451)
Total Disbursements	\$ 30,310	26,943	3,367	28,513	29,964	(1,451)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(60)	(553)	(493)	(2,113)	(4,713)	(2,600)
CASH, JANUARY 1	1,225	1,225	-	5,938	5,938	-
CASH, DECEMBER 31	\$ 1,165	672	(493)	3,825	1,225	(2,600)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit S

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
P.O.S.T. FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Other Revenue	\$ 1,325	1,631	306	2,818	1,305	(1,513)
Interest Income	-	-	-	2	-	(2)
Total Receipts	\$ 1,325	1,631	306	2,820	1,305	(1,515)
DISBURSEMENTS						
Expenditures	\$ 1,325	1,631	(306)	2,820	1,305	1,515
Total Disbursements	\$ 1,325	1,631	(306)	2,820	1,305	1,515
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	-	-	-	-	-

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit T

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
K-9 DRUG DOG FUND

	Year Ended December 31,		
	2001		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Operating Transfers In	\$ 2,300	493	(1,807)
Interest	-	58	58
Total Receipts	\$ 2,300	551	(1,749)
DISBURSEMENTS			
Expenditures	\$ 2,300	551	1,749
Total Disbursements	\$ 2,300	551	1,749
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	-	-

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit U

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ELECTION SERVICES FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Service	\$ 2,000	-	(2,000)	-	404	404
Interest	100	113	13	30	121	91
Other Revenues	-	1,901	1,901	600	-	(600)
Intergovernmental	-	-	-	-	1,765	1,765
Total Receipts	\$ 2,100	2,014	(86)	630	2,290	1,660
DISBURSEMENTS						
Miscellaneous	\$ 400	3,093	(2,693)	-	-	-
Total Disbursements	\$ 400	3,093	(2,693)	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,700	(1,079)	(2,779)	630	2,290	1,660
CASH, JANUARY 1	3,953	3,953	-	1,663	1,663	-
CASH, DECEMBER 31	\$ 5,653	2,874	(2,779)	2,293	3,953	1,660

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit V

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
MORGAN COUNTY HEALTH CENTER FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property Tax Revenues	\$ 252,166	256,083	3,917	234,574	237,764	3,190
Intergovernmental Revenues	303,042	312,911	9,869	278,570	276,688	(1,882)
Charges for Service	61,200	43,202	(17,998)	61,700	42,218	(19,482)
Interest Income	18,500	5,927	(12,573)	19,346	11,600	(7,746)
Other Revenues	29,000	48,891	19,891	30,000	29,244	(756)
Total Receipts	\$ 663,908	667,014	3,106	624,190	597,514	(26,676)
DISBURSEMENTS						
Salaries	\$ 498,000	555,723	(57,723)	454,500	449,772	4,728
Office Expense	61,864	62,492	(628)	51,550	57,949	(6,399)
Equipment	2,500	1,149	1,351	4,000	5,224	(1,224)
Mileage/Training	22,750	26,778	(4,028)	20,044	17,360	2,684
Programs	76,294	93,504	(17,210)	129,750	89,446	40,304
Elections	-	-	-	3,000	-	3,000
Total Disbursements	\$ 661,408	739,646	(78,238)	662,844	619,751	43,093
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,500	(72,632)	(75,132)	(38,654)	(22,237)	16,417
CASH, JANUARY 1	162,506	162,506	-	184,743	184,743	-
CASH, DECEMBER 31	\$ 165,006	89,874	(75,132)	146,089	162,506	16,417

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit W

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
FAMILY ACCESS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest Income	\$ 30	-	(30)	-	25	25
Total Receipts	\$ 30	-	(30)	-	25	25
DISBURSEMENTS						
Expenditures	-	-	-	-	-	-
Total Disbursements	\$ -	-	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	30	-	(30)	-	-	-
CASH, JANUARY 1	1,174	1,174	-	1,149	1,149	-
CASH, DECEMBER 31	\$ 1,204	1,174	(30)	1,149	1,174	25

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit X

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
MoSMART FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Operating Transfers In	\$ 40,728	45,103	4,375	43,725	41,394	(2,331)
Total Receipts	\$ 40,728	45,103	4,375	43,725	41,394	(2,331)
DISBURSEMENTS						
MoSmart Expenses	\$ 36,079	41,109	(5,030)	38,903	37,270	1,633
Fringe Benefits	4,649	3,994	655	4,005	4,124	(119)
Total Disbursements	\$ 40,728	45,103	(4,375)	42,908	41,394	1,514
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	817	-	(817)
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	-	-	817	-	(817)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit Y

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SENATE BILL 40 FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property Tax	\$ 122,000	142,106	20,106	122,000	131,589	9,589
Interest	3,000	2,401	(599)	3,000	4,110	1,110
Other	1,200	1,230	30	1,200	1,505	305
Total Receipts	\$ 126,200	145,737	19,537	126,200	137,204	11,004
DISBURSEMENTS						
Quality Industries	\$ 55,200	55,200	-	60,000	51,000	9,000
Lake Ozarks Development Center	15,000	15,750	(750)	16,000	13,000	3,000
Morgan Co. Mental Health	9,861	9,861	-	9,861	9,861	-
Central MO Regional Center	40,966	35,740	5,226	33,390	31,747	1,643
Camping Fund	12,000	11,100	900	12,000	10,200	1,800
Stover Development Center	14,400	14,400	-	12,000	12,000	-
Charlie Fogle	-	-	-	1,000	1,000	-
Haw Creek Therapeutic Center	3,250	1,095	2,155	1,500	340	1,160
Recreational Fund	3,000	2,153	847	2,500	2,500	-
Emergency Fund	-	1,564	(1,564)	-	-	-
New Beginning Therapy	2,000	-	2,000	1,500	1,500	-
Special Education Grant	1,200	1,203	(3)	1,200	525	675
Other	2,000	900	1,100	1,550	818	732
Total Disbursements	\$ 158,877	148,966	9,911	152,501	134,491	18,010
RECEIPTS OVER (UNDER) DISBURSEMENTS	(32,677)	(3,229)	29,448	(26,301)	2,713	29,014
CASH, JANUARY 1	85,367	85,367	-	82,654	82,654	-
CASH, DECEMBER 31	\$ 52,690	82,138	29,448	56,353	85,367	29,014

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit Z

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest Income	\$ 1,000	1,987	987	1,300	3,063	1,763
Other	-	-	-	3,700	-	(3,700)
Total Receipts	\$ 1,000	1,987	987	5,000	3,063	(1,937)
DISBURSEMENTS						
Office Expense	\$ 2,500	1,801	699	3,000	2,438	562
Total Disbursements	\$ 2,500	1,801	699	3,000	2,438	562
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	186	1,686	2,000	625	(1,375)
CASH, JANUARY 1	23,242	23,242	-	22,617	22,617	-
CASH, DECEMBER 31	\$ 21,742	23,428	1,686	24,617	23,242	(1,375)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit AA

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ASSOCIATE CIRCUIT COURT INTEREST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 2,200	1,147	(1,053)	-	2,120	2,120
Total Receipts	\$ 2,200	1,147	(1,053)	-	2,120	2,120
DISBURSEMENTS						
Office Supplies	\$ 1,000	-	1,000	1,000	728	272
Copy machine	3,250	3,567	(317)	-	-	-
Total Disbursements	\$ 4,250	3,567	683	1,000	728	272
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,050)	(2,420)	(370)	(1,000)	1,392	2,392
CASH, JANUARY 1	18,331	18,331	-	16,939	16,939	-
CASH, DECEMBER 31	\$ 16,281	15,911	(370)	15,939	18,331	2,392

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit AB

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SENIOR CITIZENS SERVICES FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property Taxes	\$ 140,000	141,182	1,182	118,000	128,871	10,871
Interest	-	1,211	1,211	1,100	1,397	297
FIT Tax	-	135	135	-	280	280
Total Receipts	\$ 140,000	142,528	2,528	119,100	130,548	11,448
DISBURSEMENTS						
Postage	\$ 50	15	35	50	-	50
Bond	305	153	152	150	305	(155)
Publication	300	242	58	180	221	(41)
Nutrition Sites	57,000	48,251	8,749	55,000	55,000	-
Missouri Home Care	7,500	7,500	-	5,000	5,000	-
Homemaker Health Care	42,000	51,000	(9,000)	20,000	42,000	(22,000)
Matthew 25 Ministries	7,500	-	7,500	35,000	17,500	17,500
Haw Creek Therapeutic Center	3,250	2,000	1,250	-	-	-
Regal Home Care	3,250	813	2,437	-	-	-
West Central Mo CA Agency	2,000	3,250	(1,250)	-	-	-
Stover Betterment	-	2,000	(2,000)	-	-	-
Checks printed	-	16	(16)	-	-	-
Total Disbursements	\$ 123,155	115,240	7,915	115,380	120,026	(4,646)
RECEIPTS OVER (UNDER) DISBURSEMENTS	16,845	27,288	10,443	3,720	10,522	6,802
CASH, JANUARY 1	41,303	41,303	-	30,781	30,781	-
CASH, DECEMBER 31	\$ 58,148	68,591	10,443	34,501	41,303	6,802

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit AC

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
JURY SCRIPT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Transfers In	\$ -	3,000	3,000	-	-	-
Total Receipts	\$ -	3,000	3,000	-	-	-
DISBURSEMENTS						
Jurors Paid	\$ 3,000	1,217	1,783	10,000	2,450	7,550
Total Disbursements	\$ 3,000	1,217	1,783	10,000	2,450	7,550
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,000)	1,783	4,783	(10,000)	(2,450)	7,550
CASH, JANUARY 1	696	696	-	3,146	3,146	-
CASH, DECEMBER 31	\$ (2,304)	2,479	4,783	(6,854)	696	7,550

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit AD

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental Revenues	\$ -	5,312	5,312	-	16,801	16,801
Interest	210	-	(210)	-	241	241
Reimbursement	-	-	-	-	990	990
Total Receipts	\$ 210	5,312	5,102	-	18,032	18,032
DISBURSEMENTS						
Equipment	\$ 30,000	29,136	864	-	7,581	(7,581)
Total Disbursements	\$ 30,000	29,136	864	-	7,581	(7,581)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(29,790)	(23,824)	5,966	-	10,451	10,451
CASH, JANUARY 1	33,315	33,315	-	22,864	22,864	-
CASH, DECEMBER 31	\$ 3,525	9,491	5,966	22,864	33,315	10,451

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit AE

MORGAN COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SHERIFF DRUG SEIZURE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ -	10	10	-	14	14
Total Receipts	\$ -	10	10	-	14	14
DISBURSEMENTS						
Other	\$ -	270	(270)	-	-	-
Total Disbursements	\$ -	270	(270)	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(260)	(260)	-	14	14
CASH, JANUARY 1	351	351	-	337	337	-
CASH, DECEMBER 31	\$ 351	91	(260)	337	351	14

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

MORGAN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Morgan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Senior Citizens Service Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although law requires adoption of a formal budget, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Local Law Enforcement Block Grant Fund	2001
Sheriff's Drug Seizure Fund	2002 and 2001
Family Access Fund	2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2002 and 2001
911 Fund	2002 and 2001
Recorder of Deeds User Fund	2002 and 2001
Law Enforcement Sales Tax Fund	2002 and 2001
Law Enforcement Training Fund	2002
Prosecuting Attorney Training Fund	2002
Johnson Grass Fund	2002
P.O.S.T. Fund	2002
Election Services Fund	2002
Morgan County Health Center	2002
Prosecuting Attorney Delinquent Tax Fund	2002
MoSmart Fund	2002
NID Debt Service Fund	2001
NID Ongoing Construction Fund	2001
Sheriff's Fees Fund	2001
Prosecuting Attorney Library Fund	2001
Senior Citizens Service Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Section 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Senate Bill 40 Fund	2002 and 2001
K-9 Drug Dog Fund	2002 and 2001

Additionally, for the Health Center Fund, Senate Bill 40 Fund, and the Senior Citizens Fund, the county's published financial statements for the years ended December 31, 2002 and 2001, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

Cash (continued)

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

Deposits

The county's deposits at December 31, 2002, and 2001 were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name or by an irrevocable stand-by letter of credit.

The Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name or by commercial insurance provided by a surety bank.

The Senate Bill 40 Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name.

The Senior Citizens Service Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance.

Schedule

MORGAN COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2002 AND 2001

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MORGAN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with Government Auditing Standards, this sections reports the auditor's follow-up on action taken by Morgan County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2000.

00-1. Omission of Budgetary Information

Finding: Budgets not prepared for eight funds.

Recommendation: Budgets for all funds be prepared.

Status: Partially implemented. Omission of budgets for some funds were immaterial instances of non-compliance.

00-2. Overspending of Budgets.

Finding: Thirteen funds overspent their budgets and the County had no formal monitoring procedures to ensure adequate budget appropriations existed.

Recommendation: County Commission and Senior Citizens Board adopt procedures to compare actual results with budgets and refrain from authorizing disbursements in excess of budget or formally amend the budget to accommodate the expenses.

Status: Partially implemented. Overspending of budgets by some funds were immaterial instances of non-compliance

SECTION ON OTHER MATTERS

MORGAN COUNTY, MISSOURI
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Morgan County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 31, 2003.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings. These matters resulted from our audit of the special-purpose financial statements of Morgan County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Documentation for Expenses

In testing a sample of disbursements, we found some problems with the operating of good internal controls. In the health center, we found some disbursements without any authorization for payment on the invoices paid. In the courthouse funds, we found some disbursements were made without any invoices attached to the warrants authorized for payment by the commissioners. Documentation on all disbursements should be obtained and kept for the audit. In cases where the Commissioners approve warrants without invoices, they should provide a memo to the Clerk as to why no further documentation is attached to the warrant.

2. Commission Minutes

Commission minutes were not complete in documenting the County's business transactions. For instance, the minutes do not record the efforts made to obtain the lowest costs on goods and services through a competitive bidding process (that process occurs but the commission's minutes do not disclose the competing vendors or the reasons for awarding a bid to one vendor over another). The minutes mostly report only that the commissions received road calls.

3. Senior Board Minutes and Contracts

The Board's minutes do not report on those in attendance making it difficult to determine if a quorum was present or not during meetings when action items were decided. Further, the organization should establish written contracts with their service providers for the delivery of services which then can be monitored for compliance throughout the year.

4. Income Classifications

We found a few instances of incorrectly categorizing revenues as property tax revenues when the receipts were for sale of merchant licenses and reimbursements for printing expense.

5. Transfers between Funds

The budget documents reported unequal transfers between funds without the amounts transferred-in matching the amounts transferred-out across funds. All transfers were found to match, but descriptions of them as income or expense in some funds was incorrect.

6. Competitive Bidding

A vehicle was purchased by the Morgan County Sheriff's Office in 2002 without following the proper procedures for obtaining competitive bids on purchases that exceed the State's threshold for obtaining bids to purchase goods or services. The

Competitive Bidding (continued)

best interests of the citizens are served by obtaining competitive bids on large purchases and should be followed at all times by all office holders.

7. Newspaper Publication

While all but a few funds are covered in the newspaper publication, many funds are summarized without enough detail to meet the requirements of State law regarding publishing financial information each year. Full financial information gives the categories of income and expense by fund rather than total receipts and total disbursements. Publication of the amount of bonded indebtedness by fund is also required.

8. Overspending Budgets

An excessive number of funds have overspent the budgets. The budgets should be reviewed before the end of the year on those funds which exceed budget so that future budgets can be more accurate.

This Letter on Other Matters is intended for the information of the management of Morgan County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

May 31, 2003



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Laclede County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Laclede County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Davis, Lynn & Moots, P.C., Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire C. McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-64
July 7, 2003

LACLEDE COUNTY, MISSOURI

FINANCIAL STATEMENTS

Years Ended December 31, 2002 and 2001

LACLEDE COUNTY, MISSOURI

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LACLEDE COUNTY, MISSOURI

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FINANCIAL SECTION

Independent Auditors' Reports

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Laclede County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Laclede County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Laclede County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Laclede County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Laclede County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Laclede County Commission
Laclede County, Missouri

In accordance with *Government Auditing Standards*, we have also issued a report dated March 12, 2003, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

Davis, Lynn & Moots, P.C.
March 12, 2003

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Laclede County, Missouri

We have audited the special-purpose financial statements of various funds of Laclede County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon, dated March 12, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Laclede County, Missouri are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Laclede County, Missouri in a separate letter dated March 12, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Laclede County, Missouri, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Laclede County Commission
Laclede County, Missouri

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the County Commission, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Original Signed by Auditor

DAVIS, LYNN & MOOTS, P.C.
March 12, 2003

Financial Statements

Exhibit A-1

LACLEDE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
Year Ended December 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 836,298	\$ 3,416,944	\$ 3,405,809	\$ 847,433
Special Road and Bridge	14,240	1,278,700	1,240,179	52,761
Assessment	19,002	253,950	240,443	32,509
Law Enforcement Training	42,504	7,536	26,015	24,025
Prosecuting Attorney Training	3,121	1,576	3,498	1,199
Prosecuting Attorney Bad Check	101,354	76,217	77,633	99,938
Enhanced 911	137,643	379,914	310,117	207,440
Law Enforcement Sales Tax	911,471	1,659,909	1,513,523	1,057,857
Recorder's User Fee	47,093	19,180	17,730	48,543
Prosecuting Attorney Delinquent Tax	22,037	4,435	1,339	25,133
Prosecuting Attorney Law Enforcement	921	5	-	926
Peace Officers Standard Training	12,207	3,324	6,261	9,270
Shelter Abuse	6,615	16,159	18,013	4,761
Capital Improvement	385,306	47,503	15,344	417,465
Health Insurance	14,459	354,879	350,099	19,239
Election Services	5,528	5,583	1,020	10,091
Health Center	116,986	805,193	789,994	132,185
Developmentally Disabled Board	5,591	395,018	379,401	21,208
Circuit Clerk Interest	4,537	1,672	5,511	698
Law Library	74,643	18,181	7,364	85,460
Sheriff Discretionary	25,616	57,147	57,462	25,301
Family Access	111	1	-	112
Juvenile Assessment	2,825	715	792	2,748
TOTAL	\$ 2,790,108	\$ 8,803,741	\$ 8,467,547	\$ 3,126,302

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

LACLEDE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
Year Ended December 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 966,231	\$ 3,227,054	\$ 3,356,987	\$ 836,298
Special Road and Bridge	129,431	1,677,766	1,792,957	14,240
Assessment	19,594	244,056	244,648	19,002
Law Enforcement Training	52,367	9,845	19,708	42,504
Prosecuting Attorney Training	5,071	2,045	3,995	3,121
Prosecuting Attorney Bad Check	103,103	72,112	73,861	101,354
Enhanced 911	101,100	335,374	298,831	137,643
Law Enforcement Sales Tax	794,031	1,663,628	1,546,188	911,471
Recorder's User Fee	53,431	18,136	24,474	47,093
Prosecuting Attorney Delinquent Tax	27,887	2,710	8,560	22,037
Prosecuting Attorney Law Enforcement	893	28	-	921
Map Reserve	4,328	2,161	6,489	-
Peace Officers Standard Training	17,745	4,897	10,435	12,207
Shelter Abuse	7,168	24,248	24,801	6,615
Capital Improvement	256,750	128,556	-	385,306
Health Insurance	63,662	322,358	371,561	14,459
Election Services	2,719	4,036	1,227	5,528
Health Center	115,537	1,013,314	1,011,865	116,986
Developmentally Disabled Board	17,499	382,913	394,821	5,591
Circuit Clerk Interest	6,653	7,734	9,850	4,537
Law Library	61,098	18,413	4,868	74,643
Sheriff Discretionary	26,790	43,817	44,991	25,616
Family Access	108	3	-	111
Juvenile Assessment	1,645	1,180	-	2,825
TOTAL	\$ 2,834,841	\$ 9,206,384	\$ 9,251,117	\$ 2,790,108

The accompanying Notes to the Financial Statements are an integral part of this statement.

LACLEDE COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 8,354,069	\$ 8,803,741	\$ 449,672	\$ 8,758,430	\$ 9,206,384	\$ 447,954
DISBURSEMENTS	9,664,423	8,467,547	1,196,876	9,751,298	9,251,117	500,181
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,310,354)	336,194	1,646,548	(992,868)	(44,733)	948,135
CASH, January 1	2,790,108	2,790,108	-	2,834,841	2,834,841	-
CASH, December 31	\$ 1,479,754	\$ 3,126,302	\$ 1,646,548	\$ 1,841,973	\$ 2,790,108	\$ 948,135
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	\$ 267,200	\$ 302,309	\$ 35,109	\$ 176,000	\$ 208,336	\$ 32,336
Sales taxes	1,632,000	1,651,403	19,403	1,600,000	1,634,074	34,074
Intergovernmental	476,207	503,685	27,478	522,754	490,227	(32,527)
Charges for services	670,750	824,742	153,992	673,767	764,195	90,428
Interest	149	12,221	12,072	50,000	44,103	(5,897)
Other	12,525	68,787	56,262	31,492	31,492	-
Transfers in	89,841	53,797	(36,044)	923	54,627	53,704
TOTAL RECEIPTS	3,148,672	3,416,944	268,272	3,054,936	3,227,054	172,118
DISBURSEMENTS						
County Commission	109,272	105,579	3,693	109,124	108,134	990
County Clerk	104,460	103,529	931	127,610	118,975	8,635
Elections	82,500	58,991	23,509	23,000	17,959	5,041
Buildings and grounds	484,421	438,968	45,453	539,167	459,350	79,817
Employee fringe benefits	319,200	125,167	194,033	133,600	119,169	14,431
County Treasurer	43,220	42,668	552	43,520	43,468	52
County Collector	93,266	93,563	(297)	97,966	97,123	843
Ex Officio Recorder of Deeds	58,254	58,678	(424)	55,186	55,209	(23)
Circuit Clerk	46,072	42,260	3,812	40,414	40,197	217
Associate Circuit Court	14,500	10,716	3,784	14,850	12,763	2,087
Court administration	31,396	35,171	(3,775)	45,276	27,638	17,638
Public Administrator	69,700	70,026	(326)	74,550	70,791	3,759
Sheriff	397,554	397,971	(417)	384,800	396,338	(11,538)
Jail	552,000	593,863	(41,863)	541,500	541,500	-
Prosecuting Attorney	200,758	200,477	281	207,255	199,079	8,176
Juvenile Officer	108,448	23,320	85,128	50,000	30,447	19,553
County Coroner	23,300	17,634	5,666	24,350	18,425	5,925
Insurance and bonds	50,000	43,003	6,997	55,000	48,616	6,384
Mail Clerk	9,000	7,432	1,568	15,000	15,000	-
Postage	43,300	43,300	-	38,830	38,745	85
University extension	37,230	37,230	-	35,652	35,652	-
Debt service	297,000	289,184	7,816	265,000	244,351	20,649
Other	96,562	86,708	9,854	133,327	85,526	47,801
Emergency fund	100,000	-	100,000	100,000	-	100,000
Transfers out	305,000	480,371	(175,371)	375,000	532,532	(157,532)
TOTAL DISBURSEMENTS	3,676,413	3,405,809	270,604	3,529,977	3,356,987	172,990
RECEIPTS OVER (UNDER) DISBURSEMENTS	(527,741)	11,135	538,876	(475,041)	(129,933)	345,108
CASH, January 1	836,298	836,298	-	966,231	966,231	-
CASH, December 31	\$ 308,557	\$ 847,433	\$ 538,876	\$ 491,190	\$ 836,298	\$ 345,108

The accompanying Notes to the Financial Statements are an integral part of this statement.

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
SPECIAL ROAD AND BRIDGE FUND						
RECEIPTS						
Property taxes	\$ -	\$ 2,454	\$ 2,454	\$ 2,200	\$ 2,434	\$ 234
Intergovernmental	949,974	965,567	15,593	1,560,740	1,377,372	(183,368)
Charges for services	4,322	2,451	(1,871)	-	2,883	2,883
Interest	-	446	446	4,000	4,077	77
Other	2,000	2,782	782	-	8,337	8,337
Transfers in	305,000	305,000	-	275,000	282,663	7,663
TOTAL RECEIPTS	1,261,296	1,278,700	17,404	1,841,940	1,677,766	(164,174)
DISBURSEMENTS						
Salaries	482,500	475,310	7,190	527,500	504,702	22,798
Employee fringe benefits	57,850	64,243	(6,393)	62,000	57,428	4,572
Supplies	100,000	115,956	(15,956)	155,329	111,066	44,263
Insurance	-	15,752	(15,752)	9,500	9,232	268
Road and bridge materials	177,700	137,923	39,777	118,605	114,696	3,909
Equipment repairs	95,000	116,480	(21,480)	100,000	120,910	(20,910)
Rentals	2,000	30	1,970	2,000	209	1,791
Equipment purchases	194,350	123,197	71,153	202,950	148,815	54,135
Construction, repair and maintenance	49,922	96,957	(47,035)	644,600	624,258	20,342
Other	25,500	39,654	(14,154)	30,500	45,857	(15,357)
Transfers out	60,000	54,677	5,323	68,604	55,784	12,820
TOTAL DISBURSEMENTS	1,244,822	1,240,179	4,643	1,921,588	1,792,957	128,631
RECEIPTS OVER (UNDER) DISBURSEMENTS	16,474	38,521	22,047	(79,648)	(115,191)	(35,543)
CASH, January 1	14,240	14,240	-	129,431	129,431	-
CASH, December 31	\$ 30,714	\$ 52,761	\$ 22,047	\$ 49,783	\$ 14,240	\$ (35,543)
ASSESSMENT FUND						
RECEIPTS						
Intergovernmental	\$ 246,198	\$ 247,273	\$ 1,075	\$ 232,534	\$ 235,507	\$ 2,973
Interest	2,600	848	(1,752)	2,622	2,613	(9)
Other	6,000	5,829	(171)	5,228	5,936	708
TOTAL RECEIPTS	254,798	253,950	(848)	240,384	244,056	3,672
DISBURSEMENTS						
Assessor	231,632	212,766	18,866	229,200	219,123	10,077
Transfers out	22,000	27,677	(5,677)	29,432	25,525	3,907
TOTAL DISBURSEMENTS	253,632	240,443	13,189	258,632	244,648	13,984
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,166	13,507	12,341	(18,248)	(592)	17,656
CASH, January 1	19,002	19,002	-	19,594	19,594	-
CASH, December 31	\$ 20,168	\$ 32,509	\$ 12,341	\$ 1,346	\$ 19,002	\$ 17,656

The accompanying Notes to the Financial Statements are an integral part of this statement.

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
LAW ENFORCEMENT						
TRAINING FUND						
RECEIPTS						
Charges for services	\$ 8,404	\$ 7,365	\$ (1,039)	\$ 10,568	\$ 8,333	\$ (2,235)
Interest	1,710	171	(1,539)	2,432	1,512	(920)
TOTAL RECEIPTS	10,114	7,536	(2,578)	13,000	9,845	(3,155)
DISBURSEMENTS						
Sheriff	52,618	26,015	26,603	65,367	19,708	45,659
TOTAL DISBURSEMENTS	52,618	26,015	26,603	65,367	19,708	45,659
RECEIPTS (UNDER)	(42,504)	(18,479)	24,025	(52,367)	(9,863)	42,504
CASH, January 1	42,504	42,504	-	52,367	52,367	-
CASH, December 31	\$ -	\$ 24,025	\$ 24,025	\$ -	\$ 42,504	\$ 42,504
PROSECUTING ATTORNEY						
TRAINING FUND						
RECEIPTS						
Charges for services	\$ 1,800	\$ 1,566	\$ (234)	\$ 2,500	\$ 1,915	\$ (585)
Interest	110	10	(100)	250	130	(120)
TOTAL RECEIPTS	1,910	1,576	(334)	2,750	2,045	(705)
DISBURSEMENTS						
Prosecuting Attorney	4,000	3,498	502	3,300	3,995	(695)
TOTAL DISBURSEMENTS	4,000	3,498	502	3,300	3,995	(695)
RECEIPTS (UNDER)	(2,090)	(1,922)	168	(550)	(1,950)	(1,400)
CASH, January 1	3,121	3,121	-	5,071	5,071	-
CASH, December 31	\$ 1,031	\$ 1,199	\$ 168	\$ 4,521	\$ 3,121	\$ (1,400)

The accompanying Notes to the Financial Statements are an integral part of this statement.

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY						
BAD CHECK FUND						
RECEIPTS						
Charges for services	\$ 55,000	\$ 75,630	\$ 20,630	\$ 44,000	\$ 69,072	\$ 25,072
Interest	2,500	587	(1,913)	4,333	3,040	(1,293)
TOTAL RECEIPTS	57,500	76,217	18,717	48,333	72,112	23,779
DISBURSEMENTS						
Prosecuting Attorney	125,998	44,775	81,223	127,732	53,579	74,153
Transfers out	32,856	32,858	(2)	23,704	20,282	3,422
TOTAL DISBURSEMENTS	158,854	77,633	81,221	151,436	73,861	77,575
RECEIPTS (UNDER)	(101,354)	(1,416)	99,938	(103,103)	(1,749)	101,354
CASH, January 1	101,354	101,354	-	103,103	103,103	-
CASH, December 31	\$ -	\$ 99,938	\$ 99,938	\$ -	\$ 101,354	\$ 101,354
ENHANCED 911 FUND						
RECEIPTS						
Charges for services	\$ 350,000	\$ 378,812	\$ 28,812	\$ 297,800	\$ 331,320	\$ 33,520
Interest	2,000	1,102	(898)	4,000	4,054	54
TOTAL RECEIPTS	352,000	379,914	27,914	301,800	335,374	33,574
DISBURSEMENTS						
Salaries	187,800	187,546	254	182,330	182,907	(577)
Employee fringe benefits	16,040	15,792	248	15,623	15,654	(31)
Equipment	45,429	33,393	12,036	35,666	26,060	9,606
Insurance	500	702	(202)	500	277	223
Mileage and training	5,000	2,778	2,222	3,200	3,686	(486)
Telephone	42,700	40,897	1,803	41,200	38,858	2,342
Transfers out	28,800	29,009	(209)	35,480	31,389	4,091
TOTAL DISBURSEMENTS	326,269	310,117	16,152	313,999	298,831	15,168
RECEIPTS OVER (UNDER) DISBURSEMENTS	25,731	69,797	44,066	(12,199)	36,543	48,742
CASH, January 1	137,643	137,643	-	101,100	101,100	-
CASH, December 31	\$ 163,374	\$ 207,440	\$ 44,066	\$ 88,901	\$ 137,643	\$ 48,742

The accompanying Notes to the Financial Statements are an integral part of this statement.

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
LAW ENFORCEMENT						
SALES TAX FUND						
RECEIPTS						
Sales taxes	\$ 1,633,410	\$ 1,651,092	\$ 17,682	\$ 1,600,000	\$ 1,633,410	\$ 33,410
Interest	20,000	8,817	(11,183)	25,000	30,218	5,218
TOTAL RECEIPTS	1,653,410	1,659,909	6,499	1,625,000	1,663,628	38,628
DISBURSEMENTS						
Salaries	44,000	43,961	39	-	-	-
Employee fringe benefits	3,500	3,275	225	-	-	-
Facility project	30,000	1,190	28,810	173,000	135,902	37,098
Bond payments	1,358,841	1,261,214	97,627	1,365,000	1,280,695	84,305
Professional services	5,000	3,072	1,928	5,000	3,591	1,409
Utility and upkeep	142,500	197,958	(55,458)	150,000	126,000	24,000
Furniture payments	-	-	-	50,000	-	50,000
Reserve	500,000	-	500,000	500,000	-	500,000
Transfer out	-	2,853	(2,853)	-	-	-
TOTAL DISBURSEMENTS	2,083,841	1,513,523	570,318	2,243,000	1,546,188	696,812
RECEIPTS OVER (UNDER) DISBURSEMENTS	(430,431)	146,386	576,817	(618,000)	117,440	735,440
CASH, January 1	911,471	911,471	-	794,031	794,031	-
CASH, December 31	\$ 481,040	\$ 1,057,857	\$ 576,817	\$ 176,031	\$ 911,471	\$ 735,440
RECORDER'S USER FEE FUND						
RECEIPTS						
Charges for services	\$ 16,000	\$ 18,855	\$ 2,855	\$ 15,000	\$ 16,808	\$ 1,808
Interest	700	325	(375)	2,000	1,328	(672)
Other	-	-	-	6,500	-	(6,500)
TOTAL RECEIPTS	16,700	19,180	2,480	23,500	18,136	(5,364)
DISBURSEMENTS						
Recorder	37,536	10,194	27,342	66,500	24,474	42,026
Transfers out	-	7,536	(7,536)	-	-	-
TOTAL DISBURSEMENTS	37,536	17,730	19,806	66,500	24,474	42,026
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,836)	1,450	22,286	(43,000)	(6,338)	36,662
CASH, January 1	47,093	47,093	-	53,431	53,431	-
CASH, December 31	\$ 26,257	\$ 48,543	\$ 22,286	\$ 10,431	\$ 47,093	\$ 36,662

The accompanying Notes to the Financial Statements are an integral part of this statement.

LACLEDE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)
 Year Ended December 31,

	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY						
DELINQUENT TAX FUND						
RECEIPTS						
Intergovernmental	\$ 900	\$ 4,301	\$ 3,401	\$ 1,500	\$ 1,881	\$ 381
Interest	500	134	(366)	200	829	629
TOTAL RECEIPTS	1,400	4,435	3,035	1,700	2,710	1,010
DISBURSEMENTS						
Salaries	-	1,245	(1,245)	-	934	(934)
Other	23,437	94	23,343	29,587	7,626	21,961
TOTAL DISBURSEMENTS	23,437	1,339	22,098	29,587	8,560	21,027
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,037)	3,096	25,133	(27,887)	(5,850)	22,037
CASH, January 1	22,037	22,037	-	27,887	27,887	-
CASH, December 31	\$ -	\$ 25,133	\$ 25,133	\$ -	\$ 22,037	\$ 22,037
PROSECUTING ATTORNEY						
LAW ENFORCEMENT FUND						
RECEIPTS						
Interest	\$ -	\$ 5	\$ 5	\$ 40	\$ 28	\$ (12)
TOTAL RECEIPTS	-	5	5	40	28	(12)
DISBURSEMENTS						
Other	-	-	-	933	-	933
TOTAL DISBURSEMENTS	-	-	-	933	-	933
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	5	5	(893)	28	921
CASH, January 1	921	921	-	893	893	-
CASH, December 31	\$ 921	\$ 926	\$ 5	\$ -	\$ 921	\$ 921
MAP RESERVE FUND						
RECEIPTS						
Interest	\$ -	\$ -	\$ -	\$ -	\$ 161	\$ 161
Transfers in	-	-	-	2,000	2,000	-
TOTAL RECEIPTS	-	-	-	2,000	2,161	161
DISBURSEMENTS						
Transfers out	-	-	-	-	6,489	(6,489)
TOTAL DISBURSEMENTS	-	-	-	-	6,489	(6,489)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	2,000	(4,328)	(6,328)
CASH, January 1	-	-	-	4,328	4,328	-
CASH, December 31	\$ -	\$ -	\$ -	\$ 6,328	\$ -	\$ (6,328)

The accompanying Notes to the Financial Statements are an integral part of this statement.

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PEACE OFFICERS STANDARD						
TRAINING FUND						
RECEIPTS						
Charges for services	\$ 4,415	\$ 3,247	\$ (1,168)	\$ 5,000	\$ 4,414	\$ (586)
Interest	484	77	(407)	600	483	(117)
TOTAL RECEIPTS	4,899	3,324	(1,575)	5,600	4,897	(703)
DISBURSEMENTS						
Training	17,106	6,261	10,845	23,345	10,435	12,910
TOTAL DISBURSEMENTS	17,106	6,261	10,845	23,345	10,435	12,910
RECEIPTS (UNDER)	(12,207)	(2,937)	9,270	(17,745)	(5,538)	12,207
CASH, January 1	12,207	12,207	-	17,745	17,745	-
CASH, December 31	\$ -	\$ 9,270	\$ 9,270	\$ -	\$ 12,207	\$ 12,207
SHELTER ABUSE FUND						
RECEIPTS						
Intergovernmental	\$ 24,300	\$ 16,140	\$ (8,160)	\$ 22,873	\$ 24,111	\$ 1,238
Interest	-	19	19	500	137	(363)
TOTAL RECEIPTS	24,300	16,159	(8,141)	23,373	24,248	875
DISBURSEMENTS						
Domestic violence shelter	24,300	18,013	6,287	29,000	24,801	4,199
TOTAL DISBURSEMENTS	24,300	18,013	6,287	29,000	24,801	4,199
RECEIPTS (UNDER)	-	(1,854)	(1,854)	(5,627)	(553)	5,074
CASH, January 1	6,615	6,615	-	7,168	7,168	-
CASH, December 31	\$ 6,615	\$ 4,761	\$ (1,854)	\$ 1,541	\$ 6,615	\$ 5,074
CAPITAL IMPROVEMENT FUND						
RECEIPTS						
Interest	\$ 150	\$ 281	\$ 131	\$ 15,000	\$ 13,066	\$ (1,934)
Other	45,431	47,222	1,791	-	-	-
Transfers in	-	-	-	105,000	115,490	10,490
TOTAL RECEIPTS	45,581	47,503	1,922	120,000	128,556	8,556
DISBURSEMENTS						
Equipment	65,000	15,344	49,656	-	-	-
TOTAL DISBURSEMENTS	65,000	15,344	49,656	-	-	-
RECEIPTS OVER						
(UNDER) DISBURSEMENTS	(19,419)	32,159	51,578	120,000	128,556	8,556
CASH, January 1	385,306	385,306	-	256,750	256,750	-
CASH, December 31	\$ 365,887	\$ 417,465	\$ 51,578	\$ 376,750	\$ 385,306	\$ 8,556

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
HEALTH INSURANCE FUND						
RECEIPTS						
Interest	\$ 100	\$ 130	\$ 30	\$ 5,000	\$ 1,293	\$ (3,707)
Other	80,000	74,308	(5,692)	110,000	103,844	(6,156)
Transfers in	310,000	280,441	(29,559)	330,276	217,221	(113,055)
TOTAL RECEIPTS	390,100	354,879	(35,221)	445,276	322,358	(122,918)
DISBURSEMENTS						
Health insurance premiums	390,000	350,099	39,901	440,276	371,561	68,715
TOTAL DISBURSEMENTS	390,000	350,099	39,901	440,276	371,561	68,715
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	4,780	4,680	5,000	(49,203)	(54,203)
CASH, January 1	14,459	14,459	-	63,662	63,662	-
CASH, December 31	\$ 14,559	\$ 19,239	\$ 4,680	\$ 68,662	\$ 14,459	\$ (54,203)
ELECTION SERVICES FUND						
RECEIPTS						
Intergovernmental	\$ 6,500	\$ 5,539	\$ (961)	\$ 1,250	\$ 3,927	\$ 2,677
Interest	80	44	(36)	25	109	84
TOTAL RECEIPTS	6,580	5,583	(997)	1,275	4,036	2,761
DISBURSEMENTS						
Election	5,000	1,020	3,980	2,500	1,227	1,273
TOTAL DISBURSEMENTS	5,000	1,020	3,980	2,500	1,227	1,273
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,580	4,563	2,983	(1,225)	2,809	4,034
CASH, January 1	5,528	5,528	-	2,719	2,719	-
CASH, December 31	\$ 7,108	\$ 10,091	\$ 2,983	\$ 1,494	\$ 5,528	\$ 4,034

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B
LACLEDE COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

Year Ended December 31,						
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	\$ 295,000	\$ 307,177	\$ 12,177	\$ 284,000	\$ 300,776	\$ 16,776
Intergovernmental	331,038	334,594	3,556	248,091	652,299	404,208
Charges for services	25,000	47,402	22,402	31,000	40,690	9,690
Interest	5,000	5,281	281	8,000	12,276	4,276
Other	5,500	110,739	105,239	6,000	7,273	1,273
TOTAL RECEIPTS	661,538	805,193	143,655	577,091	1,013,314	436,223
DISBURSEMENTS						
Salaries	381,288	353,659	27,629	393,761	361,979	31,782
Employee fringe benefits	102,420	88,759	13,661	112,374	101,154	11,220
Office expenditures	122,000	116,632	5,368	102,700	122,115	(19,415)
Equipment	2,000	2,465	(465)	2,000	1,382	618
Mileage and training	16,000	7,742	8,258	12,000	7,365	4,635
Other	26,300	22,233	4,067	37,395	6,573	30,822
Building project	100,651	198,504	(97,853)	30,000	411,297	(381,297)
TOTAL DISBURSEMENTS	750,659	789,994	(39,335)	690,230	1,011,865	(321,635)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(89,121)	15,199	104,320	(113,139)	1,449	114,588
CASH, January 1	116,986	116,986	-	115,537	115,537	-
CASH, December 31	\$ 27,865	\$ 132,185	\$ 104,320	\$ 2,398	\$ 116,986	\$ 114,588
DEVELOPMENTALLY DISABLED BOARD FUND						
RECEIPTS						
Property tax	\$ 394,922	\$ 394,931	\$ 9	\$ 365,265	\$ 382,533	\$ 17,268
Intergovernmental	-	-	-	17	18	1
Interest	84	87	3	150	362	212
TOTAL RECEIPTS	395,006	395,018	12	365,432	382,913	17,481
DISBURSEMENTS						
Contract services	378,175	378,175	-	365,365	393,660	(28,295)
Office expenditures	237	226	11	5,400	211	5,189
Mileage and training	-	-	-	500	-	500
Legal fees	-	-	-	1,500	-	1,500
Insurance and bonds	1,000	1,000	-	1,000	950	50
TOTAL DISBURSEMENTS	379,412	379,401	11	373,765	394,821	(21,056)
RECEIPTS OVER (UNDER) DISBURSEMENTS	15,594	15,617	23	(8,333)	(11,908)	(3,575)
CASH, January 1	5,591	5,591	-	17,499	17,499	-
CASH, December 31	\$ 21,185	\$ 21,208	\$ 23	\$ 9,166	\$ 5,591	\$ (3,575)

The accompanying Notes to the Financial Statements are an integral part of this statement.

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
CIRCUIT CLERK INTEREST FUND						
RECEIPTS						
Interest	\$ 9,000	\$ 1,672	\$ (7,328)	\$ 7,000	\$ 7,110	\$ 110
Other	-	-	-	-	624	624
TOTAL RECEIPTS	9,000	1,672	(7,328)	7,000	7,734	734
DISBURSEMENTS						
Services	12,000	5,511	6,489	12,000	9,850	2,150
TOTAL DISBURSEMENTS	12,000	5,511	6,489	12,000	9,850	2,150
RECEIPTS (UNDER)	(3,000)	(3,839)	(839)	(5,000)	(2,116)	2,884
CASH, January 1	4,537	4,537	-	6,653	6,653	-
CASH, December 31	\$ 1,537	\$ 698	\$ (839)	\$ 1,653	\$ 4,537	\$ 2,884
LAW LIBRARY FUND						
RECEIPTS						
Charges for services	\$ 15,000	\$ 17,610	\$ 2,610	\$ 18,000	\$ 16,530	\$ (1,470)
Interest	265	571	306	2,000	1,883	(117)
TOTAL RECEIPTS	15,265	18,181	2,916	20,000	18,413	(1,587)
DISBURSEMENTS						
Law library	89,908	7,364	82,544	81,073	4,868	76,205
TOTAL DISBURSEMENTS	89,908	7,364	82,544	81,073	4,868	76,205
RECEIPTS OVER (UNDER) DISBURSEMENTS	(74,643)	10,817	85,460	(61,073)	13,545	74,618
CASH, January 1	74,643	74,643	-	61,098	61,098	-
CASH, December 31	\$ -	\$ 85,460	\$ 85,460	\$ 25	\$ 74,643	\$ 74,618
SHERIFF DISCRETIONARY FUND						
RECEIPTS						
Charges for services	\$ 43,360	\$ 56,969	\$ 13,609	\$ 37,350	\$ 43,239	\$ 5,889
Interest	640	178	(462)	650	578	(72)
TOTAL RECEIPTS	44,000	57,147	13,147	38,000	43,817	5,817
DISBURSEMENTS						
Sheriff	69,616	53,205	16,411	64,790	44,991	19,799
Transfers out	-	4,257	(4,257)	-	-	-
TOTAL DISBURSEMENTS	69,616	57,462	12,154	64,790	44,991	19,799
RECEIPTS (UNDER)	(25,616)	(315)	25,301	(26,790)	(1,174)	25,616
CASH, January 1	25,616	25,616	-	26,790	26,790	-
CASH, December 31	\$ -	\$ 25,301	\$ 25,301	\$ -	\$ 25,616	\$ 25,616

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

LACLEDE COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS (continued)

Year Ended December 31,						
2002			2001			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
FAMILY ACCESS FUND						
RECEIPTS						
Interest	\$ -	\$ 1	\$ 1	\$ -	\$ 3	\$ 3
TOTAL RECEIPTS	-	1	1	-	3	3
DISBURSEMENTS						
Other	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	-	-	-	-	-
RECEIPTS OVER DISBURSEMENTS	-	1	1	-	3	3
CASH, January 1	111	111	-	108	108	-
CASH, December 31	\$ 111	\$ 112	\$ 1	\$ 108	\$ 111	\$ 3
JUVENILE ASSESSMENT FUND						
RECEIPTS						
Charges for services	\$ -	\$ 715	\$ 715	\$ -	\$ 1,180	\$ 1,180
TOTAL RECEIPTS	-	715	715	-	1,180	1,180
DISBURSEMENTS						
Other	-	792	(792)	-	-	-
TOTAL DISBURSEMENTS	-	792	(792)	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(77)	(77)	-	1,180	1,180
CASH, January 1	2,825	2,825	-	1,645	1,645	-
CASH, December 31	\$ 2,825	\$ 2,748	\$ (77)	\$ 1,645	\$ 2,825	\$ 1,180

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

LACLEDE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2002 and 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Laclede County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board and the Developmentally Disabled Board. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various County funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the County budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the County did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Family Access Fund	2002 and 2001
Juvenile Assessment Fund	2002 and 2001

LACLEDE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

C. Budgets and Budgetary Practices (continued)

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2001
Developmentally Disabled Board Fund	2001
Health Center Fund	2002, 2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the County's published financial statements for the year ended December 31, 2002 and 2001 did not include the Family Access Fund and Juvenile Assessment Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

In accordance with Statement No. 3 of the Government Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

LACLEDE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

2. Cash (continued)

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depository insurance are pledged to the County rather than to specific county officials.

The County's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the County's custodial bank in the County's name.

The Health Center's deposits at December 31, 2002 and 2001 were entirely covered by federal depository insurance or by collateral securities held by the Health Center's custodial bank in the Health Center's name.

The Developmentally Disabled Board's deposits at December 31, 2002 and 2001 were entirely covered by federal depository insurance.

To protect the safety of County deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure County deposits not insured by the Federal Deposit Insurance Corporation.

3. General Long-Term Debt

In 1999, the County issued \$1,655,000 in Certificates of Participation for the purpose of financing Phase III of the courthouse project. The certificates bear interest at various rates ranging from 4.7% to 5.0% with principal payments due March 1 and interest payments due March 1 and September 1 of each year. The Certificates of Participation outstanding at December 31, 2002, are as follows:

Year Ended December 31,	Amount Due		
	Principal	Interest	Total
2003	\$ 280,000	\$ 24,255	\$ 304,255
2004	325,000	17,675	342,675
2005	395,000	9,875	404,875
	<u>\$ 1,000,000</u>	<u>\$ 51,805</u>	<u>\$ 1,051,805</u>

In 2001, the County entered into a cancellable lease purchase agreement to finance the purchase of three (3) Caterpillar road graders at a total cost of \$409,530. The agreement requires annual payments of \$30,590, which include interest at 5.50% until 2004. In 2005, the County will have a final payment of \$367,200, which will include interest at 5.50%.

LACLEDE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

3. General Long-Term Debt (continued)

In 2001, the County entered into a cancellable lease purchase agreement to finance the purchase of a John Deere road grader at a cost of \$81,800. The agreement requires annual payments of \$23,555 which includes interest at 5.75%.

In 1999, the County entered into a cancellable lease purchase agreement to finance the purchase of a John Deere road grader at a cost of \$99,419. The agreement requires annual payments of \$28,592, which includes interest at 5.90%.

Although the agreements provide for cancellation of the leases if the County should fail to appropriate funds at the annual renewal dates, the County does not foresee exercising its options to cancel. Therefore, these leases are accounted for as noncancellable capital leases in accordance with Statement of Financial Accounting Standards 13, "Accounting for Leases".

The annual requirements to amortize the principal of the leases are as follows:

Year Ended December 31,	3 Caterpillar Road Graders Lease	John Deere Road Grader 2001 Lease	John Deere Road Grader 1999 Lease	Total Lease Payments
2003	\$ 30,590	\$ 23,555	\$ 28,592	\$ 82,737
2004	30,590	23,555	-	54,145
2005	367,200	23,555	-	390,755
	<u>428,380</u>	<u>70,665</u>	<u>28,592</u>	<u>527,637</u>
Portion representing interest	(59,189)	(7,590)	(1,453)	(68,232)
Minimum future lease	<u>\$ 369,191</u>	<u>\$ 63,075</u>	<u>\$ 27,139</u>	<u>\$ 459,405</u>

In 1995, the County issued \$11,450,000 in leasehold revenue bonds. The bonds bear interest of 3.8% to 5.0%. Interest payments are due semi-annually on March 1 and September 1 of each year. The annual debt service requirements to amortize the principal on the 1995 lease hold revenue bonds outstanding at December 31, 2002 are listed in the table below:

Year Ended December 31,	Amount Due		
	Principal	Interest	Total
2003	\$ 1,175,000	\$ 191,006	\$ 1,366,006
2004	1,225,000	134,222	1,359,222
2005	1,785,000	44,625	1,829,625
	<u>\$ 4,185,000</u>	<u>\$ 369,853</u>	<u>\$ 4,554,853</u>

LACLEDE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

3. General Long-Term Debt (continued)

In 1999, the County issued \$78,000 in Limited General Obligation Bonds. The bonds bear interest at 6.5% with principal and interest payments due on March 1 of each year. The annual debt service requirements to amortize the principal of the Limited General Obligation Bonds outstanding at December 31, 2002 are listed in the table below:

Year Ended December 31,	Principal	Interest	Total
2003	\$ 3,000	\$ 4,355	\$ 7,355
2004	3,000	4,160	7,160
2005	3,000	3,965	6,965
2006	3,000	3,770	6,770
2007	4,000	3,575	7,575
Thereafter	52,000	19,890	71,890
	<u>\$ 68,000</u>	<u>\$ 39,715</u>	<u>\$ 107,715</u>

	Balance December 31, 2000	Additions	Retirements	Balance December 31, 2001
Capital Lease Obligations				
1999 Police Cars Lease	\$ 78,170	\$ -	\$ 38,169	\$ 40,001
1999 Firststar Grader Lease	74,921	-	36,451	38,470
1999 John Deere Grader Lease	76,693	-	24,067	52,626
2001 Three Graders Lease	-	409,530	30,590	378,940
2001 John Deere Grader Lease	-	81,800	-	81,800
1995 Leasehold Revenue Bonds	6,370,000	-	1,070,000	5,300,000
1997 Limited General Obligation Bonds	72,000	-	2,000	70,000
1999 Certificates of Participation	1,535,000	-	195,000	1,340,000
TOTAL	<u>\$ 8,206,784</u>	<u>\$ 491,330</u>	<u>\$ 1,396,277</u>	<u>\$ 7,301,837</u>

LACLEDE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

3. General Long-Term Debt (continued)

	Balance December 31, 2001	Additions	Retirements	Balance December 31, 2002
Capital Lease Obligations				
1999 Police Cars Lease	\$ 40,001	\$ -	\$ 40,001	\$ -
1999 Firststar Grader Lease	38,470	-	38,470	-
1999 John Deere Grader Lease	52,626	-	25,487	27,139
2001 Three Graders Lease	378,940	-	9,749	369,191
2001 John Deere Grader Lease	81,800	-	18,725	63,075
1995 Leasehold Revenue Bonds	5,300,000	-	1,115,000	4,185,000
1997 Limited General Obligation Bonds	70,000	-	2,000	68,000
1999 Certificates of Participation	1,340,000	-	340,000	1,000,000
TOTAL	<u>\$ 7,301,837</u>	<u>\$ -</u>	<u>\$ 1,589,432</u>	<u>\$ 5,712,405</u>

4. Long-Term Debt - Health Center

In 2000, the Center entered into a cancellable lease purchase agreement to finance the purchase of a building in the amount of \$200,000. The agreement requires monthly payments of \$2,500 which included interest at 6.10%.

Although the agreement provides for cancellation of the lease if the County should fail to appropriate funds at the annual renewal date, the County does not foresee exercising its option to cancel. Therefore, this lease is accounted for as a noncancellable capital lease in accordance with Statement of Financial Accounting Standards 13, "Accounting for Leases".

The annual requirements to amortize the principal of the lease is as follows:

Year Ended December 31,	
2003	\$ 30,000
2004	30,000
2005	6,185
	<u>66,185</u>
PORTION REPRESENTING INTEREST	(4,408)
MINIMUM FUTURE LEASE PAYMENTS	<u>\$ 61,777</u>

LACLEDE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

5. Claims and Judgments

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of December 31, 2002, significant amounts of grant expenditures have not been audited by grantor governments, but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the County.

Supplementary Schedule

Schedule

LACLEDE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/ Pass Through Grantor/ Program Title	Pass-through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
	U.S. DEPARTMENT OF AGRICULTURE			
	Department of Health			
10.557	Special Supplemental Nutrition Program for Women, Infants and Children	ERS045-1153	\$ -	\$ 74,590
		ERS045-2153	66,138	24,430
		ERS045-3153	22,005	-
	Office of Administration			
10.665	Schools and Roads - Grants to States	N/A	11,245	2,292
	TOTAL U.S. DEPARTMENT OF AGRICULTURE		99,388	101,312
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
	Department of Social Services			
14.231	Emergency Shelter Grants Program	Ero 1640430	11,406	19,349
	TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		11,406	19,349
	U.S. DEPARTMENT OF JUSTICE			
16.607	Bullet Proof Vest Partnership Program	N/A	2,150	-
	Missouri Sheriffs' Association			
	Domestic Cannabis Eradication/Suppression Program	N/A	1,047	-
	TOTAL U.S. DEPARTMENT OF JUSTICE		3,197	-
	U.S. DEPARTMENT OF TRANSPORTATION			
	Highway and Transportation Commission			
20.205	Highway Planning and Construction	Bro 053(6)	1,320	511,617
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	3,319	3,125
	TOTAL U.S. DEPARTMENT OF TRANSPORTATION		4,639	514,742
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Department of Public Safety			
83.534	Emergency Management - State and Local Assistance	EMK-2002	550	-
		EMK-2001	-	1,600
83.544	Public Assistance Grant	1412-DR-Mo-105-028CD	84,318	-
	TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY		84,868	1,600

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Schedule

LACLEDE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

Federal CFDA Number	Federal Grantor/ Pass Through Grantor/ Program Title	Pass-through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
	U.S. DEPARTMENT OF HEALTH AND HUMAN			
	Department of Health			
93.268	Immunization Grants	N/A	28,823	52,542
	Department of Social Services			
93.563	Child Support Enforcement	N/A	1,694	1,802
	Department of Health			
93.575	Child Care and Development Block Grant	N/A	-	1,445
93.887	Project grants for renovation or construction of health care	1C76 HF00134-01	39,049	412,753
	Department of Health			
93.919	Cooperative Agreements for State-Based Comprehensive			
	Breast and Cervical Cancer Early Detection Programs	ERS161-10035	-	6,708
		ERS161-20053	13,222	5,197
		ERS161-30053	7,484	-
93.994	Maternal and Child Health Services Block Grant to the	ERS146-1153M	-	14,432
		ERS146-2153M	19,381	2,472
		Immunizations	282	5,665
		ERS175-1153F	-	8,262
		ERS175-2037F	8,898	1,505
	TOTAL U.S. DEPARTMENT OF			
	HEALTH AND HUMAN SERVICES		118,833	512,783
	TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 322,331	\$ 1,149,786

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

LACLEDE COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Laclede County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$28,823 and \$52,542 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2002 and 2001. Of the remaining amounts for the Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The County provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

**FEDERAL AWARDS -
SINGLE AUDIT SECTION**

Independent Auditors' Report

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Laclede County, Missouri

Compliance

We have audited the compliance of Laclede County, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Laclede County, Missouri's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Laclede County, Missouri's compliance with those requirements.

In our opinion, Laclede County, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001.

To the County Commission and
Officeholders of Laclede County, Missouri

Internal Control Over Compliance

The management of Laclede County, Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

In planning and performing our audit, we considered Laclede County, Missouri's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and to be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the County commission, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Original Signed by Auditor

DAVIS, LYNN & MOOTS, P.C.
March 12, 2003

Schedule

LACLEDE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (INCLUDING MANAGEMENT'S PLAN FOR
CORRECTIVE ACTION)
Years Ended December 31, 2002 and 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
Material weaknesses identified?	<u>Yes</u>	<u>x</u>	No
Reportable conditions identified that are not considered to be material weaknesses?	<u>Yes</u>	<u>x</u>	None reported
Noncompliance material to the financial statements noted?	<u>Yes</u>	<u>x</u>	No

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	<u>Yes</u>	<u>x</u>	No
Reportable conditions identified that are not considered to be material weaknesses?	<u>Yes</u>	<u>x</u>	None reported
Type of auditor's report issued on compliance for major program(s):	<u>Unqualified</u>		
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>Yes</u>	<u>x</u>	No

Identification of major program(s):

CFDA or Other

<u>Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
83.544	Public Assistance Grant
93.887	Project grants for renovation or construction of Health Care Facilities
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?	<u>Yes</u>	<u>x</u>	No
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LACLEDE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (INCLUDING MANAGEMENT'S PLAN FOR
CORRECTIVE ACTION)
Years Ended December 31, 2002 and 2001

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

LACLEDE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

LACLEDE COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

To the County Commission
and
Officeholders of Laclede County, Missouri

In planning and performing our audit of the special-purpose financial statements of Laclede County, Missouri for the years ended December 31, 2002 and 2001, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of some matters to bring to your attention. The following paragraphs summarize our comments and suggestions regarding these matters.

1. Unclaimed Property

The County does not have a policy in place concerning unclaimed property. This policy is necessary to ensure the County is complying with state statutes. This policy should include provisions on how monies are held and when monies are turned over to the state's unclaimed property division.

We Recommend:

The County develop a policy concerning unclaimed property outlining procedures to be followed for each of the offices or departments within the county.

2. Investment Policy

During our audit, we noted that the County does not have a formal written investment policy that details the County's philosophies, policies and goals. The policy would allow the County to maximize the income earned on investments at an acceptable level of risk.

We Recommend:

The County adopt an investment policy which addresses the investment goals, the targeted return for investments, and the amount of risk that is acceptable.

3. Budgetary Statute

The County was not in compliance with Sections 50.525 through 50.745, RSMo for the years ended December 31, 2002 and 2001. Actual expenditures exceeded budgeted expenditures in the Prosecuting Attorney Training Fund, Developmentally Disabled Board Fund, and Health Center Fund. Also, a budget was not adopted for the Family Access Fund and Juvenile Assessment Fund.

We Recommend:

The County amend the budget as necessary to ensure actual expenditures do not exceed budgeted expenditures. State statutes require that budget amendments be adopted throughout the year as additional expenditures in excess of the original budget are authorized by County management. The County should also adopt a budget for all funds.

We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We appreciate this opportunity to serve as Laclede County Missouri's independent auditor and the courtesies and assistance extended to us by the County's employees.

Original Signed by Auditor

DAVIS, LYNN & MOOTS, P.C.
March 12, 2003



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Dade County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Dade County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by McCullough, Officer & Company, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-63
July 7, 2003

DADE COUNTY, MISSOURI

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2002 AND 2001

DADE COUNTY, MISSOURI

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DADE COUNTY, MISSOURI

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FINANCIAL SECTION

Independent Auditor's Reports

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of Dade County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Dade County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Dade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Dade County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Dade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1,

which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated February 11, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

February 11, 2003

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Dade County, Missouri

We have audited the special-purpose financial statements of various funds of Dade County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 11, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Dade County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Dade County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements

in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Dade County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

February 11, 2003

Financial Statements

Exhibit A-1

DADE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 377,143	605,542	631,975	350,710
Special Road and Bridge	298,003	1,460,431	1,479,210	279,224
Assessment	10,281	94,692	104,865	108
Law Enforcement	443	559,724	548,319	11,848
Law Enforcement Training	2,107	2,113	3,230	990
Prosecuting Attorney Bad Check	9,691	13,554	17,806	5,439
Prosecuting Attorney Training	396	260	400	256
Health Center	34,790	315,326	326,368	23,748
Recorder User Fees	8,976	6,711	432	15,255
Law Library	1,778	4,205	4,805	1,178
Circuit Clerk Interest	13,533	1,076	2,356	12,253
Prosecuting Attorney Delinquent Tax	2,178	36	-	2,214
Domestic Violence	160	191	-	351
CDBG	21	100,498	100,428	91
Total	\$ 759,500	3,164,359	3,220,194	703,665

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DADE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 366,467	564,306	553,630	377,143
Special Road and Bridge	197,805	869,061	768,863	298,003
Assessment	4,432	89,283	83,434	10,281
Law Enforcement	539	546,121	546,217	443
Law Enforcement Training	2,093	2,015	2,001	2,107
Prosecuting Attorney Bad Check	5,771	6,004	2,084	9,691
Prosecuting Attorney Training	1,396	359	1,359	396
Health Center	16,506	322,686	304,402	34,790
Recorder User Fees	16,064	6,911	13,999	8,976
Law Library	1,399	3,944	3,565	1,778
Circuit Clerk Interest	14,636	2,705	3,808	13,533
Prosecuting Attorney Delinquent Tax	1,937	241	-	2,178
Domestic Violence	201	275	316	160
CDBG	-	6,993	6,972	21
Total	\$ 629,246	2,420,904	2,290,650	759,500

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DADE COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 2,314,801	3,035,715	720,914	2,243,258	2,391,457	148,199
DISBURSEMENTS	2,548,894	3,090,737	(541,843)	2,423,094	2,256,546	166,548
RECEIPTS OVER (UNDER) DISBURSEMENTS	(234,093)	(55,022)	179,071	(179,836)	134,911	314,747
CASH, JANUARY 1	720,660	720,660	0	585,749	585,749	0
CASH, DECEMBER 31	486,567	665,638	179,071	405,913	720,660	314,747
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	90,000	136,845	46,845	89,500	106,669	17,169
Sales taxes	250,000	258,095	8,095	206,000	254,988	48,988
Intergovernmental	140,800	53,491	(87,309)	62,457	67,040	4,583
Charges for services	85,100	101,834	16,734	85,100	84,223	(877)
Interest	2,000	14,053	12,053	23,600	24,924	1,324
Other	9,700	28,724	19,024	76,115	26,297	(49,818)
Transfers in	12,000	12,500	500	9,850	165	(9,685)
Total Receipts	589,600	605,542	15,942	552,622	564,306	11,684
DISBURSEMENTS						
County Commission	63,608	69,710	(6,102)	61,960	65,453	(3,493)
County Clerk	47,804	42,552	5,252	46,024	46,217	(193)
Elections	27,658	26,488	1,170	10,850	7,391	3,459
Buildings and grounds	207,762	127,632	80,130	196,819	43,496	153,323
Employee fringe benefits and insurance	47,942	32,887	15,055	38,775	23,253	15,522
County Treasurer & Collector	55,527	71,162	(15,635)	52,043	71,681	(19,638)
Ex Officio Recorder of Deeds	18,076	19,301	(1,225)	20,315	6,856	13,459
Associate Circuit (Probate)	25,590	14,049	11,541	27,714	25,136	2,578
Public Administrator	16,800	16,665	135	14,950	15,666	(716)
University Extension	26,000	26,000	0	28,503	28,503	0
LEPC	11,000	3,244	7,756	11,063	2,205	8,858
Other	44,625	60,942	(16,317)	20,625	44,726	(24,101)
Transfers out	120,000	113,287	6,713	164,000	165,000	(1,000)
Emergency Fund	15,258	8,056	7,202	16,380	8,047	8,333
Total Disbursements	727,650	631,975	95,675	710,021	553,630	156,391
RECEIPTS OVER (UNDER) DISBURSEMENTS	(138,050)	(26,433)	111,617	(157,399)	10,676	168,075
CASH, JANUARY 1	377,143	377,143	0	366,467	366,467	0
CASH, DECEMBER 31	239,093	350,710	111,617	209,068	377,143	168,075

Exhibit B

DADE COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	27,917	29,852	1,935	27,900	27,917	17
Intergovernmental	761,000	1,415,821	654,821	868,500	821,433	(47,067)
Interest	2,225	14,076	11,851	8,500	17,770	9,270
Other	1,700	682	(1,018)	3,500	1,941	(1,559)
Total Receipts	792,842	1,460,431	667,589	908,400	869,061	(39,339)
DISBURSEMENTS						
Salaries	6,219	4,956	1,263	8,000	7,599	401
Employee fringe benefits	475	26	449	612	26	586
Supplies	9,500	493	9,007	2,050	277	1,773
Insurance	1,080	577	503	0	591	(591)
Equipment purchases	7,500	0	7,500	11,743	0	11,743
Construction, repair, and maintenance	855,000	316,826	538,174	895,000	496,968	398,032
Distributions to townships & road districts	0	1,143,085	(1,143,085)	0	262,873	(262,873)
Other	1,000	747	253	1,000	529	471
Transfers out	11,000	12,500	(1,500)	10,000	0	10,000
Total Disbursements	891,774	1,479,210	(587,436)	928,405	768,863	159,542
RECEIPTS OVER (UNDER) DISBURSEMENTS	(98,932)	(18,779)	80,153	(20,005)	100,198	120,203
CASH, JANUARY 1	298,003	298,003	0	197,805	197,805	0
CASH, DECEMBER 31	199,071	279,224	80,153	177,800	298,003	120,203
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	89,185	85,083	(4,102)	74,050	86,470	12,420
Interest	0	0	0	1,500	1,430	(70)
Other	1,500	1,846	346	1,200	1,383	183
Transfers in	15,000	7,763	(7,237)	2,000	0	(2,000)
Total Receipts	105,685	94,692	(10,993)	78,750	89,283	10,533
DISBURSEMENTS						
Assessor	100,601	104,865	(4,264)	82,443	83,434	(991)
Total Disbursements	100,601	104,865	(4,264)	82,443	83,434	(991)
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,084	(10,173)	(15,257)	(3,693)	5,849	9,542
CASH, JANUARY 1	10,281	10,281	0	4,432	4,432	0
CASH, DECEMBER 31	15,365	108	(15,257)	739	10,281	9,542

Exhibit B

DADE COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FU

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Sales taxes	210,000	218,843	8,843	206,000	219,981	13,981
Intergovernmental	87,300	65,419	(21,881)	46,000	116,454	70,454
Charges for services	114,750	141,169	26,419	33,000	20,558	(12,442)
Other	18,600	29,293	10,693	19,200	24,128	4,928
Transfers in	105,000	105,000	0	150,000	165,000	15,000
Total Receipts	535,650	559,724	24,074	454,200	546,121	91,921
DISBURSEMENTS						
Sheriff	388,679	405,244	(16,565)	317,580	402,691	(85,111)
Prosecuting attorney	80,945	85,426	(4,481)	78,785	83,828	(5,043)
Juvenile officer	19,593	15,299	4,294	21,836	13,688	8,148
Coroner	9,240	10,709	(1,469)	9,240	13,198	(3,958)
Fringe benefits	32,900	30,908	1,992	24,965	32,611	(7,646)
Transfers out	0	733	(733)	0	201	(201)
Total Disbursements	531,357	548,319	(16,962)	452,406	546,217	(93,811)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,293	11,405	7,112	1,794	(96)	(1,890)
CASH, JANUARY 1	443	443	0	539	539	0
CASH, DECEMBER 31	4,736	11,848	7,112	2,333	443	(1,890)
<u>Health Center</u>						
RECEIPTS						
Property taxes	71,210	70,631	(579)	69,638	72,487	2,849
Intergovernmental	146,314	196,111	49,797	111,396	192,743	81,347
Charges for services	13,500	11,923	(1,577)	5,877	7,220	1,343
Interest	1,200	537	(663)	2,500	3,398	898
Other	58,800	36,124	(22,676)	59,875	46,838	(13,037)
Total Receipts	291,024	315,326	24,302	249,286	322,686	73,400
DISBURSEMENTS						
Salaries and fringe benefits	260,000	284,801	(24,801)	149,324	257,682	(108,358)
Office expenditures	7,700	13,747	(6,047)	12,470	19,640	(7,170)
Equipment and supplies	27,712	26,082	1,630	83,025	22,655	60,370
Mileage and training	0	1,577	(1,577)	3,000	2,212	788
Other	2,100	161	1,939	2,000	2,213	(213)
Total Disbursements	297,512	326,368	(28,856)	249,819	304,402	(54,583)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,488)	(11,042)	(4,554)	(533)	18,284	18,817
CASH, JANUARY 1	34,790	34,790	0	16,506	16,506	0
CASH, DECEMBER 31	28,302	23,748	(4,554)	15,973	34,790	18,817

Notes to the Financial Statements

DADE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Dade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training	2002 and 2001
Prosecuting Attorney Bad Check Fund	2002 and 2001
Prosecuting Attorney Training Fund	2002 and 2001
Prosecuting Attorney Delinquent Tax Fund	2002 and 2001
Recorder User Fees Fund	2002 and 2001
Law Library Fund	2002 and 2001
Circuit Clerk Interest Fund	2002 and 2001
Domestic Violence Fund	2002 and 2001
CDBG Fund	2002 and 2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2002 and 2001
Law Enforcement Fund	2002 and 2001
Health Center Fund	2002 and 2001
Road and Bridge Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2002 and 2001
Circuit Clerk Interest Fund	2002 and 2001
CDBG Fund	2002 and 2001
Health Center Fund	2002 and 2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political

subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the county's or board's custodial bank in the county's or board's name.

Supplementary Schedule

Schedule

DADE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2128 ERS045-1128	16,074 4,733	24,877
10.559	Summer Food Service Program for Children	ERS146-1128I	114	
10.564	Nutrition Grant	SDA4231004	15,326	20,207
U.S. DEPARTMENT OF DEFENSE				
Passed through state:				
	Paments to States in Lieu of Real Estate Taxes	N/A	30,809	29,286
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	2000PF029	100,428	6,972
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety -				
16.554	National Criminal History Improvement Program	2000-RH-CX-KO24	8,535	
16.579	Byrne Formula Grant Program	2000DDVX0055	39,004	26,695
16.592	Local Law Enforcement Block Grants Program	2000-LBG-022		8,996

Schedule

DADE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state:			
	Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO-029(4)		284,461
	Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	7,540	9,881
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety:			
83.534	Emergency Management - State and Local Assistance	1412-DR-MO	862,345	
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Health -			
93.268	Immunization Grants	PGA064-2128A N/A	430 18,658	16,365
	Department of Health -			
93.575	Child Care and Development Block Grant	PGA067-2128S PGA067-2128C	605 270	310
	Department of Health -			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-30030	1,330	727
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2128M ERS146-1128M	8,621 622	9,885
	Total Expenditures of Federal Award:		\$ 1,115,444	438,662

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

DADE COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Dade County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$18,658 and \$16,365 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2002 and 2001. The remaining amounts for Immunization Grants to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$862,345 to subrecipients under the Emergency Management – State and Local Assistance Program (CFDA number 83.534) during the year ended December 31, 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Dade County, Missouri

Compliance

We have audited the compliance of Dade County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Dade County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Dade County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Dade County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

February 11, 2003

Schedule

DADE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes X no

Reportable conditions identified that are
not considered to be a material weakness?
reported _____ yes X none

Noncompliance material to the financial statements
noted? _____ yes X no

Federal Awards

Internal control over major program(s):

Material weaknesses identified? _____ yes X no

Reportable conditions identified that are
not considered to be a material weakness?
reported _____ yes X none

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? _____ yes X no

Identification of major program(s):

CFDA or
Other Identifying

Number
83.534

Program Title

Emergency Management – State and Local Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes X no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DADE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

DADE COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Barry County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Barry County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by McCullough, Officer & Company, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-62
July 7, 2003

BARRY COUNTY, MISSOURI

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2002 AND 2001

BARRY COUNTY, MISSOURI

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BARRY COUNTY, MISSOURI

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FINANCIAL SECTION

Independent Auditor's Reports

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of Barry County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Barry County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Barry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Barry County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Barry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 13, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

May 13, 2003

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Barry County, Missouri

We have audited the special-purpose financial statements of various funds of Barry County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Barry County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Barry County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that

would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Barry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

May 13, 2003

Financial Statements

Exhibit A-1

BARRY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 2,527,335	2,732,555	4,445,235	814,655
Special Road and Bridge	218,244	514,176	578,651	153,769
Assessment	366	306,645	275,124	31,887
Law Enforcement Training	1,943	5,963	5,950	1,956
Prosecuting Attorney Training	3,729	1,577	1,610	3,696
Recorder Microfilm	43,422	37,612	9,250	71,784
Prosecuting Attorney Delinquent Tax	8,823	447	8,795	475
Sheriff Special Law Enforcement	3,654	2,119	3,149	2,624
Liberty Common Road District	14,281	12,243	7,502	19,022
Prosecuting Attorney Bad Check	5,850	45,627	48,912	2,565
Sheriff	18,686	43,344	32,208	29,822
Peace Officer Standards Training	6,810	2,944	6,450	3,304
Local Emergency Planning Commission	13,218	12,750	18,020	7,948
Shelter Home	1,205	2,002	2,214	993
Special Road District	-	3,208,687	3,208,687	-
Associate Circuit Division Interest	1,613	228	126	1,715
Circuit Clerk Interest	8,851	6,166	5,088	9,929
Developmentally Disabled Board	522,071	228,797	161,865	589,003
Election	4,820	2,371	1,933	5,258
Community Development Block Grant	-	140,704	140,704	-
Law Library	41,644	7,999	1,756	47,887
Local Law Enforcement Block Grant	-	27,432	14,096	13,336
Shell Knob Senior Project	146,170	4,133	150,303	-
Total	\$ 3,592,735	7,346,521	9,127,628	1,811,628

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

BARRY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 2,241,183	2,708,520	2,422,368	2,527,335
Special Road and Bridge	219,050	246,362	247,168	218,244
Assessment	558	279,912	280,104	366
Law Enforcement Training	3,202	5,421	6,680	1,943
Prosecuting Attorney Training	2,688	1,459	418	3,729
Recorder Microfilm	36,409	24,421	17,408	43,422
Prosecuting Attorney Delinquent Tax	4,075	4,748	-	8,823
Sheriff Special Law Enforcement	3,748	1,730	1,824	3,654
Liberty Common Road District	14,041	12,770	12,530	14,281
Prosecuting Attorney Bad Check	5,786	33,731	33,667	5,850
Sheriff	11,177	42,972	35,463	18,686
Peace Officer Standards Training	5,894	3,291	2,375	6,810
Local Emergency Planning Commission	17,852	20,135	24,769	13,218
Shelter Home	627	2,137	1,559	1,205
Special Road District	-	3,183,227	3,183,227	-
Associate Circuit Division Interest	2,296	209	892	1,613
Circuit Clerk Interest	6,081	11,150	8,380	8,851
Developmentally Disabled Board	406,386	220,062	104,377	522,071
Election	1,691	4,202	1,073	4,820
Community Development Block Grant	-	29,209	29,209	-
Law Library	35,925	5,789	70	41,644
Local Law Enforcement Block Grant	-	7,026	7,026	-
Shell Knob Senior Project	-	162,690	16,520	146,170
Total	\$ 3,018,669	7,011,173	6,437,107	3,592,735

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 7,203,017	7,346,521	143,504	7,056,285	7,005,384	(50,901)
DISBURSEMENTS	9,949,151	9,127,628	821,523	8,222,523	6,437,037	1,785,486
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,746,134)	(1,781,107)	965,027	(1,166,238)	568,347	1,734,585
CASH, JANUARY 1	3,592,735	3,592,735	0	2,982,744	2,982,744	0
CASH, DECEMBER 31	846,601	1,811,628	965,027	1,816,506	3,551,091	1,734,585
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	29,000	31,799	2,799	21,100	29,412	8,312
Sales taxes	1,550,000	1,550,665	665	1,552,710	1,548,234	(4,476)
Intergovernmental	362,960	299,898	(63,062)	327,029	332,589	5,560
Charges for services	540,800	593,970	53,170	488,900	540,528	51,628
Interest	57,500	63,867	6,367	92,600	132,551	39,951
Other	24,700	137,132	112,432	47,100	98,160	51,060
Transfers in	25,000	55,224	30,224	44,500	27,046	(17,454)
Total Receipts	2,589,960	2,732,555	142,595	2,573,939	2,708,520	134,581
DISBURSEMENTS						
County Commissioner	126,568	125,141	1,427	120,272	119,338	934
County Clerk	64,815	68,923	(4,108)	62,555	66,855	(4,300)
Elections	114,130	110,049	4,081	65,755	61,906	3,849
Buildings and grounds	98,980	100,672	(1,692)	100,530	95,777	4,753
Employee fringe benefit	332,364	211,591	120,773	290,750	174,634	116,116
County Treasurer	33,536	35,135	(1,599)	32,049	33,630	(1,581)
County Collector	106,642	113,987	(7,345)	109,268	109,731	(463)
Ex Officio Recorder of Deeds	34,530	35,342	(812)	33,280	34,070	(790)
Circuit Clerk	30,200	16,512	13,688	28,100	21,270	6,830
Associate Circuit (Probate)	28,500	25,797	2,703	24,000	23,291	709
Court administrator	6,012	4,912	1,100	5,971	4,356	1,615
Sheriff	602,197	604,530	(2,333)	569,420	586,491	(17,071)
Jail	362,989	372,673	(9,684)	353,643	359,457	(5,814)
Prosecuting Attorney	232,374	253,942	(21,568)	218,279	219,666	(1,387)
Juvenile Officer	126,165	111,193	14,972	125,576	121,370	4,206
County Coroner	29,328	29,380	(52)	28,408	29,778	(1,370)
Emergency Management	13,920	12,607	1,313	11,568	10,040	1,528
Capital Projects	2,000,000	1,929,087	70,913	1,000,000	151,878	848,122
Other	381,697	262,370	119,327	237,668	190,685	46,983
Transfers out	13,460	21,392	(7,932)	25,834	8,145	17,689
Emergency Fund	137,469	0	137,469	100,000	0	100,000
Total Disbursements	4,875,876	4,445,235	430,641	3,542,926	2,422,368	1,120,558
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,285,916)	(1,712,680)	573,236	(968,987)	286,152	1,255,139
CASH, JANUARY 1	2,527,335	2,527,335	0	2,241,183	2,241,183	0
CASH, DECEMBER 31	241,419	814,655	573,236	1,272,196	2,527,335	1,255,139

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	94,500	97,755	3,255	88,900	94,319	5,419
Intergovernmental	140,180	131,477	(8,703)	152,600	137,270	(15,330)
Charges for services	280,883	278,773	(2,110)	0	0	0
Interest	13,595	5,897	(7,698)	19,340	14,645	(4,695)
Other	0	274	274	0	128	128
Total Receipts	529,158	514,176	(14,982)	260,840	246,362	(14,478)
DISBURSEMENTS						
Construction, repair, and maintenance	605,883	571,882	34,001	323,144	209,634	113,510
Other	56,275	6,769	49,506	55,856	37,534	18,322
Total Disbursements	662,158	578,651	83,507	379,000	247,168	131,832
RECEIPTS OVER (UNDER) DISBURSEMENTS	(133,000)	(64,475)	68,525	(118,160)	(806)	117,354
CASH, JANUARY 1	218,244	218,244	0	219,050	219,050	0
CASH, DECEMBER 31	85,244	153,769	68,525	100,890	218,244	117,354
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	299,290	273,460	(25,830)	278,958	260,320	(18,638)
Charges for services	12,200	11,755	(445)	10,100	9,877	(223)
Interest	2,800	1,430	(1,370)	3,200	2,715	(485)
Transfers in	13,460	20,000	6,540	25,834	7,000	(18,834)
Total Receipts	327,750	306,645	(21,105)	318,092	279,912	(38,180)
DISBURSEMENTS						
Assessor	324,495	275,124	49,371	314,896	280,104	34,792
Total Disbursements	324,495	275,124	49,371	314,896	280,104	34,792
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,255	31,521	28,266	3,196	(192)	(3,388)
CASH, JANUARY 1	366	366	0	558	558	0
CASH, DECEMBER 31	3,621	31,887	28,266	3,754	366	(3,388)

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	5,450	5,963	513	6,800	5,421	(1,379)
Total Receipts	5,450	5,963	513	6,800	5,421	(1,379)
DISBURSEMENTS						
Sheriff	6,500	5,950	550	10,000	6,680	3,320
Total Disbursements	6,500	5,950	550	10,000	6,680	3,320
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,050)	13	1,063	(3,200)	(1,259)	1,941
CASH, JANUARY 1	1,943	1,943	0	3,202	3,202	0
CASH, DECEMBER 31	893	1,956	1,063	2	1,943	1,941
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,500	1,577	77	1,700	1,459	(241)
Total Receipts	1,500	1,577	77	1,700	1,459	(241)
DISBURSEMENTS						
Prosecuting attorney	1,800	1,610	190	1,800	418	1,382
Total Disbursements	1,800	1,610	190	1,800	418	1,382
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	(33)	267	(100)	1,041	1,141
CASH, JANUARY 1	3,729	3,729	0	2,688	2,688	0
CASH, DECEMBER 31	3,429	3,696	267	2,588	3,729	1,141
<u>RECORDER MICROFILM FUND</u>						
RECEIPTS						
Charges for services	22,400	36,104	13,704	17,000	22,159	5,159
Interest	2,000	1,508	(492)	1,700	2,262	562
Total Receipts	24,400	37,612	13,212	18,700	24,421	5,721
DISBURSEMENTS						
Ex-Officio Recorder of Deeds	44,200	9,250	34,950	53,000	17,408	35,592
Total Disbursements	44,200	9,250	34,950	53,000	17,408	35,592
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,800)	28,362	48,162	(34,300)	7,013	41,313
CASH, JANUARY 1	43,422	43,422	0	36,409	36,409	0
CASH, DECEMBER 31	23,622	71,784	48,162	2,109	43,422	41,313

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	1,150	199	(951)	400	4,363	3,963
Interest	225	248	23	170	385	215
Total Receipts	1,375	447	(928)	570	4,748	4,178
DISBURSEMENTS						
Prosecuting Attorney	6,000	8,795	(2,795)	1,200	0	1,200
Total Disbursements	6,000	8,795	(2,795)	1,200	0	1,200
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,625)	(8,348)	(3,723)	(630)	4,748	5,378
CASH, JANUARY 1	8,823	8,823	0	4,075	4,075	0
CASH, DECEMBER 31	4,198	475	(3,723)	3,445	8,823	5,378
<u>SHERIFF SPECIAL LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Interest	125	56	(69)	150	162	12
Other	1,450	2,063	613	1,425	1,568	143
Total Receipts	1,575	2,119	544	1,575	1,730	155
DISBURSEMENTS						
Sheriff	3,200	3,149	51	3,200	1,824	1,376
Total Disbursements	3,200	3,149	51	3,200	1,824	1,376
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,625)	(1,030)	595	(1,625)	(94)	1,531
CASH, JANUARY 1	3,654	3,654	0	3,748	3,748	0
CASH, DECEMBER 31	2,029	2,624	595	2,123	3,654	1,531
<u>LIBERTY COMMON ROAD DISTRICT FUND</u>						
RECEIPTS						
Property taxes	600	567	(33)	500	573	73
Sales taxes	6,736	6,703	(33)	6,761	6,744	(17)
Intergovernmental revenue:	4,477	4,529	52	4,794	4,480	(314)
Interest	905	444	(461)	660	973	313
Other	0	0	0		0	0
Total Receipts	12,718	12,243	(475)	12,715	12,770	55
DISBURSEMENTS						
Construction, repair and maintenance	20,363	7,049	13,314	9,816	12,336	(2,520)
Other	500	453	47	0	194	(194)
Total Disbursements	20,863	7,502	13,361	9,816	12,530	(2,714)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,145)	4,741	12,886	2,899	240	(2,659)
CASH, JANUARY 1	14,281	14,281	0	14,041	14,041	0
CASH, DECEMBER 31	6,136	19,022	12,886	16,940	14,281	(2,659)

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	47,000	44,967	(2,033)	35,000	32,748	(2,252)
Interest	600	660	60	260	983	723
Total Receipts	47,600	45,627	(1,973)	35,260	33,731	(1,529)
DISBURSEMENTS						
Prosecuting attorney	11,000	7,784	3,216	40,600	8,667	31,933
Transfers out	41,500	41,128	372	0	25,000	(25,000)
Total Disbursements	52,500	48,912	3,588	40,600	33,667	6,933
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,900)	(3,285)	1,615	(5,340)	64	5,404
CASH, JANUARY 1	5,850	5,850	0	5,786	5,786	0
CASH, DECEMBER 31	950	2,565	1,615	446	5,850	5,404
<u>SHERIFF FUND</u>						
RECEIPTS						
Charges for services	42,380	42,739	359	44,000	42,380	(1,620)
Interest	450	605	155	495	592	97
Total Receipts	42,830	43,344	514	44,495	42,972	(1,523)
DISBURSEMENTS						
Sheriff	50,000	32,208	17,792	49,500	35,463	14,037
Total Disbursements	50,000	32,208	17,792	49,500	35,463	14,037
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,170)	11,136	18,306	(5,005)	7,509	12,514
CASH, JANUARY 1	18,686	18,686	0	11,177	11,177	0
CASH, DECEMBER 31	11,516	29,822	18,306	6,172	18,686	12,514
<u>PEACE OFFICER STANDARDS TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,800	2,865	65	2,100	2,746	646
Interest	275	79	(196)	168	320	152
Other	0	0	0	0	225	225
Total Receipts	3,075	2,944	(131)	2,268	3,291	1,023
DISBURSEMENTS						
Training	7,000	6,450	550	4,500	2,375	2,125
Total Disbursements	7,000	6,450	550	4,500	2,375	2,125
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,925)	(3,506)	419	(2,232)	916	3,148
CASH, JANUARY 1	6,810	6,810	0	5,894	5,894	0
CASH, DECEMBER 31	2,885	3,304	419	3,662	6,810	3,148

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	12,028	12,431	403	16,244	18,328	2,084
Interest	700	319	(381)	860	1,051	191
Other	0	0	0	0	756	756
Total Receipts	12,728	12,750	22	17,104	20,135	3,031
DISBURSEMENTS						
Office Expenditures			0	8,900	8,873	27
Equipment			0	15,500	8,195	7,305
Training	16,300	18,020	(1,720)	2,600	4,947	(2,347)
Other			0	0	707	(707)
Transfers out			0	0	2,047	(2,047)
Total Disbursements	16,300	18,020	(1,720)	27,000	24,769	2,231
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,572)	(5,270)	(1,698)	(9,896)	(4,634)	5,262
CASH, JANUARY 1	13,218	13,218	0	17,852	17,852	0
CASH, DECEMBER 31	9,646	7,948	(1,698)	7,956	13,218	5,262
<u>SHELTER HOME FUND</u>						
RECEIPTS						
Charges for services	2,200	1,985	(215)	2,253	2,110	(143)
Interest	20	17	(3)	16	27	11
Total Receipts	2,220	2,002	(218)	2,269	2,137	(132)
DISBURSEMENTS						
Domestic violence shelte	2,500	2,214	286	1,559	1,559	0
Total Disbursements	2,500	2,214	286	1,559	1,559	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(280)	(212)	68	710	578	(132)
CASH, JANUARY 1	1,205	1,205	0	627	627	0
CASH, DECEMBER 31	925	993	68	1,337	1,205	(132)
<u>SPECIAL ROAD DISTRICT</u>						
RECEIPTS						
Property taxes	556,900	546,699	(10,201)	531,600	548,243	16,643
Sales taxes	1,543,264	1,554,227	10,963	1,540,773	1,545,271	4,498
Intergovernmental revenue:	1,086,862	1,107,761	20,899	1,125,886	1,089,668	(36,218)
Interest	0	0	0	0	45	45
Total Receipts	3,187,026	3,208,687	21,661	3,198,259	3,183,227	(15,032)
DISBURSEMENTS						
Distributions to special road district	3,113,987	3,151,248	(37,261)	3,126,270	3,126,883	(613)
Administrator	31,719	32,400	(681)	32,773	31,881	892
Tax increment financing	41,320	25,039	16,281	39,216	24,463	14,753
Total Disbursements	3,187,026	3,208,687	(21,661)	3,198,259	3,183,227	15,032
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	200	228	28	600	209	(391)
Total Receipts	200	228	28	600	209	(391)
DISBURSEMENTS						
Associate Circuit Division	1,000	126	874	3,000	892	2,108
Total Disbursements	1,000	126	874	3,000	892	2,108
RECEIPTS OVER (UNDER) DISBURSEMENTS	(800)	102	902	(2,400)	(683)	1,717
CASH, JANUARY 1	1,613	1,613	0	2,296	2,296	0
CASH, DECEMBER 31	813	1,715	902	(104)	1,613	1,717
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	7,500	6,166	(1,334)	8,000	11,070	3,070
Other			0	0	80	80
Total Receipts	7,500	6,166	(1,334)	8,000	11,150	3,150
DISBURSEMENTS						
Circuit Clerk	13,000	5,088	7,912	13,000	8,380	4,620
Total Disbursements	13,000	5,088	7,912	13,000	8,380	4,620
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,500)	1,078	6,578	(5,000)	2,770	7,770
CASH, JANUARY 1	8,851	8,851	0	6,081	6,081	0
CASH, DECEMBER 31	3,351	9,929	6,578	1,081	8,851	7,770
<u>DEVELOPMENTALLY DISABLED BOARD FUND</u>						
RECEIPTS						
Property taxes	213,739	213,364	(375)	192,767	206,952	14,185
Interest	10,000	15,433	5,433	10,000	13,110	3,110
Total Receipts	223,739	228,797	5,058	202,767	220,062	17,295
DISBURSEMENTS						
Office expenditures	2,500	190	2,310	2,500	165	2,335
Insurance and bonds	5,000	1,717	3,283	4,000	1,717	2,283
Developmentally disabled service	318,000	159,958	158,042	210,900	102,495	108,405
Total Disbursements	325,500	161,865	163,635	217,400	104,377	113,023
RECEIPTS OVER (UNDER) DISBURSEMENTS	(101,761)	66,932	168,693	(14,633)	115,685	130,318
CASH, JANUARY 1	522,071	522,071	0	406,386	406,386	0
CASH, DECEMBER 31	420,310	589,003	168,693	391,753	522,071	130,318

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION FUND</u>						
RECEIPTS						
Charges for services	1,000	2,225	1,225	850	4,060	3,210
Other revenues	3,000	0	(3,000)	0	0	0
Interest	100	146	46	15	142	127
Total Receipts	4,100	2,371	(1,729)	865	4,202	3,337
DISBURSEMENTS						
Election Services	5,450	1,933	3,517	2,400	1,073	1,327
Total Disbursements	5,450	1,933	3,517	2,400	1,073	1,327
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,350)	438	1,788	(1,535)	3,129	4,664
CASH, JANUARY 1	4,820	4,820	0	1,691	1,691	0
CASH, DECEMBER 31	3,470	5,258	1,788	156	4,820	4,664
<u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental revenue:	140,704	140,704	0	169,913	29,209	(140,704)
Total Receipts	140,704	140,704	0	169,913	29,209	(140,704)
DISBURSEMENTS						
Administration		0	0	7,126	9,637	(2,511)
Capital expenses	140,704	140,704	0	162,787	19,572	143,215
Total Disbursements	140,704	140,704	0	169,913	29,209	140,704
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>LOCAL LAW ENFORCEMENT BLOCK GRANT</u>						
RECEIPTS						
Intergovernmental revenue:	25,842	25,842	0	18,446	5,918	(12,528)
Interest	196	198	2	0	36	36
Transfers in	2,871	1,392	(1,479)	1,108	1,072	(36)
Total Receipts	28,909	27,432	(1,477)	19,554	7,026	(12,528)
DISBURSEMENTS						
Local Law Enforcement grant expenditure:	14,813	0	14,813	19,554	7,026	12,528
Transfers out	14,096	14,096	0			
Total Disbursements	28,909	14,096	14,813	19,554	7,026	12,528
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	13,336	13,336	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	13,336	13,336	0	0	0

Exhibit B

BARRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHELL KNOB SENIOR PROJECT FUND</u>						
RECEIPTS						
Intergovernmental	0	540	540			
Bond proceeds				160,000	160,000	0
Interest	3,000	3,593	593	0	2,690	2,690
Total Receipts	3,000	4,133	1,133	160,000	162,690	2,690
DISBURSEMENTS						
Capital projects	149,170	150,303	(1,133)	160,000	16,520	143,480
Total Disbursements	149,170	150,303	(1,133)	160,000	16,520	143,480
RECEIPTS OVER (UNDER) DISBURSEMENTS	(146,170)	(146,170)	0	0	146,170	146,170
CASH, JANUARY 1	146,170	146,170	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	146,170	146,170
<u>LAW LIBRARY</u>						
RECEIPTS						
Charges for services	5,500	7,151	1,651			
Interest	0	848	848			
Total Receipts	5,500	7,999	2,499			
DISBURSEMENTS						
Law Library	25,000	1,756	23,244			
Total Disbursements	25,000	1,756	23,244			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,500)	6,243	25,743			
CASH, JANUARY 1	41,644	41,644	0			
CASH, DECEMBER 31	22,144	47,887	25,743			

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

BARRY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Barry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Developmentally Disabled Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budgets for the Law Library Fund for the years ended December 31, 2001.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Liberty Common Road District Fund	2001
Prosecuting Attorney Delinquent Tax Fund	2002
Local Emergency Planning Fund	2002
Special Road District Fund	2002
Shell Knob Senior Project Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Associate Circuit Division Interest Fund for the years ended December 31, 2001.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 2001 and 2002, included all funds presented in the accompanying financial statements.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial

institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The deposits of the County and the Developmentally Disabled Board at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the custodial banks in the names of the County or the Developmentally Disabled Board.

Supplementary Schedule

Schedule

BARRY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Direct Program:				
10.unknown	Cooperative Law/Cannabis Agreement	01-LE-1109-0521-290	\$ 0	8,226
Passed through state:				
Department of Social Services -				
10.550	Food Distribution	N/A	60	60
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3140W ERSO045-2104 ERS045-1104W	9,923 109,142 679	0 8,220 108,434
10.559	Summer Food Service Program for Children	ERS146-2104I	60	0
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	30,470	63,292
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	99-PF-02 00-PF-37	0 140,704	7,126 22,083
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety -				
16.579	Byrne Formula Grant Program	N/A	17,483	0
16.592	Local Law Enforcement Block Grants Program	01-LB-BX-4077 02-LB-BX-2615	12,528 13,314	5,918 0
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	01-LE-11090522-090 02-LE-11090521-010	0 3,166	1,200 0
16.580	Edward Byrne Memorial - State & Local Law Enforcement Assistance Discretionary Grants Program	SD-2002-01	27,554	0

Schedule

BARRY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state Highway and Transportation Commission:			
20.600	State and Community Highway Safety Bridge Inspections	N/A	980	0
20.703	SEMA - Hazardous Material Emergency Preparedness	N/A	3,081	5,461
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Health -			
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-1104L	0	26
93.241	State Rural Hospital Flexibility Program - Translation Services	DH020098001	12,000	0
93.268	Immunization Grants	N/A PGA064-2104A	109,486 12,300	78,494 0
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	0	12,845
	Department of Health -			
93.575	Child Care and Development Block Grant	PGA067-2104S PGA067-1104C PGA067-2104C PGA067-1104S	2,320 0 1,440 0	0 2,500 0 3,265
93.994	Maternal and Child Health Services Block Grant to the States	ERS175-2005F ERS175-1104F ERS175-3004F ERS146-2104M ERS146-3104M ERS146-1104M N/A N/A	6,690 0 1,151 19,615 4,349 6,539 292	1,539 8,965 0 0 0 23,930 130 8,831
Total Expenditures of Federal Awards:			\$ 545,326	370,545

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

BARRY COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Barry County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$109,486 and \$78,494 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but

distributed to the Health Center through the state Department of Health during the years ended December 31, 2002 and 2001. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$8,831 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001. The remaining amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$140,704 and \$29,209 to subrecipients under the Community Development Block Grants/State's Program (CFDA number 14.228) during the year ended December 31, 2002 and 2001.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Barry County, Missouri

Compliance

We have audited the compliance of Barry County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Barry County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Barry County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Barry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

May 13, 2003

Schedule

BARRY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Type of auditor's report issued on compliance for
major program(s): Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? yes x no

Identification of major program(s):

CFDA or
Other Identifying
Number

Program Title

10.557	Special Supplemental Nutrition Program for Women, Infants and Children
14.228	Community Development Block Grant/State's Program
93.268	Immunization Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

BARRY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

BARRY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

00-1 Schedule of Expenditures of Federal Awards

Federal Grantor: U.S. Department of Agriculture
Pass-Through Grantor: State Department of Health
Federal CFDA Number: 10.557
Program Title: Special Supplemental Nutrition Program for Women, Infants and Children
Pass-Through Entity Identifying Number: ER0045-9104, ER0045-0104, ERS045-1104W
Award Year: 2000 and 1999
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Agriculture
Pass-Through Grantor: Office of Administration
Federal CFDA Number: 10.665
Program Title: Schools and Roads – Grants to States
Pass-through Entity Identifying Number: N/A
Award Year: 2000 and 1999
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Housing and Urban Development
Pass-through Grantor: Department of Economic Development
Federal CFDA Number: 14.228
Program Title: Community Development Block Grant/State's Program
Pass-Through Entity Identifying Number: 97-PF-02
Award Year: 2000 and 1999
Questioned Costs: Not applicable

Section .310(b) of Circular A-133 *Audits of State and Local Government, and Nonprofit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. However, the county did not have adequate procedures in place to track Federal awards for the preparation of the SEFA. For the years ended December 31, 2000 and 1999, the county's SEFA contained numerous errors and omissions. For example, expenditures related to several Federal grants were not included or were included at the wrong amounts.

It was recommended that the County Clerk prepare a complete and accurate schedule of expenditures of Federal awards.

Current Status:

Implemented. The County Clerk has prepared a more complete schedule of expenditures of Federal awards.



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Mercer County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Mercer County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Arthur White & Associates, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-61
July 3, 2003

**MERCER COUNTY, MISSOURI
DECEMBER 31, 2001 AND 2002**

MERCER COUNTY, MISSOURI

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MERCER COUNTY, MISSOURI

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FINANCIAL SECTION

Independent Auditors' Reports

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

May 7, 2003

To the County Commission
and
Officeholders of Mercer County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Mercer County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Mercer County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Mercer County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Mercer County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 7, 2003, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

May 7, 2003

To the County Commission
and
Officeholders of Mercer County, Missouri

We have audited the special-purpose financial statements of various funds of Mercer County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Mercer County, Missouri, are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1, 02-2, 02-4, 02-5 and 02-6.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Mercer County, Missouri, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the

County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-3, and 02-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Mercer County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

Financial Statements

Exhibit A-1

MERCER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 129,280	\$ 593,356	\$ 656,993	\$ 65,643
Special Road and Bridge	20,607	913,106	765,356	168,357
Assessment	12,768	67,543	64,145	16,166
Sheriff Special Fund	2,438	6,135	6,087	2,486
Prosecuting Attorney Training	124	257	100	281
Law Enforcement Training	865	1,035	890	1,010
Recorder's User Fees	7,641	4,256	2,592	9,305
Prosecuting Attorney Sales Tax	155	4	-	159
Prosecuting Attorney Bad Check	8	3,620	3,097	531
Recorder Trust Fund	-	90	40	50
Law Library	2	2,555	2,523	34
Circuit Clerk Interest	505	76	23	558
Division II Interest	249	83	-	332
C.D.B.G. Project	4,591	-	4,591	-
Health Center	8,816	265,386	228,491	45,711
FEMA Project 1412-DR-MO Fund	-	196,487	109,674	86,813
Treasurer's Maintenance	-	596	-	596
Total	\$ 188,049	\$ 2,054,585	\$ 1,844,602	\$ 398,032

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MERCER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 135,074	\$ 701,201	\$ 706,995	\$ 129,280
Special Road and Bridge	139,832	721,155	840,380	20,607
Assessment	8,370	66,997	62,599	12,768
Sheriff Special Fund	2,156	4,827	4,545	2,438
Prosecuting Attorney Training	177	311	364	124
Law Enforcement Training	455	1,936	1,526	865
Recorder's User Fees	7,002	2,576	1,937	7,641
Prosecuting Attorney Sales Tax	153	2	-	155
Prosecuting Attorney Bad Check	442	4,625	5,059	8
Recorder Trust Fund		130	130	-
Law Library	105	1,860	1,963	2
Circuit Clerk Interest	432	96	23	505
Division II Interest	144	105	-	249
C.D.B.G. Project	4,591	-	-	4,591
Health Center	31,398	255,908	278,490	8,816
C.D.B.G. Project 2000-Pf-12		60,000	60,000	-
Total	\$ 330,331	\$ 1,821,729	\$ 1,964,011	\$ 188,049

The accompanying Notes to the Financial Statements are an integral part of this statement.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 165,000	\$ 166,849	\$ 1,849	\$ 182,000	\$ 201,892	\$ 19,892
Sales taxes	285,000	273,566	(11,434)	258,000	279,547	21,547
Intergovernmental	88,950	70,242	(18,708)	62,255	80,489	18,234
Charges for services	43,600	39,558	(4,042)	44,000	44,508	508
Interest	5,500	3,853	(1,647)	5,400	5,536	136
Other	23,960	14,981	(8,979)	27,582	64,759	37,177
Transfers in	24,000	24,307	307	30,651	24,470	(6,181)
Total Receipts	636,010	593,356	(42,654)	609,888	701,201	91,313
DISBURSEMENTS						
County Commission	59,736	58,943	793	59,936	58,982	954
County Clerk	53,903	55,019	(1,116)	52,558	52,541	17
Elections	12,900	12,347	553	10,850	6,716	4,134
Buildings and grounds	62,241	55,213	7,028	72,977	124,530	(51,553)
Employee fringe benefits	66,000	61,940	4,060	59,040	61,728	(2,688)
County Treasurer	34,803	36,033	(1,230)	34,037	33,174	863
Circuit Clerk	6,100	4,497	1,603	5,941	5,745	196
Associate Circuit Court	5,950	3,696	2,254	6,280	5,185	1,095
Court administration	5,345	4,907	438	5,151	4,809	342
Public Administrator	17,059	16,472	587	19,610	18,364	1,246
Sheriff	199,273	204,699	(5,426)	175,140	174,681	459
Jail	12,000	20,630	(8,630)	11,100	10,682	418
Prosecuting Attorney	54,588	50,933	3,655	53,771	53,515	256
Juvenile Officer	14,084	4,488	9,596	13,988	4,474	9,514
Coroner	6,990	6,990	-	6,990	6,990	-
Township Collectors	3,000	2,054	946	2,500	2,184	316
Court Reporter	750	532	218	750	240	510
Other	72,200	57,600	14,600	66,400	82,455	(16,055)
Emergency fund	19,080		19,080	18,297		18,297
Total Disbursements	706,002	656,993	49,009	675,316	706,995	(31,679)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(69,992)	(63,637)	6,355	(65,428)	(5,794)	59,634
CASH, JANUARY 1	129,280	129,280	-	135,074	135,074	-
CASH, DECEMBER 31	\$ 59,288	\$ 65,643	\$ 6,355	\$ 69,646	\$ 129,280	\$ 59,634

The accompanying Notes to the Financial Statements are an integral part of these statements.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 27,450	\$ 30,685	\$ 3,235	\$ 26,000	\$ 27,534	\$ 1,534
Sales taxes	55,000	67,156	12,156		6,068	6,068
Intergovernmental	876,400	653,862	(222,538)	890,000	655,759	(234,241)
Interest	3,000	3,713	713	8,000	3,442	(4,558)
Other	32,150	33,138	988	24,750	28,352	3,602
Transfers in		124,552	124,552	14,875		(14,875)
Total Receipts	994,000	913,106	(80,894)	963,625	721,155	(242,470)
DISBURSEMENTS						
Salaries	110,400	110,400	-	110,000	108,784	1,216
Employee fringe benefits	26,900	21,584	5,316	27,000	25,558	1,442
Supplies	41,250	34,751	6,499	53,100	53,683	(583)
Insurance	6,500	4,591	1,909	6,000	6,355	(355)
Road and bridge materials	272,000	297,043	(25,043)	289,000	283,044	5,956
Equipment repairs	15,000	23,835	(8,835)	14,000	21,576	(7,576)
Rentals	500	596	(96)	3,000	50	2,950
Equipment purchases	61,000	60,299	701	57,000	60,417	(3,417)
Road and bridge construction, repair and maintenance	500	40,263	(39,763)	1,000	110	890
Other	416,000	150,518	265,482	429,717	255,872	173,845
Transfers out	24,000	21,476	2,524	30,561	24,931	5,630
Total Disbursements	974,050	765,356	208,694	1,020,378	840,380	179,998
RECEIPTS OVER (UNDER) DISBURSEMENTS	19,950	147,750	127,800	(56,753)	(119,225)	(62,472)
CASH, JANUARY 1	20,607	20,607	-	139,832	139,832	-
CASH, DECEMBER 31	\$ 40,557	\$ 168,357	\$ 127,800	\$ 83,079	\$ 20,607	\$ (62,472)

The accompanying Notes to the Financial Statements are an integral part of these statements.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSESSMENT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 66,000	\$ 66,840	\$ 840	\$ 65,100	\$ 66,218	\$ 1,118
Interest	800	703	(97)	350	779	429
Total Receipts	66,800	67,543	743	65,450	66,997	1,547
DISBURSEMENTS						
Assessor	69,945	64,145	5,800	62,534	62,599	(65)
Total Disbursements	69,945	64,145	5,800	62,534	62,599	(65)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,145)	3,398	6,543	2,916	4,398	1,482
CASH, JANUARY 1	12,768	12,768	-	8,370	8,370	-
CASH, DECEMBER 31	\$ 9,623	\$ 16,166	\$ 6,543	\$ 11,286	\$ 12,768	\$ 1,482

The accompanying Notes to the Financial Statements are an integral part of these statements.

MERCER COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF SPECIAL FUND

	Year Ended December 31,			Year Ended December 31,		
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental revenues	\$ 5,000	\$ 6,058	\$ 1,058		\$ 4,781	\$ 4,781
Interest			-		46	46
Other revenue		77	77			-
Total Receipts	5,000	6,135	1,135	\$ -	4,827	4,827
DISBURSEMENTS						
Supplies	6,000	6,087	(87)	4,600	4,545	55
Total Disbursements	6,000	6,087	(87)	4,600	4,545	55
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	48	1,222	(4,600)	282	4,772
CASH, JANUARY 1	2,438	2,438	-	2,156	2,156	-
CASH, DECEMBER 31	\$ 1,438	\$ 2,486	\$ 1,222	\$ (2,444)	\$ 2,438	\$ 4,772

The accompanying Notes to the Financial Statements are an integral part of this statement.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 410	\$ 254	\$ (156)	\$ 384	\$ 307	\$ (77)
Interest	5	3	(2)	2	4	2
Total Receipts	415	257	(158)	386	311	(75)
DISBURSEMENTS						
Prosecutor	500	100	400	200	364	(164)
Total Disbursements	500	100	400	200	364	(164)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(85)	157	242	186	(53)	(239)
CASH, JANUARY 1	124	124	-	177	177	-
CASH, DECEMBER 31	\$ 39	\$ 281	\$ 242	\$ 363	\$ 124	\$ (239)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-6

MERCER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,			Year Ended December 31,		
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 10	\$ 23	\$ 13	\$ 10	\$ 10	\$ -
Charges for services	1,550	1,012	(538)	1,520	1,234	(286)
Other	690		(690)	1,300	692	(608)
Total Receipts	2,250	1,035	(1,215)	2,830	1,936	(894)
DISBURSEMENTS						
Sheriff and Deputies	3,000	890	2,110	2,500	1,526	974
Total Disbursements	3,000	890	2,110	2,500	1,526	974
RECEIPTS OVER (UNDER) DISBURSEMENTS	(750)	145	895	330	410	80
CASH, JANUARY 1	865	865	-	455	455	-
CASH, DECEMBER 31	\$ 115	\$ 1,010	\$ 895	\$ 785	\$ 865	\$ 80

The accompanying Notes to the Financial Statements are an integral part of this statement.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER'S USER FEES FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 120	\$ 198	\$ 78	\$ 138	\$ 118	\$ (20)
Intergovernmental revenues	3,000	4,058	1,058	2,050	2,458	408
Total Receipts	3,120	4,256	1,136	2,188	2,576	388
DISBURSEMENTS						
Supplies	4,500	2,192	2,308	3,774	1,789	1,985
Training & mileage	400	400	-		148	(148)
Total Disbursements	4,900	2,592	2,308	3,774	1,937	1,837
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,780)	1,664	3,444	(1,586)	639	2,225
CASH, JANUARY 1	7,641	7,641	-	7,002	7,002	-
CASH, DECEMBER 31	\$ 5,861	\$ 9,305	\$ 3,444	\$ 5,416	\$ 7,641	\$ 2,225

The accompanying Notes to the Financial Statements are an integral part of these statements.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY SALES TAX FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 3	\$ 4	\$ 1	\$ 4	\$ 2	\$ (2)
Total Receipts	3	4	1	4	2	(2)
DISBURSEMENTS						
Office expenditures	100		100	100		100
Total Disbursements	100	-	100	100	-	100
RECEIPTS OVER (UNDER) DISBURSEMENTS	(97)	4	101	(96)	2	98
CASH, JANUARY 1	155	155	-	153	153	-
CASH, DECEMBER 31	\$ 58	\$ 159	\$ 101	\$ 57	\$ 155	\$ 98

The accompanying Notes to the Financial Statements are an integral part of these statements.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY BAD CHECK FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Other revenues	\$ 5,200	\$ 3,618	\$ (1,582)	\$ 4,700	\$ 4,612	\$ (88)
Interest	20	2	(18)	25	13	(12)
Total Receipts	5,220	3,620	(1,600)	4,725	4,625	(100)
DISBURSEMENTS						
Secretary salary	4,489	3,064	1,425	4,398	4,358	40
Miscellaneous	720	33	687	750	701	49
Total Disbursements	5,209	3,097	2,112	5,148	5,059	89
RECEIPTS OVER (UNDER) DISBURSEMENTS	11	523	512	(423)	(434)	(11)
CASH, JANUARY 1	8	8	-	442	442	-
CASH, DECEMBER 31	\$ 19	\$ 531	\$ 512	\$ 19	\$ 8	\$ (11)

The accompanying Notes to the Financial Statements are an integral part of these statements.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER TRUST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 130	\$ 90	\$ (40)	\$ 130	\$ 130	
Total Receipts	130	90	(40)	\$ -	130	130
DISBURSEMENTS						
Abuse shelter	130	40	90	130	(130)	
Total Disbursements	130	40	90	-	130	(130)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	50	50	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 50	\$ 50	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW LIBRARY FUND

	Year Ended December 31,					
	#REF!			#REF!		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 2,300	\$ 2,555	\$ 255	\$ 2,800	\$ 1,860	\$ (940)
Total Receipts	2,300	2,555	255	2,800	1,860	(940)
DISBURSEMENTS						
Office supplies	2,300	2,523	(223)	2,800	1,963	837
Total Disbursements	2,300	2,523	(223)	2,800	1,963	837
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	32	32	-	(103)	(103)
CASH, JANUARY 1	2	2	-	105	105	-
CASH, DECEMBER 31	\$ 2	\$ 34	\$ 32	\$ 105	\$ 2	\$ (103)

The accompanying Notes to the Financial Statements are an integral part of these statements.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest		\$ 76	\$ 76	\$ 110	\$ 96	\$ (14)
Total Receipts	\$ -	76	76	110	96	(14)
DISBURSEMENTS						
Office expenditures		23	(23)	200	23	177
Total Disbursements	-	23	(23)	200	23	177
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	53	53	(90)	73	163
CASH, JANUARY 1	505	505	-	432	432	-
CASH, DECEMBER 31	\$ 505	\$ 558	\$ 53	\$ 342	\$ 505	\$ 163

The accompanying Notes to the Financial Statements are an integral part of these statements.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 DIVISION II INTEREST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 125	\$ 83	\$ (42)	\$ 125	\$ 105	\$ (20)
Total Receipts	125	83	(42)	125	105	(20)
DISBURSEMENTS						
Office expenses	100		100	200		200
Total Disbursements	100	-	100	200	-	200
RECEIPTS OVER (UNDER) DISBURSEMENTS	25	83	58	(75)	105	180
CASH, JANUARY 1	249	249	-	144	144	-
CASH, DECEMBER 31	\$ 274	\$ 332	\$ 58	\$ 69	\$ 249	\$ 180

The accompanying Notes to the Financial Statements are an integral part of these statements.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 C.D.B.G. PROJECT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Transfers in			\$ -	\$ 10,283		\$ (10,283)
Total Receipts	\$ -	\$ -	-	10,283	\$ -	(10,283)
DISBURSEMENTS						
Bridge materials		4,591	(4,591)	14,874		14,874
Total Disbursements	-	4,591	(4,591)	14,874	-	14,874
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(4,591)	(4,591)	(4,591)	-	4,591
CASH, JANUARY 1	4,591	4,591	-	4,591	4,591	-
CASH, DECEMBER 31	\$ 4,591	\$ -	\$ (4,591)	\$ -	\$ 4,591	\$ 4,591

The accompanying Notes to the Financial Statements are an integral part of these statements.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 HEALTH CENTER FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property tax	\$ 48,000	\$ 61,799	\$ 13,799	\$ 48,500	\$ 50,040	\$ 1,540
Intergovernmental revenues	86,850	95,871	9,021	93,625	107,954	14,329
Charges for services	16,231	20,121	3,890	16,700	19,476	2,776
Interest income	400	490	90	750	1,233	483
Other revenue	83,840	87,105	3,265	84,500	57,205	(27,295)
Operating transfers in	-	-	-	-	20,000	20,000
Total Receipts	235,321	265,386	30,065	244,075	255,908	11,833
DISBURSEMENTS						
Salaries	140,191	137,895	2,296	146,576	153,799	(7,223)
Call back home health pay	3,720	4,800	(1,080)	5,000	3,160	1,840
Office expenditures	26,130	24,267	1,863	28,030	22,675	5,355
Mileage and training	7,045	8,913	(1,868)	6,000	7,518	(1,518)
Equipment and maintenance	1,400	796	604	2,500	1,237	1,263
Other	48,866	51,820	(2,954)	77,165	90,101	(12,936)
Total Disbursements	227,352	228,491	(1,139)	265,271	278,490	(13,219)
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,969	36,895	28,926	(21,196)	(22,582)	(1,386)
CASH, JANUARY 1	8,816	8,816	-	31,398	31,398	-
CASH, DECEMBER 31	\$ 16,785	\$ 45,711	\$ 28,926	\$ 10,202	\$ 8,816	\$ (1,386)

The accompanying Notes to the Financial Statements are an integral part of these statements.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 FEMA PROJECT 1412-DR-MO FUND

	Year Ended December 31,		
	2002		
			Variance
	Budget	Actual	Favorable
			(Unfavorable)
RECEIPTS			
FEMA grant income		\$ 196,487	\$ 196,487
Total Receipts	\$ -	196,487	196,487
DISBURSEMENTS			
Transfers out		109,674	(109,674)
Total Disbursements	-	109,674	(109,674)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	86,813	86,813
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	\$ 86,813	\$ 86,813

The accompanying Notes to the Financial Statements are an integral part of these statements.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 TREASURER'S MAINTENANCE FUND

	Year Ended December 31,		
	2002		
			Variance
	Budget	Actual	Favorable
			(Unfavorable)
RECEIPTS			
Intergovernmental revenues		\$ 596	\$ 596
Total Receipts	\$ -	596	596
DISBURSEMENTS			
Retirement			-
Total Disbursements	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	596	596
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	\$ 596	\$ 596

The accompanying Notes to the Financial Statements are an integral part of these statements.

MERCER COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 C.D.B.G. PROJECT 2000-PF-12 FUND

	Year Ended December 31,		
	2001		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Intergovernmental revenues		\$ 60,000	\$ 60,000
Total Receipts			
	\$ -	60,000	60,000
DISBURSEMENTS			
Construction	60,000	60,000	-
Total Disbursements	60,000	60,000	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(60,000)	-	60,000
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ (60,000)	\$ -	\$ 60,000

The accompanying Notes to the Financial Statements are an integral part of these statements.

Notes to the Financial Statements

MERCER COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Mercer County, Missouri, (County) and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected County official, or the Health Center Board. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various County funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the County did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder Trust Fund	2001
Circuit Clerk Interest Fund	2002
C.D.B.G. Project Fund	2002
FEMA Project 1412-DR-MO Fund	2002
Treasurer's Maintenance Fund	2002

MERCER COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2002 AND 2001

C. Budgets and Budgetary Practices (Continued)

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>	
General Revenue Fund		2001
Assessment Fund		2001
Sheriff Special Fund	2002	
Prosecuting Attorney Training Fund		2001
Recorder Trust Fund		2001
Law Library Fund	2002	
Circuit Clerk Interest Fund	2002	
C.D.B.G. Project Fund	2002	
Health Center Fund	2002	2001
FEMA Project 14-DR-MO	2002	

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000 requires a balanced budget, a deficit balance was budgeted in the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>
Sheriff Special Fund	2001
C.D.B.G. Project 2000-Pf-12 Fund	2001

D. Published Financial Statements

Under Section 50.800, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

MERCER COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2002 AND 2001

E. Published Financial Statements (Continued)

However, the County's published financial statements did not show receipts and disbursements for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Special Fund	2002
C.D.B.G. Project Fund	2002
FEMA Project 1412-DR-MO Fund	2002
Treasurer's Maintenance Fund	2002

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depository insurance are pledged to the County rather than to specific County officials.

The County's deposits at December 31, 2002 and 2001 were entirely covered by federal depository insurance or by collateral securities held by the County's custodial bank in the County's name.

MERCER COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2002 AND 2001

2. Cash (Continued)

The Health Center Board's deposits at December 31, 2002 and 2001 were entirely covered by federal depository insurance.

3. Property Taxes

Through December 31, 2002, Mercer County has collected \$57,316 in excess property taxes. Section 67.505, RSMo 2000, requires the County to reduce property taxes for a percentage of sales taxes collected. Mercer County voters enacted a half-cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

Supplementary Schedule

Schedule

MERCER COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2002	2001
	U.S. DEPARTMENT OF AGRICULTURE			
	Passed through State Department of Health			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045	\$ 10,320	\$ 12,119
	U.S. DEPARTMENT OF DEFENSE			
12.Unknown	Passed through State Office of Administration Surplus Property	N/A	8,910	69,992
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
	Passed through State Department of Economic Development			
14.228	Community Development Block Grants	2000-Pf-12	-	62,263
	U.S. DEPARTMENT OF JUSTICE			
	Passed through State Department of Public Safety			
16.unknown	Domestic cannibus eradication/suppression program	N/A	1,512	1,010
	U.S. DEPARTMENT OF TRANSPORTATION			
	Passed through State Highway and Transportation Commission			
20.205	Highway Planning and Construction:	BRO-065(20)	-	184,451
		BRO-065(21)	122,435	76,655
		BRO-065(22)	10,621	17,606
		BRO-065(23)	16,829	-
	Passed through State Department of Public Safety			
20.703	Hazardous Materials Emergency Preparedness	N/A	6,062	6,850
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through State Department of Public Safety			
83.534	Emergency Management - State and Local Assistance	1412-DR-MO	269,405	-

(Continued)

Schedule

MERCER COUNTY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2002	2001
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through State Department of Health			
93.268	Immunization Grants	PG0064	2,127	2,124
	Immunization Grants - Vaccine	N/A	6,893	7,687
93.575	Child Care and Development Block Grant			
	Local Sanitation Inspections of Child Care Facilities	PGA067	240	285
	Child Care Health Consultation	PGA067	631	564
93.945	Assistance Programs for Chronic Disease Prevention and Control			
	School Health Index for Physical Activity and Healthy Eating	C100009001	-	20,000
93.991	Preventative Health and Health Services Block Grant Suicide Prevention Initiative	C100009001	-	2,500
93.994	Maternal and Child Health Services			
	Block Grants to States	ERS146	13,396	11,399
	Block Grants to States - Dental Sealants	N/A	-	491
	Block Grants to States - Vaccine	N/A	74	865
	State Department of Social Services -			
93.563	Child Support Enforcement	N/A	875	554
	Total Expenditures of Federal Awards		<u>\$ 470,330</u>	<u>\$ 477,415</u>

N/A - Not applicable

The accompanying Notes to the Schedules of Expenditures of Federal Awards are an integral part of these schedules.

Notes to the Supplementary Schedule

MERCER COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Mercer County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals....

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Property (CFDA number 12.Unknown) represent the estimated fair market value of property at the time of receipt.

MERCER COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE (CONTINUED)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

C. Basis of Accounting (Continued)

Of the amounts for Immunization Grants (CFDA number 93.268), \$6,893 and \$7,687 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2002 and 2001. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$74 and \$865 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2002 and 2001. The remaining amounts for Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

There were no federal awards passed-through to subrecipients for the two years ending December 31, 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

Independent Auditors' Report

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

May 7, 2003

To the County Commission
and
Officeholders of Mercer County, Missouri

Compliance

We have audited the compliance of Mercer County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in item 02-7 in the accompanying schedule of findings and questioned costs, Mercer County, Missouri did not comply with the requirements regarding the purchase of engineering services that are applicable to its highway planning and construction program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program. As described in item 02-8 in the accompanying schedule

of findings and questioned costs, Mercer County, Missouri did not comply with the requirements regarding documenting actual costs that are applicable to its Emergency Management-State and Local Assistance Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Mercer County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Mercer County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 02-7.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable condition described above is a material weakness.

This report is intended for the information of the management of Mercer County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and is not intended to be and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

Schedule

MERCER COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes X no

Reportable condition identified that is
not considered to be a material weakness? X yes none reported

Noncompliance material to the financial statements
noted? X yes no

Federal Awards

Internal control over major program:

Material weakness identified? yes X no

Reportable condition identified that is
not considered to be a material weakness? X yes none reported

Type of auditors' report issued on compliance for
major program: Qualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? X yes no

Identification of major programs:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
83.534	Emergency Management-State and Local Assistance

MERCER COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes X no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

02-1 Excess Property Tax

Condition: The County has not sufficiently reduces its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Mercer County voters. Following are the calculations used in determining excess property tax revenues collected for the two years ended December 31, 2002:

	<u>Year Ended December 31,</u>	
	<u>2002</u>	<u>2001</u>
Actual sales tax revenues	\$ 136,783	\$ 139,773
Required percentage of revenue reduction	X <u>50%</u>	X <u>50%</u>
Required property tax revenue reduction	68,392	69,886
Assessed Valuation	50,419,420	48,228,626
General Revenue Fund tax levy reduction (per \$100 assessed valuation)	X <u>0.15</u>	X <u>0.12</u>
Actual property tax revenue reduction	<u>75,629</u>	<u>57,874</u>
Excess property tax revenues collected	(7,237)	12,012
Excess property tax revenues collections from prior years	<u>64,553</u>	<u>52,541</u>
Excess at December 31,	\$ <u>57,316</u>	\$ <u>64,553</u>

Criteria: The provisions of Section 67.505, RSMo 2000 require the County to reduce property tax revenue by 50 percent of sales tax revenue in the ballot issue pursuant to that provision.

Effect: The County has collected excess property taxes.

MERCER COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-1 Excess Property Tax (Continued)

Recommendation: We recommend the County Commission reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in prior years.

Auditee's response: The County has made progress in the reduction of property taxes collected in prior years. The County Commission will try to reduce property taxes over the next five to seven years to reduce the excess collected in prior years.

02-2 Purchasing Procedures

Condition: Bids were not always solicited or bid documentation retained for purchases. Examples of purchases for which no evidence of bidding was available are as follows:

<u>Item Purchased</u>	<u>Amount</u>
Computer equipment	\$6,500
Software maintenance	5,172
Workmen's Compensation Insurance	11,279
Property/Liability Insurance	16,231
Health Insurance (per month)	4,488

Similar conditions were reported in the prior audit report.

Criteria: Section 50.660, RSMo 2000 requires the advertisement of bids for all purchases of \$4,500 or more. Bidding procedures for major purchases provide a framework for the economical management of County resources and help assure the County that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in County business. Documentation of bids should always be retained as evidence the County's established purchasing procedures as well as statutory requirements are being followed. Documentation should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request proposal, newspaper publication notices when applicable, bids received, the basis and justification for awarding bids, and documentation of discussions with vendors.

Effect: The County is not in compliance with Section 50.660, RSMo 2000.

MERCER COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-2 Purchasing Procedures (Continued)

Recommendation: The County Commission solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If circumstances are deemed to warrant a purchase without bids, such circumstances should be fully documented and noted in the County Commission minutes.

Auditee's response: We will attempt to do a better job of documenting the purchasing process in the future.

02-3 Computer System Controls

The County utilizes a network of computers for its property tax system and its financial accounting system. We noted the following concerns related to the computer system:

- A. Condition: The Treasurer/Ex Officio County Collector and the County Clerk have access and update capabilities, which are not necessary for the performance of their duties. The Treasurer/Ex Officio County Collector has the capability to add new accounts and change existing accounts on the property tax portion of the computer system and also has the capability to access, update, and edit the County Clerk's records on the computer system. The County Clerk's office has access and update capabilities in the property tax system and County Treasurer's records. Any employee with knowledge of the correct password can access unauthorized areas of the system. Similar conditions were noted in the prior audit report.

Criteria: To preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals.

Effect: The failure to limit access to information to authorized individuals increases the risk that errors or irregularities will not be detected in a timely manner.

- B. Condition: Passwords used by the Assessor's office, the County Clerk's office and the Treasurer/Ex Officio County Collector's office have not been changed since the original computer system was installed in 1990. In addition, passwords have not been kept confidential. Similar conditions were noted in the prior audit report.

Criteria: A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

MERCER COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-3 Computer System Controls (continued)

Effect: The failure to limit access to information to authorized individuals increases the risk that errors or irregularities will not be detected in a timely manner.

- C. Condition: The County does not have a formal contingency plan for the computer system in case of emergency. As a result, the County has not formally negotiated arrangements for backup facilities in the event of a disaster. Similar conditions were noted in the prior audit report.

Criteria: The major benefit of thorough contingency planning comes from the ability of the County to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the County.

Effect: The County does not have the ability to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the County.

Recommendation: We recommend the County Commission:

- A. Consider changes to the computer programs that restrict access and update capabilities to only those individuals needing such access for the performance of their duties.
- B. Ensure employees' passwords are periodically changed and kept confidential.
- C. Develop a formal contingency plan including arrangements for use of alternative data processing equipment during emergency situations.

Auditee's response:

- A. We will consider these recommendations.
- B. We will consider these recommendations.
- C. We will consider these recommendations.

MERCER COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-4 General Fixed Assets Records and Procedures

Condition: The general fixed assets listing has not been updated since 1995. As a result, the listing is inaccurate and not useful in providing an internal control over assets. Similar conditions were noted in a prior audit.

Criteria: Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

Effect: The County is not in compliance with Section 49.093, RSMo 2000.

Recommendation: The County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with County property. In addition, all fixed asset purchases and dispositions should be recorded as they occur and purchased items should be tagged or identified as County-owned property upon receipts.

Auditee's response: The County is preparing a spreadsheet of all property owned by the County.

02-5 Budgetary Practices

Condition: Actual disbursements exceeded budgeted amounts in the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>
General Revenue Fund	2001
Assessment Fund	2001
Sheriff Special Fund	2002
Prosecuting Attorney Training Fund	2001
Recorder Trust Fund	2001
Law Library Fund	2002

MERCER COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-5 Budgetary Practices (Continued)

<u>Fund (Continued)</u>	<u>Year Ended December 31,</u>	
Circuit Clerk Interest Fund	2002	
C.D.B.G. Project Fund	2002	
Health Center Fund	2002	2001
FEMA Project 1412-DR-MO	2002	

The County did not adopt budgets for the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>	
Recorder Trust Fund		2001
Circuit Clerk Interest Fund	2002	
C.D.B.G. Project Fund	2002	
FEMA Project 1412-DR-MO Fund	2002	
Treasurer's Maintenance Fund	2002	

A deficit balance was budget in the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>	
Sheriff Special Fund		2001
C.D.B.G. Project 2000-Pf-12 Fund		2001

Criteria: Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all County funds and activities, the County Commission is able to more effectively evaluate all County financial resources. Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted, and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget. Section 50.740, RSMo 2000, requires a balanced budget.

Effect: The County is not in compliance with Chapter 50, RSMo 2000.

MERCER COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-5 Budgetary Practices (Continued)

Recommendation: We recommend the County Commission not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.

Auditee's Response: We will attempt to be more careful in the future in amending the budget when necessary.

02-6 Published Financial Statements

Condition: As noted in note 1D in the notes to the financial statements, the County's published financial statements did not show receipts and disbursements for all County funds.

Criteria: Section 50.800, RSMo 2000, requires publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

Effect: The County is not in compliance with Section 50.800, RSMo 2000.

Recommendation: We recommend that the County include all County funds in the published annual financial statements.

Auditee's Response: We will attempt to include all County funds in future published annual financial statements.

MERCER COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section III – Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-7 Part A and B

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-065(20), BRO-065(21), BRO-065(22), & BRO-065(23)
Award Years:	2002 and 2001
Questioned Costs:	\$58,471

Part A

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.534
Program Title:	Emergency Management – State and Local Assistance
Pass-Through Entity	
Identifying Number:	1412-DR-MO
Award Years:	2002
Questioned Costs:	None

- A. Condition: The County did not have adequate procedures in place to track federal awards for preparation of the SEFA. The County prepared a SEFA for the years ended December 31, 2002 and 2001; however, the schedule contained a number of errors and omissions. Of the reported expenditures of \$218,941 and \$289,011 for 2001 and 2002 respectively, adjustments totaling \$233,629 and \$181,319, respectively, were required. These adjustments affected most grants presented in the schedule. Similar conditions were reported in the prior audit report.

MERCER COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section III – Federal Award Findings and Questioned Costs (continued)

02-7 (Continued)

Criteria: Section .310(b) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The County is required to submit the SEFA to the State Auditor's office as part of the annual budget.

Effect: Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

- B. Condition: The County contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Off-System Bridge Replacement and Rehabilitation Program. These projects are 80 percent federally funded. Similar conditions were reported in the prior audit report.

The County incurred engineering costs during 2002 and 2001 as follows:

BRO-065(20)	\$12,145
BRO-065(21)	11,950
BRO-065(22)	17,548
BRO-065(23)	<u>16,828</u>
Total	<u>\$58,471</u>

There was no documentation that the County Commission considered other engineering firms when procuring these services.

Criteria: Sections 8.289 and 8.291, RSMo 2000, provide that when obtaining engineering services for any capital improvement project, as least three highly qualified firms should be considered. The firms should be evaluated based upon specified criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located.

Effect: The County is not in compliance with Sections 8.289 and 8.291, RSMo 2000.

MERCER COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section III – Federal Award Findings and Questioned Costs (continued)

02-7 (Continued)

Questioned cost: \$58,471, which is the federal share of engineering costs paid during the two years ended December 31, 2002.

Recommendations: We recommend that the County Commission:

- A. And the County Clerk ensure all federal award expenditure amounts are properly recorded on the Schedule of Expenditures of Federal Awards.
- B. Resolve the questioned costs with the grantor agency. In addition, for future projects the County Commission should obtain information as required by law when contracting for professional services.

Auditee's response:

- A. The County Clerk will try to implement the recommendation with the 2003 SEFA.
- B. The County Commission will resolve this matter, and will document the consideration of other engineers on future projects.

02-8	Federal Grantor:	Federal Emergence Management Agency
	Pass-Through Grantor:	State Department of Public Safety
	Federal CFDA Number:	83.534
	Program Title:	Emergency Management-State and Local Assistance
	Pass-Through Entity	
	Identifying Number:	Disaster Number: 1412-DR-MO
	Award Years:	2002
	Questioned Costs:	\$167,649

Condition: Public assistance grants were provided to the County as the result of severe storms occurring during the spring of 2002. This assistance included 53 small projects for various county roads and one large project. Amounts paid for the small projects were based on estimates prepared on-site by a FEMA representative. The County received \$167,649 during 2002 for the small projects. Documentation to support actual expenditures for the various small projects was not maintained by the County. According to the County Clerk and Road and Bridge supervisor, the on-site FEMA representative indicated that no further documentation would be required.

MERCER COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section III – Federal Award Findings and Questioned Costs (continued)

02-8 (Continued)

Criteria: Correspondence received by the County from the State Emergency Management Agency stated FEMA requirements to track the costs of all projects, including small projects. Additionally, the *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (OMB Common Rule), Subpart C Section 20, (b)(2) states that grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities.

Effect: The County is not in compliance with FEMA requirements and the *Uniform Administration Requirements for Grants and Cooperative Agreements to State and Local Governments*.

Questioned cost: \$167,649, the amount the County received for the project, because the County did not maintain documentation to support actual expenditures for the various small public assistance projects.

Recommendations: The County Commission adopt procedures in which federal awards may be correctly identified and resolve the questioned costs with the grantor agency and for future projects, document actual expenditures incurred on all FEMA projects.

Auditee response: This project is scheduled to be closed out in 2003. We will attempt to obtain documentation from FEMA of FEMA's acceptance of reimbursement based on estimated costs. We will attempt to maintain documentation of actual expenditures in the future.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MERCER COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Mercer County, Missouri, on the finding that *Government Auditing Standards* required to be reported for an audit of financial statements in the audit report issued by the State Auditor's Office for the two years ended December 31, 2000.

00-1 County Sales Tax

The County had not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Mercy County voters.

Recommendation: The County Commission reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in prior years.

Status: Partially implemented. See finding 02-1.

In accordance with *Government Auditing Standards*, this section reports the auditors' follow-up on action taken by Mercer County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued by the State Auditor's Office for the two years ended December 31, 2000.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements. Although the remaining unimplemented recommendations are not repeated, the County should consider implementing those recommendations.

1. County Expenditures

- A. Billing statements were not always reconciled to invoices prior to payment nor did the County Clerk's office check the expenditures system to ensure payment had not already been made.
- B. The County did not always solicit bids or retain bid documentation.
- C. A potential conflict of interest existed because an Associate County Commissioner received royalties from a local rock quarry with which the County does business.

Recommendation: The County Commission:

- A. Ensure billing statements are supported by invoices prior to payment.

MERCER COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

1. County Expenditures (Continued)

- B. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained.
- C. Consult legal counsel and determine whether this situation is in violation of state law.

Status:

- A. Implemented
- B. Not implemented. See finding 02-2.
- C. Not implemented. Although not repeated in the current report, the recommendations remain the same as stated above.

2. Ex-Officio County Collector's Controls and Procedures

The method of payment received is not consistently indicated on the paid tax receipts. Additionally, the tax receipts are not reconciled to the composition of bank deposits.

Recommendation: The Ex-Officio County Collector record the method of payment on each paid tax statement and reconcile the composition of receipts to the paid tax bills and to bank deposits.

Status: Implemented.

3. Computer System Control

- A. The Treasurer and Ex-Officio County Collector and the County Clerk had access and update capabilities which were not necessary for the performance of their duties. Any employee with knowledge of the correct password could access and make unauthorized changes to the system.
- B. Passwords used by the Assessor's office, the County Clerk's office and the Treasurer had not been changed since the original computer system was installed several years ago. Passwords had not been kept confidential.
- C. The County did not have a formal contingency plan for the computer system in case of emergency.

MERCER COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

3. Computer System Control (Continued)

Recommendation: The County Commission:

- A. Consider changes to the computer programs that restrict access and update capabilities to only those individuals needing such access for the performance of their duties.
- B. Ensure employee passwords are periodically changed and kept confidential.
- C. Develop a formal contingency plan including arrangements for use of alternate data processing equipment during emergencies.

Status: Not implemented. See finding 02-3.

4. Sheriff's Accounting Controls and Procedures

- A. Accounting duties are not adequately segregated.
- B-1. Receipts are not deposited on a timely basis.
- B-2. The composition and amount of recorded receipts is not reconciled to bank deposits.
- B-3. Receipts are not posted to the cash control records on a timely basis.
- C. Bank reconciliations are not prepared for the Sheriff's bank account.
- D. Bond forms are not prenumbered and prenumbered receipt slips are not issued for some bond monies received. Some bond monies are transmitted directly to the Mercer County Associate Circuit Court and are not deposited into the Sheriff's bank account. Receipt slips from the court are not retained to document the turnover of these cash bonds.
- E. Payments for services billed to other counties for boarding prisoners were deposited directly to the Sheriff's bank account instead of directly to the County Treasurer. In addition, reconciliations between billing statements and payments are not performed.
- F. The Sheriff maintains a bank account for soda sales and indicated the proceeds are personal funds.

Recommendation: The Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

MERCER COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

4. Sheriff's Accounting Controls and Procedures (Continued)

- B-1. Deposit receipts daily or when accumulated receipts exceed \$100.
- B-2. Reconcile the composition and amount of recorded receipts to the composition and amount of bank deposits.
- B-3. Post all receipts to cash control records on a timely basis.
- C. Prepare monthly bank reconciliations and reconcile the cash balance to open items.
- D. Ensure prenumbered bond forms are used and account for the numerical sequence. In addition, bond monies should be deposited into the Sheriff's bank account, or, if bond monies are transmitted directly to the courts, ensure receipt slips from the courts are retained.
- E. Ensure billing statements stipulate payments be made to the County Treasurer.
- F. Discuss the appropriate handling and accountability of soda and monies with the County Commission.

Status:

- A. Implemented.
- B-1. Implemented.
- B-2. Implemented.
- B-3. Implemented.
- C. Implemented.
- D. Implemented.
- E. Implemented.
- F. Partially implemented. Proceeds from soda sales are used for Sheriff's office expenditures and the Sheriff has discontinued snack sales.

MERCER COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

5. General Fixed Assets Records and Procedures

The general fixed asset listing has not been updated nor has a physical inventory been completed since 1995.

Recommendation: We recommend the County Commission establish a written policy related to the handling and accounting for fixed assets. In addition, all fixed asset purchases and dispositions should be recorded as they occur and purchased items should be tagged or identified as County-owned property upon receipt.

Status: Not implemented. See finding 02-4.

6. Revenue Maximization

- A. There is no documentation to support how the amounts charged for dispatching and law enforcement services were determined. In addition, contracts for dispatching services are not current.
- B. The County does not properly monitor reimbursement for projects under the Highway Planning and Construction program.

Recommendation: The County Commission:

- A. Perform and document cost analysis of providing services to other entities. In addition, the County Commission should ensure all contracts are maintained on a current basis.
- B. Monitor bridge project reimbursement claims to ensure claims are submitted and reimbursements are received in a timely manner.

Status:

- A. Not implemented. Although not repeated in this report, the recommendation remains as stated above.
- B. Implemented.

7. County Commission Minutes

- A. The daily business of the County Commission is not adequately documented in the County Commission minutes. The typed minutes are not reviewed and signed by the Presiding Commissioner and the minutes are not prepared in a timely manner.

MERCER COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

7. County Commission Minutes, (Continued)

- B. Proper notice was not always given for the County Commission meetings as required. The County Commission does not post an agenda for meetings.
- C. The County Clerk does not prepare minutes for the closed session of meetings of the County Commission.

Recommendation: The County Commission:

- A. Ensure a complete record of the meetings is prepared and approved on a timely basis.
- B. Ensure timely, accurate, and complete notice is given for all meetings of the board as required by law.
- C. Prepare minutes for all closed meetings.

Status:

- A. Implemented.
- B. Implemented.
- C. Implemented.

8. Associate Commissioners' Salaries

Based on a Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$12,130 for the two-year term ended December 31, 2000, should be repaid.

Recommendation: The County Commission review the impact of the decision and develop a plan for obtaining repayment of the salary overpayments.

Status: Not implemented. The County Commission did review the Supreme Court decision and decided not to require repayment of the raises.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

MERCER COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the County's management.

00-2 Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-065 (16, 17, 18, 20 and 21)
Award Year:	2000 and 1999
Questioned Costs:	\$28,200

- A. The County did not have adequate procedures in place to track federal awards for preparation of the SEFA. The schedule contained a number of errors and omissions. Some expenditures were reported in the wrong year and others were misclassified. Expenditures attributable to each individual bridge were not identified.
- B. There was no documentation that the County Commission considered other engineering firms when procuring engineering services.

Recommendation: The County Commission:

- A. And the County Clerk ensure all federal award expenditure amounts are properly recorded on the Schedule of Expenditures of Federal Awards.
- B. Resolve the questioned costs with the grantor agency. In addition, for future projects the County Commission should obtain information as required by law when contracting for professional services.

MERCER COUNTY, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
IN ACCORDANCE WITH OMB CIRCULAR A-133

00-2 Federal Awards (continued)

Status:

- A. Not implemented. See finding number 02-7
- B. Not implemented. See finding number 02-7



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Lewis County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Lewis County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Arthur White & Associates, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-60
July 3, 2003

**LEWIS COUNTY, MISSOURI
DECEMBER 31, 2001 AND 2002**

LEWIS COUNTY, MISSOURI

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LEWIS COUNTY, MISSOURI

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FINANCIAL SECTION

Independent Auditors' Reports

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

April 23, 2003

To the County Commission
and
Officeholders of Lewis County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Lewis County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Lewis County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Lewis County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Lewis County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 23, 2003, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

April 23, 2003

To the County Commission
and
Officeholders of Lewis County, Missouri

We have audited the special-purpose financial statements of various funds of Lewis County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 23, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Lewis County, Missouri, are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1, 02-2 and 02-3.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Lewis County, Missouri, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the

assertions of management in the special-purpose statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-2, 02-3, 02-4 and 02-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Lewis County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

Financial Statements

Exhibit A-1

LEWIS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 338,621	\$ 1,302,739	\$ 1,274,371	\$ 366,989
Special Road and Bridge	13,499	879,634	867,365	25,768
Assessment	726	118,872	105,655	13,943
Road & Bridge Capital Improvement	1,121	680,813	678,557	3,377
Law Enforcement Training	1,629	3,918	4,204	1,343
Prosecuting Attorney Training	2,278	592	261	2,609
County Farm	22,103	50,634	16,995	55,742
Domestic Violence	1,902	2,934	1,902	2,934
Prosecuting Attorney Retirement	7,840	-	4,504	3,336
Prosecuting Attorney Bad Check	539	4,690	3,547	1,682
D.W.I.	648	398	3	1,043
Records Preservation	1,835	4,133	2,662	3,306
Recorder's Technologies	1,031	2,491	1	3,521
Law Enforcement Operating	195	563,005	558,805	4,395
Sheriff Civil Fees	9,022	16,435	13,137	12,320
D.A.R.E.	1,095	695	1,254	536
Election Service	2,733	2,053	629	4,157
Collector Tax Maintenance	-	588	-	588
Circuit Clerk Interest	2,915	2,171	231	4,855
Associate Judge Interest	937	829	860	906
C.D.B.G Grant 2000-Pf-42	1,000	342,858	343,858	-
E-911	321,092	293,336	339,803	274,625
Lewis County Health Department	313,710	819,662	732,197	401,175
Total	\$ 1,046,471	\$ 5,093,480	\$ 4,950,801	\$ 1,189,150

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

LEWIS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 201,163	\$ 1,257,784	\$ 1,120,326	\$ 338,621
Special Road and Bridge	33,672	733,745	753,918	13,499
Assessment	4,176	106,119	109,569	726
Road & Bridge Capital Improvement	71,145	366,913	436,937	1,121
Law Enforcement Training	3,162	2,938	4,471	1,629
Prosecuting Attorney Training	2,440	466	628	2,278
County Farm	47,270	39,843	65,010	22,103
Domestic Violence	685	1,902	685	1,902
Prosecuting Attorney Retirement	8,920	3,424	4,504	7,840
Prosecuting Attorney Bad Check	1,244	2,425	3,130	539
D.W.I.	336	316	4	648
Records Preservation	2,580	3,772	4,517	1,835
Recorder's Technologies		1,031	-	1,031
Law Enforcement Operating	29,345	507,680	536,830	195
Sheriff Civil Fees	14,174	15,775	20,927	9,022
D.A.R.E.	792	1,431	1,128	1,095
Election Service	1,548	2,757	1,572	2,733
Circuit Clerk Interest	3,604	1,848	2,537	2,915
Associate Judge Interest	529	1,318	910	937
C.D.B.G Grant 2000-PF-42		154,942	153,942	1,000
Clark County Water Supply District #1- Ramsey Jones	1,000	1,400	2,400	-0-
E-911	110,848	284,638	74,394	321,092
Lewis County Health Department	225,979	705,974	618,243	313,710
Total	\$ 764,612	\$ 4,198,441	\$ 3,916,582	\$ 1,046,471

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

LEWIS COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
GENERAL REVENUE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 209,660	\$ 222,502	\$ 12,842	\$ 220,996	\$ 222,374	\$ 1,378
Sales taxes	611,800	659,980	48,180	514,500	671,325	156,825
Intergovernmental	32,830	47,177	14,347	26,177	24,992	(1,185)
Charges for services	173,075	191,019	17,944	159,050	165,986	6,936
Interest	11,000	13,002	2,002	14,000	17,605	3,605
Other	151,300	153,903	2,603	151,000	151,326	326
Transfers in	726	15,156	14,430	4,176	4,176	-
Total Receipts	1,190,391	1,302,739	112,348	1,089,899	1,257,784	167,885
DISBURSEMENTS						
County Commission	76,370	72,734	3,636	75,370	73,829	1,541
County Clerk	56,003	55,356	647	54,752	53,726	1,026
Elections	35,400	29,286	6,114	7,078	5,044	2,034
Buildings and grounds	83,828	53,582	30,246	38,260	31,374	6,886
Employee fringe benefits	106,900	94,813	12,087	99,460	102,083	(2,623)
County Treasurer	28,305	27,605	700	28,055	27,075	980
County Collector	65,018	62,869	2,149	63,889	63,208	681
Recorder of Deeds	30,400	28,453	1,947	33,571	29,752	3,819
Circuit Clerk	13,500	10,553	2,947	14,000	11,043	2,957
Associate Circuit Court	10,780	10,780	-	10,673	10,673	-
Court Reporter	1,005	371	634	871	287	584
Court administration	6,602	2,997	3,605	6,486	1,550	4,936
Public Administrator	46,937	43,634	3,303	43,941	42,257	1,684
Prosecuting Attorney	95,884	83,905	11,979	69,797	63,002	6,795
Juvenile Officer	81,665	82,040	(375)	77,877	72,187	5,690
Coroner	14,110	10,656	3,454	12,910	10,484	2,426
Other county government	264,640	241,777	22,863	259,294	246,884	12,410
Health and welfare	90,000	22,997	67,003	71,148		71,148
Transfers out	319,963	319,963	-	263,630	267,641	(4,011)
Emergency fund	60,000	20,000	40,000	60,000	8,227	51,773
Total Disbursements	1,487,310	1,274,371	212,939	1,291,062	1,120,326	170,736
RECEIPTS OVER (UNDER) DISBURSEMENTS	(296,919)	28,368	325,287	(201,163)	137,458	338,621
CASH, JANUARY 1	338,621	338,621	-	201,163	201,163	-
CASH, DECEMBER 31	\$ 41,702	\$ 366,989	\$ 325,287	\$ -	\$ 338,621	\$ 338,621

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-2

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 226,800	\$ 252,693	\$ 25,893	\$ 236,864	\$ 219,388	\$ (17,476)
Intergovernmental	485,700	484,435	(1,265)	502,200	480,575	(21,625)
Interest	3,000	2,629	(371)	3,000	3,753	753
Other	132,797	114,227	(18,570)	51,500	30,029	(21,471)
Transfers in	26,750	25,650	(1,100)	30,000		(30,000)
Total Receipts	875,047	879,634	4,587	823,564	733,745	(89,819)
DISBURSEMENTS						
Salaries	248,498	250,190	(1,692)	272,585	215,948	56,637
Employee fringe benefits	94,931	91,909	3,022	100,125	86,334	13,791
Supplies	68,800	69,670	(870)	85,000	58,186	26,814
Insurance	17,000	32,409	(15,409)	16,000	15,684	316
Road and bridge materials	252,050	240,502	11,548	225,000	186,728	38,272
Equipment repairs	58,000	42,744	15,256	75,000	50,764	24,236
Rentals	14,800	14,717	83	500	275	225
Equipment purchases	50,145	41,212	8,933	42,926	42,499	427
Other	83,900	84,012	(112)	40,100	97,500	(57,400)
Total Disbursements	888,124	867,365	20,759	857,236	753,918	103,318
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,077)	12,269	25,346	(33,672)	(20,173)	13,499
CASH, JANUARY 1	13,499	13,499	-	33,672	33,672	-
CASH, DECEMBER 31	\$ 422	\$ 25,768	\$ 25,346	\$ -	\$ 13,499	\$ 13,499

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSESSMENT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 95,765	\$ 92,802	\$ (2,963)	\$ 92,715	\$ 85,794	\$ (6,921)
Interest	850	497	(353)	800	610	(190)
Other		2,948	2,948	50		(50)
Transfers in	22,625	22,625	-	19,715	19,715	-
Total Receipts	119,240	118,872	(368)	113,280	106,119	(7,161)
DISBURSEMENTS						
Assessor	119,702	105,655	14,047	117,456	109,569	7,887
Total Disbursements	119,702	105,655	14,047	117,456	109,569	7,887
RECEIPTS OVER (UNDER) DISBURSEMENTS	(462)	13,217	13,679	(4,176)	(3,450)	726
CASH, JANUARY 1	726	726	-	4,176	4,176	-
CASH, DECEMBER 31	\$ 264	\$ 13,943	\$ 13,679	\$ -	\$ 726	\$ 726

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ROAD & BRIDGE CAPITAL IMPROVEMENT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales taxes	\$ 197,000	\$ 195,998	\$ (1,002)	\$ 196,965	\$ 196,964	\$ (1)
Intergovernmental	379,423	384,267	4,844	554,996	142,232	(412,764)
Interest income	2,000	548	(1,452)	1,000	2,717	1,717
Other revenues	100,000	100,000	-			
Transfers in			-	50,000	25,000	(25,000)
Total Receipts	678,423	680,813	2,390	802,961	366,913	(436,048)
DISBURSEMENTS						
Contract labor	3,000	4,145	(1,145)	6,800	4,600	2,200
Bridge construction	531,423	544,685	(13,262)	798,896	386,962	411,934
Road & bridge materials	28,900	23,631	5,269	55,000	32,946	22,054
Equipment expenditures	27,425	27,425	-	12,365	11,429	936
Other	62,031	53,021	9,010		1,000	(1,000)
Transfers out	26,750	25,650	1,100			
Total Disbursements	679,529	678,557	972	873,061	436,937	436,124
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,106)	2,256	3,362	(70,100)	(70,024)	76
CASH, JANUARY 1	1,121	1,121	-	71,145	71,145	-
CASH, DECEMBER 31	\$ 15	\$ 3,377	\$ 3,362	\$ 1,045	\$ 1,121	\$ 76

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 1,500	\$ 900	\$ (600)	\$ 1,500	\$ 1,026	\$ (474)
Charges for services	2,082	2,368	286	2,550	1,862	(688)
Other		650	650		50	50
Total Receipts	3,582	3,918	336	4,050	2,938	(1,112)
DISBURSEMENTS						
Public safety	5,211	4,204	1,007	7,212	4,471	2,741
Total Disbursements	5,211	4,204	1,007	7,212	4,471	2,741
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,629)	(286)	1,343	(3,162)	(1,533)	1,629
CASH, JANUARY 1	1,629	1,629	-	3,162	3,162	-
CASH, DECEMBER 31	\$ -	\$ 1,343	\$ 1,343	\$ -	\$ 1,629	\$ 1,629

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 600	\$ 592	\$ (8)	\$ 600	\$ 466	\$ (134)
Total Receipts	600	592	(8)	600	466	(134)
DISBURSEMENTS						
Public safety	2,878	261	2,617	3,040	628	2,412
Total Disbursements	2,878	261	2,617	3,040	628	2,412
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,278)	331	2,609	(2,440)	(162)	2,278
CASH, JANUARY 1	2,278	2,278	-	2,440	2,440	-
CASH, DECEMBER 31	\$ -	\$ 2,609	\$ 2,609	\$ -	\$ 2,278	\$ 2,278

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 COUNTY FARM FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 900	\$ 649	\$ (251)	\$ 1,200	\$ 1,099	\$ (101)
Other	48,991	49,985	994	36,881	38,744	1,863
Total Receipts	49,891	50,634	743	38,081	39,843	1,762
DISBURSEMENTS						
Farm expenses	5,000	1,985	3,015	5,000	2,136	2,864
Maintenance - other	47,494	106	47,388	49,951	13,439	36,512
County programs	19,500	14,904	4,596	18,400	13,263	5,137
Transfers			-	12,000	36,172	(24,172)
Total Disbursements	71,994	16,995	54,999	85,351	65,010	20,341
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,103)	33,639	55,742	(47,270)	(25,167)	22,103
CASH, JANUARY 1	22,103	22,103	-	47,270	47,270	-
CASH, DECEMBER 31	\$ -	\$ 55,742	\$ 55,742	\$ -	\$ 22,103	\$ 22,103

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 DOMESTIC VIOLENCE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charge for services	\$ 1,400	\$ 2,934	\$ 1,534	\$ 1,300	\$ 1,902	\$ 602
Total Receipts	1,400	2,934	1,534	1,300	1,902	602
DISBURSEMENTS						
Domestic violence expenses	1,902	1,902	-	685	685	-
Total Disbursements	1,902	1,902	-	685	685	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(502)	1,032	1,534	615	1,217	602
CASH, JANUARY 1	1,902	1,902	-	685	685	-
CASH, DECEMBER 31	\$ 1,400	\$ 2,934	\$ 1,534	\$ 1,300	\$ 1,902	\$ 602

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY RETIREMENT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 3,500		\$ (3,500)	\$ 5,000	\$ 3,424	\$ (1,576)
Total Receipts	3,500	-	(3,500)	5,000	3,424	(1,576)
DISBURSEMENTS						
Transfers	4,505	\$ 4,504	1	13,420	4,504	8,916
Total Disbursements	4,505	4,504	1	13,420	4,504	8,916
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,005)	(4,504)	(3,499)	(8,420)	(1,080)	7,340
CASH, JANUARY 1	7,840	7,840	-	8,920	8,920	-
CASH, DECEMBER 31	\$ 6,835	\$ 3,336	\$ (3,499)	\$ 500	\$ 7,840	\$ 7,340

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY BAD CHECK FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 4,810	\$ 2,380	\$ (2,430)	\$ 2,500	\$ 2,425	\$ (75)
Transfers in		2,310	2,310			-
Total Receipts	4,810	4,690	(120)	2,500	2,425	(75)
DISBURSEMENTS						
Expenses	3,600	3,547	53	3,744	3,130	614
Total Disbursements	3,600	3,547	53	3,744	3,130	614
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,210	1,143	(67)	(1,244)	(705)	539
CASH, JANUARY 1	539	539	-	1,244	1,244	-
CASH, DECEMBER 31	\$ 1,749	\$ 1,682	\$ (67)	\$ -	\$ 539	\$ 539

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 D.W.I. FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 500	\$ 398	\$ (102)	\$ 250	\$ 316	\$ 66
Interest			-			-
Total Receipts	500	398	(102)	250	316	66
DISBURSEMENTS						
Expenses	1,148	3	1,145	586	4	582
Total Disbursements	1,148	3	1,145	586	4	582
RECEIPTS OVER (UNDER) DISBURSEMENTS	(648)	395	1,043	(336)	312	648
CASH, JANUARY 1	648	648	-	336	336	-
CASH, DECEMBER 31	\$ -	\$ 1,043	\$ 1,043	\$ -	\$ 648	\$ 648

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDS PRESERVATION FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 3,600	\$ 4,088	\$ 488	\$ 4,000	\$ 3,730	\$ (270)
Interest	30	45	15	100	42	(58)
Total Receipts	3,630	4,133	503	4,100	3,772	(328)
DISBURSEMENTS						
Records preservation	5,465	2,662	2,803	6,680	4,517	2,163
Total Disbursements	5,465	2,662	2,803	6,680	4,517	2,163
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,835)	1,471	3,306	(2,580)	(745)	1,835
CASH, JANUARY 1	1,835	1,835	-	2,580	2,580	-
CASH, DECEMBER 31	\$ -	\$ 3,306	\$ 3,306	\$ -	\$ 1,835	\$ 1,835

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER'S TECHNOLOGIES FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 2,500	\$ 2,491	\$ (9)	\$ -	\$ 1,031	\$ 1,031
Total Receipts	2,500	2,491	(9)	-	1,031	1,031
DISBURSEMENTS						
Recorder's technologies expenses	2,500	1	2,499	-	-	-
Total Disbursements	2,500	1	2,499	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	2,490	2,490	-	1,031	1,031
CASH, JANUARY 1	1,031	1,031	-	-	-	-
CASH, DECEMBER 31	\$ 1,031	\$ 3,521	\$ 2,490	\$ -	\$ 1,031	\$ 1,031

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT OPERATING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales taxes	\$ 131,300	\$ 129,781	\$ (1,519)	\$ 131,300	\$ 131,300	\$ -
Intergovernmental	110,097	103,719	(6,378)	121,746	121,688	(58)
Interest	900	358	(542)	729	729	-
Other	2,115	11,809	9,694	5,308	5,548	240
Transfers in	317,838	317,338	(500)	256,205	248,415	(7,790)
Total Receipts	562,250	563,005	755	515,288	507,680	(7,608)
DISBURSEMENTS						
Salaries	173,089	171,446	1,643	169,510	169,568	(58)
Salaries - jail	136,119	139,384	(3,265)	133,666	135,051	(1,385)
Fringe benefits	103,256	106,610	(3,354)	99,501	98,188	1,313
Office expenses	28,025	27,753	272	32,600	28,214	4,386
Equipment expenses	46,000	42,300	3,700	58,196	57,065	1,131
Prisoner board	70,079	66,751	3,328	49,679	48,744	935
Transfers	5,877	4,561	1,316			-
Total Disbursements	562,445	558,805	3,640	543,152	536,830	6,322
RECEIPTS OVER (UNDER) DISBURSEMENTS	(195)	4,200	4,395	(27,864)	(29,150)	(1,286)
CASH, JANUARY 1	195	195	-	29,345	29,345	-
CASH, DECEMBER 31	\$ -	\$ 4,395	\$ 4,395	\$ 1,481	\$ 195	\$ (1,286)

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF CIVIL FEE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 16,750	\$ 16,435	\$ (315)	\$ 16,200	\$ 15,775	\$ (425)
Total Receipts	16,750	16,435	(315)	16,200	15,775	(425)
DISBURSEMENTS						
Parent education	25,772	13,137	12,635	30,374	20,927	9,447
Total Disbursements	25,772	13,137	12,635	30,374	20,927	9,447
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,022)	3,298	12,320	(14,174)	(5,152)	9,022
CASH, JANUARY 1	9,022	9,022	-	14,174	14,174	-
CASH, DECEMBER 31	\$ -	\$ 12,320	\$ 12,320	\$ -	\$ 9,022	\$ 9,022

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 D.A.R.E. FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 1,700	\$ 695	\$ (1,005)	\$ 1,000	\$ 1,431	\$ 431
Total Receipts	1,700	695	(1,005)	1,000	1,431	431
DISBURSEMENTS						
D.A.R.E. expenses	2,795	1,254	1,541	1,792	1,128	664
Total Disbursements	2,795	1,254	1,541	1,792	1,128	664
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,095)	(559)	536	(792)	303	1,095
CASH, JANUARY 1	1,095	1,095	-	792	792	-
CASH, DECEMBER 31	\$ -	\$ 536	\$ 536	\$ -	\$ 1,095	\$ 1,095

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ELECTION SERVICE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 3,400	\$ 2,053	\$ (1,347)	\$ 410	\$ 2,757	\$ 2,347
Interest			-			-
Total Receipts	3,400	2,053	(1,347)	410	2,757	2,347
DISBURSEMENTS						
Election service - Office Expense	6,133	629	5,504	1,958	1,572	386
Total Disbursements	6,133	629	5,504	1,958	1,572	386
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,733)	1,424	4,157	(1,548)	1,185	2,733
CASH, JANUARY 1	2,733	2,733	-	1,548	1,548	-
CASH, DECEMBER 31	\$ -	\$ 4,157	\$ 4,157	\$ -	\$ 2,733	\$ 2,733

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 COLLECTOR TAX MAINTENANCE FUND

	Year Ended December 31,		
	2002		2001
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services		\$ 588	\$ 588
Total Receipts	-	588	588
DISBURSEMENTS			
Collector tax maintenance expenses			-
Total Disbursements	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	588	588
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	\$ 588	\$ 588

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 1,600	\$ 2,171	\$ 571	\$ 2,000	\$ 1,848	\$ (152)
Total Receipts	1,600	2,171	571	2,000	1,848	(152)
DISBURSEMENTS						
Equipment	4,400	231	4,169	5,604	2,537	3,067
Total Disbursements	4,400	231	4,169	5,604	2,537	3,067
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,800)	1,940	4,740	(3,604)	(689)	2,915
CASH, JANUARY 1	2,915	2,915	-	3,604	3,604	-
CASH, DECEMBER 31	\$ 115	\$ 4,855	\$ 4,740	\$ -	\$ 2,915	\$ 2,915

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSOCIATE JUDGE INTEREST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Other Revenues	\$ 1,228	\$ 829	\$ (399)	\$ 1,200	\$ 1,318	\$ 118
Total Receipts	1,228	829	(399)	1,200	1,318	118
DISBURSEMENTS						
Associate Judge interest expenses	2,165	860	1,305	1,729	910	819
Total Disbursements	2,165	860	1,305	1,729	910	819
RECEIPTS OVER (UNDER) DISBURSEMENTS	(937)	(31)	906	(529)	408	937
CASH, JANUARY 1	937	937	-	529	529	-
CASH, DECEMBER 31	\$ -	\$ 906	\$ 906	\$ -	\$ 937	\$ 937

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 C.D.B.G GRANT 2000-Pf-42

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Grant	\$ 345,058	\$ 342,858	\$ (2,200)	\$ 154,942	\$ 154,942	
Total Receipts	345,058	342,858	(2,200)	-	154,942	154,942
DISBURSEMENTS						
C.D.B.G. Grant 2000-Pf-42 expenses	346,058	343,858	2,200	153,942	(153,942)	
Total Disbursements	346,058	343,858	2,200	-	153,942	(153,942)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	(1,000)	-	-	1,000	1,000
CASH, JANUARY 1	1,000	1,000	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000

The accompanying Notes to the Financial Statements are an integral part of these statements.

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CLARK COUNTY WATER SUPPLY DISTRICT #1 -
 RAMSEY JONES FUND

	Year Ended December 31,		
	2002	2001	
			Variance
			Favorable
	Budget	Actual	(Unfavorable)
RECEIPTS			
Grant	\$ -	\$ 1,400	\$ (1,400)
Total Receipts	-	1,400	(1,400)
DISBURSEMENTS			
Grant expenses		2,400	(2,400)
Total Disbursements	-	2,400	(2,400)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(1,000)	(1,000)
CASH, JANUARY 1	-	1,000	1,000
CASH, DECEMBER 31	\$ -	\$ -	\$ -

LEWIS COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 E-911 FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales taxes	\$ 243,966	\$ 282,092	\$ 38,126		\$ 279,340	\$ 279,340
Interest	2,500	11,169	8,669		5,298	5,298
Other		75	75			-
Total Receipts	246,466	293,336	46,870	-	284,638	284,638
DISBURSEMENTS						
Salaries	70,173	37,532	32,641		811	(811)
Benefits	10,659		10,659			-
Supplies	3,042	3,718	(676)		972	(972)
Maintenance	800	65	735			-
Contractual services	99,834	112,431	(12,597)		70,101	(70,101)
Training	7,800	4,388	3,412		264	(264)
Capital improvements	142,050	178,115	(36,065)		2,246	(2,246)
Other	945	3,554	(2,609)	-		-
Total Disbursements	335,303	339,803	(4,500)	-	74,394	(74,394)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(88,837)	(46,467)	42,370	-	210,244	210,244
CASH, JANUARY 1	321,092	321,092	-	\$ 110,848	110,848	-
CASH, DECEMBER 31	\$ 232,255	\$ 274,625	\$ 42,370	\$ 110,848	\$ 321,092	\$ 210,244

The accompanying Notes to the Financial Statements are an integral part of this statement.

LEWIS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LEWIS COUNTY HEALTH DEPARTMENT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 82,394	\$ 84,187	\$ 1,793	\$ 83,927	\$ 81,434	\$ (2,493)
Intergovernmental	187,890	182,610	(5,280)	183,624	186,097	2,473
Charges for services	371,905	501,479	129,574	308,470	389,909	81,439
Interest	12,450	10,768	(1,682)	8,079	12,016	3,937
Other	35,538	40,618	5,080	24,184	36,518	12,334
Transfers in	44,444		(44,444)			-
Total Receipts	734,621	819,662	85,041	608,284	705,974	97,690
DISBURSEMENTS						
Salaries	527,501	590,374	(62,873)	486,859	489,550	(2,691)
Office expenses	47,220	39,041	8,179	38,586	36,621	1,965
Office equipment	7,900	9,315	(1,415)	3,900	15,038	(11,138)
Mileage-training	38,000	40,753	(2,753)	34,000	34,061	(61)
Other	114,000	52,714	61,286	102,450	42,973	59,477
Building fund			-	131,330		131,330
Total Disbursements	734,621	732,197	2,424	797,125	618,243	178,882
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	87,465	87,465	(188,841)	87,731	276,572
CASH, JANUARY 1	313,710	313,710	-	225,979	225,979	-
CASH, DECEMBER 31	\$ 313,710	\$ 401,175	\$ 87,465	\$ 37,138	\$ 313,710	\$ 276,572

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

LEWIS COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Lewis County, Missouri, (County) and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Louis County Health Department Board or the E-911 Board. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the County did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
E-911 Fund	2001
C.D.B.G. Grant 2000-Pf-42 Fund	2001
Clark County Water Supply District #1 - Ramsey Jones Fund	2001

LEWIS COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies (Continued)

C. Budgets and Budgetary Practices (Continued)

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
C.D.B.G. Grant 2000 Pf-42 Fund	2001
Clark County Water Supply District #1 – Ramsey Jones Fund	2001
E-911 Fund	2001 2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The County's deposits at December 31, 2002 and 2001 were entirely covered by Federal Depositary Insurance or by collateral securities held by the County's custodial bank in the County's name.

LEWIS COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2002 AND 2001

2. Cash (Continued)

The Lewis County Health Department's deposits at December 31, 2002 and 2001 were entirely covered by Federal Depositary Insurance or by collateral securities held by the Lewis County Health Department's custodial bank in the Lewis County Health Department's name.

The E-911 Fund's deposits at December 31, 2002 and 2001 were entirely covered by Federal Depositary Insurance or by collateral securities held by the E-911 Fund's custodial bank in the E-911 Fund's name.

Supplementary Schedule

Schedule

LEWIS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health:				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045	\$ 34,122	\$ 33,430
U. S. DEPARTMENT OF INTERIOR				
Direct programs:				
12.112	Payment in Leiu of Real Estate Taxes	N/A	936	890
	Fish & Wildlife	N/A	304	297
Total direct programs			1,240	1,187
Passed through state Office of Administration:				
12.unknown	Flood Control Leases	12.080 RSMo	300	300
Total U.S. Department of Interior			1,540	1,487
U. S. DEPARTMENT OF DEFENSE				
Passed through state Office of Administration:				
12.unknown	Surplus Property	N/A	1,004	
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development:				
14.228	Community Development Block Grants	98-PF-17	2,400	
	Community Development Block Grants/State Program	98-PF-18		3,750
	Community Development Block Grants	2002-PF-36	14,430	
	Community Development Block Grants - pass through	2000-PF-42	343,858	153,942
Total Pass-through programs			360,688	157,692
Total U. S. Department of Housing and Urban Development			360,688	157,692
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	1997UMWX0640		14,401
	Bulletproof Vest Partnership	N/A	3,300	
Total Direct programs			3,300	14,401
Passed through State Department of Public Safety:				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A		719
Total U.S. Department of Justice			3,300	15,120

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(continued)

Schedule

LEWIS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state:			
	Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO-056(7)	369,918	93,107
		BRO-045(9)	12,270	47,915
	Department of Public Safety -			
20.703	Hazardous Materials Emergency Preparedness	N/A		7,511
	Total pass-through programs		382,188	148,533
	Total U. S. Department of Transportation		382,188	148,533
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety -			
83.534	Emergency Management - State and Local Assistance	1412-DR-MO	105,634	
		1403-DR-MO	12,843	
	Total pass-through programs		118,477	
	Total Federal Emergency Management Agency		118,477	
(continued)				

Schedule

LEWIS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.268	Immunization Grants	PG0064	2,100	
	Immunization Grants - Vaccine	N/A	16,252	14,492
			18,352	14,492
93.283	Epidemiology & Lab Capacity for Infectious Disease - Mosquito Control	DH020094001	6,994	3,900
93.575	Child Care and Development Block Grant			
	Local Sanitation Inspections of Child Care Facilities	PGA067	1,665	1,290
	Child Care Health Consultation	PGA067	2,088	2,500
			3,753	3,790
93.994	Maternal and Child Health Services			
	Block Grants to States	ERS146	15,375	14,419
	Block Grants to States - Dental Sealants	N/A	65	184
	Block Grants to States - Family Planning	IFB 1013 & 0208	12,425	12,419
	Block Grants to States - Vaccine	N/A	175	1,630
			28,040	28,652
Department of Social Services -				
93.563	Child Support Enforcement	N/A		2,946
Total pass-through programs			57,139	53,780
Total U.S. Department of Health and Human Services			57,139	53,780
Total Expenditures of Federal Award:			\$ 958,458	\$ 410,042

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

LEWIS COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Lewis County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

LEWIS COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

C. Basis of Accounting (Continued)

Of the amounts for Immunization Grants (CFDA number 93.268), \$16,252 and \$14,492 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Lewis County Health Department through the state Department of Health during the years ended December 31, 2002 and 2001. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$175 and \$1,630 represent the original acquisition cost of vaccines received by the Lewis County Health Department through the state Department of Health during the years ended December 31, 2002 and 2001. The remaining amounts for Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the County provided \$343,858 and \$153,942 to subrecipients under the Community Development Block Grants/State's Program (CFDA number 14.228) during the years ended December 31, 2002 and 2001, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

Independent Auditors' Report

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street
Tarkio, Missouri 64491
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Offices also located in:
St. Joseph, Missouri
Rock Port, Missouri

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

April 23, 2003

To the County Commission
and
Officeholders of Lewis County, Missouri

Compliance

We have audited the compliance of Lewis County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Lewis County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Lewis County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Lewis County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

Schedule

LEWIS COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes X no

Reportable conditions identified that are
not considered to be material weaknesses? X yes _____ none reported

Noncompliance material to the financial statements
noted? X yes _____ no

Federal Awards

Internal control over major program:

Material weaknesses identified? _____ yes X no

Reportable conditions identified that are
not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? _____ yes X no

Identification of major program:

CFDA or Other Identifying Number	Program Title
14.228	Community Development Block Grants/State's Program
20.205	Highway Planning and Construction

LEWIS COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes X no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

02-1 Budgetary Practices

Condition: Formal budgets were not prepared for various County funds for the two years ended December 31, 2002. The County Commission failed to budget the C.D.B.G. Grant 2000-Pf-42 passed through to a subrecipient and the Clark County Water Supply District #1 – Ramsey Jones Fund for 2001. A new 911 sales tax became effective in 2000 and the E-911 Fund was established. However, the E-911 Board failed to budget the fund in 2001. In addition, as noted in note 1C in the notes to the financial statements, warrants were issued in excess of budgeted amounts for the C.D.B.G. Grant 2000 Pf-42, the Clark County Water Supply District #1 – Ramsey Jones Fund, and the E-911 Fund. Similar conditions were noted in the prior audit.

Criteria: Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all County funds and activities, the County Commission and the E-911 Board are able to more effectively evaluate all County financial resources. In addition, Section 50.622, RSMo 2000, provides that Counties may amend the annual budget during any year in which the County receives additional funds, which could not be estimates when the budget was adopted, and that the County shall follow the same procedures required for adoption of the annual budget to amend its budget.

Effect: The County is not in compliance with Chapter 50, RSMo 2000.

Recommendation: We recommend the County Commission and the E-911 Board ensure financial information for all County funds is included in the annual budgets. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.

LEWIS COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section II – Financial Statement Findings (continued)

Auditee's responses: *County Commission* - Starting in fiscal year 2002, formal budgets have been prepared for all County funds. *Secretary/Treasurer of the E-911 Board* – Beginning in January 2002, the E-911 Fund is budgeted.

02-2 Budget to Expend All Resources

Condition: Budget documents prepared by the County Clerk and approved by the County Commission do not always properly reflect the anticipated financial position of County funds. Expenditures for many funds are annually budgeted so that estimated ending cash balances will equal zero irrespective of estimated activity for the funds. Similar conditions were noted in the prior audit.

Criteria: Section 50.550, RSMo 2000, states “The annual budget shall present a complete financial plan for the ensuing budget year. It shall set forth all proposed expenditures for the administration, operation and maintenance of all offices, departments, commissions, courts and institutions...”

Effect: Budgeting to spend all available resources results in an inaccurate statement of the County's expected expenditures and limits the usefulness of the budgeting process. For budgets to be of maximum assistance to the County Commission and to the general public, disbursements should be budgeted based on historical experience and best estimates of future levels of activity. The County is not in compliance with Section 50.550, RSMo 2000.

Recommendation: We recommend the County Commission prepare budgets based on estimates of future activity.

Auditee's response: We have discontinued budgeting zero ending balances unless we expect a zero ending balance.

02-3 County Collector

A. Condition: The County Collector does not perform monthly reconciliations between the bank balance and the monthly statement of collections and other monies which were undistributed. During the audit period, bank reconciliations were only documented for the period of January 2002 through April 2002. Since April 2002, the Collector has not posted all transactions to his cash control ledger and therefore is unable to reconcile the book balance with the bank balance. Similar conditions were noted in the prior audit.

LEWIS COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section II – Financial Statement Findings (continued)

Criteria: Section 139.210, RSMo 2000 requires the Collector to file monthly with the County Clerk a detailed statement of the previous month's collections. Reconciliations of monthly statements of collections to bank statements and the cash balance are necessary to ensure that all collections have been distributed, to ensure that sufficient assets exist to cover liabilities, and to identify errors in a timely manner.

Effect: Without monthly reconciliation to bank statements, the statements of collections could contain errors, which would not be detected in a timely manner.

- B. Condition: The County Collector did not file annual settlements with the County Commission on a timely basis. The settlement for the year ended February 28, 2001 was not filed until July 3, 2001 and the settlement for the year ended February 28, 2002 was not filed until April 12, 2002.

Criteria: Section 139.160, RSMo 2000, requires the annual settlement to be filed with the County Commission by the first Monday in March. While filing the annual settlement by the statutory due date is difficult, the County Collector needs to make a greater effort to ensure his annual settlement is filed on a timely basis.

Effect: The County is not in compliance with Section 139.160, RSMo 2000.

Recommendation: We recommend the County Collector:

- A. Perform monthly reconciliations between bank balances, cash balances, and monthly statement of collections. In addition, any remaining balance should be properly identified and disbursed in accordance with state law.
- B. File annual settlements in a timely manner.

Auditee's response:

- A. The Commission will continue to request the County Collector comply with these requirements.
- B. The Commission will continue to request the County Collector comply with these requirements.

LEWIS COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-4 Prosecuting Attorney

Our review of the Prosecuting Attorney's accounting controls and procedures indicated the following areas of concern.

- A. Condition: Accounting duties are not adequately segregated. The Prosecuting Attorney's bookkeeper is responsible for collecting, recording, depositing and disbursing all monies. Although the Prosecuting Attorney indicated that supervisory reviews of bank reconciliations were performed, there were no initials or other indication on bank statements of such reviews or that recorded receipts were agreed to deposits. Similar conditions were noted in the prior audit.

Criteria: To ensure proper recording of all transactions, the duties of handling, recording, distributing, and reconciling cash should be segregated. If the duties cannot be adequately segregated, at a minimum, an independent person, such as the Prosecuting Attorney, should review the initial bank reconciliations and agree recorded receipts and deposits.

Effect: Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. Condition: Monthly open items listings are not prepared. Consequently, open items were not reconciled to the cash balance. In addition, an unidentified balance has remained in the bank account since May 1999 and has not been identified. Similar conditions were noted in the prior audit.

Criteria: Preparation of monthly open items listings, in conjunction with reconciliations to book and bank balances, is necessary to ensure sufficient assets exist to cover liabilities and allow for timely correction of errors. Unidentified balances should be disposed as provided by state law.

Effect: Maintaining unidentified open items and failure to prepare monthly listings of open items increases the risk that errors or irregularities will not be detected in a timely manner.

Recommendation: We recommend the Prosecuting Attorney:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

LEWIS COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

- B. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances. Dispose of unidentified monies in accordance with state law.

Auditee's response: The Commission will discuss these items with the Prosecuting Attorney in an attempt to correct these conditions.

02-5 Failure to Reconcile Bank Account

Condition: The E-911 Fund did not have bank reconciliations to support reported cash balances. As a result, it was necessary to adjust the reported ending cash balance by reducing that balance by \$2,554 to agree with the bank balances.

Criteria: Good internal control procedures would require that bank balances be reconciled to accounting records in a timely manner so that errors can be detected and corrected.

Effect: Failure to reconcile bank balances could result in errors or misstatement not being detected in a timely manner.

Recommendation: We recommend bank balances be reconciled to the accounting records monthly.

Auditee's response: Bank balances are now being reconciled.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

LEWIS COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditors' follow-up on action taken by Lewis County, Missouri, on findings that *Government Auditing Standards* requires to be reported for an audit of financial statements in the audit report issued by the State Auditor's office for the two years ended December 31, 2000.

1. Budgetary Practice

Formal budgets were not prepared for various County funds for the two years ended December 31, 2000.

The County Commission failed to budget the Clark County Water Supply District #1 – Ramsey Jones Fund, a Community Development Block Grant passed through to a subrecipient. In addition, the County Commission approved and budgeted the Local Law Enforcement Block Grant Fund in 1999, as grant monies were expected but not received. However the County failed to budget the Local Law Enforcement Block Grant Fund in 2000 and grant monies were received during the year.

A new 911 sales tax became effective in 2000 and the E-911 Fund was established. However, the E-911 Board failed to budget the fund in 2000.

Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all County funds and activities, the County Commission and the E-911 Board are able to more effectively evaluate all County financial resources. In addition, Section 50.622, RSMo 2000, provides that Counties may amend the annual budget during any year in which the County receives additional funds, which could not be estimated when the budget was adopted and that the County shall follow the same procedures required for adoption of the annual budget to amend its budget.

Recommendation: The County Commission and the E-911 Board ensure financial information for all County funds is included in the annual budgets. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.

Status: Similar conditions existed in the year ended December 31, 2001. See finding 02-1. The recommendation was implemented in the year ended December 31, 2002.

LEWIS COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

In accordance with *Government Auditing Standards*, this section reports the auditors' follow-up on action taken by Lewis County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued by the State Auditor's office for the two years ended December 31, 2000.

The prior recommendations, which have not been implemented, but are considered significant are repeated in the current findings that *Government Auditing Standards* requires to be reported for an audit of financial statements. Although the remaining unimplemented recommendations are not repeated, the County should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. For the year ended December 31, 2000, actual expenditures exceeded budgeted amounts by \$6,221 for the Special Road and Bridge Fund to other funds and transfers were not budgeted. Actual expenditures also exceeded budgeted expenditures by \$657 for the Associate Judge Interest Fund for the year ended December 31, 2000.
- B. The annual published financial statements of the County did not include the financial activity of some County funds as required.
- C. Budget documents prepared by the County Clerk and approved by the County Commission do not properly reflect the anticipated financial position of several County funds. The County Clerk and County Commission annually budget to spend all available resources, resulting in estimated ending cash balances of zero.

Recommendation:

The County Commission:

- A. Not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and budgets properly amended and filed with the State Auditor's office.
- B. The County Clerk and the E-911 Board ensure the financial information for all County funds is properly reported in the annual published financial statements.
- C. Base estimated expenditures on historical experience and known additional programs, and present a reasonable estimate of the County's financial position.

LEWIS COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

1. Budgetary Practices and Published Financial Statements, continued

Status:

- A. Partially implemented. Actual expenditures exceed budgeted amounts only for the 9-1-1 Fund for fiscal year 2001 and no variances were noted for fiscal year 2002. See finding 02-1.
- B. Implemented.
- C. Not implemented. See finding 02-2.

2. Officials Salaries

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for Associate County Commissioners elected in 1996. In 1999, Lewis County's Associate County Commissioners' salaries were each increased approximately \$5,440 yearly based on the fact that Associate County Commissioners' terms had been increased from two years to four years. On May 5, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. Based on the Supreme Court decision, the raises given to each Associate County Commissioner, totaling approximately \$10,880 for the two years ended December 31, 2000, should be repaid.

Recommendation:

The County Commission review the impact of this opinion and develop a plan for obtaining repayment of the salary overpaid.

Status:

Not implemented. The County Commission did review the opinion but decided that no retroactive salary adjustments would be made.

3. County Collector's Accounting Control Procedures

- A. The County Collector did not perform monthly reconciliations between the reconciled cash balance and the monthly statement of collections and other monies, which were undistributed. Also, an unidentified balance of approximately \$1,100 remained in the Collector's account as of September 30, 2000.

LEWIS COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

3. County Collector's Accounting Control Procedures, continued

- B. The County Collector did not file annual settlements with the County Commission on a timely basis.

Recommendation:

- A. Perform monthly reconciliations between bank balances, cash balances, and monthly statement of collections. In addition, any remaining balance should properly be identified and disbursed in accordance with state law.
- B. File annual statement in a timely manner.

Status:

- A. Partially implemented. Monthly reconciliations are still not performed. See finding 02-3. The unidentified balance was identified.
- B. Not implemented. See finding 02-3.

4. Prosecuting Attorney's Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Monthly open items listings were not prepared. Consequently, open items were not reconciled to the cash balance.

Status:

- A. Partially implemented. Since duties cannot be adequately segregated, reliance must be placed on supervisory duties. Although supervisory reviews are reported to be performed by the Prosecuting Attorney, such reviews are not documented.
- B. Not implemented. See finding 02-4.

LEWIS COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

5. Sheriff's Accounting Controls and Procedures

- A. Accounting duties are not adequately separated.
- B. Receipts are not always deposited on a timely basis.

Recommendation:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue one set of sequentially official prenumbered receipt slips for all monies received or reconcile monies recorded on the two sets of receipts currently issued. In addition, deposit all receipts intact daily or when accumulated receipts exceed \$100.

Status:

- A. Implemented.
- B. Implemented.

6. Public Administrator's Accounting Controls and Procedures

- A. Monthly bank reconciliations are not performed.
- B. Amounts due for services and products received by wards were not always paid timely.

Status:

- A. Implemented.
- B. Implemented.

LEWIS COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

7. Health Center

- A. Receipting duties are not adequately segregated.
- B. Monies received are not deposited intact.
- C. Budget documents prepared by the Health Center do not properly reflect the anticipated financial position.

Status:

- A. Implemented.
- B. Implemented.
- C. Implemented.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

LEWIS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report included no findings relative to federal awards.



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Dallas County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Dallas County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-59
July 3, 2003

DALLAS COUNTY, MISSOURI

AUDIT REPORT

FOR EACH OF THE TWO YEARS ENDED
DECEMBER 31, 2002 AND 2001

DALLAS COUNTY, MISSOURI

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DALLAS COUNTY, MISSOURI

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FINANCIAL SECTION

Independent Auditor's Reports

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the State Auditor
and
County Commission of
Dallas County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Dallas County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Dallas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Dallas County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Dallas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 9, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

McBride, Lock & Associates

June 9, 2003

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the State Auditor
And
County Commission of
Dallas County, Missouri

We have audited the special-purpose financial statements of various funds of Dallas County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 9, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Dallas County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-01 through 02-04.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Dallas County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report

financial data consistent with the assertions of management in the special-purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition described above is not considered to be a material weakness.

This report is intended for the information of the management of Dallas County, Missouri and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

June 9, 2003

Financial Statements

DALLAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 226,150	\$ 1,021,896	\$ 1,027,990	220,056
Special Road and Bridge	65,003	1,933,282	1,914,485	83,800
Assessment	3,542	157,729	160,963	308
Capital Improvement Sales Tax	35,604	535,340	301,348	269,596
Law Enforcement Sales Tax	26,471	721,088	723,318	24,241
Prosecuting Attorney Bad Check	630	7,486	7,226	890
Law Enforcement Training	10,691	5,935	9,045	7,581
Prosecuting Attorney Training	1,406	969	408	1,967
Associate Circuit Division Interest	5,627	3,505	4,263	4,869
Domestic Violence	35	500	495	40
Jury	6,747	15,240	16,993	4,994
Local Emergency Planning Commission	5,457	4,456	4,974	4,939
Record Storage	45,616	20,997	18,934	47,679
Election Services	2,250	2,144	0	4,394
Circuit Clerk Interest	10,849	4,292	141	15,000
911 Board	419,925	559,690	685,832	293,783
Health Center	200,674	343,943	343,464	201,153
Law Enforcement Civil Fees	3,926	22,059	13,185	12,800
Law Library	4,175	8,014	6,391	5,798
Tax Maintenance	0	719	0	719
	<u>\$ 1,074,778</u>	<u>\$ 5,369,284</u>	<u>\$ 5,239,455</u>	<u>\$ 1,204,607</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

DALLAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 251,496	\$ 1,070,397	\$ 1,095,743	\$ 226,150
Special Road and Bridge	143,667	962,669	1,041,333	65,003
Assessment	10,582	153,334	160,374	3,542
Capital Improvement Sales Tax	56,815	630,399	651,610	35,604
Law Enforcement Sales Tax	37,123	718,641	729,293	26,471
Prosecuting Attorney Bad Check	2,794	9,219	11,383	630
Law Enforcement Training	4,519	7,872	1,700	10,691
Prosecuting Attorney Training	651	1,105	350	1,406
Associate Circuit Division Interest	5,933	1,354	1,660	5,627
Domestic Violence	20	470	455	35
Jury	2,572	23,882	19,707	6,747
Local Emergency Planning Committee	3,772	4,147	2,462	5,457
Record Storage	48,575	14,401	17,360	45,616
Election Services	834	1,591	175	2,250
Circuit Clerk Interest	9,949	2,673	1,773	10,849
911 Board	488,054	484,127	552,256	419,925
Health Center	189,211	349,228	337,765	200,674
Law Enforcement Civil Fees	1,448	17,759	15,281	3,926
Law Library	1,836	8,567	6,228	4,175
Total	<u>\$ 1,259,851</u>	<u>\$ 4,461,835</u>	<u>\$ 4,646,908</u>	<u>\$ 1,074,778</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

DALLAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 4,306,660	\$ 5,352,754	\$ 1,046,094	\$ 4,338,592	\$ 4,450,595	\$ 112,003
DISBURSEMENTS	5,706,348	5,228,660	477,688	5,285,968	4,638,907	647,061
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,399,688)	\$ 124,094	\$ 1,523,782	\$ (947,376)	\$ (188,312)	\$ 759,064
CASH, JANUARY 1	1,054,127	1,054,127	0	1,248,066	1,248,066	0
CASH, DECEMBER 31	<u>\$ (345,561)</u>	<u>\$ 1,178,221</u>	<u>\$ 1,523,782</u>	<u>\$ 300,690</u>	<u>\$ 1,059,754</u>	<u>\$ 759,064</u>
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	\$ 21,000	\$ 19,561	\$ (1,439)	\$ 19,365	\$ 19,360	\$ (5)
Sales taxes	500,000	527,935	27,935	500,000	500,744	744
Intergovernmental	142,345	139,395	(2,950)	162,500	138,555	(23,945)
Charges for services	289,865	294,376	4,511	294,100	305,332	11,232
Interest	16,000	15,112	(888)	19,000	16,095	(2,905)
Other	35,525	25,517	(10,008)	65,000	90,311	25,311
Transfers in	0	0	0	30,000	0	(30,000)
Total Receipts	<u>\$ 1,004,735</u>	<u>\$ 1,021,896</u>	<u>\$ 17,161</u>	<u>\$ 1,089,965</u>	<u>\$ 1,070,397</u>	<u>\$ (19,568)</u>
DISBURSEMENTS						
County Commission	\$ 83,140	\$ 84,636	\$ (1,496)	\$ 83,140	\$ 83,070	\$ 70
County Clerk	70,600	70,092	508	72,000	72,778	(778)
Elections	42,100	34,471	7,629	19,500	8,006	11,494
Buildings and grounds	36,750	40,591	(3,841)	31,250	33,480	(2,230)
Employee fringe benefits	100,765	99,509	1,256	100,268	92,335	7,933
Treasurer	33,570	34,353	(783)	34,870	33,243	1,627
Collector	96,600	98,077	(1,477)	87,200	85,224	1,976
Circuit Clerk	33,400	30,871	2,529	38,900	30,922	7,978
Associate Circuit Court	67,687	38,462	29,225	72,400	48,839	23,561
Court Administration	8,960	5,133	3,827	21,641	32,618	(10,977)
Public Administrator	29,100	28,051	1,049	29,050	28,053	997
Prosecuting Attorney	112,312	117,068	(4,756)	111,624	105,220	6,404
Juvenile	157,192	105,579	51,613	160,329	121,120	39,209
Coroner	19,300	18,276	1,024	18,650	16,196	2,454
Other	178,585	144,336	34,249	213,271	186,639	26,632
Transfers Out	99,100	78,485	20,615	87,500	118,000	(30,500)
Emergency Fund	31,000	0	31,000	32,000	0	32,000
Total Disbursements	<u>\$ 1,200,161</u>	<u>\$ 1,027,990</u>	<u>\$ 172,171</u>	<u>\$ 1,213,593</u>	<u>\$ 1,095,743</u>	<u>\$ 117,850</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (195,426)	\$ (6,094)	\$ 189,332	\$ (123,628)	\$ (25,346)	\$ 98,282
CASH, JANUARY 1	226,150	226,150	0	251,496	251,496	0
CASH, DECEMBER 31	<u>\$ 30,724</u>	<u>\$ 220,056</u>	<u>\$ 189,332</u>	<u>\$ 127,868</u>	<u>\$ 226,150</u>	<u>\$ 98,282</u>

DALLAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property Tax	\$ 283,300	\$ 287,699	\$ 4,399	\$ 266,700	\$ 277,091	\$ 10,391
Intergovernmental	654,690	1,611,437	956,747	669,500	640,774	(28,726)
Charges for Services	18,500	22,100	3,600	12,000	17,700	5,700
Interest	11,000	9,405	(1,595)	15,000	12,268	(2,732)
Other	0	2,641	2,641	0	14,836	14,836
Total Receipts	\$ 967,490	\$ 1,933,282	\$ 965,792	\$ 963,200	\$ 962,669	\$ (531)
DISBURSEMENTS						
Salaries	\$ 478,746	\$ 497,460	\$ (18,714)	\$ 430,000	\$ 438,005	\$ (8,005)
Employee fringe benefits	132,985	124,492	8,493	108,500	114,841	(6,341)
Supplies	107,000	112,031	(5,031)	145,000	122,487	22,513
Insurance	20,200	20,618	(418)	18,000	18,367	(367)
Road and bridge materials	844,500	770,866	73,634	352,000	183,257	168,743
Equipment repairs	56,000	69,931	(13,931)	86,000	76,728	9,272
Equipment purchases	0	9,067	(9,067)	38,000	28,488	9,512
Other	309,000	310,020	(1,020)	10,500	59,160	(48,660)
Transfers	0	0	0	35,640	0	35,640
Total Disbursements	\$ 1,948,431	\$ 1,914,485	\$ 33,946	\$ 1,223,640	\$ 1,041,333	\$ 182,307
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (980,941)	\$ 18,797	\$ 999,738	\$ (260,440)	\$ (78,664)	\$ 181,776
CASH, JANUARY 1	65,003	65,003	0	143,667	143,667	0
CASH, DECEMBER 31	\$ (915,938)	\$ 83,800	\$ 999,738	\$ (116,773)	\$ 65,003	\$ 181,776
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	\$ 125,237	\$ 107,377	\$ (17,860)	\$ 123,237	\$ 110,387	\$ (12,850)
Interest	750	562	(188)	0	836	836
Other	1,200	790	(410)	1,600	2,111	511
Transfers in	44,000	49,000	5,000	35,000	40,000	5,000
Total Receipts	\$ 171,187	\$ 157,729	\$ (13,458)	\$ 159,837	\$ 153,334	\$ (6,503)
DISBURSEMENTS						
Assessor	\$ 179,481	\$ 160,963	\$ 18,518	\$ 170,274	\$ 160,374	\$ 9,900
Total Disbursements	\$ 179,481	\$ 160,963	\$ 18,518	\$ 170,274	\$ 160,374	\$ 9,900
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (8,294)	\$ (3,234)	\$ 5,060	\$ (10,437)	\$ (7,040)	\$ 3,397
CASH, JANUARY 1	3,542	3,542	0	10,582	10,582	0
CASH, DECEMBER 31	\$ (4,752)	\$ 308	\$ 5,060	\$ 145	\$ 3,542	\$ 3,397

DALLAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CAPITAL IMPROVEMENTS SALES TAX FUND</u>						
RECEIPTS						
Sales Tax	\$ 500,000	\$ 527,935	\$ 27,935	\$ 500,000	\$ 501,744	\$ 1,744
Interest	5,000	7,405	2,405	2,500	6,562	4,062
Other	0	0	0	0	122,093	122,093
Total Receipts	\$ 505,000	\$ 535,340	\$ 30,340	\$ 502,500	\$ 630,399	\$ 127,899
DISBURSEMENTS						
Road and Bridge Materials	\$ 415,000	\$ 252,957	\$ 162,043	\$ 471,000	\$ 488,791	\$ (17,791)
Road Construction	0	0	0	0	2,400	(2,400)
Equipment Purchases	62,000	47,378	14,622	166,500	146,892	19,608
Bridge Construction	20,000	1,013	18,987	20,000	7,595	12,405
Other	6,000	0	6,000	2,000	5,932	(3,932)
Total Disbursements	\$ 503,000	\$ 301,348	\$ 201,652	\$ 659,500	\$ 651,610	\$ 7,890
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 2,000	\$ 233,992	\$ 231,992	\$ (157,000)	\$ (21,211)	\$ 135,789
CASH, JANUARY 1	35,604	35,604	0	56,815	56,815	0
CASH, DECEMBER 31	\$ 37,604	\$ 269,596	\$ 231,992	\$ (100,185)	\$ 35,604	\$ 135,789
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales Tax	\$ 500,000	\$ 527,899	\$ 27,899	\$ 500,000	\$ 501,701	\$ 1,701
Intergovernmental	75,000	91,338	16,338	75,500	73,760	(1,740)
Charges for Services	70,000	52,082	(17,918)	18,000	18,096	96
Interest	2,800	2,267	(533)	3,000	2,729	(271)
Other	30,283	27,502	(2,781)	17,000	39,355	22,355
Transfers In	53,100	20,000	(33,100)	49,500	83,000	33,500
Total Receipts	\$ 731,183	\$ 721,088	\$ (10,095)	\$ 663,000	\$ 718,641	\$ 55,641
DISBURSEMENTS						
Salaries	\$ 494,434	\$ 472,027	\$ 22,407	\$ 483,322	\$ 460,689	\$ 22,633
Office Expenditures	9,350	6,601	2,749	10,550	10,576	(26)
Equipment	53,500	40,197	13,303	54,100	71,376	(17,276)
Mileage and Training	0	1,954	(1,954)	0	3,308	(3,308)
Officer Expenses	4,500	2,134	2,366	4,000	2,251	1,749
Jail	130,976	121,342	9,634	144,449	136,254	8,195
Prisoner Costs	35,000	52,147	(17,147)	26,700	36,004	(9,304)
Equipment & Repairs	5,010	1,980	3,030	4,950	3,960	990
Mileage	5,000	8,569	(3,569)	5,000	4,362	638
Other	19,882	16,367	3,515	2,000	513	1,487
Total Disbursements	\$ 757,652	\$ 723,318	\$ 34,334	\$ 735,071	\$ 729,293	\$ 5,778
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (26,469)	\$ (2,230)	\$ 24,239	\$ (72,071)	\$ (10,652)	\$ 61,419
CASH, JANUARY 1	26,471	26,471	0	37,123	37,123	0
CASH, DECEMBER 31	\$ 2	\$ 24,241	\$ 24,239	\$ (34,948)	\$ 26,471	\$ 61,419
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	\$ 9,500	\$ 7,452	\$ (2,048)	\$ 9,000	\$ 9,135	\$ 135
Interest	85	34	(51)	200	84	(116)
Total Receipts	\$ 9,585	\$ 7,486	\$ (2,099)	\$ 9,200	\$ 9,219	\$ 19
DISBURSEMENTS						
Salary	\$ 9,585	\$ 6,552	\$ 3,033	\$ 12,000	\$ 10,435	\$ 1,565
Benefits	0	501	(501)	0	827	(827)
Mileage	0	0	0	0	121	(121)
Miscellaneous	0	173	(173)	0	0	0
Total Disbursements	\$ 9,585	\$ 7,226	\$ 2,359	\$ 12,000	\$ 11,383	\$ 617
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ 260	\$ 260	\$ (2,800)	\$ (2,164)	\$ 636
CASH, JANUARY 1	630	630	0	2,794	2,794	0
CASH, DECEMBER 31	\$ 630	\$ 890	\$ 260	\$ (6)	\$ 630	\$ 636

DALLAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	\$ 3,300	\$ 1,904	\$ (1,396)	\$ 0	\$ 3,283	\$ 3,283
Charges for Services	4,400	3,897	(503)	4,500	4,419	(81)
Other	0	134	134	0	170	170
Total Receipts	\$ 7,700	\$ 5,935	\$ (1,765)	\$ 4,500	\$ 7,872	\$ 3,372
DISBURSEMENTS						
Training	\$ 5,000	\$ 4,315	\$ 685	\$ 4,500	\$ 1,212	\$ 3,288
Association Dues	250	250	0	100	235	(135)
Ammunition for Training	500	52	448	800	0	800
Miscellaneous	0	0	0	0	253	(253)
Reimbursement to LEST	3,283	3,283	0	0	0	0
Accommodations	0	1,145	(1,145)	0	0	0
Total Disbursements	\$ 9,033	\$ 9,045	\$ (12)	\$ 5,400	\$ 1,700	\$ 3,700
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,333)	\$ (3,110)	\$ (1,777)	\$ (900)	\$ 6,172	\$ 7,072
CASH, JANUARY 1	10,691	10,691	0	4,519	4,519	0
CASH, DECEMBER 31	\$ 9,358	\$ 7,581	\$ (1,777)	\$ 3,619	\$ 10,691	\$ 7,072
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	\$ 1,110	\$ 969	\$ (141)	\$ 1,100	\$ 1,105	\$ 5
Total Receipts	\$ 1,110	\$ 969	\$ (141)	\$ 1,100	\$ 1,105	\$ 5
DISBURSEMENTS						
Mileage and Training	\$ 1,110	\$ 165	\$ 945	\$ 1,200	\$ 347	\$ 853
Other	0	243	(243)	0	3	(3)
Total Disbursements	\$ 1,110	\$ 408	\$ 702	\$ 1,200	\$ 350	\$ 850
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 0	\$ 561	\$ 561	\$ (100)	\$ 755	\$ 855
CASH, JANUARY 1	1,406	1,406	0	651	651	0
CASH, DECEMBER 31	\$ 1,406	\$ 1,967	\$ 561	\$ 551	\$ 1,406	\$ 855
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest				\$ 0	\$ 1,354	\$ 1,354
Total Receipts				\$ 0	\$ 1,354	\$ 1,354
DISBURSEMENTS						
Other				\$ 0	\$ 1,660	\$ (1,660)
Total Disbursements				\$ 0	\$ 1,660	\$ (1,660)
RECEIPTS OVER (UNDER) DISBURSEMENTS				\$ 0	\$ (306)	\$ (306)
CASH, JANUARY 1				0	5,933	5,933
CASH, DECEMBER 31				\$ 0	\$ 5,627	\$ 5,627

DALLAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Intergovernmental	\$ 450	\$ 500	\$ 50	\$ 650	\$ 470	\$ (180)
Total Receipts	\$ 450	\$ 500	\$ 50	\$ 650	\$ 470	\$ (180)
DISBURSEMENTS						
Protective Services	\$ 470	\$ 495	\$ (25)	\$ 670	\$ 455	\$ 215
Total Disbursements	\$ 470	\$ 495	\$ (25)	\$ 670	\$ 455	\$ 215
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (20)	\$ 5	\$ 25	\$ (20)	\$ 15	\$ 35
CASH, JANUARY 1	35	35	0	20	20	0
CASH, DECEMBER 31	\$ 15	\$ 40	\$ 25	\$ 0	\$ 35	\$ 35
<u>JURY FUND</u>						
RECEIPTS						
Other	\$ 0	\$ 6,430	\$ 6,430	\$ 0	\$ 14,382	\$ 14,382
Transfers In	15,000	8,810	(6,190)	15,000	9,500	(5,500)
Total Receipts	\$ 15,000	\$ 15,240	\$ 240	\$ 15,000	\$ 23,882	\$ 8,882
DISBURSEMENTS						
Jurors and Mileage	\$ 15,000	\$ 16,993	\$ (1,993)	\$ 15,000	\$ 19,654	\$ (4,654)
Postage	68	0	68	68	53	15
Total Disbursements	\$ 15,068	\$ 16,993	\$ (1,925)	\$ 15,068	\$ 19,707	\$ (4,639)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (68)	\$ (1,753)	\$ (1,685)	\$ (68)	\$ 4,175	\$ 4,243
CASH, JANUARY 1	6,747	6,747	0	2,572	2,572	0
CASH, DECEMBER 31	\$ 6,679	\$ 4,994	\$ (1,685)	\$ 2,504	\$ 6,747	\$ 4,243
<u>LEPC FUND</u>						
RECEIPTS						
Intergovernmental	\$ 3,000	\$ 4,310	\$ 1,310	\$ 5,000	\$ 4,147	\$ (853)
Other	0	146	146	0	0	0
Total Receipts	\$ 3,000	\$ 4,456	\$ 1,456	\$ 5,000	\$ 4,147	\$ (853)
DISBURSEMENTS						
Office Supplies	\$ 1,310	\$ 353	\$ 957	\$ 950	\$ 718	\$ 232
Telephone	0	407	(407)	2,046	632	1,414
Mileage & Training	500	572	(72)	3,550	723	2,827
Equipment	0	3,642	(3,642)	750	339	411
Miscellaneous	2,400	0	2,400	0	50	(50)
Total Disbursements	\$ 4,210	\$ 4,974	\$ (764)	\$ 7,296	\$ 2,462	\$ 4,834
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,210)	\$ (518)	\$ 692	\$ (2,296)	\$ 1,685	\$ 3,981
CASH, JANUARY 1	5,457	5,457	0	3,772	3,772	0
CASH, DECEMBER 31	\$ 4,247	\$ 4,939	\$ 692	\$ 1,476	\$ 5,457	\$ 3,981

DALLAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORD STORAGE FUND</u>						
RECEIPTS						
Charges for Services	\$ 9,000	\$ 17,876	\$ 8,876	\$ 0	\$ 9,351	\$ 9,351
Interest Income	2,000	2,446	446	0	2,567	2,567
Transfer In	0	675	675	0	2,483	2,483
Total Receipts	\$ 11,000	\$ 20,997	\$ 9,997	\$ 0	\$ 14,401	\$ 14,401
DISBURSEMENTS						
Recorder Software	\$ 0	\$ 7,422	\$ (7,422)	\$ 0	\$ 0	\$ 0
Recreating Record	20,000	6,722	13,278	20,000	13,118	6,882
Supplies	0	0	0	0	151	(151)
Miscellaneous	0	10	(10)	0	0	0
Equipment	10,000	3,240	6,760	0	4,091	(4,091)
Labor	0	1,540	(1,540)	0	0	0
Total Disbursements	\$ 30,000	\$ 18,934	\$ 11,066	\$ 20,000	\$ 17,360	\$ 2,640
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (19,000)	\$ 2,063	\$ 21,063	\$ (20,000)	\$ (2,959)	\$ 17,041
CASH, JANUARY 1	45,616	45,616	0	48,575	48,575	0
CASH, DECEMBER 31	\$ 26,616	\$ 47,679	\$ 21,063	\$ 28,575	\$ 45,616	\$ 17,041
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	\$ 1,200	\$ 870	\$ (330)	\$ 0	\$ 1,167	\$ 1,167
Charges for Services	750	1,109	359	225	342	117
Interest	75	165	90	15	82	67
Total Receipts	\$ 2,025	\$ 2,144	\$ 119	\$ 240	\$ 1,591	\$ 1,351
DISBURSEMENTS						
Educational Materials	\$ 500	\$ 0	\$ 500	\$ 600	\$ 175	\$ 425
Equipment	1,000	0	1,000	0	0	0
Total Disbursements	\$ 1,500	\$ 0	\$ 1,500	\$ 600	\$ 175	\$ 425
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 525	\$ 2,144	\$ 1,619	\$ (360)	\$ 1,416	\$ 1,776
CASH, JANUARY 1	2,250	2,250	0	834	834	0
CASH, DECEMBER 31	\$ 2,775	\$ 4,394	\$ 1,619	\$ 474	\$ 2,250	\$ 1,776

DALLAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
911 BOARD FUND						
RECEIPTS						
Sales taxes	\$ 457,115	\$ 483,953	\$ 26,838	\$ 500,000	\$ 456,877	\$ (43,123)
Charges for services	0	11,250	11,250	0	0	0
Interest	6,000	20,190	14,190	5,000	26,902	21,902
Other	40,680	44,297	3,617	45,000	348	(44,652)
Total Receipts	\$ 503,795	\$ 559,690	\$ 55,895	\$ 550,000	\$ 484,127	\$ (65,873)
DISBURSEMENTS						
Salaries	\$ 206,360	\$ 247,505	\$ (41,145)	\$ 103,560	\$ 66,222	\$ 37,338
Insurance	8,000	7,155	845	0	4,698	(4,698)
Office Expenses	71,600	47,756	23,844	73,700	12,443	61,257
Equipment	318,092	249,075	69,017	401,276	234,825	166,451
Training	10,600	11,429	(829)	12,000	1,674	10,326
Building	14,500	67,220	(52,720)	191,500	188,122	3,378
Services	9,115	24,760	(15,645)	70,000	31,065	38,935
Miscellaneous	16,020	28,285	(12,265)	7,500	8,776	(1,276)
Vehicle	1,500	959	541	0	4,431	(4,431)
Uniforms	1,000	771	229	0	0	0
Security	0	917	(917)	0	0	0
Total Disbursements	\$ 656,787	\$ 685,832	\$ (29,045)	\$ 859,536	\$ 552,256	\$ 307,280
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (152,992)	\$ (126,142)	\$ 26,850	\$ (309,536)	\$ (68,129)	\$ 241,407
CASH, JANUARY 1	419,925	419,925	0	488,054	488,054	0
CASH, DECEMBER 31	\$ 266,933	\$ 293,783	\$ 26,850	\$ 178,518	\$ 419,925	\$ 241,407
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	\$ 105,000	\$ 106,774	\$ 1,774	\$ 106,000	\$ 106,759	\$ 759
Intergovernmental	211,000	202,825	(8,175)	210,400	195,454	(14,946)
Charges for services	35,400	28,040	(7,360)	32,000	35,977	3,977
Interest	7,000	6,304	(696)	11,000	11,038	38
Total Receipts	\$ 358,400	\$ 343,943	\$ (14,457)	\$ 359,400	\$ 349,228	\$ (10,172)
DISBURSEMENTS						
Salaries	\$ 252,600	\$ 248,891	\$ 3,709	\$ 263,350	\$ 238,242	\$ 25,108
Office expenditures	23,210	35,558	(12,348)	23,720	23,519	201
Equipment	11,600	4,071	7,529	3,600	1,124	2,476
Mileage & Training	7,500	4,810	2,690	3,800	8,875	(5,075)
Other	76,950	50,134	26,816	62,650	66,005	(3,355)
Total Disbursements	\$ 371,860	\$ 343,464	\$ 28,396	\$ 357,120	\$ 337,765	\$ 19,355
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (13,460)	\$ 479	\$ 13,939	\$ 2,280	\$ 11,463	\$ 9,183
CASH, JANUARY 1	200,674	200,674	0	189,211	189,211	0
CASH, DECEMBER 31	\$ 187,214	\$ 201,153	\$ 13,939	\$ 191,491	\$ 200,674	\$ 9,183

DALLAS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	\$ 15,000	\$ 21,785	\$ 6,785	\$ 15,000	\$ 17,759	\$ 2,759
Other	0	274	274	0	0	0
Total Receipts	<u>\$ 15,000</u>	<u>\$ 22,059</u>	<u>\$ 7,059</u>	<u>\$ 15,000</u>	<u>\$ 17,759</u>	<u>\$ 2,759</u>
DISBURSEMENTS						
Computer	\$ 5,000	\$ 0	\$ 5,000	\$ 5,000	\$ 0	\$ 5,000
Equipment	0	2,593	(2,593)	0	0	0
Contract Labor	0	535	(535)	0	0	0
Office Supplies	0	2,740	(2,740)	0	781	(781)
Radios	0	715	(715)	0	0	0
Jail Supplies	0	4,435	(4,435)	0	0	0
Transfer to LEST Fund	13,000	0	13,000	0	14,500	(14,500)
Lab Fees	0	1,000	(1,000)	0	0	0
Miscellaneous	0	1,167	(1,167)	0	0	0
Total Disbursements	<u>\$ 18,000</u>	<u>\$ 13,185</u>	<u>\$ 4,815</u>	<u>\$ 5,000</u>	<u>\$ 15,281</u>	<u>\$ (10,281)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (3,000)	\$ 8,874	\$ 11,874	\$ 10,000	\$ 2,478	\$ (7,522)
CASH, JANUARY 1	<u>3,926</u>	<u>3,926</u>	<u>0</u>	<u>1,448</u>	<u>1,448</u>	<u>0</u>
CASH, DECEMBER 31	<u><u>\$ 926</u></u>	<u><u>\$ 12,800</u></u>	<u><u>\$ 11,874</u></u>	<u><u>\$ 11,448</u></u>	<u><u>\$ 3,926</u></u>	<u><u>\$ (7,522)</u></u>

Notes to the Financial Statements

DALLAS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Dallas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board of Trustees or the 911 Board of Directors. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2001, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2002, 2001
Law Library Fund	2002, 2001
Associate Circuit Division Interest Fund	2002
Tax Maintenance Fund	2002

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2002
Domestic Violence Fund	2002
Jury Fund	2002, 2001
Local Emergency Planning Committee Fund	2002
Law Enforcement Civil Fees Fund	2001
911 Board Fund	2002
Associate Circuit Division Interest Fund	2001

Section 50.740, RSMo 2001, prohibits expenditures in excess of the approved budgets.

Deficit budget balances are presented for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2002, 2001
Assessment Fund	2002
Capital Improvement Sales Tax Fund	2001
Law Enforcement Sales Tax Fund	2001
Prosecuting Attorney Bad Check Fund	2001

However, the budgets of those funds also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31, intergovernmental revenue, or sales tax. Such resources were sufficient to offset the deficit budget balances presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2001, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the County's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2002, 2001
Associate Circuit Division Interest Fund	2002, 2001
Law Library Fund	2002, 2001
Health Center Fund	2001
911 Board Fund	2001

2. Cash

Section 110.270, RSMo 2001, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2001, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

Deposits

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the County's custodial bank in the county treasurer's name.

The Health Center's deposits at December 31, 2002 and 2001, were entirely covered by Federal depository insurance or by collateral securities held by the County's custodial bank in the Health Center's name.

The 911 Board's deposits at December 31, 2002 and 2001, were entirely covered by Federal depository insurance or by collateral securities held by the County's custodial bank in the 911 Board's name.

Supplementary Schedule

DALLAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
	U. S. DEPARTMENT OF AGRICULTURE			
	Passed through state:			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 69	\$ 1,315
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-1129W ERS045-2129	40,911	36,324
	U.S. DEPARTMENT OF JUSTICE			
	Passed through state:			
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,040	1,035
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state:			
	Missouri Emergency Response Commission -			
20.703	Hazardous Materials Emergency Preparedness	N/A	2,782	828
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state:			
	Department of Public Safety -			
83.544	Public Assistance Grants	N/A	959,311	0
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Direct Program -			
93.268	Immunization Grants	N/A	26,826	21,183
	Passed through state:			
	Department of Health and Senior Services -			
93.575	Child Care Health Consultation	PGA067-2129C	1,480	1,785
	Local Sanitation Inspections for Child Care Facilities	PGA067-1129S PGA067-2129S	1,035	490
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-10080 ERS161-20008	13,911	20,770
93.994	Maternal and Child Health Services Block Grant	ERS146-1129M ERS146-2129M ERS146-3129M	17,579	19,412
93.994	Comprehensive Family Planning Services	ERS175-1129F ERS175-2021F	10,317	10,938
	Department of Social Services -			
93.658	Foster Care Title IV-E	N/A	27,148	33,726
93.563	Child Support Enforcement	ERO103-29059	315	4,910
	Total Expenditures of Federal Awards		\$ 1,102,724	\$ 152,716

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

DALLAS COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Dallas County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals...

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$26,826 and \$21,183 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2002 and 2001.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

FEDERAL AWARDS –
SINGLE AUDIT SECTION

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the State Auditor
and
County Commission of Dallas County, Missouri

Compliance

We have audited the compliance of Dallas County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2002 and 2001. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Dallas County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Dallas County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the county's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-05 and 02-06.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of the laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Dallas County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

McBride, Lock & Associates

June 9, 2003

Schedule

DALLAS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 and 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Internal control over financial reporting:

Material weaknesses identified? _____ yes X no

Reportable conditions identified that are
not considered to be material weaknesses? X yes _____ none reported

Noncompliance material to the financial statements
noted? X yes _____ no

Federal Awards

Internal control over major program:

Material weaknesses identified? _____ yes X no

Reportable conditions identified that are
not considered to be material weaknesses? X yes _____ none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? X yes _____ no

Identification of major program:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
83.544	Public Assistance

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? _____ yes X no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* require to be reported for an audit of financial statements.

02-01. Health Center Budgets

The 2002 and 2001 budget documents for the Health Center did not include actual revenues or expenditures for either of the previous two years. Section 50.590, RSMo, requires budgets to include revenue and expenditure figures for the last two completed fiscal years to provide a comparison with the estimates for the current fiscal year.

WE RECOMMEND: The Health Center implement procedures to ensure that actual revenues and expenditures for the previous two years are included in the annual budget.

AUDITEE'S RESPONSE

The auditee acknowledged the finding.

02-02. 911 Sales Tax

As of November 1998 voters of Dallas County passed a one-half cent general sales tax under Section 67.547, RSMo. This general sales tax was earmarked for the purpose of implementing and operating an enhanced 911 emergency response system. A separate Board of Directors was established to monitor and administer the 911 operations and the County Commission relinquished authority over the sales tax funds to the 911 Board. However, the general sales tax was not passed under an alternative statutory authority for emergency services sales tax. This alternative statutory authority is provided in Section 190.335, RSMo, which provides that the County Commission may impose a county sales tax for the provision of central dispatching of emergency services that would place statutory authority over the sales tax revenues with the 911 Board of Directors. As a result, authority over revenues from the 911 general sales tax has not been administered in accordance with statutory requirements.. Further, because the county passed the general retail sales tax earmarked for 911, the county may have limited the possibility for future general sales tax revenues.

WE RECOMMEND the 911 Board and the County Commission consider future funding needs of the county and consult legal counsel regarding the appropriate statutory authority to levy a sales tax and administer the funding for the 911 system.

AUDITEE'S RESPONSE

The auditee acknowledged the finding.

02-03. Fixed Assets Controls

The prior audit recommended that the county establish a written policy related to the handling and accounting for general fixed assets to ensure that all fixed assets were properly recorded due to fixed assets found not listed on the fixed assets listings.

Although no fixed assets were noted that were not recorded on the fixed assets listings, the county has not established a written policy related to the handling and accounting for general fixed assets.

WE RECOMMEND the county establish a written policy describing procedures for the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

AUDITEE'S RESPONSE

The auditee acknowledged the finding.

02-04. Procurement

The 911 Board and Health Center did not retain documentation in support of bids solicited for all purchases of \$4,500 or more as required by Section 50.660, RSMo 2000. Additionally, the 911 Board's policy does not require solicitation of bids for purchases less than \$5,000.

WE RECOMMEND the 911 Board and Health Center retain documentation in support of solicited bids. We also recommend that the 911 Board solicit bids on all items costing \$4,500 or more.

AUDITEE'S RESPONSE

The auditee acknowledged the finding and indicated the 911 Board's procurement policy would be changed accordingly.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-05. Health Center Contractual Compliance

Federal Grantor:	Health and Human Services (HHS)
Pass-through Grantor:	Missouri Department of Health & Senior Services
Federal CFDA Number:	93.994
Program Title:	Comprehensive Family Planning Services
Pass-through Entity	
Identifying Numbers:	Not Applicable
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable

Health center personnel do not monitor amounts expended on Comprehensive Family Planning (CFP) services. Additionally, the average cost per client of providing such services is not periodically calculated and monitored.

As a result of this condition, the Missouri Department of Health and Senior Services is currently requesting that the health center refund overpayments of approximately \$13,000 for clients billed during fiscal years 2000 and 1999, based upon average costs per client reported in a prior audit finding.

During the audit the health center administrator prepared a calculation of average costs per CFP client. Based upon this calculation, the average cost per client for the federal fiscal year ended September 30, 2002 appeared to be approximately \$172. The CFP contract for this year only required costs of \$150 per client. However, the health center does not have procedures established to perform such calculations throughout the year to monitor compliance with the CFP contract.

WE RECOMMEND that the health center establish procedures to monitor compliance with contractual requirements for Comprehensive Family Planning services.

AUDITEE'S RESPONSE

Because the CFP contract is quite restrictive to types of costs allowed when calculating the average cost per client, the primary costs considered for the health center are allocations of staff wages and salaries. These costs are difficult to change and the staff is effectively administering the program. Additionally, the Department of Health and Senior Services has discontinued the CFP program after the 2002 federal fiscal year due to budgetary constraints.

02-06. Schedule of Expenditures of Federal Awards

Federal Grantor:	Federal Emergency Management Agency (FEMA)
Pass-through Grantor:	Missouri State Emergency Management Agency
Federal CFDA Number:	83.544
Program Title:	Public Assistance
Pass-through Entity	
Identifying Numbers:	Not Applicable
Award Years:	2002
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county does not have procedures in place to adequately identify Federal assistance for the preparation of the SEFA. The county prepared a SEFA for the years ended December 31, 2002 and 2001; however, the SEFA noted incorrect CFDA numbers and program titles for some of the Federal programs expended. Additionally, the SEFA included programs that were not Federal funds and programs that were partially Federal funds yet noted as 100% Federal. The inclusion of non-Federal expenditures on the SEFA resulted in an overstatement of Federal expenditures by \$85,615, or 56%, in 2001. Although the county has implemented procedures to identify programs that may

include Federal funds, additional controls are needed to properly identify the source and allocation of Federal funds.

WE RECOMMEND the county implement procedures to ensure that the source and allocation of Federal funds are properly identified so that a complete and accurate schedule of expenditures of Federal awards may be submitted to the State Auditor's Office as part of the annual budget.

AUDITEE'S RESPONSE

The County Clerk acknowledged the finding.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DALLAS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dallas County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2000.

00-1 Budgets and Schedule of Expenditures of Federal Awards

- A. Actual expenditures exceeded budgeted amounts in several county funds.

Current Status: See Notes to the Financial Statements, Note C.

- B. Budgets were not prepared for several county funds.

Current Status: See Notes to the Financial Statements, Note C.

- C. The county and health center do not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards (SEFA). The schedule did not include seven of the twelve programs the county was involved in during 2000 and 1999. Three of the programs omitted were handled by the Dallas County Health Center. In addition, the information presented for several of the programs administered by the Health Center did not agree with expenditure records.

Current Status: The Health Center has resolved this issue. See current Schedule of Findings and Questioned Costs, finding 02-06.

00-3. County Controls and Procedures

- A. The county did not enter into a written agreement with the Prosecuting Attorney for the sharing of office expenses of the Prosecuting Attorney's law office. The Prosecuting Attorney operates a private law office from the same location.

Current Status: Resolved.

- B. Fixed asset listings are incomplete. Additions to the inventory listings are not reconciled to equipment expenditures to ensure all fixed assets are properly recorded.

Current Status: See current Schedule of Findings and Questioned Costs, finding 02-03.

00-6. Dallas County 911 Board

- A. In November 1998 voters of Dallas County passed a one-half cent general sales tax under Section 67.547, RSMo, earmarked for the purpose of implementing and

operating an enhanced 911 system. The alternative statutory authority for emergency services sales tax is under Section 190.335, RSMo, which provides that the County Commission may impose a county sales tax for the provision of central dispatching of emergency services. As a result of the county passing the general retail sales tax earmarked for 911, the county may have limited the possibility for future general sales tax revenues.

Current Status: See current Schedule of Findings and Questioned Costs, finding 02-02.

- B. The County Commission purchased a building in May 1999 with sales tax revenues to renovate for 911 operations. Ownership was transferred to the elected 911 Board in August 2000 and in November 2000 the 911 office was moved to rented office space. Costs of required renovations to the purchased building were deemed excessive and in May 2001 the 911 Board purchased a new building for \$168,000. However, the County Assessor appraised the new property at only \$157,100. The original building is currently for sale.

Independent appraisals were not obtained and documentation of the selection process and price negotiations was not available to ensure the purchase price of the property was reasonable. The 911 Board needs to develop a plan regarding the disposition of the original building purchased in 1999.

Current Status: Resolved.

- C. 1. The 911 Board did not enter into a written agreement detailing the provisions of office space shared with the Chamber of Commerce. A total of \$800 was paid to the Chamber of Commerce between November 2000 and June 2001. The 911 Director and the 911 secretary were also employees of the Chamber of Commerce and the 911 Board's financial records were maintained on a computer owned by the Chamber of Commerce.

Current Status: Resolved.

2. The 911 Board sold street address signs and collected monies from such sales on behalf of the Dallas County Betterment Association. The 911 Director and one of the 911 board members are also members of the Betterment Association Board. A written agreement was not established outlining the conditions of the relationship.

Current Status: Resolved.

- D. The 911 Board discussed matters in closed session meetings that should have been discussed in open session per state law.

Current Status: Resolved.

- E. The 911 Board's budget for the year ending December 31, 2001 did not include the two previous years' actual revenues and expenditures.

Current Status: Resolved.

- F. The 911 Board owns and maintains a vehicle that is driven by the director for business and personal use. A vehicle mileage log is not maintained to monitor the number of personal versus business miles driven to evaluate the usage of vehicles and for the reporting of fringe benefits to the Internal Revenue Service.

Current Status: Resolved.

- G. The 911 Board does not document approval of invoices for payment, and invoices are not noted as paid or otherwise cancelled upon payment.

Current Status: Resolved.

- H. General fixed asset records are not maintained and property tags are not affixed to all assets.

Current Status: Resolved.

00-7. Health Center Records and Procedures

- A. The Health Center does not maintain its petty cash fund in a secure location and access to the fund is not limited.

Current Status: Resolved.

- B. 1. Budgets were incomplete, contained misstatements due to errors in the accounting system, and were not mathematically correct. The budgets also did not report actual revenues or expenditures for the previous two years as required by law.

Current Status: See current Schedule of Findings and Questioned Costs, finding 02-01.

2. Actual expenditures exceeded budgeted amounts for the years ended December 31, 2000 and 1999. No formal amendments were filed and it was not noted in the board minutes why the budgets were exceeded. Additionally, there is no evidence of periodic comparison of budgeted and actual activities.

Current Status: Resolved.

- C. The Board of Trustees does not review and approve payments of expenditures prior to disbursement. A listing of all disbursements approved by the board is not prepared to accompany the minutes.

Current Status: Resolved.

- D. Property records are not periodically updated and items are not numbered, tagged, or otherwise identified.

Current Status: Resolved.

- E. Health Center funds were not adequately covered by collateral securities during the year.

Current Status: Resolved.

- F. Health Center personnel do not monitor amounts expended on Comprehensive Family Planning Services. Additionally, the average cost per client of providing such services is not periodically calculated and monitored.

Current Status: See current Schedule of Findings and Questioned Costs, Finding 02-05.

Summary of Schedule of Prior Audit Findings
In Accordance With OMB Circular A-133

DALLAS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

00-1 Schedule of Expenditures of Federal Awards

The county and health center did not have adequate procedures in place to track federal assistance for preparation of the SEFA. The SEFA did not include seven of the twelve programs the county was involved in during 2000 and 1999. Additionally, the information presented for several of the programs administered by the Health Center did not agree with the expenditure records.

Current Status: The Health Center reported federal program assistance per the expenditure records, consider this matter resolved. See current Schedule of Findings and Questioned Costs, finding 02-06, for current status of county procedures.



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Scotland County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Scotland County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Arthur White & Associates, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-58
June 30, 2003

**SCOTLAND COUNTY, MISSOURI
DECEMBER 31, 2001 AND 2002**

SCOTLAND COUNTY, MISSOURI

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SCOTLAND COUNTY, MISSOURI

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FINANCIAL SECTION

Independent Auditors' Reports

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street
Tarkio, Missouri 64491
Telephone (660) 736-5811
Fax (660) 736-4364

Offices also located in:
St. Joseph, Missouri
Rock Port, Missouri

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

April 3, 2003

To the County Commission
and
Officeholders of Scotland County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Scotland County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Scotland County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Scotland County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Scotland County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 3, 2003, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

April 3, 2003

To the County Commission
and
Officeholders of Scotland County, Missouri

We have audited the special-purpose financial statements of various funds of Scotland County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Scotland County, Missouri, are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1, 02-2, 02-3, 02-4, 02-5 and 02-7.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Scotland County, Missouri, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the

County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-6 and 02-7.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Scotland County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

Financial Statements

Exhibit A-1

SCOTLAND COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 324,582	\$ 679,844	\$ 679,346	\$ 325,080
Special Road and Bridge	113,595	924,018	892,484	145,129
Assessment	5	74,777	70,455	4,327
Law Enforcement Sales Tax	-	86,229	85,101	1,128
Road & Bridge Capital Improvement	-	240,241	221,644	18,597
Road Rock Tax	18,522	67,290	74,877	10,935
Off System	52,450	338,549	345,352	45,647
Law Enforcement Training	453	1,424	1,584	293
Prosecuting Attorney Training	137	238	183	192
Recorder's User Fees	6,935	2,914	4,009	5,840
Law Library	4,641	2,743	2,241	5,143
Circuit Clerk Interest	1,129	170	-	1,299
Community Development Block Grant	-	257,455	256,455	1,000
Local Emergency Planning Commission - Federal Emergency Management Agency	2,708	1,730	1,500	2,938
Local Law Enforcement Block Grant	48	-	48	-
Recorder Technology	637	1,416	-	2,053
Prosecuting Attorney Bad Check	304	4,086	4,280	110
Associate Circuit Division Interest	963	187	-	1,150
Election Services	1,136	373	410	1,099
Court Restoration	-	42,952	3,290	39,662
Special Sheriff Project	-	250	-	250
DARE	-	500	-	500
Health Center	205,967	369,635	305,070	270,532
Children's Trust	80	220	150	150
Cemetery Trusts	6,149	2,863	1,935	7,077
Total	\$ 740,441	\$ 3,100,104	\$ 2,950,414	\$ 890,131

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

SCOTLAND COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 253,249	\$ 763,660	\$ 692,327	\$ 324,582
Special Road and Bridge	166,515	1,021,326	1,074,246	113,595
Assessment	218	66,174	66,387	5
Road Rock Tax	-	77,905	59,383	18,522
Off System	46,145	99,074	92,769	52,450
Law Enforcement Training	809	1,182	1,538	453
Prosecuting Attorney Training	164	163	190	137
Recorder's User Fees	6,101	2,227	1,393	6,935
Law Library	5,836	1,951	3,146	4,641
Circuit Clerk Interest	2,426	111	1,408	1,129
Community Development Block Grant	1,000	2,925	3,925	-
Local Emergency Planning Commission - Federal Emergency Management Agency	3,929	3,873	5,094	2,708
Local Law Enforcement Block Grant	-	7,372	7,324	48
Recorder Technology	-	637	-	637
Local Records	5,626	14,674	20,300	-
Prosecuting Attorney Bad Check	611	3,968	4,275	304
Associate Circuit Division Interest	647	316	-	963
Election Services	752	742	358	1,136
Health Center	147,072	375,624	316,729	205,967
Children's Trust	150	160	230	80
Cemetery Trusts	4,196	5,098	3,145	6,149
Total	\$ 645,446	\$ 2,449,162	\$ 2,354,167	\$ 740,441

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 209,048	\$ 225,164	\$ 16,116	\$ 208,833	\$ 228,870	\$ 20,037
Sales taxes	171,000	167,347	(3,653)	261,000	248,272	(12,728)
Intergovernmental	133,400	127,060	(6,340)	114,700	144,911	30,211
Charges for services	82,795	88,736	5,941	76,200	86,360	10,160
Interest	12,000	9,843	(2,157)	23,000	24,582	1,582
Other	16,750	61,694	44,944	19,500	26,212	6,712
Transfers in			-		4,453	4,453
Total Receipts	624,993	679,844	54,851	703,233	763,660	60,427
DISBURSEMENTS						
County Commission	52,436	53,091	(655)	52,603	51,288	1,315
County Clerk	46,418	47,260	(842)	46,065	45,969	96
Elections	12,000	13,261	(1,261)	1,000		1,000
Buildings and grounds	75,650	55,841	19,809	86,700	68,752	17,948
Employee fringe benefits	43,600	36,948	6,652	37,000	39,242	(2,242)
County Treasurer	18,236	18,333	(97)	17,501	16,964	537
County Collector	54,807	55,087	(280)	50,395	50,285	110
Recorder of Deeds	18,850	17,418	1,432	15,000	8,548	6,452
Associate Circuit Court	6,700	10,135	(3,435)	5,300	3,750	1,550
Court Reporter	400	258	142	500	144	356
Court administration	3,485	3,778	(293)	3,441	2,709	732
Public Administrator	12,518	12,167	351	12,304	12,350	(46)
Sheriff	198,944	180,038	18,906	212,390	223,236	(10,846)
Prosecuting Attorney	51,450	49,846	1,604	50,727	49,832	895
Juvenile Officer	46,245	37,714	8,531	45,092	28,229	16,863
Coroner	10,148	7,982	2,166	9,955	7,219	2,736
Other county government	46,395	45,266	1,129	47,200	42,367	4,833
Health and welfare	34,035	24,568	9,467	32,964	29,290	3,674
Transfers out	57,800	10,355	47,445	62,230	12,153	50,077
Emergency fund	20,000		20,000	23,000		23,000
Total Disbursements	810,117	679,346	130,771	811,367	692,327	119,040
RECEIPTS OVER (UNDER) DISBURSEMENTS	(185,124)	498	185,622	(108,134)	71,333	179,467
CASH, JANUARY 1	324,582	324,582	-	253,249	253,249	-
CASH, DECEMBER 31	\$ 139,458	\$ 325,080	\$ 185,622	\$ 145,115	\$ 324,582	\$ 179,467

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 279,899	\$ 298,035	\$ 18,136	\$ 277,132	\$ 303,549	\$ 26,417
Sales taxes			-	165,000	165,727	727
Intergovernmental	463,960	574,525	110,565	526,400	517,173	(9,227)
Interest	9,000	6,363	(2,637)	26,000	18,425	(7,575)
Other	9,000	12,750	3,750	8,000	16,452	8,452
Transfers in	100,000	32,345	(67,655)	50,000		(50,000)
Total Receipts	861,859	924,018	62,159	1,052,532	1,021,326	(31,206)
DISBURSEMENTS						
Salaries	283,000	281,636	1,364	271,000	273,438	(2,438)
Employee fringe benefits	43,000	42,564	436	47,000	38,451	8,549
Supplies	94,000	102,041	(8,041)	99,000	87,298	11,702
Insurance	20,000	21,587	(1,587)	20,000	16,464	3,536
Road and bridge materials	332,500	255,887	76,613	405,500	358,744	46,756
Equipment repairs	75,000	92,416	(17,416)	75,000	49,409	25,591
Rentals	1,000	3,796	(2,796)	-	1,470	(1,470)
Equipment purchases	-	350	(350)	100,000	59,715	40,285
Road and bridge materials	-	8,299	(8,299)	140,000	125,846	14,154
Other	1,000	21	979	1,000	279	721
Transfers out	-	83,887	(83,887)	-	63,132	(63,132)
Total Disbursements	849,500	892,484	(42,984)	1,158,500	1,074,246	84,254
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,359	31,534	19,175	(105,968)	(52,920)	53,048
CASH, JANUARY 1	113,595	113,595	-	166,515	166,515	-
CASH, DECEMBER 31	\$ 125,954	\$ 145,129	\$ 19,175	\$ 60,547	\$ 113,595	\$ 53,048

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSESSMENT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 62,926	\$ 65,970	\$ 3,044	\$ 64,000	\$ 62,981	\$ (1,019)
Interest	400	288	(112)	600	907	307
Other	410	519	109	370	433	63
Transfers in	7,800	8,000	200	6,000	1,853	(4,147)
Total Receipts	71,536	74,777	3,241	70,970	66,174	(4,796)
DISBURSEMENTS						
Assessor	71,536	70,455	1,081	70,732	66,387	4,345
Total Disbursements	71,536	70,455	1,081	70,732	66,387	4,345
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	4,322	4,322	238	(213)	(451)
CASH, JANUARY 1	5	5	-	218	218	-
CASH, DECEMBER 31	\$ 5	\$ 4,327	\$ 4,322	\$ 456	\$ 5	\$ (451)

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT SALES TAX FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Sales tax revenues	\$ 82,848	\$ 83,875	\$ 1,027
Charges for services			-
Transfers in		2,354	2,354
Total Receipts	82,848	86,229	3,381
DISBURSEMENTS			
Sheriff	73,045	85,101	(12,056)
Total Disbursements	73,045	85,101	(12,056)
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,803	1,128	(8,675)
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ 9,803	\$ 1,128	\$ (8,675)

The accompanying Notes to the Financial Statements are an integral part of this statement.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ROAD AND BRIDGE CAPITAL IMPROVEMENT FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Sales tax revenues	\$ 172,000	\$ 167,887	\$ (4,113)
Transfers in		72,354	72,354
Total Receipts	172,000	240,241	68,241
DISBURSEMENTS			
EQUIPMENT & OTHER CONSTRUCTION	172,000	221,644	(49,644)
Total Disbursements	172,000	221,644	(49,644)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	18,597	18,597
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	\$ 18,597	\$ 18,597

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ROAD ROCK TAX FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property tax revenues	\$ 63,000	\$ 65,785	\$ 2,785		\$ 77,905	\$ 77,905
Transfers in		1,505	1,505			-
Total Receipts	63,000	67,290	4,290	\$ -	77,905	77,905
DISBURSEMENTS						
Road & bridge materials	73,000	74,877	(1,877)	-	59,383	(59,383)
Total Disbursements	73,000	74,877	(1,877)	-	59,383	(59,383)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,000)	(7,587)	2,413	-	18,522	18,522
CASH, JANUARY 1	18,522	18,522	-	-	-	-
CASH, DECEMBER 31	\$ 8,522	\$ 10,935	\$ 2,413	\$ -	\$ 18,522	\$ 18,522

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 OFF SYSTEM FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental revenues	\$1,258,370	\$ 337,128	\$ (921,242)		\$ 96,820	\$ 96,820
Interest		1,421	1,421		2,254	2,254
Total Receipts	1,258,370	338,549	(919,821)	\$ -	99,074	99,074
DISBURSEMENTS						
Other	1,308,970	345,352	963,618	368,305	92,769	275,536
Total Disbursements	1,308,970	345,352	963,618	368,305	92,769	275,536
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50,600)	(6,803)	43,797	(368,305)	6,305	374,610
CASH, JANUARY 1	52,450	52,450	-	46,145	46,145	-
CASH, DECEMBER 31	\$ 1,850	\$ 45,647	\$ 43,797	\$(322,160)	\$ 52,450	\$ 374,610

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,100	\$ 1,424	\$ 324	\$ 1,182	\$ 1,182	
Total Receipts	1,100	1,424	324	\$ -	1,182	1,182
DISBURSEMENTS						
Public safety	1,500	1,584	(84)	3,010	1,538	1,472
Total Disbursements	1,500	1,584	(84)	3,010	1,538	1,472
RECEIPTS OVER (UNDER) DISBURSEMENTS	(400)	(160)	240	(3,010)	(356)	2,654
CASH, JANUARY 1	453	453	-	809	809	-
CASH, DECEMBER 31	\$ 53	\$ 293	\$ 240	\$ (2,201)	\$ 453	\$ 2,654

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charge for services	\$ 150	\$ 238	\$ 88	\$ 163	\$ 163	
Total Receipts	150	238	88	\$ -	163	163
DISBURSEMENTS						
Public safety	200	183	17	324	190	134
Total Disbursements	200	183	17	324	190	134
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	55	105	(324)	(27)	297
CASH, JANUARY 1	137	137	-	164	164	-
CASH, DECEMBER 31	\$ 87	\$ 192	\$ 105	\$ (160)	\$ 137	\$ 297

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER'S USER FEE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 2,100	\$ 2,914	\$ 814	\$ 2,227	\$ 2,227	
Total Receipts	2,100	2,914	814	\$ -	2,227	2,227
DISBURSEMENTS						
Recorder	4,100	4,009	91	8,101	1,393	6,708
Total Disbursements	4,100	4,009	91	8,101	1,393	6,708
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,000)	(1,095)	905	(8,101)	834	8,935
CASH, JANUARY 1	6,935	6,935	-	6,101	6,101	-
CASH, DECEMBER 31	\$ 4,935	\$ 5,840	\$ 905	\$ (2,000)	\$ 6,935	\$ 8,935

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW LIBRARY FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 1,800	\$ 2,677	\$ 877	\$ 1,850	\$ 1,850	
Interest Income	50	66	16	101	101	
Total Receipts	1,850	2,743	893	\$ -	1,951	1,951
DISBURSEMENTS						
Other expenses	2,500	2,241	259	7,591	3,146	4,445
Total Disbursements	2,500	2,241	259	7,591	3,146	4,445
RECEIPTS OVER (UNDER) DISBURSEMENTS	(650)	502	1,152	(7,591)	(1,195)	6,396
CASH, JANUARY 1	4,641	4,641	-	5,836	5,836	-
CASH, DECEMBER 31	\$ 3,991	\$ 5,143	\$ 1,152	\$ (1,755)	\$ 4,641	\$ 6,396

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 50	\$ 170	\$ 120	\$ 111	\$ 111	
Total Receipts	50	170	120	\$ -	111	111
DISBURSEMENTS						
Expenses	250		250	2,727	1,408	1,319
Total Disbursements	250	-	250	2,727	1,408	1,319
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	170	370	(2,727)	(1,297)	1,430
CASH, JANUARY 1	1,129	1,129	-	2,426	2,426	-
CASH, DECEMBER 31	\$ 929	\$ 1,299	\$ 370	\$ (301)	\$ 1,129	\$ 1,430

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 COMMUNITY DEVELOPMENT BLOCK GRAND FUND

	Year Ended December 31,			Year Ended December 31,		
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 273,800	\$ 226,615	\$ (47,185)		\$ 2,925	\$ 2,925
Transfers in		30,840	30,840			-
Total Receipts	273,800	257,455	(16,345)	\$ -	2,925	2,925
DISBURSEMENTS						
Road and bridge expense	273,800	204,804	68,996	16,526	3,925	12,601
Transfers out		51,651	(51,651)			-
Total Disbursements	273,800	256,455	17,345	16,526	3,925	12,601
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	1,000	1,000	(16,526)	(1,000)	15,526
CASH, JANUARY 1	-	-	-	1,000	1,000	-
CASH, DECEMBER 31	\$ -	\$ 1,000	\$ 1,000	\$ (15,526)	\$ -	\$ 15,526

The accompanying Notes to the Financial Statements are an integral part of this statement.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LOCAL EMERGENCY PLANNING COMMISSION- FEDERAL EMERGENCY MANAGEMENT AGENCY FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental revenues	\$ 3,700	\$ 1,730	\$ (1,970)		\$ 3,873	\$ 3,873
Total Receipts	3,700	1,730	(1,970)	\$ -	3,873	3,873
DISBURSEMENTS						
Other	3,700	1,500	2,200	6,929	5,094	1,835
Total Disbursements	3,700	1,500	2,200	6,929	5,094	1,835
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	230	230	(6,929)	(1,221)	5,708
CASH, JANUARY 1	2,708	2,708	-	3,929	3,929	-
CASH, DECEMBER 31	\$ 2,708	\$ 2,938	\$ 230	\$ (3,000)	\$ 2,708	\$ 5,708

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LOCAL LAW ENFORCEMENT BLOCK GRANT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 10,000		\$ (10,000)		\$ 6,635	\$ 6,635
Transfers in	1,000		(1,000)		737	737
Total Receipts	11,000	\$ -	(11,000)	\$ -	7,372	7,372
DISBURSEMENTS						
Sheriff equipment	11,048	48	11,000	-	7,324	(7,324)
Total Disbursements	11,048	48	11,000	-	7,324	(7,324)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48)	(48)	-	-	48	48
CASH, JANUARY 1	48	48	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ -	\$ -	\$ -	\$ 48	\$ 48

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER TECHNOLOGY FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,200	\$ 1,416	\$ 216	\$ 637	\$ 637	
Total Receipts	1,200	1,416	216	\$ -	637	637
DISBURSEMENTS						
Recorder technology	500		500	-		-
Total Disbursements	500	-	500	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	700	1,416	716	-	637	637
CASH, JANUARY 1	637	637	-	-	-	-
CASH, DECEMBER 31	\$ 1,337	\$ 2,053	\$ 716	\$ -	\$ 637	\$ 637

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LOCAL RECORDS FUND

	Year Ended December 31,		
	2001		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Intergovernmental		\$ 8,619	\$ 8,619
Transfers in		5,847	5,847
Interest income		208	208
Total Receipts	\$ -	14,674	14,674
DISBURSEMENTS			
Preservation of records	22,280	20,300	1,980
Total Disbursements	22,280	20,300	1,980
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,280)	(5,626)	16,654
CASH, JANUARY 1	5,626	5,626	-
CASH, DECEMBER 31	<u>\$ (16,654)</u>	<u>\$ -</u>	<u>\$ 16,654</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY BAD CHECK FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 4,000	\$ 4,086	\$ 86		\$ 3,968	\$ 3,968
Total Receipts	4,000	4,086	86	\$ -	3,968	3,968
DISBURSEMENTS						
Prosecuting attorney disbursements	4,200	4,280	(80)	2,611	4,275	(1,664)
Total Disbursements	4,200	4,280	(80)	2,611	4,275	(1,664)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	(194)	6	(2,611)	(307)	2,304
CASH, JANUARY 1	304	304	-	611	611	-
CASH, DECEMBER 31	\$ 104	\$ 110	\$ 6	\$ (2,000)	\$ 304	\$ 2,304

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSOCIATE CIRCUIT COURT DIVISION INTEREST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Cash and Revenues	\$ 250	\$ 187	\$ (63)	\$ 316	\$ 316	
Total Receipts	250	187	(63)	\$ -	316	316
DISBURSEMENTS						
Circuit Clerk Interest	750		750			-
Total Disbursements	750	-	750	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	187	687	-	316	316
CASH, JANUARY 1	963	963	-	647	647	-
CASH, DECEMBER 31	\$ 463	\$ 1,150	\$ 687	\$ 647	\$ 963	\$ 316

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ELECTION SERVICE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 300	\$ 348	\$ 48	\$ 279	\$ 279	
Interest	15	25	10	39	39	
Intergovernmental revenues	250		(250)	424	424	
Total Receipts	565	373	(192)	\$ -	742	742
DISBURSEMENTS						
Election expense	1,200	410	790	1,251	358	893
Total Disbursements	1,200	410	790	1,251	358	893
RECEIPTS OVER (UNDER) DISBURSEMENTS	(635)	(37)	598	(1,251)	384	1,635
CASH, JANUARY 1	1,136	1,136	-	752	752	-
CASH, DECEMBER 31	\$ 501	\$ 1,099	\$ 598	\$ (499)	\$ 1,136	\$ 1,635

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 COURTHOUSE RESTORATION FUND

	Year Ended December 31,		
	2002		
			Variance
	Budget	Actual	Favorable
			(Unfavorable)
RECEIPTS			
Intergovernmental revenues		\$ 40,346	\$ 40,346
Interest income		2,606	2,606
Total Receipts	\$ -	42,952	42,952
DISBURSEMENTS			
Repairs to courthouse		3,290	(3,290)
Total Disbursements	-	3,290	(3,290)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	39,662	39,662
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	\$ 39,662	\$ 39,662

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL SHERIFF PROJECT FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Donation		\$ 250	\$ 250
Total Receipts	\$ -	250	250
DISBURSEMENTS			
C.D.B.G. Grant 2000-Pf-42 expenses			-
Total Disbursements	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	250	250
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	\$ 250	\$ 250

The accompanying Notes to the Financial Statements are an integral part of these statements.

SCOTLAND COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 DARE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Other		\$ 500	\$ 500			
Total Receipts	\$ -	500	500	\$ -	\$ -	\$ -
DISBURSEMENTS						
DARE disbursements			-			-
Total Disbursements	-	-	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	500	500	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 500	\$ 500	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of this statement.

SCOTLAND COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
HEALTH CENTER FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 70,500	\$ 68,905	\$ 5,413	\$ 65,000	\$ 70,413	\$ 5,413
Intergovernmental	253,127	270,255	31,989	233,916	265,905	31,989
Charges for services	8,035	6,802	(7,713)	17,295	9,582	(7,713)
Interest	8,600	10,834	1,069	8,600	9,669	1,069
Other	10,600	12,839	11,955	8,100	20,055	11,955
Total Receipts	350,862	369,635	42,713	332,911	375,624	42,713
DISBURSEMENTS						
Salaries	266,693	236,656	30,037	244,507	238,628	5,879
Office expenditures	38,000	33,338	4,662	32,800	30,059	2,741
Equipment and supplies	24,000	15,687	8,313	23,100	20,907	2,193
Mileage and training	16,000	12,748	3,252	12,200	10,925	1,275
Principal and interest	600	430	170	600	475	125
Other	7,000	6,211	789	16,650	15,735	915
Total Disbursements	352,293	305,070	47,223	329,857	316,729	13,128
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,431)	64,565	89,936	3,054	58,895	55,841
CASH, JANUARY 1	205,967	205,967	-	147,072	147,072	-
CASH, DECEMBER 31	\$ 204,536	\$ 270,532	\$ 89,936	\$150,126	\$ 205,967	\$ 55,841

The accompanying Notes to the Financial Statements are an integral part of this statement.

SCOTLAND COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CHILDREN'S TRUST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Children's Trust revenue		\$ 220	\$ 220		\$ 160	\$ 160
Total Receipts	\$ -	220	220	\$ -	160	160
DISBURSEMENTS						
Children's Trust disbursements		150	(150)		230	(230)
Total Disbursements	-	150	(150)	-	230	(230)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	70	70	-	(70)	(70)
CASH, JANUARY 1	80	80	-	150	150	-
CASH, DECEMBER 31	\$ 80	\$ 150	\$ 70	\$ 150	\$ 80	\$ (70)

The accompanying Notes to the Financial Statements are an integral part of this statement.

SCOTLAND COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
CEMETERY TRUSTS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Cemetery Trusts revenue		\$ 2,863	\$ 2,863		\$ 5,098	\$ 5,098
Total Receipts	\$ -	2,863	2,863	\$ -	5,098	5,098
DISBURSEMENTS						
Cemetery Trusts disbursements		1,935	(1,935)	-	3,145	(3,145)
Total Disbursements	-	1,935	(1,935)	-	3,145	(3,145)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	928	928	-	1,953	1,953
CASH, JANUARY 1	6,149	6,149	-	4,196	4,196	-
CASH, DECEMBER 31	\$ 6,149	\$ 7,077	\$ 928	\$ 4,196	\$ 6,149	\$ 1,953

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

SCOTLAND COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Scotland County, Missouri, (County) and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected County official, the Health Center Board of Trustees. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various County funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the County did not adopt formal budgets for the following funds:

SCOTLAND COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies (Continued)

C. Budgets and Budgetary Practices (Continued)

<u>Fund</u>	<u>Year Ended December 31,</u>	
Road Rock Tax Fund	2001	
Local Law Enforcement Block Grant Fund	2001	
Recorder Technology Fund	2001	
Courthouse Restoration Fund		2002
Children's Trust Fund	2001	2002
Cemetery Trusts Fund	2001	2002

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>	
Special Road and Bridge Fund		2002
Law Enforcement Sales Tax Fund		2002
Road and Bridge Capital Improvements Fund		2002
Road Rock Tax Fund	2001	2002
Law Enforcement Training Fund		2002
Local Law Enforcement Block Grant Fund	2001	
Prosecuting Attorney Bad Check Fund	2001	2002
Courthouse Restoration Fund		2002
Children's Trust Fund	2001	2002
Cemetery Trusts Fund	2001	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

SCOTLAND COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies (Continued)

D. Published Financial Statements (Continued)

However, the County's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>	
Children's Trust Fund	2001	2002
Associate Division Interest Fund	2001	
Cemetery Trusts Fund	2001	2002
Health Center Fund	2001	2002
Local Law Enforcement Block Grant		2002

Although Section 50.740, RSMo 2000 requires a balanced budget, a deficit balance was budgeted in the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Off System Fund	2001
Law Enforcement Training Fund	2001
Prosecuting Attorney Training Fund	2001
Recorder's User Fees Fund	2001
Law Library Fund	2001
Circuit Clerk Interest Fund	2001
Community Development Block Grant Fund	2001
Local Emergency Planning Commission – Federal Emergency Management Agency Fund	2001
Local Records Fund	2001
Prosecuting Attorney Bad Check Fund	2001
Election Services Fund	2001

SCOTLAND COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2002 AND 2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The County's deposits at December 31, 2002 and 2001 were entirely covered by federal depositary insurance or by collateral securities held by the County's custodial bank in the County's name.

The Health Center's deposits at December 31, 2002 and 2001 were entirely covered by federal depositary insurance or by collateral securities held by the Health Center's custodial bank in the Health Center's name.

Supplementary Schedule

Schedule

SCOTLAND COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health:				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER0045	\$ 12,273	\$ 17,390
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State's Program	2001-PF-20	256,455	3,925
U.S. DEPARTMENT OF JUSTICE				
Passed through state Department of Public Safety				
16.575	Local Law Enforcement Block Gran			7,326
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-099-(12)	269,062	24,898
		BRO-099-(13)	4,039	21,761
		BRO-099-(14)	6,029	19,455
		BRO-099-(15)	6,024	23,594
		BRO-099-(16)	31,918	2,546
		BRO-099-(17)	27,891	
Total pass-through programs			344,963	92,254
Total U. S. Department Of Transportatior			344,963	92,254
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	423	
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.534	Emergency Management - State and Local Assistance	N/A	143,684	

Schedule

SCOTLAND COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31	
			2002	2001
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Department of Health:				
93.268	Immunization Grants	PG0064	1,748	
	Immunization Grants - Vaccine	N/A	12,518	8,817
93.575	Child Care and Development Block Grant	ERO146	1,761	1,746
93.991	Comprehensive Breast and Cervical Cancer (BCCCP)			575
93.994	Maternal and Child Health Services			
	Block Grants to States	ERS146	17,327	15,755
	Block Grants to States	IFB1013		5,791
	Vaccine	N/A	135	992
	Total pass-through programs		33,489	33,676
	Total U.S. Department of Health and Human Services:		33,489	33,676
	Total Expenditures of Federal Awards:		\$791,287	\$154,571

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

SCOTLAND COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Scotland County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

SCOTLAND COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE (CONTINUED)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

C. Basis of Accounting (Continued)

Of the amounts for Immunization Grants (CFDA number 93.268), \$8,810 and \$12,518 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2001 and 2002, respectively. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$991 and \$135 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2002, respectively. The remaining amounts for Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

There were no federal awards passed-through to subrecipients for the two-year audit period ending December 31, 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

Independent Auditors' Report

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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St. Joseph, Missouri
Rock Port, Missouri

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

April 3, 2003

To the County Commission
and
Officeholders of Scotland County, Missouri

Compliance

We have audited the compliance of Scotland County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Scotland County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Scotland County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Scotland County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

Schedule

SCOTLAND COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes X no

Reportable conditions identified that are
not considered to be material weaknesses? X yes _____ none reported

Noncompliance material to the financial statements
noted? X yes _____ no

Federal Awards

Internal control over major program:

Material weaknesses identified? _____ yes X no

Reportable conditions identified that are
not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? _____ yes X no

Identification of major program:

CFDA or
Other Identifying

<u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
83.534	Emergency Management – State and Local Assistance

SCOTLAND COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes X no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported
for an audit of financial statements.

02-1 Budgetary Practices

Condition: Actual disbursements exceeded budgeted amounts in the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>	
	<u>2002</u>	<u>2001</u>
Special Road and Bridge Fund	\$42,948	
Law Enforcement Sales Tax Fund	12,056	
Road and Bridge Capital Improvement Fund	49,644	
Road Rock Tax Fund	1,877	\$59,383
Law Enforcement Training Fund	84	
Local Law Enforcement Block Grant Fund		7,324
Prosecuting Attorney Bad Check Fund		1,664
Courthouse Restoration Fund	3,290	

Similar conditions were noted in the prior audit report.

In addition, the County did not adopt budgets for the following funds:

<u>Fund</u>	<u>Year Ended December 31,</u>	
Road Rock Tax Fund		2001
Local Law Enforcement Block Grant Fund		2001
Recorder Technology Fund		2001
Courthouse Restoration Fund	2002	
Children's Trust Fund	2002	2001
Cemetery Trusts Fund	2002	2001

SCOTLAND COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-1 Budgetary Practices (Continued)

Criteria: Chapter 50, RSMo2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all County funds and activities the County Commission is able to more effectively evaluate all County financial resources. In addition, Section 50.622, RSMo2000, provides that counties may amend the annual budget during any year in which the county receives additional funds, which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

Effect: The County is not in compliance with Chapter 50, RSMo 2000.

Recommendation: We recommend the County Commission not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.

Auditee's Response: We will attempt to be more careful in the future in amending the budget when necessary.

02-2 Published Financial Statements

Condition: As noted in note 1D in the notes to the financial statements, the County's published financial statements did not include all County funds.

Criteria: Sections 50.800 and 50.810, RSMo 2000, require publishing in a local newspaper a detailed annual financial statement for the County.

Effect: The County is not in compliance with Sections 50,800 and 50.810, RSMo, 2000.

Recommendation: We recommend that the County include all County funds in the published annual financial statements.

Auditee's Response: We will attempt to include all County funds in future published annual financial statements.

SCOTLAND COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-3 Purchasing Procedures

Condition: Bids were not always solicited or bid documentation retained for purchases. Examples of purchases for which no evidence of bidding was available are as follows:

<u>Item Purchased</u>	<u>Amount</u>
Steel beams	\$ 14,543
Road rock	228,942
Road and bridge supplies	6,080
Truck repairs	5,900
Courthouse repairs	5,460
Pipe	9,530

The County indicated that sometimes purchases were made without bids from local suppliers that were known to supply good products or because the supplier provided the only acceptable product within the area. Documentation of such sole source or justification for not soliciting bids was not maintained. Similar conditions were also noted in the prior audit report.

Criteria: Section 50.660, RSMo 2000 requires the advertisement of bids for all purchases of \$4,500 or more. Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity in county business.

Documentation of bids should always be retained as evidence that the County's established purchasing procedures as well as statutory requirements are being followed. Documentation should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request proposal, newspaper publication notices when applicable, bids received, the basis and justification for awarding bids, and documentation of discussions with vendors.

Effect: The County is not in compliance with Section 50.660, RSMo 2000.

Recommendation: We recommend the County Commission solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If circumstances are deemed to warrant a purchase without bids, such circumstances should be fully documented and noted in the County Commission minutes.

Auditee's Response: Being in a remote area, we are somewhat limited in potential suppliers. However, we will attempt to do a better job of documenting the purchasing process.

SCOTLAND COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-4 Commission Minutes

Condition: The County Clerk does not prepare adequate records of the meeting of the County Commission. Minutes frequently lack sufficient detail of discussions and votes taken. Items such as bid solicitations and selections, transfers between funds, and various other decisions are not always documented. In addition, the minutes are not prepared in a timely manner. As of April 1, 2003, minutes had not been prepared subsequent to January 15, 2003. Similar conditions were also noted in the prior audit report.

Criteria: Section 51.120, RSMo 2000, requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission. Timely preparation and approval not only ensures authenticity of official minutes, but also allows a review of the contents to ensure the minutes include all important information regarding the meetings held.

Effect: The County is not in compliance with Section 51.120, RSMo 2000.

Recommendation: We recommend the County Commission ensure a complete record of meetings is prepared and approved on a timely basis.

Auditee's Response: We will attempt to do a better job of documenting meetings in the future.

02-5 Prosecuting Attorney's Office

Condition: The Prosecuting Attorney does not have an office in the courthouse; instead she performs her County duties from an office building used in the operation of her private law practice. The Prosecuting Attorney has not documented the actual costs of running the office or the percentage of the costs of the office that relate to official duties. Rather, the County pays the Prosecuting Attorney \$340 per month as an allowance for the office expenses incurred on behalf of the County which include utilities, telephone, library/upkeep, supplies, and postage. The County has made similar payments to previous prosecuting attorneys for a number of years. No supporting documentation is provided to the County for these monthly expenses, nor does the County have a written agreement with the Prosecuting Attorney outlining the portion of the total office expenses to be paid by the County. Similar conditions were noted in the prior audit report.

SCOTLAND COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-5 Prosecuting Attorney's Office (Continued)

Criteria: The Prosecuting Attorney's unsupported expense reimbursements were not reported on her W-2 forms as required by law. IRS regulations specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments. In addition, Section 432.070, RSMo 2000, requires that all county contracts be in writing.

Effect: The County is not in compliance with Section 432.070, RSMo 2000.

Recommendation: We recommend the County Commission require adequate supporting documentation prior to approving expenditures for payments to employees should be included on W-2 forms. In addition, all County contracts should be in writing and the basis for payments should be documented.

Auditee's Response: We will attempt to obtain an annual agreement with the Prosecuting Attorney based on actual expenses and the percentage of time the office is used for County business.

02-6 Computer Controls

Condition: Access to the computer programs such as the property tax, payroll, and disbursement systems is not adequately restricted. Staff in both the County Collector's and County Assessor's offices have access to the property tax system, The County Clerk's office has access to the payroll and disbursement systems, and the County Treasurer has her own system. However, personnel in the County Collector's, County Clerk's and County Treasurer's offices do not utilize passwords. The lack of an effective system of user passwords may allow unauthorized changes to be made to tax books, payroll records, and disbursement ledgers.

Criteria: To establish individual responsibility, as well as help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals. A system of passwords and other procedures can be used to properly restrict access. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

Effect: The failure to limit access to information to authorized individuals increases the risk that errors or irregularities will not be detected in a timely manner.

SCOTLAND COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-6 Computer Controls (Continued)

Recommendation: We recommend the County Commission consult with their programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.

Auditee's Response: The County Clerk's office is in the process of updating its computer system to include passwords. We will consult with the programmer for the other offices.

02-7 Fixed Assets

Condition: Purchases of new fixed assets and disposition of old items have not been recorded on the fixed asset listing since 1993. In addition, since that time, most new assets have not been properly numbered, tagged, or otherwise identified and physical inventories have not been performed.

Criteria: Section 49.093, RSMo 2000, provides the County officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk.

Effect: The County is not in compliance with Section 49.093, RSMo 2000. In addition, adequate general fixed asset records are necessary to secure better internal control over County property and provide a basis for determining proper insurance coverage required on County property. Physical inventories of County property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Recommendation: We recommend the County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with County property. In addition, all fixed asset purchases and dispositions should be recorded as they occur and purchased items should be tagged or identified as County-owned property upon receipt.

Auditee's Response: We will adopt a policy that complies with Section 49.093, RSMo 2000.

SCOTLAND COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-8 Control Over Disbursements

Condition: The County Commission uses a single stamp to approve warrants, which is easily accessible to the County Clerk staff. Invoices were often not approved by the County Clerk's office, nor were they cancelled as paid.

Criteria: Controls over cash disbursements are needed to help ensure that disbursements are made only for authorized and official County business.

Effect: Failure to approve invoices, cancel invoices as they are paid, or limit access to the warrant approval stamp increases the risk that errors or irregularities will not be detected in a timely manner.

Recommendation: We recommend the County Commission approve disbursements by signature or with an approval stamp to which access is limited to the County Commission, and the County Clerk cancel invoices in an appropriate manner.

Auditee's Response: We agree with this recommendation.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

SCOTLAND COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditors' follow-up on action taken by Lewis County, Missouri, on findings that *Government Auditing Standards* requires to be reported for an audit of financial statements in the audit report issued by the State Auditor's office for the two years ended December 31, 2000.

00-1 Budgetary Practice

Actual disbursements exceeded budgeted amounts in the following funds:

Fund	Year Ended December 31,	
	2000	1999
Off System Fund	\$ N/A	141
Community Development Block Grant Fund	284,412	N/A
Prosecuting Attorney Bad Check Fund	1,906	N/A

Although the County Commission approved and budgeted Community Development Block Grant Fund disbursements of \$16,526 in 2000, an additional federal grant for a Community Development Block Grant project was received after the budget was finalized, resulting in significantly greater receipts and disbursements for 2000. The County apparently failed to monitor such financial activities and did not amend the Community Development Block Grant budget.

Recommendation: The County Commission not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.

Status: Similar conditions existed in the two years ending December 31, 2002. See finding 02-1.

SCOTLAND COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

In accordance with *Government Auditing Standards*, this section reports the auditors' follow-up on action taken by Scotland County, Missouri, on findings in the Management Advisory Report (MAR) of the State Auditor's report issued for the two years ended December 31, 2000.

The prior recommendations, which have not been implemented, but are considered significant are repeated in the current findings that *Government Auditing Standards* requires to be reported for an audit of financial statements. Although the remaining unimplemented recommendations are not repeated, the County should consider implementing those recommendations.

1. County Policies

- A. Bids were not solicited or bid documentation was not retained for some purchases.
- B. The County Clerk did not prepare adequate records of the meetings of the County Commission and minutes were not prepared in a timely manner.
- C. No documentation is provided by the Prosecuting Attorney to support reimbursements for office space and related expenses outside the courthouse.

The unsupported expense reimbursements were not reported on the Prosecuting Attorney's W-2 as required by IRS regulations.

The County does not have a contract with the Circuit Judge to support the rental of equipment for \$150 per month.

Recommendation: The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain sufficient documentation of all bids obtained and justification of bid awards. If bids cannot be obtained and sole source or emergency procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Ensure a complete record of meetings is prepared and approved on a timely basis.
- C. Require adequate supporting documentation prior to approving expenditures for payment and any unsupported payments to employees should be included on W-2 forms. In addition, all County contracts should be in writing and the basis for payments should be documented.

SCOTLAND COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

1. County Policies (Continued)

Status:

- A. Not implemented. See finding number 02-3.
- B. Not implemented. See finding number 02-4.
- C. Partially implemented. No documentation is provided by the Prosecuting Attorney to support office expense reimbursements and no W-2's are prepared for the unsupported expense reimbursements. See finding number 02-5. The recommendation for the arrangement with the Circuit Court Judge to be in written contract form was implemented.

2. Capital Improvements and Law Enforcement Sales Taxes

The County deposited receipts from the capital improvements sales tax into the Special Road and Bridge Fund and did not separately account for disbursements made from sales tax receipts. In addition, the County deposited the law enforcement sales tax receipts in the County's General Revenue Fund and did not separately account for disbursements made from the sales tax receipts.

Recommendation: The County Commission direct the Treasurer to deposit revenues from the capital improvements sales tax and law enforcement sales tax into separate funds to properly account for the use of these monies.

Status: Implemented.

3. Property Tax System and Computer Controls

- A. Neither the County Commission nor the County Clerk provides a review of the activities of the County Collector. Various state laws require their involvement in these processes. The County Clerk does not maintain an account book with the Collector, nor does she verify the totals of the tax books. In addition, there is no independent review of the actual addition and abatement changes made to the tax books, nor is there any apparent review of the County Collector's annually settlement of activity.
- B. Access to the computer programs such as the property tax, payroll, and disbursement systems is not adequately restricted.

SCOTLAND COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

3. Property Tax System and Computer Controls (Continued)

- C. Backup disks of information for the County Clerk's, County Treasurer's, and Health Center's computer systems are not prepared periodically.

Recommendation: That:

- A. The County Clerk maintain a complete account book of the County Collector's transactions, and the County Clerk and County Commission make use of this account book to verify the County Collector's annual settlements.
- B. The County Commission establish procedures to restrict access to computer files, including the use of unique passwords, to only authorized individuals.
- C. The County Clerk, Treasurer, and Health Center Board of Trustees ensure that backup disks from the computer systems are prepared and stored in a secure, off-site location.

Status:

- A. Implemented.
- B. Not implemented. See finding number 02-6.
- C. Partially implemented. Files are now backed up, but backups are not stored off-site.

4. Personnel and Payroll Policies and Procedures

- A. Section 50.333.13 RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. On May 5, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$3,800 for the two years ended December 31, 2000, should be repaid.
- B. Time sheets are not always prepared by employees or maintained by the County Clerk's office and are not always accurate.

SCOTLAND COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

4. Personnel and Payroll Policies and Procedures (Continued)

- C. Employee leave balances are not always correctly recorded on the centralized leave records and monitored for compliance with the County's accumulation limits.
- D. The County's personnel policy does not adequately address the issue of overtime/compensatory time. The policy does not address the compensation of hours between the 32.5-hour workweek and the 40 hours required for overtime pay, nor does it indicate compensatory time is allowable in lieu of payment for the extra hours worked.

Recommendations: The County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Ensure accurate and complete time sheets are prepared and maintained for all employees.
- C. Ensure that employee leave balances are maintained and reported accurately.
- D. Ensure county policy addresses how employees are compensated for overtime.

Status:

- A. Not implemented. The County Commission did review the opinion and decided that no repayment of salaries would be requested.
- B. Implemented.
- C. Partially implemented. Leave balance notices are now sent to employees as an effort to improve accuracy of the records. However, no systematic process of verification of leave balances has been implemented. Although not repeated in the current report, the recommendation remains the same as noted above.
- D. Implemented.

SCOTLAND COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

5. Fixed Assets

Purchases of new fixed assets and disposition of old items have not been recorded on the fixed assets listing since 1993. In addition, most new assets have not been properly numbered, tagged, or otherwise identified and physical inventories have not been performed.

Recommendation: The County Commission establish a written policy related to the handling and accounting for fixed assets. In addition, all fixed asset purchases and dispositions should be recorded as they occur and purchased items tagged upon receipt.

Status: Not implemented. See finding number 02-7.

6. Sheriff's Accounting Controls and Procedures

A. The duties of cash custody and record-keeping have not been adequately segregated.

B. Prenumbered receipt slips do not indicate the method of payment.

Recommendation:

A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

B. Require the method of payment be indicated on all receipt slips and reconcile to monies deposited.

Status:

A. Implemented.

B. Implemented.

7. Prosecuting Attorney's Accounting Controls and Procedures

A. Duties are not adequately segregated.

B. Prenumbered receipt slips were not issued for most monies received.

SCOTLAND COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

7. Prosecuting Attorney's Accounting Controls and Procedures (Continued)

- C. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as subsequent disposition of these complaints, has not been established.
- D. The Prosecuting Attorney has not established a formal policy specifying when unpaid bad check complaints should be filed as a court case.
- E. The Prosecuting Attorney submitted invoices, totaling \$480, which did not appear to be related to official duties.

Recommendations:

- A. Provide for adequate segregation of duties and/or performance of independent reconciliations and reviews of accounting records.
- B. Ensure official prenumbered receipt slips are issued for all monies received.
- C. Assign sequential control numbers to bad check complaints and maintain a log to adequately account for bad check complaints as well as the ultimate disposition.
- D. Maintain a complete and accurate listing of delinquent bad check restitution and fees.
- E. Limit future expenditures of the Prosecuting Attorney Bad Check Fund to expenses related to the official duties of prosecution of bad check complaints.

Status:

- A. Implemented.
- B. Implemented.
- C. Implemented.
- D. Implemented.
- E. Implemented.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

SCOTLAND COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report included no findings relative to federal awards.



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Daviess County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Daviess County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Arthur White & Associates, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-57
June 30, 2003

**DAVIESS COUNTY, MISSOURI
DECEMBER 31, 2001 AND 2002**

DAVIESS COUNTY, MISSOURI

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DAVIESS COUNTY, MISSOURI

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FINANCIAL SECTION

Independent Auditors' Reports

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street
Tarkio, Missouri 64491
Telephone (660) 736-5811
Fax (660) 736-4364

Offices also located in:
St. Joseph, Missouri
Rock Port, Missouri

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

May 29, 2003

To the County Commission
and
Officeholders of Daviess County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Daviess County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Daviess County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Daviess County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Daviess County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 29, 2003, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

ARTHUR WHITE & ASSOCIATES, L.L.C.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

May 29, 2003

To the County Commission
and
Officeholders of Daviess County, Missouri

We have audited the special-purpose financial statements of various funds of Daviess County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 29, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Daviess County, Missouri, are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-2, 02-3, and 02-4.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Daviess County, Missouri, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the

County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Daviess County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

Financial Statements

Exhibit A-1

DAVIESS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 652,748	\$ 782,340	\$ 619,091	\$ 815,997
Special Road and Bridge	727,144	1,163,126	1,139,528	750,742
Assessment	-	113,205	121,813	(8,608)
Law Enforcement Sales Tax	56,362	383,369	395,980	43,751
Election Service	3,328	1,240	271	4,297
Frazier	15,289	394	200	15,483
Prosecuting Attorney Training	356	1,152	1,158	350
Law Enforcement Training	7,240	4,682	6,791	5,131
Law Enforcement Training - POST	1,366	2,071	2,034	1,403
Sheriff Civil Fee	22,525	6,986	22,455	7,056
Sheriff Forfeiture	624	11	-	635
Mays Estate	14,671	393	-	15,064
Domestic Violence	1,712	377	1,750	339
Prosecuting Attorney Check Processing	3,570	6,345	8,616	1,299
Prosecuting Attorney Forfeitures	283	5	-	288
Prosecuting Attorney Delinquent Tax	2	-	-	2
Jackson Township Grant Maintenance	23,130	17,388	-	40,518
Local Emergency Planning Committee	5,567	2,374	5,692	2,249
Prosecuting Attorney Retirement	-	4,500	4,500	-
Recorder User Fee	27,325	5,428	-	32,753
Jail Capital Improvement	451,811	12,053	107,500	356,364
Care Center Lease	229,776	6,012	-	235,788
Health Care Reserve	36,829	633	187	37,275
Recorder Technology Fund	1,378	3,146	-	4,524
Health Center	165,549	417,238	411,503	171,284
Central Dispatch Emergency Services	345,576	246,637	199,570	392,643
Developmentally Disabled	132,433	76,643	58,832	150,244
Circuit Clerk Interest	9,460	4,884	4,537	9,807
Associate Circuit Interest	2,045	2,106	2,542	1,609
Law Library	2,230	3,578	5,006	802
Prosecuting Attorney Administrative	-	91	54	37
Bond Forfeiture	-	4,670	3,208	1,462
Total	<u>\$ 2,940,329</u>	<u>\$ 3,273,077</u>	<u>\$ 3,122,818</u>	<u>\$ 3,090,588</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DAVISS COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 698,461	\$ 693,441	\$ 739,154	\$ 652,748
Special Road and Bridge	963,463	902,272	1,138,591	727,144
Assessment	-	123,539	123,539	-
Law Enforcement Sales Tax	78,295	313,058	334,991	56,362
Election Service	1,433	1,958	63	3,328
Frazier	14,596	803	110	15,289
Prosecuting Attorney Training	1,454	1,093	2,191	356
Law Enforcement Training	8,846	4,583	6,189	7,240
Law Enforcement Training - POST	1,287	2,311	2,232	1,366
Sheriff Civil Fee	25,365	8,486	11,326	22,525
Sheriff Forfeiture	606	18	-	624
Mays Estate	13,885	786	-	14,671
Domestic Violence	1,268	444	-	1,712
Prosecuting Attorney Check Processing	2,891	6,610	5,931	3,570
Prosecuting Attorney Forfeitures	275	8	-	283
Prosecuting Attorney Delinquent Tax	2	-	-	2
Jackson Township Grant Maintenance	60,790	7,234	44,894	23,130
Local Emergency Planning Committee	6,565	2,661	3,659	5,567
Prosecuting Attorney Retirement		4,875	4,875	-
Recorder User Fee	23,329	5,320	1,324	27,325
Jail Capital Improvement	329,959	121,852	-	451,811
Care Center Lease	145,646	105,130	21,000	229,776
Health Care Reserve	151,154	3,271	117,596	36,829
Recorder Technology Fund		1,378	-	1,378
Health Center	137,133	367,749	339,333	165,549
Central Dispatch Emergency Services	284,860	249,256	188,540	345,576
Developmentally Disabled	94,198	76,378	38,143	132,433
Circuit Clerk Interest	2,861	8,083	1,484	9,460
Associate Circuit Interest	2,203	1,498	1,656	2,045
Law Library	1,641	2,390	1,801	2,230
Total	\$ 3,052,466	\$ 3,016,485	\$ 3,128,622	\$ 2,940,329

Exhibit B-1

DAVISS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 225,500	\$ 211,737	\$ (13,763)	\$ 207,000	\$ 210,411	\$ 3,411
Sales taxes	231,000	235,020	4,020	216,500	226,307	9,807
Intergovernmental	16,400	20,620	4,220	30,830	30,985	155
Charges for services	101,300	117,949	16,649	98,550	99,812	1,262
Interest	35,000	19,720	(15,280)	35,000	39,250	4,250
Other	139,600	143,294	3,694	38,300	23,676	(14,624)
Transfers in	34,000	34,000	-	64,500	63,000	(1,500)
Total Receipts	782,800	782,340	(460)	690,680	693,441	2,761
DISBURSEMENTS						
County Commission	76,660	75,595	1,065	91,153	73,166	17,987
County Clerk	68,136	66,903	1,233	65,341	63,983	1,358
Elections	42,705	31,198	11,507	36,080	22,548	13,532
Buildings and grounds	135,792	48,768	87,024	133,243	109,884	23,359
Employee fringe benefits	51,165	41,984	9,181	66,000	22,221	43,779
County Treasurer	44,150	42,553	1,597	42,950	39,339	3,611
County Collector	2,800	1,473	1,327	2,750	2,416	334
Recorder of Deeds		19,120	(19,120)			-
Circuit Clerk	21,236	2,052	19,184	20,158	19,363	795
Associate Circuit Court	24,787	17,418	7,369	25,160	18,243	6,917
Court administration	13,100	8,072	5,028	14,000	3,939	10,061
Public Administrator	16,850	16,566	284	16,050	16,177	(127)
Prosecuting Attorney	82,204	75,104	7,100	81,445	79,243	2,202
Juvenile Officer	9,861	5,269	4,592	10,437	6,409	4,028
Coroner	19,245	15,266	3,979	16,890	14,660	2,230
Other county government	95,020	67,704	27,316	106,650	96,800	9,850
Miscellaneous & Litigation	96,500	13,541	82,959	5,000	1,571	3,429
Health and welfare	1,000		1,000	1,000		1,000
Transfers out	22,500	51,904	(29,404)	139,500	123,332	16,168
Emergency fund	50,000	18,601	31,399	50,000	25,860	24,140
Total Disbursements	873,711	619,091	254,620	923,807	739,154	184,653
RECEIPTS OVER (UNDER) DISBURSEMENTS	(90,911)	163,249	254,160	(233,127)	(45,713)	187,414
CASH, JANUARY 1	652,748	652,748	-	698,461	698,461	-
CASH, DECEMBER 31	\$ 561,837	\$ 815,997	\$ 254,160	\$ 465,334	\$ 652,748	\$ 187,414

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-2

DAVIESS COUNTY, MISSOURI

COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$1,015,000	\$1,113,411	\$ 98,411	\$1,485,000	\$ 833,092	\$ (651,908)
Charges for services			-		46,374	46,374
Interest	40,000	22,963	(17,037)	50,000	22,806	(27,194)
Other	10,000	26,752	16,752			-
Transfers in			-	9,000		(9,000)
Total Receipts	1,065,000	1,163,126	98,126	1,544,000	902,272	(641,728)
DISBURSEMENTS						
Salaries	120,000	89,195	30,805	120,000	109,572	10,428
Employee fringe benefits	29,380	17,158	12,222	23,900	13,118	10,782
Supplies	22,500	14,113	8,387	25,500	15,179	10,321
Insurance	8,800	6,974	1,826	8,300	6,844	1,456
Road and bridge materials	537,000	378,785	158,215	499,500	435,528	63,972
Equipment repairs	20,000	9,088	10,912	20,000	14,448	5,552
Rentals	2,000		2,000	2,000		2,000
Equipment purchases	160,000	98,661	61,339	200,000	94,831	105,169
Road and bridge materials	750,000	478,807	271,193	1,170,000	376,618	793,382
Other	14,900	8,327	6,573	13,900	5,033	8,867
Transfers out	38,420	38,420	-	67,420	67,420	-
Total Disbursements	1,703,000	1,139,528	563,472	2,150,520	1,138,591	1,011,929
RECEIPTS OVER (UNDER) DISBURSEMENTS	(638,000)	23,598	661,598	(606,520)	(236,319)	370,201
CASH, JANUARY 1	727,144	727,144	-	963,463	963,463	-
CASH, DECEMBER 31	\$ 89,144	\$ 750,742	\$ 661,598	\$ 356,943	\$ 727,144	\$ 370,201

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-3

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSESSMENT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 117,628	\$ 109,365	\$ (8,263)	\$ 108,463	\$ 104,105	\$ (4,358)
Charges for services			-		513	513
Interest	500	257	(243)	1,000		(1,000)
Other	500	804	304		464	464
Transfers in	18,000	2,779	(15,221)	35,000	18,457	(16,543)
Total Receipts	136,628	113,205	(23,423)	144,463	123,539	(20,924)
DISBURSEMENTS						
Assessor	136,305	121,813	14,492	144,456	123,539	20,917
Total Disbursements	136,305	121,813	14,492	144,456	123,539	20,917
RECEIPTS OVER (UNDER) DISBURSEMENTS	323	(8,608)	(8,931)	7	-	(7)
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ 323	\$ (8,608)	\$ (8,931)	\$ 7	\$ -	\$ (7)

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT SALES TAX FUND

	Year Ended December 31,			Year Ended December 31,		
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales tax revenues	\$ 231,000	\$235,020	\$ 4,020	\$216,500	\$226,307	\$ 9,807
Intergovernmental	31,200	43,271	12,071	48,000	48,847	847
Interest	750	610	(140)	1,300	1,987	687
Charges for services	6,000	11,358	5,358	10,500	5,615	(4,885)
Transfers in	100,000	45,000	(55,000)			-
Other	28,050	48,110	20,060	27,300	30,302	3,002
Total Receipts	397,000	383,369	(13,631)	303,600	313,058	9,458
DISBURSEMENTS						
Salaries	155,846	141,620	14,226	146,170	131,042	15,128
Office expenses	9,000	8,097	903	7,600	10,225	(2,625)
Equipment	2,500	953	1,547	1,000	1,029	(29)
Travel	21,000	18,380	2,620	51,968	46,352	5,616
Miscellaneous	5,940	10,845	(4,905)	10,100	10,287	(187)
Insurance	17,722	16,706	1,016	22,400	21,102	1,298
Prisoner costs	238,000	199,379	38,621	122,000	114,954	7,046
Total Disbursements	450,008	395,980	54,028	361,238	334,991	26,247
RECEIPTS OVER (UNDER) DISBURSEMENTS	(53,008)	(12,611)	40,397	(57,638)	(21,933)	35,705
CASH, JANUARY 1	56,362	56,362	-	78,295	78,295	-
CASH, DECEMBER 31	\$ 3,354	\$ 43,751	\$ 40,397	\$ 20,657	\$ 56,362	\$ 35,705

The accompanying Notes to the Financial Statements are an integral part of this statement.

DAVISS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ELECTION SERVICE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental revenues	\$ 2,000	\$ 1,193	\$ (807)	\$ 1,500	\$ 1,904	\$ 404
Interest	60	47	(13)	25	54	29
Total Receipts	2,060	1,240	(820)	1,525	1,958	433
DISBURSEMENTS						
Equipment	5,000	271	4,729	2,750	63	2,687
Total Disbursements	5,000	271	4,729	2,750	63	2,687
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,940)	969	3,909	(1,225)	1,895	3,120
CASH, JANUARY 1	3,328	3,328	-	1,433	1,433	-
CASH, DECEMBER 31	\$ 388	\$ 4,297	\$ 3,909	\$ 208	\$ 3,328	\$ 3,120

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-6

DAVISS COUNTY, MISSOURI

COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
FRAZIER FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 600	\$ 394	\$ (206)	\$ 1,000	\$ 803	\$ (197)
Total Receipts	600	394	(206)	1,000	803	(197)
DISBURSEMENTS						
School supplies	500	200	300	500	110	390
Total Disbursements	500	200	300	500	110	390
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	194	94	500	693	193
CASH, JANUARY 1	15,289	15,289	-	14,596	14,596	-
CASH, DECEMBER 31	\$ 15,389	\$ 15,483	\$ 94	\$ 15,096	\$ 15,289	\$ 193

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-7

DAVISS COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,250	\$ 1,150	\$ (100)	\$ 1,200	\$ 1,067	\$ (133)
Interest		2	2	40	26	(14)
Total Receipts	1,250	1,152	(98)	1,240	1,093	(147)
DISBURSEMENTS						
Tuition	1,400	1,158	242	2,175	2,191	(16)
Total Disbursements	1,400	1,158	242	2,175	2,191	(16)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150)	(6)	144	(935)	(1,098)	(163)
CASH, JANUARY 1	356	356	-	1,454	1,454	-
CASH, DECEMBER 31	\$ 206	\$ 350	\$ 144	\$ 519	\$ 356	\$ (163)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-8

DAVISS COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 4,500	\$ 4,584	\$ 84	\$ 7,000	\$ 4,221	\$ (2,779)
Interest	350	98	(252)	500	362	(138)
Total Receipts	4,850	4,682	(168)	7,500	4,583	(2,917)
DISBURSEMENTS						
Tuition	9,800	6,791	3,009	10,800	6,189	4,611
Total Disbursements	9,800	6,791	3,009	10,800	6,189	4,611
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,950)	(2,109)	2,841	(3,300)	(1,606)	1,694
CASH, JANUARY 1	7,240	7,240	-	8,846	8,846	-
CASH, DECEMBER 31	\$ 2,290	\$ 5,131	\$ 2,841	\$ 5,546	\$ 7,240	\$ 1,694

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT TRAINING - POST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental revenues	\$ 3,000		\$ (3,000)	\$ 3,000	\$ 2,196	\$ (804)
Interest	70	\$ 37	(33)	75	115	40
Other revenue		2,034	2,034			-
Total Receipts	3,070	2,071	(999)	3,075	2,311	(764)
DISBURSEMENTS						
Expenses	4,200	2,034	2,166	4,000	2,232	1,768
Total Disbursements	4,200	2,034	2,166	4,000	2,232	1,768
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,130)	37	1,167	(925)	79	1,004
CASH, JANUARY 1	1,366	1,366	-	1,287	1,287	-
CASH, DECEMBER 31	\$ 236	\$ 1,403	\$ 1,167	\$ 362	\$ 1,366	\$ 1,004

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVISS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF CIVIL FEE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 7,200	\$ 6,855	\$ (345)	\$ 8,500	\$ 7,290	\$ (1,210)
Interest	100	131	31	1,300	1,196	(104)
Total Receipts	7,300	6,986	(314)	9,800	8,486	(1,314)
DISBURSEMENTS						
Equipment purchases	26,725	22,455	4,270	25,000	11,326	13,674
Total Disbursements	26,725	22,455	4,270	25,000	11,326	13,674
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,425)	(15,469)	3,956	(15,200)	(2,840)	12,360
CASH, JANUARY 1	22,525	22,525	-	25,365	25,365	-
CASH, DECEMBER 31	\$ 3,100	\$ 7,056	\$ 3,956	\$10,165	\$22,525	\$ 12,360

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF FORFIETURE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest income	\$ 15	\$ 11	\$ (4)	\$ 20	\$ 18	\$ (2)
Total Receipts	15	11	(4)	20	18	(2)
DISBURSEMENTS						
Other expenses	600		600	600		600
Total Disbursements	600	-	600	600	-	600
RECEIPTS OVER (UNDER) DISBURSEMENTS	(585)	11	596	(580)	18	598
CASH, JANUARY 1	624	624	-	606	606	-
CASH, DECEMBER 31	\$ 39	\$ 635	\$ 596	\$ 26	\$ 624	\$ 598

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVISS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 MAYS ESTATE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 800		\$ (800)			\$ -
Interest		\$ 393	393	\$ 650	\$ 786	136
Total Receipts	800	393	(407)	650	786	136
DISBURSEMENTS						
Equipment purchases	13,000		13,000	13,000		13,000
Total Disbursements	13,000	-	13,000	13,000	-	13,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,200)	393	12,593	(12,350)	786	13,136
CASH, JANUARY 1	14,671	14,671	-	13,885	13,885	-
CASH, DECEMBER 31	\$ 2,471	\$15,064	\$ 12,593	\$ 1,535	\$14,671	\$ 13,136

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVISS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 DOMESTIC VIOLENCE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 50	\$ 42	\$ (8)	\$ 79	\$ 79	
Intergovernmental revenues		335	335	\$ 300	365	65
Total Receipts	50	377	327	300	444	144
DISBURSEMENTS						
Women's shelter	1,750	1,750	-	1,500		1,500
Total Disbursements	1,750	1,750	-	1,500	-	1,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,700)	(1,373)	327	(1,200)	444	1,644
CASH, JANUARY 1	1,712	1,712	-	1,268	1,268	-
CASH, DECEMBER 31	\$ 12	\$ 339	\$ 327	\$ 68	\$ 1,712	\$ 1,644

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY CHECK PROCESSING FUND

	Year Ended December 31,			Year Ended December 31,		
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 3,600	\$ 6,345	\$ 2,745	\$ 3,200	\$ 6,048	\$ 2,848
Interest			-	25	7	(18)
Other revenue			-		555	555
Total Receipts	3,600	6,345	2,745	3,225	6,610	3,385
DISBURSEMENTS						
Disbursements	7,160	8,616	(1,456)	3,310	5,931	(2,621)
Total Disbursements	7,160	8,616	(1,456)	3,310	5,931	(2,621)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,560)	(2,271)	4,201	(85)	679	6,006
CASH, JANUARY 1	3,570	3,570	-	2,891	2,891	-
CASH, DECEMBER 31	\$ 10	\$ 1,299	\$ 4,201	\$ 2,806	\$ 3,570	\$ 6,006

The accompanying Notes to the Financial Statements are an integral part of this statement.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY FORFEITURES FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest income		\$ 5	\$ 5	\$ 5	\$ 8	\$ 3
Total Receipts	\$ -	5	5	5	8	3
DISBURSEMENTS						
Other	283		283	275		275
Total Disbursements	283	-	283	275	-	275
RECEIPTS OVER (UNDER) DISBURSEMENTS	(283)	5	288	(270)	8	278
CASH, JANUARY 1	283	283	-	275	275	-
CASH, DECEMBER 31	\$ -	\$ 288	\$ 288	\$ 5	\$ 283	\$ 278

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVISS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY DELINQUENT TAX FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Revenues			\$ -			\$ -
Total Receipts	\$ -	\$ -	-	\$ -	\$ -	-
DISBURSEMENTS						
Expenses			-			-
Total Disbursements	-	-	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	-	-
CASH, JANUARY 1	2	2	-	2	2	-
CASH, DECEMBER 31	\$ 2	\$ 2	\$ -	\$ 2	\$ 2	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVISS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 JACKSON TOWNSHIP GRANT MAINTENANCE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental revenues	\$ 500	\$ 500	\$ -	\$ 500		\$ (500)
Interest income	2,500	468	(2,032)	1,000	\$ 2,814	1,814
Other	12,000	12,000	-	6,000		(6,000)
Transfers in	4,420	4,420	-	4,420	4,420	-
Total Receipts	19,420	17,388	(2,032)	11,920	7,234	(4,686)
DISBURSEMENTS						
Publication			-	60,000	1,314	58,686
Resurfacing	2,000		2,000		43,580	(43,580)
Total Disbursements	2,000	-	2,000	60,000	44,894	15,106
RECEIPTS OVER (UNDER) DISBURSEMENTS	17,420	17,388	(32)	(48,080)	(37,660)	10,420
CASH, JANUARY 1	23,130	23,130	-	60,790	60,790	-
CASH, DECEMBER 31	\$40,550	\$40,518	\$ (32)	\$12,710	\$23,130	\$ 10,420

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LOCAL EMERGENCY PLANNING COMMITTEE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 1,500	\$ 2,333	\$ 833	\$ 2,500	\$ 2,502	\$ 2
Transfers in	100	41	(59)		159	159
Interest income			-	100		(100)
Total Receipts	1,600	2,374	774 -	2,600	2,661	61
DISBURSEMENTS						
Expenses	6,600	5,692	908	7,000	3,659	3,341
Total Disbursements	6,600	5,692	908	7,000	3,659	3,341
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	(3,318)	1,682	(4,400)	(998)	3,402
CASH, JANUARY 1	5,567	5,567	-	6,565	6,565	-
CASH, DECEMBER 31	\$ 567	\$ 2,249	\$ 1,682	\$ 2,165	\$ 5,567	\$ 3,402

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY RETIREMENT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Transfers in	\$ 4,500	\$ 4,500	\$ -	\$ 4,500	\$ 4,875	\$ 375
Total Receipts	4,500	4,500	-	4,500	4,875	375
DISBURSEMENTS						
Retirement	4,500	4,500	-	4,500	4,875	(375)
Total Disbursements	4,500	4,500	-	4,500	4,875	(375)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER USER FEE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 4,000	\$ 5,076	\$ 1,076	\$ 4,000	\$ 4,608	\$ 608
Interest		352	352	1,000	712	(288)
Total Receipts	4,000	5,428	1,428	5,000	5,320	320
DISBURSEMENTS						
Payroll			-	1,000		1,000
Office supplies & equipment	31,325		31,325	22,000	1,324	20,676
Total Disbursements	31,325	-	31,325	23,000	1,324	21,676
RECEIPTS OVER (UNDER) DISBURSEMENTS	(27,325)	5,428	32,753	(18,000)	3,996	21,996
CASH, JANUARY 1	27,325	27,325	-	23,329	23,329	-
CASH, DECEMBER 31	\$ -	\$ 32,753	\$ 32,753	\$ 5,329	\$ 27,325	\$ 21,996

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 JAIL CAPITAL IMPROVEMENT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Transfers in	\$ 100,000		\$ (100,000)	\$ 100,000	\$ 100,000	\$ -
Interest income	22,000	\$ 12,053	(9,947)	25,000	21,852	(3,148)
Total Receipts	122,000	12,053	(109,947)	125,000	121,852	(3,148)
DISBURSEMENTS						
Construction	110,000	107,500	2,500	10,000		10,000
Total Disbursements	110,000	107,500	2,500	10,000	-	10,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,000	(95,447)	(107,447)	115,000	121,852	6,852
CASH, JANUARY 1	451,811	451,811	-	329,959	329,959	-
CASH, DECEMBER 31	\$463,811	\$356,364	\$ (107,447)	\$444,959	\$451,811	\$ 6,852

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVISS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CARE CENTER LEASE FUND

	Year Ended December 31,			Year Ended December 31,		
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 6,000	\$ 4,532	\$ (1,468)	\$ 6,000	\$ 9,130	\$ 3,130
Other		1,480	1,480	96,000	96,000	-
Total Receipts	6,000	6,012	12	102,000	105,130	3,130
DISBURSEMENTS						
Property management	10,000		10,000	35,000	21,000	14,000
Total Disbursements	10,000	-	10,000	35,000	21,000	14,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,000)	6,012	10,012	67,000	84,130	17,130
CASH, JANUARY 1	229,776	229,776	-	145,646	145,646	-
CASH, DECEMBER 31	\$225,776	\$235,788	\$ 10,012	\$212,646	\$229,776	\$ 17,130

The accompanying Notes to the Financial Statements are an integral part of this statement.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 HEALTH CARE RESERVE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest income	\$ 1,000	\$ 633	\$ (367)	\$ 4,000	\$ 3,271	\$ (729)
Total Receipts	1,000	633	(367)	4,000	3,271	(729)
DISBURSEMENTS						
Health care	37,800	187	37,613	150,000	117,596	32,404
Total Disbursements	37,800	187	37,613	150,000	117,596	32,404
RECEIPTS OVER (UNDER) DISBURSEMENTS	(36,800)	446	37,246	(146,000)	(114,325)	31,675
CASH, JANUARY 1	36,829	36,829	-	151,154	151,154	-
CASH, DECEMBER 31	\$ 29	\$ 37,275	\$ 37,246	\$ 5,154	\$ 36,829	\$ 31,675

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER TECH FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,700	\$ 2,894	\$ 1,194		\$ 891	\$ 891
Interest	1,000	252	(748)		487	487
Total Receipts	2,700	3,146	446	\$ -	1,378	1,378
DISBURSEMENTS						
Expenses	4,078		4,078			-
Total Disbursements	4,078	-	4,078	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,378)	3,146	4,524	-	1,378	1,378
CASH, JANUARY 1	1,378	1,378	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 4,524	\$ 4,524	\$ -	\$ 1,378	\$ 1,378

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 HEALTH CENTER FUND

	Year Ended December 31, 2002			Year Ended December 31, 2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property tax	\$ 184,400	\$ 186,149	\$ 1,749	\$ 68,500	\$ 87,746	\$ 19,246
Intergovernmental revenues	124,378	130,281	5,903	126,841	119,336	(7,505)
Charges for services	47,000	61,428	14,428	46,750	59,222	12,472
Note			-		50,000	50,000
Interest	10,000	5,210	(4,790)	9,000	9,486	486
Other	54,520	34,170	(20,350)	54,520	41,959	(12,561)
Total Receipts	420,298	417,238	(3,060)	305,611	367,749	62,138
DISBURSEMENTS						
Salaries	235,772	232,412	3,360	207,030	216,818	(9,788)
Office expense	20,000	12,452	7,548	12,000	12,805	(805)
Mileage & training	11,500	7,299	4,201	10,800	8,426	2,374
Other	108,600	113,900	(5,300)	80,800	59,980	20,820
Contracts	43,800	45,440	(1,640)	43,750	41,304	2,446
Total Disbursements	419,672	411,503	8,169	354,380	339,333	15,047
RECEIPTS OVER (UNDER) DISBURSEMENTS	626	5,735	5,109	(48,769)	28,416	77,185
CASH, JANUARY 1	165,549	165,549	-	137,133	137,133	-
CASH, DECEMBER 31	\$ 166,175	\$ 171,284	\$ 5,109	\$ 88,364	\$ 165,549	\$ 77,185

The accompanying Notes to the Financial Statements are an integral part of this statement.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CENTRAL DISPATCH EMERGENCY SERVICES FUND

	Year Ended December 31,			Year Ended December 31,		
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales tax	\$ 216,000	\$ 234,901	\$ 18,901	\$ 200,000	\$ 225,862	\$ 25,862
Interest	8,000	8,105	105	10,000	14,331	4,331
Other	2,100	3,631	1,531		9,063	9,063
Total Receipts	226,100	246,637	20,537	210,000	249,256	39,256
DISBURSEMENTS						
Salaries	139,000	131,895	7,105	126,873	126,862	11
Office expense	10,820	6,931	3,889	9,470	7,068	2,402
Equipment	5,750	5,516	234	1,500	535	965
Capital expenditures	10,000	3,777	6,223	8,750	6,546	2,204
Training	4,050	633	3,417	4,050	2,585	1,465
Other	54,810	50,818	3,992	51,250	44,944	6,306
Total Disbursements	224,430	199,570	24,860	201,893	188,540	13,353
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,670	47,067	45,397	8,107	60,716	52,609
CASH, JANUARY 1	345,576	345,576	-	284,860	284,860	-
CASH, DECEMBER 31	\$ 347,246	\$ 392,643	\$ 45,397	\$ 292,967	\$ 345,576	\$ 52,609

The accompanying Notes to the Financial Statements are an integral part of this statement.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 DEVELOPMENTALLY DISABLED FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property tax	\$ 70,000	\$ 72,196	\$ 2,196	\$ 70,000	\$ 70,721	\$ 721
Intergovernmental revenue	27	25	(2)			-
Interest income	4,528	4,321	(207)	3,000	5,657	2,657
Other revenue	-	101	101			-
Total Receipts	74,555	76,643	2,088	73,000	76,378	3,378
DISBURSEMENTS						
Office	2,010	3,915	(1,905)	2,000	1,176	824
Equipment	3,000		3,000	1,000	2,650	(1,650)
Mileage and training	990		990	1,000		1,000
Proposals	194,000	54,917	139,083	154,000	34,317	119,683
Total Disbursements	200,000	58,832	141,168	158,000	38,143	119,857
RECEIPTS OVER (UNDER) DISBURSEMENTS	(125,445)	17,811	143,256	(85,000)	38,235	123,235
CASH, JANUARY 1	132,433	132,433	-	94,198	94,198	-
CASH, DECEMBER 31	\$ 6,988	\$150,244	\$ 143,256	\$ 9,198	\$132,433	\$ 123,235

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,			Year Ended December 31,		
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 4,000	\$ 4,884	\$ 884	\$ 1,000	\$ 8,083	\$ 7,083
Total Receipts	4,000	4,884	884	1,000	8,083	7,083
DISBURSEMENTS						
Equipment			-		539	(539)
Capital expenditures		2,537	(2,537)			-
Other	13,460	2,000	11,460	2,916	945	1,971
Total Disbursements	13,460	4,537	8,923	2,916	1,484	1,432
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,460)	347	9,807	(1,916)	6,599	8,515
CASH, JANUARY 1	9,460	9,460	-	2,861	2,861	-
CASH, DECEMBER 31	\$ -	\$ 9,807	\$ 9,807	\$ 945	\$ 9,460	\$ 8,515

The accompanying Notes to the Financial Statements are an integral part of this statement.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSOCIATE CIRCUIT INTEREST FUND

	Year Ended December 31,			Year Ended December 31,		
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest		\$ 2,106	\$ 2,106		\$ 1,498	\$ 1,498
Total Receipts	\$ -	2,106	2,106	\$ -	1,498	1,498
DISBURSEMENTS						
Other		2,542	(2,542)		1,656	(1,656)
Total Disbursements	-	2,542	(2,542)	-	1,656	(1,656)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(436)	(436)	-	(158)	(158)
CASH, JANUARY 1	2,045	2,045	-	2,203	2,203	-
CASH, DECEMBER 31	\$ 2,045	\$ 1,609	\$ (436)	\$ 2,203	\$ 2,045	\$ (158)

The accompanying Notes to the Financial Statements are an integral part of this statement.

DAVIESS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW LIBRARY FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 2,300	\$ 3,578	\$ 1,278	\$ 1,690	\$ 2,390	\$ 700
Total Receipts	2,300	3,578	1,278	1,690	2,390	700
DISBURSEMENTS						
Library updates	-	5,006	(5,006)	1,050	1,801	(751)
Total Disbursements	-	5,006	(5,006)	1,050	1,801	(751)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,300	(1,428)	(3,728)	640	589	(51)
CASH, JANUARY 1	2,230	2,230	-	1,641	1,641	-
CASH, DECEMBER 31	\$ 4,530	\$ 802	\$ (3,728)	\$ 2,281	\$ 2,230	\$ (51)

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVIESS COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY ADMINISTRATIVE FUND

	Year Ended December 31,		
	2002		2001
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Other		\$ 91	\$ 91
Total Receipts	\$ -	91	91
DISBURSEMENTS			
Expenses		54	(54)
Total Disbursements	-	54	(54)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	37	37
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	\$ 37	\$ 37

The accompanying Notes to the Financial Statements are an integral part of these statements.

DAVIESS COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 BOND FORFEITURE FUND

	Year Ended December 31,		
	2002		2001
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Other		\$ 4,670	\$ 4,670
Total Receipts	\$ -	4,670	4,670
DISBURSEMENTS			
Expenses		3,208	(3,208)
Total Disbursements	-	3,208	(3,208)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	1,462	1,462
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	\$ 1,462	\$ 1,462

The accompanying Notes to the Financial Statements are an integral part of these statements.

Notes to the Financial Statements

DAVIESS COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Daviess County, Missouri, (County) and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected County official, the Central Dispatch for Emergency Services Board, the Health Center Board, or the Developmentally Disabled Board. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various County funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the County did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder Tech Fund	2001
Associate Circuit Interest Fund	2001 and 2002
Prosecuting Attorney Administrative Fund	2002
Bond Forfeiture Fund	2002

DAVIESS COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2002 AND 2001

C. Budgets and Budgetary Practices (Continued)

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2001
Prosecuting Attorney Check Processing Fund	2001 and 2002
Prosecuting Attorney Retirement Fund	2001
Associate Circuit Interest Fund	2001 and 2002
Law Library Fund	2001 and 2002
Prosecuting Attorney Administrative Fund	2002
Bond Forfeiture Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2001 and 2002
Central Dispatch for Emergency Services Fund	2001 and 2002
Developmentally Disabled Fund	2001 and 2002
Circuit Clerk Interest Fund	2001 and 2002
Associate Circuit Interest Fund	2001 and 2002
Law Library Fund	2001 and 2002
Prosecuting Attorney Administrative Fund	2002
Bond Forfeiture Fund	2002

DAVIESS COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS OF AND FOR THE YEARS ENDING DECEMBER 31, 2002 AND 2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The County's deposits at December 31, 2001 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the County's custodial bank in the County's name.

The Health Center Board's and Developmentally Disabled Board's deposits at December 31, 2001 and 2002, were entirely covered by federal depositary insurance.

The Central Dispatch for Emergency Services Board's deposits at December 31, 2001 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the Central Dispatch for Emergency Services Board's custodial bank in the Central Dispatch for Emergency Services Board's name.

3. Contingent Liability

The County paid a general contractor to build Bridge No. 28900181, Project No. BRO-031(19). Subsequently, the County was notified that the general contractor had not yet paid approximately \$51,000 in total to sub-contractors and suppliers. The general contractor has discontinued business, and the party ultimately responsible for the liability is not yet known.

Supplementary Schedule

Schedule

 DAVIESS COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state Department of Health:			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045	\$ 38,094	\$ 31,572
10.564	Health Children Nutrition Ed Initiative	SDA42300006		13,329
	Total pass-through programs		38,094	44,901
	Total U.S. Department of Agriculture		38,094	44,901
U. S. DEPARTMENT OF JUSTICE				
	Passed through state Deapartment of Public Safety:			
16.554	Criminal History Records Improvement Program	95-RU-RX-K011		5,889
16.592	Local Law Enforcement Block Grant Program	N/A	5,240	
16.unknown	Domestic Cannibus Eradication/Suppression Program	N/A	1,034	
	Total pass-through programs		6,274	5,889
	Total U.S. Department of Justice		6,274	5,889
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state:			
	Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO-031(19)	77	171,174
		BRO-031(20)	152,609	80,914
		BRO-031(21)	260,104	26,054
		BRO-031(22)	16,899	
			429,689	278,142
	Department of Public Safety -			
20.703	Local Emergency Planning Committee Grant	N/A	5,692	3,659
	Total pass-through programs		435,381	281,801
	Total U. S. Department of Transportation		435,381	281,801

(continued)

Schedule

DAVIESS COUNTY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31	
			2002	2001
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state Department of Health:				
93.268	Immunization Grants	PG0064	2,705	420
	Immunization Grants - Vaccine	N/A	27,580	23,435
			30,285	23,855
93.575	Child Care and Development Block Grant			
	Local Sanitation Inspections of Child Care Facilities	PGA067		685
	Child Care Health Consultation	PGA067	1,120	684
			1,120	1,369
93.945	Assistance Programs for Chronic Disease Prevention and Control			
	Cardiovascular Health Programs	DH03005002	5,000	
93.991	Preventative Health and Health Services Block Grant			
	Worksite Wellness Inventory	N/A	800	
93.994	Maternal and Child Health Services			
	Block Grants to States	ERS146	14,263	14,740
	Block Grants to States - Vaccine	N/A	296	2,624
			14,559	17,364
Total pass-through programs			51,764	42,588
Total U.S. Department of Health and Human Services			51,764	42,588
Total Expenditures of Federal Awards			\$531,513	\$375,179

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

DAVIESS COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Daviess County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals....

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

DAVIESS COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE (CONTINUED) AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

C. Basis of Accounting (Continued)

Of the pass-through amounts for the Immunization Grants (CFDA number 93.268) program, \$27,580 and \$23,435 represent the original acquisition cost of other vaccines purchased by the Centers for Disease Control but distributed to the Health Center through the state Department of Health during the years ended December 31, 2002 and 2001. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$297 and \$2,623 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2002 and 2001. The remaining amounts for Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The County provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

Independent Auditors' Report

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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St. Joseph, Missouri
Rock Port, Missouri

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

May 29, 2003

To the County Commission
and
Officeholders of Daviess County, Missouri

Compliance

We have audited the compliance of Daviess County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Daviess County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001.

Internal Control Over Compliance

The management of Daviess County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Daviess County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

Schedule

DAVIESS COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes X no

Reportable conditions identified that are
not considered to be material weaknesses? X yes none reported

Noncompliance material to the financial statements
noted? X yes no

Federal Awards

Internal control over major program:

Material weaknesses identified? yes X no

Reportable conditions identified that are
not considered to be material weaknesses? yes X none reported

Type of auditors' report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? yes X no

Identification of major program:

CFDA or Other Identifying Number	Program Title
<u>20.205</u>	<u>Highway Planning and Construction</u>

DAVIESS COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes X no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

02-1 Special Road and Bridge Fund Administrative Service Fee

Condition: As Exhibit B-2 illustrates, budgeted expenditures exceeded actual expenditures of the Special Road and Bridge Fund during the years ended December 31, 2002 and 2001, by \$563,472 and \$1,011,929, respectively. Bridge projects being budgeted in full even if only a portion of the project will be completed. The uncompleted portion of the projects is budgeted again in the subsequent year, causing the total amount budgeted for the project to be inflated. Similar conditions were noted in the prior audit report.

Criteria: Section 50.515, RSMo, 2000, allows the County Commission to impose an administrative service fee on the Special Road and Bridge Fund. The fee is statutorily limited to a maximum of 3 percent of the Special Road and Bridge Fund budget.

Effect: While Daviess County transferred less than 3 percent of budgeted expenditures, had a more reasonable budget estimate or actual disbursements been used, the transfer amounts to the General Revenue fund would have been approximately \$47,000 less during the audit period.

Recommendations: We recommend that the County Commission review procedures used to establish the annual Special Road and Bridge Fund budget and prepare more reasonable budgets. The County Commission should also limit the administrative service fee to 3 percent of actual or reasonable budgeted expenditures of that fund.

Auditee's response: We will attempt to make our budgets for Special Road and Bridge Fund as reasonable as possible in the future to ensure the administrative service fee transfer is based upon a reasonable amount.

DAVIESS COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-2 Closed Meeting Minutes

Condition: Section 610.021, RSMo 2000, allows the County Commission to close meetings to the extent the meetings related to certain subjects, including litigation, real estate transactions, and personnel matters. The County Commission held several closed sessions during the two years ended December 31, 2002, and while the regular meeting minutes did appear to disclose the reason for entering into closed session, minutes were not maintained for the closed portion of the meetings. In addition, the actions taken by the Commission in closed meetings are not generally recorded in the regular minutes. Similar conditions were noted in the prior audit report.

Criteria: Section 51.120, RSMo 2000, requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission. Minutes constitute the official record of proceedings of the County Commission. Failure to maintain accurate minutes results in an inadequate record of the County Commission's actions, proceedings, and decisions. In addition, without adequate minutes, the County Commission cannot demonstrate that actions taken or business conducted during closed sessions related solely to the specific allowable reason announced for closing the meeting.

Effect: The County is not in compliance with Section 51.120, RSMo 2000.

Recommendation: We recommend that the County Clerk ensure minutes are prepared, approved, and retained for all closed meetings.

Auditee's Response: We do not plan to have closed meetings in the future.

02-3 Budgetary Practices

A. Condition: As noted in note 1C in the notes to the financial statements, the County did not adopt budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder Technology Fund	2001
Associate Circuit Interest Fund	2001 and 2002
Prosecuting Attorney Administrative Fund	2002
Bond Forfeiture Fund	2002

Criteria: The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various County funds in accordance with Section 50.525 through 50.745, RSMo 2000, the County budget law.

DAVIESS COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-3 Budgetary Practices

Effect: The County is not in compliance with the County budget law.

- B. Condition: As noted in note 1C in the notes to the financial statements, warrants were issued in excess of approved budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2001
Prosecuting Attorney Check Processing Fund	2001 and 2002
Prosecuting Attorney Retirement Fund	2001
Associate Circuit Interest Fund	2001 and 2002
Law Library Fund	2001 and 2002
Prosecuting Attorney Administrative Fund	2002
Bond Forfeiture Fund	2002

Criteria: Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Effect: The County is not in compliance with Section 50.740, RSMo 2000.

Recommendations: We recommend

- A. The County adopt a budget for all funds.
- B. Warrants not be issued in excess of budgeted funds.

Auditee's response:

- A. We will budget all funds in the future.
- B. We will try to be more careful in the future and amend budgets when necessary.

DAVIESS COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 2001

02-4 Published Financial Statements

Condition: As noted in note 1D in the notes to the financial statements, the County's published financial statements do not include the following County funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2001 and 2002
Central Dispatch for Emergency Services Fund	2001 and 2002
Developmentally Disabled Fund	2001 and 2002
Circuit Clerk Interest Fund	2001 and 2002
Associate Circuit Interest Fund	2001 and 2002
Law Library Fund	2001 and 2002
Prosecuting Attorney Administrative Fund	2002
Bond Forfeiture Fund	2002

Criteria: Sections 50.800 and 50.810, RSMo 2000, require publishing in a local newspaper a detailed annual financial statement for the County.

Effect: The County is not in compliance with Sections 50.800 and 50.801, RSMo 2000.

Recommendation: The County ensure financial information for all County funds be properly reported in the annual published financial statements.

Auditee's response: We will attempt to publish financial statements for all funds in the future.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DAVIESS COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditors' follow-up on action taken by Lewis County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued by the State Auditor's office for the two years ended December 31, 2000.

The prior recommendations, which have not been implemented, but are considered significant, are repeated in the current findings that *Government Auditing Standards* requires to be reported for an audit of financial statements. Although the remaining unimplemented recommendations are not repeated, the County should consider implementing those recommendations.

1. Special Road and Bridge Fund Administrative Service Fee

The budgets for the Special Road and Bridge Fund did not present a reasonable estimate of the fund's expenditures. Budgeted expenditures significantly exceeded actual expenditures.

Recommendation:

The County Commission review procedures used to establish the annual Special Road and Bridge Fund budget and prepare more reasonable budgets. The County Commission should also limit the administrative service fee to three percent of actual or reasonable budgeted expenditures of the fund.

Status:

Not implemented. See finding 02-1.

2. Central Dispatch for Emergency Services

A. The Central Dispatch for Emergency Services Board approved expenditures in excess of the approved budgeted amounts. In addition, no formal budget amendments were filed with the County or the State Auditor's office, although Board minutes indicated budgets were amended.

B. The Board's budgets were not complete or accurate. A cash reconciliation was not included in the budget and cash balances were incorrect.

DAVIESS COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

2. Central Dispatch for Emergency Services (Continued)

Recommendations:

The Central Dispatch for Emergency Services Board:

- A. Keep expenditures within budgetary limits and ensure maintenance of accurate accounting records and an effective financial reporting system to accurately monitor budgeted and actual financial activity.
- B. Ensure budgets are accurate and complete.

Status:

- A. Implemented.
- B. Implemented.

3. Closed Meeting Minutes

The County Commission held several closed sessions during regular meetings but did not maintain minutes for the closed portion of the meetings. In addition, actions taken by the Commission in closed meetings were not generally recorded in the regular minutes.

Recommendations:

The County Clerk ensure minutes are prepared, approved, and retained for all closed meetings.

Status:

Not implemented. See Finding 02-2.

4. Ex Officio Recorder of Deeds Accounting Controls and Procedures

- A. Receipts are not deposited intact.
- B. Petty cash is not maintained on an imprest basis. Worksheets of receipts and expenditures are not reconciled to cash.

DAVIESS COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

4. Ex Officio Recorder of Deeds Accounting Controls and Procedures (Continued)

- C. The method of payment received (cash, check, or money order) is not recorded on the Ex Officio Recorder of Deeds' abstract of fees.

Recommendations:

- A. Deposit all monies intact and write checks for all disbursements.
- B. Maintain the petty cash fund on an imprest basis or, at minimum, reconcile copy monies received and reported on worksheets to deposits.
- C. Record the method of payment of the receipt records and reconcile the cash, checks, and money orders received to the composition of bank deposits.

Status:

- A. Implemented.
- B. Implemented. The petty cash system has been discontinued and converted to a change fund only.
- C. Implemented.

5. Health Center Board

- A. Bonuses were given to employees for services previously rendered. As such, the bonuses were in violation of the Missouri Constitution.
- B. Minutes were not prepared to document matters discussed in closed meetings and board minutes did not always indicate the reasons for closing the meetings.

Recommendations:

- A. Discontinue the practice of paying employee bonuses.
- B. Ensure minutes are prepared for all closed meetings and document the reasons for closing the meetings in Board minutes.

DAVIESS COUNTY, MISSOURI

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

5. Health Center Board (Continued)

Status:

- A. Implemented.
- B. Partially implemented. The Board has discontinued having regular closed meetings. Only one such meeting was noted. However, no separate minutes were prepared for that meeting. Although not repeated in the current report, the recommendation remains the same as stated above.

Summary Schedule of Prior Audit Finding
in Accordance With OMB Circular A-133

DAVIESS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the County's management.

00-1 Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-031(14), BRO-031(16), BRO-031(18)
Award Year:	1998 and 1999
Questioned Costs:	Not Applicable

Davies County had not established cash management procedures to ensure the minimum time elapses between its receipt of federal project monies and the disbursement of such monies to contractors.

Recommendation: The County Commission establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds.

Status: Implemented.



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Officeholders of Cooper County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Cooper County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Casey and Company, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire C. McCaskill
State Auditor

Report No. 2003-56
June 30, 2003

COOPER COUNTY, MISSOURI

**FOR THE TWO YEARS
ENDED DECEMBER 31, 2002**

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**Casey and Company of Columbia, L.L.C.
Certified Public Accountants
Columbia, Missouri**

COOPER COUNTY, MISSOURI

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FINANCIAL SECTION

Independent Auditors' Reports

CASEY AND COMPANY OF COLUMBIA, L.L.C.



A Certified Public Accounting and Consulting Firm

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1 East Broadway
Columbia, MO 65203-4205
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the County Commission
and
Officeholders of Cooper County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Cooper County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds

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of Cooper County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Cooper County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Cooper County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 31, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

May 31, 2003

CASEY AND COMPANY OF COLUMBIA, L.L.C.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Cooper County, Missouri

We have audited the special-purpose financial statements of various funds of Cooper County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 31, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Cooper County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We

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noted immaterial instances of noncompliance which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Cooper County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Cooper County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

May 31, 2003

Financial Statements

Exhibit A-1

COOPER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue Fund	\$ 1,620,280	1,894,279	1,945,177	1,569,382
Special Road and Bridge Fund	375,392	1,141,220	1,184,408	332,204
Assessment Fund	11,624	165,772	171,707	5,689
Road and Bridge Trust Fund	443,849	684,376	738,063	390,162
Enhanced 911 Fund	406,563	347,422	469,498	284,487
Law Enforcement Center Fund	755,524	764,112	822,716	696,920
Election Services Fund	6,905	3,948	4,756	6,097
Law Enforcement Training Fund	3,072	12,525	13,723	1,874
Sheriff Civil Fees Fund	25,605	28,459	35,857	18,207
Sheriff Interest Fund	611	6,586	5,785	1,412
Prosecuting Attorney Training Fund	6,108	1,506	2,128	5,486
Prosecuting Attorney Bad Check Fund	17,148	15,461	16,772	15,837
Prosecuting Attorney City Gaming Fund	-	22,917	22,917	-
Recorder of Deeds User Fee Account Fund	51,126	9,342	45,379	15,089
Circuit Clerk Interest Fund	12,455	59	1,795	10,719
Treasurer Adult Abuse Fund	2,079	1,516	-	3,595
Expendable Cemetery Trust Fund	1,833	322	-	2,155
Law Library Fund	2,911	12,072	7,169	7,814
Overton-Wooldridge Levee District #1 Fund	193,029	34,157	3,469	223,717
Lake of the Woods Neighborhood Dist #1 Fund	2,473	4,745	-	7,218
School Building Revolving Fund	90	3,901	3,978	13
Collector's Tax Maintenance Fund	-	1,697	-	1,697
Recorder's Technical Fund	-	7,450	1,134	6,316
Local Law Enforcement Block Grant Fund	-	9,787	9,787	-
Administrative Bond Fee ATM Fund	-	14,088	10,702	3,386
Associate & Probate Division Interest Fund	30,107	2,196	4,439	27,864
Total	\$ 3,968,784	5,189,915	5,521,359	3,637,340

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

COOPER COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue Fund	\$ 1,487,054	1,785,349	1,652,123	1,620,280
Special Road and Bridge Fund	440,615	1,082,812	1,148,035	375,392
Assessment Fund	(894)	168,897	156,379	11,624
Road and Bridge Trust Fund	190,081	684,596	430,828	443,849
Enhanced 911 Fund	345,600	438,342	377,379	406,563
Law Enforcement Center Fund	768,715	782,471	795,662	755,524
Election Services Fund	4,148	2,757	-	6,905
Law Enforcement Training Fund	10,778	10,065	17,771	3,072
Sheriff Civil Fees Fund	11,632	34,039	20,066	25,605
Sheriff Interest Fund	3,915	4,743	8,047	611
Prosecuting Attorney Training Fund	6,191	1,886	1,969	6,108
Prosecuting Attorney Bad Check Fund	20,776	21,170	24,798	17,148
Recorder of Deeds User Fee Account Fund	44,594	11,403	4,871	51,126
Circuit Clerk Interest Fund	12,230	902	677	12,455
Treasurer Adult Abuse Fund	349	1,730	-	2,079
Expendable Cemetery Trust Fund	2,207	426	800	1,833
Law Library Fund	4,673	6,469	8,231	2,911
Overton-Wooldridge Levee District #1 Fund	188,226	12,924	8,121	193,029
Lake of the Woods Neighborhood District #1 Fund	20,804	4,669	23,000	2,473
School Building Revolving Fund	-	2,744	2,654	90
Associate & Probate Division Interest Fund	27,900	2,312	105	30,107
Total	\$ 3,589,594	5,060,706	4,681,516	3,968,784

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
GENERAL REVENUE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 168,000	186,629	18,629	299,770	308,850	9,080
Sales taxes	690,000	666,858	(23,142)	590,000	641,562	51,562
Intergovernmental	273,888	361,141	87,253	124,400	244,825	120,425
Charges for services	216,300	274,065	57,765	271,900	199,923	(71,977)
Interest	90,000	63,328	(26,672)	85,000	88,795	3,795
Other	247,374	272,240	24,866	293,428	230,895	(62,533)
Transfers in	-	70,018	70,018	-	70,499	70,499
Total Receipts	\$ 1,685,562	1,894,279	208,717	1,664,498	1,785,349	120,851
DISBURSEMENTS						
County Commission	\$ 98,787	93,698	5,089	96,259	91,404	4,855
County Clerk	98,722	93,322	5,400	94,711	88,770	5,941
Elections	89,515	59,442	30,073	83,775	32,691	51,084
Buildings and grounds	291,212	56,308	234,904	228,113	116,507	111,606
Employee fringe benefits	230,700	248,529	(17,829)	215,200	192,568	22,632
County Treasurer	33,230	31,987	1,243	32,488	32,230	258
County Collector	88,932	83,721	5,211	86,506	83,383	3,123
Ex Officio Recorder of Deeds	41,640	38,150	3,490	44,375	39,145	5,230
Circuit Clerk	11,900	8,668	3,232	15,450	11,658	3,792
Associate Circuit Court	20,078	18,264	1,814	28,535	22,257	6,278
Court Administration	57,061	38,923	18,138	56,221	41,786	14,435
Public Administrator	49,090	47,306	1,784	50,760	49,134	1,626
Sheriff	263,828	273,780	(9,952)	223,411	217,506	5,905
Jail	37,000	30,101	6,899	34,700	27,091	7,609
Prosecuting Attorney	145,556	144,415	1,141	113,170	113,753	(583)
Juvenile Officer	54,576	27,794	26,782	50,067	25,903	24,164
Coroner	18,798	19,168	(370)	16,299	13,931	2,368
General County Government	65,000	45,829	19,171	47,000	37,286	9,714
Contract Services	47,150	60,540	(13,390)	44,865	44,865	-
Child Support Division	95,183	91,075	4,108	98,969	89,416	9,553
Division Of Youth Services Grant	153,968	164,807	(10,839)	95,841	90,556	5,285
Health and Welfare	193,541	205,228	(11,687)	164,288	162,561	1,727
Transfers out	242,950	64,122	178,828	238,818	27,722	211,096
Emergency Fund	119,000	-	119,000	61,000	-	61,000
Total Disbursements	\$ 2,547,417	1,945,177	602,240	2,220,821	1,652,123	568,698
RECEIPTS OVER (UNDER) DISBURSEMENTS	(861,855)	(50,898)	810,957	(556,323)	133,226	689,549
CASH, JANUARY 1	1,620,280	1,620,280	-	1,487,054	1,487,054	-
CASH, DECEMBER 31	\$ 758,425	1,569,382	810,957	930,731	1,620,280	689,549

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit C

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 440,476	477,632	37,156	430,475	435,768	5,293
Intergovernmental	559,800	562,293	2,493	547,000	556,813	9,813
Interest	25,000	13,936	(11,064)	27,000	24,936	(2,064)
Other	13,800	43,187	29,387	14,200	6,952	(7,248)
Transfers in	60,000	44,172	(15,828)	50,000	58,343	8,343
Total Receipts	\$ 1,099,076	1,141,220	42,144	1,068,675	1,082,812	14,137
DISBURSEMENTS						
Salaries	\$ 372,600	374,210	(1,610)	360,000	340,711	19,289
Employee fringe benefits	139,250	129,775	9,475	115,750	111,737	4,013
Supplies	129,000	100,420	28,580	129,000	98,172	30,828
Insurance	28,000	27,826	174	26,000	20,245	5,755
Road and Bridge Materials	263,000	249,728	13,272	243,000	153,249	89,751
Equipment repairs	55,000	35,340	19,660	55,000	37,496	17,504
Rentals	17,000	30,751	(13,751)	17,000	20,180	(3,180)
Equipment purchases	200,000	168,012	31,988	343,000	300,140	42,860
Construction, repair, and maintenance projects	2,500	1,563	937	1,500	2,021	(521)
Other	133,682	66,783	66,899	66,187	64,084	2,103
Total Disbursements	\$ 1,340,032	1,184,408	155,624	1,356,437	1,148,035	208,402
RECEIPTS OVER (UNDER) DISBURSEMENTS	(240,956)	(43,188)	197,768	(287,762)	(65,223)	222,539
CASH, JANUARY 1	375,392	375,392	-	440,615	440,615	-
CASH, DECEMBER 31	\$ 134,436	332,204	197,768	152,853	375,392	222,539

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit D

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ASSESSMENT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 152,310	153,043	733	147,000	146,885	(115)
Interest	1,800	1,863	63	1,800	1,247	(553)
Charges for services	1,500	773	(727)	1,500	1,947	447
Other Revenues	22,295	93	(22,202)	18,818	18,818	-
Transfers In	-	10,000	10,000	-	-	-
Total Receipts	\$ 177,905	165,772	(12,133)	169,118	168,897	(221)
DISBURSEMENTS						
Assessor	\$ 177,905	171,707	6,198	168,225	156,379	11,846
Total Disbursements	\$ 177,905	171,707	6,198	168,225	156,379	11,846
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(5,935)	(5,935)	893	12,518	11,625
CASH, JANUARY 1	11,624	11,624	-	(894)	(894)	-
CASH, DECEMBER 31	\$ 11,624	5,689	(5,935)	(1)	11,624	11,625

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit E

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ROAD & BRIDGE TRUST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 20,000	9,908	(10,092)	10,000	16,220	6,220
Other Revenues	1,290,000	674,468	(615,532)	1,252,000	668,376	(583,624)
Total Receipts	\$ 1,310,000	684,376	(625,624)	1,262,000	684,596	(577,404)
DISBURSEMENTS						
Bridge Capital Improvements	\$ 1,532,000	712,665	819,335	1,321,500	379,685	941,815
Transfers Out	-	25,398	(25,398)	-	51,143	(51,143)
Total Disbursements	\$ 1,532,000	738,063	793,937	1,321,500	430,828	890,672
RECEIPTS OVER (UNDER) DISBURSEMENTS	(222,000)	(53,687)	168,313	(59,500)	253,768	313,268
CASH, JANUARY 1	443,849	443,849	-	190,081	190,081	-
CASH, DECEMBER 31	\$ 221,849	390,162	168,313	130,581	443,849	313,268

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit F

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ENHANCED 911 FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales Tax	\$ 350,000	333,426	(16,574)	290,000	320,171	30,171
Interest Income	16,000	10,511	(5,489)	12,000	16,268	4,268
Other Revenues	97,000	3,485	(93,515)	-	972	972
Transfers In	-	-	-	93,220	100,931	7,711
Total Receipts	\$ 463,000	347,422	(115,578)	395,220	438,342	43,122
DISBURSEMENTS						
Salary and fringe benefits	\$ 309,000	271,660	37,340	294,412	255,666	38,746
Radio equipment	26,000	25,246	754	15,000	19,840	(4,840)
Telephone services charges	50,000	52,663	(2,663)	50,000	48,269	1,731
Other	30,800	25,467	5,333	29,050	24,404	4,646
911 Radio system upgrade	65,000	64,262	738	-	-	-
Transfers Out	-	30,200	(30,200)	-	29,200	(29,200)
Total Disbursements	\$ 480,800	469,498	11,302	388,462	377,379	11,083
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,800)	(122,076)	(104,276)	6,758	60,963	54,205
CASH, JANUARY 1	406,563	406,563	-	345,600	345,600	-
CASH, DECEMBER 31	\$ 388,763	284,487	(104,276)	352,358	406,563	54,205

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit G

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT CENTER FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales Tax	\$ 690,000	666,491	(23,509)	590,000	640,794	50,794
Intergovernmental	97,000	56,062	(40,938)	85,000	96,540	11,540
Interest	20,000	8,019	(11,981)	35,000	20,679	(14,321)
Other	7,000	33,540	26,540	7,000	21,015	14,015
Transfers In	140,000	-	(140,000)	140,000	3,443	(136,557)
Total Receipts	\$ 954,000	764,112	(189,888)	857,000	782,471	(74,529)
DISBURSEMENTS						
Salary and fringe benefits	\$ 473,767	360,670	113,097	451,075	337,689	113,386
Prison expense	111,600	95,038	16,562	111,200	87,667	23,533
Debt service	290,000	280,522	9,478	290,000	213,606	76,394
Groceries	75,000	79,491	(4,491)	75,000	57,888	17,112
Other	15,500	6,995	8,505	13,900	5,592	8,308
Transfer Out	-	-	-	-	93,220	(93,220)
Total Disbursements	\$ 965,867	822,716	143,151	941,175	795,662	145,513
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,867)	(58,604)	(46,737)	(84,175)	(13,191)	70,984
CASH, JANUARY 1	755,524	755,524	-	768,715	768,715	-
CASH, DECEMBER 31	\$ 743,657	696,920	(46,737)	684,540	755,524	70,984

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit H

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ELECTION SERVICES FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 200	137	(63)	50	214	164
Charges for Service	4,000	835	(3,165)	1,000	1,571	571
Transfers In	-	2,976	2,976	-	972	972
Total Receipts	\$ 4,200	3,948	(252)	1,050	2,757	1,707
DISBURSEMENTS						
Election Staff	\$ 11,000	1,500	9,500	1,000	-	1,000
Equipment	-	3,256	(3,256)	3,000	-	3,000
Total Disbursements	\$ 11,000	4,756	6,244	4,000	-	4,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,800)	(808)	5,992	(2,950)	2,757	5,707
CASH, JANUARY 1	6,905	6,905	-	4,148	4,148	-
CASH, DECEMBER 31	\$ 105	6,097	5,992	1,198	6,905	5,707

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit I

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 300	47	(253)	350	315	(35)
Charges for Service	9,750	9,478	(272)	11,500	9,750	(1,750)
Transfers In	-	3,000	3,000	-	-	-
Total Receipts	\$ 10,050	12,525	2,475	11,850	10,065	(1,785)
DISBURSEMENTS						
Sheriff	\$ 13,050	10,723	2,327	15,500	17,771	(2,271)
Transfers Out	-	3,000	(3,000)	-	-	-
Total Disbursements	\$ 13,050	13,723	(673)	15,500	17,771	(2,271)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,000)	(1,198)	1,802	(3,650)	(7,706)	(4,056)
CASH, JANUARY 1	3,072	3,072	-	10,778	10,778	-
CASH, DECEMBER 31	\$ 72	1,874	1,802	7,128	3,072	(4,056)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit J

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SHERIFF CIVIL FEES FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Service	\$ 32,000	28,111	(3,889)	38,000	32,652	(5,348)
Interest	450	348	(102)	1,000	712	(288)
Transfers In	-	-	-	-	675	675
Total Receipts	\$ 32,450	28,459	(3,991)	39,000	34,039	(4,961)
DISBURSEMENTS						
Equipment	\$ 58,000	35,857	22,143	50,600	20,066	30,534
Total Disbursements	\$ 58,000	35,857	22,143	50,600	20,066	30,534
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,550)	(7,398)	18,152	(11,600)	13,973	25,573
CASH, JANUARY 1	25,605	25,605	-	11,632	11,632	-
CASH, DECEMBER 31	\$ 55	18,207	18,152	32	25,605	25,573

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit K

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SHERIFF INTEREST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 334	392	58	4,700	4,743	43
Other Revenue	-	6,194	6,194	-	-	-
Total Receipts	\$ 334	6,586	6,252	4,700	4,743	43
DISBURSEMENTS						
Sheriff	\$ 650	5,785	(5,135)	6,900	8,047	(1,147)
Total Disbursements	\$ 650	5,785	(5,135)	6,900	8,047	(1,147)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(316)	801	1,117	(2,200)	(3,304)	(1,104)
CASH, JANUARY 1	611	611	-	3,915	3,915	-
CASH, DECEMBER 31	\$ 295	1,412	1,117	1,715	611	(1,104)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit L

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 300	113	(187)	350	253	(97)
Other Revenue	2,300	1,393	(907)	2,500	1,633	(867)
Total Receipts	\$ 2,600	1,506	(1,094)	2,850	1,886	(964)
DISBURSEMENTS						
Prosecuting Attorney	\$ 2,500	2,128	372	2,500	1,969	531
Total Disbursements	\$ 2,500	2,128	372	2,500	1,969	531
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	(622)	(722)	350	(83)	(433)
CASH, JANUARY 1	6,108	6,108	-	6,191	6,191	-
CASH, DECEMBER 31	\$ 6,208	5,486	(722)	6,541	6,108	(433)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit M

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY BAD CHECK FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 16,000	15,171	(829)	12,000	12,222	222
Other Revenues	-	-	-	-	7,912	7,912
Interest	800	290	(510)	1,200	816	(384)
Transfers In	-	-	-	-	220	220
Total Receipts	\$ 16,800	15,461	(1,339)	13,200	21,170	7,970
DISBURSEMENTS						
Public Safety	\$ 22,799	16,772	6,027	18,971	24,798	(5,827)
Total Disbursements	\$ 22,799	16,772	6,027	18,971	24,798	(5,827)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,999)	(1,311)	4,688	(5,771)	(3,628)	2,143
CASH, JANUARY 1	17,148	17,148	-	20,776	20,776	-
CASH, DECEMBER 31	\$ 11,149	15,837	4,688	15,005	17,148	2,143

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit N

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY CITY GAMING FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Other Revenues	25,000	22,917	(2,083)
Total Receipts	\$ 25,000	22,917	(2,083)
DISBURSEMENTS			
Transfers Out	\$ 25,000	22,917	2,083
Total Disbursements	\$ 25,000	22,917	2,083
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-
CASH, JANUARY 1			-
CASH, DECEMBER 31	\$ -	-	-

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit O

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
RECORDER OF DEEDS USER FEE ACCOUNT FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Service	\$ 9,500	8,734	(766)	6,500	9,571	3,071
Interest	1,800	608	(1,192)	1,500	1,832	332
Total Receipts	\$ 11,300	9,342	(1,958)	8,000	11,403	3,403
DISBURSEMENTS						
Recorder of Deeds	\$ 27,000	45,379	(18,379)	25,000	4,871	20,129
Total Disbursements	\$ 27,000	45,379	(18,379)	25,000	4,871	20,129
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,700)	(36,037)	(20,337)	(17,000)	6,532	23,532
CASH, JANUARY 1	51,126	51,126	-	44,594	44,594	-
CASH, DECEMBER 31	\$ 35,426	15,089	(20,337)	27,594	51,126	23,532

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit P

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ -	59	59	-	902	902
Total Receipts	\$ -	59	59	-	902	902
DISBURSEMENTS						
Equipment	\$ 12,400	1,795	10,605	12,100	677	11,423
Total Disbursements	\$ 12,400	1,795	10,605	12,100	677	11,423
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,400)	(1,736)	10,664	(12,100)	225	12,325
CASH, JANUARY 1	12,455	12,455	-	12,230	12,230	-
CASH, DECEMBER 31	\$ 55	10,719	10,664	130	12,455	12,325

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit Q

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
TREASURER ADULT ABUSE FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Service	\$ 1,300	1,462	162	819	1,691	872
Interest	35	54	19	25	39	14
Total Receipts	\$ 1,335	1,516	181	844	1,730	886
DISBURSEMENTS						
Domestic Violence Shelter	\$ 3,414	-	3,414	1,194	-	1,194
Total Disbursements	\$ 3,414	-	3,414	1,194	-	1,194
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,079)	1,516	3,595	(350)	1,730	2,080
CASH, JANUARY 1	2,079	2,079	-	349	349	-
CASH, DECEMBER 31	\$ -	3,595	3,595	(1)	2,079	2,080

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit R

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
EXPENDABLE CEMETERY TRUST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 320	322	2	323	426	103
Other	-	-	-	100	-	(100)
Total Receipts	\$ 320	322	2	423	426	3
DISBURSEMENTS						
Maintenance	\$ 1,000	-	1,000	800	800	-
Total Disbursements	\$ 1,000	-	1,000	800	800	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(680)	322	1,002	(377)	(374)	3
CASH, JANUARY 1	1,833	1,833	-	2,207	2,207	-
CASH, DECEMBER 31	\$ 1,153	2,155	1,002	1,830	1,833	3

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit S

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW LIBRARY FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest Income	\$ 85	102	17	-	169	169
Charges for Service	5,990	11,970	5,980	8,150	6,300	(1,850)
Total Receipts	\$ 6,075	12,072	5,997	8,150	6,469	(1,681)
DISBURSEMENTS						
Supplies	\$ 8,900	7,169	1,731	9,600	5,754	3,846
Computer Repairs	-	-	-	-	487	(487)
Transfers Out	-	-	-	-	1,990	(1,990)
Total Disbursements	\$ 8,900	7,169	1,731	9,600	8,231	1,369
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,825)	4,903	7,728	(1,450)	(1,762)	(312)
CASH, JANUARY 1	2,911	2,911	-	4,673	4,673	-
CASH, DECEMBER 31	\$ 86	7,814	7,728	3,223	2,911	(312)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit T

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
OVERTON WOOLDRIDGE LEVEE DISTRICT # 1 FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 1,500	22,254	20,754	12,000	1,847	(10,153)
Property Taxes	11,000	11,903	903	10,997	11,077	80
Total Receipts	\$ 12,500	34,157	21,657	22,997	12,924	(10,073)
DISBURSEMENTS						
Levee Maintenance and Repairs	\$ 153,000	1,250	151,750	56,000	3,000	53,000
Other	4,750	2,219	2,531	4,517	5,121	(604)
Total Disbursements	\$ 157,750	3,469	154,281	60,517	8,121	52,396
RECEIPTS OVER (UNDER) DISBURSEMENTS	(145,250)	30,688	175,938	(37,520)	4,803	(42,323)
CASH, JANUARY 1	193,029	193,029	-	188,226	188,226	-
CASH, DECEMBER 31	\$ 47,779	223,717	175,938	150,706	193,029	42,323

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit U

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAKE OF THE WOODS NEIGHBORHOOD DISTRICT # 1 FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 100	125	25	-	187	187
Other	4,100	4,620	520	2,500	4,482	1,982
Total Receipts	\$ 4,200	4,745	545	2,500	4,669	2,169
DISBURSEMENTS						
Transfer out	\$ 6,600	-	6,600	22,500	23,000	(500)
Total Disbursements	\$ 6,600	-	6,600	22,500	23,000	(500)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,400)	4,745	7,145	(20,000)	(18,331)	1,669
CASH, JANUARY 1	2,473	2,473	-	20,804	20,804	-
CASH, DECEMBER 31	\$ 73	7,218	7,145	804	2,473	1,669

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit V

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SCHOOL BUILDING REVOLVING FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 200	39	(161)	-	44	44
Other	2,000	3,862	1,862	-	200	200
Transfers In	-	-	-	-	2,500	2,500
Total Receipts	\$ 2,200	3,901	1,701	-	2,744	2,744
DISBURSEMENTS						
Other	\$ -	353	(353)	-	2,222	(2,222)
Transfers Out	2,200	3,625	(1,425)	-	432	(432)
Total Disbursements	\$ -	3,978	(3,978)	-	2,654	(2,654)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,200	(77)	2,277	-	90	(90)
CASH, JANUARY 1	90	90	-	-	-	-
CASH, DECEMBER 31	\$ 2,290	13	2,277	-	90	(90)

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit W

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
COLLECTOR TAX MAINTENANCE FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Other	\$ -	1,697	1,697
Total Receipts	\$ -	1,697	1,697
DISBURSEMENTS			
Tax Maintenance	\$ -	-	-
Total Disbursements	\$ -	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	1,697	(1,697)
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	1,697	1,697

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit X

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
RECORDER'S TECHNICAL FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ -	71	71
Other	-	7,379	7,379
Total Receipts	\$ -	7,450	7,450
DISBURSEMENTS			
Recorder Technical Fund	\$ -	1,134	(1,134)
Total Disbursements	\$ -	1,134	(1,134)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	6,316	6,316
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	6,316	6,316

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit Y

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LOCAL LAW ENFORCEMENT BLOCK GRANT

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ -	62	62
Other	-	8,753	8,753
Transfer In	-	972	972
Total Receipts	\$ -	9,787	9,787
DISBURSEMENTS			
Equipment	\$ -	9,725	(9,725)
Transfer out	-	62	(62)
Total Disbursements	\$ -	9,787	(9,787)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	-	-

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit Z

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ADMINISTRATIVE BOND FEE ATM FUND

	Year Ended December 31,		
	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ -	17	17
Other	-	7,071	7,071
Transfer In		7,000	7,000
Total Receipts	\$ -	14,088	14,088
DISBURSEMENTS			
Administrative Bond ATM	\$ -	10,702	(10,702)
Total Disbursements	\$ -	10,702	(10,702)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	3,386	3,386
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	3,386	3,386

The accompanying Notes to the Financial Statements are an integral part of this statement

Exhibit AA

COOPER COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ASSOCIATE & PROBATE DIVISION INTEREST FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ -	2,196	2,196	-	2,312	2,312
Total Receipts	\$ -	2,196	2,196	-	2,312	2,312
DISBURSEMENTS						
Other	\$ -	4,439	(4,439)	-	105	(105)
Total Disbursements	\$ -	4,439	(4,439)	-	105	(105)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(2,243)	(2,243)	-	2,207	2,207
CASH, JANUARY 1	30,107	30,107	-	27,900	27,900	-
CASH, DECEMBER 31	\$ 30,107	27,864	(2,243)	27,900	30,107	2,207

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

COOPER COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Cooper County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
School Building Revolving Fund	2001
Collector's Tax Maintenance Fund	2002
Recorder's Technical Fund	2002
Local Law Enforcement Block Grant Fund	2002
Administrative Bond Fee ATM Fund	2002
Associate & Probate Division Interest Fund	2002 and 2001

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2002 and 2001
Sheriff Interest Fund	2002 and 2001
Recorder of Deeds User Fee Fund	2002
School Building Revolving Fund	2002
Prosecuting Attorney Bad Check	2001
Lake of the Woods Neighborh'd Dist #1 Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Section 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate and Probate Division Interest Fund	2002 and 2001
Circuit Clerk Interest Fund	2002 and 2001
Election Services Fund	2002 and 2001
Treasurer's Adult Abuse Fund	2002 and 2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002, and 2001 were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

Schedule

COOPER COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2002 AND 2001

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

COOPER COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

SECTION ON OTHER MATTERS

COOPER COUNTY, MISSOURI
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Cooper County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 31, 2003.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings. These matters resulted from our audit of the special-purpose financial statements of Cooper County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Budgeting, Financial Statements, Expenditures

We found one instance where the County charged computer purchases to an upkeep of building and grounds account instead of the budgeted computer expense account because the former account had sufficient budget balance remaining to accommodate the purchase while the latter did not. A better choice may have been to revise the budget for computer purchases in order to better reflect the budget needs for the subsequent year. Also during our internal control testing, two warrants in our sample were coded incorrectly. Proper classification and coding of disbursements to the proper budgeted categories contributes to better future budgeting. Finally, the transfers between funds are not always correctly identified in the budget document. Proper classification of transfers avoids the overstatement of income and expense line items in the budget document.

2. Internal Controls

During disbursement control testing, two warrants were found for reimbursed expenses to the employees with no receipts to confirm the amount. Documentation should be obtained and kept for all disbursements.

3. Budget Document - SEFA

SEFA amounts were over reported in the budget document but were corrected during the audit process. The preparation of an accurate SEFA is a requirement of Federal grant programs and should be prepared accurately in the annual budget document. The proper audit can be planned only with an accurate SEFA.

4. Budget Document

Circuit Clerk Interest, Associate Interest and Probate Interest funds were not reported in the budget document. All County funds are required to be reported in the budget document and the office holder responsible for submitting the information to the County Clerk for inclusion in the budget document should cooperate with the process.

5. Published Financials

State law requires the publication of the County's financial statements and bonded indebtedness balances. The County's newspaper publications reported only budget information and details by vendor on disbursements. Neither summarized actual financial information by fund nor information on the County's outstanding bonded indebtedness was included. The County should comply with the provisions of State law on the publication of financial information as recommended in a prior audit.

6. Competitive Bidding

During the testing of our sample, we found one instance of contracts being let without having undergone a competitive bid process. Competitive bids on all

Competitive Bidding (continued)

contracts for goods or services in excess of the State's threshold for bidding should be obtained in the best interest the citizens of the County

7. Investment Policy

The County has not implemented the past audit recommendation to establish a written investment policy. The requirements of State law should be observed on this matter and the County should adopt a formal written policy on investments.

8. Fixed Assets

The County has not implemented the recommendation from the prior audit to establish a written policy related to the handling and accounting for general fixed assets. Good written policies, which are reviewed for compliance each year, will aid in the safekeeping of County assets.

This Letter on Other Matters is intended for the information of the management of Cooper County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.

Original Signed by Auditor

Casey and Company, LLC

Independent Auditor

May 31, 2003



**DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
TWO YEARS ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-55
June 26, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2003

The following areas of concern were discovered as a result of an audit conducted by our office of the Department of Revenue, Division of Taxation and Collection, Sales and Use Tax.

The Department of Revenue (DOR) does not track information regarding all 115 sales and use tax exemptions currently provided by state law and, as a result, cannot determine the effects on state revenue related to each of the exemptions. DOR records indicate adjustments to gross sales receipts totaling approximately \$110 billion and \$108 billion in fiscal years 2002 and 2001, respectively. The taxpayer is not required to provide detailed information of what is included in the adjustments total reported on the sales and use tax returns. In addition, according to DOR personnel, some taxpayers report only taxable sales and do not include gross sales receipt or adjustment amounts on the sales and use tax return.

Because exemption information is not reported and tracked for most exemptions, the cost in terms of reduced state sales and use tax revenue for each exemption cannot be determined, which reduces the general assembly's ability to make informed decisions regarding the propriety of current and possible future exemptions.

Our audit also noted that the DOR lacks procedures to monitor the issuance or use of project exemption certificates issued by tax-exempt entities. Project exemption certificates authorize contractors to purchase materials to be consumed in projects without paying sales tax.

Tax-exempt entities are not required to file a copy of or report information related to tax exemption certificates issued with the DOR. In addition, suppliers are under no obligation to report to the DOR project exemption certificates received from contractors. As a result, the number of project exemption certificates issued, the contractors to which the certificates were issued, the estimated or actual costs of the projects, and the names of suppliers from which tax-exempt materials are purchased are not available. In addition, contractors are not required to maintain records detailing which materials were actually consumed in the project.

Other items in the audit report include:

- The DOR has not determined the appropriate disposition of sales and use tax overpayments submitted by businesses that have closed their sales and use tax registration. As of June 30, 2002, DOR records indicate that approximately \$9.5 million of overpayments related to filing periods older than three years for businesses that have closed their sales and use tax registration accounts.
- State law does not require vendors to return sales and use tax refunds and related interest to the

YELLOW SHEET

original purchaser when applicable, resulting in a windfall for the vendor. During fiscal years 2001 and 2002, the DOR disbursed sales and use tax refunds, including interest, of approximately \$51 million and \$55 million, respectively. In addition to refunds, an undetermined amount of credits were applied to under payments of taxes. For some refunds the vendor is the original purchaser and some refunds are the result of taxpayer errors, quarter-monthly filer estimates, or other circumstances in which sales and use taxes were not collected from a purchaser, and as a result, should be retained by the vendor.

- The state's General Revenue Fund does not receive reimbursement from other funds for their proportionate share of interest paid on refunds of sales and use taxes. Estimates indicate that interest payments totaling approximately \$10.6 million are due to the state's General Revenue Fund from other state and local funds for the two years ended June 30, 2002.

All of these matters have been included in previous audits.

All reports are available on our website: www.auditor.state.mo.us

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor
and
Carol Russell Fischer, Director
Department of Revenue
and
Stan Farmer, Director
Division of Taxation and Collection
Jefferson City, MO 65102

We have audited the accompanying Combined Statements of Receipts and Distributions - State Funds; Combined Statements of Receipts, Distributions, and Changes in Cash and Investments - Local Funds; and Combined Statements of Additions, Deductions, and Changes in Cash and Investments - Custodial Accounts of the various funds of the sales and use tax collections of the Department of Revenue, Division of Taxation and Collection as of and for the years ended June 30, 2002 and 2001. These financial statements are the responsibility of the agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts of and distributions to the various state funds; the receipts,

distributions, and changes in cash and investments of the various local funds; and the additions, deductions, and changes in cash and investments of the various custodial accounts as of and for the years ended June 30, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 10, 2003, on our consideration of the agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the agency's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

January 10, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Robyn Lamb
Audit Staff:	Jeffrey Wilson
	Susan L. Fifer
	Gary A. Raines
	Linette Kesel



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
and
Carol Russell Fischer, Director
Department of Revenue
and
Stan Farmer, Director
Division of Taxation and Collection
Jefferson City, MO 65102

We have audited the financial statements of the sales and use tax collections of the Department of Revenue, Division of Taxation as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated January 10, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the sales and use tax collections of the Department of Revenue, Division of Taxation and Collection are free of material misstatement, we performed tests of the agency's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the sales and use tax collections of the Department of Revenue, Division of Taxation and Collection, we considered the

agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of the Department of Revenue, Division of Taxation and Collection and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

January 10, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED STATEMENT OF RECEIPTS AND DISTRIBUTIONS - STATE FUNDS
YEAR ENDED JUNE 30, 2002

	General Revenue Fund - State	Aviation Trust Fund	Conservation Commission Fund	Department of Revenue Information Fund	Highway Department Fund	Parks Sales Tax Fund	School District Trust Fund	Soil and Water Sales Tax Fund	State Road Fund	State Transportation Fund	Total (Memorandum Only)
RECEIPTS											
Highway use tax	\$ 0	0	1,679,813	0	41,231,814	671,926	0	671,927	10,245,787	0	54,501,267
Marine and ATV sales and use tax	8,080,185	0	333,718	0	0	133,487	2,669,052	133,488	0	0	11,349,930
Motor vehicle sales tax	123,432,851	0	10,058,651	42,262	0	4,023,466	40,181,143	4,023,468	119,082,317	1,609,220	302,453,378
Sales and use tax	<u>1,683,272,977</u>	<u>4,304,180</u>	<u>78,472,997</u>	<u>1,665</u>	<u>0</u>	<u>31,391,387</u>	<u>624,290,851</u>	<u>31,391,387</u>	<u>10,513,012</u>	<u>142,068</u>	<u>2,463,780,524</u>
Total Receipts	<u>1,814,786,013</u>	<u>4,304,180</u>	<u>90,545,179</u>	<u>43,927</u>	<u>41,231,814</u>	<u>36,220,266</u>	<u>667,141,046</u>	<u>36,220,270</u>	<u>139,841,116</u>	<u>1,751,288</u>	<u>2,832,085,099</u>
DISTRIBUTIONS											
Transmitted to State Treasurer	<u>1,814,786,013</u>	<u>4,304,180</u>	<u>90,545,179</u>	<u>43,927</u>	<u>41,231,814</u>	<u>36,220,266</u>	<u>667,141,046</u>	<u>36,220,270</u>	<u>139,841,116</u>	<u>1,751,288</u>	<u>2,832,085,099</u>
Total Distributions	<u>1,814,786,013</u>	<u>4,304,180</u>	<u>90,545,179</u>	<u>43,927</u>	<u>41,231,814</u>	<u>36,220,266</u>	<u>667,141,046</u>	<u>36,220,270</u>	<u>139,841,116</u>	<u>1,751,288</u>	<u>2,832,085,099</u>
RECEIPTS OVER (UNDER) DISTRIBUTIONS	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DEPARTMENT OF REVEUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED STATEMENT OF RECEIPTS AND DISTRIBUTIONS - STATE FUNDS
YEAR ENDED JUNE 30, 2001

	General Revenue Fund - State	Aviation Trust Fund	Conservation Commission Fund	Department of Revenue Information Fund	Highway Department Fund	Parks Sales Tax Fund	School District Trust Fund	Soil and Water Sales Tax Fund	State Road Fund	State Transportation Fund	Total (Memorandum Only)
RECEIPTS											
Highway use tax	\$ 0	0	1,523,113	0	37,593,910	609,251	0	609,253	9,299,870	0	49,635,397
Marine and ATV sales and use tax	7,460,568	0	307,246	0	0	122,901	2,458,119	122,902	0	0	10,471,736
Motor vehicle sales tax	110,345,100	0	8,981,109	44,686	0	3,590,278	35,912,161	3,590,279	106,302,164	1,436,515	270,202,292
Sales and use tax	1,682,780,457	4,546,062	77,290,075	3,546	0	30,915,058	614,816,995	30,915,058	10,341,331	139,748	2,451,748,330
Total Receipts	1,800,586,125	4,546,062	88,101,543	48,232	37,593,910	35,237,488	653,187,275	35,237,492	125,943,365	1,576,263	2,782,057,755
DISTRIBUTIONS											
Transmitted to State Treasurer	1,800,586,125	4,546,062	88,101,543	48,232	37,593,910	35,237,488	653,187,275	35,237,492	125,943,365	1,576,263	2,782,057,755
Total Distributions	1,800,586,125	4,546,062	88,101,543	48,232	37,593,910	35,237,488	653,187,275	35,237,492	125,943,365	1,576,263	2,782,057,755
RECEIPTS OVER (UNDER) DISTRIBUTIONS	0	0	0	0	0	0	0	0	0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED STATEMENT OF RECEIPTS, DISTRIBUTIONS, AND CHANGES IN CASH AND INVESTMENTS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2002

	Local Fuel Tax Trust Fund	Local Sales Tax Trust Fund	Local Use Tax Trust Fund	Local Option Use Tax Trust Fund	Total (Memorandum Only)
RECEIPTS					
Motor vehicle sales tax, use tax, and fees	\$ 70,291,388	0	0	0	70,291,388
Sales tax	0	1,430,875,807	0	0	1,430,875,807
Use tax	0	0	(8,567)	63,585,123	63,576,556
Interest income	205,554	1,986,073	7,965	62,314	2,261,906
Transfers in	182,268,483	199,178,770	0	14,699	381,461,952
Total Receipts	<u>252,765,425</u>	<u>1,632,040,650</u>	<u>(602)</u>	<u>63,662,136</u>	<u>1,948,467,609</u>
DISTRIBUTIONS					
Political subdivisions	252,988,185	1,606,945,439	0	61,385,716	1,921,319,340
General Revenue Fund - State	0	16,096,079	0	620,058	16,716,137
Total Distributions	<u>252,988,185</u>	<u>1,623,041,518</u>	<u>0</u>	<u>62,005,774</u>	<u>1,938,035,477</u>
RECEIPTS OVER (UNDER) DISTRIBUTIONS	(222,760)	8,999,132	(602)	1,656,362	10,432,132
CASH AND INVESTMENTS, JULY 1	6,405,335	134,877,371	176,547	2,507,343	143,966,596
CASH AND INVESTMENTS, JUNE 30	<u>\$ 6,182,575</u>	<u>143,876,503</u>	<u>175,945</u>	<u>4,163,705</u>	<u>154,398,728</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-2

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX

COMBINED STATEMENT OF RECEIPTS, DISTRIBUTIONS, AND CHANGES IN CASH AND INVESTMENTS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2001

	Local Fuel Tax Trust Fund	Local Sales Tax Trust Fund	Local Use Tax Trust Fund	Local Option Use Tax Trust Fund	Total (Memorandum Only)
RECEIPTS					
Motor vehicle sales tax, use tax, and fees	\$ 67,661,030	0	0	0	67,661,030
Sales tax	0	1,377,768,726	0	0	1,377,768,726
Use tax	0	0	0	38,940,396	38,940,396
Reimbursements/withholdings from political subdivisions	0	0	696,704	0	696,704
Interest Income	501,115	4,654,189	40,040	103,172	5,298,516
Transfers in	181,592,156	179,218,127	0	11,619	360,821,902
Total Receipts	<u>249,754,301</u>	<u>1,561,641,042</u>	<u>736,744</u>	<u>39,055,187</u>	<u>1,851,187,274</u>
DISTRIBUTIONS					
Political subdivisions	250,070,785	1,554,481,320	0	39,030,823	1,843,582,928
General Revenue Fund - State	0	15,554,815	0	394,251	15,949,066
Transfers to General Revenue Fund - State	0	0	1,088,202	0	1,088,202
Total Distributions	<u>250,070,785</u>	<u>1,570,036,135</u>	<u>1,088,202</u>	<u>39,425,074</u>	<u>1,860,620,196</u>
RECEIPTS OVER (UNDER) DISTRIBUTIONS	(316,484)	(8,395,093)	(351,458)	(369,887)	(9,432,922)
CASH AND INVESTMENTS, JULY 1	<u>6,721,819</u>	<u>143,272,464</u>	<u>528,005</u>	<u>2,877,230</u>	<u>153,399,518</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 6,405,335</u>	<u>134,877,371</u>	<u>176,547</u>	<u>2,507,343</u>	<u>143,966,596</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-1

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENTS - CUSTODIAL ACCOUNTS
YEAR ENDED JUNE 30, 2002

	Cabaret Sales Tax Account (2)	Compliance Clearing Account (2)	Credit Card Sales Tax Collections Account (2)	Motor Vehicle Clearing Account (2)	Motor Vehicle Protest Account (2)	Protested Sales Tax General Revenue Account (1)	Protested Sales Tax Miscellaneous Account (2)	Sales Tax Bond Account (1)	Sales Tax Electronic Filing Holding Account (2)	St. Louis Special Escrow Account (2)	Suspense Holding (Sales Tax) Account (2)	Total (Memorandum Only)
ADDITIONS												
Miscellaneous tax collections	\$ 46,035	22,943,024	30,014	829,792,492	0	0	0	0	1,880,454	542	1,170,330,062	2,025,022,623
Protested tax collections	0	0	0	0	531	450,178	453,906	0	0	0	0	904,615
Bond collections	0	0	0	0	0	0	0	4,201,572	0	0	0	4,201,572
Interest	1,972	147,428	12	162,663	58	264,427	250,479	0	204	2,163	160,437	989,843
Total Additions	<u>48,007</u>	<u>23,090,452</u>	<u>30,026</u>	<u>829,955,155</u>	<u>589</u>	<u>714,605</u>	<u>704,385</u>	<u>4,201,572</u>	<u>1,880,658</u>	<u>2,705</u>	<u>1,170,490,499</u>	<u>2,031,118,653</u>
DEDUCTIONS												
Miscellaneous taxes and interest	262,548	20,717,103	32,640	836,155,865	0	0	0	0	1,880,649	0	1,171,656,457	2,030,705,262
Protested taxes and interest	0	0	0	0	7,301	11,844,085	8,010,179	0	0	0	0	19,861,565
Bonds and interest	0	0	0	0	0	0	0	3,570,876	0	0	0	3,570,876
Total Deductions	<u>262,548</u>	<u>20,717,103</u>	<u>32,640</u>	<u>836,155,865</u>	<u>7,301</u>	<u>11,844,085</u>	<u>8,010,179</u>	<u>3,570,876</u>	<u>1,880,649</u>	<u>0</u>	<u>1,171,656,457</u>	<u>2,054,137,703</u>
ADDITIONS OVER (UNDER) DEDUCTIONS	(214,541)	2,373,349	(2,614)	(6,200,710)	(6,712)	(11,129,480)	(7,305,794)	630,696	9	2,705	(1,165,958)	(23,019,050)
CASH AND INVESTMENTS, JULY 1	214,724	4,931,700	2,614	8,493,103	7,256	15,035,151	11,490,103	31,414,296	22	94,820	2,862,122	74,545,911
CASH AND INVESTMENTS, JUNE 30	<u>\$ 183</u>	<u>7,305,049</u>	<u>0</u>	<u>2,292,393</u>	<u>544</u>	<u>3,905,671</u>	<u>4,184,309</u>	<u>32,044,992</u>	<u>31</u>	<u>97,525</u>	<u>1,696,164</u>	<u>51,526,861</u>

FOOTNOTES:

- (1) Held by the state treasurer in trust.
(2) Held by the department in trust.

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C-2

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENTS - CUSTODIAL ACCOUNTS
YEAR ENDED JUNE 30, 2001

	Cabaret Sales Tax Account (2)	Compliance Clearing Account (2)	Credit Card Sales Tax Collections Account (2)	Motor Vehicle Clearing Account (2)	Motor Vehicle Protest Account (2)	Protested Sales Tax General Revenue Account (1)	Protested Sales Tax Miscellaneous Account (2)	Sales Tax Bond Account (1)	Sales Tax Electronic Filing Holding Account (2)	St. Louis Special Escrow Account (2)	Suspense Holding (Sales Tax) Account (2)	Total (Memorandum Only)
ADDITIONS												
Miscellaneous tax collections	\$ 58,250	22,477,370	70,011	789,601,593	0	0	0	0	80,008	21	1,429,217,106	2,241,504,359
Protested tax collections	0	0	0	0	0	1,369,702	1,426,412	0	0	0	0	2,796,114
Bond collections	0	0	0	0	0	0	0	3,753,908	0	0	0	3,753,908
Interest	9,536	302,553	50	894,751	333	745,179	663,177	0	22	5,146	583,754	3,204,501
Total Additions	67,786	22,779,923	70,061	790,496,344	333	2,114,881	2,089,589	3,753,908	80,030	5,167	1,429,800,860	2,251,258,882
DEDUCTIONS												
Miscellaneous taxes and interest	0	22,612,334	67,508	796,445,023	0	0	0	0	80,008	0	1,429,725,278	2,248,930,151
Protested taxes and interest	0	0	0	0	0	1,705,609	1,716,376	0	0	0	0	3,421,985
Bonds and interest	0	0	0	0	0	0	0	2,882,469	0	0	0	2,882,469
Total Deductions	0	22,612,334	67,508	796,445,023	0	1,705,609	1,716,376	2,882,469	80,008	0	1,429,725,278	2,255,234,605
ADDITIONS OVER (UNDER) DEDUCTIONS	67,786	167,589	2,553	(5,948,679)	333	409,272	373,213	871,439	22	5,167	75,582	(3,975,723)
CASH AND INVESTMENTS, JULY 1	146,938	4,764,111	61	14,441,782	6,923	14,625,879	11,116,890	30,542,857	0	89,653	2,786,540	78,521,634
CASH AND INVESTMENTS, JUNE 30	\$ 214,724	4,931,700	2,614	8,493,103	7,256	15,035,151	11,490,103	31,414,296	22	94,820	2,862,122	74,545,911

FOOTNOTES:

(1) Held by the state treasurer in trust.

(2) Held by the department in trust.

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1-A

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2002

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Adrian	\$ 84,707	71,224	45,796	0	0	0	0	0	201,727
Advance	149,769	146,864	0	9,827	0	0	0	0	306,460
Airport Drive	156,815	76,432	0	0	0	0	0	0	233,247
Alba	14,672	0	0	0	0	0	0	0	14,672
Albany	152,560	76,280	0	0	0	0	0	0	228,840
Alexandria	10,734	0	0	0	0	0	0	0	10,734
Alton	88,775	85,902	0	0	0	0	0	0	174,677
Amsterdam	10,980	0	0	0	0	0	0	0	10,980
Anderson	178,673	0	85,322	0	0	0	0	0	263,995
Annapolis	16,985	8,493	8,492	0	0	0	0	0	33,970
Appleton City	136,756	0	0	0	0	0	0	0	136,756
Arbyrd	28,508	0	0	0	0	0	0	0	28,508
Arcadia	58,935	0	0	0	0	0	0	0	58,935
Archie	44,030	0	0	0	0	0	0	0	44,030
Argyle	9,714	0	0	0	0	0	0	0	9,714
Arnold	4,112,181	1,002,604	0	0	0	0	0	0	5,114,785
Arrow Rock	16,436	4,107	0	0	0	0	0	0	20,543
Ash Grove	107,347	48,731	0	8,612	0	0	0	0	164,690
Ashland	206,420	96,429	0	0	0	0	0	0	302,849
Atlanta	14,753	0	0	0	0	0	0	0	14,753
Augusta	54,118	27,068	0	0	0	0	0	0	81,186
Aurora	818,194	0	387,840	0	0	0	0	0	1,206,034
Auxvasse	63,518	0	29,159	0	0	0	0	0	92,677
Ava	255,695	390,032	0	23,396	0	0	0	0	669,123
Avondale	16,457	0	0	0	0	0	0	0	16,457
Bagnell	7,298	0	0	0	0	0	0	0	7,298
Bakersfield	10,765	0	0	0	0	0	0	0	10,765
Ballwin	0	2,441,111	0	0	0	0	0	0	2,441,111
Bates City	80,956	39,818	0	15,671	0	0	0	0	136,445
Battlefield	40,310	0	30,470	0	0	0	0	0	70,780
Bel-Nor	0	98,839	0	6,667	0	0	0	0	105,506

Schedule 1-A

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2002

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Bel-Ridge	0	247,870	0	0	0	0	0	0	247,870
Bella Villa	0	43,377	0	2,919	0	0	0	0	46,296
Bellefontaine Neighbors	0	633,212	0	0	0	0	0	0	633,212
Bell City	14,043	0	0	0	0	0	0	0	14,043
Belle	118,191	33,864	53,617	0	0	0	0	0	205,672
Bellflower	13,495	5,613	5,613	0	0	0	0	0	24,721
Belton	1,772,236	1,772,544	886,118	0	0	0	0	0	4,430,898
Benton	49,851	0	0	0	0	0	0	0	49,851
Berger	7,073	0	0	0	0	0	0	0	7,073
Berkeley	0	665,739	0	0	0	0	0	0	665,739
Bernie	97,628	48,771	0	0	0	0	0	0	146,399
Bethany	531,807	303,793	0	0	0	0	0	0	835,600
Beverly Hills	0	58,284	0	0	0	0	0	0	58,284
Bevier	43,730	0	17,315	0	0	0	0	0	61,045
Biehle	5,336	0	0	0	0	0	0	0	5,336
Billings	58,773	0	0	0	0	0	0	0	58,773
Birch Tree	42,998	21,603	20,017	0	0	0	0	0	84,618
Birmingham	7,290	0	0	0	0	0	0	0	7,290
Bismarck	90,275	0	40,387	0	0	0	0	0	130,662
Black Jack	0	366,653	0	25,149	0	0	0	0	391,802
Blackburn	7,400	0	0	0	0	0	0	0	7,400
Blackwater	6,232	3,116	0	0	0	0	0	0	9,348
Blairstown	9,963	0	0	0	0	0	0	0	9,963
Bland	33,769	16,939	0	0	0	0	0	0	50,708
Bloomfield	105,544	13,778	0	15	0	0	0	0	119,337
Bloomsdale	38,969	0	0	0	0	0	0	0	38,969
Blue Springs	5,873,300	0	2,790,277	0	0	0	0	0	8,663,577
Bolivar	1,481,789	741,351	714,665	0	0	0	0	0	2,937,805
Bonne Terre	391,501	92,840	185,689	0	0	0	0	0	670,030
Boonville	850,444	403,645	0	0	0	0	0	0	1,254,089
Bourbon	150,002	0	72,421	0	0	0	0	0	222,423
Bowling Green	462,763	100,607	200,742	0	0	0	0	0	764,112

Schedule 1-A

DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2002

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Branson	7,853,984	0	3,907,234	0	0	0	0	0	11,761,218
Branson West	669,667	334,833	334,668	0	0	0	0	0	1,339,168
Braymer	58,363	0	0	0	0	0	0	0	58,363
Breckenridge Hills	0	224,569	0	0	0	0	0	0	224,569
Breckenridge	13,725	0	0	19,528	0	0	0	0	33,253
Brentwood	0	3,646,311	0	0	0	0	0	0	3,646,311
Bridgeton	0	3,721,778	0	0	0	0	0	0	3,721,778
Brookfield	675,742	169,062	320,696	89,942	0	0	0	0	1,255,442
Brookline Station	17,201	0	0	0	0	0	0	0	17,201
Browning	11,353	0	0	1,080	0	0	0	0	12,433
Brunley	7,163	0	0	0	0	0	0	0	7,163
Brunswick	104,008	0	4	0	0	0	0	0	104,012
Bucklin	30,712	0	0	7,805	0	0	0	0	38,517
Buckner	162,967	81,454	0	18,840	0	0	0	0	263,261
Buffalo	560,799	0	268,560	0	0	0	0	0	829,359
Bull Creek Village	5,678	0	0	0	0	0	0	0	5,678
Bunker	16,650	0	0	0	0	0	0	0	16,650
Butler	573,829	89,648	286,885	0	0	0	0	0	950,362
Bynes Mill	104,746	0	0	0	0	0	0	0	104,746
Cabool	244,855	122,496	0	0	0	0	0	0	367,351
Caledonia	11,991	0	0	0	0	0	0	0	11,991
Calhoun	11,297	4,448	0	0	0	0	0	0	15,745
California	436,783	0	0	0	0	0	0	0	436,783
Callao	8,803	0	0	0	0	0	0	0	8,803
Camdenton	1,062,759	531,333	521,109	0	0	0	0	0	2,115,201
Cameron	1,113,711	556,683	0	0	0	0	0	0	1,670,394
Campbell	114,451	0	0	0	0	0	0	0	114,451
Canton	151,984	56,970	0	0	0	0	0	0	208,954
Cape Girardeau	7,579,294	3,787,527	3,683,716	0	0	0	0	0	15,050,537
Cardwell	20,091	0	0	0	0	0	0	0	20,091
Carl Junction	214,715	0	89,358	0	0	0	0	0	304,073
Carrollton	369,294	0	184,532	0	0	0	0	0	553,826

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Cartersville	63,237	31,618	26,192	8,310	0	0	0	0	129,357
Carthage	1,588,350	758,331	759,327	0	0	0	0	0	3,106,008
Caruthersville	484,026	241,998	0	0	0	0	0	0	726,024
Cassville	543,034	543,522	0	0	0	0	0	0	1,086,556
Center	37,698	0	0	0	0	0	0	0	37,698
Centertown	23,404	0	0	0	0	0	0	0	23,404
Centerville	9,547	0	0	0	0	0	0	0	9,547
Centralia	269,357	12,381	140,665	0	0	0	0	0	422,403
Chaffee	153,212	76,586	0	0	0	0	0	0	229,798
Chamois	22,666	0	0	0	0	0	0	0	22,666
Charlack	0	80,526	0	0	0	0	0	0	80,526
Charleston	447,212	0	215,429	0	0	0	0	0	662,641
Chesterfield	0	4,689,860	0	0	0	0	0	0	4,689,860
Chilhowee	18,557	0	0	0	0	0	0	0	18,557
Chillicothe	1,414,446	674,747	674,833	0	0	0	0	0	2,764,026
Clarence	70,996	0	0	0	0	0	0	0	70,996
Clarksburg	2,943	0	0	0	0	0	0	0	2,943
Clarksville	29,881	0	0	0	0	0	0	0	29,881
Clarkton	52,351	0	0	0	0	0	0	0	52,351
Clayton	0	2,630,662	0	0	0	0	0	0	2,630,662
Cleveland	36,929	0	0	0	0	0	0	0	36,929
Clever	49,101	24,574	0	0	0	0	0	0	73,675
Climax Springs	2,113	0	0	0	0	0	0	0	2,113
Clinton	1,620,441	1,196,224	773,348	169,046	0	0	0	0	3,759,059
Cole Camp	90,006	0	37,717	0	0	0	0	0	127,723
Collins	54,738	0	0	2,578	0	0	0	0	57,316
Columbia	15,414,341	7,452,815	7,475,588	0	0	0	0	0	30,342,744
Concordia	292,776	285,828	69,812	0	0	0	0	0	648,416
Conway	58,463	29,231	0	0	0	0	0	0	87,694
Corder	10,469	5,234	0	4,724	0	0	0	0	20,427
Cottleville	228,631	0	0	0	0	0	0	0	228,631
Country Club Hills	0	78,001	0	0	0	0	0	0	78,001

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Country Club Village	30,915	0	0	0	0	0	0	0	30,915
Craig	14,417	0	0	0	0	0	0	0	14,417
Crane	91,278	0	42,273	12,960	0	0	0	0	146,511
Creighton	17,309	0	0	0	0	0	0	0	17,309
Crestwood	0	3,875,513	0	0	0	0	0	0	3,875,513
Creve Coeur	0	2,360,680	0	0	0	0	0	0	2,360,680
Crocker	93,552	0	0	0	0	0	0	0	93,552
Crystal City	736,148	353,275	0	0	0	0	0	0	1,089,423
Crystal Lake	2,078	0	0	0	0	0	0	0	2,078
Crystal Lake Park	0	27,919	0	0	0	0	0	0	27,919
Cuba	543,498	0	271,701	0	0	0	0	0	815,199
Curryville	4,158	0	0	0	0	0	0	0	4,158
De Soto	816,444	391,209	0	0	0	0	0	0	1,207,653
Dearborn	29,781	0	0	0	0	0	0	0	29,781
Deepwater	14,522	0	0	0	0	0	0	0	14,522
Dellwood	0	514,247	0	0	0	0	0	0	514,247
Delta	28,866	13,105	0	0	0	0	0	0	41,971
Des Peres	0	2,530,953	0	216,336	0	0	0	0	2,747,289
Desloge	646,552	307,702	307,703	0	0	0	0	0	1,261,957
Dexter	1,012,419	1,098,176	0	0	0	0	0	0	2,110,595
Diamond	40,644	0	0	0	0	0	0	0	40,644
Diggins	14,529	0	0	0	0	0	0	0	14,529
Dixon	132,667	0	58,836	0	0	0	0	0	191,503
Doniphan	390,157	0	187,688	0	0	0	0	0	577,845
Doolittle	26,260	0	0	0	0	0	0	0	26,260
Drexel	88,598	44,299	0	0	0	0	0	0	132,897
Dudley	33,708	0	0	0	0	0	0	0	33,708
Duenweg	60,990	30,784	0	0	0	0	0	0	91,774
Duquesne	127,410	0	0	0	0	0	0	0	127,410
Dutchtown	6,945	0	0	0	0	0	0	0	6,945
Eagleville	75,687	38,513	18,922	0	0	0	0	0	133,122
East Lynne	5,656	2,828	0	0	0	0	0	0	8,484

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
East Prairie	191,381	0	0	0	0	0	0	0	191,381
Easton	8,561	0	0	0	0	0	0	0	8,561
Edgar Springs	12,891	0	0	0	0	0	0	0	12,891
Edgerton	26,172	0	0	0	0	0	0	0	26,172
Edina	121,005	0	0	0	0	0	0	0	121,005
Edmundson	0	356,502	0	11,424	0	0	0	0	367,926
El Dorado Springs	381,200	190,591	0	0	0	0	0	0	571,791
Eldon	829,936	486,690	310,795	0	0	0	0	0	1,627,421
Ellington	242,458	58,820	0	0	0	0	0	0	301,278
Ellisville	0	1,540,560	0	0	0	0	0	0	1,540,560
Ellsinore	31,464	15,051	0	0	0	0	0	0	46,515
Elsberry	155,666	0	68,683	10,571	0	0	0	0	234,920
Eminence	66,044	31,569	13,527	0	0	0	0	0	111,140
Emma	11,108	0	0	0	0	0	0	0	11,108
Eolia	22,222	0	0	0	0	0	0	0	22,222
Essex	16,200	0	0	0	0	0	0	0	16,200
Eureka	0	1,993,936	0	0	0	0	0	0	1,993,936
Everton	13,364	0	0	0	0	0	0	0	13,364
Ewing	25,674	0	0	0	0	0	0	0	25,674
Excelsior Springs	1,357,944	680,277	647,341	176,036	0	0	0	0	2,861,598
Exeter	15,712	0	0	0	0	0	0	0	15,712
Fair Grove	85,665	42,833	42,833	0	0	0	0	0	171,331
Fair Play	5,550	9,903	9,903	0	0	0	0	0	25,356
Fairfax	37,753	0	0	0	0	0	0	0	37,753
Fairview	12,868	0	0	0	0	0	0	0	12,868
Farber	12,939	0	0	0	0	0	0	0	12,939
Farmington	2,684,178	1,342,089	0	0	0	0	0	0	4,026,267
Fayette	165,832	18,824	0	0	0	0	0	0	184,656
Fenton	0	2,862,015	0	0	0	0	0	0	2,862,015
Ferguson	0	1,446,570	0	0	0	0	0	0	1,446,570
Ferrelview	19,176	0	0	0	0	0	0	0	19,176
Festus	2,385,981	582,933	1,165,905	0	0	0	0	0	4,134,819

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Fisk	24,557	11,234	0	0	0	0	0	0	35,791
Flat River	22	11	11	0	0	0	0	0	44
Flint Hill	85,550	0	0	0	0	0	0	0	85,550
Flordell Hills	0	54,635	0	3,708	0	0	0	0	58,343
Florissant	0	4,621,530	0	0	0	0	0	0	4,621,530
Foley	10,148	0	0	0	0	0	0	0	10,148
Fordland	34,903	0	0	0	0	0	0	0	34,903
Forest City	14,070	0	0	0	0	0	0	0	14,070
Foristell	133,967	66,984	0	29,172	0	0	0	0	230,123
Forsyth	245,854	235,046	0	0	0	0	0	0	480,900
Frankford	10,543	0	0	0	0	0	0	0	10,543
Franklin	4,346	2,173	2,173	0	0	0	0	0	8,692
Fredericktown	449,786	0	213,093	0	0	0	0	0	662,879
Freeburg	116,378	29,095	0	0	0	0	0	0	145,473
Freeman	35,590	0	0	0	0	0	0	0	35,590
Fremont Hills	18,480	0	0	1,536	0	0	0	0	20,016
Frontenac	0	737,726	0	0	0	0	0	0	737,726
Fulton	1,241,728	620,931	620,864	0	0	0	0	0	2,483,523
Gainesville	154,282	0	0	0	0	0	0	0	154,282
Galena	21,886	0	0	0	0	0	0	0	21,886
Gallatin	112,252	0	0	11,637	0	0	0	0	123,889
Garden City	103,934	0	47,245	0	0	0	0	0	151,179
Gasconade	4,566	0	0	0	0	0	0	0	4,566
Gerald	102,636	0	48,447	0	0	0	0	0	151,083
Gerster	796	0	0	0	0	0	0	0	796
Gideon	34,692	0	0	0	0	0	0	0	34,692
Gilliam	3,833	479	0	0	0	0	0	0	4,312
Gilman City	17,342	0	0	0	0	0	0	0	17,342
Gladstone	3,210,696	2,141,394	1,517,860	0	0	0	0	0	6,869,950
Glasgow	94,021	23,482	43,422	0	0	0	0	0	160,925
Glendale	0	473,207	0	22,855	0	0	0	0	496,062
Golden City	34,100	19,475	19,485	0	0	0	0	0	73,060

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Goodman	54,456	0	0	0	0	0	0	0	54,456
Gower	76,225	19,081	0	23,001	0	0	0	0	118,307
Grain Valley	457,568	209,639	209,639	0	0	0	0	0	876,846
Granby	189,304	35,491	0	0	0	0	0	0	224,795
Grandin	2,032	0	0	0	0	0	0	0	2,032
Grandview	2,860,683	1,552,884	1,354,289	0	0	0	0	0	5,767,856
Grant City	79,455	306	0	0	0	0	0	0	79,761
Grantwood	0	51,306	0	3,487	0	0	0	0	54,793
Gravois Mills	42,311	0	0	0	0	0	0	0	42,311
Green City	44,960	22,480	0	0	0	0	0	0	67,440
Green Park	0	215,620	0	0	0	0	0	0	215,620
Green Ridge	29,840	0	0	0	0	0	0	0	29,840
Greenfield	118,679	0	0	0	0	0	0	0	118,679
Greentop	19,478	0	0	0	0	0	0	0	19,478
Greenville	32,359	30,756	0	0	0	0	0	0	63,115
Greenwood	257,395	115,578	115,576	0	0	0	0	0	488,549
Hale	23,043	11,486	11,486	0	0	0	0	0	46,015
Hallsville	56,830	0	0	0	0	0	0	0	56,830
Hamilton	113,412	0	56,706	0	0	0	0	0	170,118
Hannibal	2,214,242	2,212,392	0	0	0	0	0	0	4,426,634
Hardin	22,404	0	0	0	0	0	0	0	22,404
Harrisburg	17,108	0	0	0	0	0	0	0	17,108
Harrisonville	1,814,036	509,526	0	0	0	0	0	0	2,323,562
Hartsburg	7,151	0	0	0	0	0	0	0	7,151
Hartville	71,174	35,540	0	0	0	0	0	0	106,714
Hawk Point	37,317	0	0	0	0	0	0	0	37,317
Hayti	261,712	151,165	124,086	0	0	0	0	0	536,963
Hayti Heights	14,492	6,431	0	0	0	0	0	0	20,923
Hazelwood	0	1,643,104	0	399,360	0	0	0	0	2,042,464
Henrietta	20,613	0	0	0	0	0	0	0	20,613
Herculaneum	465,333	0	0	0	0	0	0	0	465,333
Hermann	375,420	90,467	180,960	0	0	0	0	0	646,847

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Hermitage	106,133	52,205	0	7,449	0	0	0	0	165,787
Higbee	19,255	0	9,628	0	0	0	0	0	28,883
Higginsville	523,337	190,161	246,157	0	0	0	0	0	959,655
High Hill	8,804	0	0	0	0	0	0	0	8,804
Highlandville	25,300	0	0	0	0	0	0	0	25,300
Hillsboro	255,719	95,894	0	0	0	0	0	0	351,613
Hillsdale	0	100,652	0	0	0	0	0	0	100,652
Holcomb	34,656	0	0	0	0	0	0	0	34,656
Holden	241,894	0	112,065	23,203	0	0	0	0	377,162
Hollister	801,785	400,892	388,339	0	0	0	0	0	1,591,016
Holt	45,998	48,427	0	0	0	0	0	0	94,425
Holts Summit	268,137	116,094	116,094	37,552	0	0	0	0	537,877
Homestown	1,175	0	0	0	0	0	0	0	1,175
Hornersville	26,524	0	0	0	0	0	0	0	26,524
Houston	408,652	97,787	97,108	0	0	0	0	0	603,547
Howardville	4,473	0	0	191	0	0	0	0	4,664
Humansville	46,622	31,139	0	0	0	0	0	0	77,761
Hunnewell	4,803	0	0	0	0	0	0	0	4,803
Huntsville	45,810	0	22,948	0	0	0	0	0	68,758
Hurley	3,980	0	0	0	0	0	0	0	3,980
Iberia	88,998	67,534	0	0	0	0	0	0	156,532
Illmo-Scott City	54	0	0	0	0	0	0	0	54
Independence	17,103,707	12,631,705	0	0	0	0	0	0	29,735,412
Indian Point (Village of)	140,411	70,205	0	0	0	0	0	0	210,616
Innsbrook (Village of)	28,899	0	0	0	0	0	0	0	28,899
Ironton	206,082	97,878	97,573	0	0	0	0	0	401,533
Jackson	1,706,301	0	828,229	0	0	0	0	0	2,534,530
Jamesport	58,848	0	0	0	0	0	0	0	58,848
Jasper	51,092	25,546	22,708	0	0	0	0	0	99,346
Jefferson City	8,200,283	3,981,895	51	0	0	0	0	0	12,182,229
Jennings	0	1,105,202	0	0	0	0	0	0	1,105,202
Jonesburg	67,641	31,820	0	0	0	0	0	0	99,461

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Joplin	10,263,419	206,898	5,131,574	0	0	0	0	0	15,601,891
Josephville	5,895	0	0	0	0	0	0	0	5,895
Kahoka	175,998	0	0	0	0	0	0	0	175,998
Kansas City	61,162,558	4,772,731	30,584,347	24,808,509	0	0	0	0	121,328,145
Kearney	749,162	349,699	349,553	0	0	0	0	0	1,448,414
Kelso	42,071	0	0	0	0	0	0	0	42,071
Kennett	1,202,938	0	0	0	0	0	0	0	1,202,938
Kidder	30,204	0	0	0	0	0	0	0	30,204
Kimberling City	302,715	289,362	0	0	0	0	0	0	592,077
Kimmswick	47,860	0	23,930	0	0	0	0	0	71,790
King City	92,140	0	0	0	0	0	0	0	92,140
Kingdom City	232,838	116,405	0	0	0	0	0	0	349,243
Kinloch	0	0	102,394	0	0	0	0	0	102,394
Kirksville	2,182,782	535,574	1,062,263	0	0	0	0	0	3,780,619
Kirkwood	0	4,202,710	0	108,594	0	0	0	0	4,311,304
Knob Noster	150,852	69,646	69,647	30,896	0	0	0	0	321,041
Koshkonong	5,015	4,666	0	0	0	0	0	0	9,681
La Belle	37,855	0	0	0	0	0	0	0	37,855
La Grange	55,315	0	0	0	0	0	0	0	55,315
La Monte	71,377	0	0	0	0	0	0	0	71,377
La Plata	81,982	0	0	0	0	0	0	0	81,982
Laddonia	0	12,375	12,375	0	0	0	0	0	24,750
Ladue	0	781,323	0	0	0	0	0	0	781,323
Lake Ozark	465,743	228,439	228,448	0	0	0	0	0	922,630
Lake St. Louis	532,963	0	266,481	0	0	0	0	0	799,444
Lakeside	647	0	0	0	0	0	0	0	647
Lamar	494,098	247,049	247,049	0	0	0	0	0	988,196
Lanagan	18,055	0	0	0	0	0	0	0	18,055
Lancaster	65,761	0	0	0	0	0	0	0	65,761
Lathrop	118,742	59,429	0	0	0	0	0	0	178,171
Laurie	380,731	191,362	0	0	0	0	0	0	572,093
Lawson	174,486	87,243	0	0	0	0	0	0	261,729

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2002

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Leadington	166,405	83,202	83,202	13,947	0	0	0	0	346,756
Leadwood	31,368	0	0	0	0	0	0	0	31,368
Lebanon	2,612,349	1,277,101	1,277,104	0	0	0	0	0	5,166,554
Lee's Summit	9,328,342	8,024,762	4,480,782	0	0	0	0	0	21,833,886
Leeton	25,268	12,634	0	0	0	0	0	0	37,902
Levasy	5,996	0	0	0	0	0	0	0	5,996
Lexington	379,008	362,309	0	0	0	0	0	0	741,317
Liberal	32,701	0	0	0	0	0	0	0	32,701
Liberty	3,134,381	2,974,489	64,200	0	0	0	0	0	6,173,070
Licking	208,843	104,391	0	0	0	0	0	0	313,234
Lilbourn	52,557	0	0	1,133	0	0	0	0	53,690
Lincoln	76,758	36,398	0	15,163	0	0	0	0	128,319
Linn	196,864	0	0	0	0	0	0	0	196,864
Linn Creek	79,732	59,540	19,674	18,892	0	0	0	0	177,838
Lockwood	76,166	0	0	4,042	0	0	0	0	80,208
Loma Linda	42,188	0	0	0	0	0	0	0	42,188
Lone Jack	39,195	8,925	0	0	0	0	0	0	48,120
Louisiana	632,650	0	0	51,195	0	0	0	0	683,845
Lowry City	40,048	0	0	8,013	0	0	0	0	48,061
Macks Creek	10,599	0	0	0	0	0	0	0	10,599
Macon	719,233	0	0	0	0	0	0	0	719,233
Madison	26,730	0	0	0	0	0	0	0	26,730
Malden	530,751	129,154	0	0	0	0	0	0	659,905
Malta Bend	6,201	0	0	0	0	0	0	0	6,201
Manchester	0	1,925,888	0	0	0	0	0	0	1,925,888
Mansfield	112,415	64,197	0	0	0	0	0	0	176,612
Maplewood	0	1,205,729	0	102,619	0	0	0	0	1,308,348
Marble Hill	224,710	112,355	0	0	0	0	0	0	337,065
Marceline	190,136	0	85,945	0	0	0	0	0	276,081
Marionville	129,526	32,465	64,762	0	0	0	0	0	226,753
Marquand	11,171	0	0	0	0	0	0	0	11,171
Marshall	1,268,748	203,302	0	0	0	0	0	0	1,472,050

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DEPARTMENT OF REVENUE
 DIVISION OF TAXATION AND COLLECTION
 SALES AND USE TAX
 COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
 YEAR ENDED JUNE 30, 2002

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Marshfield	820,799	410,458	0	0	0	0	0	0	1,231,257
Marston	70,340	35,176	0	13,668	0	0	0	0	119,184
Marthasville	0	30,440	30,439	6,647	0	0	0	0	67,526
Martinsburg	30,094	0	0	0	0	0	0	0	30,094
Maryland Heights	0	3,926,908	0	0	0	0	0	0	3,926,908
Maryville	1,456,275	1,081,422	0	0	0	0	0	0	2,537,697
Matthews	98,048	48,684	0	0	0	0	0	0	146,732
Maysville	57,995	14,576	28,995	0	0	0	0	0	101,566
Memphis	247,350	0	0	0	0	0	0	0	247,350
Merriam Woods	16,660	0	0	0	0	0	0	0	16,660
Meta	22,580	0	0	0	0	0	0	0	22,580
Mexico	1,353,347	640,132	0	0	0	0	0	0	1,993,479
Middletown	12,443	0	0	0	0	0	0	0	12,443
Milan	218,876	0	0	0	0	0	0	0	218,876
Miller	38,278	0	17,382	0	0	55,660	0	0	55,660
Miner	392,703	388,297	0	10,144	0	0	0	0	791,144
Moberly	1,929,860	1,849,070	924,075	0	0	0	0	0	4,703,005
Mokane	13,259	0	0	0	0	0	0	0	13,259
Monett	1,590,853	793,560	0	0	0	0	0	0	2,384,413
Monroe City	293,239	137,269	0	0	0	0	0	0	430,508
Montgomery City	304,515	0	142,878	0	0	0	0	0	447,393
Montrose	26,907	13,454	0	0	0	0	0	0	40,361
Morehouse	30,671	0	0	0	0	0	0	0	30,671
Morley	12,845	0	0	0	0	12,845	0	0	12,845
Morrison	7,538	0	0	0	0	0	0	0	7,538
Mosby	106,269	0	0	0	0	0	0	0	106,269
Moscow Mills	259,717	0	125,753	0	0	0	0	0	385,470
Mound City	55,101	55,115	0	0	0	0	0	0	110,216
Mount Vernon	450,518	224,782	0	0	0	0	0	0	675,300
Mountain Grove	829,661	414,805	0	0	0	0	0	0	1,244,466
Mountain View	406,843	0	196,158	0	0	0	0	0	603,001
Naylor	21,354	9,158	9,158	18,766	0	0	0	0	58,436

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2002

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Neelyville	9,845	0	0	0	0	0	0	0	9,845
Neosho	1,736,976	975,544	629,304	0	0	0	0	0	3,341,824
Nevada	1,181,308	1,185,406	590,562	0	0	0	0	0	2,957,276
New Bloomfield	25,514	0	0	0	0	0	0	0	25,514
New Cambria	5,203	0	0	0	0	0	0	0	5,203
New Florence	88,554	42,154	42,154	0	0	0	0	0	172,862
New Franklin	38,901	19,449	15,949	0	0	0	0	0	74,299
New Haven	185,764	0	87,724	0	0	0	0	0	273,488
New London	89,801	0	26,645	0	0	0	0	0	116,446
New Madrid	206,048	103,212	0	29,927	0	0	0	0	339,187
New Melle	30,912	0	0	2,434	0	0	0	0	33,346
Newburg	14,903	6,495	6,495	0	0	0	0	0	27,893
Niangua	14,842	0	574	0	0	0	0	0	15,416
Nixa	1,574,909	0	787,454	0	0	0	0	0	2,362,363
Noel	126,657	76,877	59,601	0	0	0	0	0	263,135
Norborne	40,075	0	0	0	0	0	0	0	40,075
Normandy	0	101,062	0	0	0	0	0	0	101,062
North Kansas City	2,917,167	0	1,444,128	0	0	0	0	0	4,361,295
Northmoor	147,003	0	0	0	0	0	0	0	147,003
Northwoods	0	281,776	0	0	0	0	0	0	281,776
Norwood	29,274	12,013	0	0	0	0	0	0	41,287
O'Fallon	8,278,829	0	3,986,830	0	0	0	0	0	12,265,659
Oak Grove	527,176	423,498	423,756	0	0	0	0	0	1,374,430
Oakland	0	90,038	0	0	0	0	0	0	90,038
Oakview	38,885	18,103	0	28,263	0	0	0	0	85,251
Odessa	625,974	391,180	24,475	0	0	0	0	0	1,041,629
Old Monroe	32,194	7,695	7,695	0	0	0	0	0	47,584
Olivette	0	462,579	0	63,864	0	0	0	0	526,443
Oran	47,790	23,932	0	0	0	0	0	0	71,722
Oronogo	30,197	0	0	0	0	0	0	0	30,197
Orrick	40,866	0	17,737	0	0	0	0	0	58,603
Osage Beach	3,533,571	1,747,318	1,748,271	0	0	0	0	0	7,029,160

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DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2002

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Osceola	65,418	21,732	0	0	0	0	0	0	87,150
Otterville	25,278	0	0	0	0	0	0	0	25,278
Owensville	498,317	242,421	242,305	0	0	0	0	0	983,043
Ozark	1,249,690	624,753	0	0	0	0	0	0	1,874,443
Pacific	668,148	0	0	0	0	0	0	0	668,148
Pagedale	0	139,151	0	0	0	0	0	0	139,151
Palmyra	330,132	157,582	0	0	0	0	0	0	487,714
Paris	100,971	45,260	45,260	0	0	0	0	0	191,491
Park Hills	560,472	258,175	258,175	0	0	0	0	0	1,076,822
Parkville	546,896	0	259,731	0	0	0	0	0	806,627
Parkway	15,007	0	0	0	0	0	0	0	15,007
Parma	25,925	0	0	1,057	0	0	0	0	26,982
Pasadena Hills	0	66,330	0	4,510	0	0	0	0	70,840
Pasadena Park	0	29,480	0	0	0	0	0	0	29,480
Pattonsburg	24,761	0	0	2,146	0	0	0	0	26,907
Peculiar	231,855	115,928	105,048	3,573	0	0	0	0	456,404
Perry	75,646	0	35,168	0	0	0	0	0	110,814
Perryville	1,317,285	493,909	658,642	0	0	0	0	0	2,469,836
Pevely	410,941	0	195,743	0	0	0	0	0	606,684
Piedmont	369,169	176,374	176,375	0	0	0	0	0	721,918
Pierce City	50,512	28,828	28,863	0	0	0	0	0	108,203
Pilot Grove	38,940	0	19,470	14,721	0	0	0	0	73,131
Pilot Knob	56,974	28,487	26,751	0	0	0	0	0	112,212
Pine Lawn	0	318,797	0	0	0	0	0	0	318,797
Pineville	48,922	24,461	0	15,340	0	0	0	0	88,723
Plato	6,512	0	0	0	0	0	0	0	6,512
Platte City	514,587	514,587	0	0	0	0	0	0	1,029,174
Platte Woods	73,969	0	36,984	0	0	0	0	0	110,953
Plattsburg	183,922	123,352	0	0	0	0	0	0	307,274
Pleasant Hill	511,166	255,590	233,271	0	0	0	0	0	1,000,027
Pleasant Hope	44,357	8,869	8,869	3,582	0	0	0	0	65,677
Pleasant Valley	203,858	203,943	50,938	0	0	0	0	0	458,739

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DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
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YEAR ENDED JUNE 30, 2002

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Polo	27,698	14,514	26,742	0	0	0	0	0	68,954
Poplar Bluff	3,537,381	2,590,390	0	0	0	0	0	0	6,127,771
Portage Des Sioux	17,013	0	0	0	0	0	0	0	17,013
Portageville	286,243	136,675	0	0	0	0	0	0	422,918
Potosi	555,680	0	0	0	0	0	0	0	555,680
Princeton	100,552	0	0	0	0	0	0	0	100,552
Purdy	46,140	0	0	0	0	0	0	0	46,140
Puxico	103,574	0	0	0	0	0	0	0	103,574
Queen City	29,329	0	0	0	0	0	0	0	29,329
Qulin	26,068	13,106	0	0	0	0	0	0	39,174
Randolph	72,618	0	0	0	0	0	0	0	72,618
Raymore	1,409,550	1,337,024	668,480	0	0	0	0	0	3,415,054
Raytown	2,872,337	666,343	0	0	0	0	0	0	3,538,680
Redings Mill	4,881	0	0	0	0	0	0	0	4,881
Reeds Spring	66,994	33,288	0	0	0	0	0	0	100,282
Republic	804,586	402,263	402,293	0	0	0	0	0	1,609,142
Rich Hill	72,845	0	0	0	0	0	0	0	72,845
Richland	133,923	60,592	60,467	0	0	0	0	0	254,982
Richmond	876,003	0	131,685	0	0	0	0	0	1,007,688
Richmond Heights	0	4,470,308	0	0	0	0	0	0	4,470,308
Ridgeway	33,925	0	0	0	0	0	0	0	33,925
Risco	16,459	0	0	0	0	0	0	0	16,459
River Bend	16,696	0	0	0	0	0	0	0	16,696
Riverside	892,090	0	0	114,266	0	0	0	0	1,006,356
Riverview	0	182,870	0	12,427	0	0	0	0	195,297
Rocheport	19,926	9,963	0	0	0	0	0	0	29,889
Rock Hill	0	771,647	0	0	0	0	0	0	771,647
Rock Port	177,413	88,828	0	27,333	0	0	0	0	293,574
Rockaway Beach	37,680	17,272	17,296	0	0	0	0	0	72,248
Rockville	8,397	0	0	0	0	0	0	0	8,397
Rogersville	193,324	624	89,589	0	0	0	0	0	283,537
Rolla	3,254,103	3,255,287	1,627,021	0	0	0	0	0	8,136,411

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YEAR ENDED JUNE 30, 2002

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Rosebud	26,709	0	12,464	0	0	0	0	0	39,173
Russellville	47,926	0	0	0	0	0	0	0	47,926
Rutledge	10,460	0	0	0	0	0	0	0	10,460
Saginaw	17,252	0	0	0	0	0	0	0	17,252
Salem	846,019	422,769	0	0	0	0	0	0	1,268,788
Salisbury	158,491	0	0	0	0	0	0	0	158,491
Sarcoxi	89,035	39,656	39,464	0	0	0	0	0	168,155
Savannah	521,954	0	0	0	0	0	0	0	521,954
Scotsdale	0	3,634	0	0	0	0	0	0	3,634
Scott City	318,556	73,438	146,519	0	0	0	0	0	538,513
Sedalia	3,721,607	3,170,475	1,792,112	0	0	0	0	0	8,684,194
Seligman	70,070	35,101	0	0	0	0	0	0	105,171
Senath	63,722	0	0	0	0	0	0	0	63,722
Seneca	153,756	70,967	70,967	0	0	0	0	0	295,690
Seymour	160,830	0	0	0	0	0	0	0	160,830
Shelbina	216,608	54,138	0	0	0	0	0	0	270,746
Shelbyville	29,433	0	0	0	0	0	0	0	29,433
Sheldon	20,203	0	0	0	0	0	0	0	20,203
Shrewsbury	0	1,031,372	0	0	0	0	0	0	1,031,372
Sikeston	2,673,499	1,339,538	1,336,692	0	0	0	0	0	5,349,729
Silex	27,706	0	0	3,526	0	0	0	0	31,232
Silver Creek	24,545	0	0	0	0	0	0	0	24,545
Slater	107,420	53,711	53,710	0	0	0	0	0	214,841
Smithton	15,697	0	0	0	0	0	0	0	15,697
Smithville	697,477	0	332,394	53,899	0	0	0	0	1,083,770
Southwest City	79,916	0	38,028	31,689	0	0	0	0	149,633
Sparta	70,425	0	0	0	0	0	0	0	70,425
Spickard	5,192	0	0	0	0	0	0	0	5,192
Springfield	32,887,428	7,995,450	3,991,947	2,968,974	0	0	0	0	47,843,799
St. Ann	0	2,770,537	0	0	0	0	0	0	2,770,537
St. Charles	9,463,274	4,569,897	0	0	0	0	0	0	14,033,171
St. Clair	534,840	267,278	0	0	0	0	0	0	802,118

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
St. Elizabeth	17,516	0	0	0	0	0	0	0	17,516
St. James	429,838	0	215,159	0	0	0	0	0	644,997
St. John	0	471,535	0	0	0	0	0	0	471,535
St. Joseph	12,553,384	4,868,656	1,460,529	0	0	0	0	0	18,882,569
St. Louis	48,670,877	56,911,842	26,546,495	19,455,532	0	0	0	0	151,584,746
St. Martins	34,975	0	0	0	0	0	0	0	34,975
St. Mary	21,547	0	10,774	0	0	0	0	0	32,321
St. Peters	11,229,268	1,118,693	5,614,603	0	0	0	0	0	17,962,564
St. Robert	1,160,935	580,462	568,875	0	0	0	0	0	2,310,272
St. Thomas	9,984	0	0	0	0	0	0	0	9,984
Stanberry	0	51,424	0	0	0	0	0	0	51,424
Ste. Genevieve	556,297	263,232	263,233	60,568	0	0	0	0	1,143,330
Steele	121,569	61,234	0	0	0	0	0	0	182,803
Steelville	205,562	102,893	0	0	0	0	0	0	308,455
Stella	2,684	0	0	0	0	0	0	0	2,684
Stewartsville	35,580	17,776	0	0	0	0	0	0	53,356
Stockton	194,593	97,010	97,012	19,273	0	0	0	0	407,888
Stoutland	9,658	0	0	0	0	0	0	0	9,658
Stover	92,327	0	43,368	0	0	0	0	0	135,695
Strafford	186,022	93,011	0	0	0	0	0	0	279,033
Sturgeon	46,445	0	20,693	0	0	0	0	0	67,138
Sugar Creek	330,238	0	0	31,056	0	0	0	0	361,294
Sullivan	1,322,199	660,991	0	0	0	0	0	0	1,983,190
Summersville	44,338	0	11,905	0	0	0	0	0	56,243
Sunrise Beach	120,348	0	27,194	17,039	0	0	0	0	164,581
Sunset Hills	0	1,137,918	0	0	0	0	0	0	1,137,918
Sweet Springs	100,208	45,369	45,369	0	0	0	0	0	190,946
Table Rock Townsite	9,942	0	0	0	0	0	0	0	9,942
Taneyville	10,068	0	0	0	0	0	0	0	10,068
Taos	22,265	0	0	0	0	0	0	0	22,265
Tarkio	161,931	0	0	0	0	0	0	0	161,931
Thayer	339,022	0	0	0	0	0	0	0	339,022

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Theodosia	49,457	0	0	0	0	0	0	0	49,457
Tipton	186,087	0	0	0	0	0	0	0	186,087
Town and Country	0	2,573,605	0	0	0	0	0	0	2,573,605
Tracy	1,197	0	0	0	0	0	0	0	1,197
Trenton	697,904	348,710	0	0	0	0	0	0	1,046,614
Trimble	7,827	0	0	0	0	0	0	0	7,827
Troy	1,850,996	0	906,130	0	0	0	0	0	2,757,126
Truesdale	55,115	0	0	0	0	0	0	0	55,115
Tuscumbia	11,067	0	0	0	0	0	0	0	11,067
Twin Oaks	0	247,426	0	0	0	0	0	0	247,426
Union	1,273,433	318,393	636,701	0	0	0	0	0	2,228,527
Unionville	170,639	0	0	0	0	0	0	0	170,639
University City	0	2,384,070	0	151,385	0	0	0	0	2,535,455
Urbana	31,572	0	9,925	0	0	0	0	0	41,497
Urich	56,146	28,109	0	0	0	0	0	0	84,255
Uplands Park	0	27,683	0	1,873	0	0	0	0	29,556
Valley Park	0	667,757	0	0	0	0	0	0	667,757
Van Buren	118,926	56,154	0	0	0	0	0	0	175,080
Vandalia	299,758	149,699	0	0	0	0	0	0	449,457
Vandiver	87,765	0	0	0	0	0	0	0	87,765
Velda	0	91,942	0	0	0	0	0	0	91,942
Velda Village Hills	0	70,108	0	0	0	0	0	0	70,108
Verona	26,679	0	0	0	0	0	0	0	26,679
Versailles	424,214	416,620	0	0	0	0	0	0	840,834
Viburnum	63,627	0	0	0	0	0	0	0	63,627
Vienna	87,001	0	42,035	7,255	0	0	0	0	136,291
Village of Four Seasons	233,377	116,684	0	0	0	0	0	0	350,061
Vinita Park	0	244,877	0	19,910	0	0	0	0	264,787
Vinita Terrace	0	18,295	0	0	0	0	0	0	18,295
Walnut Grove	35,245	0	0	0	0	0	0	0	35,245
Wardell	12,666	0	0	0	0	0	0	0	12,666
Wardsville	25,132	0	0	0	0	0	0	0	25,132

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DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2002

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Warrensburg	2,160,423	1,080,190	0	202,338	0	0	0	0	3,442,951
Warrenton	1,179,840	294,959	589,917	0	0	0	0	0	2,064,716
Warsaw	500,877	250,410	242,613	0	0	0	0	0	993,900
Warson Woods	0	221,175	0	0	0	0	0	0	221,175
Washburn	17,072	8,536	8,536	0	0	0	0	0	34,144
Washington	2,671,153	1,335,558	0	194,634	0	0	0	0	4,201,345
Waverly	41,209	0	17,941	0	0	0	0	0	59,150
Wayland	17,388	0	0	0	0	0	0	0	17,388
Waynesville	317,689	233,335	149,053	0	0	0	0	0	700,077
Weaubleau	25,673	0	0	0	0	0	0	0	25,673
Webb City	1,130,625	537,648	537,676	0	0	0	0	0	2,205,949
Webster Groves	0	2,316,158	0	0	0	0	0	0	2,316,158
Weldon Spring	178,283	0	0	0	0	0	0	0	178,283
Wellsville	68,044	19,273	34,020	0	0	0	0	0	121,337
Wellston	0	180,147	0	0	0	0	0	0	180,147
Wentzville	1,973,076	959,546	954,695	707,532	0	0	0	0	4,594,849
West Plains	2,413,557	1,208,755	0	0	0	0	0	0	3,622,312
West Sullivan	3,565	891	0	0	0	0	0	0	4,456
Weston	147,369	0	74,114	20,420	0	0	0	0	241,903
Westphalia	36,919	0	0	6,935	0	0	0	0	43,854
Wheatland	15,265	0	3,099	0	0	0	0	0	18,364
Wheaton	42,653	0	0	0	0	0	0	0	42,653
Wilbur Park	0	28,814	0	0	0	0	0	0	28,814
Wildwood	0	1,332,124	0	0	0	0	0	0	1,332,124
Willard	280,118	246,407	0	17,479	0	0	0	0	544,004
Williamsville	21,628	7,705	0	0	0	0	0	0	29,333
Willow Springs	229,234	130,092	0	0	0	0	0	0	359,326
Windsor	213,333	93,016	0	0	0	0	0	0	306,349
Winfield	55,928	0	26,577	0	0	0	0	0	82,505
Winona	87,015	22,955	22,955	0	0	0	0	0	132,925
Woods Heights	27,609	0	0	4,866	0	0	0	0	32,475
Woodson Terrace	0	330,727	0	16,625	0	0	0	0	347,352

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DIVISION OF TAXATION AND COLLECTION
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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Wright City	165,257	39,203	78,405	0	0	0	0	0	282,865
Wyaconda	6,500	0	0	0	0	0	0	0	6,500
Wyatt	9,139	0	0	0	0	0	0	0	9,139
COUNTIES:									
Adair	0	0	0	0	1,374,377	1,374,089	0	0	2,748,466
Andrew	0	0	0	184,501	441,862	883,718	0	0	1,510,081
Atchison	0	0	0	0	0	754,915	0	0	754,915
Audrain	0	0	0	0	1,011,559	2,023,177	0	0	3,034,736
Barry	0	0	0	0	1,545,103	1,545,469	0	0	3,090,572
Barton	0	0	0	0	447,710	447,714	0	0	895,424
Bates	0	0	0	47,731	0	572,482	0	0	620,213
Benton	0	0	0	0	624,384	681,666	0	0	1,306,050
Bollinger	0	0	0	0	276,201	276,202	0	0	552,403
Boone	0	0	0	0	9,256,029	9,251,908	0	0	18,507,937
Buchanan	0	0	0	0	5,128,932	6,154,664	0	0	11,283,596
Butler	0	0	0	0	2,366,206	2,365,633	0	0	4,731,839
Caldwell	0	0	0	76,907	207,932	416,170	0	0	701,009
Callaway	0	0	0	0	0	1,518,672	0	0	1,518,672
Camden	0	0	0	0	3,587,628	3,586,617	0	0	7,174,245
Cape Girardeau	0	0	0	0	5,311,172	15	0	0	5,311,187
Carroll	0	0	0	36,426	285,433	301,641	0	0	623,500
Carter	0	0	0	0	165,353	165,352	0	0	330,705
Cass	0	0	0	0	4,256,554	4,285,470	0	0	8,542,024
Cedar	0	0	0	0	429,518	239,770	0	0	669,288
Chariton	0	0	0	93,286	228,243	494,794	0	0	816,323
Christian	0	0	0	0	2,179,899	4,356,272	0	0	6,536,171
Clark	0	0	0	0	199,009	597,144	0	0	796,153
Clay	0	0	0	857,114	13,057,613	12,813,623	0	0	26,728,350
Clinton	0	0	0	132,854	526,124	526,074	0	0	1,185,052
Cole	0	0	0	401,864	0	4,653,190	0	0	5,055,054
Cooper	0	0	0	0	662,267	1,654,765	0	0	2,317,032
Crawford	0	0	0	0	823,502	1,362,202	0	0	2,185,704

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YEAR ENDED JUNE 30, 2002

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Dade	0	0	0	29,530	219,444	219,422	0	0	468,396
Dallas	0	0	0	0	505,607	1,475,932	0	0	1,981,539
Daviess	0	0	0	43,594	0	643,248	0	0	686,842
Dekalb	0	0	0	0	544,157	544,161	0	0	1,088,318
Dent	0	0	0	0	626,306	0	0	0	626,306
Douglas	0	0	0	0	361,350	361,338	0	0	722,688
Dunklin	0	0	0	0	0	1,271,004	0	0	1,271,004
Franklin	0	0	0	0	4,564,631	6,846,614	0	0	11,411,245
Gasconade	0	0	0	0	689,781	690,249	0	0	1,380,030
Gentry	0	0	0	0	0	444,948	0	0	444,948
Greene	0	0	0	0	19,007,575	13,816,485	0	0	32,824,060
Grundy	0	0	0	0	424,003	423,833	0	0	847,836
Harrison	0	0	0	0	0	645,274	0	0	645,274
Henry	0	0	0	62,207	1,116,523	0	0	0	1,178,730
Hickory	0	0	0	0	240,792	481,552	0	0	722,344
Holt	0	0	0	148,685	156,587	547,904	0	0	853,176
Howard	0	0	0	0	251,931	721,634	0	0	973,565
Howell	0	0	0	0	1,840,184	921,071	0	0	2,761,255
Iron	0	0	0	0	297,954	0	0	0	297,954
Jackson	0	0	0	0	40,148,803	29,330,708	0	0	69,479,511
Jasper	0	0	0	0	5,020,204	4,684,878	0	0	9,705,082
Jefferson	0	0	0	0	9,007,228	18,012,559	0	0	27,019,787
Johnson	0	0	0	330,058	1,833,889	3,541,937	0	0	5,705,884
Knox	0	0	0	0	130,841	392,583	0	0	523,424
Laclede	0	0	0	0	1,649,104	1,649,014	0	0	3,298,118
Lafayette	0	0	0	0	1,218,900	1,219,078	0	0	2,437,978
Lawrence	0	0	0	0	1,114,384	1,114,430	0	0	2,228,814
Lewis	0	0	0	256,027	261,872	808,262	0	0	1,326,161
Lincoln	0	0	0	0	1,779,431	4,609,595	0	0	6,389,026
Linn	0	0	0	102,305	577,886	577,887	0	0	1,258,078
Livingston	0	0	0	0	806,219	0	0	0	806,219
Macon	0	0	0	0	573,783	1,003,806	0	0	1,577,589

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Madison	0	0	0	0	382,748	226,572	0	0	609,320
Maries	0	0	0	24,313	218,908	240,524	0	0	483,745
Marion	0	0	0	0	1,434,309	2,151,287	0	0	3,585,596
McDonald	0	0	0	0	622,077	1,188,993	0	0	1,811,070
Mercer	0	0	0	0	139,581	179,541	0	0	319,122
Miller	0	0	0	155,571	1,206,494	1,205,098	0	0	2,567,163
Mississippi	0	0	0	0	405,842	1,014,532	0	0	1,420,374
Moniteau	0	0	0	0	462,470	425,860	0	0	888,330
Monroe	0	0	0	67,831	247,551	247,521	0	0	562,903
Montgomery	0	0	0	0	400,542	720,793	0	0	1,121,335
Morgan	0	0	0	0	847,608	901,155	0	0	1,748,763
New Madrid	0	0	0	0	1,349,610	0	0	0	1,349,610
Newton	0	0	0	0	1,918,656	2,557,439	0	0	4,476,095
Nodaway	0	0	0	0	910,095	909,973	0	0	1,820,068
Oregon	0	0	0	0	349,199	349,200	0	0	698,399
Osage	0	0	0	0	421,320	452,894	0	0	874,214
Ozark	0	0	0	0	236,047	734,332	0	0	970,379
Pemiscot	0	0	0	0	586,174	879,324	0	0	1,465,498
Perry	0	0	0	0	978,680	920,809	0	0	1,899,489
Pettis	0	0	0	305,341	2,301,437	2,311,626	0	0	4,918,404
Phelps	0	0	0	0	2,186,852	2,189,560	0	0	4,376,412
Pike	0	0	0	0	598,502	1,387,410	0	0	1,985,912
Platte	0	0	0	2,264,817	5,154,685	6,247,227	0	0	13,666,729
Polk	0	0	0	0	0	2,255,096	0	0	2,255,096
Pulaski	0	0	0	0	1,292,655	28	0	0	1,292,683
Putnam	0	0	0	0	0	559,386	0	0	559,386
Ralls	0	0	0	0	367,843	730,392	0	0	1,098,235
Randolph	0	0	0	0	1,163,494	0	0	0	1,163,494
Ray	0	0	0	0	751,834	1,503,856	0	0	2,255,690
Reynolds	0	0	0	0	80,646	0	0	0	80,646
Ripley	0	0	0	0	0	382,855	0	0	382,855
Saline	0	0	0	0	873,325	873,301	0	0	1,746,626

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SALES AND USE TAX
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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Schuyler	0	0	0	0	121,216	242,446	0	0	363,662
Scotland	0	0	0	0	0	415,275	0	0	415,275
Scott	0	0	0	0	1,455,270	1,458,422	0	0	2,913,692
Shannon	0	0	0	0	198,131	104,962	0	0	303,093
Shelby	0	0	0	64,983	222,344	444,585	0	0	731,912
St. Charles	0	0	0	4,327,095	18,316,096	39,554,816	0	0	62,198,007
St. Clair	0	0	0	0	263,461	0	0	0	263,461
St. Francois	0	0	0	0	2,790,996	2,646,972	0	0	5,437,968
St. Louis	0	0	114,868,413	0	0	14,804,304	153,214,096	0	282,886,813
Ste. Genevieve	0	0	0	0	654,958	655,878	0	0	1,310,836
Stoddard	0	0	0	0	1,063,240	0	0	0	1,063,240
Stone	0	0	0	223,518	1,673,272	4,315,107	0	0	6,211,897
Sullivan	0	0	0	0	197,623	604,213	0	0	801,836
Taney	0	0	0	0	5,280,354	10,560,554	0	0	15,840,908
Texas	0	0	0	0	707,515	0	0	0	707,515
Vernon	0	0	0	0	807,585	0	0	0	807,585
Warren	0	0	0	0	1,089,194	3,267,565	0	0	4,356,759
Washington	0	0	0	216,092	597,631	2,330,415	0	0	3,144,138
Wayne	0	0	0	0	402,955	402,907	0	0	805,862
Webster	0	0	0	0	1,017,199	1,424,050	0	0	2,441,249
Worth	0	0	0	0	59,707	91,020	0	0	150,727
Wright	0	0	0	0	651,127	55,806	0	0	706,933
DISTRICTS:									
Smithville Area Fire Protection District	0	0	0	0	0	0	0	282,742	282,742
SNI Valley Fire Protection District	0	0	0	0	0	0	0	525,697	525,697
TOTALS	\$ 432,370,814	270,533,388	257,768,970	61,385,716	214,821,037	277,428,695	153,214,096	808,439	1,668,331,155

The accompanying Notes to the Supplementary Data are an integral part of this statement.

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
CITIES:									
Adrian	\$ 89,339	42,412	27,893	0	0	0	0	0	159,644
Advance	150,096	79,961	0	7,052	0	0	0	0	237,109
Airport Drive	134,472	65,145	0	0	0	0	0	0	199,617
Alba	16,431	0	0	0	0	0	0	0	16,431
Albany	151,504	75,377	0	0	0	0	0	0	226,881
Alexandria	12,030	0	0	0	0	0	0	0	12,030
Alton	84,622	52,820	0	0	0	0	0	0	137,442
Amsterdam	13,668	0	0	0	0	0	0	0	13,668
Anderson	175,617	0	84,764	0	0	0	0	0	260,381
Annapolis	17,133	8,565	8,565	0	0	0	0	0	34,263
Appleton City	133,210	0	0	0	0	0	0	0	133,210
Arbyrd	24,372	0	0	0	0	0	0	0	24,372
Arcadia	60,768	0	0	0	0	0	0	0	60,768
Archie	38,234	0	0	0	0	0	0	0	38,234
Argyle	7,374	0	0	0	0	0	0	0	7,374
Arnold	3,892,661	941,056	0	0	0	0	0	0	4,833,717
Arrow Rock	11,864	4,367	0	0	0	0	0	0	16,231
Ash Grove	111,403	15,360	0	4,315	0	0	0	0	131,078
Ashland	206,620	96,349	0	0	0	0	0	0	302,969
Atlanta	13,973	0	0	0	0	0	0	0	13,973
Augusta	47,006	23,483	0	0	0	0	0	0	70,489
Aurora	808,582	0	381,183	0	0	0	0	0	1,189,765
Auxvasse	75,158	0	34,473	0	0	0	0	0	109,631
Ava	237,887	237,889	0	17,310	0	0	0	0	493,086
Avondale	18,212	0	0	0	0	0	0	0	18,212
Bagnell	8,293	0	0	0	0	0	0	0	8,293
Bakersfield	11,632	0	0	0	0	0	0	0	11,632

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Ballwin	0	1,381,723	0	0	0	0	0	0	1,381,723
Bates City	78,872	39,442	0	13,624	0	0	0	0	131,938
Battlefield	33,859	0	24,128	0	0	0	0	0	57,987
Bel-Nor	0	101,846	0	6,824	0	0	0	0	108,670
Bel-Ridge	0	256,584	0	0	0	0	0	0	256,584
Bella Villa	0	45,246	0	3,032	0	0	0	0	48,278
Bellefontaine Neighbors	0	614,729	0	0	0	0	0	0	614,729
Bell City	13,860	0	0	0	0	0	0	0	13,860
Belle	119,735	0	52,414	0	0	0	0	0	172,149
Bellflower	13,654	5,535	5,534	0	0	0	0	0	24,723
Belton	1,667,581	1,670,047	833,792	0	0	0	0	0	4,171,420
Benton	59,862	0	0	0	0	0	0	0	59,862
Berger	6,862	0	0	0	0	0	0	0	6,862
Berkeley	0	700,049	0	0	0	0	0	0	700,049
Bernie	94,085	47,036	0	0	0	0	0	0	141,121
Bethany	506,091	289,288	0	0	0	0	0	0	795,379
Beverly Hills	0	60,223	0	0	0	0	0	0	60,223
Bevier	41,372	0	15,426	0	0	0	0	0	56,798
Biehle	12,507	0	0	0	0	0	0	0	12,507
Billings	69,908	0	0	0	0	0	0	0	69,908
Birch Tree	34,825	17,404	16,301	0	0	0	0	0	68,530
Birmingham	10,433	0	0	0	0	0	0	0	10,433
Bismarck	91,460	0	41,093	0	0	0	0	0	132,553
Black Jack	0	344,601	0	23,091	0	0	0	0	367,692
Blackburn	6,698	0	0	0	0	0	0	0	6,698
Blackwater	2,796	1,398	0	0	0	0	0	0	4,194
Blairstown	10,913	0	0	0	0	0	0	0	10,913
Bland	30,874	19,330	0	0	0	0	0	0	50,204

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DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2001

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Bloomfield	104,476	13,480	0	15,981	0	0	0	0	133,937
Blue Springs	5,769,199	0	2,714,008	0	0	0	0	0	8,483,207
Bolivar	1,411,357	705,995	677,256	0	0	0	0	0	2,794,608
Bonne Terre	425,221	100,103	200,206	0	0	0	0	0	725,530
Boonville	807,935	378,943	0	0	0	0	0	0	1,186,878
Bourbon	141,054	0	67,933	0	0	0	0	0	208,987
Bowling Green	474,387	99,066	197,766	0	0	0	0	0	771,219
Branson	7,902,190	0	3,931,407	0	0	0	0	0	11,833,597
Branson West	645,207	322,604	322,006	0	0	0	0	0	1,289,817
Braymer	54,724	0	0	0	0	0	0	0	54,724
Breckenridge Hills	15,893	216,563	0	19,513	0	0	0	0	251,969
Brentwood	0	3,109,644	0	0	0	0	0	0	3,109,644
Bridgeton	0	3,731,252	0	0	0	0	0	0	3,731,252
Brookfield	651,930	92,574	306,745	65,358	0	0	0	0	1,116,607
Brookline Station	18,172	0	0	0	0	0	0	0	18,172
Browning	9,419	0	0	2,215	0	0	0	0	11,634
Brumley	7,610	0	0	0	0	0	0	0	7,610
Brunswick	103,762	0	1	0	0	0	0	0	103,763
Bucklin	32,433	0	0	11,675	0	0	0	0	44,108
Buckner	152,706	76,336	0	4,487	0	0	0	0	233,529
Buffalo	548,733	0	146,199	0	0	0	0	0	694,932
Bull Creek Village	4,224	0	0	0	0	0	0	0	4,224
Bunker	18,373	0	0	0	0	0	0	0	18,373
Butler	541,053	0	271,167	0	0	0	0	0	812,220
Bynes Mill	102,443	0	0	0	0	0	0	0	102,443
Cabool	255,287	126,146	0	0	0	0	0	0	381,433
Caledonia	12,293	0	0	0	0	0	0	0	12,293
Calhoun	11,550	4,486	0	0	0	0	0	0	16,036

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
California	441,538	0	0	0	0	0	0	0	441,538
Callao	9,785	0	0	0	0	0	0	0	9,785
Camdenton	1,035,771	517,846	505,097	0	0	0	0	0	2,058,714
Cameron	1,087,173	543,358	0	0	0	0	0	0	1,630,531
Campbell	119,128	0	0	0	0	0	0	0	119,128
Canton	148,052	55,514	0	0	0	0	0	0	203,566
Cape Girardeau	7,612,981	3,803,321	3,688,807	0	0	0	0	0	15,105,109
Cardwell	15,536	0	0	0	0	0	0	0	15,536
Carl Junction	199,399	0	81,589	0	0	0	0	0	280,988
Carrollton	372,230	0	186,085	0	0	0	0	0	558,315
Cartersville	59,840	29,920	23,885	6,527	0	0	0	0	120,172
Carthage	1,589,270	753,640	754,149	0	0	0	0	0	3,097,059
Caruthersville	485,659	242,829	0	0	0	0	0	0	728,488
Cassville	552,210	552,115	0	0	0	0	0	0	1,104,325
Center	43,612	0	0	0	0	0	0	0	43,612
Centertown	23,486	0	0	0	0	0	0	0	23,486
Centerville	10,373	0	0	0	0	0	0	0	10,373
Centralia	283,915	0	143,047	0	0	0	0	0	426,962
Chaffee	160,854	80,427	0	0	0	0	0	0	241,281
Chamois	23,921	0	0	0	0	0	0	0	23,921
Charlack	0	78,014	0	0	0	0	0	0	78,014
Charleston	539,694	0	261,121	0	0	0	0	0	800,815
Chesterfield	0	4,299,307	0	0	0	0	0	0	4,299,307
Chilhowee	17,474	0	0	0	0	0	0	0	17,474
Chillicothe	1,445,979	685,169	685,455	0	0	0	0	0	2,816,603
Clarence	76,602	0	0	0	0	0	0	0	76,602
Clarksville	32,959	0	0	0	0	0	0	0	32,959
Clarkton	46,217	0	0	0	0	0	0	0	46,217

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YEAR ENDED JUNE 30, 2001

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Clayton	0	2,692,308	0	0	0	0	0	0	2,692,308
Cleveland	38,926	0	0	0	0	0	0	0	38,926
Clever	48,408	7,449	0	0	0	0	0	0	55,857
Climax Springs	2,569	0	0	0	0	0	0	0	2,569
Clinton	1,550,261	1,142,065	734,323	201,566	0	0	0	0	3,628,215
Cole Camp	127,301	0	2,910	0	0	0	0	0	130,211
Collins	54,766	0	0	1,900	0	0	0	0	56,666
Columbia	14,966,016	3,908,428	7,226,636	0	0	0	0	0	26,101,080
Concordia	303,227	260,338	72,260	0	0	0	0	0	635,825
Conway	53,004	26,500	0	0	0	0	0	0	79,504
Corder	11,533	5,767	0	1,905	0	0	0	0	19,205
Cottleville	189,904	0	0	0	0	0	0	0	189,904
Country Club Hills	0	75,766	0	0	0	0	0	0	75,766
Country Club Village	26,653	0	0	0	0	0	0	0	26,653
Craig	12,483	0	0	0	0	0	0	0	12,483
Crane	95,509	0	43,719	16,067	0	0	0	0	155,295
Creighton	11,141	0	0	0	0	0	0	0	11,141
Crestwood	0	2,371,980	0	0	0	0	0	0	2,371,980
Creve Coeur	0	2,447,039	0	0	0	0	0	0	2,447,039
Crocker	96,496	0	0	0	0	0	0	0	96,496
Crystal City	742,509	353,415	0	0	0	0	0	0	1,095,924
Crystal Lake	3,652	0	0	0	0	0	0	0	3,652
Crystal Lake Park	0	28,553	0	0	0	0	0	0	28,553
Cuba	543,094	0	271,547	0	0	0	0	0	814,641
De Soto	810,308	383,682	0	0	0	0	0	0	1,193,990
Dearborn	29,877	0	0	0	0	0	0	0	29,877
Deepwater	14,374	0	0	0	0	0	0	0	14,374
Dellwood	0	521,643	0	0	0	0	0	0	521,643

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YEAR ENDED JUNE 30, 2001

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Delta	27,525	12,252	0	0	0	0	0	0	39,777
Des Peres	0	1,857,419	0	139,738	0	0	0	0	1,997,157
Desloge	638,090	300,181	300,180	0	0	0	0	0	1,238,451
Dexter	986,427	572,842	0	0	0	0	0	0	1,559,269
Diamond	40,317	0	8,134	0	0	0	0	0	48,451
Diggins	23,936	0	0	0	0	0	0	0	23,936
Dixon	138,469	0	60,945	0	0	0	0	0	199,414
Doniphan	411,744	0	195,132	0	0	0	0	0	606,876
Doolittle	23,932	0	0	0	0	0	0	0	23,932
Drexel	91,114	45,557	0	0	0	0	0	0	136,671
Dudley	29,810	0	0	0	0	0	0	0	29,810
Duenweg	65,407	7,297	0	0	0	0	0	0	72,704
Duquesne	135,034	0	0	0	0	0	0	0	135,034
Dutchtown	1,540	0	0	0	0	0	0	0	1,540
Eagleville	74,683	37,341	18,671	0	0	0	0	0	130,695
East Lynne	7,282	3,641	0	0	0	0	0	0	10,923
East Prairie	186,198	0	371	0	0	0	0	0	186,569
Easton	8,493	0	0	0	0	0	0	0	8,493
Edgar Springs	11,647	0	0	0	0	0	0	0	11,647
Edgerton	24,541	0	0	0	0	0	0	0	24,541
Edina	125,618	0	0	0	0	0	0	0	125,618
Edmundson	0	384,132	0	5,357	0	0	0	0	389,489
El Dorado Springs	381,741	190,949	0	0	0	0	0	0	572,690
Eldon	826,247	473,452	171,035	0	0	0	0	0	1,470,734
Ellington	237,106	57,379	0	0	0	0	0	0	294,485
Ellisville	0	1,462,678	0	0	0	0	0	0	1,462,678
Ellsinore	30,179	14,458	0	0	0	0	0	0	44,637
Elsberry	152,675	0	65,313	9,741	0	0	0	0	227,729

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YEAR ENDED JUNE 30, 2001

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Elvins	16	0	0	0	0	0	0	0	16
Eminence	63,160	30,299	0	0	0	0	0	0	93,459
Emma	11,679	0	0	0	0	0	0	0	11,679
Eolia	24,417	0	0	0	0	0	0	0	24,417
Essex	15,863	0	0	0	0	0	0	0	15,863
Esther	1,886	0	943	0	0	0	0	0	2,829
Eureka	0	1,007,126	0	0	0	0	0	0	1,007,126
Everton	11,947	0	0	0	0	0	0	0	11,947
Ewing	28,295	0	0	0	0	0	0	0	28,295
Excelsior Springs	1,387,224	694,392	655,110	210,089	0	0	0	0	2,946,815
Exeter	18,778	0	0	0	0	0	0	0	18,778
Fair Grove	80,877	40,438	40,439	0	0	0	0	0	161,754
Fair Play	0	9,804	9,804	0	0	0	0	0	19,608
Fairfax	37,881	0	0	0	0	0	0	0	37,881
Fairview	9,867	0	0	0	0	0	0	0	9,867
Farber	20,968	0	0	0	0	0	0	0	20,968
Farmington	2,585,736	1,292,819	0	0	0	0	0	0	3,878,555
Fayette	167,276	10,372	0	0	0	0	0	0	177,648
Fenton	0	2,455,814	0	0	0	0	0	0	2,455,814
Ferguson	0	1,396,409	0	0	0	0	0	0	1,396,409
Ferrelview	21,182	0	0	0	0	0	0	0	21,182
Festus	2,261,007	549,641	1,099,863	0	0	0	0	0	3,910,511
Fisk	30,368	14,179	0	0	0	0	0	0	44,547
Flat River	85	36	42	0	0	0	0	0	163
Flint Hill	105,720	0	0	0	0	0	0	0	105,720
Flordell Hills	0	54,464	0	3,650	0	0	0	0	58,114
Florissant	0	4,549,417	0	0	0	0	0	0	4,549,417
Foley	12,497	0	0	0	0	0	0	0	12,497

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Fordland	32,083	0	0	0	0	0	0	0	32,083
Forest City	12,854	0	0	0	0	0	0	0	12,854
Foristell	123,805	61,902	0	28,831	0	0	0	0	214,538
Forsyth	240,420	176,161	0	0	0	0	0	0	416,581
Frankford	10,044	0	0	0	0	0	0	0	10,044
Franklin	6,752	3,376	3,376	0	0	0	0	0	13,504
Fredericktown	453,114	0	210,554	0	0	0	0	0	663,668
Freeburg	111,368	27,842	0	0	0	0	0	0	139,210
Freeman	33,031	0	0	0	0	0	0	0	33,031
Fremont Hills	16,677	0	0	2,014	0	0	0	0	18,691
Frontenac	0	770,009	0	0	0	0	0	0	770,009
Fulton	1,219,043	609,214	609,464	0	0	0	0	0	2,437,721
Gainesville	156,176	0	0	0	0	0	0	0	156,176
Galena	24,508	0	0	0	0	0	0	0	24,508
Gallatin	121,651	0	0	8,357	0	0	0	0	130,008
Garden City	92,652	0	41,022	0	0	0	0	0	133,674
Gasconade	4,374	0	0	0	0	0	0	0	4,374
Gerald	108,548	0	51,273	0	0	0	0	0	159,821
Gerster	591	0	0	0	0	0	0	0	591
Gideon	40,371	0	0	0	0	0	0	0	40,371
Gilliam	3,356	419	0	0	0	0	0	0	3,775
Gilman City	15,940	0	0	0	0	0	0	0	15,940
Gladstone	3,474,220	1,634,616	1,634,122	0	0	0	0	0	6,742,958
Glasgow	111,921	27,979	51,910	0	0	0	0	0	191,810
Glendale	0	463,898	0	22,391	0	0	0	0	486,289
Golden City	33,206	18,975	18,975	0	0	0	0	0	71,156
Goodman	56,340	0	0	0	0	0	0	0	56,340
Gower	75,757	18,935	0	14,278	0	0	0	0	108,970

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Grain Valley	450,060	204,423	204,430	0	0	0	0	0	858,913
Granby	191,213	35,845	0	0	0	0	0	0	227,058
Grandin	3,932	0	0	0	0	0	0	0	3,932
Grandview	2,922,628	1,464,961	1,378,560	0	0	0	0	0	5,766,149
Grant City	56,703	0	0	0	0	0	0	0	56,703
Grantwood	0	50,811	0	3,405	0	0	0	0	54,216
Gravois Mills	42,773	0	0	0	0	0	0	0	42,773
Green City	48,683	24,266	0	0	0	0	0	0	72,949
Green Ridge	26,878	0	0	0	0	0	0	0	26,878
Greenfield	112,414	0	0	0	0	0	0	0	112,414
Greentop	20,956	0	0	0	0	0	0	0	20,956
Greenville	37,987	36,020	0	0	0	0	0	0	74,007
Greenwood	259,306	114,494	114,541	0	0	0	0	0	488,341
Hale	20,491	10,251	10,251	0	0	0	0	0	40,993
Hallsville	51,026	0	0	0	0	0	0	0	51,026
Hamilton	118,145	0	59,071	0	0	0	0	0	177,216
Hannibal	2,241,887	2,242,995	0	0	0	0	0	0	4,484,882
Hardin	18,312	0	0	0	0	0	0	0	18,312
Harrisburg	18,140	0	0	0	0	0	0	0	18,140
Harrisonville	1,720,114	1,543,502	0	0	0	0	0	0	3,263,616
Hartsburg	2,896	0	0	0	0	0	0	0	2,896
Hartville	66,812	33,736	0	0	0	0	0	0	100,548
Hawk Point	35,978	0	0	0	0	0	0	0	35,978
Hayti	292,833	146,374	139,150	0	0	0	0	0	578,357
Hayti Heights	14,847	5,873	0	0	0	0	0	0	20,720
Hazelwood	0	1,508,140	0	454,501	0	0	0	0	1,962,641
Henrietta	20,684	0	0	0	0	0	0	0	20,684
Herculaneum	463,454	0	0	0	0	0	0	0	463,454

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Hermann	381,803	91,621	183,092	0	0	0	0	0	656,516
Hermitage	93,334	45,517	0	5,188	0	0	0	0	144,039
Higbee	17,576	0	8,788	0	0	0	0	0	26,364
Higginsville	530,136	253,847	246,296	0	0	0	0	0	1,030,279
High Hill	10,670	0	0	0	0	0	0	0	10,670
Highlandville	20,830	0	0	0	0	0	0	0	20,830
Hillsboro	245,583	92,071	0	0	0	0	0	0	337,654
Hillsdale	0	109,490	0	0	0	0	0	0	109,490
Holcomb	36,024	0	0	0	0	0	0	0	36,024
Holden	230,355	0	104,229	14,627	0	0	0	0	349,211
Hollister	569,476	284,739	271,741	0	0	0	0	0	1,125,956
Holt	40,615	58,019	0	0	0	0	0	0	98,634
Holts Summit	247,011	114,579	114,592	27,898	0	0	0	0	504,080
Homestown	1,925	0	0	0	0	0	0	0	1,925
Hornersville	33,469	0	0	0	0	0	0	0	33,469
Houston	415,931	78,478	97,690	0	0	0	0	0	592,099
Howardville	3,433	0	0	849	0	0	0	0	4,282
Humansville	52,906	35,618	0	0	0	0	0	0	88,524
Hunnewell	5,736	0	0	0	0	0	0	0	5,736
Huntsville	43,135	0	21,567	0	0	0	0	0	64,702
Hurley	3,245	0	0	0	0	0	0	0	3,245
Iberia	85,808	40,648	0	0	0	0	0	0	126,456
Illmo-Scott City	14	0	0	0	0	0	0	0	14
Independence	16,378,234	9,385,148	0	0	0	0	0	0	25,763,382
Indian Point (Village of)	121,915	60,958	0	0	0	0	0	0	182,873
Innsbrook (Village of)	18,044	0	0	0	0	0	0	0	18,044
Ironton	200,751	93,553	93,493	0	0	0	0	0	387,797
Jackson	1,646,980	0	793,958	0	0	0	0	0	2,440,938

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Jamesport	54,006	0	0	0	0	0	0	0	54,006
Jasper	62,396	31,198	27,710	0	0	0	0	0	121,304
Jefferson City	8,096,870	3,909,915	142	0	0	0	0	0	12,006,927
Jennings	0	1,052,400	0	0	0	0	0	0	1,052,400
Jonesburg	65,705	30,545	0	0	0	0	0	0	96,250
Joplin	10,314,733	0	5,157,304	0	0	0	0	0	15,472,037
Josephville	2,822	0	0	0	0	0	0	0	2,822
Kahoka	160,755	0	0	0	0	0	0	0	160,755
Kansas City	62,007,922	13,468,336	31,028,277	24,185,152	0	0	0	0	130,689,687
Kearney	711,903	333,810	333,631	0	0	0	0	0	1,379,344
Kelso	38,588	0	0	0	0	0	0	0	38,588
Kennett	1,177,469	0	0	0	0	0	0	0	1,177,469
Kidder	22,957	0	0	0	0	0	0	0	22,957
Kimberling City	304,939	291,221	0	0	0	0	0	0	596,160
Kimmswick	49,999	0	24,999	0	0	0	0	0	74,998
King City	88,851	0	0	0	0	0	0	0	88,851
Kingdom City	222,934	111,430	0	0	0	0	0	0	334,364
Kinloch	0	151,870	0	0	0	0	0	0	151,870
Kirksville	2,155,285	1,487,337	1,046,255	0	0	0	0	0	4,688,877
Kirkwood	0	3,989,194	0	106,654	0	0	0	0	4,095,848
Knob Noster	147,935	66,448	66,569	21,725	0	0	0	0	302,677
Koshkonong	0	5,133	0	0	0	0	0	0	5,133
La Belle	37,427	0	0	0	0	0	0	0	37,427
La Grange	36,758	0	0	0	0	0	0	0	36,758
La Monte	71,564	0	0	0	0	0	0	0	71,564
La Plata	77,654	0	0	0	0	0	0	0	77,654
Ladonia	0	11,802	11,802	0	0	0	0	0	23,604
Ladue	0	829,386	0	0	0	0	0	0	829,386

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Lake Ozark	447,603	218,282	218,282	0	0	0	0	0	884,167
Lake St. Louis	490,890	0	245,499	0	0	0	0	0	736,389
Lakeside	514	0	0	0	0	0	0	0	514
Lamar	488,248	244,125	244,125	0	0	0	0	0	976,498
Lanagan	16,593	0	0	0	0	0	0	0	16,593
Lancaster	63,862	0	0	0	0	0	0	0	63,862
Lathrop	119,686	59,805	0	0	0	0	0	0	179,491
Laurie	379,853	189,454	0	0	0	0	0	0	569,307
Lawson	171,691	85,846	0	0	0	0	0	0	257,537
Leadington	177,687	88,843	88,843	15,406	0	0	0	0	370,779
Leadwood	36,827	0	0	0	0	0	0	0	36,827
Lebanon	2,602,632	1,269,996	1,270,805	0	0	0	0	0	5,143,433
Lee's Summit	7,878,478	6,738,745	3,716,398	0	0	0	0	0	18,333,621
Leeton	26,516	13,258	0	0	0	0	0	0	39,774
Levasy	5,346	0	0	0	0	0	0	0	5,346
Lexington	394,180	374,643	0	0	0	0	0	0	768,823
Liberal	28,786	0	0	0	0	0	0	0	28,786
Liberty	3,134,439	1,930,161	0	0	0	0	0	0	5,064,600
Licking	205,092	102,544	0	0	0	0	0	0	307,636
Lilbourn	56,650	0	0	1,477	0	0	0	0	58,127
Lincoln	74,199	34,979	0	14,438	0	0	0	0	123,616
Linn	199,368	0	0	0	0	0	0	0	199,368
Linn Creek	85,642	51,143	8,322	16,262	0	0	0	0	161,369
Lockwood	72,510	0	0	4,066	0	0	0	0	76,576
Loma Linda	25,752	0	0	0	0	0	0	0	25,752
Lone Jack	39,629	3,777	0	0	0	0	0	0	43,406
Louisiana	641,354	0	0	0	0	0	0	0	641,354
Lowry City	40,490	0	0	1,519	0	0	0	0	42,009

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Macks Creek	9,699	0	0	0	0	0	0	0	9,699
Macon	687,813	0	0	0	0	0	0	0	687,813
Madison	24,913	0	0	0	0	0	0	0	24,913
Malden	550,541	133,936	0	0	0	0	0	0	684,477
Malta Bend	5,465	0	0	0	0	0	0	0	5,465
Manchester	0	1,119,461	0	0	0	0	0	0	1,119,461
Mansfield	115,703	66,029	0	0	0	0	0	0	181,732
Maplewood	0	1,356,297	0	63,760	0	0	0	0	1,420,057
Marble Hill	224,072	112,036	0	0	0	0	0	0	336,108
Marceline	189,425	0	85,068	0	0	0	0	0	274,493
Marionville	115,533	28,882	57,748	0	0	0	0	0	202,163
Marquand	10,571	0	0	0	0	0	0	0	10,571
Marshall	1,354,279	0	0	0	0	0	0	0	1,354,279
Marshfield	817,040	408,340	0	0	0	0	0	0	1,225,380
Marston	62,794	31,384	0	5,132	0	0	0	0	99,310
Marthasville	0	24,996	24,995	5,786	0	0	0	0	55,777
Martinsburg	29,959	0	0	0	0	0	0	0	29,959
Maryland Heights	0	4,708,841	0	0	0	0	0	0	4,708,841
Maryville	1,404,139	885,331	0	0	0	0	0	0	2,289,470
Matthews	84,367	14,343	0	0	0	0	0	0	98,710
Maysville	56,142	14,078	28,071	0	0	0	0	0	98,291
Memphis	249,761	0	0	0	0	0	0	0	249,761
Merriam Woods	13,927	0	0	0	0	0	0	0	13,927
Meta	22,998	0	0	0	0	0	0	0	22,998
Mexico	1,380,232	648,586	0	0	0	0	0	0	2,028,818
Middletown	13,441	0	0	0	0	0	0	0	13,441
Milan	224,441	0	0	0	0	0	0	0	224,441
Miller	37,036	0	16,784	0	0	0	0	0	53,820

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Miner	413,185	407,025	0	4,167	0	0	0	0	824,377
Moberly	1,858,459	1,758,244	879,306	0	0	0	0	0	4,496,009
Mokane	3,160	0	0	0	0	0	0	0	3,160
Monett	1,575,219	777,080	0	0	0	0	0	0	2,352,299
Monroe City	299,031	138,763	0	0	0	0	0	0	437,794
Montgomery City	289,300	0	133,132	0	0	0	0	0	422,432
Montrose	22,466	11,233	0	0	0	0	0	0	33,699
Morehouse	31,112	0	0	0	0	0	0	0	31,112
Morley	10,699	0	0	0	0	0	0	0	10,699
Morrison	10,017	0	0	0	0	0	0	0	10,017
Mosby	106,156	0	0	0	0	0	0	0	106,156
Moscow Mills	225,454	0	108,627	0	0	0	0	0	334,081
Mound City	52,751	53,004	0	0	0	0	0	0	105,755
Mount Vernon	457,568	228,785	0	0	0	0	0	0	686,353
Mountain Grove	817,689	408,530	0	0	0	0	0	0	1,226,219
Mountain View	404,803	0	193,119	0	0	0	0	0	597,922
Naylor	20,435	8,718	8,719	32,838	0	0	0	0	70,710
Neelyville	11,871	0	0	0	0	0	0	0	11,871
Neosho	1,792,849	862,020	646,242	0	0	0	0	0	3,301,111
Nevada	1,169,725	1,174,898	585,297	0	0	0	0	0	2,929,920
New Bloomfield	23,506	0	0	0	0	0	0	0	23,506
New Cambria	5,193	0	0	0	0	0	0	0	5,193
New Florence	82,504	38,836	38,835	0	0	0	0	0	160,175
New Franklin	36,888	18,438	14,573	0	0	0	0	0	69,899
New Haven	194,502	0	91,382	0	0	0	0	0	285,884
New London	90,628	0	26,341	0	0	0	0	0	116,969
New Madrid	214,634	33,861	0	32,037	0	0	0	0	280,532
New Melle	25,348	0	0	2,652	0	0	0	0	28,000

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Newburg	18,129	8,132	8,132	0	0	0	0	0	34,393
Niangua	15,439	0	0	0	0	0	0	0	15,439
Nixa	1,465,397	0	732,700	0	0	0	0	0	2,198,097
Noel	117,425	58,250	54,356	0	0	0	0	0	230,031
Norborne	40,265	0	0	0	0	0	0	0	40,265
Normandy	0	131,966	0	0	0	0	0	0	131,966
North Kansas City	3,244,782	0	1,604,203	0	0	0	0	0	4,848,985
Northmoor	149,108	0	0	0	0	0	0	0	149,108
Northwoods	0	286,990	0	0	0	0	0	0	286,990
Norwood	28,763	0	0	0	0	0	0	0	28,763
O'Fallon	7,706,036	0	3,690,625	0	0	0	0	0	11,396,661
Oak Grove	624,555	437,085	437,365	0	0	0	0	0	1,499,005
Oakland	0	89,537	0	0	0	0	0	0	89,537
Oakview	53,425	25,073	0	4,160	0	0	0	0	82,658
Odessa	665,776	416,325	0	0	0	0	0	0	1,082,101
Old Monroe	34,759	8,285	8,287	0	0	0	0	0	51,331
Olivette	0	486,265	0	72,571	0	0	0	0	558,836
Oran	51,355	25,587	0	0	0	0	0	0	76,942
Oronogo	28,974	0	0	0	0	0	0	0	28,974
Orrick	36,470	0	15,452	0	0	0	0	0	51,922
Osage Beach	3,312,317	1,635,853	1,636,516	0	0	0	0	0	6,584,686
Osceola	64,709	34,037	0	0	0	0	0	0	98,746
Otterville	28,462	0	0	0	0	0	0	0	28,462
Owensville	505,565	244,356	244,694	0	0	0	0	0	994,615
Ozark	1,216,077	607,527	0	0	0	0	0	0	1,823,604
Pacific	678,626	0	0	0	0	0	0	0	678,626
Pagedale	0	178,313	0	0	0	0	0	0	178,313
Palmyra	326,784	155,117	0	0	0	0	0	0	481,901

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	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Paris	104,326	46,398	46,398	0	0	0	0	0	197,122
Park Hills	581,904	265,889	265,889	0	0	0	0	0	1,113,682
Parkville	533,381	0	250,805	0	0	0	0	0	784,186
Parkway	17,307	0	0	0	0	0	0	0	17,307
Parma	33,051	0	0	995	0	0	0	0	34,046
Pasadena Hills	0	65,480	0	4,388	0	0	0	0	69,868
Pasadena Park	0	29,908	0	3,803	0	0	0	0	33,711
Pattonsburg	26,444	0	0	0	0	0	0	0	26,444
Peculiar	233,850	116,920	103,778	0	0	0	0	0	454,548
Perry	73,361	0	33,918	0	0	0	0	0	107,279
Perryville	1,300,075	487,193	650,039	0	0	0	0	0	2,437,307
Pevely	392,473	0	185,705	0	0	0	0	0	578,178
Piedmont	358,831	170,697	170,696	0	0	0	0	0	700,224
Pierce City	49,762	8,728	28,429	0	0	0	0	0	86,919
Pilot Grove	37,794	0	18,900	12,643	0	0	0	0	69,337
Pilot Knob	53,587	26,792	24,741	0	0	0	0	0	105,120
Pine Lawn	0	339,217	0	0	0	0	0	0	339,217
Pineville	54,403	27,193	0	16,701	0	0	0	0	98,297
Plato	118	0	0	0	0	0	0	0	118
Platte City	507,263	507,293	0	0	0	0	0	0	1,014,556
Platte Woods	79,640	0	39,821	0	0	0	0	0	119,461
Plattsburg	179,170	89,588	0	0	0	0	0	0	268,758
Pleasant Hill	464,348	232,192	203,330	0	0	0	0	0	899,870
Pleasant Hope	48,372	8,940	8,940	2,712	0	0	0	0	68,964
Pleasant Valley	174,722	96,929	43,667	0	0	0	0	0	315,318
Polo	29,930	0	28,760	0	0	0	0	0	58,690
Poplar Bluff	3,508,879	2,545,452	0	0	0	0	0	0	6,054,331
Portage Des Sioux	15,760	0	0	0	0	0	0	0	15,760

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Portageville	324,844	155,375	0	0	0	0	0	0	480,219
Potosi	519,755	0	0	0	0	0	0	0	519,755
Princeton	92,172	0	0	0	0	0	0	0	92,172
Purdy	53,517	0	0	0	0	0	0	0	53,517
Puxico	103,809	0	0	0	0	0	0	0	103,809
Queen City	27,016	0	0	0	0	0	0	0	27,016
Qulin	31,131	15,462	0	0	0	0	0	0	46,593
Randolph	73,039	0	0	0	0	0	0	0	73,039
Raymore	1,321,191	1,240,267	620,061	0	0	0	0	0	3,181,519
Raytown	2,937,700	671,395	0	0	0	0	0	0	3,609,095
Redings Mill	4,294	0	0	0	0	0	0	0	4,294
Reeds Spring	70,721	34,636	0	0	0	0	0	0	105,357
Republic	807,650	403,807	403,826	0	0	0	0	0	1,615,283
Rich Hill	74,195	0	0	0	0	0	0	0	74,195
Richland	137,607	61,500	61,450	0	0	0	0	0	260,557
Richmond	741,711	0	0	0	0	0	0	0	741,711
Richmond Heights	0	4,701,924	0	0	0	0	0	0	4,701,924
Ridgeway	36,185	0	0	0	0	0	0	0	36,185
Risco	17,680	0	0	0	0	0	0	0	17,680
River Bend	17,161	0	0	0	0	0	0	0	17,161
Riverside	938,608	0	0	119,787	0	0	0	0	1,058,395
Riverview	0	181,153	0	12,139	0	0	0	0	193,292
Rocheport	20,308	10,154	0	0	0	0	0	0	30,462
Rock Hill	0	701,343	0	0	0	0	0	0	701,343
Rock Port	173,734	86,943	0	22,959	0	0	0	0	283,636
Rockaway Beach	37,981	17,390	17,403	0	0	0	0	0	72,774
Rockville	7,758	0	0	0	0	0	0	0	7,758
Rogersville	184,383	84,766	83,779	0	0	0	0	0	352,928

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Rolla	3,082,126	3,081,141	1,541,105	0	0	0	0	0	7,704,372
Rosebud	29,246	0	13,638	0	0	0	0	0	42,884
Russellville	50,463	0	0	0	0	0	0	0	50,463
Rutledge	9,735	0	0	0	0	0	0	0	9,735
Saginaw	16,311	0	0	0	0	0	0	0	16,311
Salem	846,537	423,178	0	0	0	0	0	0	1,269,715
Salisbury	139,836	0	0	0	0	0	0	0	139,836
Sarcoxi	90,640	20,087	38,467	0	0	0	0	0	149,194
Savannah	504,831	0	0	0	0	0	0	0	504,831
Scotsdale	0	4,419	0	0	0	0	0	0	4,419
Scott City	368,860	85,373	170,276	0	0	0	0	0	624,509
Sedalia	3,674,473	3,120,412	1,761,965	0	0	0	0	0	8,556,850
Seligman	74,246	37,153	0	0	0	0	0	0	111,399
Senath	54,857	0	0	0	0	0	0	0	54,857
Seneca	159,474	72,063	72,071	0	0	0	0	0	303,608
Seymour	161,948	0	0	0	0	0	0	0	161,948
Shelbina	234,355	58,565	0	0	0	0	0	0	292,920
Shelbyville	30,112	0	0	0	0	0	0	0	30,112
Sheldon	21,899	0	0	0	0	0	0	0	21,899
Shrewsbury	0	971,444	0	0	0	0	0	0	971,444
Sikeston	2,519,350	1,259,010	1,259,444	0	0	0	0	0	5,037,804
Silex	26,536	0	0	4,528	0	0	0	0	31,064
Silver Creek	25,039	0	0	0	0	0	0	0	25,039
Slater	104,786	52,392	52,392	0	0	0	0	0	209,570
Smithton	15,411	0	0	0	0	0	0	0	15,411
Smithville	665,901	0	314,424	59,813	0	0	0	0	1,040,138
Southwest City	75,993	0	35,807	34,784	0	0	0	0	146,584
Sparta	58,630	0	0	0	0	0	0	0	58,630

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Spickard	9,102	0	0	0	0	0	0	0	9,102
Springfield	32,980,074	7,989,476	3,991,877	3,041,702	0	0	0	0	48,003,129
St. Ann	0	2,864,728	0	0	0	0	0	0	2,864,728
St. Charles	9,129,031	4,377,440	0	0	0	0	0	0	13,506,471
St. Clair	549,789	274,614	0	0	0	0	0	0	824,403
St. Elizabeth	20,468	0	0	0	0	0	0	0	20,468
St. James	389,220	0	194,588	0	0	0	0	0	583,808
St. John	0	460,179	0	0	0	0	0	0	460,179
St. Joseph	9,760,190	4,879,077	1,463,698	0	0	0	0	0	16,102,965
St. Louis	51,013,627	56,035,424	27,817,825	0	0	0	0	0	134,866,876
St. Martins	39,486	0	0	0	0	0	0	0	39,486
St. Mary	21,314	0	10,599	0	0	0	0	0	31,913
St. Peters	10,315,017	81,304	5,157,523	0	0	0	0	0	15,553,844
St. Robert	894,834	447,459	433,023	0	0	0	0	0	1,775,316
St. Thomas	12,748	0	0	0	0	0	0	0	12,748
Stanberry	0	26,374	0	0	0	0	0	0	26,374
Ste. Genevieve	524,888	244,776	244,780	45,715	0	0	0	0	1,060,159
Steele	117,888	33,482	0	0	0	0	0	0	151,370
Steelville	196,641	98,665	0	0	0	0	0	0	295,306
Stella	2,311	0	0	0	0	0	0	0	2,311
Stewartsville	37,196	5,713	0	0	0	0	0	0	42,909
Stockton	199,662	99,813	99,813	19,559	0	0	0	0	418,847
Stoutland	10,286	0	0	0	0	0	0	0	10,286
Stover	90,944	0	42,215	0	0	0	0	0	133,159
Strafford	177,169	88,565	0	0	0	0	0	0	265,734
Sturgeon	44,188	0	19,121	0	0	0	0	0	63,309
Sugar Creek	281,302	0	0	35,065	0	0	0	0	316,367
Sullivan	1,266,200	632,511	0	0	0	0	0	0	1,898,711

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2001

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Summersville	45,141	0	0	0	0	0	0	0	45,141
Sunrise Beach	126,305	0	0	14,944	0	0	0	0	141,249
Sunset Hills	0	1,156,260	0	0	0	0	0	0	1,156,260
Sweet Springs	106,984	47,375	47,375	0	0	0	0	0	201,734
Table Rock Townsite	14,994	0	0	0	0	0	0	0	14,994
Taneyville	9,651	0	0	0	0	0	0	0	9,651
Taos	18,755	0	0	0	0	0	0	0	18,755
Tarkio	192,444	0	0	0	0	0	0	0	192,444
Thayer	321,999	0	0	0	0	0	0	0	321,999
Theodosia	46,672	0	0	0	0	0	0	0	46,672
Tipton	175,359	153	0	0	0	0	0	0	175,512
Town and Country	0	2,845,897	0	0	0	0	0	0	2,845,897
Tracy	254	0	0	0	0	0	0	0	254
Trenton	725,969	362,969	0	0	0	0	0	0	1,088,938
Troy	1,737,129	0	847,778	0	0	0	0	0	2,584,907
Truesdale	34,315	0	0	0	0	0	0	0	34,315
Tuscumbia	8,657	0	0	0	0	0	0	0	8,657
Twin Oaks	0	261,563	0	0	0	0	0	0	261,563
Union	1,230,430	307,597	615,216	0	0	0	0	0	2,153,243
Unionville	163,216	0	0	0	0	0	0	0	163,216
University City	0	2,302,832	0	150,980	0	0	0	0	2,453,812
Urbana	31,898	0	0	0	0	0	0	0	31,898
Urich	50,822	25,455	0	0	0	0	0	0	76,277
Uplands Park	0	28,047	0	1,879	0	0	0	0	29,926
Valley Park	0	603,159	0	0	0	0	0	0	603,159
Van Buren	122,312	56,729	0	0	0	0	0	0	179,041
Vandalia	292,421	146,140	0	0	0	0	0	0	438,561
Vandiver	88,511	0	0	0	0	0	0	0	88,511

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2001

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Velda	0	89,762	0	0	0	0	0	0	89,762
Velda Village Hills	0	73,911	0	0	0	0	0	0	73,911
Verona	23,886	0	0	0	0	0	0	0	23,886
Versailles	418,935	409,510	0	0	0	0	0	0	828,445
Viburnum	68,812	0	0	0	0	0	0	0	68,812
Vienna	88,970	0	42,616	7,772	0	0	0	0	139,358
Village of Four Seasons	140,995	21,124	0	0	0	0	0	0	162,119
Vinita Park	0	229,489	0	13,341	0	0	0	0	242,830
Vinita Terrace	0	18,998	0	0	0	0	0	0	18,998
Walnut Grove	40,405	0	0	0	0	0	0	0	40,405
Wardell	11,859	0	0	0	0	0	0	0	11,859
Wardsville	22,196	0	0	0	0	0	0	0	22,196
Warrensburg	2,081,300	1,040,465	0	209,560	0	0	0	0	3,331,325
Warrenton	1,166,918	291,731	583,461	0	0	0	0	0	2,042,110
Warsaw	480,726	240,331	230,981	0	0	0	0	0	952,038
Warson Woods	0	224,110	0	0	0	0	0	0	224,110
Washburn	17,767	8,883	8,883	0	0	0	0	0	35,533
Washington	2,651,614	1,325,777	0	170,286	0	0	0	0	4,147,677
Waverly	42,959	0	18,147	0	0	0	0	0	61,106
Wayland	15,685	0	0	0	0	0	0	0	15,685
Waynesville	399,165	112,378	191,456	0	0	0	0	0	702,999
Weaubleau	25,896	0	0	0	0	0	0	0	25,896
Webb City	1,070,876	502,571	502,573	0	0	0	0	0	2,076,020
Webster Groves	0	2,256,598	0	0	0	0	0	0	2,256,598
Weldon Spring	154,432	0	0	0	0	0	0	0	154,432
Wellsville	62,195	18,111	31,096	0	0	0	0	0	111,402

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2001

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Wellston	0	203,017	0	0	0	0	0	0	203,017
Wentzville	1,582,495	766,586	769,908	689,945	0	0	0	0	3,808,934
West Plains	2,377,499	1,712,417	0	0	0	0	0	0	4,089,916
West Sullivan	292	73	0	0	0	0	0	0	365
Weston	145,537	0	72,896	24,385	0	0	0	0	242,818
Westphalia	35,137	0	0	2,055	0	0	0	0	37,192
Wheatland	14,218	0	0	0	0	0	0	0	14,218
Wheaton	36,397	0	0	0	0	0	0	0	36,397
Wilbur Park	0	29,340	0	0	0	0	0	0	29,340
Wildwood	0	936,623	0	0	0	0	0	0	936,623
Willard	247,366	123,684	0	11,660	0	0	0	0	382,710
Williamsville	22,896	7,451	0	0	0	0	0	0	30,347
Willow Springs	229,281	114,549	0	0	0	0	0	0	343,830
Windsor	207,272	7,250	0	0	0	0	0	0	214,522
Winfield	45,814	0	21,382	0	0	0	0	0	67,196
Winona	92,132	130	130	0	0	0	0	0	92,392
Woods Heights	28,245	0	0	1	0	0	0	0	28,246
Woodson Terrace	0	361,468	0	16,308	0	0	0	0	377,776
Wright City	174,572	41,492	82,996	0	0	0	0	0	299,060
Wyaconda	8,040	0	0	0	0	0	0	0	8,040
Wyatt	8,466	0	0	0	0	0	0	0	8,466
COUNTIES:									
Adair	0	0	0	0	1,283,469	1,285,255	0	0	2,568,724
Andrew	0	0	0	143,499	399,795	799,582	0	0	1,342,876
Atchison	0	0	0	0	0	744,541	0	0	744,541
Audrain	0	0	0	0	1,022,235	2,045,095	0	0	3,067,330
Barry	0	0	0	0	1,528,482	1,525,569	0	0	3,054,051
Barton	0	0	0	0	424,365	424,370	0	0	848,735
Bates	0	0	0	32,737	0	512,616	0	0	545,353

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2001

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Benton	0	0	0	0	577,756	641,799	0	0	1,219,555
Bollinger	0	0	0	0	270,039	270,044	0	0	540,083
Boone	0	0	0	0	8,958,970	8,953,558	0	0	17,912,528
Buchanan	0	0	0	0	5,125,603	6,150,350	0	0	11,275,953
Butler	0	0	0	0	2,360,724	2,360,525	0	0	4,721,249
Caldwell	0	0	0	41,173	207,609	415,229	0	0	664,011
Callaway	0	0	0	0	0	1,455,370	0	0	1,455,370
Camden	0	0	0	0	3,509,751	3,508,424	0	0	7,018,175
Cape Girardeau	0	0	0	0	5,254,115	37	0	0	5,254,152
Carroll	0	0	0	35,124	289,607	288,019	0	0	612,750
Carter	0	0	0	0	162,782	162,787	0	0	325,569
Cass	0	0	0	0	3,961,475	3,946,123	0	0	7,907,598
Cedar	0	0	0	0	425,844	0	0	0	425,844
Chariton	0	0	0	36,456	215,378	220,556	0	0	472,390
Christian	0	0	0	0	2,058,112	3,657,127	0	0	5,715,239
Clark	0	0	0	0	193,377	580,446	0	0	773,823
Clay	0	0	0	0	13,207,473	13,189,325	0	0	26,396,798
Clinton	0	0	0	68,438	495,386	495,395	0	0	1,059,219
Cole	0	0	0	399,962	0	4,474,790	0	0	4,874,752
Cooper	0	0	0	0	625,245	1,560,817	0	0	2,186,062
Crawford	0	0	0	0	815,706	1,119,025	0	0	1,934,731
Dade	0	0	0	29,296	210,792	210,781	0	0	450,869
Dallas	0	0	0	0	494,061	1,436,872	0	0	1,930,933
Daviess	0	0	0	32,494	0	616,051	0	0	648,545
Dekalb	0	0	0	0	532,234	532,241	0	0	1,064,475
Dent	0	0	0	0	622,287	0	0	0	622,287
Douglas	0	0	0	0	342,021	342,012	0	0	684,033
Dunklin	0	0	0	0	0	1,270,830	0	0	1,270,830
Franklin	0	0	0	0	4,437,938	6,655,458	0	0	11,093,396

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2001

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Gasconade	0	0	0	0	682,882	682,827	0	0	1,365,709
Gentry	0	0	0	0	0	417,275	0	0	417,275
Greene	0	0	0	0	19,037,531	14,261,560	0	0	33,299,091
Grundy	0	0	0	0	439,276	439,084	0	0	878,360
Harrison	0	0	0	0	0	768,993	0	0	768,993
Henry	0	0	0	78,753	1,046,626	0	0	0	1,125,379
Hickory	0	0	0	0	225,664	451,230	0	0	676,894
Holt	0	0	0	0	147,238	514,992	0	0	662,230
Howard	0	0	0	0	255,609	729,150	0	0	984,759
Howell	0	0	0	0	1,773,907	499,692	0	0	2,273,599
Iron	0	0	0	0	307,758	0	0	0	307,758
Jackson	0	0	0	0	39,955,963	30,065,822	0	0	70,021,785
Jasper	0	0	0	0	4,999,920	4,665,964	0	0	9,665,884
Jefferson	0	0	0	0	8,704,787	17,408,970	0	0	26,113,757
Johnson	0	0	0	259,506	1,748,033	3,354,100	0	0	5,361,639
Knox	0	0	0	0	133,964	401,866	0	0	535,830
Laclede	0	0	0	0	1,616,226	1,615,438	0	0	3,231,664
Lafayette	0	0	0	0	1,232,409	1,232,835	0	0	2,465,244
Lawrence	0	0	0	0	1,093,318	1,093,212	0	0	2,186,530
Lewis	0	0	0	149,544	244,813	746,089	0	0	1,140,446
Lincoln	0	0	0	0	1,622,394	4,223,226	0	0	5,845,620
Linn	0	0	0	92,102	547,805	547,809	0	0	1,187,716
Livingston	0	0	0	0	817,061	0	0	0	817,061
Macon	0	0	0	0	547,377	957,566	0	0	1,504,943
Madison	0	0	0	0	383,470	728	0	0	384,198
Maries	0	0	0	50,334	216,346	412,130	0	0	678,810
Marion	0	0	0	0	1,448,819	2,173,094	0	0	3,621,913
McDonald	0	0	0	0	616,767	792,037	0	0	1,408,804

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2001

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Mercer	0	0	0	0	133,624	133,626	0	0	267,250
Miller	0	0	0	121,545	1,122,508	1,121,250	0	0	2,365,303
Mississippi	0	0	0	0	437,599	1,394,636	0	0	1,832,235
Moniteau	0	0	0	0	448,367	406,116	0	0	854,483
Monroe	0	0	0	51,537	237,313	237,286	0	0	526,136
Montgomery	0	0	0	0	379,728	569,318	0	0	949,046
Morgan	0	0	0	0	826,474	885,842	0	0	1,712,316
New Madrid	0	0	0	0	1,317,310	0	0	0	1,317,310
Newton	0	0	0	0	1,903,302	2,537,669	0	0	4,440,971
Nodaway	0	0	0	0	865,187	865,110	0	0	1,730,297
Oregon	0	0	0	0	324,499	324,506	0	0	649,005
Osage	0	0	0	0	406,508	36,686	0	0	443,194
Ozark	0	0	0	0	229,657	713,218	0	0	942,875
Pemiscot	0	0	0	0	596,843	894,839	0	0	1,491,682
Perry	0	0	0	0	974,622	911,190	0	0	1,885,812
Pettis	0	0	0	288,325	2,221,897	1,259,164	0	0	3,769,386
Phelps	0	0	0	0	2,059,838	2,057,595	0	0	4,117,433
Pike	0	0	0	0	594,379	1,355,534	0	0	1,949,913
Platte	0	0	0	1,921,325	4,593,233	5,692,689	0	0	12,207,247
Polk	0	0	0	0	0	2,139,866	0	0	2,139,866
Pulaski	0	0	0	0	1,154,238	576	0	0	1,154,814
Putnam	0	0	0	0	0	421,998	0	0	421,998
Ralls	0	0	0	0	355,712	386,451	0	0	742,163
Randolph	0	0	0	0	1,105,469	0	0	0	1,105,469
Ray	0	0	0	0	664,821	1,329,652	0	0	1,994,473
Ripley	0	0	0	0	0	388,411	0	0	388,411
Saline	0	0	0	0	919,143	919,194	0	0	1,838,337
Schuyler	0	0	0	0	123,877	247,979	0	0	371,856

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DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
COMBINED SCHEDULE OF DISTRIBUTIONS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2001

	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	Public Mass Transportation Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	St. Louis County Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Scotland	0	0	0	0	0	409,697	0	0	409,697
Scott	0	0	0	0	1,453,005	804,333	0	0	2,257,338
Shannon	0	0	0	0	192,731	0	0	0	192,731
Shelby	0	0	0	44,528	234,986	469,743	0	0	749,257
St. Charles	0	0	0	4,078,066	16,905,408	33,810,232	0	0	54,793,706
St. Clair	0	0	0	0	230,178	0	0	0	230,178
St. Francois	0	0	0	0	2,765,217	3,166,511	0	0	5,931,728
St. Louis	0	0	114,703,880	0	0	1,264,350	153,032,335	0	269,000,565
Ste. Genevieve	0	0	0	0	653,229	653,211	0	0	1,306,440
Stoddard	0	0	0	0	1,023,943	0	0	0	1,023,943
Stone	0	0	0	277,396	1,650,731	4,247,359	0	0	6,175,486
Sullivan	0	0	0	0	226,459	676,406	0	0	902,865
Taney	0	0	0	0	5,275,162	10,549,443	0	0	15,824,605
Texas	0	0	0	0	685,874	0	0	0	685,874
Vernon	0	0	0	0	774,441	0	0	0	774,441
Warren	0	0	0	0	1,044,820	3,134,045	0	0	4,178,865
Washington	0	0	0	85,116	579,727	1,785,311	0	0	2,450,154
Wayne	0	0	0	0	394,048	393,995	0	0	788,043
Webster	0	0	0	0	997,414	1,396,199	0	0	2,393,613
Worth	0	0	0	0	56,382	83,458	0	0	139,840
Wright	0	0	0	0	640,905	0	0	0	640,905
DISTRICTS:									
Smithville Area Fire Protection District	0	0	0	0	0	0	0	143,713	143,713
SNI Valley Fire Protection District	0	0	0	0	0	0	0	495,879	495,879
TOTALS	\$ 425,375,274	259,629,006	255,784,309	39,030,823	209,639,402	250,381,402	153,032,335	639,592	1,593,512,143

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Significant Accounting Policies

A. Basis of Presentation

These financial statements relating to sales and use tax collections of the Division of Taxation and Collection of the Department of Revenue present the cash receipts and distributions of the various state funds as reflected on Exhibit A, the cash receipts and distributions of the various local funds as reflected on Exhibit B, and the cash additions, deductions, and changes in cash and investments of the various custodial accounts as reflected on Exhibit C.

The Department of Revenue is a component unit of the State of Missouri and, as such, prepares a Comprehensive Annual Financial Report (CAFR). The financial statements presented in this financial report are supporting schedules for the department's CAFR and do not contain all financial data contained in the CAFR. Therefore, users of these financial statements are advised to refer to the department's CAFR for the financial position and results of operations.

The "Total (Memorandum Only)" column shown on these financial statements is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with the reference to the details of each fund.

Appropriations for the operation of the Division of Taxation and Collection are maintained by the Division of Administration of the Department of Revenue, and therefore, operating expenditures are not presented.

General fixed assets utilized by the Division of Taxation and Collection are included in the accounts of the Division of Administration of the Department of Revenue, and therefore, no statements of general fixed assets are presented.

B. Basis of Accounting

These financial statements are presented on a cash basis of accounting as described in the AICPA's Statement on Auditing Standards Number 62, which addresses special reports. The cash basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be

recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

In the Combined Statement of Receipts and Distributions - State Funds and the Combined Statement of Receipts and Distributions - Local Funds, revenues are recognized when received. Distributions reflect the actual disbursement of receipts to various state and local funds, local political subdivisions, and taxpayers.

In the Combined Statement of Additions and Deductions - Custodial Accounts, additions reflect actual cash receipts. Deductions reflect actual disposition of cash receipts to various state and local funds, local political subdivisions, and taxpayers.

C. Fiscal Authority and Responsibility

Sales and use tax and motor vehicle sales tax receipts collected from businesses and individuals (for motor vehicle sales tax) are deposited into various state and local funds. (NOTE: Marine and ATV sales and use tax collections are deposited to the same funds as the state sales and use tax.) One hundred percent of the state sales and use tax collections are deposited into the General Revenue Fund-State, School District Trust Fund, Conservation Commission Fund, Parks Sales Tax Fund, and Soil and Water Sales Tax Fund. In addition, motor vehicle sales tax collections are deposited into the funds noted above and the State Transportation Fund and State Road Fund. For the following local funds: Local Fuel Tax Trust Fund, Local Sales Tax Trust Fund, Local Use Tax Trust Fund, and Local Option Use Tax Trust Fund, actual tax proceeds are deposited in interest-bearing bank accounts until distributed. Subsequently, ninety-nine percent of the collections and ninety-nine percent of interest are distributed to the various political subdivisions with the remaining one percent going to the state's General Revenue Fund-State for a collection fee, except for the Local Fuel Tax Trust Fund which receives all of the collections.

Highway use tax receipts, collected on vehicles purchased outside of Missouri but titled in Missouri, are deposited into the Highway Department Fund, Conservation Commission Fund, Parks Sales Tax Fund, Soil and Water Sales Tax Fund, State Road Fund, and Local Fuel Tax Fund.

For operating purposes, the Division of Taxation and Collection of the Department of Revenue has been charged with the responsibility of administering transactions in the funds and accounts listed below. The State Treasurer, as fund custodian, and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly for all state funds.

- 1) General Revenue Fund-State: This state fund, as authorized by Section 144.700, RSMo, receives three-fourths of the collections from the four percent state sales and use tax. This fund also receives payments from common carriers in interstate air transportation, as authorized by Section 144.807, RSMo, and receives three-eighths of the collections from the four

percent motor vehicle sales tax as authorized by Section 144.070, RSMo.

- 2) Aviation Trust Fund: This state fund, authorized by Section 144.805, RSMo, receives sales tax on aviation jet fuel from common carriers. These taxes are paid as a result of exemptions to General Revenue sales tax. The exemptions are a result of direct-pay agreements between common carriers and the Department of Revenue.
- 3) Conservation Commission Fund: This state fund, as authorized by Article IV, Section 43(a), Constitution of Missouri, receives collections of the one-eighth percent state sales and use tax, motor vehicle sales tax, and highway use tax.
- 5) Highway Department Fund: This state fund, as authorized by Section 144.440, RSMo, receives three-fourths of the collections from the four percent highway use tax.
- 6) Parks Sales Tax Fund: This state fund, as authorized by Article IV, Sections 47(a) and 47(b), Constitution of Missouri, receives fifty percent of the collections from a one-tenth percent state sales and use tax, motor vehicle sales tax, and highway use tax.
- 7) School District Trust Fund: This state fund, as authorized by Section 144.701, RSMo, receives one-fourth of the collections from the four percent state sales and use tax and one-eighth of the collections from the four percent motor vehicle sales tax.
- 8) Soil and Water Sales Tax Fund: This state fund, as authorized by Article IV, Sections 47(a) and 47(b), Constitution of Missouri, receives fifty percent of the collections from a one-tenth percent state sales and use tax, motor vehicle sales tax, and highway use tax.
- 9) State Road Fund and State Transportation Fund: These state funds, as authorized by Section 144.070, RSMo, and Article IV, Section 30(b), Constitution of Missouri, receive three-eighths of the collections of the four percent motor vehicle sales tax. In addition, as authorized by Section 144.440, RSMo, the state road fund receives three-sixteenths of the collections of the four percent highway use tax.

The Division of Taxation and Collection of the Department of Revenue has the sole responsibility for maintaining and disbursing fund resources for all local funds.

- 1) Local Fuel Tax Fund: This local fund, as authorized by Section 144.440, RSMo, receives one-eighth of the collections from the four percent motor vehicle sales tax and one-sixteenth of the collections from the four percent highway use tax. Actual tax proceeds are deposited in an interest-bearing

bank account until distributed. Distribution is 60 percent to cities and 40 percent to counties.

In addition, the portion of motor fuel tax receipts collected from motor fuel distributors due to cities and counties is subsequently transferred to this fund prior to distribution.

- 2) Local Sales Tax Trust Fund: This local fund receives collections generated from local sales taxes imposed by local political subdivisions. These taxes are authorized by Chapters 66, 67, 70, 92, 94, 162, 190, 238, 321 and 644, RSMo.
- 3) Local Use Tax Trust Fund: This local fund, as authorized by Section 144.748, RSMo, receives collections generated by an additional 1 1/2 percent use tax upon all transactions which are subject to the taxes imposed under Sections 144.600 to 144.745, RSMo. Net taxes and interest are subsequently distributed to the counties and cities.

Local Use Tax was declared unconstitutional by the Missouri Supreme Court in Fiscal Year 1996. The Department of Revenue began refunding local use tax in fiscal year 1998.

- 4) Local Option Use Tax Trust Fund: This local fund, as authorized by Section 144.759, RSMo, receives collections generated by a use tax, based on the local sales tax in effect, upon all transactions subject to taxes imposed under Sections 144.600 to 144.745, RSMo. Net taxes and interest are subsequently distributed to the counties and cities.

The Department of Revenue has shared responsibility with the State Treasurer for maintaining and disbursing account resources for all custodial accounts as explained in further detail in subsequent footnotes.

- 1) Cabaret Sales Tax Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Cabaret Sales Tax Account and actual custody of account resources ultimately rests with the department.

The Cabaret Sales Tax Account is an interest-bearing bank account where collections from a county cabaret sales tax are deposited. These collections, less a one percent collection fee deposited to the state's General Revenue Fund, are distributed monthly to the county.

- 2) Compliance Clearing Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Compliance Clearing Account and actual custody of account resources ultimately rests with the department.

The Compliance Clearing Account is an interest-bearing bank account where tax payments from taxpayer audits are temporarily held. The Department holds these payments in this account pending final audit review. Depending on the results of the audit review, the Department transfers the tax payment to the appropriate state and local funds or refunds to the taxpayer.

- 3) Credit Card Sales Tax Collections Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Credit Card Sales Tax Collections Account and actual custody of account resources ultimately rests with the Department.

The Credit Card Sales Tax Collections Account is an interest-bearing bank account that receives sales and use tax payments by credit card from taxpayers. These funds are then transferred to the appropriate state and local sales tax funds. This account was closed in fiscal year 2002.

- 4) Motor Vehicle Clearing Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Motor Vehicle Clearing Account and actual custody of account resources ultimately rests with the department.

The Motor Vehicle Clearing Account is an interest-bearing bank account that receives currently unidentifiable collections from motor vehicle fee and branch offices for various taxes and fees. When these receipts are identified they are transferred to various state and local funds.

- 5) Motor Vehicle Protest Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Motor Vehicle Protest Account and actual custody of account resources ultimately rests with the department.

The Motor Vehicle Protest Account, as authorized by Section 144.700, RSMo, receives motor vehicle sales and use tax paid under protest. Protest proceeds are deposited into an interest-bearing bank account.

Protested motor vehicle sales and use taxes and the related earned interest, are either returned to the taxpayer or remitted to the state and the appropriate political subdivisions, based upon decisions reached by the department, the Administrative Hearing Commission, or various courts.

- 6) Protested Sales Tax General Revenue Account and Protested Sales Tax

Miscellaneous Account: The Department of Revenue has been charged with the responsibility of administering transactions in the protested sales tax accounts.

The protested sales tax accounts, as authorized by Section 144.700, RSMo, receives sales taxes paid under protest. The three percent General Revenue portion of state sales taxes paid under protest is transferred to the state's General Revenue Fund-State, which is in the custody of the State Treasurer. All other state and local sales taxes paid under protest are deposited into an interest-bearing bank account, which is in the custody of the Department of Revenue. Protested sales taxes and the related earned interest, are either returned to the taxpayer or remitted to the state and the appropriate political subdivisions, based upon decisions reached by the department, the Administrative Hearing Commission, or various courts.

- 7) Sales Tax Bond Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Sales Tax Bond Account.

The Sales Tax Bond Account, as authorized by Section 144.087, RSMo, receives cash bonds posted by taxpayers and is maintained in the state's General Revenue Fund-State, which is in the custody of the State Treasurer. Cash bonds and related interest at the rate of five and one-fourth percent are refunded to the taxpayers after two years if they are determined to have satisfactory sales tax compliance and if their bond was posted before January 1, 1984. If the bond was posted on or after January 1, 1984, the Attorney General has ruled that no interest should be refunded. In the event of uncollectible sales tax liabilities, the bonds and related interest, if any, are forfeited to the Department of Revenue, which subsequently distributes the monies to the state and the appropriate political subdivisions.

- 8) Sales Tax Electronic Filing Holding Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Sales Tax Electronic Filing Holding Account and actual custody of account resources ultimately rests with the department.

The Sales Tax Electronic Filing Holding Account receives deposits from Web/Internet based sales and use tax filings. Deposits are deposited into an interest-bearing bank account. These receipts are paid through ACH debit transactions initiated by the taxpayer through a department approved service provider. The department transfers the collections to the appropriate state and local funds after processing the corresponding sales tax returns.

- 9) St. Louis Special Escrow Account: The St. Louis Special Escrow Account is an interest-bearing bank account where the department has escrowed funds to cover claims for refund of a three-eighths percent sales tax levied by the City of St. Louis.

The Missouri Supreme Court [ACI Plastics, Inc. vs. City of St. Louis, Citation No. 724S.W.2d513 (Mo. Banc 1987)] ruled the additional three-eighths percent sales tax was not legally levied during the period July 1, 1984, through March 17, 1987.

The amount was withheld from monthly distributions to the City of St. Louis during the year ended June 30, 1990, and placed in this account under the custody of the Director of Revenue pending resolution. The department has determined that this account will be closed after a six-month period of inactivity.

- 10) Suspense Holding (Sales Tax) Account: The Department of Revenue has been charged with the responsibility of administering transactions in the Suspense Holding Account and actual custody of account resources ultimately rests with the department.

The Suspense Holding Account is an interest-bearing bank account where unidentified sales and use tax receipts are temporarily deposited when they are unable to be posted to the automated Missouri Integrated Tax System (MITS). When these receipts become identifiable, they are posted to MITS and are then transferred out of the Suspense Holding Account into the appropriate sales tax funds.

D. Cash and Investments

Cash and investments consist of the following:

	Year Ended June 30,	
	2002	2001
Held by the state treasurer	\$ 35,950,663	46,449,447
Held by the department	169,974,926	172,063,060
Total	<u>\$ 205,925,589</u>	<u>218,512,507</u>

For reporting purposes, cash and investments include bank accounts and all short-term investments such as repurchase agreements and federal agency securities. These are stated at cost, which approximates market. Cash resources are combined to form

a pool for investment purposes. Investments are managed by the department's investing agent in accordance with an agreement entered into in July 1998. Interest income earned as a result of pooling is distributed to the appropriate accounts based on each account's equity in the pooled investments.

Department of Revenue Administrative Rule 12 CSR 10-43.020 authorizes the department to invest in the following instruments: U.S. Treasury Bills, Time Deposits, Repurchase Agreements, Federal National Mortgage Association Securities, Student Loan Marketing Association Securities, Federal Home Loan Bank Securities and Federal Home Loan Mortgage Corporation Securities.

Deposits

At June 30, 2002 and 2001, all deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000; the balance is secured by collateral pledged to the department and held by the department's agent in the department's name.

To protect the safety of state deposits, Sections 30.270 and 110.020, RSMo 2000, require depositories to pledge collateral securities to secure deposits not insured by the FDIC.

Investments

Investments are composed of the following:

		June 30,			
		2002		2001	
		Reported Amount	Fair Value	Reported Amount	Fair Value
Repurchase					
agreements	\$	143,765,196	143,765,196	129,363,149	129,363,149
Agency securities		21,482,187	22,088,118	38,641,003	39,266,676
Total	\$	165,247,383	165,853,314	168,004,152	168,629,825

These investments were held by the department's agent in the department's name. All investments in repurchase agreements and agency securities are 100 percent secured by the underlying Federal Government Securities. The investing agent guarantees no loss of principal or interest to the department.

2. Transfers-In

- A. Local Sales Tax Trust Fund and Local Option Use Tax Trust Fund: These amounts represent local sales tax and local option use tax collected by the Division of Motor Vehicles and Drivers Licensing central office and local branch and fee offices. The collections are subsequently transferred to the Local Sales Tax Clearing Account and the Local Option Use Tax Clearing Account. These amounts are included in the

monthly distributions to the local taxing authorities.

- B. Local Fuel Tax Trust Fund: These amounts represent the cities' and counties' portion of taxes and fees collected and transferred in by the Highway Reciprocity Commission, and motor fuel tax collections transferred in from the state's Motor Fuel Tax Fund. These transfers are subsequently distributed to cities and counties.

3. Refunds of Overpayment of Taxes

Refund amounts of overpayment of state and local sales and use taxes and state motor vehicle sales taxes including interest for the fiscal year ending June 30, 2002 and 2001, are listed below. These refunds were paid from refund appropriations maintained by the Division of Administration of the Department of Revenue. These refunds are not reflected in the schedules and do not necessarily relate to the receipts in the years issued.

	Amount of Refunds Year Ended June 30,	
	2002	2001
Sales and use tax	\$ 55,647,782	51,064,674
Local use tax	0	1,088,202
Motor vehicle sales and use tax	4,573,384	4,815,076
Highway use tax	900,974	1,052,392

Notes to the Supplementary Data:

4. Local Funds

Distributions to political subdivisions on Exhibit B-1 and Exhibit B-2 reconcile to distributions on Schedule 1-A and 1-B as follows:

	Year Ended June 30,	
	2002	2001
Distributions to political subdivisions per Exhibit B	\$ 1,921,319,340	1,843,582,928
Less: Local Fuel Tax Trust Fund distributions	(252,988,185)	(250,070,785)
Distributions per Schedule 1	<u>\$ 1,668,331,155</u>	<u>1,593,512,143</u>

5. Local Sales Tax Trust Funds

The following funds comprise Local Sales Tax Trust Fund distributions to political subdivisions presented on Exhibits B-1 and B-2.

- 1) City Sales Tax Trust Fund: This local fund, as authorized by Section 94.550, RSMo, receives collections generated from city sales taxes and subsequently distributes the taxes and interest to the cities.
- 2) City Alternate Sales Tax Trust Fund: This local fund, as authorized by Chapters 92, 162, 321, and 644, RSMo, receives collections generated from an additional City of St. Louis sales tax, and subsequently distributes the taxes and interest to the City of St. Louis. The collection and subsequent distributions of the city capital improvements sales tax, as authorized by Section 94.577, RSMo, are also accounted for in this fund.
- 3) Public Mass Transportation Sales Tax Trust Fund: This local fund, as authorized by Sections 92.410, 94.625 and 94.725, RSMo, receives collections generated from public mass transportation sales taxes and subsequently distributes the taxes and interest to the public mass transportation systems.
- 4) County Sales Tax Trust Fund: This local fund, as authorized by Section 67.525, RSMo, receives collections generated from county sales taxes and subsequently distributes the taxes and interest to the counties.
- 5) County Alternate Sales Tax Trust Fund: This local fund, as authorized by Chapters 67, 190, and 644, RSMo, receives collections generated by various types of local sales taxes. The taxes and interest are subsequently distributed to the counties.
- 6) St. Louis County Sales Tax Trust Fund: This local fund, as authorized by Chapters 66 and 94, RSMo, receives collections generated from St. Louis County sales taxes and subsequently distributes the taxes and interest to St. Louis County to be distributed by St. Louis County to the appropriate cities within the county.
- 7) Districts Sales Tax Trust Fund: This local fund, as authorized by Section 321.246, RSMo, receives collections generated from fire protection districts sales taxes. Net taxes and interest are subsequently distributed to the districts.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
SALES AND USE TAX
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the various funds of the sales and use tax collections of the Department of Revenue, Division of Taxation and Collection as of and for the two years ended June 30, 2002, and have issued our report thereon dated January 10, 2003.

During our audit, we identified certain management practices which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following Management Advisory Report should not be considered all-inclusive of areas needing improvement.

1.	Sales and Use Tax Exemptions
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The Department of Revenue (DOR) does not track information regarding all sales and use tax exemptions and, as a result, cannot determine the effects on state revenue related to each of the exemptions.

There are currently 115 sales and use tax exemptions provided by state law. Exemptions have been passed by the legislature for a multitude of reasons, from a reduction of sales tax on food sales by three percent, (Section 144.014, RSMo 2000) to an exemption for materials purchased by a contractor to be used in fulfilling a construction, repair or remodeling contract with an exempt entity (Section 144.030.2(36), RSMo 2000). Other sales tax exemptions include animals or poultry used for breeding or feeding purposes (Section 144.030.2(7), RSMo 2000), sales made to individuals paying with Women, Infants, and Children Program federal government coupons or vouchers (Section 144.038, RSMo 2000), and sales of insulin (Section 144.030.2(18), RSMo 2000).

Taxpayers remit sales and use tax returns monthly, quarterly, or annually to the DOR. The information on the return is then entered into the Missouri Integrated Tax System (MITS). The returns include gross sales receipts, adjustments to gross sales receipts, and taxable sales. The adjustment amounts include, but are not limited to, exempt sales for the period of the sales tax return (file period), correction of errors from previous file periods, etc. DOR records indicate adjustments to gross sales receipts totaled approximately \$110 billion and \$108 billion in fiscal years 2002 and 2001, respectively. The taxpayer is not required to provide detailed information of what is included in the adjustments total. In addition, according to DOR personnel, some taxpayers report only taxable sales and do not include gross sales receipt or adjustment amounts on the sales and use tax return.

Because exemption information is not reported and tracked for most exemptions, the cost in terms of reduced state sales and use tax revenue for each exemption cannot be determined.

The DOR does require taxpayers to report the sale of batteries, textbooks, and food as separate line items on sales tax returns. As a result, this allows the DOR to determine the taxable sales related to each of these exemptions. Effective October 1997, food sales are exempt from the General Revenue Fund-State levy (three cents). Based upon taxable food sales reported, the reduction of state sales tax revenue to the General Revenue Fund-State for the exemption on food sales was approximately \$204 million and \$237 million during fiscal years 2002 and 2001, respectively.

Failure to determine the fiscal impact of various sales and use tax exemptions on state revenues reduces the general assembly's ability to make informed decisions regarding the propriety of current and possible future exemptions.

WE RECOMMEND the Department of Revenue develop a comprehensive system to compile and maintain exemption information so that the reductions of state revenue related to each exemption can be determined.

AUDITEE'S RESPONSE

The department disagrees with the recommendation. The cost of implementing this recommendation would outweigh the benefit derived.

Approximately 115 sales tax exemptions would have to be tracked if this recommendation were implemented. Either the department would have to create a return listing the 115 exemptions from which taxpayers could choose or taxpayers would be required to write their exemptions in a space provided on the return. Both options are costly and unwieldy for taxpayers and the department.

Listing all of the exemptions on a return would substantially increase the complexity of forms and the burden on taxpayers who complete and file them. It would also require major MITS system programming to account for and track exemptions. Yet, there is no assurance taxpayers would provide accurate information.

The department's experience with itemizing exemptions in the past indicates that data we would collect would be unreliable. For example, at one time the department listed general categories of adjustments relating to exemptions. Taxpayers often categorized their adjustments incorrectly or completed the "other" line. This delayed processing and increased associated costs without providing reliable data, so the department simplified its forms by removing these items. Also, at one time, taxpayers were required to provide video rental receipts on a separate box on the return. Taxpayers either completed that line incorrectly or failed to complete it at all. There was no incentive for taxpayers to comply and no ramifications if they did not complete it. These inaccuracies in taxpayer reporting eventually led the legislature to change the law so that it was no longer dependent on this data.

Allowing taxpayers to write in their adjustments would add administrative difficulties and decrease reliability. Taxpayers would not write the name of claimed exemptions consistently, requiring department data entry personnel to interpret and categorize adjustments with no assurance of accuracy. This would also slow processing and reduce efficiencies in processing returns.

The department tracks the sale of batteries, textbooks, and food sales as separate lines on the return only because they are partially exempted from tax, and the taxpayer must report tax at a lower rate. This procedure appears to be relatively successful due largely to the fact that taxpayers must report these exemptions and report the sales to claim the lower rate. Expanding this reporting to all 115 exemptions without providing an incentive or penalty would not achieve similar results. Any incentive or penalty added by statute would further add to the cost and complexity of sales tax reporting for both taxpayers and the state.

While the department agrees with the State Auditor that greater transparency in sales tax exemptions is a laudable goal, the department is unable to devise a cost effective way to provide such transparency when the sales tax law is so complex. The department will continue to work for sales tax simplification to achieve this end.

AUDITOR'S COMMENT

Although changes in reporting may be required, it is in the best interest of the state to track the various sales and use tax exemption amounts. As previously noted, failure to determine the fiscal impact of various sales and use tax exemptions on state revenue reduces the general assembly's ability to make informed decisions related to current and possible future exemptions.

Since taxpayers are already reporting adjustments, they should currently be tracking sales related to various sales and use tax exemptions and other adjustments. A method of reporting, which would provide reliable additional information for various sales and use tax exemptions, should be developed to accumulate the information the taxpayers should already have available.

2. Project Exemption Certificates
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The Department of Revenue (DOR) lacks procedures to monitor the issuance or use of project exemption certificates issued by tax-exempt entities. Section 144.062.2, RSMo 2000, provides that when any tax-exempt entity contracts for the purpose of constructing, repairing or remodeling facilities, and purchases of tangible personal property and materials to be incorporated in the project are to be made on a tax-exempt basis, such entity shall issue project exemption certificates. Project exemption certificates authorize contractors to purchase materials to be consumed in projects without paying sales tax. A copy of a project exemption certificate should be presented to all suppliers from which contractors purchase materials.

We surveyed 299 tax-exempt entities requesting information regarding projects begun after January 1, 1999 and before May 2002, involving the issuance of project exemption certificates. Of the 264 entities that responded, 1,781 projects were reported to us with a

total cost of approximately \$956 million.

A. The DOR has not created a standard project exemption certificate form. Section 144.062.2 RSMo 2000 and 12 CSR 10-3.388, specify the information that shall be included in the certificate. Section 144.062.2 RSMo 2000, further states that the Director of Revenue shall approve the form and content of the project exemption certificate. These certificates must include the following:

- Exempt entity's name, address, Missouri tax identification number and signature of authorized representative
- Project location, description and unique identification number
- Date the contract is entered into, which is the earliest date materials may be purchased for the project on a tax-exempt basis
- Estimated project completion date
- Certificate expiration date, which is the final date materials may be purchased for the project on a tax-exempt basis.

Tax-exempt entities are not required to file a copy of or report information related to tax exemption certificates issued with the DOR. In addition, suppliers are under no obligation to report to the DOR project exemption certificates received from contractors. As a result, the number of project exemption certificates issued, the contractors to which the certificates were issued, the estimated or actual costs of the projects, and the names of suppliers from which tax-exempt materials are purchased are not available.

Failure to provide a standard exemption certificate form or monitor the use of project exemption certificates reduces assurance that the use of this sales tax exemption is in compliance with state law and is not being abused.

B. Contractors are not required to maintain records detailing which materials were actually consumed in the project. Section 144.062.4 RSMo 2000, states that any excess materials purchased by a contractor using a project exemption certificate but not consumed in the project must either be returned to the supplier or the appropriate sales or use tax must be paid and reported on a return filed with the DOR. According to DOR Field Audit Bureau (FAB) personnel, when a supplier is audited the FAB ensures that all gross sales receipts have been reported. They also review sales that were considered tax-exempt and ensure there is proper supporting documentation, such as a project exemption certificate for sales made pursuant to Section 144.062 RSMo 2000.

We contacted twenty-two of the tax-exempt entities surveyed which indicated they had issued project exemption certificates. Nine of the twenty-two entities indicated they do not monitor the use of project exemption certificates by contractors. Thirteen of the twenty-two entities monitor the amount of materials they are charged for by the contractor in some manner; however, they do not ensure that all materials purchased by the contractor under the project exemption certificate are actually used

in the project. One entity indicated the burden of monitoring whether purchases made by the contractor are actually incorporated into the tax-exempt project is the responsibility of the DOR.

Without adequate documentation or proper monitoring of materials used in the tax-exempt project, the DOR cannot determine whether the tax exemption was applied in compliance with state law.

WE RECOMMEND the Department of Revenue develop procedures to monitor the issuance and use of project exemption certificates.

AUDITEE'S RESPONSE

The department agrees in principle that monitoring the use of the project exemption certificate through other means than audit is a desirable goal; however, we see no practical way to accomplish this. The department currently advises taxpayers of the information a contractor is required to capture and provide sellers of materials used in an exempt project. The State Auditor's staff advised the department that they did not find any certificates in the course of the audit that failed to contain the necessary information. Therefore, requiring a particular form will not change the information currently collected by contractors nor ensure the accuracy or validity of an exemption claim.

The department currently reviews project exemptions in the course of audits that involve a claim of a project exemption. The auditor verifies the exemption claim with the purchase invoices to ensure the amount purchased was earmarked for a properly documented exempt project. However, the department is aware of no way to ensure that all such materials were actually used on the exempt project absent observation of the entire construction project.

AUDITOR'S COMMENT

If proper application of any sales and use tax exemption cannot be monitored, legislation should be pursued to abolish the exemption or modify the provisions of the exemption to allow for adequate monitoring.

3. Sales and Use Tax Overpayments
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The Department of Revenue has not determined the appropriate disposition of sales and use tax overpayments submitted by businesses that have closed their sales and use tax registration. By failing to determine the appropriate disposition of these monies, the department has accumulated approximately \$9.5 million in the General Revenue Fund-State (GRF-S) of overpayments relating to file periods that can no longer be refunded to or used as a credit by the original taxpayers.

Overpayments of sales and use taxes result from overpaid returns, amended returns, or audited returns. Overpayments may be applied as credits on taxes due or refunded as provided by Section 144.190, RSMo 2000. As of June 30, 2002, the MITS reflected

overpayments totaling more than \$76 million. DOR records indicate that of this amount, \$9,482,044 was for overpayments related to filing periods older than three years submitted by businesses that have closed their sales and use tax registration accounts. As a result, there will not be future taxes due which the overpayments could be applied against. The department notified the businesses of the overpayments when they occurred; however, the credits were not used prior to the businesses closing.

The department has a fiduciary responsibility to resolve overpayments for closed business. In addition, resolving the overpayments for closed businesses could relieve the administrative burden of continuing to track these amounts.

This issue has been addressed in previous reports.

WE AGAIN RECOMMEND the Department of Revenue determine the appropriate disposition of overpayments relating to file periods older than three years for closed businesses.

AUDITEE'S RESPONSE

The Department agrees with the recommendation. There is currently a team in place evaluating the most efficient procedure to "write-off" out-of-statute overpayments.

4. Sales and Use Tax Refunds

- A. State law does not require vendors to return sales and use tax refunds and related interest to the original purchaser when applicable, resulting in a windfall for the vendor. Vendors collect sales and use taxes from their customers and remit the taxes to the DOR. Section 144.190, RSMo 2000, authorizes the DOR to issue sales and use tax refunds due to an overpaid return, an amended return, or an audited return. During fiscal years 2001 and 2002, the DOR disbursed sales and use tax refunds, including interest, of approximately \$51 million and \$55 million, respectively. In addition to refunds, an undetermined amount of credits were applied to under payments of taxes. It should be noted that for some refunds the vendor is the original purchaser and some refunds are the result of taxpayer errors, quarter-monthly filer estimates, or other circumstances in which sales and use taxes were not collected from a purchaser, and as a result, should be retained by the vendor.

We addressed this issue in previous audit reports. Legislation was introduced in the 2002 legislative session concerning this issue; however, it was not approved by the General Assembly. Legislation has also been introduced in the 2003 legislative session that will prohibit the refund or credit of sales or use tax incorrectly collected or computed by a retailer, unless it is demonstrated to the satisfaction of the director of revenue that all incorrectly collected or computed amounts were or will be refunded or credited to every purchaser that originally paid the tax, or that the tax originally reported and remitted to the director was paid by the retailer and not

collected from purchasers.

In the event the legislation introduced in the current session does not become law, the DOR should continue to support legislation which would require sales and use tax refunds and related interest be returned to the original purchaser.

- B. The GRF-S does not receive reimbursement from other funds for their proportionate share of interest paid on refunds of sales and use taxes. Based upon the percentage of distributions to state and local funds (exclusive of GRF-S) to total distributions to state and local funds, interest payments of approximately \$5.9 and \$4.7 million should have been allocated during the years ended June 30, 2002 and 2001, respectively, and is due to the GRF-S from other state and local funds.

Sales and use tax refunds are issued to each taxpayer from the GRF-S. To reimburse the GRF-S, adjustments are automatically made by the MITS for the principal amount of the refunds due from other state and local funds. However, adjustments are not automatically made to other state and local funds for the interest paid on sales tax refunds. Interest and penalties received on the payment of delinquent taxes are distributed to the various state funds and local governments. We are not aware of any state law which addresses the allocation of interest received on delinquent payments or interest paid on refunds. In the absence of such a law, the DOR should allocate interest paid on refunds and interest received on delinquent payments in the same manner.

This issue has been addressed in previous reports.

WE AGAIN RECOMMEND the Department of Revenue:

- A. Support legislation that would require sales and use tax refunds and related interest to be returned to the original purchaser.
- B. Ensure the GRF-S is reimbursed for other funds' proportionate share of interest paid on sales and use tax refunds.

AUDITEE'S RESPONSE

- A. *The department agrees with the recommendation. Several proposals have been introduced in the Missouri General Assembly that would ensure a refund is returned to the purchaser.*
- B. *The department agrees with the recommendation. However, our current tax system cannot calculate and allocate interest to the other state and local funds. The department is exploring alternatives for recovering the proportionate share of interest from other state funds. The department has been unable to develop any alternatives for recovering interest from the local governments without the acquisition of a new tax system.*

This report is intended for the information and use of the management of the Department of Revenue, Division of Taxation and Collection and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Department of Revenue was created by Article IV, Section 12, of the 1945 Missouri Constitution. The department serves as the central collection agency for all state revenues. The Director is appointed by the Governor with the advice and consent of the Senate.

The Division of Taxation and Collection is responsible for the administration of Missouri's tax laws and processes and administers forms and reports for the collection of revenue due the state and local taxing jurisdictions. The division has six areas and one office.

Accounting Services

Accounting Services is responsible for cashiering and deposit of tax and fee collections, divisional accounting and financial statement preparation, document security enforcement, centralized filing systems, word processing and microfilming functions and for division forms and publication orders.

Business Tax

Business Tax (BT) is responsible for the administration of sales/use, financial institutions, insurance premiums, franchise, county, excise, cigarette and other tobacco products, corporate income and withholding taxes and fees. BT also distributes locally imposed sales and use taxes to local jurisdictions, administers the registration and issuance of business licenses to taxpayers, handles correspondence and taxpayer protests, processes amended returns, writes regulations and pursues noncompliant taxpayers through its Nexus programs.

Customer Assistance

Customer Assistance is responsible for contacting individuals and businesses who have unpaid tax liabilities, pursuing bad checks, reimbursing prosecuting attorneys for collections made, submitting fee payments to the recorder of deeds for filing lien documents, conducting skip tracing to locate taxpayers and their assets, certifying files and records for the prosecuting attorneys, and assisting the prosecuting attorneys with account analysis to prosecute cases. Customer Assistance is also responsible for providing assistance to taxpayers in regional offices within Missouri. This assistance includes answering questions, registering taxpayers, issuing business licenses, participating in taxpayer training programs, making field visits to taxpayers who are delinquent in paying their taxes, and appearing in court on behalf of the Director on cases pursued by the prosecuting attorneys.

Field Audit, Instate and Outstate

Field Audit is responsible for conducting field audits of businesses required to pay taxes to the State of Missouri. The in-state operations perform central support functions and include eight offices. The out-state operations include offices in Chicago, Dallas, and New York.

Information Technology

Information Technology (IT) is responsible for the technical analysis, design, development and implementation of the division's data processing systems. IT provides quality assurance, program maintenance and technical support for electronic data processing communications, systems programming and data base administration. IT also provides personal computer software training, in-house programmer training and system training to division personnel and administers electronic media including forms by fax for the division.

Personal Tax

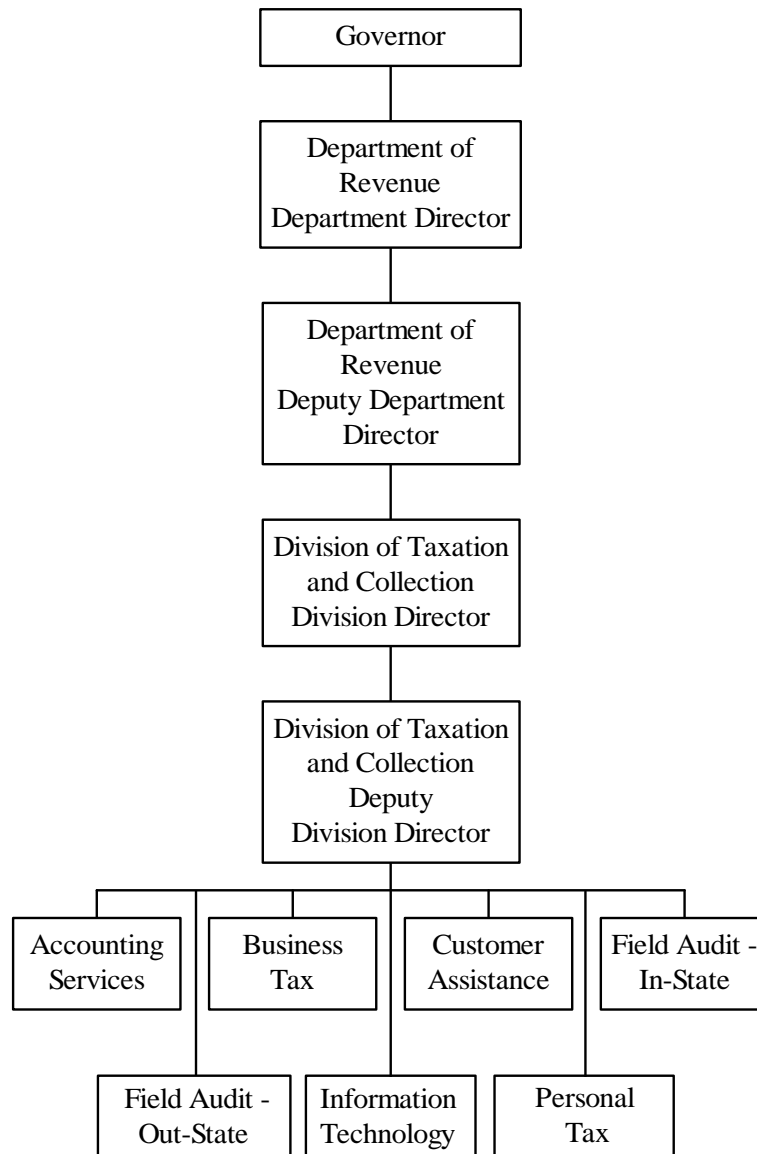
Personal Tax is responsible for administrating individual income, partnership, fiduciary and estate taxes and property tax credits. Administrative functions include tax return receipt and extraction of incoming mail, tax return analysis, data entry, tax return error correction and discovery and collection of tax liabilities.

Division Director's Office

The Division Director's Office is responsible for the overall administration of the areas described above. This includes preparation of legislative testimony, fiscal note preparation to include administrative impacts, preparation of the division's budget request, tax returns and forms design and electronic-commerce.

Carol Russell Fischer served as Division Director from June 1998 until January 9, 2001. Stan Farmer currently serves as the Division Director.

DEPARTMENT OF REVENUE
DIVISION OF TAXATION AND COLLECTION
ORGANIZATION CHART
JUNE 30, 2002



* * * * *



**REVIEW OF ARTICLE X
SECTIONS 16 THROUGH 24
CONSTITUTION OF MISSOURI
YEAR ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-54
June 26, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2003

The following is a review conducted by our office of Article X, Sections 16 through 24, Constitution of Missouri.

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5, which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

The State Auditor's Office performs a review of the state's compliance with the provisions of the Hancock Amendment to verify the accuracy of the revenue limit computation performed by the Office of Administration, Division of Budget and Planning (OA-BP). The auditor's review agreed with the OA-BP that no refund is due to taxpayers for the year ended June 30, 2002.

Total state revenue was calculated at \$7.5 billion, while the refund threshold was calculated at \$8.7 billion, which means state revenue was under the revenue limit by \$1.2 billion for the year ended June 30, 2002.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Jacquelyn D. White, Commissioner
Office of Administration
Jefferson City, MO 65102

We have conducted a review of revenues of the state of Missouri for the year ended June 30, 2002, and the application to those revenues of Article X, Sections 16 through 24, of the Constitution of Missouri, more commonly referred to as the Hancock Amendment (included as an Appendix). We had previously reported on revenues of the state for the years ended June 30, 1982 through 2001. The amendment, which was adopted by the voters of Missouri on November 4, 1980, limits the growth of state revenues collected in any fiscal year. The objectives of this review were to:

1. Evaluate the formula to calculate the state's revenue limit.
2. Determine the specific items included in total state revenues.
3. Verify the accuracy of the revenue limit computation and compare that limit to total state revenues.
4. Review the state's overall compliance with the provisions of the amendment.

Our review included only the application of the revenue limit to state revenues and, accordingly, did not include a review of the effects of the amendment on any local governmental unit.

Our review was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we held discussions with personnel of the Office of Administration, Division of Budget and Planning, inspected relevant records and reports compiled by that office, and reviewed reports from the statewide accounting system. We reviewed this information to the extent necessary to satisfy ourselves that the following Exhibits are fairly stated in all material respects.

Our review was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed

additional procedures, other information might have come to our attention that would have been included in this report.

The following Executive Summary and the Background, Methodology, and Conclusions present our comments, findings, and conclusions concerning the state's overall compliance with the provisions of Article X, Sections 16 through 24, Constitution of Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 1, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Randy Doerhoff, CPA
Audit Staff:	Frank Verslues

EXECUTIVE SUMMARY

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
EXECUTIVE SUMMARY

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5 which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income (MPI) be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

Exhibit A presents a summary of the calculations of limited total state revenue (TSR) for the years ended June 30, 2002, 2001, 2000, 1999, and 1998. The calculations for years prior to 1998 were changed to comply with a Supreme Court decision as further explained below.

On January 27, 1998, the Missouri Supreme Court entered a final decision in Kelly v. Hanson, et. al., 959 S.W. 2d 107 (Mo. 1998). This decision determined that taxes and other funds collected by the state may not be considered revenue in the context of TSR unless they meet a two-part test derived from an earlier judicial definition of revenue: (1) the funds must be received into the state treasury; and (2) the funds must be subject to appropriation. Thus, the Hancock Amendment presents unique financial related legal requirements that must be taken into consideration. The items that the Supreme Court specifically ruled on are as follows:

1. The Federal Reimbursement Allowance and the Nursing Facility Reimbursement Allowance tax imposed by the state to pay the state's share of the costs of the Medicaid program is collected by an offset against Medicaid claims and is not directly deposited in the state treasury. As a result, this revenue is not included in TSR.
2. The local use tax imposed by the state under Section 144.748, RSMo, until repealed on May 21, 1996, and distributed to local government is not deposited in the state treasury and is not appropriated. As a result, this revenue is not included in TSR.
3. Revenue from one dollar of a state imposed two dollar admission fee to gaming riverboats is remitted to the "home dock city or county" and is not deposited in the state treasury. As a result, this revenue is not included in TSR.
4. Ten percent of the revenue for an adjusted gross receipts tax imposed by the state on gaming riverboats is remitted to the "home dock city or county" and is not deposited in the state treasury. As a result, this revenue is not included in TSR.
5. An adjustment to the revenue limit related to the state assuming certain judicial clerk salaries is appropriate.

On November 24, 1998, the Missouri Court of Appeals, Western District entered a final decision in Kelly v. Hanson, et. al., 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar of the state imposed two dollar admission fee to gaming riverboats is not included in TSR while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs for gaming riverboats is included in TSR.

The State Auditor's Office (SAO) and the Office of Administration, Division of Budget and Planning (OA-BP) did not present an issue to the Supreme Court concerning the proper accounting for the effect of tax refunds. However, because the Supreme Court decision indicated that the Hancock provisions in the constitution require the actual receipt of revenue, the amendment presents a cash basis system of accounting. Based on the Court's decision, the SAO has changed the calculation of refunds from an appropriations basis to a cash basis.

On June 29, 1999, the Missouri Supreme Court entered a final decision in Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al., 994 S.W. 2d 27 (Mo. Banc. 1999). This decision determined that Article IV, Section 43(b) prohibits the disbursement of monies specified in that section for the purpose of making the refund required by Article X, Section 18, and that revenue derived from the one-eighth of one percent sales tax imposed by Article IV, Section 43(a) is not includable in TSR.

This decision related to the use of Conservation Fund monies for making refunds under the Hancock Amendment. The General Assembly appropriated a total of approximately \$6 million from the Conservation Fund to be used to pay for refunds due to taxpayers under the Hancock Amendment for fiscal years 1995 and 1996. The Conservation Federation filed suit declaring that moneys in the Conservation Fund may not be used to make these refunds and that the sales tax proceeds are not includable in TSR. The Supreme Court ruled that Article IV, Section 43(b) requires that conservation funds be expended for conservation purposes as specified in that section and using these funds to pay for Hancock refunds is, therefore, unconstitutional.

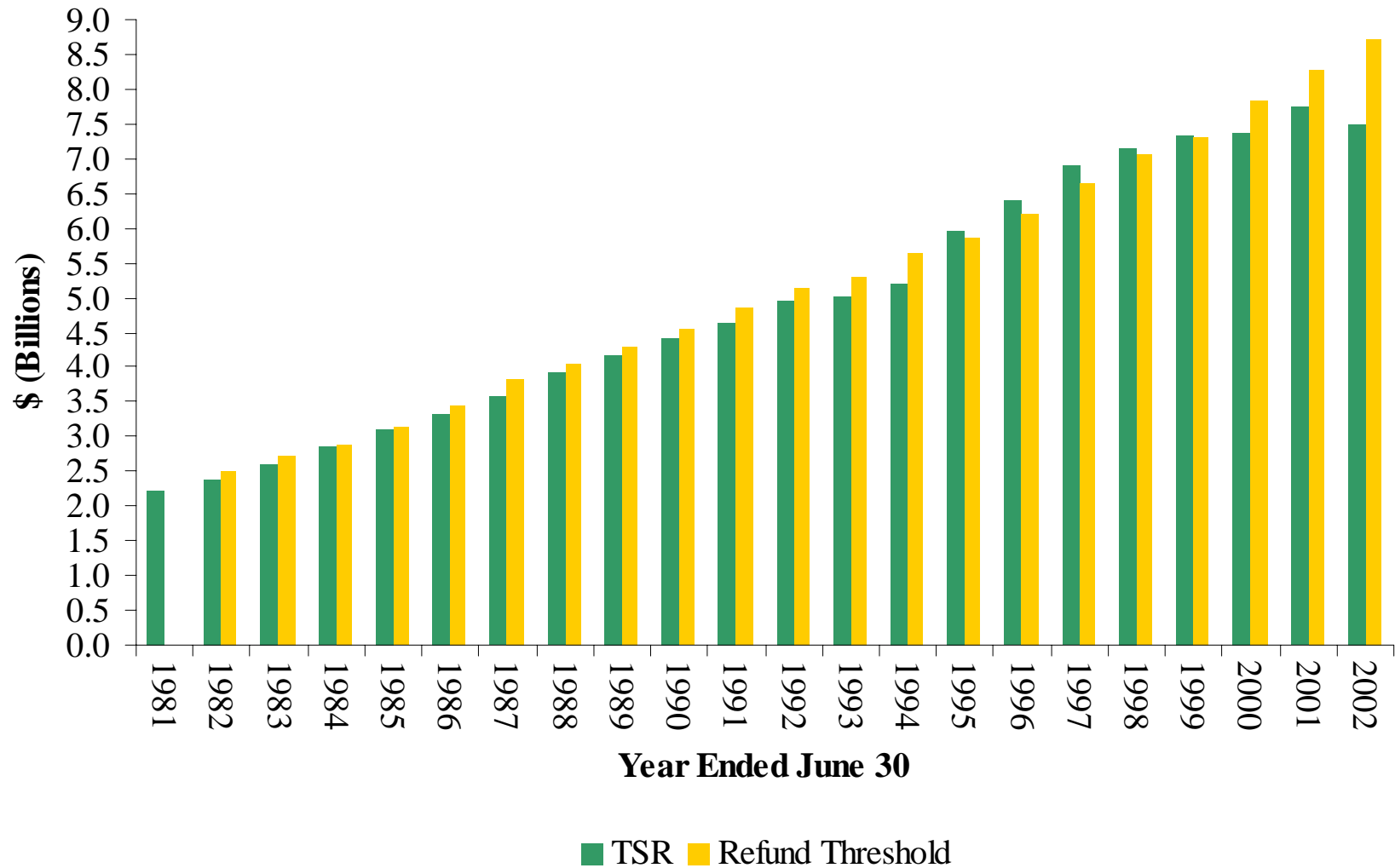
This decision also related to whether the conservation sales tax should be included in TSR. The Supreme Court noted that the conservation sales tax imposed by Section 42(a) was enacted by a vote of the people in 1976, which was four years before the Hancock Amendment was approved. However, Section 43(b) was adopted contemporaneously with the Hancock Amendment and, therefore, went into effect after the Hancock Amendment's baseline period for TSR, which was fiscal year 1981. Thus, this case presents the unique situation that a tax was approved by the voters prior to the Hancock Amendment, but the voter-approved (indeed voter mandated) spending of that revenue was approved after the Hancock Amendment's initial tax and spending ceiling was calculated.

Since the state had already paid refunds to taxpayers for fiscal years 1995, 1996, and 1997, the state has decided not to recalculate TSR for those years. However, for fiscal year 1998, the state has excluded the conservation sales tax (and related interest earnings) from TSR in accordance with the Supreme Court decision. In addition, the state will not pay any refunds (for prior years or future years) from the Conservation Fund.

In December 1999, two lawsuits were filed in the Cole County Circuit Court. The first case, Flotron v. Carnahan, et. al., 99CV323351, claims that the Supreme Court held in Conservation Federation v. Hanson, 994 S.W. 2d 27 (Mo. Banc. 1999) that all revenue from the conservation sales tax must be removed not only from yearly total state revenues, but also from the baseline calculation for 1981. The second case, Missouri Merchants and Manufacturers Association, et. al. v. State of Missouri et. al., 99CV323530 claims that the state has not included tax credits in the calculation of the revenue limit and TSR. These two lawsuits were consolidated, and on March 8, 2001, the Missouri Supreme Court handed down its decision in Missouri Merchants and Manufacturers Assoc. v. State of Missouri, 2001 WL 224725 (Mo.). The court held that the auditor and the OA-BP correctly decided to keep conservation sales tax revenues in the baseline

calculation, while excluding them from yearly total state revenues. The court further found that tax credits which exceed a taxpayer's liability, resulting in a refund to the individual taxpayer, should be included in the calculation of total state revenue. Starting in fiscal year 2001, the OA-BP has included certain tax credits in the calculation of total state revenue.

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24
CONSTITUTION OF MISSOURI
CHART OF TOTAL STATE REVENUE VERSUS REFUND THRESHOLD



EXHIBITS

Exhibit A

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24, CONSTITUTION OF MISSOURI
SUMMARY OF TOTAL STATE REVENUE AND REFUND CALCULATIONS
FIVE YEARS ENDED JUNE 30, 2002
(IN MILLIONS)

	Year Ended June 30,				
	1998	1999	2000	2001	2002
TOTAL STATE REVENUE (TSR)					
Total state receipts	\$ 14,162.44	15,076.69	15,871.29	17,360.76	18,127.97
Less excluded revenue	(6,360.21)	(6,846.96)	(7,442.20)	(8,632.31)	(9,541.77)
Less expenditure refunds	(647.09)	(886.05)	(1,057.35)	(1,066.85)	(1,165.04)
Add refundable tax credits	0.00	0.00	0.00	78.04	67.19
TSR	\$ 7,155.14	7,343.68	7,371.74	7,739.64	7,488.35

REVENUE LIMIT AND REFUND THRESHOLD

Missouri personal income	\$ 123,280.00	127,795.00	136,754.00	144,389.00	152,448.00
Base year ratio	x 0.056395	0.056395	0.056395	0.056395	0.056395
Base limit	6,952.38	7,207.00	7,712.24	8,142.82	8,597.30
Judicial article amendment	36.02	37.82	39.70	43.52	43.52
Revenue limit	6,988.40	7,244.82	7,751.94	8,186.34	8,640.82
1 percent adjustment	69.88	72.45	77.52	81.86	86.41
Refund threshold	\$ 7,058.28	7,317.27	7,829.46	8,268.20	8,727.23

REFUND CALCULATION

TSR	\$ 7,155.14	7,343.68	7,371.74	7,739.64	7,488.35
Less refund threshold	7,058.28	7,317.27	7,829.46	8,268.20	8,727.23
Over (Under) Threshold	96.86	26.41	(457.72)	(528.56)	(1,238.88)
1 percent adjustment	69.88	72.45	0.00	0.00	0.00
Refund	\$ 166.74	98.86	0.00	0.00	0.00

See the accompanying Notes to the Exhibits.

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,		
		2000	2001	2002
1001	Sales and use tax	\$ 1,711,735,812	1,732,305,234	1,736,714,171
1003 (l)	Parks sales and use tax	34,747,135	35,230,980	36,220,266
1005 (k)	Soil and water sales and use tax	34,746,972	35,230,984	36,220,270
1007	General revenue reimbursements - local sales and use tax	2,579,696	3,010,856	1,835,145
1009	Motor vehicle sales tax	212,131,664	201,434,995	224,606,585
1011 (u)	Conservation sales and use tax	86,885,502	88,085,276	90,545,178
1013 (f)	Proposition C sales and use tax	682,981,580	689,313,928	707,412,040
1015	Sales and use taxes paid under protest	1,650,756	153,582	450,179
1022	Individual income tax	4,276,499,738	4,594,876,638	4,470,625,351
1024	Individual income taxes paid under protest	1,315	(293,191)	81,600
1026	Corporate income tax	443,212,366	365,348,758	448,568,753
1028	Corporate income taxes paid under protest	(284,067)	562,689	456,457
1033	County foreign insurance tax	146,759,514	139,319,912	160,589,220
1035	County stock insurance tax	-	-	-
1037	Worker's compensation insurance tax	19,082,046	3,633,190	2,221,514
1039	Worker's compensation insurance tax - second injury	36,035,166	40,002,911	41,202,150
1041	Excess lines of insurance tax	7,871,619	9,724,620	12,516,253
1049	Heavy beer tax	8,045,753	8,002,425	8,139,919
1051	Light beer tax	106,295	106,174	87,955
1053	Liquor tax	14,256,263	14,853,871	14,623,630
1055	Wine tax	2,930,608	2,949,469	3,056,127
1057	Cigarette tax	103,356,006	99,428,258	97,272,540
1059	Tobacco product tax	8,649,933	8,723,561	9,545,626
1060	Motor vehicle fuel tax	386,297,792	381,494,352	387,710,815
1060 (g)	Motor vehicle fuel tax	169,035,971	163,583,904	165,590,555
1060 (p)	Motor vehicle fuel tax	150,023,029	145,184,278	146,965,204
1062	Special fuel non-gas tax	2,617,137	1,393,208	1,177,761
1064	Aviation fuel tax	599,279	479,395	429,032
1070	Corporation franchise tax	78,165,764	71,862,773	20,753,109
1073	Estate tax	132,700,434	156,818,846	136,954,962
1074 (q)	Bingo tax	3,849,044	3,514,132	3,187,204
1076 (r)	Gaming commission gross receipts tax	178,423,987	187,786,857	217,286,247
1080	Real and personal property tax	16,062,211	17,630,096	18,640,204
1082	Delinquent real and personal property tax	2,368,166	1,788,078	2,347,829
1084	Hazardous waste tax	2,191,446	3,237,913	3,547,403
1088	Nursing facility reimbursement allowance	6,643,749	8,904,840	9,641,756
1090	Federal reimbursement allowance	11,914,000	16,871,529	7,939,464
1092	Payments in lieu of taxes	300,000	300,000	175,000
1093	Athletic events tax	280,226	120,127	151,771
1095	Surcharges	-	207,500	606,134
1097	Agency collected sales taxes	106,626	109,032	457,602

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,		
		2000	2001	2002
1099	Other taxes	174,489	127,947	67,313
1100	Professional licenses or permits	14,899,229	20,801,980	20,114,035
1102	Recreational licenses or permits	3,982,073	3,769,226	4,111,095
1104	All-terrain vehicle licenses or permits	124	250	536
1106	Motor vehicle licenses or permits	161,503,917	189,285,982	168,023,626
1108				
	Interstate transportation licenses or permits	60,695,858	54,135,803	56,996,602
1108 (g)				
	Interstate transportation licenses or permits	4,947,537	5,036,883	5,118,406
1110	Driver's licenses or permits	17,693,434	20,320,279	21,059,328
1112	Land reclamation commission permits	431,593	438,550	370,237
1114	Salesman licenses or permits	3,402,585	3,835,926	4,469,430
1116	Vehicle and boat manufacturer and dealer licenses	905,896	911,535	911,210
1118	Liquor licenses or permits	3,666,225	3,670,395	4,383,474
1120	Gaming commission licenses	2,195,634	1,804,602	1,792,626
1122	Beer licenses or permits	12,997	12,256	11,966
1124	Motor carrier licenses	2,836,180	2,789,015	2,600,105
1126	Hunting and fishing licenses and commission permits	27,337,935	27,139,361	27,584,035
1127	Hunting and fishing special tags	1,315,350	1,232,849	1,130,411
1128	Hazardous waste transporter licenses	402,725	367,565	346,030
1130	Water pollution control permits	2,136,218	2,622,026	3,839,546
1132	Overdimension/overweight permits	4,828,860	4,493,852	4,625,179
1134	Merchant licenses	811,482	983,772	873,699
1136	Tobacco licenses	22,700	23,900	27,300
1138	Temporary licenses	1,175	1,600	925
1140	Duplicate plates	1,477	1,278	1,177
1149	Other licenses and permits	2,359,154	2,462,292	2,337,885
1150	Lobbyist registration fees	1,760	2,310	2,260
1152	Motorboat fees	5,550,804	5,495,087	5,854,312
1154	Narcotics and dangerous drugs fees	678,240	670,267	509,416
1156	Occupational boards exam fees - individual exam fees	131,032	448,657	742,937
1160	Non-motor fuel decal fees	520,725	162,590	152,485
1162	Filing fees	14,471,503	14,368,725	14,711,378
1164	Transfer fees	30,272	23,384	22,854
1169	Other registration fees	11,219,536	12,592,642	12,140,319
1174	Asbestos fees	259,101	251,264	261,965
1178	Milk control fees	55,451	87,729	39,565
1180	Home health care license fees	132,600	127,200	113,400
1182	Nursing home license fees	147,267	131,977	140,044
1184	Title V emissions fees	4,522,691	6,410,168	6,704,597
1185	Emission fees/non Title V facilities	1,116,242	496,654	445,920

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,		
		2000	2001	2002
1186	Boarding home license fees	743,567	715,364	715,855
1188	Public utilities fees	21,432,233	20,572,444	19,126,770
1190	Hospital license fees	90,528	90,225	84,122
1192	Grain warehouse license fees	36,295	35,465	36,288
1194	Missouri primacy fees	2,496,191	2,485,763	2,374,641
1196	Underground storage tank annual participation fees	1,233,560	1,170,584	1,255,623
1198	Transport load fees	14,352,974	13,841,740	16,834,815
1200	Storage tank registration fees	260,059	269,535	56,310
1202	Tourist cabin permit fees	142,685	146,067	230,025
1206	Solid waste disposal fees	9,490,126	9,687,293	11,737,917
1208	New tire fees	1,968,304	2,010,702	2,044,605
1210	Ground water protection fees	524,281	474,974	441,978
1212	Water and sewage fees	-	-	-
1214	Insurance regulatory fees, renewals and purchasing groups	1,907,337	1,952,584	1,862,781
1216	Air conservation commission permit fees	313,418	252,357	283,085
1218	Bingo license fees	71,890	74,525	71,905
1220	Lab fees	1,514,785	1,374,311	1,355,954
1222	Program administration fees	813,724	771,929	674,018
1223	Confined animal feed operation indemnity fees	40,321	50,641	44,649
1224	Railroad assessments	705,384	664,373	1,076,878
1227	Enhanced vehicle emission inspection fees	375,241	1,821,791	1,666,518
1229	Beverage inspection fees	430,452	452,694	444,998
1233	Grain warehouse inspection fees	1,456,065	1,485,938	1,590,763
1235	Milk inspection fees	1,530,402	1,420,596	1,377,533
1237	Ice cream products inspection fees	32,845	21,180	22,517
1239	Mine inspection fees	91,251	77,508	68,324
1241	Mobile home and recreational vehicle inspection fees	288,790	266,188	377,812
1243	Oil inspection fees	2,422,783	2,400,864	2,415,488
1249	Other inspection fees	918,601	1,060,908	1,042,563
1250	Collection fees	24,176,296	16,887,480	17,166,793
1252	Admission fees	982,328	928,247	1,036,032
1252 (r)	Admission fees - Riverboat gambling	49,206,860	46,984,700	48,607,527
1254	State auditor fees	743,699	777,268	746,288
1260	Grade crossing safety fees	757,852	1,441,440	1,206,302
1262	Loan administration fees	1,963,020	2,156,065	2,700,281
1262 (c)	Loan administration fees - Fund 881	197,293	208,357	9,165
1264	Court fees	18,863,188	17,630,909	17,665,443
1266	Financial institutions examination fees	6,764,447	6,639,892	6,537,159
1268	Consumer finance license fees	677,700	625,100	720,525

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,		
		2000	2001	2002
1270	Transcript fees	141,467	125,225	148,507
1274	Marketing development fees	196,742	331,838	244,854
1276	Miscellaneous insurance fees	594,567	615,158	570,580
1278				
	Gaming commission administrative income	2,174	4,455	3,319
1279 (a)	Lottery commission fees	195,279	246,300	309,450
1280	Motor vehicle inspection sticker fees	4,013,513	3,777,264	4,267,409
1282	Logo sign advertising fees	3,241,796	3,399,742	3,494,840
1284	Public defender fees	918,393	885,419	820,470
1286	Witness fees	3,915	5,451	6,008
1288	County recorders fees	8,011,015	7,815,444	12,647,575
1290	Training or conference fees	25,003	49,414	36,773
1294	Electronic monitoring fee	801,843	1,287,591	1,346,871
1298	Substance abuse offender program fees	1,756,647	1,736,251	1,817,839
1302	Criminal records check fees	3,317,577	3,602,868	4,107,926
1303	Other fees	3,311,554	4,953,977	5,676,537
1303 (c)	Other fees - Fund 880	3,660	-	-
1305 (h)	Bond sales proceeds	40,024,065	286,102,087	413,049,331
1310	Land sales	1,330,053	2,490,321	3,590,127
1312	Sales of natural resources products	3,040,229	2,420,275	2,281,434
1314	Sales of agriculture products	1,793,736	1,768,337	1,555,108
1316	Manufactured product sales	12,203,435	14,266,711	7,107,259
1318	Information sales	3,672,650	3,770,665	3,577,403
1320	Souvenir sales	620,200	687,074	729,830
1322	Surplus property sales - State	3,924,703	4,645,129	5,785,741
1322 (a)	Surplus property sales - State - Lottery Fund 657	137,302	110,726	98,098
1322 (aa)	Surplus property sales - State - Fund 710	573,282	1,148,683	1,179,903
1322 (c)	Surplus property sales - State - Fund 880	-	-	14,063
1324	Surplus property sales - Federal	1,953,910	2,430,759	2,870,157
1324 (c)				
	Surplus property sales - Federal - Fund 880	-	210	-
1328	Sales of fixed assets - control	6,703,573	5,748,170	5,195,082
1330	Vital records sales	1,281,566	1,220,807	1,219,613
1332 (a)	Lottery ticket sales	278,290,515	256,549,705	282,517,043
1334	Cafeteria sales	685,678	716,482	1,083,947
1338	Other sales	215,465	199,983	288,147
1340	Gain on sale of fixed assets	-	-	342
1342	Supply sales	-	-	107
1401	Land rentals/leases	5,226	-	2,166
1403	State facilities rentals/leases	679,339	881,705	910,889
1404	Parking rentals/leases	123,796	83,948	87,105
1405				
	Concessions and recreational rentals/leases	2,497,975	2,443,321	2,346,366

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,		
		2000	2001	2002
1407	Housing/building rentals/leases	377,587	352,936	345,124
1409	Other leases and rentals	1,516,822	1,228,246	1,512,930
1414 (e)	Medicare	8,692,048	9,430,293	7,780,676
1416 (e)	Medicare - community based	406,508	430,198	-
1418 (e)	Medicaid	62,838,731	65,415,461	84,837,220
1419 (e)	Medicaid - case managers	-	-	-
1420 (e)	Medicaid - community based	62,380,747	52,083,505	52,544,520
1422	Private Payments	6,919,977	7,728,151	7,619,066
1424	Insurance payments	1,759,775	2,268,896	2,550,849
1426	Other payments	900,723	446,888	564,806
1434	Institutional support fees	55,980	30,527	39,093
1436	Room and care	13,155,285	15,344,355	15,998,636
1438	Fleet services operations/maintenance	-	8,384	409
1442	Mail/freight services	-	1,100	290
1446	Printing service	-	42,792	62,928
1448	Computer services	-	3,321	43,359
1501	Private donations	3,950,259	5,259,549	2,492,123
1502	Other governmental entity donations	24,852	134,865	-
1507 (e)	Nasao (airport inspections)	22,102	-	-
1510 (e)	US Department of Agriculture	560,196,906	295,168,578	330,201,447
1512 (e)	US Department of Defense	2,106,505	1,691,666	2,298,922
1514 (e)	US Department of Housing and Urban Development	50,354,645	48,660,402	41,806,127
1516 (e)	US Department of Interior	17,245,212	15,829,317	18,902,443
1518 (e)	US Department of Justice	10,751,283	3,828,766	7,728,788
1520 (e)	US Department of Labor	25,814,992	80,665,476	81,124,949
1522 (e)	US Department of Education	365,963,223	426,076,140	454,924,801
1522 (c)	US Department of Education - Fund 626	17,638,453	-	-
1522 (c)	US Department of Education - Fund 880	-	4,335,597	4,999,860
1522 (c)	US Department of Education - Fund 881	-	22,349,908	28,331,940
1524 (e)	US Department of Transportation	652,918,051	630,676,395	830,459,784
1526 (e)	National Foundation for the Arts and Humanities	3,686,964	3,299,112	3,246,308
1528 (e)	US Veterans Administration	32,052,514	16,319,105	25,762,073
1530 (e)	US Environmental Protection Agency	50,826,223	77,684,564	73,043,437
1532 (e)	US Department Of Energy	5,917,842	5,743,072	6,867,744
1534 (e)	Federal Emergency Management Agency	11,331,901	9,514,458	23,743,625
1536 (e)	US Department of Health and Human Services	3,064,483,249	3,619,855,729	3,973,851,735
1538 (e)	National and Community Services	76,600	-	37,589,655
1540 (e)	US Social Security Administration	31,178,359	30,589,459	145,185
1549 (e)	Miscellaneous federal revenues	21,281,830	24,209,426	28,218,828
1551	County mental health programs	5,527,382	5,671,302	7,117,257
1560 (e)	Federal pass-through grants	37,845,336	41,039,012	45,245,956

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source	Code	Type of Revenue	Year Ended June 30,		
			2000	2001	2002
	1601	Time deposits interest	16,251,174	23,742,120	20,112,963
	1601 (f)	Time deposits interest - Fund 688	297,972	555,168	448,257
	1601 (a)	Time deposits interest - Fund 657	151,656	234,614	161,921
	1601 (k)	Time deposits interest - Fund 614	93,797	214,095	202,029
	1601 (l)	Time deposits interest - Fund 613	109,228	174,164	115,693
	1601 (b)	Time deposits interest - Fund 905	11,087	22,809	20,567
	1601 (q)	Time deposits interest - Fund 289	51,108	73,302	54,577
	1601 (r)	Time deposits interest - Fund 285	51,477	97,493	90,929
	1601 (d)	Time deposits interest - Fund 963	3,274	267	146
	1601 (u)	Time deposits interest - Fund 609	130,222	223,097	113,270
	1601 (c)	Time deposits interest - Fund 851	98,161	252,778	265,935
	1601 (c)	Time deposits interest - Fund 626	113,341	-	-
	1601 (c)	Time deposits interest - Fund 880	42,929	93,765	67,365
	1601 (c)	Time deposits interest - Fund 881	125,307	372,424	241,818
	1603	U.S./agency securities interest	147,044,390	134,160,656	79,952,145
	1603 (f)	U.S./agency securities interest - Fund 688	2,493,607	2,582,509	1,522,193
	1603 (a)	U.S./agency securities interest - Fund 657	1,192,799	1,080,553	515,992
	1603 (k)	U.S./agency securities interest - Fund 614	752,798	905,365	643,417
	1603 (l)	U.S./agency securities interest - Fund 613	868,255	775,212	373,358
	1603 (b)	U.S./agency securities interest - Fund 905	87,364	97,539	64,539
	1603 (q)	U.S./agency securities interest - Fund 289	404,104	325,033	172,788
	1603 (r)	U.S./agency securities interest - Fund 285	408,618	456,993	301,157
	1603 (d)	U.S./agency securities interest - Fund 963	28,571	2,619	1,772
	1603 (u)	U.S./agency securities interest - Fund 609	1,053,614	951,098	453,080
	1603 (c)	U.S./agency securities interest - Fund 851	758,800	1,062,792	831,658
	1603 (c)	U.S./agency securities interest - Fund 626	752,182	-	-
	1603 (c)	U.S./agency securities interest - Fund 880	367,772	402,657	214,027
	1603 (c)	U.S./agency securities interest - Fund 881	1,131,246	1,654,049	774,507
	1605	Other investment interest	-	222,288	1,069,324
	1610	Interest on loans	729,476	539,282	662,489
	1614	Interest on receivables	44,466	52,499	51,657
	1615	Interest on receivables - control	-	59	-
	1616	Interest on settlements	40,772	383,918	13,635
	1618	Other interest	462,973	1,868,339	1,949,877
	1618 (c)	Other interest - Fund 880	118,318	108,323	34,784
	1621	Penalties	12,967,821	12,352,397	14,727,271
	1622	Penalties - control	-	-	160,000
	1624	Settlements	571,324	424,508	2,907,001
	1624 (a)	Settlements - Lottery Fund 657	-	-	32,361
	1626	Court awards	1,726,800	1,934,990	1,446,864
	1626 (a)	Court awards - Lottery Fund 657	60	-	-
	1628	Insufficient funds charges	4,313	5,930	7,055
	1629	Insufficient funds charges - control	-	-	21
	1634	Estates	611,436	1,083,195	811,820

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,		
		2000	2001	2002
1636	Unclaimed properties	22,358,117	45,077,183	30,994,590
1700 (i)	Salary refunds - federal	557,642	554,591	628,973
1701 (i)	Salary refunds - state	26,484	38,613	59,128
1702 (i)	Salary refunds - local/other	19,307	34,586	37,240
1703 (i)	General relief pension refunds	3,249,761	4,201,496	4,045,153
1704 (i)	Blind pension refunds	16,373	3,537	3,402
1706 (i)	Dependent children pension refunds	561,846	832,675	663,789
1715 (i)	Day care refunds	106,914	74,957	113,434
1717 (i)	Medicare - Medicaid refunds	136,935,781	165,727,710	186,014,638
1719 (i)	Cost in criminal cases refunds	234,418	215,732	227,989
1721 (i)	Vendor refunds - federal	699,732	1,118,740	1,897,512
1722 (i)	Vendor refunds - state	558,052	3,276,007	752,848
1722 (a)	Vendor refunds - state - Lottery Fund 657	-	-	4,531
1723 (i)	Vendor refunds - local/other	72,613	94,418	354,303
1723 (c)	Vendor refunds - local/other - Fund 880	-	286	360
1724 (i)	Political subdivision refunds	143,011	70,992	80,574
1725 (i)	Excess court payment refunds	852,927	4,189,214	1,845,533
1727 (i)	School refunds	11,844,955	5,216,923	6,318,969
1728 (i)	Scholarship refunds	-	95	-
1729 (i)	Audit findings - federal	7,698	4,259	232,392
1730 (i)	Audit findings - state	15,421	9,199	105,802
1731 (i)	Audit findings - local/other	729,638	20,011	15,721
1732 (i)	Utility refunds	18,184	41,610	18,716
1733 (i)	Fuel tax refunds	170,120	576,386	199,071
1737 (i)	Other refunds	4,561,764	5,035,856	2,833,793
1737 (a)	Other refunds - Lottery Fund 657	-	98	-
1737 (c)	Other refunds - Fund 880	23,345,997	20,686,829	-
1737 (c)	Other refunds - Fund 881	-	2,439,370	29,354,812
1806 (w)	Recovery costs	15,033,232	349,175,348	187,032,686
1806 (a)	Recovery costs - Lottery Fund 657	1,514	105	-
1806 (bb)	Intergovernmental transfer program	-	268,558,021	366,225,540
1808	Deposit of surplus property funds	609,879	620,614	395,011
1811 (z)	Local match	925,017	1,477,834	1,494,703
1812 (x)	Cost reimbursements - federal	2,015,773	1,160,857	867,680
1813 (x)	Cost reimbursements - state	16,532,344	14,381,969	21,148,451
1813	Cost reimbursements - state (included)	7,087,444	6,261,180	6,575,082
1814 (x)	Cost reimbursements - local/other	130,645,961	108,467,767	108,270,236
1814 (a)	Cost reimbursements - local/other - Lottery Fund 657	885	-	-
1814 (b)	Cost reimbursements - local/other - Alternative Care Trust Fund 905	3,351	-	-
1816	Bond account	2,557,222	2,627,652	4,252,343
1818 (v)	Employee expense reimbursement - federal	4,281	-	500

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,		
		2000	2001	2002
1819 (v)	Employee expense reimbursement - state	5	3,021	3,745
1820 (v)	Employee expense reimbursement - local/other	25	1,210	628
1821 (v)	Employee personal expense reimbursement	24,372	20,433	48,084
1821 (r)	Employee personal expense reimbursement Riverboat gambling	3,186	-	-
1822 (n)	Outlawed checks	8,592,553	7,936,688	6,490,071
1822 (a)	Outlawed checks - Lottery Fund 657	3,142	2,383	5,056
1822 (b)	Outlawed checks - Alternative Care Trust Fund 905	4,256	6,081	12,348
1822 (c)	Outlawed checks - Fund 880	-	155	-
1824 (y)	Canceled checks	1,263,769	871,889	828,552
1824 (a)	Canceled checks - Lottery Fund 657	387	31,965	-
1824 (b)	Canceled checks - Alternative Care Trust Fund 905	553	1,622	5,369
1824 (c)	Canceled checks - Fund 880	-	-	1,050
1824 (r)	Canceled checks - Riverboat gambling	556	-	-
1824 (q)	Canceled checks - Bingo Fund 289	-	-	122
1826 (m)	Redeposit of investments principal	12,145,706	657,712	1,334,300
1828 (o)	Redeposit of loan principal	13,287,525	15,149,671	82,912,767
1830	Telephone commissions	11,469,797	5,943,277	2,579,215
1832	Commission on sales	51,954	35,803	89,641
1834	Rebates	5,448	5,238	33,964
1834 (a)	Rebates - Lottery Fund 657	-	-	45
1836	Housing and maintenance receipts	3,479	1,363	15,283
1838	Loan defaults	513,145	328,041	255,479
1840 (t)	Loan proceeds	13,249,721	22,606,398	20,150,508
1842 (o)	Loan repayment	6,166,999	602,914	54,691
1843 (o)	Loans receivable contra account	129,835	2,617,947	2,686,402
1844	Insurance proceeds	2,617	5,091	63,308
1846	Capital credits/dividends	29,944	30,657	33,906
1848	Recycling receipts	27,945	44,219	119,446
1850	Forfeitures	1,512,074	3,033,329	1,837,745
1852	Overpayments	1,539,353	5,068,247	5,874,156
1852 (c)	Overpayments - Fund 880	827	-	311
1856 (e)	Other miscellaneous receipts - federal	61,106,244	5,393,704	6,826,201
1856 (c)	Other miscellaneous receipts - federal	1,737,862	-	-
1858	Other miscellaneous receipts - state	1,617,468	1,434,587	3,398,319
1858 (a)	Other miscellaneous receipts - state - Lottery Fund 657	44,229	397,578	1,545
1858 (b)	Other miscellaneous receipts - state - Alternative Care Trust Fund 905	8,199,272	8,729,355	11,032,949
1858 (c)	Other miscellaneous receipts - Fund 880	-	-	8
1858 (c)	Other miscellaneous receipts - Fund 881	-	-	129

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,		
		2000	2001	2002
1860	Other miscellaneous receipts - local/other	1,627,330	2,396,445	1,991,068
1860 (a)	Other miscellaneous receipts - local/other - Lottery Fund 657	-	1,514,553	271,627
1860 (c)	Other miscellaneous receipts - local/other - Fund 880	128,014	4,988	7,261
1860 (c)	Other miscellaneous receipts - local/other - Fund 881			80
1862	Fees for copying public records	152,086	185,997	195,672
1862 (a)	Fees for copying public records - Lottery Fund 657	313	75	141
1866	Federal share of grantee sales	110,794	106,075	99,370
1870	Receivable overpayment - state	220,516	96,719	43,338
1872	Receivable overpayment - local	-	-	9
6001 (j)	Supply sales	67,530	93,937	12,043
6002 (j)	Open records fees	-	6,089	13,822
6003 (j)	Fleet services operations/maintenance	721,178	875,272	962,764
6005 (j)	Fleet services replacement	1,636,100	2,384,772	437,036
6007 (j)	Mail/freight services	621,835	687,637	686,679
6009 (j)	Telephone billing	39,848,893	39,520,463	36,047,039
6011 (j)	Printing service	7,393,887	9,052,467	6,791,086
6013 (j)	Reimbursement/recovery cost	8,974,728	19,654,466	17,576,615
6013 (a)	Reimbursement/recovery cost - Lottery Fund 657	434	-	-
6015 (j)	Leased facility	8,879,871	4,097,501	2,434,435
6017 (j)	Sale of material, supplies, and services	925,324	1,334,035	1,367,801
6019 (j)	Training	904,425	1,437,495	1,339,632
6021 (j)	Computer services	28,938,164	26,720,271	23,894,805
6023 (j)	Administration services	275,080	1,168,731	3,505,263
6025 (j)	Flight operations services	475,376	616,370	457,041
6027 (j)	Sale of manufactured products	15,998,275	19,835,607	18,684,997
6029 (j)	Interagency receipts	11,491,580	22,398,199	22,948,344
6029 (c)	Interagency receipts - Fund 880	473,094	1,618,169	1,707,624
6029 (c)	Interagency receipts - Fund 881	-	-	137,312
6031 (s)	Redeposit of state funds	6,562,452	1,486,316	7,011,492
6032 (j)	Deposit of unclaimed property	467	-	185
6033 (j)	Permits	-	43,550	83,014
6034 (j)	Registration fees	-	11,200	15,516
6035 (j)	Taxes	-	-	16
	Total revenues	15,871,288,352	17,360,765,801	18,127,966,208

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,		
		2000	2001	2002
	Fund Exclusions:			
(a)	Lottery - Fund 657	280,018,514	260,168,655	283,917,810
(b)	Alternative Care Trust Fund - Fund 905	8,305,883	8,857,406	11,135,772
(c)	Student Loan Funds 626, 851, 880, and 881	47,033,257	55,590,657	66,994,069
(d)	Pansey-Johnson-Travis Memorial State Gardens Trust - Fund 963	31,845	2,886	1,918
	Revenue Source Exclusions:			
(e)	Federal funds	5,139,478,016	5,463,603,838	6,137,150,379
(f)	Proposition C sales and use tax/interest	685,773,159	692,451,605	709,382,490
(g)	Proposition A gas tax and license fee increases	173,983,508	168,620,787	170,708,961
(h)	Bond sales	40,024,065	286,102,087	413,049,331
(i)	Refunds	161,382,638	191,337,607	206,448,980
(j)	Interagency sales and receipts	127,152,714	149,938,062	137,258,133
(k)	Soil and water sales and use tax/interest	35,593,567	36,350,444	37,065,716
(l)	Parks sales and use tax/interest	35,724,618	36,180,356	36,709,317
(m)	Redeposit of investment principal	12,145,706	657,712	1,334,300
(n)	Outlawed checks	8,592,553	7,936,688	6,490,071
(o)	Redeposit of loan principal	19,584,358	18,370,532	85,653,860
(p)	Amendment 8 motor fuel tax to local governments	150,023,029	145,184,278	146,965,204
(q)	Bingo	4,304,256	3,912,467	3,414,691
(r)	Riverboat gambling	228,094,683	235,326,043	266,285,860
(s)	Redeposit of state funds	6,562,452	1,486,316	7,011,492
(t)	Loan proceeds	13,249,721	22,606,398	20,150,508
(u)	Conservation sales and use tax/interest	88,069,338	89,259,471	91,111,528
(v)	State employee expense account reimbursement	28,683	24,664	52,957
(w)	Recovery costs	15,033,232	349,175,348	187,032,686
(x)	Cost reimbursements	149,194,077	124,010,593	130,286,367
(y)	Canceled checks	1,263,769	871,889	828,552
(z)	Local match	925,017	1,477,834	1,494,703
(aa)	Proceeds of surplus property sales (Fund 710)	573,282	1,148,683	1,179,903
(bb)	Intergovernmental transfer program	-	268,558,021	366,225,540
	CMIA Interest payment to the federal government	1,857,633	2,273,825	1,883,460
	Abandoned funds claim payments	8,058,274	10,460,281	14,090,452
	Agency remitted sales tax	134,708	367,471	455,808
	Total exclusions	7,442,196,555	8,632,312,904	9,541,770,818
	Total revenues after exclusions	8,429,091,797	8,728,452,897	8,586,195,390

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES

Revenue Source Code	Type of Revenue	Year Ended June 30,		
		2000	2001	2002
	Less expenditure refunds (Exhibit C)	(1,057,348,498)	(1,066,848,289)	(1,165,035,805)
	Add refundable tax credits:			
	Pharmaceutical	-	75,816,984	63,686,262
	Business facility	-	1,483,509	53,267
	Enterprise zone	-	733,949	210,268
	Brownfield jobs and investment	-	4,360	-
	BUILD	-	-	1,237,548
	Strategic initiative investment income	-	-	2,000,000
	Total State Revenue	7,371,743,299	7,739,643,410	7,488,346,930

See the accompanying Notes to the Exhibits.

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF EXPENDITURE REFUNDS

Object Code	Description	Year Ended June 30,		
		2000	2001	2002
	SAM II Expenditure Refunds:			
3200	Bond refunds	\$ 2,290,015	1,704,132	2,362,690
3206	Deposit and escrow refunds	35,014	180,613	39,506
3209	Tax Increment Financing	-	-	300
3215	Debt offset refunds	4,783,451	6,613,007	6,503,824
3218	Motor vehicle license fee refunds	824,338	997,810	1,266,043
3221	Driver's license fee refunds	131,228	115,466	95,060
3227	License and permit fee refunds	37,502	60,554	145,279
3230	Registration fee refunds	35,869	34,000	48,932
3233	Regulatory fee refunds	27,097	18,699	40,860
3236	Inspection fee refunds	82,817	45,521	39,997
3239	Miscellaneous fee refunds	529,580	236,658	289,610
3242	Sales refunds	10,333	8,866	11,447
3245	Lease and rentals refunds	-	4,341	1,181
3248	Medical services refunds	110,460	1,214,171	444,748
3251	Contributions refunds	-	31	2,084
3254	Federal refunds	551,070	150,671	113,100
3257	Penalty and court award refunds	163,510	2,915	2,717
3260	Interagency billing refunds	7	1,040	-
3261	Receivable overpayment refunds	20,470	18,192	31,424
3266	Missouri consolidated check off refunds	114,102	115,917	124,171
3267	Deferred revenue refunds	923,124	1,921,736	2,098,000
3268	Liability account refunds	-	37	-
3269	Other refunds	2,935,374	2,716,548	2,812,240
3272	Sales and use tax protested refunds	310,862	303,503	10,713,486
3281	County foreign insurance tax refunds	11,815,313	9,266,473	9,730,261
3287	Worker's compensation insurance tax refunds	1,171,372	1,669,902	526,203
3290	Worker's compensation second injury insurance tax refunds	498,879	149,025	700,725
3293	Cigarette tax refunds	62,268	38,834	362,140
3296	Tobacco products tax refunds	3,346	1,147	1,066
3299	Aviation fuel tax refunds	11,780	15,012	157,965
3302	Local use tax refunds	802,972	1,088,202	24,090,962
3305	Special fuel (non-gas) tax refunds	27,578,946	28,073,426	9,416,120
3308	Fuel tax refunds	14,487,597	16,149,402	35
3314	Food tax exemption refund	-	68,640	647
3317	General sales and use tax refunds	58,164,070	52,010,496	55,499,871
3326	Motor vehicle sales tax refunds	4,313,818	4,717,383	4,484,684
3329	Motor vehicle use tax refunds	1,055,465	1,054,069	900,698
3335	Boat tax refunds	8,913	7,069	7,879
3338	Individual tax refunds	605,213,858	606,892,031	705,921,126
3341	Senior citizens tax refunds	56,623,024	101,523,061	85,901,461
3342	Pharmaceutical tax refunds	64,769,058	75,816,984	63,686,262
3344	Corporation tax refunds	189,693,766	138,494,719	159,407,259
3347	Franchise tax refunds	1,773,529	9,870,716	14,133,414
3350	Inheritance tax refunds	2,904,538	3,195,179	2,845,993
3356	Other tax refunds	8,550	282,091	74,335
	Total SAM II Expenditure Refunds	1,054,877,285	1,066,848,289	1,165,035,805

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF EXPENDITURE REFUNDS

Object Code	Description	Year Ended June 30,		
		2000	2001	2002
	SAM Expenditure Refunds (Lapse Period)			
2530	Expense and equipment miscellaneous refund	378,671	-	-
2905	Sales tax refund	612,264	-	-
2906	Local use tax refunds	(16,772)	-	-
2910	Motor vehicle sales tax refunds	(2)	-	-
2930	Individual tax refunds	(43,872)	-	-
2935	Senior citizens tax refunds	-	-	-
2940	Corporation tax refunds	(228,990)	-	-
2945	Franchise tax refunds	98,506	-	-
2950	Regular fuel tax refunds	16,075	-	-
2970	Drivers license fee refunds	2,273	-	-
2975	Other tax refunds	1,497,136	-	-
2980	Miscellaneous refunds	155,924	-	-
	Total SAM Expenditure Refunds	2,471,213	-	-
	Total Expenditure Refunds	\$ 1,057,348,498	1,066,848,289	1,165,035,805

See the accompanying Notes to the Exhibits.

NOTES TO THE EXHIBITS

REVIEW OF ARTICLE X, SECTION 16 THROUGH 24
CONSTITUTION OF MISSOURI
NOTES TO THE EXHIBITS

1. Refunds paid for the year ended June 30, 1998, totaled \$178,843,080 which included \$166,740,970 for 1998 plus \$12,102,110 due from the prior years of 1995, 1996, and 1997. Of the amount due from prior years, \$12,071,930 related to the court decision that payments to the state to recoup public safety and regulatory enforcement costs for gaming riverboats should be included in total state revenue. The remaining \$30,180 related to various minor adjustments for 1995, 1996, and 1997.
2. The state implemented a new accounting system (SAM II) beginning with fiscal year 2000. The coding structure (chart of accounts) was significantly changed under SAM II. As a result, revenue and expenditure refunds by type for fiscal years prior to SAM II are not comparable with SAM II information. As a result, revenues and expenditure refunds by type are not presented for years prior to fiscal year 2000.
3. Expenditure refunds are excluded from total state revenue on the cash basis of accounting, which means all refunds paid from July 1 through June 30. Expenditure refunds include those paid from the state's new accounting system (SAM II) starting on July 1, 1999 and ending June 30, 2000, and refunds paid from the old accounting system (SAM) during the lapse period of fiscal year 1999 (July 1, 1999 through August 31, 1999).

BACKGROUND, METHODOLOGY, AND CONCLUSIONS

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
BACKGROUND, METHODOLOGY, AND CONCLUSIONS

The following identifies the various components of the amendment and the application of the amendment to state revenues.

Formula

Article X, Section 18(a) of the Constitution of Missouri establishes the revenue limit formula as follows:

Revenue limit for FY 20XX	= $\frac{\text{TSR in FY 1981}}{\text{CY 1979 Missouri personalincome (MPI)}}$ x	The greater of Missouri Personal Income (MPI) in the calendar year (CY) prior to the CY in which appropriations are made for FY 20XX or Average MPI for three CYs preceding FY 20XX.
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The formula is composed of two principal parts. The first part of the formula, the base year ratio (BYR), is as follows:

$$\frac{\text{TSR in FY 1981}}{\text{CY 1979 MPI}}$$

The application of this ratio to the second part of the formula (future years' MPI) ensures that no greater portion of a future year's personal income will be used to fund state government than was the case at the time of passage of the amendment. The MPI amounts used in the formula for the base year and subsequent years are reported by the U.S. Department of Commerce (DOC).

The OA-BP does not adjust the BYR for changes already made or for future changes or adjustments to this amount by DOC. Article X, Section 17(2) refers to ". . . total income . . . as defined and officially reported by" DOC. Even though the amendment does not specifically refer to such adjustments, this wording suggests that the BYR should be adjusted whenever CY 1979 MPI is adjusted by DOC. The use of the initial reporting of MPI does provide an unchanging BYR for future years, which provides at least two benefits. First, the state can more easily plan and make appropriate adjustments to stay under the revenue limit. Second, if the initial MPI is subsequently adjusted, retroactive refunds are a possibility. That is, an adjustment to MPI for any prior year (including the base year) could reduce the revenue limit for a prior year below that year's TSR, providing a refund where one previously was not due. Therefore, we find this approach reasonable so long as it is followed consistently.

As with the BYR, the OA-BP uses the MPI first officially published by DOC after the close of the CY to calculate the revenue limit for the applicable fiscal year. For the reasons expressed in the preceding paragraph, we find this approach reasonable so long as it also is followed consistently.

The BYR was calculated by the OA-BP as follows (dollar amounts are in billions):

$$\frac{\$2,232.204096}{\$ 39,581.0} = .05639584891$$

In its calculations of the revenue limit the OA-BP rounded the BYR to .056395.

Article X, Section 18(b) allows the state to exceed the revenue limit by 1 percent before a refund is due. Therefore, to determine the point at which the refund provision takes effect (the refund threshold) the revenue limit is adjusted upward by 1 percent. However, should TSR exceed the refund threshold, all revenues in excess of the revenue limit are subject to refund.

Adjustments

Article X, Section 18(d) provides that the revenue limit may be adjusted, ". . . if responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment . . . provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such a change."

The OA-BP has adjusted the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll under Section 483.245, RSMo 2000, which was effective on July 1, 1981. In past years the SAO disagreed with this adjustment because state funding of these salaries was required by statute instead of by consequence of constitutional amendment. In addition, the Judicial Article Amendment was effective on August 3, 1976, which was prior to the time the Hancock Amendment was adopted by the voters on November 4, 1980. The Supreme Court ruled in its decision on January 27, 1998, that an adjustment to the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll is appropriate.

Composition of Total State Revenues

An integral part in applying the provisions of the amendment to state revenues is to determine what constitutes TSR. The amendment does not specify the methodology to be used to determine TSR. Consequently, procedures to calculate TSR have been established and certain decisions as to items that would be either included or excluded have been made, except for items ruled on by the Attorney General or the Missouri courts.

TSR includes all revenues recorded in the Statewide Accounting System for Missouri (SAM II) and receipted by the state treasurer, which may only be withdrawn pursuant to an appropriation or which stand appropriated by the Constitution of Missouri. Various funds not in the state treasury are not included in TSR. These funds include university local funds, local sales tax fund collections made by the Department of Revenue, various funds held in trust for inmates, patients, etc., and various quasi-governmental agencies such as the Board of Public Buildings, the Housing Development Commission, the Higher Education Loan Authority, the Health and Educational Facilities Authority, and the state's retirement systems. The Hancock Amendment states the composition of TSR is, "defined in the budget message of the governor for fiscal year 1980-81." The funds described above were not addressed in the governor's budget message for that year since the funds were not in the state treasury and were not appropriated. Thus, it seems reasonable to conclude that these funds should not be included in TSR.

From the revenue amounts obtained from SAM II, certain funds are entirely excluded to arrive at TSR, as defined in Article X, Section 17(1) of the constitution, as follows:

A. Lottery

In November 1984, the voters approved Article III, Section 39(b) of the constitution, which authorized the creation of the Missouri State Lottery. This provision states that revenues produced from the conduct of a state lottery shall not be a part of TSR. Since the voters approved the state lottery, all revenue and expenditure refunds related to the state lottery are excluded.

B. Alternative Care Trust Fund

The Alternative Care Trust Fund was established in 1989 under Section 210.560, RSMo 2000. The Division of Family Services uses this fund to account for funds held in trust for the benefit of children who have been placed in the legal custody of the state. The Department of Corrections, Department of Mental Health, and the Division of Veteran's Affairs hold funds in trust for inmates and patients; however, these funds are not in the state treasury and are not included in TSR. Funds held in trust are not state funds since the funds remain the property of the individual. Since the Alternative Care Trust Fund does not account for state funds, it is excluded.

C. State Guaranty Student Loan Funds

Federal legislation in August 1997 made changes in the accounting required for federal education loans. Starting in state fiscal year 1998, the federal government considers all monies in these funds as property of the federal government. As a result, the state excludes these funds held in trust for the federal government.

D. Pansey Johnson-Travis Memorial State Gardens Trust Fund

The state received an endowment in 1987 for the purpose of establishing a memorial state garden. The state is to invest the endowment for 100 years before using the funds to establish the memorial garden. Since the funds cannot be appropriated until 2087, the revenue is excluded from TSR.

From the revenue amounts obtained from SAM II, certain types of revenues are excluded to arrive at TSR, as defined in Article X, Section 17(1) of the constitution, as follows:

E. Federal Funds

Article X, Section 17 specifically excludes federal funds.

F. Proposition C Sales and Use Tax\Interest

In November 1982, the voters approved Proposition C, which increased the state sales and use tax by 1 percent. Since Proposition C received direct voter approval as provided in Article X, Section 16, the proceeds from the additional 1 percent sales and use tax, including any interest earned on the investment of such taxes, are excluded.

G. Proposition A Gas Tax and License Fee Increases

In April 1987, the voters approved Proposition A, which increased the motor fuel tax by four cents per gallon and increased the annual registration fee for certain motor vehicles, effective July 1, 1987. Since the increase in tax and fees received direct voter approval, these revenues are excluded.

H. Bond Sales

An attorney general opinion concluded that proceeds of the state's general obligation bonds were not to be included in TSR.

I. Refunds

Refunds received due to the overpayment of obligations by the state, as identified by certain revenue source codes, are excluded.

J. Interagency Sales and Receipts

Since interagency transactions do not generate additional revenue for the state as a whole, interagency sales and receipts, as identified by certain revenue source codes, are excluded.

**K. Soil and Water Sales and Use Tax\Interest
and**

L. Parks Sales and Use Tax\Interest

In August 1984, the voters approved a one-tenth of 1 percent sales tax for soil and water conservation and state parks. Article IV, Section 47(c) states that the additional revenue provided by the tax shall not be part of TSR. Since the voters approved the sales tax, the sales tax and any interest earned on the investment of the balance in these funds are excluded.

M. Redeposit of Investment Principal

The redeposit of investment principal is excluded.

N. Outlawed Checks

Outlawed checks, which are state checks that were not cashed by the payee within the time allowed, are redeposited in the state treasury and are excluded.

O. Redeposit of Loan Principal

Redeposits of loan principal are excluded.

P. Amendment 8 Motor Fuel Tax to Local Governments

In August 1992, the voters approved an amendment to Article IV, Section 30(a) which revised the apportionment of the motor fuel tax. In addition, the amendment provided that beginning July 1, 1993, the net proceeds of fuel taxes allocated to local governments is

excluded from TSR. Since the voters approved this revised allocation of the fuel tax, the fuel tax allocated to local governments is excluded.

Q. Bingo

The August 1992 amendment to Article III, Section 39(d) related to gaming activities also applies to bingo games, in that all state revenues derived from the conduct of gaming activities shall be appropriated beginning July 1, 1993, solely for public education and shall not be included in TSR. Section 313.007, RSMo 2000 requires the bingo tax to be deposited in the Bingo Proceeds for Education Fund. The bingo tax, certain fees, and the interest earned on the investment of the fund are excluded from TSR.

R. Riverboat Gambling

In August 1992, the voters approved an amendment to Article III, Section 39(d) of the Missouri Constitution. This constitutional amendment requires that all state gaming revenues must be appropriated for public education and excludes these revenues from TSR.

In 1993, the Missouri General Assembly enacted Senate Bills 10 and 11. This comprehensive gaming legislation established riverboat gaming in the state. This law repealed House Bill 149 related to riverboat gaming which had been enacted by voters as Proposition A in November 1992.

Under Senate Bills 10 and 11, the legislature imposed a 20 percent tax on adjusted gross receipts from gambling games. The state treats 90 percent of this revenue as state gaming revenues under Article III, Section 39(d) and earmarks the revenues to the Gaming Proceeds for Education Fund. The remaining 10 percent of this revenue is allocated to the home dock city or county. Under Article III, Section 39(d) of the Missouri Constitution, the 90 percent portion of the adjusted gross receipts tax is exempted from TSR. The remaining 10 percent portion of the adjusted gross receipts tax is also excluded from TSR because these funds are distributed by the Department of Revenue without deposit in the state treasury and without appropriation.

Under Senate Bills 10 and 11, the legislature also established a Gaming Commission Fund in the state treasury and authorized gaming commission license fees, penalties, administrative fees, reimbursements, and admission fees to be deposited in this fund and expended pursuant to state appropriation for various purposes.

On November 24, 1998, the Missouri Court of Appeals, Western District entered its final decision in Kelly v. Hanson, et. al., 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar portion of the state imposed two dollar admission fee that is remitted to the "home dock city or county" is not included in TSR, while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs is included in TSR.

S. Redeposit of State Funds

The redeposit of state funds for which a state expenditure was originally incurred, such as from closing a petty cash fund and returning the funds to the state treasury, is excluded.

T. Loan Proceeds

The state receives loans or advancements from the federal government, local governments, or private sources, to finance the acceleration of state projects. Since the loans must be repaid in the future, they are excluded.

U. Conservation Sales and Use Tax/Interest

Pursuant to the Supreme Court decision in Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al., 994 S.W. 2d 27 (Mo. Banc. 1999), the revenue derived from the one-eighth of one percent conservation sales tax, and any interest earned on the investment of these funds, are excluded.

V. State Employee Expense Reimbursement

The state receives reimbursement from private individuals, firms, partnerships, corporations, etc. for state employee expenses incurred in providing testimony in a court of law, for which the employee has already been reimbursed by a state expense account. These reimbursements are excluded.

W. Recovery Costs

Monies received from others for costs incurred by the state or to be incurred by the state are excluded.

X. Cost Reimbursements

Monies received from other governments for reimbursements of costs incurred by the state are excluded.

Regarding items W. and X., the state has excluded from TSR receipts for cost reimbursements since fiscal year 1982 and receipts for recovery costs since fiscal year 1988. Although the constitution does not specifically mention cost reimbursements and recovery costs and they have not been the subject of a court decision, we have agreed with such exclusions because from an accounting standpoint, they would not be considered revenue.

Y. Canceled Checks

Receipts derived from the redeposit of state checks that have been canceled are excluded.

Z. Local Match

Local governments provided funds to the state to use as a local match to qualify for federal or state funding. Since these local match funds are not state funds, they are excluded.

AA. Proceeds of Surplus Property Sales

The proceeds from some sales of surplus property are initially deposited into the Proceeds of Surplus Property Sales Fund then they are disbursed from this fund to the state fund that owned the property. To avoid counting the same receipts in TSR twice, the state excludes amounts disbursed from the Proceeds of Surplus Property Sales Fund to other state funds.

BB. Intergovernmental Transfer Program

Starting in fiscal year 2001 the state participated in the Medicaid intergovernmental transfer (IGT) program. Under the IGT program the state was able to receive additional federal Medicaid matching funds based on enhanced payments to some government operated health care providers. The state made the enhanced payments to the providers and, after the state claimed the federal matching funds, the providers returned the enhanced payments to the state. Because these funds were simply returned to the state, similar to a refund, they are excluded from TSR.

Cash Management Improvement Act

The state has to enter into an agreement with the federal government which governs the timing of when the state can obtain federal grant monies. If the state holds federal funds longer than needed, the state has to reimburse the federal government for interest earnings. Since the interest was earned on federal funds and has to be returned to the federal government, it is excluded from TSR.

Abandoned Funds Claim Payments

Under Section 447.543, RSMo 2000, the state receives abandoned funds from various sources (banks, businesses, insurance companies, etc.). These funds are placed in the state Abandoned Fund Account. The rightful owner may receive these funds if properly claimed. The state includes the receipts in TSR. Starting in fiscal year 1998, the state excludes from TSR amounts paid to the rightful owner.

Agency Remitted Sales Tax

Some state agencies sell goods or services to the public and collect sales tax. To avoid counting the same receipts in TSR twice, the sales tax remitted by state agencies to the Department of Revenue is excluded from TSR.

Expenditure Refunds

According to Article X, Section 17(1), total state revenue shall exclude the amount of any credits based on actual tax liabilities. Refunds disbursed due to the excess collection by the state of liabilities owed the state, largely tax refunds, as identified by certain expenditure object codes are excluded. The method used to determine expenditure refunds is not specified in the amendment. Although the OA-BP initially used the appropriation basis to determine expenditures refunds, during fiscal year 1984, the OA-BP changed to the cash basis. The SAO had consistently used the appropriation basis to measure refunds. As a result, a difference existed. However, in its decision of January 27, 1998, the Supreme Court indicated that a cash basis of accounting should be used to

determine compliance with the Hancock Amendment. As a result, the SAO changed its calculation of expenditure refunds to the cash basis.

Tobacco Master Settlement Agreement Proceeds

The OA-BP has excluded \$172,679,543 received from tobacco companies during fiscal year 2002. The Master Settlement Agreement was entered into effective November 23, 1998, between the major cigarette manufacturers and the states' Attorney Generals. Missouri received its first payments under the settlement agreement during fiscal year 2001, which totaled \$338,230,653 and future payments from tobacco companies extend in perpetuity. The payment received in 2001 included amounts under the settlement agreement for 1998, 2000, and 2001. The settlement agreement did not require a payment for 1999. The amounts received were coded in the state's accounting system to revenue source code 1806 - recovery costs, which is excluded from TSR. Recovery costs are defined under revenue source code 1806 as, "*all monies received from others for costs incurred or to be incurred by the state.*" The OA-BP believes these receipts should be excluded from TSR because the amounts represent a recovery of health care costs previously incurred or to be incurred by the state attributable to smoking.

Public information was not readily available to determine if the amounts recovered from the tobacco companies under the master settlement agreement were more or less than the health care costs incurred. In our prior audit for 2001, we reviewed three extensive research projects conducted by experts. We limited our analysis to Medicaid costs incurred in fiscal years 1998 through 2001. We did not consider Medicaid costs from past years prior to 1998. In addition, we did not consider other costs incurred by the state, such as employee health care costs attributable to smoking. These three research projects showed that Medicaid costs attributable to smoking were higher than the amount the state received from the tobacco companies under the settlement agreement. As a result, in our prior report we concluded it was proper for the OA-BP to exclude the amounts received from the tobacco companies as a recovery cost. We recommended the OA-BP determine what costs the state should consider as attributable to smoking to ensure all monies received from tobacco companies under the settlement agreement are recovery costs.

The OA-BP implemented this recommendation by relying on a study, "Tobacco Damages to the State of Missouri" by Glenn W. Harrison, which was commissioned by the Missouri Attorney General's Office for use in a lawsuit against tobacco companies filed May 12, 1997. This lawsuit was dropped because Missouri joined a consortium of states in December 1998, in the Master Settlement Agreement with the tobacco companies. As a result, the Harrison study was not fully completed. However, the draft report provided an estimate of Medicaid costs attributable to smoking for 1970 through 2007 and an estimate of state employee health care costs attributable to smoking for 1970 through 1997. This study estimates that state costs attributable to smoking were higher than the amount the state received.

Compliance with Article X, Section 18 (e)

Article X, Section 18 (e) imposes an additional revenue limit, which states the general assembly shall not increase taxes or fees in any fiscal year without voter approval that in total produce new annual revenues greater than \$50 million adjusted annually by the percentage change in the personal

income of Missouri for the second previous year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. For fiscal year 2002, the OA-BP calculated these limits at \$70.1 million for the Missouri Personal Income amount and \$74.4 million for the one percent of total state revenues amount. For fiscal year 2002, the OA-BP has determined the net tax and fee increases as a result of legislative actions totaled \$80.3 million, which exceeded limits noted above. However, according to OA-BP, the first test for compliance with Article X, Section 18 (e) is whether there are any new annual revenues. Since total state revenue decreased from 2001 to 2002, the OA-BP concluded that there were no new annual revenues produced in fiscal year 2002. Therefore, the OA-BP determined that the state complied with the limits established by Article X, Section 18 (e).

There does not appear to be sufficient guidance to evaluate compliance with Article X, Section 18 (e). If the first test for compliance with this section, as OA-BP indicates, is whether there are any new annual revenues, the definition of new annual revenues must be consistent between the OA-BP and the constitutional language. Article X, Section 18 (e) says the term "new annual revenues" means the net increase in annual revenues produced by the total of all tax or fee increases enacted by the general assembly in a fiscal year, less applicable refunds and less all contemporaneously occurring tax or fee reductions in that same fiscal year. The OA-BP defined new annual revenues as total state revenues. However, there is no language within Article X, Sections 16 through 24 that makes a clear connection between "total state revenues" and "new annual revenues." Absent such guidance, a definitive conclusion regarding the state's compliance with Article X, Section 18 (e) cannot be determined.

APPENDIX

ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
(ADOPTED NOVEMBER 4, 1980, AMENDED APRIL 2, 1996*)

TAXATION

Section 16. Taxes and state spending to be limited--state to support certain local activities--emergency spending and bond payments to be authorized. Property taxes and other local taxes and state taxation and spending may not be increased above the limitations specified herein without direct voter approval as provided by this constitution. The state is prohibited from requiring any new or expanded activities by counties and other political subdivisions without full state financing, or from shifting the tax burden to counties and other political subdivisions. A provision for emergency conditions is established and the repayment of voter approved bonded indebtedness is guaranteed. Implementation of this section is specified in sections 17 through 24, inclusive of this article.

Section 17. Definitions. As used in sections 16 through 24 of Article X:

- (1) **"Total state revenues"** includes all general and special revenues, license and fees, excluding federal funds, as defined in the budget message of the governor for fiscal year 1980-1981. Total state revenues shall exclude the amount of any credits based on actual tax liabilities or the imputed tax components of rental payments, but shall include the amount of any credits not related to actual tax liabilities.
- (2) **"Personal income of Missouri"** is the total income received by persons in Missouri from all sources, as defined and officially reported by the United States Department of Commerce or its successor agency.
- (3) **"General price level"** means the Consumer Price Index for All Urban Consumers for the United States, or its successor publications, as defined and officially reported by the United States Department of Labor, or its successor agency.

Section 18. Limitation on taxes which may be imposed by general assembly--exclusions--refund of excess revenue--adjustments authorized.

(a). There is hereby established a limit on the total amount of taxes which may be imposed by the general assembly in any fiscal year on the taxpayers of this state. Effective with fiscal year 1981-1982, and for each fiscal year thereafter, the general assembly shall not impose taxes of any kind which, together with all other revenues of the state, federal funds excluded, exceed the revenue limit established in this section. The revenue limit shall be calculated for each fiscal year and shall be equal to the product of the ratio of total state revenues in fiscal year 1980-1981 divided by the personal income of Missouri in calendar year 1979 multiplied by the personal income of Missouri in either the calendar year prior to the calendar year in which appropriations for the fiscal year for which the calculation is being made, or the average of personal income of Missouri in the previous three calendar years, whichever is greater.

(b). For any fiscal year in the event that total state revenues exceed the revenue limit established in this section by one percent or more, the excess revenues shall be refunded pro rata based on the liability reported on the Missouri state income tax (or its successor tax or taxes) annual

returns filed following the close of such fiscal year. If the excess is less than one percent, this excess shall be transferred to the general revenue fund.

(c). The revenue limitation established in this section shall not apply to taxes imposed for the payment of principal and interest on bonds, approved by the voters and authorized under the provisions of this constitution.

(d). If responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment, the state revenue and spending limits may be adjusted to accommodate such change, provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such change.

(e).1. In addition to the revenue limit imposed by section 18 of this article, the general assembly in any fiscal year shall not increase taxes or fees without voter approval that in total produce new annual revenues greater than either fifty million dollars adjusted annually by the percentage change in the personal income of Missouri for the second previous fiscal year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. In the event that an individual or series of tax or fee increases exceed the ceiling established in this subsection, the taxes or fees shall be submitted by the general assembly to a public vote starting with the largest increase in the given year, and including all increases in descending order, until the aggregate of the remaining increases and decreases is less than the ceiling provided in this subsection.

2. The term "new annual revenues" means the net increase in annual revenues produced by the total of all tax or fee increases enacted by the general assembly in a fiscal year, less applicable refunds and less all contemporaneously occurring tax or fee reductions in that same fiscal year, and shall not include interest earnings on the proceeds of the tax or fee increase. For purposes of this calculation, "enacted by the general assembly" shall include any and all bills that are truly agreed to and finally passed within that fiscal year, except bills vetoed by the governor and not overridden by the general assembly. Each individual tax or fee increase shall be measured by the estimated new annual revenues collected during the first fiscal year that it is fully effective. The term "increase taxes or fees" means any law or laws passed by the general assembly after the effective date of this section that increase the rate of any existing tax or fee, impose a new tax or fee, or broaden the scope of a tax or fee to include additional class of property, activity, or income, but shall not include the extension of an existing tax or fee which was set to expire.

3. In the event of an emergency, the general assembly may increase taxes, licenses or fees for one year beyond the limit in this subsection under the same procedure specified in section 19 of this article.

4. Compliance with the limit in this section shall be measured by calculating the aggregate actual new annual revenues produced in the first fiscal year that each individual tax or fee change is fully effective.

5. Any taxpayer or statewide elected official may bring an action under the provisions of section 23 of this article to enforce compliance with the provisions of this section. The Missouri supreme court shall have original jurisdiction to hear any challenge brought by any statewide elected official to enforce this section. In such enforcement actions, the court shall invalidate the taxes and fees which should have received a public vote as defined in subsection 1 of this

section. The court shall order remedies of the amount of revenue collected in excess of the limit in this subsection as the court finds appropriate in order to allow such excess amounts to be refunded or to reduce taxes and/or fees in the future to offset the excess monies collected.

Section 19. Limits may be exceeded, when, how. The revenue limit of section 18 of this article may be exceeded only if all of the following conditions are met: (1) The governor requests the general assembly to declare an emergency; (2) the request is specific as to the nature of the emergency, the dollar amount of the emergency, and the method by which the emergency will be funded; and (3) the general assembly thereafter declares an emergency in accordance with the specifics of the governor's request by a majority vote for fiscal year 1981-1982, thereafter a two-thirds vote of the members elected to and serving in each house. The emergency must be declared in accordance with this section prior to incurring any of the expenses which constitute the emergency request. The revenue limit may be exceeded only during the fiscal year for which the emergency is declared. In no event shall any part of the amount representing a refund under section 18 of this article be the subject of an emergency request.

Section 20. Limitation on state expenses. No expenses of state government shall be incurred in any fiscal year which exceed the sum of the revenue limit established in sections 18 and 19 of this article plus federal funds and any surplus from a previous fiscal year.

Section 21. State support to local governments not to be reduced, additional activities and services not to be imposed without full state funding. The state is hereby prohibited from reducing the state financed proportion of the costs of any existing activity or service required of counties and other political subdivisions. A new activity or service or an increase in the level of any activity or service beyond that required by existing law shall not be required by the general assembly or any state agency of counties or other political subdivision, unless a state appropriation is made and disbursed to pay the county or other political subdivision for any increased costs.

Section 22. Political subdivisions to receive voter approval for increases in taxes and fees--rollbacks may be required--limitation not applicable to taxes for bonds.

(a). Counties and other political subdivisions are hereby prohibited from levying any tax, license or fees, not authorized by law, charter or self-enforcing provisions of the constitution when this section is adopted or from increasing the current levy of an existing tax, license or fees, above that current levy authorized by law or charter when this section is adopted without the approval of the required majority of the qualified voters of that county or other political subdivision voting thereon. If the definition of the base of an existing tax, license or fees, is broadened, the maximum authorized current levy of taxation on the new base in each county or other political subdivision shall be reduced to yield the same estimated gross revenue as on the prior base. If the assessed valuation of property as finally equalized, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each county or other political subdivision shall be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value.

(b). The limitations of this section shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments on contract obligations in anticipation of which bonds are issued which were authorized prior to the effective date of this section.

Section 23. Taxpayers may bring actions for interpretations of limitations.

Notwithstanding other provisions of this constitution or other law, any taxpayer of the state, county or other political subdivisions shall have standing to bring suit in a circuit court of proper venue and additionally, when the state is involved, in the Missouri supreme court, to enforce the provisions of sections 16 through 22, inclusive, of this article and, if the suit is sustained, shall receive from the applicable unit of government his costs, including reasonable attorneys' fees incurred in maintaining such suit.

Section 24. Voter approval requirements not exclusive--self-enforceability.

(a). The provisions for voter approval contained in sections 16 through 23, inclusive, of this article do not abrogate and are in addition to other provisions of the constitution requiring voter approval to incur bonded indebtedness and to authorize certain taxes.

(b). The provisions contained in sections 16 through 23, inclusive, of this article are self-enforcing; provided, however, that the general assembly may enact laws implementing such provisions which are not inconsistent with the purposes of said sections.

* The 1996 amendment added Section 18(e).

* * * * *



**CRIME VICTIMS' COMPENSATION PROGRAM
TWO YEARS ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-53
June 24, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2003

The following problems were discovered as a result of an audit conducted by our office of the Crime Victims' Compensation Program.

Missouri state law authorizes the Crime Victims' Compensation Program to assist victims who suffer actual bodily harm as a direct result of a crime. The program consists of the Crime Victims' Compensation Fund, the Services to Victims Fund, and the State Forensic Laboratory Fund. The Department of Labor and Industrial Relations has control over the majority of the Crime Victims' Compensation Fund, while the Departments of Corrections and Public Safety also have appropriation authority to expend monies from this fund for services to victims. The Department of Public Safety has control over the Services to Victims Fund and the State Forensic Laboratory Fund.

We noted in our prior audit report that the Department of Labor and Industrial Relations (DLIR) had not established procedures to ensure that the Crime Victims' Compensation Program received all crime victims' compensation (CVC) fees assessed and collected by the courts in a timely manner. We recommended the DLIR establish procedures to monitor payments and follow up with the courts when CVC fees are not remitted on a regular basis. Procedures have now been established to review the monthly Department of Revenue fee collection reports and to send letters to those courts not remitting fees requesting remittance of CVC fees.

Our previous report also found the Department of Public Safety (DPS) did not perform timely monitoring of contract awards granted from the Services to Victims Fund (SVF). We recommended the DPS perform formal on-site monitoring procedures of all SVF contracts on a regular basis and document the results of this monitoring.

Five agencies awarded SVF contracts for fiscal year 2001 were not monitored as required. Effective July 1, 2001, the DPS changed its monitoring policy to monitor contract awards every two years instead of once for every contract period. The DPS changed this policy in response to our prior audit report and the Department of Public Safety, Office of the Director audit dated August 12, 2002. The agency contracts tested for fiscal year 2002 had been monitored in accordance with the new policy.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

CRIME VICTIMS' COMPENSATION PROGRAM

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CRIME VICTIMS' COMPENSATION PROGRAM

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor
and
Catherine Leapheart, Director
Department of Labor and Industrial Relations
and
Charles Jackson, Director
Department of Public Safety
Jefferson City, MO 65102

We have audited the accompanying Combined Statements of Receipts, Disbursements, and Changes in Cash and Investments of the Crime Victims' Compensation Fund, the Services to Victims Fund, and the State Forensic Laboratory Fund; and Statements of Appropriations and Expenditures of the various funds of the Crime Victims' Compensation Program as of and for the years ended June 30, 2002 and 2001. These financial statements are the responsibility of the program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Crime Victims' Compensation Fund, the Services to Victims Fund, and the State Forensic Laboratory Fund; and the appropriations and expenditures of the various funds of the Crime Victims' Compensation Program as of and for the years ended June 30, 2002 and 2001, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated February 7, 2003, on our consideration of the program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the program's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

February 7, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Gary Boehmer, CPA
Audit Staff:	Liang Xu



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
and
Catherine Leapheart, Director
Department of Labor and Industrial Relations
and
Charles Jackson, Director
Department of Public Safety
Jefferson City, MO 65102

We have audited the financial statements of the Crime Victims' Compensation Program as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated February 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Crime Victims' Compensation Program are free of material misstatement, we performed tests of the program's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Crime Victims' Compensation Program, we considered the program's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of the Crime Victims' Compensation Program and other applicable government officials. However, pursuant to Section 29.270 RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 7, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

CRIME VICTIMS' COMPENSATION PROGRAM

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS

YEAR ENDED JUNE 30, 2002

		Crime Victims' Compensation Fund	Services to Victims Fund	State Forensic Laboratory Fund	Total (Memorandum Only)
RECEIPTS					
Court fees and costs	\$	4,998,806	3,577,610	250,000	8,826,416
Interest		297,949	0	0	297,949
Other		310,344	8,956	58	319,358
Total Receipts		5,607,099	3,586,566	250,058	9,443,723
DISBURSEMENTS					
Personal service		241,346	0	0	241,346
Expense and equipment		364,444	0	57,637	422,081
Employee fringe benefits		86,903	0	0	86,903
State forensic crime labs		0	0	169,336	169,336
State services to victims		5,001,854	3,196,146	0	8,198,000
Total Disbursements		5,694,547	3,196,146	226,973	9,117,666
RECEIPTS OVER (UNDER) DISBURSEMENTS		(87,448)	390,420	23,085	326,057
CASH AND INVESTMENTS, JULY 1		7,750,711	3,321,516	31,820	11,104,047
CASH AND INVESTMENTS, JUNE 30	\$	7,663,263	3,711,936	54,905	11,430,104

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

CRIME VICTIMS' COMPENSATION PROGRAM
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
 YEAR ENDED JUNE 30, 2001

		Crime Victims' Compensation Fund	Services to Victims Fund	State Forensic Laboratory Fund	Total (Memorandum Only)
RECEIPTS					
Court fees and costs	\$	4,190,858	2,815,846	250,000	7,256,704
Interest		504,776	0	0	504,776
Other		316,635	1,764	0	318,399
Total Receipts		5,012,269	2,817,610	250,000	8,079,879
DISBURSEMENTS					
Personal service		238,125	0	0	238,125
Expense and equipment		343,655	0	58,846	402,501
Employee fringe benefits		96,284	0	0	96,284
Hancock refunds		67,086	40,405	3,363	110,854
State forensic crime labs		0	0	265,995	265,995
State services to victims		4,979,654	3,158,974	0	8,138,628
Total Disbursements		5,724,804	3,199,379	328,204	9,252,387
RECEIPTS OVER (UNDER) DISBURSEMENTS		(712,535)	(381,769)	(78,204)	(1,172,508)
CASH AND INVESTMENTS, JULY 1		8,463,246	3,703,285	110,024	12,276,555
CASH AND INVESTMENTS, JUNE 30	\$	7,750,711	3,321,516	31,820	11,104,047

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

CRIME VICTIMS' COMPENSATION PROGRAM
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2002

	Appropriations	Expenditures	Lapsed Balances
CRIME VICTIMS' COMPENSATION FUND			
State Services to Victims-			
Department of Labor and Industrial Relations \$	5,394,999	4,963,323	431,676
Department of Public Safety	50,000	38,531	11,469
Total State Services to Victims	5,444,999	5,001,854	443,145
Personal Service-			
Department of Labor and Industrial Relations	286,095	224,585	61,510
Department of Public Safety	36,430	16,761	19,669
Total Personal Service	322,525	241,346	81,179
Expense and Equipment-			
Department of Labor and Industrial Relations	184,745	108,562	76,183
Department of Public Safety	48,621	8,240	40,381
Department of Corrections	82,500	82,500	0
Total Expense and Equipment	315,866	199,302	116,564
Total Crime Victims' Compensation Fund	6,083,390	5,442,502	640,888
SERVICES TO VICTIMS FUND			
State Services to Victims	3,700,000	3,168,901	531,099
STATE FORENSIC LABORATORY FUND			
Department of Public Safety-State Forensic Labs	266,000	166,941	99,059
Highway Patrol-crime labs expense and equipment	60,000	57,637	2,363
Total State Forensic Laboratory Fund	326,000	224,578	101,422
Total All Funds \$	10,109,390	8,835,981	1,273,409

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-2

CRIME VICTIMS' COMPENSATION PROGRAM
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2001

	Appropriations	Expenditures	Lapsed Balances
CRIME VICTIMS' COMPENSATION FUND			
State Services to Victims-			
Department of Labor and Industrial Relations \$	4,875,000	4,753,898	121,102
Department of Public Safety	50,000	42,714	7,286
Total State Services to Victims	4,925,000	4,796,612	128,388
Personal Service-			
Department of Labor and Industrial Relations	292,991	219,255	73,736
Department of Public Safety	18,891	18,870	21
Total Personal Service	311,882	238,125	73,757
Expense and Equipment-			
Department of Labor and Industrial Relations	222,449	188,152	34,297
Department of Corrections	82,500	82,500	0
Total Expense and Equipment	304,949	270,652	34,297
Total Crime Victims' Compensation Fund	5,541,831	5,305,389	236,442
SERVICES TO VICTIMS FUND			
State Services to Victims	3,400,000	2,897,246	502,754
STATE FORENSIC LABORATORY FUND			
Department of Public Safety-State Forensic Labs	266,000	197,130	68,870
Highway Patrol-crime labs expense and equipment	60,000	53,350	6,650
Total State Forensic Laboratory Fund	326,000	250,480	75,520
Total All Funds \$	9,267,831	8,453,115	814,716

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule

CRIME VICTIMS' COMPENSATION PROGRAM
SCHEDULE OF PROGRAM PAYMENTS

Fund/Agency	City	Year Ended June 30,				
		2002	2001	2000	1999	1998
CRIME VICTIMS' COMPENSATION FUNI						
Douglas County	Ava	\$ 24,930	23,574	0	0	0
Safe Passage Domestic Violence	Moberly	13,601	19,140	0	0	0
Boone County- 13th Circuit Family Court	Columbia	0	0	0	24,157	0
Comprehensive Human Services, Inc.	Columbia	0	0	46,046	0	0
Avenues	Hannibal	0	0	0	0	32,000
Cass County Prosecuting Attorney	Harrisonville	0	0	0	0	16,750
Christos House	West Plains	0	0	0	18,292	0
Total Crime Victims' Compensation Fund		38,531	42,714	46,046	42,449	48,750
SERVICES TO VICTIMS FUNE						
Douglas County	Ava	0	0	22,686	0	0
Women's Crisis Center of Taney County	Branson	10,103	10,230	10,676	0	0
Stone County	Branson West	24,879	17,964	19,400	0	0
Stone County Assistance Team	Branson West	19,068	18,552	14,316	9,732	0
Moniteau County	California	30,158	23,277	26,982	10,295	0
Citizens Against Domestic Violence	Camdenton	20,574	17,938	9,500	4,732	4,702
Cape Girardeau Police Department	Cape Girardeau	0	0	0	1,573	0
Safe House for Women, Inc.	Cape Girardeau	20,060	19,877	19,399	18,563	0
Barry County	Cassville	26,272	25,064	26,500	0	0
FAITH, Inc.	Clinton	44,738	34,961	30,450	13,936	10,147
Boone County	Columbia	29,361	28,324	30,926	0	0
Comprehensive Human Services, Inc.	Columbia	53,293	50,707	0	49,364	29,524
Midwest L.E.A.D. Institute	Columbia	78,903	82,181	84,997	85,000	45,136
Susanna Wesley Family Learning Center	East Prairie	27,766	27,842	29,654	26,661	0
Whole Health Outreach	Ellington	49,595	41,965	43,600	39,238	25,000
Southeast Missouri Family Violence Council	Farmington	43,452	35,295	36,777	34,658	20,000
Card V/Coalition Against Rape	Fulton	23,683	21,709	18,385	0	0
Avenues	Hannibal	68,670	68,670	53,843	45,000	0
Cass County Prosecuting Attorney	Harrisonville	1,323	13,563	14,178	15,650	0
Hope Haven of Cass County	Harrisonville	26,825	26,825	17,039	23,936	15,884
Mary Shaw Butler Shelter & Victims Center	Hermitage	0	0	0	2,000	0
Child Abuse Prevention Association	Independence	0	0	0	37,702	0
Hope House, Inc.	Independence	118,598	101,754	82,410	53,932	44,000
Jefferson City Rape and Abuse Crisis Center	Jefferson City	42,645	36,996	39,000	35,428	17,274
Missouri Coalition Against Domestic Violence	Jefferson City	33,267	28,549	32,204	30,771	30,000
Missouri Victim Assistance Network	Jefferson City	99,461	113,247	84,806	113,459	35,830
Children's Center of SWMO	Joplin	37,849	32,175	35,000	33,150	0
Lafayette House	Joplin	75,765	70,036	75,000	69,628	59,983
City of Kansas City	Kansas City	52,144	43,363	50,544	53,053	42,957
Jackson County Prosecutor's Office	Kansas City	39,805	34,776	36,830	33,694	28,949
Metropolitan Organization to Counter Sexual Assault	Kansas City	67,370	60,667	65,000	93,309	63,691
NEWHOUSE	Kansas City	103,289	117,326	100,000	137,537	50,000
Rose Brooks Center	Kansas City	110,210	116,945	99,091	62,000	143,741
Synergy Services, Inc.	Kansas City	97,154	74,611	86,718	65,000	65,000
Christian Associates of Table Rock Lake	Kimberling City	34,731	29,633	25,520	33,201	19,747
Victim Support Service Inc.	Kirksville	71,643	57,343	64,009	49,083	0
Cope	Lebanon	51,229	44,519	49,700	0	0
Council for Prevention of Domestic Violence	Lebanon	0	0	0	37,000	20,000
Parents of Murdered Children	Lee Summit	4,445	4,387	4,235	3,000	3,191
House of Hope, Inc.	Lexington	68,055	64,971	53,911	24,336	21,848
Center for Family Resources, Inc.	Malden	45,360	46,442	45,683	35,600	34,714
Lighthouse Shelter Inc.	Marshall	41,036	38,892	27,515	0	0
Audrain County Crisis Intervention	Mexico	22,850	20,040	24,310	18,056	0

Schedule

CRIME VICTIMS' COMPENSATION PROGRAM
SCHEDULE OF PROGRAM PAYMENTS

Fund/Agency	City	Year Ended June 30,				
		2002	2001	2000	1999	1998
Safe Passage Domestic Violence	Moberly	0	0	18,879	21,876	0
Council on Families in Crisis, Inc.	Nevada	46,390	52,500	50,000	43,149	39,739
New Start Domestic Violence	New Franklin	0	0	5,120	0	0
Perry County Women's Crisis Center	Perryville	0	0	54,158	33,211	14,814
Regional Family Crisis Center	Perryville	67,976	55,285	0	0	0
Platte County	Platte City	17,768	15,675	14,941	16,670	14,899
Haven House, Inc.	Poplar Bluff	39,077	34,861	35,403	29,689	16,753
Phelps County Family Crisis Services, Inc.	Rolla	67,046	63,865	65,000	53,047	42,000
Phelps County Prosecutor's Office	Rolla	33,466	34,770	36,650	28,947	29,271
CASA, Inc.	Sedalia	59,250	38,106	45,907	42,124	19,406
Family Violence Center, Inc.	Springfield	74,614	63,997	62,495	69,680	51,901
Greene County Prosecuting Attorney	Springfield	0	0	0	0	8,693
Missouri Victim Center	Springfield	47,250	47,250	45,000	45,000	41,260
Bridgeway Counseling Services, Inc.	St. Charles	133,398	114,782	101,566	85,239	58,000
St. Charles County Circuit Court	St. Charles	0	0	0	23,591	18,558
St. Charles County Prosecutor's Office	St. Charles	52,068	52,473	54,669	30,000	28,935
Young Women's Christian Association	St. Joseph	37,873	34,056	37,000	30,158	30,147
Aid for Victims of Crime, Inc.	St. Louis	46,367	41,479	45,000	41,286	33,000
Family Resource Center	St. Louis	28,086	29,473	33,052	24,242	0
Fortress Outreach	St. Louis	21,084	20,915	10,000	0	0
Legal Advocates for Abused Women	St. Louis	17,080	15,065	15,500	13,383	9,876
Life Source Consultants	St. Louis	9,195	8,405	9,000	0	0
Lydia's House Inc.	St. Louis	21,000	21,000	20,000	0	0
National Center for Violence Prevention	St. Louis	0	0	0	2,511	18,280
St. Louis Circuit Attorney's Office	St. Louis	74,427	78,233	74,702	82,289	59,425
St. Martha's Hall	St. Louis	85,265	71,550	56,860	33,505	34,367
Women's Safe House	St. Louis	94,633	53,283	50,472	19,596	18,746
Women's Support and Community Services	St. Louis	28,928	26,207	24,234	0	0
YWCA of Metropolitan St. Louis	St. Louis	14,020	14,020	14,004	11,734	11,537
Crawford County Sheriff	Steelville	18,404	11,373	17,030	18,250	18,159
Cedar County Prosecuting Attorney	Stockton	22,431	20,983	21,500	27,785	0
Franklin County Prosecuting Attorney	Union	17,722	16,182	12,432	11,963	13,301
University City Police Department	University City	14,632	13,918	13,595	13,595	11,925
Morgan County Prosecutor's Office	Versailles	0	0	0	0	10,852
Johnson County Prosecutor's Office	Warrensburg	0	0	0	0	5,176
Survival Adult Abuse, Inc.	Warrensburg	34,823	30,727	32,415	34,555	23,847
Warren County Council Against Domestic Violence	Warrenton	21,683	18,762	19,966	0	0
Pulaski County	Waynesville	22,068	18,440	20,551	18,169	0
Pulaski County Crisis Center	Waynesville	37,830	35,617	36,570	35,317	27,000
Christos House	West Plains	47,418	42,378	32,000	1,709	18,000
Total Services to Victims Fund		3,168,901	2,897,246	2,776,466	2,341,548	1,559,185

Schedule

CRIME VICTIMS' COMPENSATION PROGRAM
SCHEDULE OF PROGRAM PAYMENTS

Fund/Agency	City	Year Ended June 30,				
		2002	2001	2000	1999	1998
STATE FORENSIC LABORATORY FUNI						
Southeast Missouri Regional Crime Lab	Cape Girardeau	22,000	22,000	22,000	22,000	22,000
St. Louis County Police Department	Clayton	34,562	36,291	29,458	32,586	36,996
Independence Police Department	Independence	11,764	11,989	12,000	12,000	9,990
MSSC Regional Crime Lab	Joplin	21,980	20,163	22,000	22,000	22,000
Kansas City Police Department	Kansas City	22,871	34,731	36,742	36,969	36,913
Truman State Regional Crime Lab	Kirksville	12,000	12,000	12,000	11,110	12,000
St. Charles County Police Department	St. Charles	14,789	8,980	12,013	11,992	11,815
St. Louis Metropolitan Police Department	St. Louis	9,320	35,016	34,615	36,305	36,723
Total State Forensic Laboratory Fund		149,286	181,170	180,828	184,962	188,437
Total	\$	3,356,718	3,121,130	3,003,340	2,568,959	1,796,372

The accompanying Note to the Supplementary Data is an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

CRIME VICTIMS' COMPENSATION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Crime Victims' Compensation Program.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Crime Victims' Compensation Fund, the Services to Victims Fund, and the State Forensic Laboratory Fund. Appropriations from these funds are expended by or for the program for restricted purposes.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related funds but are used only to account for and control the program's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the program and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, present amounts when they are received or disbursed.

The Statements of Appropriations and Expenditures, Exhibit B, are presented on the state's legal budgetary basis of accounting. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous biennial appropriations, for which the unexpended balances at June 30 of the first year of the two-year period

are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The program administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

Crime Victims' Compensation Fund: This fund was established by Chapter 595, RSMo, to determine and award compensation to, or on behalf of, victims of crimes. The fund receives fees and judgments assessed as court costs in proceedings filed in any court in the state for violation of a criminal law of the state. Appropriations from this fund authorize payments directly to the provider of the services for medical or funeral expenses, or expenses for other services as allowed as a last resort for the victim. Any monies remaining in the fund are perpetually maintained for the purposes of the fund.

Services to Victims Fund: This fund was established by Chapter 595, RSMo, to contract with public or private agencies to provide assistance to victims of crime through direct services, emergency services, crisis intervention counseling and victim advocacy. The fund accounts for the distribution by the Department of Revenue of fees and judgments assessed as court costs in proceedings filed in any court in the state for violation of a criminal law of the state. Fund monies may also be spent to provide financial assistance to shelters for victims of domestic violence. Any monies remaining in the fund are perpetually maintained for the purposes of the fund.

State Forensic Laboratory Fund: This fund was established by Chapter 595, RSMo, to provide financial assistance to defray expenses of crime laboratories. The fund receives the first two hundred and fifty thousand dollars annually from fees and judgments assessed on criminal convictions. Appropriations from this fund authorize distributions to labs making analysis of a controlled substance or analysis of blood, breath or urine for a court proceeding. Monies may only be used for equipment or capital improvements. Any monies remaining in the fund are perpetually maintained for the purposes of the fund.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a monthly state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least one year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibit A are the transfers from the Crime Victims' Compensation Fund for costs related to salaries paid from that fund. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit B.

2. Cash and Investments

The balances of the Crime Victim's Compensation Fund, the Services to Victims Fund, and the State Forensic Laboratory Fund are pooled with other state funds and invested by the state treasurer.

3. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit B as follows:

		Year Ended June 30,					
		2002			2001		
		Crime Victims' Compensation Fund	Services to Victims Fund	State Forensic Laboratory Fund	Crime Victims' Compensation Fund	Services to Victims Fund	State Forensic Laboratory Fund
DISBURSEMENTS PER EXHIBIT A	\$	5,694,547	3,196,146	226,973	5,724,804	3,199,379	328,204
Employee fringe benefits		(86,903)	0	0	(96,284)	0	0
Administrative services transfers		(108,515)	0	0	(58,251)	0	0
Cost allocation transfers		(54,023)	(27,245)	(2,395)	0	0	0
Hancock refunds transfers		0	0	0	(67,086)	(40,405)	(3,363)
Expense and equipment transfers		(2,604)	0	0	(14,752)	0	0
Lapsed period expenditures:							
2002		0	0	0	0	0	0
2001		0	0	0	0	0	0
2000		0	0	0	(183,000)	(261,728)	(69,083)
Accounts payable, June 30:							
2002		0	0	0	0	0	0
2001		0	0	0	0	0	0
2000		0	0	0	(42)	0	(5,278)
EXPENDITURES PER EXHIBIT B	\$	5,442,502	3,168,901	224,578	5,305,389	2,897,246	250,480

Note to the Supplementary Data:

4. Program Contracts

The Crime Victims' Compensation Program enters into contracts, on a fiscal year basis, with local agencies to provide services to victims of crime. Amounts presented in the Schedule of Program Payments are actual payment amounts made to local agencies. Amounts presented in the Schedule of Program Payments for the Crime Victims' Compensation Fund only include payments to local agencies for which a contract was awarded and do not include payments made to reimburse a crime victim's actual loss for medical bills, lost earnings or support, and other miscellaneous expenses. In addition, amounts presented in the Schedule of Program Payments for the State Forensic Laboratory Fund only include payments to local agencies for which a contract was awarded and do not include the purchase of rape test kits for laboratories as authorized by the state legislature.

MANAGEMENT ADVISORY REPORT SECTION

Follow-Up on Prior Audit Findings

CRIME VICTIMS' COMPENSATION PROGRAM FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Crime Victims' Compensation Program on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 2000.

1. Collection of Crime Victims' Compensation Fees

As noted in the prior audit report, the Department of Labor and Industrial Relations (DLIR) did not establish procedures to ensure that the Crime Victims' Compensation Program received all crime victims' compensation (CVC) fees assessed and collected by the courts in a timely manner.

Recommendation:

We again recommend the DLIR establish procedures to monitor payments being made by the courts and follow up with the courts when CVC fees are not remitted on a regular basis.

Status:

Implemented. Procedures have been established to review the monthly Department of Revenue fee collection reports and to send letters to those courts not remitting fees requesting remittance of CVC fees.

2. Monitoring of Services to Victims Grants

The Department of Public Safety (DPS) did not perform timely monitoring of contract awards granted from the Services to Victims Fund (SVF).

Recommendation:

The DPS perform formal on-site monitoring procedures of all SVF contracts on a regular basis and document the results of this monitoring.

Status:

Five agencies awarded SVF contracts for fiscal year 2001 had not been monitored according to DPS guidelines. Effective July 1, 2001, the DPS changed its monitoring policy to monitor contract awards every two years instead of once for every contract period. The DPS changed this policy in response to our prior audit report and the Department of Public Safety, Office of the Director audit report dated August 12, 2002. Because the agency contracts tested for fiscal year 2002 had been monitored in accordance with the new policy, this recommendation has not been repeated in the current MAR.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CRIME VICTIMS' COMPENSATION PROGRAM HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Chapter 595, RSMo, authorizes the Crime Victims' Compensation Program (the Program) to assist victims who suffer actual bodily harm as a direct result of a crime. The Program, adopted in 1981, is located within the Division of Workers' Compensation. The agency rules are found in the Code of State Regulations at 8 CSR 50-6.010. The program consists of the Crime Victims' Compensation Fund, the Services to Victims Fund, and the State Forensic Laboratory Fund.

Funding for the Crime Victims' Compensation Program is from a \$7.50 court fee (an increase from \$5 effective August 28, 2001) on all criminal cases and judgments assessed on criminal convictions determined by a graduated scale depending on the seriousness of the offense. The Director of Revenue shall deposit annually the amount of two hundred fifty thousand dollars to the State Forensic Laboratory Fund. Of the remaining funds, if on the first of the month, the balance of the funds available exceeds \$1,000,000 plus one hundred percent of the previous twelve months actual expenditures, the Director of Revenue shall deposit fifty percent to the credit of the Crime Victims' Compensation Fund and fifty percent to the Services to Victims Fund. If on the first of the month, the balance of the funds available is less than \$1,000,000 plus one hundred percent of the previous twelve months actual expenditures, the Director of Revenue shall deposit seventy-five percent to the credit of the Crime Victims' Compensation Fund and twenty-five percent to the Services to Victims Fund.

The Crime Victims' Compensation Fund will pay a crime victim's actual losses for medical bills, lost earnings or support, and other miscellaneous expenses up to a maximum of \$25,000 (an increase from \$15,000 effective August 28, 2001), which are not reimbursed by any other means. The primary purpose of the fund is to assist victims of violent crimes through a period of financial hardship, as a payor of last resort. The crime must have occurred in Missouri or the victim a resident of Missouri in order for the victim to be eligible for benefits. Specific expenses are subject to a maximum limit established by law. This includes funeral expenses for \$5,000; counseling expenses for \$2,500; and lost wages not to exceed \$200 per week. Legal expenses are established at a rate of \$100 per hour with the maximum reimbursement at 15 percent of the total award.

The Services to Victims Fund provides funding to local service providers, law enforcement agencies, prosecutors, and other public and private non-profit organizations to assist crime victims in Missouri. The State Forensic Laboratory Fund provides financial assistance to defray expenses of crime laboratories.

The Department of Labor and Industrial Relations has control over the majority of the Crime Victims' Compensation Fund, while the Departments of Corrections and Public Safety also have appropriation authority to expend monies from this fund for services to victims. The Department of Public Safety has control over the Services to Victims Fund and the State Forensic Laboratory Fund.

Appendix A

CRIME VICTIMS' COMPENSATION PROGRAM
SCHEDULE OF DEPARTMENT OF REVENUE COLLECTIONS

County/Other	Year Ended June 30, 2002			Year Ended June 30, 2001		
	CVC fees/costs	CVC fees	Total	CVC fees/costs	CVC fees	Total
	Counties	Municipals		Counties	Municipals	
Adair	\$ 16,790	13,096	29,886	12,445	8,906	21,351
Andrew	12,730	0	12,730	10,625	0	10,625
Atchison	12,191	1,836	14,027	10,779	1,568	12,347
Audrain	14,603	8,150	22,753	11,405	6,196	17,601
Barry	26,473	9,574	36,047	22,575	7,320	29,895
Barton	10,794	3,386	14,180	9,984	2,233	12,217
Bates	16,645	7,226	23,871	16,999	6,370	23,369
Benton	12,011	1,397	13,408	12,015	1,154	13,169
Bollinger	5,265	313	5,578	3,555	314	3,869
Boone	91,905	78,062	169,967	69,639	34,566	104,205
Buchanan	47,560	85,261	132,821	38,156	63,974	102,130
Butler	28,997	8,197	37,194	30,072	22,585	52,657
Caldwell	5,465	4,234	9,699	4,044	1,648	5,692
Callaway	26,907	13,134	40,041	26,949	9,415	36,364
Camden	41,521	25,808	67,329	39,613	15,652	55,265
Cape Girardeau	29,647	59,013	88,660	29,669	39,631	69,300
Carroll	7,991	1,832	9,823	6,001	960	6,961
Carter	7,112	0	7,112	4,735	0	4,735
Cass	40,337	75,804	116,141	32,076	54,060	86,136
Cedar	10,585	3,742	14,327	7,509	3,534	11,043
Chariton	6,204	116	6,320	4,883	124	5,007
Christian	35,039	11,341	46,380	32,902	9,752	42,654
City of St Louis	594,618	0	594,618	734,265	0	734,265
Clark	11,229	0	11,229	10,492	0	10,492
Clay	66,717	189,531	256,248	64,931	92,383	157,314
Clinton	28,388	10,412	38,800	26,091	8,798	34,889
Cole	50,511	35,421	85,932	30,230	23,802	54,032
Cooper	19,129	2,654	21,783	19,420	2,195	21,615
Crawford	18,272	12,091	30,363	21,860	8,104	29,964
Dade	6,289	48	6,337	6,323	104	6,427
Dallas	19,082	0	19,082	19,526	0	19,526
Daviess	14,883	12	14,895	12,532	0	12,532
DeKalb	6,487	144	6,631	5,380	148	5,528
Dent	7,953	0	7,953	7,977	1,463	9,440
Douglas	5,833	2,248	8,081	5,264	1,601	6,865
Dunklin	21,373	11,013	32,386	22,033	7,815	29,848
Fine Collection Center*	298,332	0	298,332	198,595	0	198,595
Franklin	62,504	37,965	100,469	54,739	27,255	81,994
Gasconade	12,328	4,608	16,936	9,149	1,667	10,816
Gentry	5,485	366	5,851	4,032	261	4,293
Greene	116,520	166,399	282,919	89,295	155,628	244,923
Grundy	11,301	2,064	13,365	10,108	1,743	11,851
Harrison	27,395	1,328	28,723	20,485	1,373	21,858
Henry	19,422	4,674	24,096	10,398	4,350	14,748
Hickory	5,422	0	5,422	4,648	0	4,648
Holt	5,559	0	5,559	4,466	0	4,466
Howard	8,236	4,331	12,567	6,018	2,451	8,469
Howell	30,273	15,265	45,538	23,459	12,397	35,856

Appendix A

CRIME VICTIMS' COMPENSATION PROGRAM
SCHEDULE OF DEPARTMENT OF REVENUE COLLECTIONS

County/Other	Year Ended June 30, 2002			Year Ended June 30, 2001		
	CVC fees/costs	CVC fees	Total	CVC fees/costs	CVC fees	Total
	Counties	Municipals		Counties	Municipals	
Iron	9,193	530	9,723	7,118	309	7,427
Jackson	241,342	1,490,491	1,731,833	147,336	1,123,289	1,270,625
Jasper	41,151	114,878	156,029	32,603	86,214	118,817
Jefferson	113,935	113,457	227,392	101,606	76,317	177,923
Johnson	34,953	22,393	57,346	29,038	15,781	44,819
Knox	4,139	29	4,168	2,880	81	2,961
Laclede	22,431	11,845	34,276	19,220	10,991	30,211
Lafayette	39,952	21,181	61,133	59,318	15,427	74,745
Lawrence	23,697	7,752	31,449	20,717	7,993	28,710
Lewis	7,884	2,167	10,051	7,408	1,862	9,270
Lincoln	39,845	23,132	62,977	33,319	17,999	51,318
Linn	7,734	2,426	10,160	6,448	1,976	8,424
Livingston	16,808	5,543	22,351	14,443	3,947	18,390
Macon	17,026	4,279	21,305	14,864	2,893	17,757
Madison	13,364	1,772	15,136	14,724	2,023	16,747
Maries	4,969	0	4,969	4,926	5	4,931
Marion	30,267	16,636	46,903	23,796	12,901	36,697
McDonald	14,933	24,134	39,067	10,438	16,957	27,395
Mercer	3,907	12	3,919	4,297	43	4,340
Miller	25,066	13,391	38,457	17,700	8,751	26,451
Mississippi	12,592	4,452	17,044	13,530	4,427	17,957
Moniteau	7,389	1,758	9,147	7,888	1,412	9,300
Monroe	10,565	1,359	11,924	8,871	1,116	9,987
Montgomery	15,606	6,663	22,269	11,784	5,092	16,876
Morgan	17,084	4,701	21,785	12,040	4,071	16,111
New Madrid	20,354	9,966	30,320	21,251	9,058	30,309
Newton	51,117	24,899	76,016	43,838	15,446	59,284
Nodaway	11,340	9,452	20,792	13,801	8,778	22,579
Oregon	9,249	3,403	12,652	7,282	2,356	9,638
Osage	8,289	0	8,289	8,243	71	8,314
Ozark	7,833	148	7,981	5,591	161	5,752
Pemiscot	37,777	10,175	47,952	38,564	6,519	45,083
Perry	10,709	3,992	14,701	10,042	3,705	13,747
Pettis	32,029	19,193	51,222	38,086	14,398	52,484
Phelps	28,271	16,218	44,489	32,884	18,117	51,001
Pike	14,625	16,469	31,094	13,839	13,600	27,439
Platte	74,714	30,738	105,452	65,402	28,018	93,420
Polk	16,942	9,610	26,552	19,842	6,503	26,345
Pulaski	28,880	14,340	43,220	26,892	11,302	38,194
Putnam	4,047	442	4,489	3,412	423	3,835
Ralls	9,452	0	9,452	7,051	0	7,051
Randolph	24,521	10,020	34,541	19,447	8,218	27,665
Ray	21,996	9,747	31,743	16,685	10,721	27,406
Reynolds	6,123	1,007	7,130	5,550	950	6,500
Ripley	8,056	0	8,056	7,684	0	7,684
Saline	25,169	8,100	33,269	19,608	9,329	28,937
Schuyler	3,343	0	3,343	3,860	0	3,860
Scotland	3,765	0	3,765	7,251	0	7,251

Appendix A

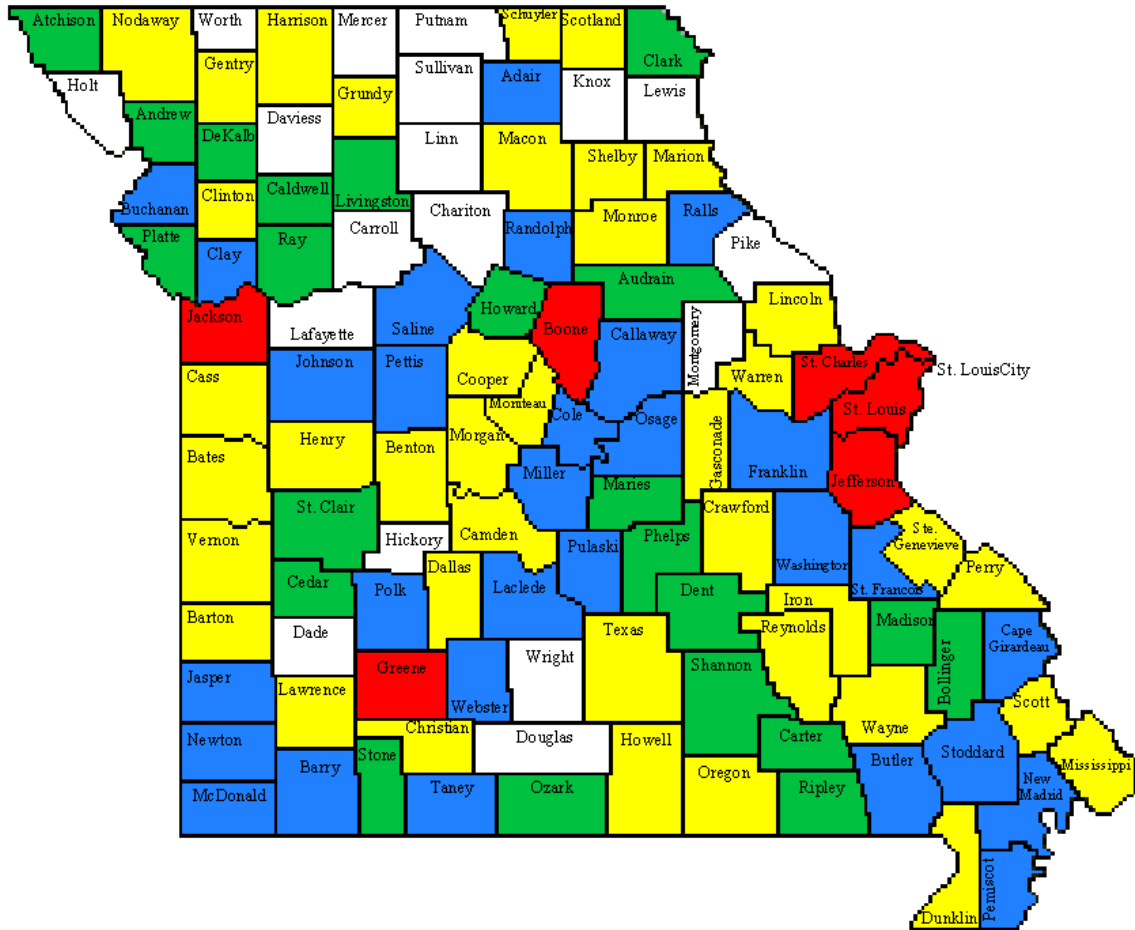
CRIME VICTIMS' COMPENSATION PROGRAM
SCHEDULE OF DEPARTMENT OF REVENUE COLLECTIONS

County/Other	Year Ended June 30, 2002			Year Ended June 30, 2001		
	CVC fees/costs	CVC fees	Total	CVC fees/costs	CVC fees	Total
	Counties	Municipals		Counties	Municipals	
Scott	30,999	20,789	51,788	26,946	16,919	43,865
Shannon	9,859	2,086	11,945	7,984	798	8,782
Shelby	6,610	985	7,595	7,340	665	8,005
St Charles	136,643	266,182	402,825	108,179	194,686	302,865
St Clair	15,706	0	15,706	9,840	0	9,840
St Francois	31,840	49,449	81,289	38,893	38,249	77,142
St Louis County	359,929	1,386,096	1,746,025	401,488	1,000,411	1,401,899
Ste Genevieve	8,127	2,052	10,179	8,401	3,287	11,688
Stoddard	18,512	9,311	27,823	16,305	8,066	24,371
Stone	13,586	12,978	26,564	11,736	8,385	20,121
Sullivan	9,562	41	9,603	7,675	232	7,907
Taney	32,800	16,477	49,277	28,971	11,801	40,772
Texas	12,607	8,288	20,895	9,907	6,094	16,001
Vernon	15,391	15,644	31,035	12,822	11,300	24,122
Warren	41,862	0	41,862	40,767	0	40,767
Washington	13,502	4,812	18,314	13,798	3,729	17,527
Wayne	12,594	1,032	13,626	12,608	1,463	14,071
Webster	11,483	6,148	17,631	11,469	4,987	16,456
Worth	1,481	0	1,481	1,631	0	1,631
Wright	14,795	6,416	21,211	11,706	3,353	15,059
Total	\$ 4,012,634	4,813,782	8,826,416	3,709,229	3,547,475	7,256,704

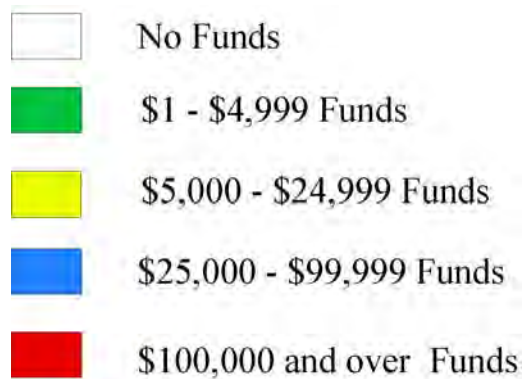
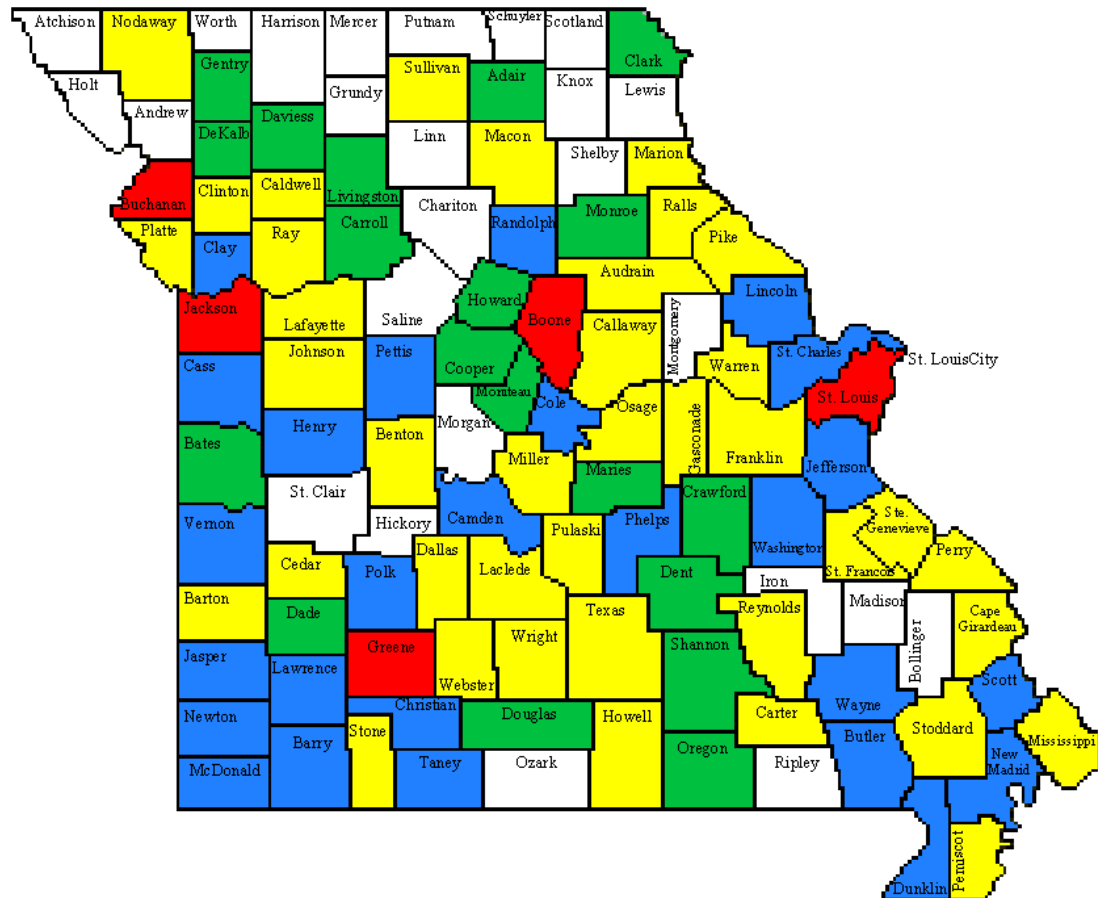
* The Fine Collection Center, handled through the Office of State Courts Administrator, collects the appropriate fees for counties belonging to the center and remits the fees directly to the Department of Revenue.

The accompanying Note to the Supplementary Data is an integral part of this statement.

COMPENSATION AWARDED TO VICTIMS BY COUNTY
YEAR ENDED JUNE 30, 2002



COMPENSATION AWARDED TO VICTIMS BY COUNTY
YEAR ENDED JUNE 30, 2001





**EL DORADO SPRINGS R-II SCHOOL DISTRICT
YEAR ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-52
June 16, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2003

The following problems were discovered as a result of an audit conducted by our office of the El Dorado Springs R-II School District.

The school district did not solicit proposals for a construction management firm for the recently completed construction project to expand and remodel the elementary and middle schools. The Superintendent indicated the contract with the construction management firm was simply renewed in 2000 because the terms of the contract were the same as the original one signed in 1996; however, the terms of the contract did change. Given that four years had passed and the contract terms had changed, the district had no assurance that construction management services were being obtained from the most qualified vendor at the lowest and best cost.

The board indicated it renegotiated the construction management contract signed in 2000 numerous times without formally amending the contract. The Superintendent stated that the construction management firm was paid in excess of the renegotiated contract amount due to the length of the project. The Superintendent also indicated numerous problems have been encountered during construction, and the district has contacted the construction management firm repeatedly to ensure the subcontractors' work has been completed. The project was substantially completed in March 2002, however, the district was still holding the final check of \$4,608 to the construction management firm as of April 15, 2003, pending completion of various punch lists and warranty issues. Given the overall concerns that the district has regarding the quality of work and that final payments have been made to all of the subcontractors, it appears questionable whether the district will be able to ensure that the project is completed timely and satisfactorily when they are only withholding \$4,608 from the construction firm.

The district has not conducted a selection process for its Certified Public Accountant (CPA) firm for five years. In addition, the district has not solicited proposals for attorney services. Also, the district does not have a contract with its attorney and does not require the attorney's office to submit detailed bills to the district.

Various board members violated the district's nepotism, conflicts of interest, and financial disclosure policy.

The district violated its current bidding policy for construction projects over \$12,500, and the district's policy does not require bidding for any other items. In addition, no bids have been solicited by the district for food service vendors since March 2000.

The district paid bonuses totaling \$1,100 to fourteen district employees which is an apparent

YELLOW SHEET

violation of the Missouri Constitution. The district also expended funds including the bonuses which did not appear to be a necessary or prudent use of public funds.

Although the district's policy provides for the Superintendent to review all expense accounts, there was no documentation that anyone reviewed his expense account for accuracy or propriety. Reimbursements made to administrators for travel expense were not always supported by adequate documentation of actual expenses incurred in accordance with district policy. An invoice submitted for reimbursement by the Middle School Principal for the purchase of a wreath had been altered to "black out" the name of the person it was sold to. The altered invoice was reviewed and approved for payment by the Superintendent; however, there was no documentation that the invoice was ever questioned. By approving the altered invoice, the Superintendent did not provide an adequate review of the expense account submitted to ensure it was a valid use of school district funds.

The Superintendent's travel allowance and fringe benefits which totaled \$4,521 for 2002 were not reported on his W-2 forms. The board also approved an increase of 3 percent in the Superintendent's salary based on the consumer price index (CPI); however, the CPI was only 1.1 percent.

The open meeting minutes do not always document all business conducted during the board meetings and do not always adequately document the specific reasons for closing the meeting and actions taken by the board in the closed meetings. In addition, the issues discussed in the closed meetings did not always relate to the items the board indicated would be discussed, and it is questionable whether the district complied with the provisions of the Sunshine Law when discussing some items in closed session.

The audit report also includes some other matters related to expenditures, Administrative Secretaries' compensation, school district vehicles, cellular phone policy, controls and procedures over petty cash, change funds, and student activity fees, accounting procedures and financial statements, the press box, and general fixed assets upon which the school district should consider and take appropriate corrective action.

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EL DORADO SPRINGS R-II SCHOOL DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Education
El Dorado Springs R-II School District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the El Dorado Springs R-II School District. The school board had engaged Wallace, Caviness, Harner & Associates, P.C., Certified Public Accountants (CPA), to audit the district for the year ended June 30, 2002. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the school district included, but was not necessarily limited to, the year ended June 30, 2002. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the school district.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the school district's management and was not subjected to the procedures applied in the audit of the school district.

The accompanying Management Advisory Report presents our findings arising from our audit of the El Dorado Springs R-II School District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

February 10, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Pamela Crawford, CPA
In-Charge Auditor: Jody Vernon, CPA
Audit Staff: Troy Royer

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

EL DORADO SPRINGS R-II SCHOOL DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Professional Services

The school district did not solicit proposals for a construction management firm, and the board indicated it renegotiated the construction management contract several times without formally amending the contract. In addition, the Superintendent stated numerous problems have been encountered during construction. The school district paid the firm in excess of the renegotiated contract amount and has contacted the construction management firm repeatedly to ensure the subcontractors' work has been completed. Also, the district has not conducted a selection process for its Certified Public Accountant (CPA) firm for the past five years. The district also has not solicited proposals for attorney services and does not have a contract with its attorney or require the attorney's office to submit detailed bills to the district.

A. The school district did not solicit proposals for a construction management firm for the recently completed construction project to expand and remodel the elementary and middle schools. In addition, the board indicated it renegotiated the construction management contract several times without formally amending the contract. The district paid this construction management firm in excess of the renegotiated contract amount due to the length of the project; and they have had to contact the construction management firm repeatedly to ensure the subcontractors' work has been properly completed. The project was primarily funded with bond proceeds from a \$3.75 million bond issue passed in April 2000.

1. The district signed a contract with a construction management firm on April 15, 2000 without re-soliciting proposals for construction management services. The district had advertised for proposals, and selected and signed a contract with this construction management firm in 1996, however, the proposed bond issue failed. The Superintendent indicated the contract with the construction management firm was simply renewed because the terms of the contract were the same as the original one signed in 1996; however, the terms of the contract did change. For example, the 1996 contract provided monthly on-site reimbursable costs including a project manager fee and office trailer and equipment fees totaling \$6,650. However, the 2000 contract provided the same type of on-site reimbursable costs totaling \$7,500 with a 3 percent annual increase in project manager fees after 2000. Given that four years had passed and the contract terms had changed, the district had no assurance that construction management services were being obtained from the most qualified vendor at the lowest and best cost.

Section 8.679, RSMo 2000, requires proposals for services of a construction manager to be solicited by advertisement if the cost of any construction project exceeds \$500,000. The district should periodically solicit proposals to ensure it is receiving the best services and costs. Documentation of proposals should always be retained to show statutory requirements were followed.

2. The contract with the construction management firm provided for the firm to be paid 3 percent of the total construction cost with a maximum fee of \$150,000 plus on-site reimbursable costs. The board indicated it renegotiated the contract signed in 2000 numerous times resulting in a total to be paid to the construction management firm of \$160,000; however, it failed to formally amend the contract. Payments to this firm for the project totaled \$165,139 through December 31, 2002. The Superintendent stated that the construction management firm was paid in excess of the renegotiated contract amount due to the length of the project. The Superintendent also indicated numerous problems have been encountered during construction, and the district has contacted the construction management firm repeatedly to ensure the subcontractors' work has been completed including a final review of work quality. In a letter written to the construction management firm on April 14, 2003, the Superintendent indicated that very few problems had been corrected by the April 10 deadline the school board had set. The project was substantially completed in March 2002, however, the district was still holding the final check of \$4,608 to the construction management firm as of April 15, 2003 pending the completion of various punch lists and warranty issues. Any changes to an original contract should be properly documented in a formal written contract amendment to ensure all parties are aware of their responsibilities and to prevent misunderstandings. In addition, the district should continue to monitor the construction management firm to ensure all work is properly completed before the final check is released.

Given the overall concerns that the district has regarding the quality of work and that final payments have been made to all of the subcontractors, it appears questionable whether the district will be able to ensure that the project is completed timely and satisfactorily when they are only withholding \$4,608 from the construction firm.

- B. The district has contracted for audit services with their current independent auditor for five years without conducting a selection process. The most recent selection process for audit services covered the fiscal year ending June 30, 1999. At that time, proposals were received from six audit firms. The firm selected by the board did not submit the lowest cost proposal, and there was no documentation supporting the reasons for selection. The district has paid \$14,300 for audit services during this four year period. Additionally, in November 2002,

the board approved retaining the same audit firm for fiscal year 2003 at a cost of \$4,000 without soliciting any additional proposals.

Selection processes are necessary to ensure the district is receiving the best services and rates. The process should include advertising and soliciting proposals and evaluating these proposals for technical experience, capacity and capability of performing the work, past record of performance, and the firm's proximity to and familiarity with the school district. Information concerning the selection process should be documented and retained.

- C. The district does not have a contract with its attorney outlining the types of services that are to be provided and at what cost. In addition, the district has not periodically solicited proposals for these services and does not require the attorney's office to submit detailed bills indicating the number of hours and the hourly rate charged to the district.

Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid. In addition, Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing. While attorney fees are not a significant district expenditure, the board should periodically solicit proposals for legal services to ensure they are receiving the best services and rates. Without adequate documentation, the school district cannot ensure the validity and propriety of the amounts billed.

WE RECOMMEND the School Board:

- A.1. Conduct a formal selection process for construction management services for all construction projects as required by state law. In addition, all documentation of the process should be retained.
- 2. Ensure any changes in compensation agreements are properly documented in a formal written contract amendment. In addition, continue to monitor the construction management firm to ensure all work is properly completed before the final check is released.
- B. Periodically solicit proposals for audit services.
- C. Periodically solicit and document proposals for legal services, and enter into written contracts with the firm which provides legal services detailing the duties to be performed and the costs associated with the service. In addition, the board should require adequate documentation to support the attorney billings including number of hours and cost per hour.

AUDITEE'S RESPONSE

The School Board indicated:

- A.1. *In the future, we will re-solicit contracts after a significant time has elapsed to ensure the best bid is obtained. The board believes there was an ongoing relationship with the firm at the time and it appeared to be in the best interest of the project to continue.*
- A.2. *While we did not document it well, we did not over pay the construction management firm even after renegotiating a fee that was lower than the original contract called for. In the future, any amended contracts will be formally documented. We will continue monitoring the construction management firm.*
- B. *In the future, we will solicit bids more often.*
- C. *In the future, we will solicit proposals more often. We will require the attorney to provide the number of hours and the hourly rate on the billings.*

AUDITOR'S COMMENTS

- A.2. The board maintained a spreadsheet documenting the renegotiated contract price of \$160,000, however, neither an amended contract nor approval of the renegotiation was documented in the minutes. In addition, documentation of any further renegotiations was not retained for payments in excess of \$160,000.

2. Nepotism, Conflicts of Interest, and Financial Disclosure

Various board members violated the district's nepotism, conflicts of interest, and financial disclosure policy. For example:

- The district hired a contractor to perform construction work on the district's expansion and remodeling project. One School Board member worked for this contractor as a subcontractor on other projects during that time period. This Board member did not abstain from the approval of payments totaling more than \$1.46 million to the contractor.
- The district purchases lumber and construction and maintenance supplies from a local supply business managed by the School Board President. During the year ended June 30, 2002, the district paid \$10,918 to this vendor without soliciting bids for these purchases. In addition, the School Board President did not abstain from the approval of the payments to this vendor and signed the checks issued.
- Other apparent instances of noncompliance with the board's policy were also noted. For example, the district paid for gravel hauling services from a local hauling business owned by a School Board member. In addition, one School

Board member approved payments to a relative for salary and an expense account, and another School Board member approved payments to himself to serve as a referee. The members did not abstain from the approval of any of these expenditures.

The district's nepotism and conflict of interest policy prohibits board members from debating or voting upon the employment of any person to whom they are related within the fourth degree. Also, the policy states that the board will not under any circumstance employ one of its members. In addition, the policy provides for board members to make a good faith effort to avoid a conflict of interest, and if a situation arises which involves the potential for a conflict of interest, the board member will declare his interest and refrain from debating or voting upon the transaction in question.

- Some School Board members did not file financial interest statements with the district and the Missouri Ethics Commission as required.

The district's financial disclosure policy requires all board members to file a financial interest statement with the district and the Missouri Ethics Commission which discloses all potential board member and employee conflicts of interest including transactions between any business entity in which such individuals have a substantial interest. Substantial interest is defined as ownership by the individual, his/her spouse, or dependent children, either singularly or collectively of ten percent or more of any business entity or an interest having a value of \$10,000 or more, or receipt of a salary, gratuity or other compensation of \$5,000 or more from any individual partnership, organization or association within any calendar year.

WE RECOMMEND the School Board strictly enforce the district's nepotism, conflict of interest, and financial disclosure policy. Furthermore, the district should review all transactions that are not in accordance with district policy and take appropriate action.

AUDITEE'S RESPONSE

The School Board indicated:

Board members are now abstaining. We will review our current policies and the financial statement requirements with our attorney.

School Board Member Yakel indicated:

I did not knowingly violate the conflict of interest policy due to the fact that the policy manual I was provided did not include a copy of that particular policy, and therefore I did not know it existed.

AUDITOR'S COMMENTS

The district should ensure that policy and regulation manuals are updated and distributed to all school board members. In addition, board members should familiarize themselves with all district policies and regulations.

3. Bidding Procedures

The district's bidding procedures are in need of improvement. The district violated its current bidding policy for construction projects over \$12,500, and the district's policy does not require bidding for any other items. In addition, no bids have been solicited by the district for food service vendors since March 2000.

A. The district violated its current bidding policy in addition to Section 177.086, RSMo 2000, which requires bidding for construction projects over \$12,500. The district's policy also does not require bidding for other items. Our review of district expenditures noted the following bidding concerns:

1. Bids were not always solicited or advertised by the school district nor was bid documentation always retained for various expenditures relating to construction projects. Examples of expenditures without documentation of bids and/or advertisement include \$56,062 for tuckpointing and \$12,800 for blacktop paving of the school driveway. In addition, the district constructed a computerized assisted drafting (CAD) building in the spring of 2000. Materials and labor for this project cost approximately \$25,000; however, these items were not properly bid.

Section 177.086, RSMo 2000, requires that school districts advertise bids for construction of facilities which may exceed an expenditure of \$12,500. In addition, bidding procedures for construction projects provide a framework for economical management of school district resources and help assure the district that it receives fair value by contracting with the lowest and best bidder. Documentation of bids should always be retained as evidence of the district's established bidding procedures and to show statutory requirements are followed.

2. The district's current bidding procedures could be made more effective by adopting a more comprehensive policy. The following are examples of purchases for which the district did not follow a bid process or did not retain adequate bid documentation:

<u>Item</u>	<u>Cost</u>
Trailers leased for classrooms	\$34,950
Maintenance supplies	26,012
Computers and monitors	25,189

Paper, toner, and supplies for the copier	7,548
Installation of electrical outlets	4,950
Heating and air conditioning	4,623

District personnel indicated prices were solicited from various vendors for some of the items; however, documentation of these inquiries was not maintained.

Competitive bidding helps ensure the school district receives fair value by contracting with the lowest and best bidders. Bidding helps ensure all parties are given an equal opportunity to participate in the district's business.

A more comprehensive policy would require bidding and would identify specific bidding procedures that are required for all types of expenditures. Bids could be handled by telephone quotation, sealed bids, or advertised sealed bids. Different approaches may be appropriate depending on the dollar amount of the purchase. Written documentation of bids also provides evidence that the board has complied with its procurement policy. Bid documentation should include a list of vendors contacted, a copy of the bid specifications, copies of all bids received, justification for awarding the bid, and documentation of discussion with vendors.

- B. The district solicited bids for a food service vendor in March 2000 for the 2000-2001 school year. The contract provided the district the option to renew the contract annually for four years through the 2004-2005 school year. No bids have been solicited by the district since March 2000. Through March 2003, the district has paid this vendor \$537,214 for the school years 2001-2003.

Given the food service contract has not been bid since 2000, the district has less assurance that food services are being obtained from the most qualified vendor at the lowest and best cost. Soliciting proposals and entering into a truly competitive bidding process provides the district a means to select the vendor best suited to provide the service required. Good bidding practices provide the district with a range of possible choices which should allow for a better informed decision to be made when acquiring necessary services.

WE RECOMMEND the School Board:

- A. Solicit bids for construction projects in accordance with state law and adopt a more comprehensive bid policy which requires bidding and establishes bidding guidelines for other types of expenditures. Such bid policies should include criteria on how bids are to be solicited and when formal advertising should be used. Documentation of bids received and the bid process should be retained. If sole source procurement is necessary, the district should retain documentation of these circumstances.

- B. Solicit bids for food service more frequently.

AUDITEE'S RESPONSE

The School Board indicated:

- A.1. *While we made an honest effort to get bids on these projects, we did not keep proper documentation. We will make every effort to do so in the future.*
2. *We will adopt a more comprehensive bid policy.*
- B. *The school district did request bids for food service vendors in 2000. The contract does provide the option to renew the service for five years. However, in the future, we will consider soliciting food service bids.*

4. Expenditures

Controls and procedures over district expenditures are in need of improvement. Some payments were processed without adequate supporting documentation, and properly approved purchase orders were not obtained for some purchases. In addition, the district paid bonuses totaling \$1,100 to fourteen district employees which is an apparent violation of the Missouri Constitution. The district also expended funds including the bonuses which did not appear to be a necessary or prudent use of public funds. The number of custodians employed by the district appears excessive, and controls and procedures over their time cards need improvement. In addition, the school district sometimes did not enter into written contracts defining services to be provided and benefits to be received.

- A. Some payments were processed without a sufficiently detailed invoice or other adequate supporting documentation. In addition, properly approved purchase orders were not obtained for some purchases or compared with invoices received prior to the payments being issued.

For example, payments totaling \$422,312 for annual transportation services, \$5,325 for computer equipment, \$1,217 for Worlds of Fun tickets, \$467 for grocery items, and \$442 for choral shirts were made without obtaining sufficient documentation. The transportation service contract provided for annual rate increases, however, the district failed to retain a copy of the applicable rate schedule. Invoices were not submitted for the computer equipment, the tickets, or the shirts. These items were paid directly from the purchase orders or handwritten notes. After several requests for the annual transportation rates and the invoice for the computer equipment, the district contacted the vendors and obtained copies of the transportation rates and computer invoice; however, the original payments were made without this documentation. Due to inadequate documentation, the number of attendees at a football team trip to Worlds of Fun

could not be determined. In addition, the purchase orders and invoices for the grocery items did not match amounts paid.

In addition, as a result of the district not matching approved purchase orders to the amounts paid for the computer equipment, an unpaid invoice dated August 21, 2002 totaling \$588 was filed with paid invoices and remained unpaid as of November 21, 2002. This invoice was subsequently paid by the district.

To ensure the validity and propriety of the expenditures approved for payment, adequate supporting documentation, including lists of attendees at school functions, should be obtained prior to payment. In addition, to ensure accurate amounts are paid and that all expenditures are paid and authorized; the district should prepare accurate purchase orders and compare invoices received with the approved purchase orders.

- B. The district paid attendance awards totaling \$1,100 to fourteen district employees during the year ending June 30, 2002. The school district provides for employees with perfect attendance during the school year to receive a \$100 award and employees missing only one day to receive a \$50 award. In addition, during the year ended June 30, 2002, the district incurred expenditures totaling approximately \$850 for flowers for funerals, retirement plaques and service pins, and grocery supplies for board meetings.

The attendance awards and other expenditures totaling \$1,950 do not appear to be necessary for district operations or prudent uses of public funds. In addition, the attendance payments or bonuses appear to represent additional compensation for services previously rendered and, as such, are an apparent violation of Article III, Section 39 of the Missouri Constitution and are contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

Further, the district's residents have placed a fiduciary trust in their public officials to spend tax revenues in a necessary and prudent manner. Additional expenditures which did not appear to be a prudent or necessary use of district funds were noted during our review of expense accounts as noted in MAR 5.

- C. The number of custodians and maintenance staff employed by the district appears excessive. The district employed 160 full- and part-time employees at June 30, 2002 which included 7 administrators, 101 certified teachers and counselors, 17 secretaries and support staff, 12 teacher aides, and 23 custodial and maintenance staff including 5 part-time and 4 summer staff. The custodial and maintenance employees were paid approximately \$288,700 during the year ending June 30, 2002. We reviewed the plant operations line item on the Annual School Board

Report for three other schools of similar size in the area. The amount spent for similar services ranged from \$56,800 to \$202,500.

The Superintendent indicated that he normally follows a general guideline which provides for 1 custodian for every 15,000-20,000 square feet of the school district facility; however, the district facility currently has approximately 200,000 square feet and based on the Superintendent's guidelines this would result in the district employing 10 staff.

The number of custodians and maintenance staff employed by the district appears to be excessive. The district needs to reevaluate the number of custodians and maintenance staff employed and the related expenditures for future salaries in an effort to ensure the efficient use of the district resources.

- D. The Maintenance Supervisor reviews and approves monthly time cards submitted by the custodial and maintenance employees. From the time cards, he prepares a spreadsheet to submit to the superintendent's office for payment showing the total hours worked and the vacation, sick, and holiday time used. These employees are paid by the hour. During our review of the payroll records we noted the following concerns:

1. The hours reported on the employee time cards did not always agree to the monthly spreadsheet. For example, two employees' time cards indicated that they had only worked 32 and 38 hours for one week, respectively; however, the monthly spreadsheet indicated that they had each worked 40 hours. The Maintenance Supervisor indicated that his employees occasionally leave early one day, make up the time the following day, but may fail to properly report this on their time cards. Being aware of these instances, he adjusts the spreadsheet accordingly; however, no written documentation for the adjustments is maintained. In addition, employees do not always clock in and out at the beginning and end of the workday basically defeating the intended control established by the use of time cards.

Without complete and accurate time card records, there is no assurance that employees are being paid for the hours they actually worked. In addition, any difference between the hours worked per the time cards and the hours reported on the monthly payroll spreadsheet should be investigated and adequately documented.

2. The Maintenance Supervisor does not always document his approval of the time cards. In addition, the payroll clerk does not review the time cards in conjunction with the monthly payroll spreadsheet. Effective reviews of time cards and the monthly payroll spreadsheet are essential to ensure that employees are paid the appropriate amount based on the proper number of hours worked.

- E. The school district did not always enter into written contracts defining services to be provided and benefits to be received.
 - 1. The district paid the City of El Dorado \$15,519 between July 2002 through March 2003 to provide a school resource officer. The district did not enter into a written agreement for these services nor was any documentation received from the city to support the amounts paid or hours worked by the officer.
 - 2. The school district paid \$1,190 in 2001 to build a drainage ditch for a citizen who owned property adjoining the district's property. The September 12, 2001 board minutes indicated the district has had a "gentlemen's agreement" with this citizen for about 40 years to manage any water drainage damage on his property.

Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid. In addition, Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing.

WE RECOMMEND the School Board:

- A. Ensure that adequate supporting documentation is submitted before payments are made. In addition, ensure that purchase orders are prepared for expenditures, and compare invoices received with the approved purchase orders.
- B. Discontinue paying bonuses and providing attendance awards, and ensure expenditures are a necessary and prudent use of public funds.
- C. Reevaluate the number of custodians and maintenance staff employed and the related expenditures for future salaries.
- D. Ensure the time card records are complete and accurate. An independent review of the time cards and monthly payroll sheet should be performed and adequately documented by the payroll clerk. Any differences between the time cards and the monthly payroll spreadsheet should be investigated and resolved.
- E. Enter into written agreements with all parties that clearly detail the services to be performed and the compensation to be paid or benefits received.

AUDITEE'S RESPONSE

The School Board indicated:

- A. In the future, purchase orders will be matched to invoices and amounts paid, and a list of attendees will be obtained to support expenditures.*
- B. We believe these expenditures represent good public relations for the school district. We will take the issue of bonuses under advisement.*
- C. We have some doubts about this opinion, but have not had sufficient time to fully investigate. If the facts presented are accurate, we will take this under consideration as we determine future staffing. We have already changed one position to part-time and another will probably change to part-time in the near future. Another vacancy is not being filled at this time due to budget constraints.*
- D. We are working on procedures to implement these recommendations.*
- E. The school resource officer has been discontinued and in the future, any contracts or agreements will be in writing.*

5. Expense Accounts

The district's employee expense reimbursement policy requires a report of expenses actually incurred (with receipts) to be submitted and approved by the Superintendent prior to payment. Our review of payments to administrators for expense and travel reimbursements noted the following concerns:

- A. Although the district's policy provides for the Superintendent to review all expense accounts, there was no documentation that anyone reviewed his expense account for accuracy or propriety. In addition, the Superintendent submitted his expense account in June 2002 which covered the period January 2001 through June 2002. Included within the \$348 of expenses was a \$5 reimbursement for alcoholic beverages which did not appear to be a prudent or necessary use of public funds.

The district should revise its written policies and implement procedures to ensure the Superintendent's expense report is reviewed for accuracy and propriety by the board or other independent personnel. In addition, expense reports should be submitted monthly to ensure all expenses are paid in a timely manner; are necessary, prudent, and reasonable; and are adequately documented.

- B. Reimbursements made to administrators for travel expenses were not always supported by adequate documentation of actual expenses incurred in accordance with district policy. Many administrator expense reports did not contain sufficient

information such as the location of where the expense was incurred, trip origin and destination, or purpose. Additionally, several meal receipts indicated another person accompanied the Superintendent or the Assistant Superintendent to a lunch or dinner; however, the purpose and the other attendees were not documented. Also, some invoices for meals reimbursed by the district to the Assistant Superintendent could not be located.

The district cannot determine the propriety of payments made for travel expenses without a detailed travel expense report, including documentation supporting the expenses claimed as required by district policy.

- C. An invoice submitted for reimbursement by the Middle School Principal for the purchase of a wreath had been altered to "black out" the name of the person it was sold to. A copy of the original invoice from the florist indicated a non employee had made the purchase. The Middle School Principal indicated that a personal friend purchased the wreath which is located in his office. The altered invoice was reviewed and approved for payment by the Superintendent; however, there was no documentation that the invoice was ever questioned.

Allowing an altered invoice to be processed and not questioned indicates weaknesses in the review process and control procedures in place. By approving the altered invoice, the Superintendent did not provide an adequate review of the expense account submitted to ensure it was a valid use of school district funds. The district needs to ensure controls are in place and an adequate review is performed to ensure expenses paid are necessary, reasonable, and adequately documented.

WE RECOMMEND the School Board:

- A. Consider revising its written policies and establish procedures to ensure the Superintendent's expense account is reviewed for accuracy and propriety by the board or other personnel independent of the Superintendent prior to reimbursement. In addition, ensure travel expense reports are submitted monthly and expenditures are a necessary and prudent use of district funds.
- B. Require detailed travel expense reports which include information such as the location of where the expense was incurred, trip origin and destination, individuals accompanying the administrators to meals, and purpose. In addition, all applicable supporting documentation, such as paid invoices or receipts, should be submitted before payment is made.
- C. Ensure control procedures are in place to detect questionable or altered invoices, and in the future, the Superintendent should ensure his review detects questionable purchases. In addition, ensure expenditures are necessary, reasonable, and adequately documented.

AUDITEE'S RESPONSE

The School Board and Superintendent indicated:

- A. *The Board President will review the Superintendent's expense account, and expense accounts will be submitted more timely to avoid the mistake that was made.*
- B. *The Superintendent was aware of these expenses; however, in the future, this will be documented.*
- C. *The Superintendent indicated that he questioned the invoice and approved it after disallowing some other expenditures partially based on the Principal's track record of managing his budget well.*

6. Superintendent's and Administrative Secretaries' Compensation

The Superintendent's travel allowance and fringe benefits which totaled \$4,521 for 2002 were not reported on his W-2 forms. In addition, the board approved an increase of 3 percent in the Superintendent's salary based on the consumer price index (CPI); however, the CPI was only 1.1 percent. The district also paid ten administrative secretaries in-district travel allowances totaling \$1,290 during 2002 which were not reported on their W-2 forms.

- A. The district makes payments to the Superintendent which appear to be taxable compensation but are not reported on his W-2 forms.
 - 1. The Superintendent's employment contract provides for the district to pay a stipend of \$2,400 annually for in-district travel. IRS regulations require travel and expense reimbursements to be reported on the recipient's W-2 form unless the recipient is required to report the related expenses to their employer. The district does not require the Superintendent to report his actual in-district related vehicle and travel expenses so these reimbursements should be included on the Superintendent's W-2 form. In addition, the Superintendent's employment contract does not adequately define which expenses are covered in this travel allowance. District officials indicate the allowance is intended to cover in-district trips; however, the district has no documentation to show that this allowance amount is reasonable compared to actual expenses incurred by the Superintendent. Using the district's mileage reimbursement rate of \$.30 per mile, a \$2,400 annual allowance represents approximately 8,000 miles per year. The board should require the Superintendent to document his mileage and vehicle expense while conducting district business to ensure the reasonableness of the annual allowance.

2. The Superintendent's employment contract also provides for the district to pay the monthly insurance premiums for his children's health insurance. During the year ending June 30, 2002, the district paid \$2,121 for these insurance premiums; however, this amount was not included on the Superintendent's W-2 form. The district should ensure all fringe benefits are properly reported for tax purposes on the Superintendent's W-2 forms.
- B. In January 2002, the board approved the Superintendent's employment contract for the 2004-2005 school year which provided for a salary increase based on the consumer price index (CPI). The Superintendent indicated that he reviewed the internet and informed the board that the CPI had fluctuated between a 3 and 3 ½ percent increase. The board approved an increase of 3 percent based upon this information; however, neither the Superintendent nor the board retained documentation of the CPI. For the 12-month period ending January 2002, the CPI was 1.1 percent. To ensure the validity of the Superintendent's salary increase, adequate supporting documentation of the CPI should be obtained and reviewed by the board.
- C. The district paid ten administrative secretaries in-district travel allowances totaling \$1,290 during 2002. IRS regulations require travel and expense reimbursements to be reported on the recipient's W-2 form unless the recipient is required to report the related expenses to their employer. The district does not require the administrative secretaries to report their actual in-district related vehicle and travel expenses so these reimbursements should be included on their W-2 forms.

WE RECOMMEND the School Board:

- A.1. Review the reasonableness of the \$2,400 annual vehicle allowance. The employment contract should be amended to clearly define what types of vehicle expenses are to be covered by the allowance. In addition, the district should report as taxable compensation on W-2 forms the annual allowance or require the Superintendent to report actual vehicle expenses incurred while conducting district business. Prior years' W-2 forms should be amended as applicable.
 2. Properly report all taxable fringe benefits and amend the Superintendent's W-2 form to include the insurance premiums paid for his children. Prior years' W-2 forms should be amended as applicable.
- B. Ensure adequate supporting documentation of the CPI is obtained to support increases in the Superintendent's salary.
- C. Require the administrative secretaries to report their actual in-district related expenses or report the allowances on their W-2 forms. In addition, prior years' W-2 forms should be amended as applicable.

AUDITEE'S RESPONSE

The School Board indicated:

- A. *We will get additional opinions on these issues and make a decision then.*
- B. *We reviewed a CPI report in February and felt a three percent increase was justified. In the future, the board will use the annual CPI to determine salary increases if the CPI is used.*
- C. *We will stay within IRS regulations.*

7. School Board Minutes

The open meeting minutes do not always document all business conducted during the board meetings and do not always adequately document the specific reasons for closing the meeting and actions taken by the board in the closed meetings. In addition, the issues discussed in the closed meetings did not always relate to the items the board indicated would be discussed, and it is questionable whether the district complied with the provisions of the Sunshine Law when discussing some items in closed session.

- A. The open meeting minutes do not always document all business conducted during the board meetings. For example, various bid acceptances were approved at meetings during the year ending June 30, 2002; however, board minutes did not document discussions of other bids received and the reasons for bid acceptance.

Section 610.020, RSMo 2000, states that the minutes shall include the date, time, place, members present, members absent, and a record of votes taken. Minutes serve as the only official permanent public record of decisions made by the board. Therefore, it is imperative that the minutes be prepared to clearly document all business and discussions conducted.

- B. Open meeting minutes do not always adequately document the specific reasons for closing the meeting and actions taken by the board in the closed meetings. Open meeting minutes usually cite the specific sections of the state law which allow for a closed meeting; however, the issues discussed in the closed meetings did not always relate to the issues in the cited statute sections. For example, the February 13, 2002 agenda indicated a closed session would be held to discuss personnel and litigation pursuant to Sections 610.021 (3) and (1), RSMo 2000; however, the closed meeting minutes did not document any matters being discussed. Similar problems were noted with the April 9, June 13, July 2, August 8, October 10, and November 14, 2002 closed sessions.

In addition, it is questionable whether the district complied with the provisions of the Sunshine Law when discussing some items in closed session. These included

a contractor failing to pay prevailing wage, another contractor's liabilities with its vendors, and the Superintendent's contract for the 2005-2006 school year. The board did not document how discussing these issues during closed sessions complied with state law. Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. In addition, Section 610.021, RSMo 2000, allows the board to discuss certain subjects in closed meetings including litigation; real estate transactions; scholastic probation, expulsion, or graduation of identifiable individuals; bid specifications and sealed bids; personnel matters; and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

WE RECOMMEND the School Board:

- A. Ensure minutes clearly document all business conducted.
- B. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session, and publicly disclose the final disposition of applicable matters discussed in closed session. In addition, the board should ensure closed meetings are conducted according to state law.

AUDITEE'S RESPONSE

The School Board indicated:

- A. *We will document our reasons for decisions being made.*
- B. *We believe we were in compliance; however, in the future, we will document our reasons for discussing issues in closed session.*

8. School District Vehicles and Cellular Phone

Controls and procedures over district owned vehicles and the cellular phone are in need of improvement. Mileage logs were either not prepared or were incomplete; and there appeared to be little or no review of the logs prepared by the district to document the appropriate use of the vehicles, to support gasoline and maintenance charges or expenses claimed on employee expense accounts, or to ensure completeness. In addition, the district has not developed a written policy regarding cellular telephone usage or guidelines to determine whether the cellular phone is needed or of benefit to the district. Numerous personal calls were identified, and an adequate review of cellular phone bills does not appear to be performed by the district.

A. The school maintains five district owned vehicles. Two of the vehicles are used exclusively by the maintenance department, and the remaining three vehicles are available for use by all other district employees for out of town travel. During our review of district owned vehicles, we noted the following concerns:

- Vehicle mileage logs are not currently being maintained for the two maintenance vehicles.
- Mileage logs are prepared for all other district vehicles; however, the mileage logs were not always complete. For example, one of the mileage logs reviewed did not account for 1,487 miles driven at various times during the period June 27 through September 21, 2002. In January 2003, we requested to review the mileage logs for this time period again, and the Maintenance Supervisor indicated he had disposed of them. Furthermore, there appeared to be little or no review of these logs to document appropriate use of the vehicles, to support gasoline charges or expenses claimed on employee expense accounts, or to ensure completeness.

Vehicle mileage logs documenting the date, destination, purpose of the trip, and mileage should be maintained for all vehicles. These logs should be periodically and independently reviewed to ensure vehicles are properly used for business purposes and to ensure completeness. In addition, information on the logs should be reconciled to gasoline purchases, employee expense accounts, and other maintenance charges.

B. The district has not developed a written policy regarding cellular telephone usage or guidelines to determine whether the cellular phone is needed or of benefit to the district. The district currently provides a cellular telephone for use by district employees when traveling. The cellular telephone is used primarily by the Superintendent. Our review of the November-December 2002 cellular phone bill noted numerous calls made to the Superintendent's personal residence and other additional calls which appeared to be personal in nature. A formal written policy is necessary to address the usage, the need and benefit to the district, and the monitoring of the cellular phone to ensure it is properly used for business purposes. The district should consider prohibiting the personal use of the cellular phone, except in cases of emergency, and review the calls made to determine if the amount of usage is necessary and proper.

WE RECOMMEND the School Board:

A. Require mileage logs to be maintained for all district vehicles. The logs should include beginning and ending odometer readings, purpose of the trip, person making the trip, destination, and date of travel. The logs should be independently reviewed for propriety and completeness. In addition, information on the logs should be reconciled to gasoline purchases, employee expense accounts, and other maintenance charges.

- B. Develop a formal written policy regarding the use of the cellular telephone, including a provision prohibiting its use for personal reasons. In addition, the district should establish a monitoring system for the assignment and usage of the cellular phone, and ensure an independent and adequate review of the cellular phone bills is performed.

AUDITEE'S RESPONSE

The School Board indicated:

- A. *We will require mileage logs to be maintained for the maintenance vehicles on a monthly basis. We will review the current procedures for other vehicles.*
- B. *We will adopt a written policy.*

9. Petty Cash, Change Funds, and Student Activity Fees

Controls over the petty cash fund, change funds, and student activity fees need to be improved. Petty cash fund duties are not adequately segregated, and formal policies have not been established to address purchasing limits for the petty cash fund. In addition, various district offices maintain change funds; however, the district does not have a listing of the approved change funds and a written policy regarding these change funds. Various problems with each of these funds were also noted. Additionally, student activity fees collected by these same offices were not deposited timely or adequately accounted for.

- A. Controls over the petty cash bank account need to be improved. The district has a formal policy which provides for a \$500 petty cash bank account to be used for small emergency purchases or small amounts of supplies. The account is replenished by writing checks from the district's general checking account. For the school year ending June 30, 2002, approximately \$3,600 in expenditures was paid from the petty cash account. During our review of the petty cash fund we noted the following concerns:
1. The School Board Secretary maintains this account, writes and signs the checks, and performs the bank reconciliations. To ensure proper recording of all transactions, the duties of handling, recording, distributing, and reconciling the petty cash account should be segregated. If the duties cannot be adequately segregated, at a minimum, there should be documented independent reviews of the petty cash accounting records on a monthly basis. Failure to adequately segregate duties or provide a supervisory review increases the risk of improper expenditures and the risk that errors or irregularities will not be detected in a timely manner.

2. The formal policy does not address any purchasing limits. The School Board Secretary indicated purchases from petty cash are limited to \$50, however, we noted an expenditure of \$119 for postage. The board should establish formal petty cash expenditure purchasing limits, and ensure only small and emergency expenditures are made from the petty cash fund.
- B. The School Board Secretary indicated that various school offices within the district collect lunch monies and student activity fees. During our cash counts performed on September 5 and 23, 2002, we noted change funds existing in various offices ranging from \$10 to \$700. Our review of these change funds disclosed the following concerns:

1. The district does not have a listing of approved change funds and a written policy regarding these change funds. Written policies should be established outlining the procedures for maintaining, using, and accounting for change funds. The district should also maintain a listing of all authorized change funds and amounts as well as procedures for adding funds or changing fund amounts.
2. The High School Principal's Secretary indicated their change fund was not maintained at a constant amount since locker fees were commingled and was accessible to all high school teachers. We counted the change fund on September 5, 2002 and \$69 was on hand. The High School Principal indicated on September 23, 2002 the change fund had been discontinued and deposited. However, as a result of the lack of accountability over locker fees, there is no assurance that the monies counted on September 5, 2002 were deposited.

In addition, during cash counts conducted on September 5, 2002, we noted the middle school principal's office change fund and the snack bar change fund were not maintained at a constant amount.

3. The elementary principal's office also collects fees for "Just Say No" tee shirts and donations for the "Just Say No" landscaping program, and the high school principal's office collects locker fees.

Tee shirt fees are not always deposited on a timely basis, and a log of donations or receipt slips for landscaping fees collected are not maintained. For example, tee shirt fees collected on April 5, 2002 were still on hand during our cash count conducted on September 5, 2002; and a log of donations or receipt slips accounting for \$53 in landscaping fees collected and on hand during our September 5, 2002 cash count were not maintained.

Change funds should be maintained at a constant amount, receipt slips or logs of all fees collected should be maintained and accounted for separately, and access

to change funds should be limited. Periodically, the funds should be counted and reconciled to the authorized balance by an independent person to ensure the funds are being accounted for properly, to detect any errors, and to help prevent these monies from being misused. In addition, to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.

WE RECOMMEND the School Board:

- A.1. Provide for adequate segregation of duties for the petty cash account, or at a minimum, require independent documented reviews of petty cash accounting records.
- 2. Establish formal purchasing limits regarding the use of petty cash, and ensure only small and emergency expenditures are made from the petty cash fund.
- B. Establish written procedures governing the accounting for change funds. Also, the district should maintain a listing of each change fund and the authorized balance of each fund, and establish procedures for adding funds or changing fund amounts. In addition, ensure access to the change funds is limited and the funds are periodically counted and reconciled to the authorized balance by an independent person. Further, deposit all monies intact daily or when accumulated receipts exceed \$100, and ensure prenumbered receipt slips are issued for all monies received or a log of donations and fees is maintained.

AUDITEE'S RESPONSE

The School Board indicated:

- A.1. *This will be implemented.*
- 2. *We will review this issue and revise the current policy.*
- B. *We will improve controls and procedures over change funds, locker fees, and student activity fees.*

10. Accounting Procedures and Financial Statements

The district's accounting procedures need improvement. The School Board Secretary does not follow up on outstanding checks. In addition, several district employees from various offices with access to money are not covered by an employee bond. Checks and money orders are also not restrictively endorsed until the deposit is prepared, and receipt slips are not issued for all monies received. Additionally, the district's published financial statements were not complete.

- A. The School Board Secretary does not follow up on outstanding checks. There were 22 outstanding checks over a year old which totaled \$8,549 as of June 30, 2002. Some of these outstanding checks dated back to June 1999, and several of these checks were to employees and vendors which are routinely used by the district. These old outstanding checks create additional and unnecessary record keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks, and the checks should be reissued if possible. If the payee cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, routine procedures should be established to investigate checks outstanding for a considerable time.
- B. Several district employees from various offices with access to money are not covered by an employee bond. As a means of safeguarding assets and reducing the district's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.
- C. Checks and money orders are not restrictively endorsed until the deposit is prepared. To reduce the potential for loss, theft, or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- D. The district issues rediform receipt slips for some monies. The receipt slips are not specifically printed for the district, and receipt slips are not numbered. In addition, receipt slips are not issued for all monies received; therefore, the district has no assurance that all monies collected are being properly deposited. To properly account for all receipts and ensure they are deposited, official prenumbered receipt slips should be issued for all monies received, reconciled to the composition of monies deposited, and the numerical sequence accounted for properly.
- E. The district's published financial statements for the year ending June 30, 2002 did not present a summary statement of the scope of the audit examination, the auditor's opinion on the financial statements included in the audit report, or contain information as to where the audit report was available for inspection and examination as required by Section 165.121, RSMo 2000.

WE RECOMMEND the School Board:

- A. Attempt to resolve the old outstanding checks, and establish routine procedures to investigate checks outstanding for a considerable time.
- B. Obtain adequate bond coverage for all district employees with access to monies.
- C. Ensure checks and money orders are restrictively endorsed upon receipt.

- D. Issue official prenumbered receipt slips for all monies collected, reconcile the composition of monies collected to receipt slips and bank deposits, and account for the numerical sequence of receipt slips.
- E. Ensure the annual published financial statements are prepared in compliance with state law.

AUDITEE'S RESPONSE

The School Board indicated:

- A. *This will be corrected.*
- B. *We will look into obtaining a blanket bond for all employees.*
- C. *This will be implemented.*
- D. *We will obtain official prenumbered receipt slips after our current receipt slips are used.*
- E. *This will be included in the future.*

11.	Press Box and General Fixed Assets
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- A. The district constructed a press box at the football field which is not in compliance with safety standards and guidelines established by the Department of Elementary and Secondary Education (DESE) in its safety guideline checklists. The building was constructed in 1998 with donated materials and volunteer labor and is valued by the district at \$40,000. During our tour of the press box, we noted several instances in which it did not meet the safety standards and guidelines established by the DESE. For example, handrails were not along the internal stairs, and nonskid treads were not on the stairs. In addition, building entrances/exits were not ADA (Americans with Disabilities Act) accessible. There were no ramps or guardrails, and doorways were not wide enough to allow for wheelchair access. Additionally, directions for exiting the building in case of an emergency were not posted.

The district should inspect the press box facility and make improvements to ensure that it is in compliance with applicable safety standards and guidelines established by the DESE.

- B. A permanent detailed record of the property owned by the district has not been established. Teachers conduct annual physical inventories of property located in their classrooms; however, some property in the custody of administrative and support staff is not inventoried. In addition, the district does not reconcile the

physical inventories to a fixed asset list, and the district does not tag or otherwise identify fixed assets as property of the district.

Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Additions should be reconciled to purchases annually. Complete and accurate property records are necessary to secure better internal control over district property, provide a basis for determining proper insurance coverage, and provide assurance to the public that assets purchased with school monies are being utilized by the school district. Physical inventories are necessary to ensure the property records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Prenumbered tags, when affixed to property items, allow for identification of the property in the records and may deter the potential for personal use of district assets.

WE RECOMMEND the School Board:

- A. Inspect the press box facility and make improvements to ensure that it is in compliance with applicable safety standards and guidelines.
- B. Establish property records for all fixed assets and require annual physical inventories of the fixed assets. Additions to the property records should be reconciled to purchases annually, and prenumbered inventory tags that label each item as "Property of El Dorado Springs R-II School District" should be attached to all fixed assets.

AUDITEE'S RESPONSE

The School Board indicated:

- A. *We will make improvements where practical.*
- B. *We will make efforts to implement this recommendation.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

EL DORADO SPRINGS R-II SCHOOL DISTRICT
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The El Dorado Springs R-II School District is located approximately 75 miles northwest of Springfield on Highway 54. It covers approximately 280 square miles within Cedar, St. Clair, and Vernon Counties.

The district operates a senior high school (grades 9-12), a middle school (grades 6-8), and an elementary school (grades K-5). Enrollment was approximately 1,311 for the 2001-2002 school year. The district employed approximately 160 full- and part-time employees, including 7 administrators, 101 teachers, and 52 support staff.

The El Dorado Springs R-II School District has been classified under the Missouri School Improvement Program as "Accredited" by the Missouri Department of Elementary and Secondary Education.

An elected board acts as the policy-making body for the district's operations. The board's seven members serve three-year terms without compensation. Members of the board at June 30, 2002, and their current terms of office are:

<u>Name and Position</u>	<u>Term Expires</u>
Darrell Eason, President	April 2005
Rusty Norval, Vice President (2)	April 2003
John A. Koger, Member	April 2004
Eric McPeak, Member (1)	April 2005
Ken Watkins, Member (2)	April 2003
Denny Whitesell, Member (1)	April 2005
Wayne Yakel, Member	April 2004

(1) Elected to the board in April 2002, replacing Benny Brower and Jim Swopes.

(2) Replaced by Allen Hoover and Vickie Vickers who were elected in April 2003.

Other Principal Officials	Annual Compensation
Greg Koetting, Superintendent (3)	\$ 79,000
Marsha Gilbert, Assistant Superintendent (4)	63,500
David Copeland, High School Principal	60,000
David Hedrick, Middle School Principal	56,500
Gerald L. Kirbey, Elementary School Principal	53,820
Tracy Lanser, Elementary School Associate Principal	47,600
Walter Anderson, Activities Director	44,000

- (3) In addition to this base salary, the Superintendent's contract provided for him to be paid \$2,400 a year for in-district travel and also provided for the district to pay insurance premiums for his children totaling \$2,121. His total compensation for fiscal year 2002 was \$83,521.

The Superintendent's fiscal year 2003 contract provides a base salary of \$81,370. In addition to this base salary, the contract again provides for him to receive \$2,400 a year for in-district travel and \$2,400 in insurance premiums for his children. The School Board also approved giving the Superintendent middle school coaching duties for the 2002-2003 school year for additional compensation totaling \$1,750. His total compensation for fiscal year 2003 will be \$87,920.

The School Board approved giving the Superintendent head coaching duties for the 2003-2004 school year for additional compensation totaling \$4,000. His base salary for fiscal year 2004 has not been set as of April 15, 2003.

- (4) Retired on June 30, 2002.

Assessed valuations and tax rates for 2002 and 2001, were as follows:

	2002	2001
Assessed Valuation	\$ <u>60,424,132</u>	\$ <u>58,998,647</u>
Tax Rate (per \$100 assessed valuation):		
General	\$ 2.7500	\$ 2.7500
Debt Service	.4900	.4900
Total	\$ <u>3.2400</u>	\$ <u>3.2400</u>

The district issued \$3,750,000 in general obligation bonds for the expansion and remodeling of the elementary and middle schools during fiscal year 2000 due in varying annual installments through March 1, 2020. Interest ranges from 4.90 percent to 5.85 percent.



**VILLAGE OF VELDA VILLAGE HILLS, MISSOURI
YEAR ENDED MARCH 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-51
June 11, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2003

The following problems were discovered as a result of an audit conducted by our office of the Village of Velda Village Hills, Missouri.

The Village of Velda Village Hills has failed to implement 27 of the 45 recommendations made in our prior report that covered the year ended March 31, 1997. Although the village indicated in that report that most of the recommendations would be implemented, many recommendations are repeated in the current report. These include IRS regulations, lack of bid documentation, the lack of ordinances establishing the duties and salaries of various city employees, failure to publish financial statements, lack of a travel policy, inadequate supporting documentation for travel expenses and disbursements, failure to retain village records, and inadequate controls in the municipal court.

The village does not have a formal bidding policy. As a result, the decision of whether to solicit bids is made by the board on an item-by-item basis. Bids were either not solicited or bid documentation was not retained for most services obtained and some purchases during the year ended March 31, 2002. Also, during year ended March 31, 2002, the village paid one vendor approximately \$98,279 for street repairs and building improvements/maintenance. Village personnel indicated bids were obtained for these projects; however, bid documentation was not retained. Without adequate bid documentation, the village cannot demonstrate that all parties were given equal opportunities to participate in village business or amounts paid were reasonable. In addition, the village does not have formal written agreements with several companies or individuals providing services, and has not established procedures to ensure Internal Revenue Service Forms 1099 are filed when required.

The village has not established procedures to ensure bills are paid on a timely basis and invoices are appropriately canceled. Additionally, the Board of Trustees does not review and approve individual invoices and a supplementary listing of all disbursements approved for payment is not prepared to accompany the minutes.

Supporting documentation was either not submitted or not retained for the individual charges to the village's credit cards. During the year ended March 31, 2002, approximately \$4,266 was paid on these credit cards. The only documentation available was the monthly bill, which listed the individual items purchased for only one of the credit cards. Several questionable disbursements, such as a leather portfolio, eyeglasses, and a wallet were purchased on these credit cards.

YELLOW SHEET

Supporting documentation was not maintained for eight of the fifty-eight disbursements reviewed, totaling approximately \$13,400. In addition, invoices for accounting services were not adequately detailed.

The 2002 budget was not formally adopted by ordinance, motion, or resolution, retained with the official minutes, or signed by the board to denote their approval. The budget did not include actual receipts and disbursements from the two previous years, actual and estimated cash and resources available at the beginning and end of the year, or a budget message. Also, for the year ended March 31, 2002, actual disbursements exceeded the budget by approximately \$158,000 and \$38,000, for the General Fund and the Street Fund, respectively. In addition, the village does not publish semi-annual financial statements as required by state law.

The village does not have a formal written policy on hiring personnel and has not established an ordinance for the Village Clerk and Court Clerk's compensation rates as required by state law. In addition, the village does not properly report wages, withhold payroll taxes, or pay the employer's share of social security on compensation paid to members of the Board of Trustees, the Village Attorney, the Prosecuting Attorney, and the Municipal Judge.

The village does not have written travel expense policies. Officials receive cash advances for meals and mileage. The cash advances were not reported on the employees' W-2 forms, nor was documentation of these expenses submitted to the village to account for how these monies were spent.

A separate accounting of trash revenues and expenses is not maintained. In January 2002, the village increased the quarterly fee from \$10.50 to \$42 per resident to reflect increased costs of the trash service. Board approval of this increase was not documented. In addition, the village did not prepare a formal cost study to document the need for the increase.

Trash records are not adequately maintained. Monthly reconciliations of total trash billings, payments received, and unpaid amounts are not performed. In addition, the village does not adequately monitor or pursue the collection of delinquent trash bills.

Approximately, \$1,100 in cash bonds collected between April 2001 and March 2003 were not deposited and appear to be missing. These discrepancies were not detected on a timely basis due to numerous internal control weaknesses, little or no independent review, and a lack of adequate record keeping.

Also included in the audit are recommendations related to petty cash, personnel matters, accounting procedures, general fixed assets, board meetings, ordinances, capital improvement sales tax, and the Municipal Court.

All reports are available on our website: www.auditor.state.mo.us

VILLAGE OF VELDA VILLAGE HILLS, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Chairman
and
Board of Trustees
Village of Velda Village Hills, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the village of Velda Village Hills, Missouri. The scope of our audit of the village included, but was not necessarily limited to, the year ended March 31, 2002. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the village.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in the audit of the village.

The accompanying Management Advisory Report presents our findings arising from our audit of the village of Velda Village Hills, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 3, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	A. Dailey

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

VILLAGE OF VELDA VILLAGE HILLS, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Disbursements
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- A. The village does not have a formal bidding policy. As a result, the decision of whether to solicit bids is made by the board on an item-by-item basis. Bids were either not solicited or bid documentation was not retained for most services obtained and some purchases during the year ended March 31, 2002, as follows:

Building improvements/maintenance	\$68,024
Street repairs - Vendor A	30,255
Vendor B	12,000
Tree services - Vendor C	15,500
Vendor D	24,900
Construction	40,169
Police services	33,000
Insurance	6,194
Accounting services	3,116
Payroll services	1,148
Office equipment (computers)	2,867
Snow removal and salting	2,480

During the year ended March 31, 2002, the village paid one vendor approximately \$98,279 (included above) for street repairs (\$30,255), and building improvements/maintenance (\$68,024). Village personnel indicated bids were obtained for these projects; however, bid documentation was not retained. Without adequate bid documentation, the village cannot demonstrate that all parties were given equal opportunities to participate in village business or amounts paid were reasonable.

During March 2000, the village paid one vendor for tree services (i.e., stump and tree removal, tree planting) totaling \$7,500 with a two-year warranty. In April 2001, the village paid the same vendor for tree services totaling \$15,500 and another vendor \$24,900 for the same type of services, without inquiring about the prior warranty on the trees planted. In addition, the village did not enter into written agreements with these vendors, obtain bids, or retain supporting documentation of the disbursements.

Formal bidding procedures for major purchases would provide a framework for economical management of village resources and help ensure the village receives fair value by contracting with lowest and best bidders that offer the best value. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the village's business. Bids can be handled by telephone quotation,

written quotation, sealed bid, or advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bid specifications and bids received, and reasons noted why the bid was selected.

- B. The village does not have formal written agreements with several companies or individuals providing services. Building improvements and maintenance, street repairs, and tree and police services (as discussed in part A above) were paid without written contracts. The village had proposals for some of these items, but they were not signed by both parties.

A written contract is necessary to document the duties and responsibilities of both parties and to prevent misunderstandings. In addition, Section 432.070, RSMo, requires all contracts of the village to be in writing.

- C. The village has no procedures in place to ensure Forms 1099 are filed with the Internal Revenue Service (IRS) when required. As a result, the village did not file 1099s with the IRS for payments to vendors to seal village streets, plant and remove trees and stumps, and remove and replace concrete slabs.

Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

- D. The village has not established procedures to ensure bills are paid on a timely basis and invoices are appropriately canceled. Several invoices reviewed were paid late or included past due amounts. The village paid one vendor \$1,232 three times. On March 19 and March 25, this amount was paid from the General and Trash Funds respectively. Then on March 26, 2003, another billing was received with this amount shown as delinquent, and the village simply paid it again without realizing it had already been paid. Village personnel did not adequately review the bill and the invoices were not appropriately canceled to avoid duplicate payment. The vendor applied the overpayments to their account.

Good business practices require timely payments of invoices. Failure to make timely payments could result in unnecessary penalties. In addition, the village should appropriately cancel invoices by marking them "paid" to avoid duplicate payment and personnel should closely review any past due amounts shown on bills to ensure payment has not already been made.

- E. Supporting documentation was either not submitted or not retained for the individual charges to the village's credit cards. The village has two credit cards, held by the Village Clerk, that were used for various purchases throughout the village. During the year ended March 31, 2002, approximately \$4,266 was paid on these credit cards. The only documentation available was the monthly bill,

which listed the individual items purchased for only one of the credit cards. Village personnel did not ensure the receipt of all items by requiring vendor receipts signed by village personnel. Several questionable disbursements, such as a leather portfolio, eyeglasses, and a wallet were purchased on one of these credit cards. Village personnel indicated that none of these items were currently in the village's possession. The other credit card billing had no detail information to review.

Adequate supporting documentation should be retained for all credit card purchases and reconciled to credit card statements to ensure the propriety of the charges. Without adequate supporting documentation, the village cannot evaluate the necessity and reasonableness of credit card purchases.

- F. The board of trustees does not review and approve individual invoices and a supplementary listing of all disbursements approved for payment is not prepared to accompany the minutes. Although there is an occasional reference to a specific disbursement being approved for payment, the board minutes usually only make a general reference that disbursements are approved for payment. Village ordinance 313 states the Treasurer and Chairman may pay bills for monthly operating expenses without a vote of the board. The ordinance indicates supplies, repairs, and the purchase and replacement of equipment shall not be considered as bills for monthly operating expenses.

To adequately document compliance with city ordinance, and the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by the board to denote their approval, and retained with the official minutes.

- G. The village maintains a petty cash fund for small disbursements. The petty cash fund is not maintained on an imprest basis. During the year ended March 31, 2002, the village issued \$6,000 in checks made payable to the petty cash fund (\$500 per month). The village does not maintain a petty cash ledger to document receipts, disbursements, and the balance of the fund. Village personnel indicated they prepare a monthly reconciliation of the petty cash fund; however, they were only able to provide documentation for approximately \$200 of the \$500 in petty cash disbursements for June 2002.

To ensure all disbursements are proper, the village should maintain the petty cash fund on an imprest basis and retain all documentation to support the disbursements of the fund. In addition, the village should consider using a petty cash ledger, which would assist in the monthly reconciliation of the petty cash fund.

- H. Supporting documentation was not maintained for eight of the fifty-eight disbursements reviewed, totaling approximately \$13,400. In addition, invoices for accounting services were not adequately detailed. Invoices for accounting

services show the total amount billed for each type of service (i.e. prepare financial statements, prepare 1099-MISC forms) but did not show the hours worked. In order for the village to determine if the amounts are reasonable, the hours worked for each area of service should be provided, since the contract establishes an hourly rate. In addition, receipt of goods and services was not always indicated on invoices.

All disbursements should be supported by paid receipts and/or complete vendor invoices to ensure the obligation was actually incurred and the disbursement represents an appropriate use of public funds. The village should require detailed invoices for all services which include the number of hours worked each day, the work performed, and the hourly rate charged. To ensure that goods and services have been properly received by the village, all invoices and other supporting documentation should be properly initialed or signed by village personnel upon receipt.

- I. The Board of Trustees and the Village Treasurer do not adequately review the financial reports prepared by the accounting firm. In addition, village personnel do not code disbursements by the appropriate general ledger classification before they are submitted to the accounting firm for posting, which appears to have allowed some disbursements to be misclassified. For example, several payments to St. Louis County for home inspections were posted to the utilities account and payments for street repairs were posted to building maintenance.

To ensure the financial information made available to the board and public is complete and accurate, the village should code disbursements to ensure all financial activity of the village is accurately recorded and properly presented in the general ledger and the monthly Treasurer's report. In addition, the Board of Trustees and the Village Treasurer should review the financial reports for accuracy.

Conditions A, B, C, F, and H were noted in our prior report, and the village indicated the board would review these issues; however, no action was taken to implement our prior recommendations.

WE RECOMMEND the Board of Trustees:

- A. Establish formal bidding policies and procedures, with provisions for documentation of the justification for selecting and rejecting bids.
- B. Ensure formal written contracts are entered into for any services obtained by the village.
- C. Establish procedures to ensure IRS Forms 1099 are filed as required.

- D. Develop procedures to ensure invoices are paid on a timely basis. In addition, ensure invoices are properly canceled.
- E. Develop procedures to ensure adequate supporting documentation is retained for all credit card purchases and reconciled to credit card statements to ensure the propriety of the charges.
- F. Document its review and approval of bills by signing the official copy of the list of bills and filing this list with the minutes of the meeting maintained by the Village Clerk.
- G. Maintain the petty cash fund on an imprest basis and retain adequate documentation for all petty cash disbursements. In addition, a petty cash ledger should be maintained.
- H. Develop procedures to ensure adequate supporting documentation is maintained for all disbursements. In addition, the Board should ensure supporting documentation indicates the receipt of goods.
- I. Develop procedures to ensure all disbursements are properly classified to the correct general ledger.

AUDITEE'S RESPONSE

- A. *Bids were obtained for some of the items listed. We will retain bid documentation in the future and will develop a bid policy within the next three months.*
- B,F,
&H. *We will implement these recommendations within the next three months.*
- C. *We concur with this recommendation and will develop procedures within the next three months.*
- D. *We have implemented this recommendation. We have begun using a software package, which helps us easily review for previous payments, and we only pay the current amount due on bills. We have begun stamping invoices paid and using a void stamp.*
- E. *We have implemented this recommendation. We now staple all of the vendor receipts to the credit card statement.*
- G&I. *We have implemented these recommendations.*

- A. The village does not have a formal written policy on hiring personnel. In addition, the village has not established an ordinance for the Village Clerk and Court Clerk's compensation rates as required by Section 79.270, RSMo and the duties and job descriptions for all employees are not documented.

Compensation rates set by ordinance, in addition to meeting statutory requirements, document the approved amounts to be paid and eliminate potential misunderstandings on the amount each village employee is to receive. Also, ordinance hearings provide for public input and information concerning the compensation paid. In addition, documentation of duties and job descriptions would clarify the duties and responsibilities of each employee and prevent misunderstandings.

A similar condition was noted in our prior report, and the village indicated the board would review the issue; however, no actions were taken to implement the prior recommendation.

- B. The village does not properly report wages, withhold payroll taxes, or pay the employer's share of social security on compensation paid to members of the Board of Trustees (\$27,300), the Village Attorney (\$1,540), the Prosecuting Attorney (\$2,400), and the Municipal Judge (\$2,700). However, these payments were reported to the IRS on the Form 1099.

The Internal Revenue Code requires employers to report wages on W-2 forms and withhold federal income taxes. Similarly, Chapter 143, RSMo, includes requirements for reporting wages and withholding state income taxes. State and federal laws require employers to withhold payroll taxes and pay the employer's share of social security on the compensation paid to employees. Section 105.300, RSMo, defines an elective or appointive officer or employee of a political subdivision as an employee for social security tax purposes.

A similar condition was noted in our prior report, and the village indicated the board would review the issue; however, no actions were taken to implement the prior recommendation.

- C. Time cards are not signed by employees. During our review of timecards, we noted that some employees were paid for overtime that was not supported by their timecard. In addition, the village has not established a formal policy regarding overtime paid to village employees.

Timecards, which are signed by the employee, help document that the required hours are actually worked and provide supporting documentation for payroll disbursements. To better control costs, the village should establish a written

policy regarding overtime compensation for village employees. This policy should require the approval of any overtime to be documented prior to the hours being worked and be in compliance with the Fair Labor Standards Act (FLSA).

- D. The Village Chairman and Treasurer are not bonded. They are authorized to sign village checks, with dual signatures required on each check. Failure to properly bond individuals who have access to funds exposes the village to risk of loss.

WE RECOMMEND the Board of Trustees:

- A. Develop a formal written policy outlining hiring procedures and the duties and responsibilities of employees. Also, establish compensation rates of all employees by ordinance.
- B. Ensure payroll taxes are properly withheld and remitted for any wages or salaries paid. In addition, the board should ensure the compensation amounts paid to elected or appointive officials are properly reported.
- C. Require timecards to be signed by the employee and establish a written overtime policy that is in accordance with the FLSA. This policy should require the approval of any paid overtime to be documented prior to the hours being worked.
- D. Obtain bond coverage for all persons with access to village monies.

AUDITEE'S RESPONSE

A&D. We will implement these recommendations within the next three months.

B. We disagree with this recommendation. We believe these officials provide a service to the village and are not employees. We will review this with our city attorney and the IRS.

C. We have implemented this recommendation.

3. Travel Expenses

- A. The village does not have written travel expense policies. Without written, documented policies, the types of expenses that can be incurred, the extent of those expenses that will be paid by the village, and the appropriate payment mechanism for the expenses may not be known.

Section 105.272, RSMo, requires the village to designate an employee to be responsible for reviewing vouchers of expenses and cash advances to ensure reimbursement of only those expenses properly incurred.

- B. Officials receive a cash advance for meals and miles for travel. Expense reports are not submitted by officials to account for these travel expenses. Members of the board of trustees made several trips to attend various seminars and conventions from July 2001 thru May 2002. Disbursements relating to these trips totaled approximately \$6,200 without supporting documentation including cash advances totaling approximately \$2,200. For example, the former and current Chairman and the Village Treasurer attended a four-day convention in April 2002, in Jackson, Mississippi. This convention cost the village approximately \$2,900 in registration fees (\$1,000), hotel expenses (\$700), and cash advances (\$1,200). Although it appears the village did not pay travel expenses for the former Chairman, the village did pay her registration fee of \$250. The current Chairman and Treasurer received cash advances of \$600 each for food and travel expenses; and were each reimbursed approximately \$350 for their hotel expenses. The cash advances were not reported on the employees' W-2 forms, nor was documentation of these expenses submitted to the village to account for how these monies were spent. It does not appear reasonable for each official to receive \$600 for a four-day conference. Estimating an amount for mileage, it appears the officials were paid approximately \$65 per day for food. In addition, it appears they both received mileage for this trip; however, village personnel indicated they had carpooled.

Cash advances not supported by documentation of expenses could be improper disbursements of public monies. Therefore, all cash advances should have documentation to support the nature and reasonableness of the costs and any unspent monies should be promptly returned to the village. In addition, IRS Regulation Sections 1.62-2(h) and 31.3401(a)-4 specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments. Procedures have not been established to ensure that IRS regulations are followed. As a result, the village may be subject to penalties and/or fines for failure to report all taxable benefits. Adequate supporting documentation should be retained for travel disbursements. Without adequate supporting documentation, the village cannot evaluate the necessity and reasonableness of the disbursement

Similar conditions were also noted in our prior report, and the village indicated the board would review the issues; however, no action was taken to implement the prior recommendations.

WE AGAIN RECOMMEND the Board of Trustees:

- A. Develop written travel policies that are reasonable and will allow all elected officials and employees to know what expenses can be incurred and how payments should be processed.
- B. Require detailed travel expense reports to be submitted and retained. These reports should include information such as trip date, origin, destination, and

purpose. In addition, the village should consider filing corrected W-2 forms for the unreported employee compensation.

AUDITEE'S RESPONSE

A&B. We will implement these recommendations within the next three months.

4. Trash Service

The village provides trash service to approximately 485 customers. Prior to October 2001, the village contracted with a private company to bill and collect for trash services. When this contract ended, the Village began billing and collecting payments themselves. From October 2001 to March 2002, the village deposited approximately \$17,600 in trash receipts and paid approximately \$42,800 for trash pick-up. During our review of their procedures, we noted the following concerns:

- A. A separate accounting of trash revenues and expenses is not maintained. The majority of trash service receipts are deposited into the Trash Fund; however, payments to the trash company are made from the General Fund. In addition, the village paid some general village administrative expenses from the Trash Fund. One month, the village paid its telephone and police protection expenses, and in another month, the village disbursed approximately \$2,500 from the Trash Fund without retaining canceled checks or adequate documentation to support the disbursements. Also, the village does not maintain a disbursement ledger for the Trash Fund.

In January 2002, the village increased the quarterly fee from \$10.50 to \$42 per resident to reflect increased costs of the trash service. Board approval of this increase was not documented. In addition, the village did not prepare a formal cost study to document the need for the increase. The village has not identified any other costs, such as administrative costs, related to trash service.

Trash fees should not be used to pay for general operation expenses of the village. The administrative costs of providing this service should be calculated and documented and a separate accounting of trash revenues and expenses should be maintained. The village should ensure only expenses related to trash collections are made from the Trash Fund. In addition, the Board should periodically do a formal cost study of the trash service to ensure the fees collected are adequate to cover the cost of providing the service. Also, the village should maintain a disbursement ledger for the Trash Fund.

- B. The village does not adequately monitor or pursue the collection of delinquent trash bills. Due to inadequate trash records (see C below), the total amount of delinquent accounts could not be determined. In August 2002, the village adopted an ordinance for assessing late charges and placing liens on the owner's property

for delinquent trash bills. Prior to the adoption of this ordinance, the village had no policies on collection of delinquent amounts.

Since some residents are paying timely for this service, it does not appear equitable to allow other residents to receive the same services for free. To help ensure prompt collection of trash bills, the village should monitor balances due and implement the new ordinance by assessing late charges and placing liens on the owner's property.

- C. Trash records are not adequately maintained. The village has a computerized billing system; however village personnel do not fully utilize the system. Currently the system is used only for trash billings. The system has the ability to perform other accounting functions that would be an effective and efficient tool for the processing of trash collections. For example, the system could be used to maintain individual account activity. Currently, the village maintains a manual trash ledger of each customer account; however, this ledger does not clearly show prior balances, receipt numbers, payments, or balances due. Also, monthly reconciliations of total trash billings, payments received, and unpaid amounts are not performed. In addition, receipt slips were not retained for trash payments made during January 2002 and most of February 2002.

With the large increase in trash receipts (as noted above), it is even more important that the village develop improved trash records to allow month-end trash fee receivable balances to be reconciled to the beginning accounts receivable balance, billings, collections and other adjustments for the month. Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliation should be retained to support any corrections made and to facilitate independent reviews. In addition, as stated in MAR 5.F., accounting records (receipt slips) should be retained.

WE RECOMMEND the Board of Trustees:

- A. Ensure a separate accounting of trash revenues and expenses is maintained, and only expenses related to the trash service are paid from the Trash Fund. In addition, the Board should ensure a disbursement ledger is maintained for the Trash Fund.
- B. Implement procedures to enforce their new ordinance related to delinquent trash bills and monitor the delinquent accounts.
- C. Utilize the current computerized billing system to improve the record keeping of trash collections. In addition, the board should develop procedures to improve trash records, ensure all records are accurately posted, and ensure beginning and

ending accounts receivables balances are reconciled on a monthly basis using the billings, collections and billing adjustments during the month.

AUDITEE'S RESPONSE

A&C. We have implemented these recommendations.

B. We have begun working on this. We have set up payment plans with some residents. We will develop formal procedures within the next three months.

5. Budgets, Financial Reporting, and Accounting Procedures

A. Our review of village budgeting procedures noted the following concerns:

- 1) The 2002 budget was not formally adopted by order, motion, resolution, or ordinance, retained with the official minutes, or signed by the board to denote their approval.
- 2) The budget did not include actual receipts and disbursements from the two previous years, actual and estimated cash and resources available at the beginning and end of the year, or a budget message.
- 3) For the year ended March 31, 2002, actual disbursements exceeded the budget by approximately \$158,000 and \$38,000, for the General Fund and the Street Fund, respectively. The monthly Treasurer's report compares budgeted amounts to the year-to-date actual disbursements; however, there was no documentation to indicate the Board discussed the budget overages.

Similar conditions were also noted in our prior report, and the village indicated the board would review these issues; however, no action was taken to implement the prior recommendations.

Sections 67.010 through 67.040 RSMo, sets specific guidelines as to the format and approval of the annual operating budget and requires budgets to be adopted by order, motion, resolution, or ordinance. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for each area of village operations. A complete budget should include appropriate revenue and expenditure estimations by classification. Prior year comparisons of actual revenues and expenditures need to be included to help ensure accurate amounts are budgeted. In addition, budgets should be signed or initialed by the board and retained with the official minutes to adequately document the board's approval.

Section 67.040, RSMo, indicates a political subdivision shall not increase the total amount authorized for expenditures from any fund, unless the governing body adopts a resolution documenting the reasons making the increase necessary and approves or adopts a resolution or ordinance to authorize the expenditures.

- B. The village does not publish semi-annual financial statements. Section 80.210, RSMo, requires that the Board of Trustees prepare and publish semi-annual financial statements. These financial statements should include a statement of village receipts and disbursements for the preceding six-month period. In addition, Section 80.220, RSMo, states that the village can be fined if the Chairman of the Board neglects to publish such statements.

A similar condition was also noted in our prior report, and the village indicated the board would review the issue; however, no actions were taken to implement the prior recommendation.

- C. Monthly bank reconciliations are not prepared for the Bond and Trash Funds. Although the village has a written contract with an accounting firm stating that all bank accounts of the village will be reconciled monthly, the accounting firm only prepares a formal reconciliation for the General Fund. Monthly bank account reconciliations are necessary to ensure all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected and corrected on a timely basis.
- D. Accounting duties are not adequately segregated. The Village Clerk collects monies, prepares receipt slips, records the transactions, and prepares deposits. Neither the Chairman nor the Village Treasurer provide independent reviews of the work performed by the Village Clerk. No one accounts for the numerical sequence of the receipt slips issued or reconciles the composition of the receipt slips issued to the deposit. The village utilizes an outside accountant to prepare monthly bank reconciliations and Treasurer's reports; however, she does not account for the numerical sequence of receipt slips or agree receipts issued to amounts deposited.

To safeguard against possible loss or misuse, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and recording monies. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the accounting records maintained.

- E. The village has not established policies and procedures for the collection of non-sufficient fund (NSF) checks. During the year ended March 31, 2002, the village had several (NSF) checks/returned items totaling approximately \$1,000 from their General Fund and Trash Fund. No one has followed-up on these NSF checks. Since the village has not followed-up on these NSF checks it could be possible

that customers were given credit for their trash payment, when their check was returned for non- sufficient funds.

The village should prepare written guidelines for the collection of NSF checks. These guidelines should include timely notification and follow-up procedures.

- F. Due to the village's lack of organization, village personnel were unable to provide records within a reasonable amount of time. For example, bank statements and canceled checks were not available for the year ended March 31, 2002. The village had to request copies of monthly bank statements and canceled checks from the bank for most of their accounts and pay an additional fee for those copies totaling approximately \$658. In addition, receipt books could not be located for some time periods.

The Secretary of State's Office provides guidelines on record retention that the village should follow. For example, the Secretary of State retention manual indicates that accounting records including canceled and voided checks, bank statements, check registers, petty cash and court records should be retained for five years.

- G. The village does not have a written agreement with its current depository bank. A written depository contract helps both the bank and the village understand and comply with the requirements of any banking arrangement. In addition, four of the five checking accounts maintained by the village are not interest bearing. For fiscal year ending March 31, 2002, the Municipal Court Fund received interest totaling approximately \$81.

The village should review their bank accounts in an effort to maximize interest earned on the accounts. In addition, the village should ensure any depository agreement includes provisions that detail any bank fees for check printing, checking account services, and safe deposit boxes.

WE RECOMMEND the Board of Trustees:

- A. Ensure annual budgets are formally adopted by order, motion, resolution, or ordinance, retained with the official minutes, signed by the board to denote approval, and comply with state law. In addition, the Board should ensure actual disbursements do not exceed budgeted amounts. If circumstances require disbursements in excess of amounts budgeted, a formal resolution should be adopted authorizing the additional disbursements and documenting the reasons for such.
- B. Publish semi-annual financial statements as required by state law.
- C. Ensure monthly bank reconciliations are prepared for all funds.

- D. Provide for an adequate segregation of duties or the performance of independent reviews of the accounting records. In addition, the Board should ensure the sequence of receipt slips issued are accounted for properly and the composition of the receipt slips are reconciled to deposits.
- E. Establish formal procedures for the collection of NSF checks. These guidelines should include timely notification and follow-up procedures.
- F. The village should ensure all records of the village are retained in accordance with guidelines set forth by the Secretary of State's Office. In addition, the village should organize records in a manner that allows relevant accounting documents to be located in a timely fashion.
- G. Review the village's bank accounts in an effort to maximize interest earned and enter into a written agreement with the village's depository bank.

AUDITEE'S RESPONSE

A,B,

C&E. We will implement these recommendations within the next three months.

D&F. We have implemented these recommendations.

G. We have discussed this with the bank, but have been unable to obtain interest bearing accounts. We will continue in our attempt to implement this recommendation.

6.	General Fixed Assets and Procedures
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- A. The village has not established formal policies and procedures for general fixed assets, including procedures for an annual physical inventory. In addition, the village does not maintain property records to account for the general fixed assets owned by the village.

Adequate general fixed assets records are necessary to provide better controls over village property and provide a basis for proper financial reporting. Formal policies and procedures for the annual physical inventory are necessary to ensure all personnel understand the duties assigned to them.

To develop appropriate records and procedures for general fixed assets, the village needs to undertake a comprehensive review of all property owned by the village. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The village should properly record all fixed asset transactions, and ensure the accuracy of the

recorded fixed assets. Periodically, the village should take physical counts of its assets and compare to the detailed records.

- B. The village does not maintain a mileage log for the vehicle or fuel usage logs for the equipment owned by the village. In addition, maintenance logs are not maintained. Mileage and fuel usage logs are necessary to document appropriate use of the vehicles and equipment, and to support gasoline charges. The logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, fuel usage, and the operation and maintenance costs. These logs should be reviewed by the trustees to ensure vehicles and equipment are used only for village business, are being properly utilized, and help identify vehicles and equipment which should be replaced. Information on the logs should be reconciled to gasoline purchases and other maintenance charges.
- C. The village does not have formal policies and procedures for the use of cellular telephones. During the year ended March 31, 2002, the village paid approximately \$4,000 in cellular telephone charges. Each trustee was assigned a cellular telephone. Cellular telephone bills are not reviewed and approved by the board of trustees prior to payment. The village paid approximately \$270 in roaming charges on the former Chairman's cellular telephone that were incurred after she left office. In addition, the village is paying a monthly fee for one cellular telephone that is not being used currently. Village personnel could not locate a copy of their contract with the cellular telephone company to determine if this telephone could be disconnected.

The village should review the propriety of the usage of the cellular telephones to determine whether the village is receiving sufficient benefit for its cost. In addition, the village should establish a policy to ensure cellular telephones are used only for reasonable business purposes. Such a policy should address proper use of cellular telephones and require reimbursement if the phone is used for personal matters. Also, the village should obtain a copy of their cellular telephone contract to determine if the unused phone can be disconnected.

Conditions A and B were noted in our prior report, and the village indicated the board would review these issues; however, no action was taken to implement the prior recommendations.

WE RECOMMEND the Board of Trustees:

- A. Develop formal policies and procedures regarding fixed asset records including an annual physical inventory of general fixed assets.
- B. Maintain mileage, fuel usage, and maintenance logs for all vehicles and equipment. The logs should be reviewed by the trustees periodically for completeness and reasonableness.

- C. Develop formal policies and procedures regarding the use of cellular telephones, including a provision restricting their personal use. The board of trustees should periodically review cellular telephone usage for reasonableness. In addition, the village should attempt to recover the monies paid for charges incurred by the former Chairman after the election and determine whether the unused cellular telephone can be disconnected.

AUDITEE'S RESPONSE

- A. *We will implement this recommendation within the next three months.*
- B. *We have partially implemented this recommendation. A mileage log is now maintained for the vehicle. We will begin maintaining fuel logs for other village equipment within the next three months.*
- C. *We will implement this recommendation within the next three months.*

7. Board Meetings, Ordinances, and Records

- A. The village conducted several closed meetings during the year ended March 31, 2002; however, the board minutes did not always document the related vote to close the meeting or the specific reasons for closing the meeting. Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session.

- B. Board minutes are not signed by either the Village Clerk or the Chairman. In addition, minutes were not prepared for one open meeting and several special closed meetings during the year ended March 31, 2002. Although minutes for closed meetings are not specifically required by law, minutes constitute the record of proceedings of the Board of Trustees.

Section 610.020, RSMo, requires a journal or minutes shall be taken and retained by the public governmental body for all open meetings. These minutes are to include the date, time, place, members present, members absent, and a record of any votes taken. Minutes of closed meetings are necessary to document and record official board decisions and actions affecting village government and the public, and to ensure compliance with the Sunshine Law. The board minutes should be signed by the Village Clerk as the preparer and by the Chairman to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

- C. The village does not have a formal policy regarding public access to village records. A formal policy regarding access and obtaining copies of village records would establish guidelines for the village to make the records available to the

public. This policy should establish a contact person, an address for mailing such requests, and a cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making village records available to the public. Section 610.026, RSMo, allows the village to charge fees for copying public records, not to exceed the village's actual cost of document search and duplication.

- D. Improvement is needed in the organization of the village's ordinances. The ordinances have not been codified, thus hindering the village's ability to locate specific ordinances. Some ordinances were not included in their ordinance binder. For example, we requested an ordinance which assesses various village fees which village personnel were unable to locate, and an ordinance for handicapped parking which took village personnel a significant amount of time to locate.

Since the ordinances represent the legislation passed by the Board of Trustees to govern the village and its residents, it is important that they be maintained in a complete, well-organized, and up-to-date manner.

Conditions C and D were noted in our prior report, and the village indicated the board would review these issues; however, no actions were taken to implement the prior recommendations.

WE RECOMMEND the Board of Trustees:

- A. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session, and publicly disclose the final disposition of applicable matters discussed in closed session.
- B. Ensure board minutes are signed by the Village Clerk as the preparer and a board member to attest to their completeness and accuracy, and minutes are maintained for all meetings conducted.
- C. Develop written policies regarding procedures to obtain public access to, or copies of, public village records.
- D. Ensure a complete and up-to-date set of the village's ordinances are maintained in numerical sequence and secured in an ordinance book.

AUDITEE'S RESPONSE

A,C,
&D. *We will implement these recommendations within three months.*

B. *We have already implemented this recommendation.*

8.**Capital Improvement Sales Tax**

Capital Improvement sales tax monies are not accounted for properly. Village voters passed a ½ cent capital improvement sales tax to be used for the purpose of funding, operating, and maintaining capital improvements. During the two years ended December 31, 2001, receipts from the sales tax of approximately \$148,000 were placed in the village's General Fund. Disbursements for capital improvement projects are not identified in the village's records.

Section 94.577, RSMo, states that all capital improvement sales tax receipts shall be deposited in a special trust fund and used solely for capital improvements. In addition, separate records of receipts and disbursements would help inform the village residents of the specific projects funded by the sales tax.

WE RECOMMEND the Board of Trustees establish a separate accounting of restricted receipts and disbursements for capital improvement sales tax to ensure it is used solely for allowable purposes and to inform the voters of the use of these restricted funds.

AUDITEE'S RESPONSE

We will discuss this recommendation with our city attorney and implement it within three months.

9.**Municipal Court Division**

A. Currently, the village contracts with the Beverly Hills Police Department (BHPD) for police protection; however, the village operates the municipal court to process violations. During the year ended March 31, 2002, bonds totaling approximately \$5,500 were collected by the BHPD and transmitted to the Court Clerk for deposit. During our review of bonds, we noted the following concerns:

- 1) Approximately, \$1,100 in cash bond monies collected between April 2001 and March 2002 were not deposited and appear to be missing. During the year ended March 31, 2002, the BHPD transmitted approximately \$5,500 to the court clerk; however, only \$4,400 was deposited into the bond bank account. Village personnel were unable to account for the difference of \$1,100.

These discrepancies were not detected on a timely basis due to numerous internal control weaknesses, little or no independent review, and a lack of adequate record keeping. The amounts received by the court were determined by reviewing transmittals from the BHPD. For the year ended March 31, 2002, some receipt records could not be located. As a result,

additional monies could be missing. The Municipal Division should review the situation and take necessary actions to recover the missing monies.

- 2) The Court Clerk does not maintain a bond ledger and does not prepare monthly listings of open items (liabilities). A bond ledger indicating the date and amount of receipt and date of disbursement is necessary to ensure proper accountability over bonds. A monthly listing of open items is necessary to ensure monies held in trust by the municipal court division are sufficient to meet liabilities.

A similar condition was noted in our prior report, and the village indicated the board would review the issues with the municipal judge; however, no actions were taken to implement the prior recommendation.

- 3) Bond monies are not transmitted to the court clerk on a timely basis. During the year ended March 31, 2002, the BHPD transmitted these monies approximately monthly.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, transmittals should be made daily or when accumulated receipts exceed \$100. Bond monies should be properly receipted and immediately deposited into the bond bank account.

B. During our review, we noted the following concerns relating to court fees:

- 1) The village has not disbursed any court fees to the state since approximately 1997. Crime Victim's Compensation (CVC) and Peace Officer Standards and Training Commission (POST) fees collected by the municipal court division are deposited into the village's General Fund. The total CVC and POST monies due to the state were not determined.

The village is responsible for remitting the CVC and POST fees to the state. Section 595.045.3, RSMo, requires 95 percent of the CVC fee to be paid monthly to the state. POST fees should also be disbursed monthly to the state. To ensure compliance with state law, the village should attempt to determine the amounts due from prior years, and begin turning monies over to the state monthly.

- 2) The municipal court division assesses and collects Law Enforcement Training (LET) fees. These fees are deposited into the village's General Fund. Since the village contracts out for police protection, the village does not have any law enforcement officers and has no use for this money.

The village should evaluate the need for assessing this fee. Section 590.140, RSMo, allows the law enforcement training fees to be used only for the training of law enforcement officers.

Similar conditions were also noted in our prior report, and the village indicated the board would review the issues with the municipal judge; however, no action was taken to implement the prior recommendations.

C. During our review, we noted the following concerns regarding receipts:

- 1) The municipal division issues rediform receipt slips for monies received for fines and costs rather than official prenumbered receipt slips. As a result, the receipt slips are not specifically printed for the municipal division. In addition, some receipt slips were skipped and not properly voided, the top copies of voided receipt slips were not always retained, and some receipt slips were torn out completely. Therefore, court transactions could not easily be traced from the original receipt of monies to a bank deposit.

To adequately account for all receipts, official prenumbered receipt slips should be issued for all monies received, skipped receipt slips should be properly voided, all copies of voided receipt slips should be retained, and the numerical sequence should be accounted for properly.

- 2) Although the method of payment (i.e. cash, check, money order) is recorded on the receipt slips issued, no one reconciles the composition of the receipt slips issued to the composition of deposits.

To ensure all receipts have been recorded properly and deposited intact, the composition of receipt slips should be reconciled to the composition of bank deposits.

- 3) Checks are not restrictively endorsed immediately upon receipt. Instead, they are usually endorsed when the deposit is prepared. To reduce risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.
- 4) Court monies are not deposited into the General Fund on a timely basis. Monies are generally deposited four times per month; however some monies were held and not deposited for up to two weeks. During a cash count conducted on July 26, 2002, the Village Clerk had approximately \$1,000 in checks on hand which had been received as early as July 18, 2002.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all deposits should be made daily or when accumulated receipts exceed \$100.

- 5) Accounting duties are not adequately segregated. Currently, the Court Clerk is responsible for receiving, recording, and preparing the deposit for bonds, and fine and court costs monies. There is no independent review of the work performed by the Court Clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between receipts and deposits and bank reconciliations.

- D. The municipal division does not file a monthly report with the village of all cases heard in court. Section 479.080.3, RSMo, requires the Court Clerk to prepare a monthly listing of all cases heard in court, including all fines and court costs collected, to be verified by the Court Clerk or Municipal Judge and filed with the Village Clerk.

A similar condition was noted in our prior report, and the village indicated the board would review the issue with the municipal judge; however, no actions were taken to implement the prior recommendation.

- E. During our review of traffic tickets, we noted the following concerns:

- 1) Neither the police department nor the municipal division maintain adequate records to account for traffic tickets issued and their ultimate disposition.

Without a proper accounting of the numerical sequence and ultimate disposition of traffic tickets, the police department and the court cannot be assured all traffic tickets issued are properly submitted to the court for processing. A log listing the traffic ticket, the date issued, and the violator's name would ensure all traffic tickets were properly submitted to the court for processing properly voided, or not prosecuted. A record of the ultimate disposition of each traffic ticket should also be maintained to ensure all traffic tickets have been accounted for properly.

- 2) The municipal division failed to submit three of the four applicable traffic offenses reviewed involving point violations to the Missouri State Highway Patrol (MSHP). Section 302.225, RSMo, requires that records of any pleas or findings of guilty on traffic violations under the laws of the

state, county, or municipal ordinance to be forwarded to the MSHP within ten days of the conviction date.

A similar condition was noted in our prior report, and the village indicated the board would review the issue with the municipal judge; however, no actions were taken to implement the prior recommendation.

- 3) In two of five cases reviewed, the case file indicated a warrant had been issued, but the warrant did not appear on the state warrant system.

Proper and timely issuance of warrants helps to maximize court revenues along with providing equitable treatment for those citizens who are paying fines and court costs when due.

- 4) Court cases are filed by the last name of the defendant, thus the case files cannot be located from the ticket number. A cross referencing system is necessary to ensure all tickets have been submitted to the court for processing and to aid in locating issued tickets and the related case file. A log of case numbers would show the person's last name so that cases could be researched from the ticket number to the case file.

A similar condition was noted in our prior report, and the village indicated the board would review the issue with the municipal judge; however, no actions were taken to implement the prior recommendation.

WE RECOMMEND the Municipal Division:

- A.1. Review the situation with the Board of Trustees and legal counsel and contact the municipal division's bonding company.
2. Maintain a bond ledger, prepare monthly listings of open items, and reconcile the listings to the monies held in trust.
3. Work with the police department to ensure bonds are transmitted on a timely basis.
- B.1. Remit CVC and POST fees to the state monthly in accordance with state law.
2. Evaluate the need to assess the LET fees.
- C.1. Issue official prenumbered receipt slips for all monies received and account for the numerical sequence. In addition, all skipped receipt slips should be properly voided, all copies of voided receipt slips should be retained, and one copy of the receipt slip should be retained in the receipt book.
2. Reconcile the composition of receipt slips issued to the composition of deposits.

3. Restrictively endorse all checks immediately upon receipt.
 4. Ensure court receipts are deposited daily or when accumulated receipts exceed \$100.
 5. Segregate the duties of the Court Clerk. At a minimum, there should be a documented, independent review of the reconciliation of the composition of receipt slips issued and deposits, and of bank to book balances.
- D. Prepare monthly reports of court actions and file these with the village in accordance with state law.
- E.1. Work with the police department to account for the numerical sequence and ultimate disposition of all tickets.
2. Remit traffic offenses to the MSHP in accordance with state law.
 3. Ensure warrants are properly recorded on the state warrant system.
 4. Maintain a log of case numbers so case files can be located from the ticket numbers.

AUDITEE'S RESPONSE

A.1. We contacted the bonding company in the past regarding this issue, but will contact them again since an amount is now available.

*A2, A3,
B2, D,
E1&4. We will implement these recommendations.*

B.1. We have already turned over past CVC monies to the state and begun turning the current amounts over monthly. We will implement this recommendation for the POST monies within the next three months.

*C.1-3.,
C.5.&
E.2-3. We have implemented these recommendations.*

C.4. We have made improvements in the timeliness of our deposits and will continue to work towards daily deposits.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

VILLAGE OF VELDA VILLAGE HILLS, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The village of Velda Village Hills is located in north St. Louis County. The village was incorporated in 1945. The population of the village in 2000 was 1,090.

The village government consists of a five-member Board of Trustees. The members are elected for two-year terms. The chairman is appointed by the board. The village trustees and other principal officials at March 31, 2002, were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Compensation Paid for the Year Ended March 31, 2002</u>	<u>Amount of Bond</u>
Mollie Bradford, Chairman (1)	April 2002	\$ 6,300	\$ 0
Earlene Luster, Treasurer (2)	April 2003	5,700	0
Roy Wade, Trustee, Forestry Commissioner (3)	April 2003	5,100	
Elmo Williams, Trustee, Health Commissioner (3)	April 2002	5,100	
Henry Brooks, Trustee, Street Commissioner	April 2003	5,100	

- (1) In April 2002, Earlene Luster became the board's Chairman.
- (2) In April 2002, Roy Wade replaced Earlene Luster as the Treasurer.
- (3) In April 2002, Charles Robinson and Vicci Brown were elected to replace Mollie Bradford and Elmo Williams. Mr. Robinson became the Forestry Commissioner and Ms. Brown became the Health Commissioner.

Other Principal Officials

June Davis, Village Clerk (4)	18,562	30,000
LaSandra Perkins, Court Clerk (5)	1,240	30,000
Steven S. Fluhr, Village Attorney (6)	1,540	
Thomas Flach, Municipal Judge	2,700	
Steven J. Clark, Prosecuting Attorney	2,400	

- (4) On May 1, 2002, Arquillia Williamson was hired to replace June Davis as Village Clerk.
- (5) During March 2002, LaSandra Perkins worked as a temporary employee and on April 19, 2002, she was hired to replace Samuel Gray as Court Clerk.

- (6) On August 29, 2001, Steven S. Fluhr was hired as the Village Attorney. Prior to August 29, 2001, Steven Clark held this position.

In addition to the officials listed above, the village employs three part-time employees.

Assessed valuation and tax rate information for 2001 were as follows:

ASSESSED VALUATION

Real estate	\$ 3,750,068
Personal property	<u>1,377,718</u>
Total	\$ <u>5,127,786</u>

TAX RATES PER \$100 ASSESSED VALUATION

General Fund *	\$0.36
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* In addition, the village receives a portion of the St. Louis County Road and Bridge Tax.

The village has the following sales tax; the rate is per \$1 of retail sales:

	Rate	Expiration Date
General	\$.01	none
Capital Improvement	.005	none

A summary of Village of Velda Village Hill's financial activity for the year ended March 31, 2002, is presented below:

Year ended March 31, 2002					
	General	Street	Trash	Municipal Bond	Total
	Fund	Fund	Fund	Fund	
RECEIPTS:					
Property taxes	\$ 29,770	0	0	0	11,980
Local use and sales taxes	63,944	0	0	0	63,944
Trash collection	14,794	0	17,586	0	32,380
State, gas, and vehicle taxes	161,919	62,423	0	0	224,342
Cigarette taxes	19,101	0	0	0	19,101
Bond administration fees	250	0	0	0	250
Franchise fees	1,741	0	0	0	1,741
Court/Traffic fines/Bonds	16,920	0	0	5,270	22,190
Permits, inspections, and licenses	4,339	0	0	0	4,339
Interest	3,024	0	0	0	3,024
Delinquent stickers	105	0	0	0	105
Miscellaneous	33,660	0	0	0	33,660
Total Receipts	349,567	62,423	17,586	5,270	434,846
DISBURSEMENTS:					
Salaries	44,277	0	0	0	44,277
Payroll taxes	6,162	0	0	0	6,162
Utilities	6,286	0	0	0	6,286
Police services	33,270	0	2,750	0	36,020
Building expenses	74,034	0	0	0	74,034
Forestry expenses	54,138	0	0	0	54,138
Health expenses	78,899	0	6,337	0	85,236
Street expenses	0	99,708	0	0	99,708
Maintenance supplies and repairs	4,666	0	0	0	4,666
Insurance expenses	8,806	0	0	0	8,806
Equipment repairs, rentals, and fuel	7,116	0	0	0	7,116
Bookkeeping and payroll services	4,264	0	0	0	4,264
Contract services (i.e., attorney, judge)	7,576	0	0	0	7,576
Office supplies and expenses	7,421	0	0	0	7,421
Trustee expenses	26,875	0	0	0	26,875
Printing, postage, and advertisement expenses	4,212	0	0	0	4,212
Inspections and franchise expenses	4,118	0	0	0	4,118
Telephone expenses	13,685	0	1,233	0	14,918
Auto maintenance	2,479	0	0	0	2,479
Bond expenses	0	0	0	6,470	6,470
Food expenses	1,038	0	0	0	1,038
Travel and membership expenses	8,134	0	0	0	8,134
Bank charges and miscellaneous	2,195	0	2,814	0	5,009
Total Disbursements	399,651	99,708	13,134	6,470	518,963
Receipts Over (Under) Disbursements	(50,084)	(37,285)	4,452	(1,200)	(84,117)
Cash Balance, April 1, 2001	142,568	50,756	0	2,735	196,059
Cash Balance, March 31, 2002	\$ 92,484	13,471	4,452	1,535	111,942



**TWENTY-SECOND JUDICIAL CIRCUIT
CITY OF ST. LOUIS MUNICIPAL DIVISIONS**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-50
June 10, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2003

During our audit of the Twenty-Second Judicial Circuit, City of St. Louis, Missouri, Municipal Divisions, we identified certain management practices which we believe could be improved.

The July 31, 2002 balance in the municipal divisions' bond account included cash bond receipts totaling more than \$679,000 which have been held in excess of one year. In addition, this balance includes several bonds from defendants whose cases were refused for prosecution by the City Counselor's Office.

An attempt should be made to determine the proper disposition of these monies. A review should be made of any bonds posted by persons who failed to make the required court appearance to determine if the bonds should be forfeited and monies paid to the city treasury as provided by state law. The court should also attempt to locate the surety's from the refused cases and refund the bond monies. For any bonds which remain unclaimed, state law requires bonds unclaimed for one year after disposition of the case to be turned over to the state's Unclaimed Property Section.

As of February 20, 2003, the court had received \$329,491 in overpayments that should be used to pay other tickets or refunded. When overpayments are received, the court does not automatically make refunds to the payors unless requested by the payor. Instead, overpayments are turned over to the city along with regular payments of fines and costs.

The overpayment listing includes the name and address of the registered owner of the vehicle, but the court has not attempted to disburse these refunds to the payors or to transfer the overpayment to other unpaid parking ticket on the same license plate. In addition, they have not sent any of the unrefunded overpayments to the state's Unclaimed Property Section.

Similar conditions were noted in our prior report.

The lack of communication between the municipal divisions and the police department has also resulted in some offenses not being prosecuted. Due to data storage limits, the municipal divisions have to purge old ticket sequences. When a ticket is issued from a sequence that has been purged from the system, the computer does not recognize the ticket number as valid. This results in the ticket being voided and the offense not being prosecuted. To correct this problem, the police department needs to be informed of the sequences that have been purged so any remaining tickets in these sequences can be recalled.

Additional concerns regarding bond and ticket accountability were noted.

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YELLOW SHEET

TWENTY-SECOND JUDICIAL CIRCUIT
CITY OF ST. LOUIS MUNICIPAL DIVISIONS

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge
and
Municipal Judges
and
Dimitri Gay, Court Administrator
Twenty-Second Judicial Circuit
St. Louis, MO 63103

We have audited certain operations of the city of St. Louis Municipal Divisions of the Twenty-Second Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the fiscal years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Determine the internal controls established over the financial transactions of the municipal divisions.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.
4. Follow up on action taken by the municipal divisions on the applicable findings in our prior audit report.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the municipal divisions.

As part of our audit, we assessed the controls of the municipal divisions to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal divisions' management and was not subjected to the procedures applied in the audit of the divisions.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of St. Louis Municipal Divisions of the Twenty-Second Judicial Circuit.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

March 14, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Alice M. Fast, CPA
Audit Staff:	Carl Zilch

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

TWENTY-SECOND JUDICIAL CIRCUIT
CITY OF ST. LOUIS MUNICIPAL DIVISIONS
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Bond Controls and Procedures
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Our review of the municipal divisions' controls and procedures over bonds noted the following areas where improvements are needed:

- A. The divisions do not account for the numerical sequence of bond forms issued at the court. To ensure all bonds posted at the court are receipted, deposited, and posted to the bond computer system, the municipal divisions should ensure the numerical sequence of bond forms is accounted for properly and agreed to a receipt on the computerized report of transactions. This procedure should be performed by someone independent of the cash receipting process.
- B. The July 31, 2002 balance in the municipal divisions' bond account included cash bond receipts totaling more than \$679,000 which have been held in excess of one year. In addition, this balance includes several bonds from defendants whose cases were refused for prosecution by the City Counselor's Office.

In May 2001, the municipal divisions disbursed bond monies to the state for closed cases which had been held over one year. The municipal divisions did not do anything with the bond monies held on cases that were in warrant status at that time.

An attempt should be made to determine the proper disposition of these monies. A review should be made of any bonds posted by persons who failed to make the required court appearance to determine if the bonds should be forfeited and monies paid to the city treasury as provided by Section 479.210, RSMo 2000. The court should also attempt to locate the surety's from the refused cases and refund the bond monies. For any bonds which remain unclaimed, Section 447.595, RSMo 2000, requires bonds unclaimed for one year after disposition of the case be turned over to the state's Unclaimed Property Section.

Similar conditions were noted in our prior report.

WE RECOMMEND the municipal divisions:

- A. Ensure the numerical sequence of all bond forms is accounted for properly and agreed to a receipt on the computerized report of transactions by someone independent of the cash receipting process.
- B. Establish procedures to routinely follow-up on cash bonds remaining on hand over a period of time to see if the bonds can be forfeited or returned to the surety. Any unclaimed bond monies should be turned over to the state's Unclaimed Property Section in accordance with state law.

AUDITEE'S RESPONSE

- A. *The Courts do not log and sequence the bonds issued from the Clerk's Office. However, the monies are deposited and posted to the computer system. To increase the controls of this operation, the Courts will develop a method of manually sequencing the bonds. Additionally, the technological improvements of the Courts will allow for an electronic record.*
- B. *The Courts have been tardy with unclaimed monies and refunds. A plan exists to notice the surety from refused and unclaimed cases. At the conclusion of the noticing period, unclaimed monies will be forwarded to the Missouri Unclaimed Property Section. The implementation timeframe is within the year. The permanent fix for this problem will be a manual system to check for unclaimed funds and forwarding to the state.*

2. Overpayments

As of February 20, 2003, the municipal divisions had received \$329,491 in overpayments that should be used to pay other tickets or refunded. The divisions accept payments on parking tickets through the Violations Bureau (VB) and through two bank lockboxes. When overpayments are received, the divisions do not automatically make refunds to the payors unless requested by the payor. Instead, overpayments are turned over to the city along with regular payments of fines and costs.

The overpayment listing includes the name and address of the registered owner of the vehicle, but the court has not attempted to disburse these refunds to the payors or to transfer the overpayment to other unpaid parking tickets on the same license plate. In addition, none of the unrefunded overpayments have been sent to the state's Unclaimed Property Section. Personnel of the municipal divisions indicated they are planning to refund these overpayments if the license plate does not have any unpaid tickets, but they have not researched the overpayments to either apply the monies to additional unpaid tickets or disburse those monies that cannot be applied to other tickets.

To ensure proper accountability for overpayments, the court should attempt to refund any overpayments which cannot be applied to related unpaid tickets. For any overpayments which cannot be refunded or applied, Sections 447.500 through 447.595, RSMo 2000, which relate to unclaimed property, should be followed to disburse these monies.

A similar condition was noted in our prior report.

WE RECOMMEND the municipal divisions apply any overpayments to additional unpaid tickets for the same license plate and disburse any remaining overpayments to the payors. Any overpayments which cannot be refunded or applied should be disbursed in accordance with state law.

AUDITEE'S RESPONSE

The Courts have been tardy with applying overpayments to additional unpaid parking tickets on the same license plate. This is a time consuming manual process handled by the Traffic Violation Bureau staff at this time. A plan, similar to the bond control solution, will be used to address the backlog of overpayments and inapplicable monies. The timeframe for implementation is one year. The permanent fix for this oversight will be evaluated for an automated process.

3. Ticket Records and Procedures

A lack of communication and cooperation between the municipal divisions and the St. Louis City Police Department is hindering both departments' efforts to improve ticket records and procedures. The issues we identified that require cooperation among the municipal divisions and the police department are:

- A. The numerical sequence of the Uniform Complaint and Citations (UCCs) and parking tickets and their ultimate disposition is not accounted for properly. Police officers issue UCCs and parking tickets and the city of St. Louis Meters Division's employees issue parking tickets. Once issued, copies of these instruments are forwarded to the police department's Information Services Department (ISD) who enters information from the tickets onto the computer. ISD can print the tickets issued in numerical order, as well as a listing of voided tickets they received; however, the municipal divisions do not receive a copy of the listing and no one at the police department reviews the listing and investigates any missing ticket numbers.

Without a proper accounting of the numerical sequence and disposition of tickets, the police department, the meters division and municipal divisions cannot be assured that all tickets issued were properly submitted to the court for processing.

- B. Records initiated and maintained at the police department are not retained in accordance with Missouri Supreme Court Operating Rule 8. The police department has set their own record retention policy and submitted it to the Secretary of State for approval; however, this policy conflicts with the Missouri Supreme Court Operating Rule 8 that municipal divisions are to follow regarding ticket logs and copies of tickets. The police department maintains logs of ticket books that have been assigned to police officers for thirteen months. Copies of parking tickets and traffic tickets that are received by ISD are retained for six months. The court record retention policy requires these records to be kept for a longer time period.

Retention of municipal records is essential to establishing accountability of municipal division activity and in demonstrating compliance with state law. Effective control of records requires all documents and records be safeguarded

against loss, be accessible to the appropriate municipal division employees, and upon reasonable request, be accessible to the public.

- C. The lack of communication between the municipal divisions and the police department has also resulted in some offenses not being prosecuted. Officers have issued UCCs from ticket books that were too old for the court to be able to account for properly and prosecute. Due to data storage limits, the municipal divisions have to purge old closed cases off the Regional Justice Information System (REJIS). When a ticket is issued from a sequence that has been purged from the system, the computer does not recognize the ticket number as valid data. This results in the ticket being voided and the offense not being prosecuted. Communication could prevent this by informing the police department of the sequences about to be purged, so the police department could recall any ticket books with these sequences and reassign new books to the officers.

WE RECOMMEND the municipal divisions and police department work together to address and eliminate mutual problems. The divisions and police department should work together to ensure current tickets are issued for all offenses so they can be properly prosecuted and ensure the numerical sequence of tickets assigned and issued and their ultimate disposition is accounted for properly. In addition, the municipal divisions and the police department should evaluate the records retention policy of the police department and develop a policy that is in accordance with the Missouri Supreme Court Operating Rule 8.

AUDITEE'S RESPONSE

The Municipal Divisions responded:

- A. *Additional dialogue has been initiated to address the numerical sequencing of UCCs and parking tickets and their disposition. An automated batching process is being explored to match all parking tickets and UCCs. The implementation timeframe is to be determined.*
- B. *The Courts maintain a record retention schedule that meets and exceeds Missouri Supreme Court Operating Rule 8. The Courts are unaware of the police department's inquiry and current practice of retaining written records for six to thirteen months. The Court has contacted the planning section of the Metropolitan Police Department to advise them of Operating Rule 8. Moreover, a comprehensive solution to record retention and electronic media is underway.*
- C. *The problem of outdated ticket books periodically occurs. To safeguard against this issue, REJIS flags outdated UCC series and prohibits their entry into the system. The outdated UCCs are returned to the Metropolitan St. Louis Police Department to be re-issued under an active UCC series or voided. Once notified of the outdated series, the police department has the obligation to collect all outdated UCCs. Finally, the police department is notified of series changes. REJIS assists with locking out outdated information with their automated process. There are no plans to change this; however, the increased dialogue with the police should reduce rejected UCCs.*

The Police Department responded:

- A. The Police Department ISD is currently working on addressing accounting for the numerical sequence of summonses and parking tickets. To fully account for the sequence of UCCs they will need access to the information entered by the court or they will need to give their void information to REJIS who can then combine the information and run a report of missing sequences.*
- B. The ticket logs for distributed tickets have been replaced by computer files as of September 2001. Ticket books are assigned to police officers by DSN and entered into the ticket database. This information will be kept the required amount of time.*
- C. We agree with the finding and recommendation.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

TWENTY-SECOND JUDICIAL CIRCUIT
CITY OF ST. LOUIS MUNICIPAL DIVISIONS
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the city of St. Louis Municipal Divisions of the Twenty-Second Judicial Circuit on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the municipal divisions should consider implementing those recommendations.

1. Receipt Controls and Procedures

- A. Voided receipt slips were not always retained and cashiers did not always document the reason transactions were voided. In addition, there was not always an adequate supervisory review of the voided transactions.
- B. The duties of receiving, recording, and transmitting/depositing monies collected by the Traffic Violations Bureau (TVB) were not always adequately segregated.

Recommendation:

The municipal divisions:

- A. Retain all voided receipt slips and document the reason for voiding transactions. In addition, the supervisor voiding the transaction should review the reason for voiding the transaction to ensure it appears valid.
- B. Ensure there is always a documented independent review of the reconciliation of the composition of monies entered on the computerized receipting system to monies ready for transmittal/deposit. In addition, someone independent should always be reviewing and posting voided transactions.

Status:

Implemented.

2. Bond Controls and Procedures

- A. No one at the court accounted for the numerical sequence of the bond forms issued by the St. Louis Police Department and the court's counter area.
- B. The January 31, 1998 balance in the municipal divisions' bond account included cash bond receipts totaling \$149,591 which had been held in excess of one year. Many of these bonds were more than two years old.

Recommendation:

The municipal divisions:

- A. Ensure the numerical sequence of bond forms is accounted for properly and agreed to a receipt on the computerized report of transactions by someone independent of the cash receipting process.
- B. Forfeit any bonds for persons who failed to make the required court appearance. Procedures should be established to routinely follow-up on cash bonds remaining on hand over a period of time to see if the bonds can be forfeited.

Status:

- A. Partially implemented. A police officer independent from the bond issuing process accounts for the numerical sequence of bond forms issued by the St. Louis Police Department. No one is accounting for the numerical sequence of the bond forms issued by the court. See MAR finding number 1.
- B. Not implemented. See MAR finding number 1.

3. Overpayments

- A. The monthly listing of tickets with an overpayment did not include parking tickets that had been purged off the court's computer system.
- B. The monthly listing of tickets with an overpayment did not include parking tickets where a payment was made after the parking ticket had already been closed out on the court's computer system.
- C. The court did not automatically refund overpayments to the payors unless the payor requested a refund. Any overpayments were turned over to the city along with other regular payments of fines and costs. In addition, they did not send any of the unrefunded overpayments to the state's Unclaimed Property Section.

Recommendation:

The municipal divisions work with REJIS to identify and track any overpayments on parking tickets that have been purged off the system. The court should also work with REJIS to obtain a list of parking tickets where a payment was made after the ticket was already closed out on the system. In addition, refunds should be sent to any people who have overpaid and for which a name and address can be obtained. Any overpayments which cannot be refunded or applied should be disbursed in accordance with state law.

Status:

Partially implemented. The court can now print out the overpayment listing with all overpayments from parking tickets. The court is still not automatically refunding overpayments. See MAR finding number 2.

4. Court Costs Charged on Parking Tickets

The court was not charging court costs equitably on some parking tickets.

Recommendation:

The municipal divisions review their procedures for charging court costs on parking tickets and related 'C' cases.

Status:

Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

TWENTY-SECOND JUDICIAL CIRCUIT
CITY OF ST. LOUIS MUNICIPAL DIVISIONS
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Twenty-Second Judicial Circuit is composed of the city of St. Louis. The Honorable Margaret M. Neill serves as Presiding Judge. There are four municipal divisions within the Twenty-Second Judicial Circuit.

The municipal divisions are governed by Chapter 479, RSMo 2000, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of the municipal divisions are paid by the city of St. Louis.

Organization

The municipal divisions employ a court administrator who is responsible for all record keeping and collections of the court. A VB has been established to receive payment of all fines and costs. The VB transmits fines and costs daily to the City Treasurer's office. The municipal divisions have contracted with a local bank to receive and post the collection of fines and costs on parking tickets which are sent in through the mail. These mail receipts are deposited directly by bank personnel into municipal division bank accounts and wire transfers are prepared monthly to remit these fines and costs to the city treasury. Bond monies are collected by the police department and the VB and are deposited daily into a court bond bank account. Court is held daily in each division. The municipal divisions have created several specialty courts to address the specific needs of the accused. Additional support from federal and local grant monies has been received by the court to support the specialty court personnel. The specialty courts include: Truancy Court, Female Drug Court, Mental Health Court, Problem Properties Court, Downtown Community Partnership Court, and Quality of Life Court.

Personnel

Municipal Judge, Division I	Bettye Battle-Turner - Administrative Judge*
Municipal Judge, Division II	James E. Sullivan
Municipal Judge, Division III	William J. McHugh
Municipal Judge, Division IV	Joseph I. Murphy
Provisional Judges	Ruby L. Bonner
	Theresa Counts Burke
	Debra Carnahan
	Newton McCoy
	Susan Woods-McGraugh
	Richard Torack
	James Wahl
	Lisl King-Williams
Court Administrator	Dimitri Gay**

Provisional judges fill in for the appointed municipal judges when the appointed judges are unable to attend court.

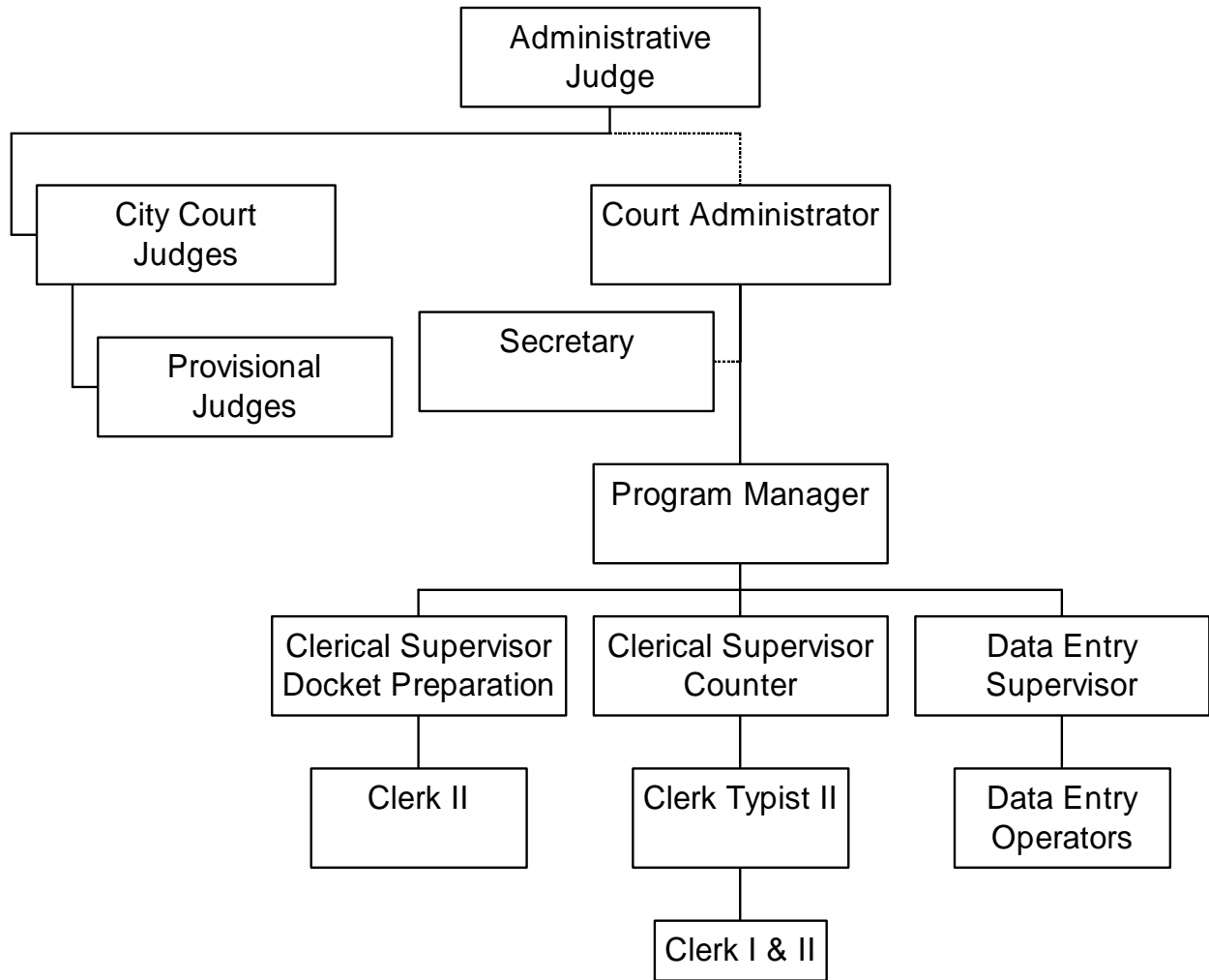
* James E. Sullivan served as Administrative Judge prior to December 2002.

**Crandall C. Jones served as Court Administrator prior to June 2001.

Financial and Caseload Information

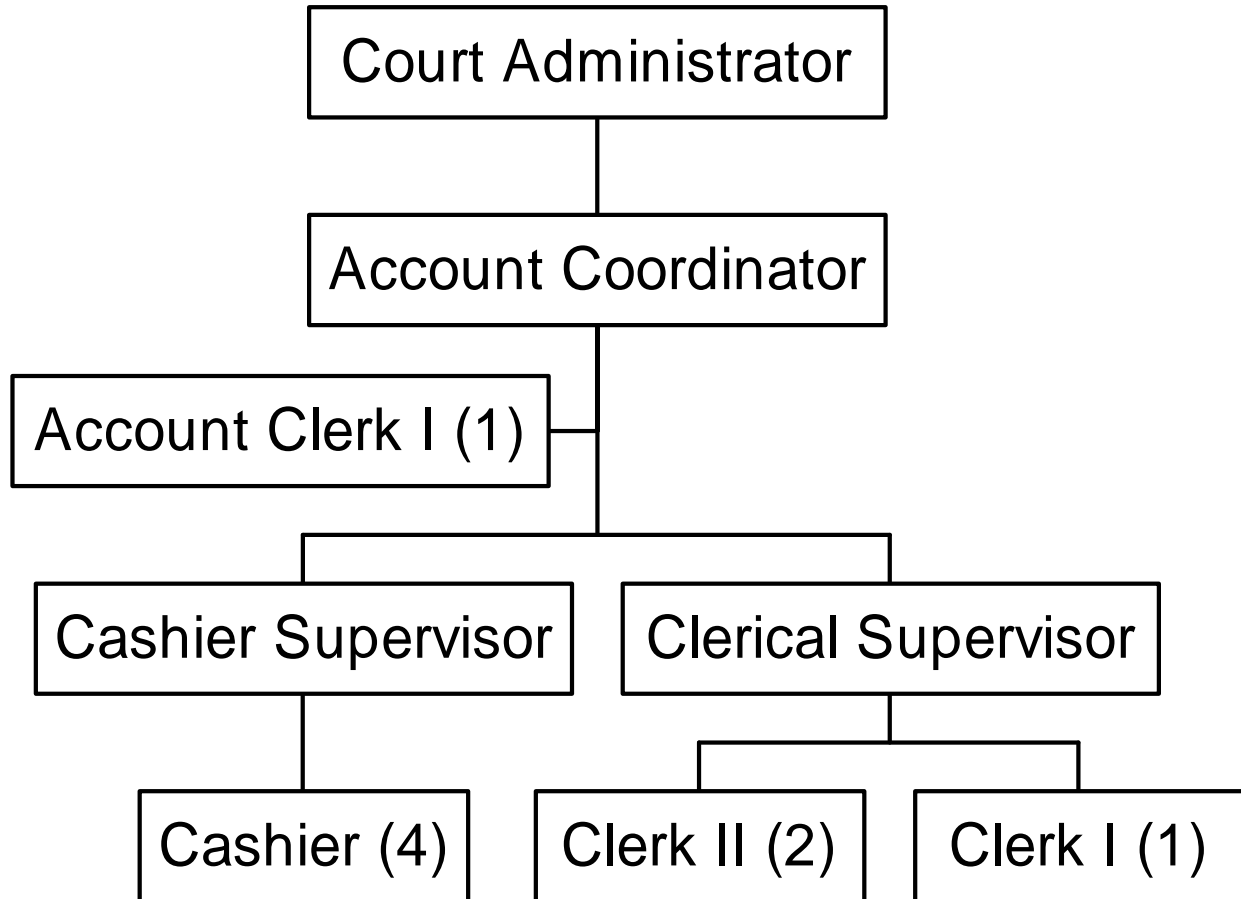
	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
Receipts	\$11,510,626	10,376,721
Number of cases filed	109,857	109,302

TWENTY-SECOND JUDICIAL CIRCUIT
CITY OF ST. LOUIS MUNICIPAL DIVISIONS
ORGANIZATION CHARTS



TWENTY-SECOND JUDICIAL CIRCUIT
CITY OF ST. LOUIS MUNICIPAL DIVISIONS
ORGANIZATION CHARTS

Traffic Violation Bureau



* * * * *



DEPARTMENT OF NATURAL RESOURCES

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-49
June 6, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office of
Missouri State Auditor
Claire McCaskill

June 2003

Department of Natural Resources could improve handling of various state grants

This audit focused on management practices and compliance with state laws, regulations, and agency policies in several areas of state grants including: historic preservation, soil and water, storm water, solid waste management, and sewers. The audit included transactions of the Department of Natural Resources (DNR) during fiscal years 2000, 2001, and 2002. The following highlights our findings:

More defined conflict of interest guidelines needed for historic preservation grants

The DNR administers the state's Historic Preservation program, which helps qualifying preservation projects receive state and federal money. The state pays a 40 percent match of aggregate costs for such projects, which totaled approximately \$897,000 for the three fiscal years in this audit. Auditors reviewed the management of various preservation grants, including the handling of grants involving current DNR employees and employee relatives as interested parties. The audit noted two instances where documentation was not adequate or sufficient to address potential conflicts of interest. (See page 5)

Some storm water control grant expenditures appeared overstated

The DNR administers several grant programs funded by general obligation bonds, including water pollution control, rural water and sewer grants, and storm water control grants. The DNR projected expenditures of \$12.5 million in fiscal year 2003 appear to be overstated. Total rural water and sewer grants awarded, but not spent, as of July 2002, totaled approximately \$5.7 million. An additional \$4.3 million in project awards is anticipated. Based on prior years' data, it is unlikely all of these projects will be completed by the end of fiscal year 2003. Auditors recommended the DNR reevaluate its method for projecting grant expenditures to ensure the sale of bonds is necessary to meet current obligations. (See page 10)

Soil and water commission should study how tax revenues are used

In 1984, voters approved a sales tax for soil and water conservation and for state parks. The amount of this sales tax allocated to soil and water conservation averaged over \$35 million in each of the audit's three fiscal years. Auditors found the fund's balance steadily increased because the soil and water program was spending less than it was collecting each year. Department officials have not compared the soil conserved to the resources spent annually or determined long-range costs associated with meeting these future goals to determine how the sales tax revenue should be used. In addition, auditors found several of the 114 Soil and Water Conservation Districts received grants to administer landowner grants, which exceed 50 percent of the actual landowner grants distributed. (See page 14)

YELLOW SHEET

Department needs to more closely monitor soil and water cost-share program

The soil and water cost-share program reimburses landowners for up to 75 percent of installation costs of various approved erosion control measures. Landowners apply for the funding, department technicians inspect projects to make sure specifications are met, and landowners receive the money upon approval by the soil and water program. Auditors found landowners were not required to submit cancelled checks to support the amounts listed on invoices. One landowner said he did not have a canceled check because he bartered for the services and did not pay for them. In addition, the department did not always require the applicants to submit itemized invoices, which would assure the items purchased are eligible costs. (See page 22)

No centralized system to review grants for storm water or solid waste management

Department officials could not provide a list of all state and federal grants disbursed to local entities. As a result, data cannot be reviewed for all grants and no centralized accounting section is responsible for managing all the grants. In addition, the Clean Water Commission only reviews a brief description of a storm water project prior to approving funding. Detailed project costs are not part of the brief description, and are not reviewed before funding. As a result, two of five approved projects reviewed by auditors were later deemed ineligible by department project coordinators because they were not storm water related. Department officials also allow local coordinating committees to redistribute storm water grant funds deemed ineligible to alternative projects without the commission's approval. (See page 26)

Better documentation and final inspections needed for sewer grants

The DNR administers various sewer grants to assist communities throughout the state. The department disbursed approximately \$13.5 million in such grants over the audit's three fiscal years. Auditors found department officials did not always retain proper supporting documentation for reimbursement claims. In addition, the DNR did not require an adequate final inspection to ensure all requirements of the grant agreement were met before issuing the final grant payment and did not take timely follow up action on projects non-compliant with the grant agreement. (See page 36)

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Stephen M. Mahfood, Director
Department of Natural Resources
Jefferson City, MO 65102

We have audited the Department of Natural Resources. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002, 2001, and 2000. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable statutes, regulations, and agency policy in the areas of historic preservation, soil and water, storm water grants, solid waste management grants, and sewer grants.
2. Review the efficiency and effectiveness of certain management practices and operations in the areas noted above.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the department's revenues, expenditures, contracts, and other pertinent procedures and documents, and interviewed department personnel.

As part of our audit, we assessed the department's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the Department of Natural Resources.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Natural Resources.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 28, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Pamela A. Crawford, CPA
In- Charge Auditor:	Katherine Cardenas, CPA
Audit Staff:	Lori Melton, CPA
	Christy Marsh
	Patrick Devine, CPA
	Michael Paynter

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF NATURAL RESOURCES
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR’S FINDINGS

1.	Historic Preservation Program
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As authorized by the National Historic Preservation Act of 1966, the Historic Preservation Fund (HPF) is a program of federal matching grants designed to assist the various states in carrying out historic preservation activities. In Missouri, this program is administered by the Department of Natural Resources (DNR), through the Historic Preservation Program (HPP). The HPF grants can be used for only certain allowable costs. For the fiscal years ended September 30, 2002, 2001, and 2000, total expenditures of federal and state funds were \$1,382,962, \$1,762,092, and \$1,639,532, respectively, including administrative costs and HPP projects. A 40 percent state match of the aggregate costs of carrying out projects and programs is required by federal regulations. The total amounts expended for HPP projects for the fiscal years ended June 30, 2002, 2001, and 2000 were \$326,271, \$350,928, and \$219,971, respectively.

The HPF grant application specifies certain requirements for grant eligibility. Some of those requirements include the following:

- The application must be received or postmarked by August 31.
- All grant recipients must have a source of local funds or services sufficient to cover 40% of the requested grant amount.

When an application is received, it is assigned to a review team of two to four professional staff. Each reviewer evaluates the application against similar type projects. During the evaluation process, a score is given for each of the following requirements: threshold, program, application, technical, and past performance. The total from each score sheet is added to all applicable score sheets to calculate a total score for the project. A higher score increases the chance for the project to be awarded a grant under the category type.

A. We reviewed the grant awarded to the city of Jefferson City and noted the following concerns:

1. The project is a multiple property submission to the National Register of Historic Places submitted by the city of Jefferson on behalf of the Old Munichberg Association. The cost of the project was \$9,900, with the federal grant award totaling \$5,940. The association's president is the wife of the Director of the DNR. The Director's wife also owned two pieces of property in the district slated to be included in the nomination. One of the benefits of owning property included in the National Register is being eligible for federal and state tax credits. The DNR Director signed the

preliminary approval of the grant awarded to the city of Jefferson in November 2000. Because of his personal association with this project, department staff indicated the DNR Director then verbally recused himself and did not want any further involvement with this project; however, this was not documented. Although the DNR Director signed the grant award in March 2001, subsequently someone crossed through the document; however, the reasons and the date the document was crossed through were not documented. In a letter dated May 1, 2001, the DNR Director formally recused himself from the project and assigned his responsibilities, as the State Historic Preservation Officer (SHPO), of approving and overseeing this project grant to the Director of State Parks. It is unclear why under the circumstances the DNR Director did not immediately recuse himself or adequately document his verbal recusal and further involvement with this grant application. The Director of State Parks signed a new grant agreement on April 2, 2001, one month before the DNR Director documented his reassignment of duties related to this grant application. The grant project was completed on September 30, 2002, and the properties were placed on the National Register of Historic Places on November 22, 2002.

Although the Director of the DNR eventually recused himself from the project due to the conflict of interest situation, he had already given his approval. In addition, the DNR Director failed to document his verbal recusal to staff and the details surrounding the signing of the grant award in March 2001. To avoid this conflict of interest, the DNR Director should have had no involvement in the consideration or evaluation of this project.

2. An employee in the DNR director's office was approved for inclusion on the Historical and Architectural Historical Consultants' list by a review panel made up of four members recommended by the HPP staff and other interested parties. This list represents consultants who have been reviewed and evaluated by an independent panel and recommended for inclusion on a list of consultants that can assist with historic preservation activities. This employee prepared the nomination for the Munichberg project. The employee was paid a consultant's fee of \$9,900 by the city of Jefferson for preparing the nomination.

The program requires, as evidenced by their consultant application form, professional consultants to have a background in history, archeology, architectural history, architecture, or historic architecture in accordance with Section 36 Code of Federal Regulations (CFR) 61. Although this employee did not meet these specific requirements, the review panel approved her inclusion on the list because of her prior experience with the HPP.

In addition, this employee also owned property in the Munichberg area to be included in the nomination and stood to benefit from the approval of the nomination through federal and/or state tax credits. The employee's involvement in the grant project and her relationship to the DNR gives, at a minimum, the appearance of a conflict of interest.

Chapter 3 of the HPF grants manual, Section 3.2.c. states, "An apparent conflict of interest ...exists when a person may appear to have an unfair competitive advantage because of his/her relationship with the SHPO organization." The manual defines a person as "employees, agents, partners, associates, or family members..." The situations noted in parts A.1. and A.2. appear to have violated the conflict of interest provisions in the grants manual. The grants manual also states that when there is a suspected violation of the conflict of interest policy or requirements, the SHPO organization must advise the National Park Service (NPS) of the matter, pursue available state and local legal and administrative remedies, take appropriate remedial action with respect to any allegations or evidence coming to its attention, and advise the NPS of the ultimate disposition of any matter. Such violations may result in cost disallowances or other sanctions. In addition, the grants manual states that State Ethics officers are authorized to determine the applicability of these requirements to individual situations in regard to state employees and to resolve employee conflict of interest situations.

- B. A member of the Missouri Advisory Council on Historic Preservation is also listed on the consultants' list. The HPF grants manual specifically discourages board members from being included on any lists of qualified consultants distributed to the public by the SHPO.
- C. During our review of the program, we noted twelve projects that received grant awards exceeding 60 percent of the project's cost during the three fiscal years ending June 30, 2002, 2001, and 2000. According to the program director, discretionary grants up to 100 percent of the project costs are awarded to certain projects if the program deems it worthy and the grantee lacks funding for the local match. To determine the justification for higher grant funding levels, we reviewed one of these twelve projects (the Redding-Hill House development project) with a total project cost of \$24,173, and noted the following problems:
 - 1. The grantee did not provide a local match for the project. While federal regulations do not require the subgrant to have a local match (as long as the total grant to the State is matched at the required rate during the approved grant period), the HPP requires a local match as stated specifically in the grant application. In addition, there was no documentation in the file to explain and support the program's decision to award a 100 percent grant to the project.

2. The application was received on September 8, 2000; however, the application deadline is August 31. There was no documentation in the project file to support a postmark date prior to or on August 31.
3. There was no supporting documentation for the total score used in the evaluation process. The scoring sheets contained in the project file were blank; however, the grants score report indicated a total score of 272 points for this project.

Adequate documentation of all aspects of the grant process is necessary to demonstrate compliance by the HPP with established guidelines and procedures for awarding and reimbursing grant projects.

WE RECOMMEND the DNR SHPO and the HPP:

- A. Establish clear guidelines to address conflict of interest situations involving the DNR and the SHPO staff and related parties. The DNR and SHPO should contact the State Ethics officers and the NPS regarding these conflict of interest situations. In addition, the SHPO and the HPP should ensure compliance with federal requirements for professional consultants reviewing or preparing nominations to the National Register for Historic Places. Further, verbal recusals of potential conflicts of interest situations should be clearly documented.

B&C. Ensure adherence to established HPF grant policies and procedures.

AUDITEE'S RESPONSE

- A. *We disagree. There was no conflict of interest. The review by the State Auditor's staff affirmed on April 3, 2003, that they found no evidence that anyone from the department improperly exerted influence upon a decision for their own gain. The review by the Office of the State Auditor of our conduct related to potential conflicts of interest is particularly important to our department. The process we undertake to ensure integrity in our decision-making and to avoid conflicts is fundamental to our department's mission. We take this process very seriously.*

The department director did not sign the grant approval issued to the city of Jefferson, which the city subsequently used to prepare a successful nomination for a historic district to the National Register of Historic Places. The director recused himself from the project. He evidenced the recusal verbally and in writing, by revoking a signature document and maintaining it as evidence of his recusal. He later forwarded a separate letter of recusal to the Director of the Division of State Parks who served as the deputy State Historic Preservation Officer. The grant requested by the city of Jefferson was recommended by the State Historic Preservation Program director and staff, the deputy SHPO, and the Governor appointed Missouri Advisory Council on Historic Preservation.

No competitive advantage occurred. Though not required by law, the department director and his wife have determined that neither will participate in a separate program allowing for individuals to request tax credits for specified rehabilitation work on qualified historic property for this project. The consultant who prepared the nomination for the city of Jefferson did so only after requesting approval from her supervisors, performing the work outside of the time she is employed by the department, performing the work outside the subject matter of her departmental job responsibilities, submitting the low bid on the project, and using information available to all Missouri citizens. The consultant was qualified for preparing nominations to the National Register. Her qualifications were independently reviewed for inclusion on a list of consultants.

The department has given additional guidance and training to staff regarding grant procedures and is updating existing guidelines to provide consistency in evidencing conflict of interest actions. In addition, the department is reviewing current practices for maintaining a state list of professional consultants and will make changes if appropriate.

B&C. We disagree in part. Please note the department's response above. We consistently seek to meet all state and federal regulations. The Historic Preservation Program received additional instruction and training and is reviewing current grant policies and procedures to ensure future grants are being processed consistent with those requirements.

AUDITOR'S COMMENT

- A. The department's responses do not change the following facts noted by our audit:
1. The Director signed the preliminary grant approval in November 2000 for the Munichberg project, which allowed the grant process to continue.
 2. The Director signed the grant award in March 2001 and failed to adequately document any verbal recusal to staff or the intended actions taken regarding the signing and crossing through of this grant award. The Director's staff either ignored or forgot his verbal recusal and submitted the grant award document for the Director's review and approval. The Director did not formally document his recusal until May 1, 2001, five months after his initial involvement.
 3. No documented actions were taken in a timely manner to address the potential conflicts of interests and recusals even though this project was initially started in 1995, nearly three years before the Director's appointment as department director.

Furthermore, our review of the qualifications required to be a consultant was based on information provided by the HPP and the SHPO which included the grant application forms, discussions with the former division Director and the Deputy Director, and inter-office correspondence maintained in the grant file. It appears the HPP staff or the SHPO chose to ignore their own program requirements and the requirements noted specifically

on the grant application form, and failed to document their reasons for approving a consultant that did not meet these requirements.

2.	Series 37(g) and Series 37(h) Bond Accounts
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The DNR administers several grant programs which are funded by general obligation bonds. The bond series and the applicable purpose of the bonds we reviewed are as follows:

Bond Series	Authorization	Amount Authorized	Amount Issued	Purpose
Series 37(e)	Article III, Section 37(e)	\$275 million	\$159,494,240	Water pollution control and drinking water systems, rural water and sewer grants and loans, and storm water control grants and loans
Series 37(g)	Article III, Section 37(g)	\$100 million	\$35 million	Rural water and sewer grants and loans
Series 37(h)	Article III, Section 38(h)	\$200 million	\$45 million	Storm water control grants and loans

A portion of the Series 37(e) bonds (\$200 million) are used to fund the state's match of the Environmental Protection Agency (EPA) capitalization grants for the clean water state revolving funds. The EPA capitalization grant is a federal program, which is funded by the federal government at 80 percent of the grant award for each project. Of the remaining \$75 million from this bond series, \$50 million had been allocated for the rural water and sewer grants, and \$25 million had been allocated for the storm water grants. Based on the DNR records, there was approximately \$3.1 million available for storm water control grants at the end of fiscal year 2002 and projections indicate these funds will be fully expended by the end of fiscal year 2005. Approximately \$2.5 million is projected annually for rural water and sewer grants and loans through fiscal year 2009 from the Series 37(e) bonds.

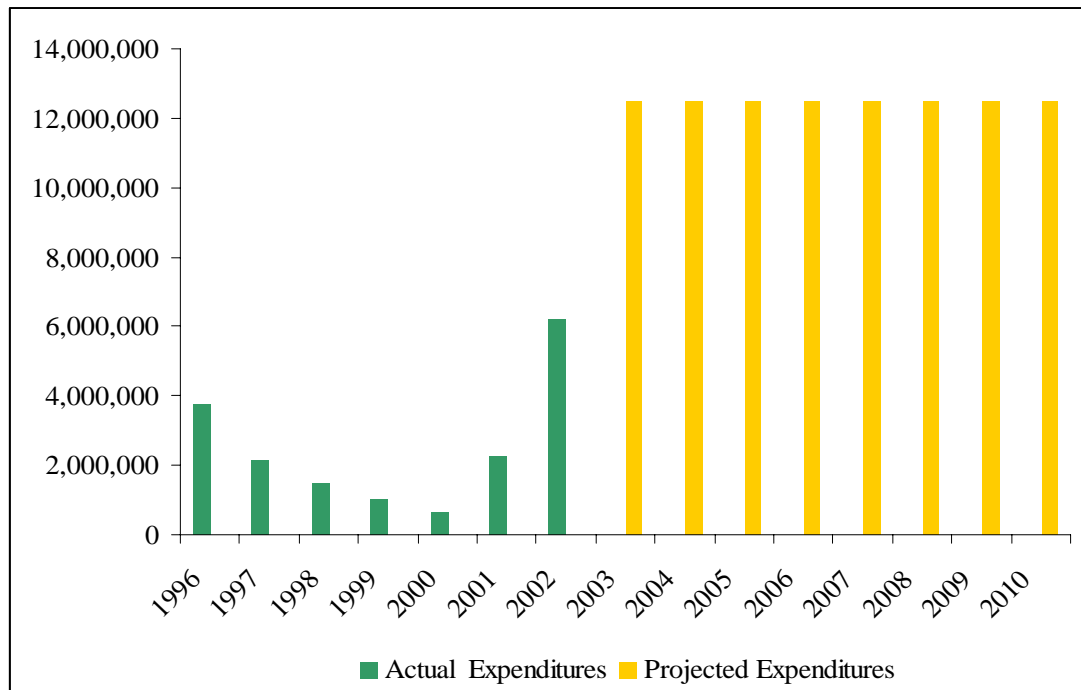
We also reviewed the cash balances in the Series 37(g) and Series 37(h) bond accounts and the related expenditures for rural water and sewer grants and loans and storm water control grants and loans which are fully state supported. The cash balances are maintained at fairly large amounts and future projections indicate the balances will continue to increase. The tables below list the actual beginning cash balance, revenues, expenditures, and ending cash balance in the Series 37(g) and (h) accounts held by the State Treasurer's Office through the year ended June 30, 2002, and projected cash balances, revenues, and expenditures through the years ending June 30, 2009 and 2010, respectively:

Series 37(g) Bonds				
Fiscal Year	Beginning Cash Balance	Revenues	Expenditures	Ending Cash Balance
2000	\$ 0	10,279,353	0	10,279,352
2001	10,279,352	10,671,905	542,478	20,408,779
2002	20,408,779	622,073	5,276,745	15,754,107
2003	15,754,107	15,916,856	10,000,000	21,670,963
2004	21,670,963	10,750,684	10,000,000	22,421,647
2005	22,421,647	10,781,268	10,000,000	23,202,915
2006	23,202,915	10,779,542	10,000,000	23,982,457
2007	23,982,457	10,811,302	10,000,000	24,793,759
2008	24,793,759	10,777,578	10,000,000	25,571,337
2009	25,571,337	10,842,591	10,000,000	26,413,928

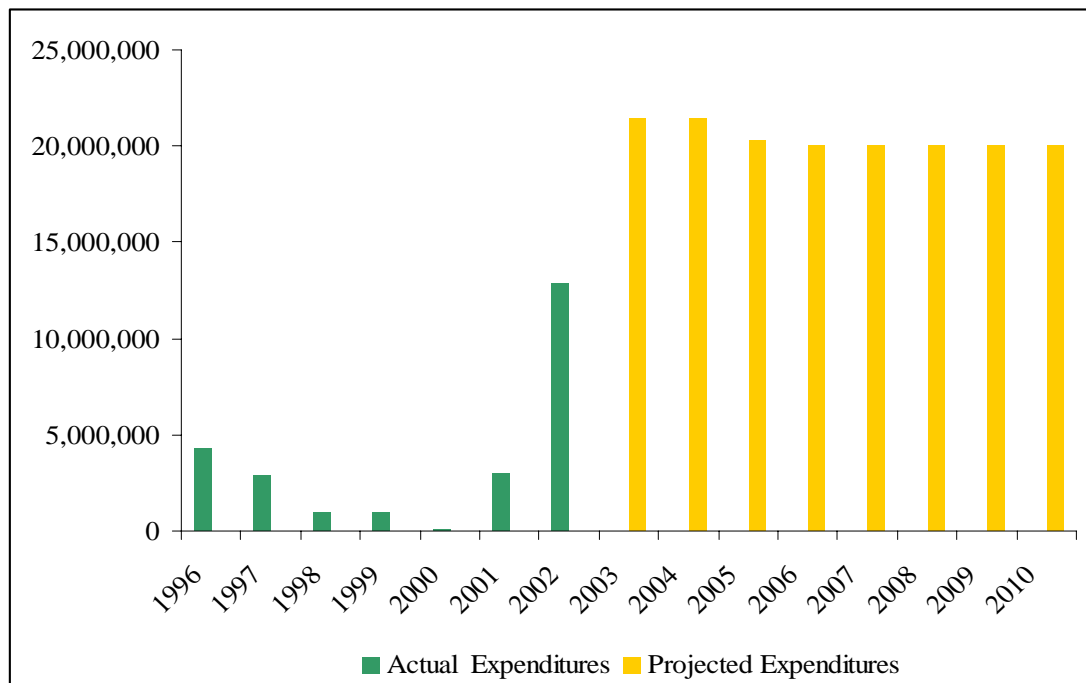
Series 37(h) Bonds				
Fiscal Year	Beginning Cash Balance	Revenues	Expenditures	Ending Cash Balance
2000	\$ 0	20,558,115	28,078	20,530,037
2001	20,530,037	11,290,331	2,411,277	29,409,091
2002	29,409,091	951,842	10,980,822	19,380,111
2003	19,380,111	16,101,825	20,000,000	15,481,936
2004	15,481,936	20,636,108	20,000,000	16,118,044
2005	16,118,044	20,662,024	20,000,000	16,780,068
2006	16,780,068	20,621,884	20,000,000	17,401,952
2007	17,401,952	20,647,221	20,000,000	18,049,173
2008	18,049,173	20,540,034	20,000,000	18,589,207
2009	18,589,207	20,628,702	20,000,000	19,217,909
2010	19,217,909	20,654,317	20,000,000	19,872,226

Projected expenditures for Series 37(e), (g), and (h) bonds for the rural water and sewer grants and loans and the storm water grants and loans are significantly higher than the prior years' actual expenditures as noted in the charts below.

RURAL WATER AND SEWER GRANTS AND LOANS EXPENDITURES



STORM WATER CONTROL GRANTS AND LOAN EXPENDITURES



The DNR staff indicated the projections are based on an industry standard construction curve for a 24-month project period. The 24-month curve assumes 50 percent of project costs would be paid by the twelfth month and 100 percent would be paid by the twenty-fourth month.

- A. The projected expenditures of \$10 million from the Series 37(g) bond account and \$2.5 million from the Series 37(e) bond account for fiscal year 2003 appear to be overstated. The total rural water and sewer grants that have been awarded, but not spent as of July 2002 totaled \$5,774,671. An additional \$4.3 million in projects are included on an anticipated rural sewer grants list (grants not yet awarded); however, since rural sewer grants and loans are awarded only after the bid process for the project has been completed, it is unlikely that the \$4.3 million in anticipated projects would be completed by the end of fiscal year 2003.

In addition, the total storm water control grants awarded during the years ended June 30, 2002, 2001, and 2000 that have not been expended as of July 2002 were \$8,429,363, \$9,902,778, and \$3,394,489, respectively. Only \$309,176 (3.1 percent of total grant awards) of the fiscal year 2001 grant awards and two-thirds of the fiscal year 2000 grant awards were expended by July 2002. Using the DNR 24-month curve expenditure projections, at least one-half of fiscal year 2001 grant awards, or \$5.1 million, and all of fiscal year 2000 grant awards should have been expended by July 2002. Therefore, the large proportion of unexpended grant awards indicates the 24-month construction curve is not a realistic measure for future projections of expenditures. In addition, fiscal year 2003 expenditure projections of \$21,416,312 assume all commitments (grants awarded and unexpended) would be paid by the fiscal year end. Based on these factors, the DNR appears to be over-projecting future expenditures for the storm water control grants and loans.

- B. Even with the increase in projected expenditures and large cash balances, the DNR continues to plan to issue Series 37(g) and Series 37(h) bonds. The following is a list of the actual bond issuances through fiscal year 2002 and projected bond issuances through fiscal year 2009:

Fiscal Year Ended June 30,	Series 37(g) Bonds	Series 37(h) Bonds
2000	10,000,000	20,000,000
2001	10,000,000	10,000,000
2002	0	0
2003	15,000,000	15,000,000
2004	10,000,000	20,000,000
2005	10,000,000	20,000,000
2006	10,000,000	20,000,000
2007	10,000,000	20,000,000
2008	10,000,000	20,000,000
2009	10,000,000	20,000,000

Principal and interest payments for these bonds are paid with state funds. The cost of issuing these bonds totaled \$71,642 for the June 2001 and October 1999 bond issuances. The total interest paid to date on the Series 37(g) and Series 37(h) bonds was \$1,817,929 and \$3,146,916, respectively. Based on the cost per dollar of the 2001 bond issuance, we estimate the state will spend approximately \$210,000 in bond issuance costs over the next 7 years.

It appears the DNR is over-projecting expenditures for the rural water and sewer grant and loan and storm water control grant and loan programs and in doing so, is planning to fund these programs by issuing Series 37(g) and Series 37(h) bonds every year through fiscal years 2009 and 2010, respectively, while building up large cash balances in the bond accounts. The large cash balances and sale of bonds do not appear necessary for the current obligations of these programs. The DNR should reevaluate the methodology used to project future expenditures for rural water and sewer grants and loans and storm water control grants and loans to determine more realistic projections based on current and future obligations without unnecessarily building up large cash balances in the bond accounts.

WE RECOMMEND the DNR reevaluate its methodology for projecting expenditures for rural water and sewer grants and loans and storm water control grants and loans to ensure that the sale of bonds for these programs is necessary to meet the current and future obligations of the programs without unnecessarily building up large cash balances in the bond accounts.

AUDITEE'S RESPONSE

The department agrees with the recommendation. The Office of Administration has their own timing and size requirements for the sale of bonds, and the department is not in total control of this procedure. The department feels that current projection methods are sound; however, we will review the methodology for bond sales with Office of Administration to seek improvements to the process.

3. Soil-State Sales Tax Fund

In 1984, the voters approved a sales tax of one-tenth of one percent for soil and water conservation and for state parks. In 1996, the voters renewed this sales tax until 2008. The sales tax revenues are split equally between the parks and the soil and water programs administered by the DNR. The State of Missouri collected soil and water sales taxes totaling \$36,220,270, \$35,230,984, and \$34,503,629 during the years ending June 30, 2002, 2001, and 2000, respectively. During our review of the soil and water program, we noted the following concerns:

- A. The Soil-State Sales Tax Fund's cash balance steadily increased during the three years ended June 30, 2001, and remained fairly constant during the year ended June 30, 2002, as noted below. In addition, the soil and water program (SWP)

continues to expend less than is budgeted each year. The SWP performs an annual analysis of how much soil is conserved and documents its future goals and objectives for the program; however, a comparison of soil conserved to resources spent annually and a long range plan, which quantifies the costs associated with meeting these future goals and objectives, has not been performed to determine how the sales tax revenues should be used. The officials of the SWP indicated they plan to increase the Soil-State Sales Tax Fund balance to ensure funding was available for the "seven year" SALT (Special Area Land Treatment) projects. The SWP estimates annual grant awards for SALT projects totaling \$6.9 million beginning in 2002 through 2007 and \$5.7 million in 2008. However, annual expenditure projections for the SALT program range from \$1.7 million to \$6.4 million over the life of the seven-year projects. Therefore, annual sales tax revenue is currently sufficient to cover future SALT expenditures without increasing the current fund balance.

Fiscal Year	Beginning Balance	Revenues	Expenditures	Ending Balance
2002	\$20,321,197	\$37,108,130	\$37,166,516	\$20,262,812
2001	14,605,379	36,456,451	30,740,633	20,321,197
2000	13,735,535	35,734,210	34,864,366	14,605,379
1999	10,523,769	33,698,792	30,487,026	13,735,535

In addition, 32 Soil and Water Conservation Districts (SWCDs) expended less than 50 percent of the landowner cost-share grants allocated to them in fiscal year 2001. District officials indicated the funding was not used due to a lack of cost share practices that are applicable or practical for use by landowners in their region.

The DNR and the Soil and Water Commission should perform a more detailed needs study to develop a long range plan which quantifies the costs associated with meeting its future goals and objectives and to determine how the sales tax revenues should be used. In addition, the DNR and Soil and Water Commission should consider implementing more conservation practices that are practical to all regions of the state to ensure the soil and water sales tax is used effectively.

- B. The SWP provides annual grants from the soil sales tax monies to each of the 114 SWCDs for administrative expenses such as salaries, supplies, travel, and related expenses to administer three landowner grant programs including a cost-share program, a loan interest-share program, and the SALT program, and to provide assistance to local landowners.

The SWP provided administrative expense grants to local districts to administer landowner grants during the three years ending June 30, 2002, 2001, and 2000. As noted in the table below, there were several districts that received administrative district grants exceeding 50 percent of the landowner grants distributed:

Fiscal Year	Number of Districts more than 50%	Landowner Grants	District Grants	Percentage Difference
2002	35	\$1,707,944	\$1,857,929	109%
2001	46	2,652,981	2,327,418	88%
2000	36	1,995,801	1,583,271	79%

During this three year period, the amount of the administrative expense grants in eighteen, twenty, and eight districts, respectively, exceeded the amount of landowner grants they administered. Furthermore, there were two districts each year that received over \$100,000 in funding for administrative expenses; however, the districts did not distribute any landowner grants during that time. While we recognize there are differences in geographic and demographic profiles among the districts within the state, there appears to be a problem in the methodology used to allocate funding if the conservation practices are impractical in some of the districts. The SWP should reevaluate how administrative expense grants are being allocated. If the districts are unable to distribute landowner grants due to a lack of need, it is not cost effective to continue to distribute significant administrative expense grants to those districts.

- C. The SWP currently provides a cellular telephone to each of the eight district coordinators and maintains four phones for temporary use by all employees. The costs for these phones are paid from the soil sales tax proceeds.

The SWP has adopted the Office of Administration guidelines for cellular phone usage, which states that cellular phones shall be used for minimal personal use. A clerk in the fiscal management section of the SWP reviews all cellular phone bills to identify personal calls; however, during our review of one of four cellular phone bills, we noted several personal calls made and there was no documentation of the clerk's review. In addition, the SWP was not reimbursed for these personal calls. The SWP should document detailed reviews of cellular phone usage to ensure established policies and procedures are followed.

- D. During our review of the SWP travel expenditures paid from soil sales tax proceeds, we noted expenditures totaling \$10,284, which appeared to be excessive as follows:

1. The SWP paid \$1,064 and \$930 for lodging at state parks outside of Jefferson City for 19 and 42 employees, respectively, who were all domiciled in Jefferson City, to attend planning retreats held in March 2000 and May 2001. The SWP also paid \$418 for an evening dinner at the May 2001 retreat. In addition, state vehicles were used to attend these retreats. Most of these costs could have been avoided if the retreats were held in Jefferson City.
2. The Soil and Water Commission meetings are held in various locations throughout the state to address SWP issues and to provide training to the

SWCD employees. The SWP does not limit the number of program employees attending the out-of-town Soil and Water Commission meetings. As many as 23 SWP employees attended each of the seven Soil and Water Commission meetings held outside of Jefferson City from July 1999 through December 2001. The travel expenditures incurred by employees to attend these meetings totaled \$7,872. In addition, employees used state vehicles to attend the meetings.

While we recognize planning retreats and allowing a limited number of employees to attend commission meetings may occasionally be necessary and/or cost-beneficial to administer the SWP, there are other more cost effective options the Soil and Water Commission should consider to eliminate unnecessary expenditures to the program.

WE RECOMMEND the DNR SWP and the Soil and Water Commission:

- A. Perform a more detailed needs study to develop a long range plan which quantifies the costs associated with meeting its future goals and objectives of conserving soil and to determine how the sales tax revenues should be used. In addition, the SWP should consider implementing more conservation practices that are practical to all regions of the state to ensure the soil and water sales tax is used effectively.
- B. Reevaluate how administrative grant funds are being allocated and determine the most cost-effective method. If a district is unable to distribute landowner grants due to a lack of need, the SWP and the Soil and Water Commission should determine a more cost-effective method to administer the program.
- C. Establish procedures to ensure documented reviews of cellular phone usage are performed and policies and procedures are being followed.
- D. Review travel expenditures for future retreats and out-of-town commission meetings to determine the most cost effective options for achieving the objectives of the program.

AUDITEE'S RESPONSE

- A. *The program agrees with the findings and recommendations. The Soil and Water Commission and the SWP continue to review and compare current programs, strategic plans and budgeting projections in order to develop more definitive planning information for soil conservation programs and sales tax resources. The SWP works with the United States Department of Agriculture (USDA) National Resource Inventory (NRI) statistics to prepare the Soil and Water Commission long term soil conservation objectives and resource needs and to ensure the Soil-State Sales Tax Fund balance remains sufficient for the long term program obligations.*

The Soil and Water Commission has approved over forty soil and water conservation practices that meet federal and state technical specifications for district use in the cost share program and the special area land treatment program. The Soil and Water Commission will continue to consider each and every request for conservation practices based on the environmental and resource protection value.

- B. *The program disagrees with the findings and recommendations. The 114 soil and water conservation districts in the state are established by the local voters and their needs in each county/district in accordance with Section 278.100 RSMo. 2000. The districts are allocated landowner grant funding targets based on potential needs at the beginning of each year. The allocations and circumstances of each district are reviewed at mid-year and reallocated to the districts that are able to effectively obligate the funds by the end of the year.*

The SWP grants to the districts generally provide only part of the funds used by the districts to conduct all of the local soil conservation information and education programs as well as to administer the other state programs. The districts use state grants along with their local resources to provide the most cost-effective district programs and services to all taxpayers within the district.

- C. *The program agrees with the finding and recommendation. The program will continue to conduct review procedures and close scrutiny of employee cellular use in accordance with the Office of Administration limited personal call cellular use policy. The audit noted one specific call by an individual who is no longer employed by the state.*
- D. *The program agrees with the recommendations but not the findings. The program strongly believes that the department facilities, travel options, and their relatively small total costs used during the two and one half-year period reviewed by the auditor for the two personnel retreat events and four Soil and Water Commission meetings around the state were cost-effective in meeting program objectives. Average comparisons of authorized travel rates at the time of the events and availability of appropriate facilities appear to be reasonable and conservative.*

4. Soil and Water Commission and District Minutes and Audits

- A. The SWP provides conservation services and funding to 114 SWCDs in Missouri. The SWP is administered by the Soil and Water Commission. The commission meets approximately once a month to review and approve SWP issues. The SWCDs are administered by district boards. The SWCD boards meet approximately once a month to review and approve SWCD issues. During our review of meeting minutes of both the Soil and Water Commission and four of the SWCD's we noted the following concerns:

1. The SWP requires the SWCD's to submit copies of all district meeting minutes to the program office. During our review of these minutes, we noted several problems that went undetected by the SWP including:
 - The SWP did not have minutes on file for 19 meetings for the Bates County, Nodaway County, Saline County, and Texas County SWCDs during the period July 1, 2001 through December 31, 2001, and the years ending June 30, 2001 and 2000.
 - The June 2001 minutes of the Saline County SWCD indicated the board approved bonuses to district employees; however, this recurring problem was undetected by the SWP. Article III, Section 39 (3) of the Missouri Constitution prohibits bonuses to employees from state or local funds.
 - A Texas County SWCD board member participated in the vote to approve two of his own cost-share projects. The board member did not abstain from this approval, which resulted in a conflict of interest. Section 105.452, RSMo 2000, states "No elected or appointed official or employee of the state or any political subdivision thereof shall: (1) Act or refrain from acting in any capacity in which he is lawfully empowered to act as such an official... by reason of any payment, offer to pay, ... to himself or any third person,... by the state or political subdivision." The SWCDs are political subdivisions of the state, as defined by Section 105.450, RSMo 2000.
 - One project out of 28 reviewed was not approved in the SWCD minutes. Cost share projects should be approved prior to payment to ensure the project is eligible for the grant.

Without an adequate review of the district minutes, there is an increased risk that other problems will continue to go undetected. The SWP should ensure all minutes are submitted by the SWCDs as required and reviewed for potential problems.

2. The Soil and Water Commission closed meeting notes were not approved in the subsequent month's open or closed meeting minutes or notes, and the notes were not signed by the commission's secretary or chairperson. In addition, the Bates County SWCD's board meeting minutes were not signed by the board secretary and chairperson. All commission notes and board minutes (including those for closed meetings) should be approved by the commission and signed by the chairperson and secretary to attest to the accuracy of the matters discussed and actions taken during the meeting.
3. The Bates County and Saline County SWCD's board open meeting minutes did not always document the specific reasons for closing the

meeting. Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting shall be voted on at an open session. The vote and the specific reason listed in Chapter 610, RSMo 2000, for holding the closed meeting should be entered into the regular meeting minutes.

- B. Section 278.110, RSMo 2000, requires SWCD finances to be audited annually. Only 49 SWCDs received audits for the fiscal year 1999, which were the most recent audits contracted out by the SWP, and five SWCDs were audited between 1996 and 1998. The remaining 60 SWCDs have not been audited since fiscal year 1995. In addition, upon completion of the audits that were performed, the SWP reviewed the audit recommendations and required the SWCDs to provide responses to the findings including corrective action plans; however, the SWP has not ensured that the SWCDs complied with the corrective action plans. We reviewed the status of the findings in the contracted audits performed between 1995 and 1999 for four SWCDs and noted the following problems that had not been corrected:

1. The Saline County SWCD paid bonuses to employees totaling \$1,888 and \$400 in fiscal years 2001 and 2000, respectively. This problem was also noted in the contracted audit report for the two years ended June 30, 1994.
2. The Saline County SWCD paid an employee from the cafeteria plan without obtaining supporting documentation for the claim. The problem was also noted in the internal audit report for the three years ended June 30, 1998.
3. The Nodaway County SWCD does not have a policy for maintenance reviews of cost-share projects and does not perform maintenance reviews. The problem was also noted in the audit report for the three years ended June 30, 1995.
4. The Bates County SWCD allowed a board member to use a rental drill for no fee. The problem was also noted in the audit report for the three years ended June 30, 1995.

The SWP should ensure audits are conducted in accordance with state law. In addition, the SWP should implement procedures to follow up on prior audit recommendations to ensure compliance with corrective action plans.

- C. While the DNR-Internal Audit Section (IAS) performs audits at the district level at the request of the program, the IAS has not performed an audit of the internal controls of the SWP. In addition, the IAS reports findings noted in the contracted audits of the SWCDs and other audit issues to the SWP Director. To ensure the internal controls of the SWP are operating adequately, the DNR IAS should perform an audit of the internal controls. In addition, to ensure complete and

objective audit coverage, the IAS must be independent of the activities they audit. To achieve this independence with regards to the SWP, the IAS should report directly to the Soil and Water Commission.

WE RECOMMEND the DNR SWP and Soil and Water Commission:

- A.1. Ensure SWCD board minutes are obtained and reviewed for compliance with program requirements and state law for all meetings.
2. Ensure all Soil and Water Commission and SWCD minutes and notes are properly approved. To properly approve meeting minutes or notes, an affirmative vote must be taken of the board members present, and the board chairperson and secretary should sign the meeting minutes.
3. Ensure that SWCD regular meeting minutes document the reason(s) for going into closed session as required by state law.
- B. Ensure annual audits are conducted of the SWCDs in compliance with state law and proper follow-up action is taken on recommendations from contracted SWCD audits. This should include performing a follow-up review with the SWCD to ensure the audit findings are resolved.
- C. Ensure an audit of the internal controls of the SWP is performed by the DNR-Internal Audit Section, and require the IAS to report directly to the Soil and Water Commission.

AUDITEE'S RESPONSE

- A.1. *The program agrees with the recommendation but disagrees with the findings. The program does not wait until it receives copies of the final approved district meeting minutes in the program office to review district activities. Copies of the minutes are not approved and forwarded to the program office until they are approved at the next district meeting resulting in a delay of 30 to 60 days. The program district coordinator staff attend the district meetings and provide immediate assistance and feedback to the district as needed. The program does have annual reviews of office files for missing copies of minutes and has recently added a quarterly review to obtain the file copies as needed.*
2. *The program agrees with the recommendation and findings with exception to the references to closed session notes. The auditor's finding specifically references the notes of the Soil and Water Commission closed sessions as not being approved properly. The Soil and Water Commission and program use the Missouri Attorney General Office's written guidance which states that "Missouri Law does not require the Commission to keep minutes of closed sessions." Therefore approval of closed meeting notes is unnecessary. The issue will be placed on the Soil and Water Commission agenda for further discussion with legal counsel. The program will continue to provide follow-up*

guidance to the districts to remind them of the correct procedures for approving meeting minutes.

- 3. The program agrees with the finding and recommendation. Some districts continue to have difficulty in using and documenting the appropriate wording in this area. The program continues to provide the guidance, assistance and training to the districts in this area.*
- B. The program agrees with this finding and recommendations. The Soil and Water Commission and SWP have provided funding and requests annually to the department for the required annual district audit support. The program is working closely with the department internal audit section to accomplish the district audit requirements. The program views the audits to be a significant tool in helping to ensure the 114 districts' compliance on an annual basis. The program continues to coordinate follow-up and resolution actions between the districts and the department internal audit section as needed for the scheduled contract district audits.*
- C. The program agrees with the recommendations. The program has established internal control plans in accordance with department and division initial guidelines. The plans are currently being reviewed by division staff and will be provided to the department internal audit section for their review and planning requirements.*

AUDITOR'S COMMENT

- A.1.** If the program's ongoing reviews of office files and the district's activities had been entirely effective, we would not have expected the findings noted above. The program should also utilize the district minutes to identify potential problems and non-compliance with program requirements and state law.
- A.2.** Although minutes of closed session meetings are not required, when minutes or notes are maintained they should be reviewed and approved at the subsequent commission meeting to ensure they accurately reflect the actions taken.

5. Soil and Water Cost-Share Program and Financial Records

The soil and water cost-share program reimburses landowners for up to seventy-five percent of the installation costs of approved erosion control devices and the establishment of ground cover. To receive cost-share funding, an application must be submitted and approved by the SWCD board. Once the project is complete, the SWCD technician performs an inspection to ensure it meets technical specifications. The SWCD board reviews the reimbursement claim form and forwards it to the SWP for approval and payment. The SWP reviews the costs to determine if the project is allowable and the claim form is accurate. Payment is sent directly to the landowner upon approval of the SWP. If the SWP denies payment, the landowner or SWCD has the option to appeal the decision. The issue is then brought before the Soil and Water Commission for a decision.

- A. We reviewed cost-share practices at five SWCDs and noted the following areas in which the SWP has not been effective in providing technical management assistance to the SWCDs:
1. The SWP requires cost-share applicants to submit invoices that are marked paid; however, the applicants are not required to submit cancelled checks to support the amounts paid. We requested 24 landowners to send us copies of cancelled checks to support invoices submitted for reimbursement; however, only 15 responded. One landowner indicated he could not provide us with a cancelled check because he had bartered for the services provided and did not actually pay for the services, which were invoiced at \$11,498. Another landowner provided us with a cancelled check that was \$469 less than the amount indicated on the invoice. Without a copy of the cancelled check, there is little assurance that the paid amount indicated on the invoice is accurate.
 2. The SWP does not always require cost-share applicants to submit itemized invoices. The Soil and Water Commission has established a policy requiring invoices for cost share claims to clearly indicate the specific item or service provided; however, the commission also has an informal policy that allows landowners to write the item purchased on a credit card receipt instead of providing an itemized invoice. Without an itemized receipt, there is little assurance the items purchased are eligible cost-share costs.
 3. On six of the 26 cost-share projects reviewed, the date paid was not indicated on the invoices. In addition, the invoice date was not indicated on one of the invoices. Without an invoice date, there is no assurance the project was started after it was approved. According to 10 Code of State Regulations (CSR) 70-5.040 (3), the cost-share claim must include documentation of costs incurred, including the date payment was received and the vendor's verification of payment received.
 4. Documentation of the final reviews performed by the technicians was not retained in the six project files reviewed at the Cole County SWCD. The SWP should establish procedures to ensure the SWCDs retain the final reviews, which would support that technical reviews were performed and the project was completed within the established guidelines.
 5. The SWP paid a claim, that had previously been denied, without the Soil and Water Commission's approval. The cost-share handbook requires that once a claim has been denied, it cannot be paid without the express approval of the Soil and Water Commission. To obtain this approval, the landowner or SWCD must present an appeal during a Soil and Water Commission meeting. This claim was not approved or brought before the

commission. The SWP should ensure claims that have previously been denied are not paid without the approval of the commission.

- B. The SWP Director has delegated the task of approving cost-share claims to the fiscal administration section, along with the use of her signature stamp. Allowing the fiscal administration section to use the facsimile stamp increases the risk that cost-share claims would be paid inappropriately. In addition, it would be difficult to verify who actually approved the claim. To maintain controls over the approval of cost-share claims and the facsimile stamp, someone authorized to review the cost-share claim should sign the claim indicating approval, and the facsimile stamp should only be used by the SWP Director.
- C. One of the five SWCDs reviewed improperly disposed of equipment purchased with state funds. The Saline County SWCD sold five computers using a bid process; however, the district gave preferential treatment to board members and district employees who wanted to purchase these computers. The SWP policy prohibits SWCDs from reselling items purchased with state monies and requires the districts to return assets purchased with state monies to the state.

WE RECOMMEND the DNR SWP and Soil and Water Commission:

- A.1. Require cost-share applicants to submit copies of cancelled checks with the cost-share application, and ensure the amount indicated on the invoice corresponds with the actual paid amount.
- 2. Require cost-share applicants to submit itemized invoices with the cost-share application to ensure the items purchased are eligible for reimbursement.
- 3. Ensure invoices submitted for reimbursement by cost share applicants include the date paid and the invoice date.
- 4. Ensure cost-share files and claims contain adequate copies of all documentation required.
- 5. Ensure established procedures are followed regarding denied claims. The SWP should not pay any claims that have previously been denied without the approval of the commission.
- B. Discontinue the practice of allowing the fiscal administration section to use the SWP Director's facsimile signature stamp for cost-share claims. In addition, procedures should be established to ensure someone authorized to review and approve cost share claims document the review and approval.
- C. Ensure SWCDs dispose of equipment purchased with state funds in accordance with program policies and procedures.

AUDITEE'S RESPONSE

- A.1. *The program disagrees with the finding and recommendation. The Soil and Water Commission and SWP program does provide effective technical management assistance to districts through policies and guidelines that do establish six acceptable methods, including cancelled checks, for the district boards to approve for cost-share applicants to use for supporting documents in validating payments. The Soil and Water Commission continues to approve the use of several methods to allow for the diversity of the voluntary cost-share applicant situations in the rural communities around the state. In accordance with Section 278.100.3, RSMo 2000 and state regulation 10 CSR 70-5.050, the district boards select and approve the claims with supporting documents and submit them to the SWP program for review. The SWP reviews the claims for completeness and the documents to support the claimed amounts. The SWP will place the auditor's recommendation on the Soil and Water Commission's next available meeting agenda for further consideration.*
2. *The program disagrees with the recommendation. The commission's existing policy does require itemized invoices. It also recognizes and allows for the fact some businesses only provide the customer with a cash register receipt that may not print descriptions of the items purchased. In the few situations where a landowner has to use a cash register receipt to document costs, the Soil and Water Commission's written policy allows the landowner's name to be written on the cash register receipt if approved by the district board. A credit card receipt can be used to document that the invoice has been paid but it must also accompany the itemized invoice and not be submitted in lieu of the invoice. The SWP will work closely with the districts to ensure policies are followed.*
3. *The program agrees with the recommendation. The date paid and invoice date is important to determine if it was made after the approval of the initial claim. Because of the volume of the receipt documents received in the program office, staff must periodically rely on the validation of the invoices and the dates involved by the local district board before they approve and forward them to the program office for processing. District board representatives are contacted to verify that the board has reviewed the dates of the projects and payments if there is question.*
4. *The program agrees with this finding. The district should be maintaining the assistance notes, technical maintenance files, and follow-up notes with the project files in accordance with program, and district policies and the program will continue to remind them to keep copies of all needed documents when possible. It should be noted that the United States Department of Agriculture (USDA) has determined that some of the technical information previously included in the landowner's file is no longer public information. Should an auditor need to verify this information, the USDA has indicated that the federal landowner file will be made available to the auditor for that purpose.*
5. *The program agrees with the recommendation. The program will continue to ensure that the landowners and districts that participate in the voluntary soil conservation programs are aware of the procedures for appealing denied claims. The audit noted one incident*

whereby a district board and landowner refused to use the established procedures for appealing a denied claim to the Soil and Water Commission.

- B. The program disagrees with the finding and recommendation. The finding indicates the facsimile stamp was being used to approve cost share claims for payment. Section 278.110.3 and 8 RSMo 2000 and state regulation 10 CSR 70-5.050 specifically require the local district boards to approve claims for payment and then submit them to the program office for review for completeness prior to transmittal to the Office of Administration for payment to the landowner. Claims are reviewed and initialed by program office technical staff. The current and previous program director(s) authorized specific administrative staff to use the stamp as the final indicator that the claim had completed the administrative review process. The director personally signs all other program official correspondence and communications. The program director and fiscal administrator will review the recommendation.*
- C. The SWP agrees with the finding and the recommendation. The SWP will continue to provide policies, procedures and guidance to the districts to follow regulatory guidelines, as well as good judgment in the disposal of public funded property.*

6. Storm Water and Solid Waste Management Grants

The DNR administers various grants to local entities, including the storm water grant, the solid waste management district grant, and the solid waste management reduction grant. Storm water grants are used to construct drainage systems that help decrease soil erosion caused by excess rainwater. The solid waste management grants are used to assist solid waste districts and other entities in developing solid waste management activities. Funding for the storm water grants are provided from the sale of bonds authorized by the Missouri Constitution, Article III, Sections 37(e) and 37(h). Funding for the solid waste management district and waste reduction grants are provided in the Solid Waste Management Fund (SWMF), which is comprised of the portion of tonnage fees generated from the landfills and transfer stations throughout the state.

The Water Protection and Soil Conservation Division administers the Water Pollution Control Program (WPCP), which oversees the storm water grants. The Air and Land Protection Division administers the Solid Waste Management Program (SWMP), which oversees both the solid waste district grants and waste reduction grants. The DNR disbursed grant funds for these programs to local entities totaling \$34,827,000, \$22,829,000, and \$23,900,000 for fiscal years 2002, 2001, and 2000, respectively. During our review of these grants, we noted the following areas where improvements are needed:

- A. The DNR could not provide a listing of all state and federal grants disbursed to local entities. In addition, each division noted above coded the grant activity differently for approximately 26 various grants to local entities within the state's accounting (SAM II) system. As a result, the data cannot be accumulated or

reviewed for all grants. There is not a centralized accounting section within each division that is responsible for the management and coding of the grants to local entities in the SAM II system.

The DNR should establish procedures to centralize the accounting of all federal and state grants disbursed to local entities to ensure all grants are identified and properly monitored. In addition, a centralized accounting of all grant activity within each division would provide upper management with a tool to analyze and review grant activity within the division and the department for decision-making and long and short range planning.

- B. The storm water grant program provides funding for the development, planning, design, and construction of storm water control projects. The DNR disbursed storm water grant funds totaling \$2,840,672, and \$1,541,846 during fiscal years 2002 and 2001, respectively. Storm water grant appropriations are allocated to each first class county by a percentage based on the population of the qualifying county in relation to the total population of all eligible counties. To receive funding, entities within the county must submit an application to their local storm water coordinating committee for review and approval, and, once approved, the committee forwards the application to the DNR and the Clean Water Commission (CWC). The commission then approves funding for these specific projects in each county. Upon approval from the commission, the WPCP assigns a project coordinator to perform oversight duties for these grants. During our review of six storm water grant program files and 14 St. Louis Metropolitan Sewer District (MSD) files, we noted the following concerns:

1. The CWC does not adequately review storm water projects prior to approving funding. The CWC only reviews a brief description of the storm water project contained in the application prior to approving funding. Detailed project costs are not included in the application; therefore, a review of costs is not performed by the commission prior to approval. As a result, two of five projects reviewed totaling \$45,000, which were approved by the CWC, were later determined to be ineligible by a DNR project coordinator and engineer because they were not storm water related. The DNR allowed the county's local coordinating committee to apply the \$45,000 to alternate projects within the county rather than withholding the funding previously approved for these ineligible projects or asking the committee to submit new projects to the CWC for approval. The CWC and the DNR should consider revising the approval process to ensure only projects with eligible costs are approved for funding. In addition, if projects are determined to be ineligible, the funding allocated to the project should be withheld, and the county's local coordinating committee should be notified that they need to submit an additional project application for approval to receive funding.

2. The CWC does not review or approve grant amendments for changes in project costs. One project reviewed was originally approved on May 30, 2000, by the CWC for funding totaling \$41,650. This grant was amended on November 5, 2000, to \$92,328, and again on March 19, 2001, to \$62,611. Both grant amendments were not reviewed or approved by the CWC; however, the DNR disbursed grant funds in the amount of the final amendment. The CWC should review and approve all amendments to ensure all changes are in compliance with grant agreements.
3. The DNR allows the county's local coordinating committee to redistribute storm water grant funds from projects determined to be ineligible to alternative projects without the approval of the CWC. For example, in two of the ten projects reviewed, the CWC approved funding of \$100,000 and \$50,000, respectively; however, the funding approved for other projects totaling \$1,051,523 and \$425,000, respectively, were reallocated and applied to these projects. Although, the CWC had only approved \$100,000 and \$50,000 for these projects, the county spent \$1,151,523 and \$475,000, respectively, on the projects. There was no documentation in project files to indicate that the DNR or the CWC approved the reallocation of funds for these projects. The DNR and CWC should approve all changes to project funding to ensure costs are storm water related and to provide the oversight needed for administering the program grants.
4. The request for proposals (RFP) was not publicly advertised for one MSD project. In addition, advertisement of the RFP was not in the file for two other MSD projects. At our request, the DNR obtained these documents from the MSD. Regulation 10 CSR 20-4.061 (10) requires formal advertisement for all projects exceeding \$25,000. In addition, the DNR should ensure project files contain documentation of advertisements to document its compliance with state regulations.
5. A RFP for one of the 14 MSD projects reviewed was in the form of a lump sum bid request (sometimes referred to as a firm, fixed price). As a result, adequate work and line item descriptions were not included in the bids received; therefore, an adequate review and approval of project costs could not be performed by the DNR. In addition, the nature of a lump sum contract would require the project to be completed as specified in the project requirements and change orders would not be necessary; however, we noted change orders being submitted. Procedures should be established to ensure all RFPs are adequately detailed, projects meet program requirements, and are properly reviewed, including any change orders submitted.

6. The DNR did not document its review of the bid documents for four storm water projects and nine MSD projects reviewed. Regulation 10 CSR 20-4.061(10)(C) requires the DNR to document its review of project bids.
7. The bid tabulation sheet was not in the file for one MSD project. Regulation 10 CSR 20-4.061(9)(C) requires the grant recipient to forward the tabulation of bids to the DNR for review. The DNR should retain documentation of the bid tabulations to document compliance with state regulations.
8. The DNR did not document its approval of a bid which was not awarded to the lowest bidder and another bid which was a sole source vendor prior to the contract award for MSD projects as required by Regulation 10 CSR 20-4(10)(C).
9. The executed construction contract was not in the file for one storm water project and five MSD projects reviewed. Regulation 10 CSR 20-4.061(9)(C) requires the executed contract document to be submitted prior to the first grant payment. The DNR should retain documentation of the executed construction contracts to document compliance with state regulations.
10. The DNR did not document its review and approval of the project plans and specifications for three MSD projects reviewed. Without supporting documentation, there is little assurance that the plans and specifications for these projects were properly reviewed and approved by the DNR.
11. The DNR processed the final reimbursement claim for one project reviewed 469 days after receiving the original reimbursement claim form. The city requested a final inspection on February 16, 2001. On March 7, 2001, the city submitted the reimbursement claim and again requested the DNR to perform the final inspection. The DNR performed the final inspection on October 11, 2001. On October 18, 2001, the city again requested reimbursement. Because the city had not received payment as of April 4, 2002, an additional final reimbursement claim form was submitted to the DNR. The claim was finally processed on June 18, 2002, after we brought the reimbursement claim form to the project coordinator's attention. The claim totaling \$111,370 was finally paid by the DNR on July 10, 2002. The DNR should establish procedures to ensure reimbursement claims are paid in a timely manner.
12. The DNR did not document its review and approval of change orders totaling \$38,000 for two storm water projects and six MSD projects. The DNR staff indicated that change orders often have no effect on the grant amount due to established limits; however, the DNR should authorize all change orders to construction contracts to ensure any additional

expenditures represent valid and appropriate costs and that the contract amount was not exceeded.

13. Regulation 10 CSR 20-4.061(5)(I) states that construction costs incurred prior to the grant award are reimbursable as long as final payment was not made prior to the plans and specifications being reviewed and approved by the DNR. This allows the grantee to complete a project prior to the DNR awarding the grant. The requirement appears to conflict with 10 CSR 20-4.061(4) which states that the applicant must not advertise for construction prior to the DNR's approval of the plans and specifications. We noted eight MSD projects and two storm water projects in which construction had been started prior to the grant award; therefore, the DNR had not approved the plans and specifications prior to construction advertisement. We also noted three ineligible projects totaling \$121,736 in which the final payment had been made prior to the plans and specifications being reviewed and approved by the DNR which is in violation of the state regulation requirements noted above. The DNR should review and revise the regulations as necessary. In addition, the DNR should ensure final project payments are not made prior to the DNR review of the project's plans and specifications in accordance with state regulations.
14. Regulation 10 CSR 20-4.061(5)(J)2 states that costs associated with the planning and design phase for these projects are eligible providing they "were incurred in whole or in part during State Fiscal Year 1999." The DNR staff indicated that the intent of the CSR was to include only eligible costs incurred after fiscal year 1999. The CSRs clearly state that costs must be incurred during fiscal year 1999. If the intention of the program is to include costs incurred after fiscal year 1999, then the CSRs should be revised. For two MSD projects reviewed, no costs were incurred during the planning and design phase of the project during the fiscal year 1999; however, these projects received funding for costs incurred after fiscal year 1999.

Based on our review, there are many problems with the DNR's overall monitoring of storm water grants. The DNR should establish procedures to ensure state regulations and department policies and procedures are followed.

- C. The DNR SWMP provides funding through the SWMF to assist solid waste management districts in the development of an adequate infrastructure so that solid waste reduction, recycling, and resource recovery may become regular and affordable activities of local governments, industries, and citizens. These districts administer grant funds disbursed to subgrantees for projects within the district based on the Financial Assistance Agreement (FAA) with the DNR, the SWMP's Guidance Document, General Terms and Conditions, and Special Terms and Conditions. During our review of the SWMP's district grants, we noted the following problems:

1. Quarterly reports for the districts and subgrantees were not submitted to the DNR within the required timeframe. The DNR Guidance Document and Regulation 10 CSR 80-9.050(3)(B) requires quarterly reports to be submitted within 30 days of the close of each quarter. Five of six districts reviewed submitted quarterly reports 13 to 230 days late. In addition, the DNR had not notified four of the five districts with overdue reports in accordance with DNR policy. The DNR also notified the remaining district that its reports were late, 211 days after the grant was awarded. The DNR cannot adequately monitor the progress of the district grants if the quarterly reports are not completed and submitted in a timely manner.
2. The SWMP's Guidance Document and Special Terms and Conditions require the DNR obtain and review the independent audit reports for certain solid waste districts.

The DNR Special Terms and Conditions requires solid waste districts receiving \$200,000 or more of financial assistance in any fiscal year to provide a copy of an independent auditor's report on the fair presentation of the district's financial statements in conformity with GAAP; the internal control structure; and compliance with applicable laws and regulations. During our review of three of six district audits, we noted that the DNR does not ensure the audits contain the necessary reporting requirements.

- The DNR does not ensure the solid waste districts submit an audited report of expenditures within 90 days of the end of the fiscal year as required by Section 260.335.2(3), RSMo 2000. The DNR did not receive three of the six reports reviewed. In addition, the three other reports reviewed were received 138 to 213 days late.
- The DNR does not follow up on audit recommendations addressed in the district reports. The grant agreement between the SWMP and the districts require the district to address all deficiencies identified in the audit of the district to the satisfaction of the SWMP or face losing additional funding or be required to repay current funding.

The DNR should establish procedures to ensure all required audit reports are submitted in accordance with established guidelines to ensure the SWMDs comply with state regulations and program requirements. In addition, the SWMP should follow-up on audit recommendations to ensure all audit findings are properly resolved.

3. The DNR has established procedures requiring an onsite inspection to be performed once every fiscal year for each district. The onsite inspections are performed to determine the adequacy of the district's monitoring procedures and the effectiveness of on-going projects. During our review

of onsite inspections for six districts during fiscal years 2002, 2001, and 2000, we noted one district did not have an onsite inspection for fiscal years 2002 and 2001. Onsite inspections should be performed to ensure the projects, which were completed and/or begun since the last onsite inspection, meet program requirements and project specifications.

- D. The SWMP also provides funding through the SWMF to assist any entity meeting the qualifications for waste reduction and recycling projects, to develop current and future solid waste management activities in Missouri by reducing, reusing, and recycling or strengthening consumer demand for materials collected for recycling. During our review of six waste reduction and recycling grant projects, we noted the following problems:
1. Quarterly reports for the grantees were not submitted to the DNR within the required timeframe. Three grantees submitted quarterly reports 3 to 40 days late. The DNR's Special Terms and Conditions and Regulation 10 CSR 80-9.040(7)(A) requires quarterly reports to be submitted within 30 days of the close of each quarter. The DNR cannot adequately monitor the progress of these projects if the quarterly reports are not completed and submitted on a timely basis.
 2. The DNR did not ensure 15 percent of funds were retained from the grantee prior to performing the final inspection for four of the projects we reviewed. In addition, we noted the DNR issued the final grant payment for two projects without performing and documenting a final inspection. Regulation 10 CSR 80-9.040(8)(C) requires the DNR to retain 15 percent of funds from the grantee until the final report and accounting of project expenditures are approved.
 3. The DNR did not review supporting documentation for three projects reviewed because the grant recipients did not provide supporting documentation, such as an invoice marked "paid" or a cancelled check, for expenditures totaling \$296,306. The DNR's General Terms and Conditions and Regulation 10 CSR 80-9.040(8)(B) requires accounting records to be supported by source documentation such as canceled checks or paid bills. Without supporting documentation, the DNR cannot ensure expenditures were proper.

WE RECOMMEND the DNR:

- A. Centralize all federal and state grants within the department which should include a listing of codes used in the SAM II system to ensure all grants are identified and properly monitored.

- B. Approve only projects with costs eligible for funding. In addition, all grant amendments and changes to project funding should be reviewed and approved. The DNR should also establish procedures to:
- Ensure detailed RFPs, which include work and line item descriptions, are publicly advertised and are retained in accordance with state regulations. In addition, reimbursement claims should be processed in a timely manner.
 - Ensure the review and approval of bid documentation, project plans and specifications, and change orders are properly documented and retained. In addition, prior approval should be obtained in accordance with state regulations for contract awards, and all required documentation including an executed contract should be reviewed and retained prior to issuing grant payments.
 - Review and revise state regulations as necessary. In addition, the DNR should ensure final project payments are not made prior to the review of the project's plans and specifications in accordance with state regulations.
- C.1. Ensure quarterly reports are submitted to the SWMP by the SWMDs and the subgrantees within the required timeframe.
2. Ensure all required audit reports are obtained and received by the DNR within the required timeframe. In addition, the DNR should follow up on audit recommendations to ensure all audit findings are properly resolved.
3. Ensure onsite inspections are performed in compliance with department policy.
- D.1. Ensure quarterly reports are submitted to the SWMP within the required timeframe.
2. Ensure the SWMP retains 15 percent of funding from the grantee until the final inspection is performed in accordance with state regulations.
3. Ensure the SWMP obtains and reviews supporting documentation from the subgrantee, including paid invoices or canceled checks.

AUDITEE'S RESPONSE

- A. *The department is in the process of reviewing the granting and subgranting process. We will consider this recommendation as part of the review.*
- B. *The Clean Water Commission's approval is obtained based on applications. Department staff are responsible for conducting technical reviews on behalf of the commission for each project submitted for storm water grant participation for eligibility. After the*

commission has approved the applications and department staff has approved all required documents, those approved applicants formally bid out their projects.

The department does allow counties to redistribute monies to alternate projects. Because regulations do not prohibit the funding of alternate projects, applicants are encouraged to include them in their list of projects in their application. This allows flexibility to the counties should they encounter any problems with certain projects.

The department has developed a checklist to ensure that all documents are submitted, reviewed prior to processing grant reimbursement, and filed appropriately. The department will follow up more frequently on reimbursement claims that are incomplete for payment processing.

The department will re-evaluate the need to review change orders that do not affect the grant amount. The department will request copies of the executed contracts from grantees and place them in the appropriate file as they are received.

The rule (10 CSR 20-4.061(5)(I)) states that construction costs can be incurred prior to grant/loan award provided that all required documents are approved prior to final construction payment. Construction of a project may be complete but the project is not considered complete until the final construction payment is made. The project was eligible and costs were allowable. Funds were expended in accordance with the regulations. However, the department will evaluate the need to revise the rule to better reflect intent.

- C.1. We agree. The SWMP continually strives to encourage the submittal of accurate and timely quarterly status reports pursuant to the Code of State Regulations and special terms and conditions. Methods to improve are discussed during annual district personnel guidance workshops. The grant manager sends an email quarterly status report submittal reminder to all district planners at the end of each quarter. If districts are unable to meet the deadline, they are to notify SWMP of the delay. Disbursements to a district are withheld if they are not current on quarterly status report submission or if there are pending audit findings.*
- 2. We agree. The SWMP did not have an audit of expenditures report/independent audit verification procedure in place at the time of audit. Following discussion with the state auditors, the SWMP has established a procedure. The districts will now be notified by email at the end of the state fiscal year as a reminder to submit an audited report of expenditures/independent audit within 90 days following the close of the state fiscal year. If the audited report of expenditures/independent audit is not received within the 90 days following the end of the state fiscal year, a certified letter with return receipt will be sent to the local executive district board advising them of the deficiency and that no funds will be disbursed until the report is received. This will be implemented once we receive the final audit report.*

Upon receipt of the audit report of expenditures/independent audit, a review will be done to ensure any findings and or recommendations are resolved. A separate audit file will become part of the district's general SWMP file. The SWMP's reporting database has been modified to indicate the date of receipt and resolution of findings/recommendations.

3. *We disagree. On site inspections are not required by statute or regulation. The site visits came about as a result of a monthly district planner's meeting when the district planners requested that we look into conducting district site visits. The program agreed that more site visits would be appropriate. These have the additional benefit of interacting with local district personnel and serve to get a sense of their operations, needs and issues. The site visits are not intended to determine the adequacy of the districts' monitoring procedures as cited in the finding. These self-imposed voluntary site visits were started in fiscal year 2000. While every effort is made to conduct these 20 annual site visits, staff vacancies and budget constraints have impacted this effort.*
- D.1. *We agree. With a qualification, for late quarterly reports, the project manager's only recourse is to contact the grantee by phone/and or email to advise them of the needed reports and that payments will be withheld until reports are received. The next step is to send a certified letter advising the grantee that if the reports are not received by a specific date, that they may lose the funding. The program strives to balance administrative requirements with project deliverables and environmental outcomes. The three projects cited for late quarterly reporting were all very successful projects.*
2. *We disagree. Rule or statute do not require final inspections. For those projects where we have a security interest, the asset is secured by filing the required Uniform Commercial Code form with the Secretary of State for equipment or capital improvements. For vehicles, the department is listed as the lien holder on the title. The program has asked the DNR regional offices to conduct site visits when requested, and provide reports on the equipment/vehicles or capital improvements. Site visits are not conducted and are not necessary for projects when there is no security interest. The 15 percent retainage is released to the grantee once the final report and the final accounting of project expenditures are approved.*
3. *We agree. While more supporting documentation would have been helpful, there was sufficient other documentation in the grant files for the three projects cited to show that the expenditures were verifiable.*

The SWMP will use the final audit report as a training tool for the districts and grant managers. It is important to note that the audit findings were mostly procedural in nature and that there was no inappropriate use of state funds.

The DNR administers various sewer grants to provide assistance to disadvantage communities, communities with a higher credit risk, rural communities and sewer districts, and to communities for phosphorous removal activities. To obtain funding for the various grants, an application must be submitted to the DNR. The DNR prioritizes each application according to the ranking criteria contained in 10 CSR 20-4.010. If the application is approved, a grant agreement is awarded. The DNR disbursed sewer grants totaling \$3,761,000, \$4,885,939, and \$5,061,751 for fiscal years 2002, 2001, and 2000, respectively. Of these amounts, \$1,005,842, \$1,563,550, and \$435,673, respectively, were federal funds. The remaining expenditures were from state funds. During our review of sewer grants, we noted the following problems:

- A. The DNR awarded a state forty percent construction grant on April 15, 1997, to the City of Reed Springs in the amount of \$635,800 to fund a wastewater treatment improvement project. The city's facility plan specifically incorporated a subdivision that was to be a part of the project. The DNR issued the project's final check to the city on July 6, 1998. Although the DNR indicated they were not aware that the city had refused to connect the subdivision to the city's waste water treatment plant until after the final inspection and final payment was made, the DNR did not ensure the city met all of the terms of the grant agreement as set forth in the city's facility plan prior to making the final grant payment nor did they notice during the final inspection that the subdivision was not connected as specified in the facility plan. In addition, the DNR failed to correct this situation or initiate recoupment of funds from the city until we requested information regarding this grant in November 2001 (3 years and 4 months after the final payment was made). Approximately \$143,000 was paid to the city by DNR that was directly attributable to the inclusion of the subdivision in the project. The DNR turned the case over to the Attorney General's Office in January 2002 for collection.

The DNR should require an adequate final inspection to be performed to ensure that all requirements of the facility plan and grant agreement are met prior to issuing the final grant payment. In addition, the DNR should ensure that proper and timely follow-up action is taken on projects which are in non-compliance of the grant agreement.

- B. The state forty percent construction grant provides funding to higher credit risk communities for construction of wastewater treatment facility. The DNR disbursed approximately \$2,197,235 and \$4,011,879 of these funds in fiscal years 2001 and 2000, respectively. During our review of six projects (other than the project discussed in part A. above), we noted the following areas where improvements are needed:

1. The DNR did not maintain documentation of approval of the final operation and maintenance manual for five projects reviewed. Regulation 10 CSR 20-4.023(20)(B) requires the DNR to approve each project's operation and maintenance manual before 90% of the project's construction is completed. Grant recipients are required by the DNR to submit a draft of the manual for review before 50% of construction is completed; however, the DNR should review the draft operation and maintenance manual, require the grantee to make any necessary changes, and then approve the final manual as required to provide assurance of the effective operation and maintenance of the construction project throughout the design life.
 2. The DNR did not document approval of the facility plan for one project reviewed. Regulation 10 CSR 20-4.023(9)(A) requires the DNR to approve the facility plan prior to award of grant funds to ensure the project is completed in accordance with grant provisions.
 3. The DNR did not document its approval of a reimbursement claim in the amount of \$167,232 for one project reviewed. To ensure all payments are valid and eligible costs of the grant, reimbursement claims should be reviewed for accuracy, completeness, and eligibility before payment is made.
 4. The DNR has not performed audits of these projects as required by Regulation 10 CSR 20-4.023(10), which states that audits should be performed of each applicant's financial management system to ensure fiscal integrity of public funds.
- C. The federal hardship grant provides funding to disadvantage communities that lack a centralized treatment or collection system or that need improvements to onsite wastewater treatment systems. The DNR disbursed approximately \$1,099,322 and \$435,673 of these funds in fiscal years 2001 and 2000, respectively. The DNR did not retain proper supporting documentation for a reimbursement claim totaling \$435,673 for the only project that received funding during these fiscal years. In addition, the DNR did not verify the mathematical accuracy of the invoices received. The grantee miscalculated a reimbursement request in the amount of \$4,752, which resulted in an underpayment to the grantee; however, the grantee later received the full amount of the grant. To ensure all payments are valid, reimbursement claims should be reviewed for accuracy and completeness before payment is made, and the DNR should contact the grantee to correct the under payments.
- D. The federal special infrastructure grant provides funding in conjunction with the state phosphorous grant to communities with a population of less than 50,000 and having wastewater discharges to the Table Rock Lake Watershed for phosphorous removal activities. The DNR disbursed approximately \$464,228 of these funds in

fiscal year 2001. The DNR did not document the approval of eligible costs for one of two projects reviewed. The approval of eligible costs is normally documented in the construction contract which was missing from the file. Without this approval, there is little assurance that the construction costs are eligible grant costs.

- E. The rural sewer grant provides funding to assist rural communities and sewer districts to finance sewer collection projects and to reduce the monthly sewer user charge to a reasonable level. The DNR disbursed approximately \$634,472 and \$614,200 of these fund in fiscal years 2001 and 2000, respectively. During our review of eight projects, we noted the following problems:
 - 1. The DNR did not have adequate documentation for the final inspection performed for four projects reviewed. At our request, the DNR obtained the final inspection reports from the contractor. Regulation 10 CSR 20-4.030(4)(B) states that the final grant payment cannot be made until a final inspection has been performed by the DNR. In addition, the DNR should ensure that all final inspections are documented before the final payment is made.
 - 2. The DNR did not maintain documentation of approval of the preliminary engineering study for two projects. Regulation 10 CSR 20-4.030(1)(C) requires the grant application to contain the preliminary engineering study for the proposed project.

Based on our review, the DNR has not complied with established guidelines and procedures for awarding and monitoring sewer grants. There appears to be an overall laxness in the DNR's handling of these grant monies.

WE RECOMMEND the DNR:

- A. Require an adequate final inspection to be performed to ensure all requirements of the facility plan and grant agreement are met prior to issuing the final grant payment. In addition, the DNR should ensure proper and timely follow-up action is taken on projects which are in non-compliance of the grant agreement.
- B. Ensure documentation is retained of the review and approval of the state forty percent construction grant projects including the final operations and maintenance manual, facility plan, and reimbursement claims. In addition, the DNR should ensure audits are performed in accordance with state regulations.
- C. Ensure supporting documentation is properly retained for all reimbursements and review reimbursement claims for accuracy and completeness.
- D. Retain documentation of the approval of eligible costs for all projects.

- E. Ensure supporting documentation of the performance of final inspections and the approval of preliminary engineering is retained.

AUDITEE'S RESPONSE

- A. *The department agrees with the recommendation. The department will review the adequacy of final inspections to ensure that all requirements of the grant agreement are met prior to issuing the final grant payment.*
- B. *The department agrees with the recommendation in part. The department has made sure that approval letters for the final operation and maintenance manuals, if required, are now in the file. Some projects reviewed did not require an operation and maintenance manual. Department project engineers will document when an operation and maintenance manual is not required and place in the appropriate file.*

The department disagrees that audits need to be performed on all grantees' financial systems. The rule states that grantees are subject to audits of the state. It is not a requirement, unless the department feels it is necessary. The department will consider requesting copies of audits performed by others to be placed in the file.

- C. *The department agrees with the recommendation. The department has developed a checklist to ensure that all documents are submitted, reviewed prior to processing grant reimbursement and filed appropriately. The department will retain all invoices supporting reimbursements in the file.*
- D. *The department agrees with the recommendation. The department will retain documentation of approval of eligible costs for all projects. The department has developed a checklist to ensure that all documents are submitted, reviewed prior to processing grant reimbursement and filed appropriately.*
- E. *The department agrees that the preliminary engineering report is required to be submitted with the application; however, it is not required to be approved by the department. These grants are made in conjunction with other grant programs whose administrators are required to do project reviews. The department will retain supporting documentation of the performance of final inspections and a copy of the preliminary engineering report in the file.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF NATURAL RESOURCES
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Department of Natural Resources (DNR) was established by the Omnibus State Reorganization Act of 1974, which was revised in Section 640.010, RSMo 2000. The previous eleven independent agencies were organized into one department to provide management and administration over the state's natural resources. The department administers various programs for the utilization of the state's natural assets.

The department is organized into six divisions. The Office of Director oversees the operations and administration of the department. Each division is headed by a division director, who coordinates activities to meet the objectives of the department.

In addition, the department serves in an administrative capacity for numerous commissions and councils. The commissions and councils responsible for areas within the scope of this audit along with a reference to the respective authorizing statute are as follows:

<u>Commission/Council</u>	<u>Authorizing Statute</u>
Missouri Advisory Council on Historic Preservation	Section 253.022, RSMo 2000
Soil and Water Commission	Section 278.080, RSMo Supp. 2001
Clean Water Commission	Section 644.021, RSMo 2000

The department's primary sources of revenue are state appropriations and federal grant funds. The Clean Water Commission (CWC) receives monies from the issuance of voter-approved bonds. Also, in 1984 and 1998, voters approved a one-tenth of 1 percent sales tax for state parks and soil and water conservation. The sales tax will expire in 2008.

The Missouri Advisory Council on Historic Preservation has twelve members appointed by the Governor. Seven members must be professionals including at least one historian, architectural historian, architect, prehistoric archaeologist, and historic archaeologist, and five must be public members. Members continue to serve until a replacement is named. The council reviews the National Register of Historic Places nominations, reviews and provides advice on the state's Historic Preservation Plan, and provides guidance and advice to the State Historical Preservation Officer. The director of the Historic Preservation Program oversees the council's operation and administration. In August 1985, Claire F. Blackwell was appointed Program Director and served in that capacity until October 31, 2002. Laverne Brondel served as acting Program Director until February 14, 2003, when Mark Miles was appointed Program Director. Members serving on the council as of April 2003 were:

<u>Members *</u>	<u>Term Expires</u>
Timothy Baumann	November 2002**
Jeannie Cook	November 2002**
Robert Wieggers	November 2002**
Bruce Hensley	November 2003
William Foley	November 2003
Andrew Trivers	November 2003
William Wallace	November 2004
Antonio Holland	November 2004
Gary Kremer	November 2005
Timothy Conley	unknown
Gregory Allen	unknown

* One council member's seat is vacant.

** Although these terms have expired, these members still serve on the council.

The Soil and Water Commission has ten members made up of six farmers appointed by the Governor and four *ex-officio* members. The four *ex-officio* members are directors of the DNR, Department of Agriculture, and Department of Conservation, along with the dean of the University of Missouri-Columbia's College of Agriculture. Members continue to serve until a replacement is named. The commission has the authority to promulgate such rules and regulations as may be necessary to effectively administer a state-funded soil and water conservation program. The director of the soil and water conservation program oversees the commission's operation and administration. In October 1994, Sarah Fast was appointed Program Director and is currently serving in that capacity. Members serving on the commission as of April 2003 were:

<u>Farmer Members</u>	<u>City</u>	<u>Term Expires</u>
Elizabeth Brown, Chair	Fayette	August 2005
Larry D. Furbeck, Vice-Chair	Dearborn	August 2004
John Aylward	Memphis	August 2003
Leland Burch	Butler	May 2002*
Philip Luebbering	St. Thomas	August 2004
Kirby VanAusdall	Caruthersville	August 2003

<u>Ex-Officio Members</u>	<u>Title</u>
Stephen Mahfood	Director, Department of Natural Resources
Lowell Mohler	Director, Department of Agriculture
John Hoskins	Director, Department of Conservation
Thomas Payne	Dean, University of Missouri, College of Agriculture, Food and Natural Resources

* Although this term has expired, this member still serves on the Commission.

The CWC has six members appointed by the Governor. Members continue to serve until a replacement is named. The commission has the authority to promulgate such rules and regulations as may be necessary to effectively administer a state and federally-funded water

pollution control program. The director of the water pollution control program oversees the commission's operation and administration. Ed Knight served as Program Director from July 1999 until March 2001. Scott Totten served as Program Director from March 2001 until April 2002. In April 2002, Jim Hull was appointed Program Director and is currently serving in that capacity. Members serving on the commission as of March 2003 were:

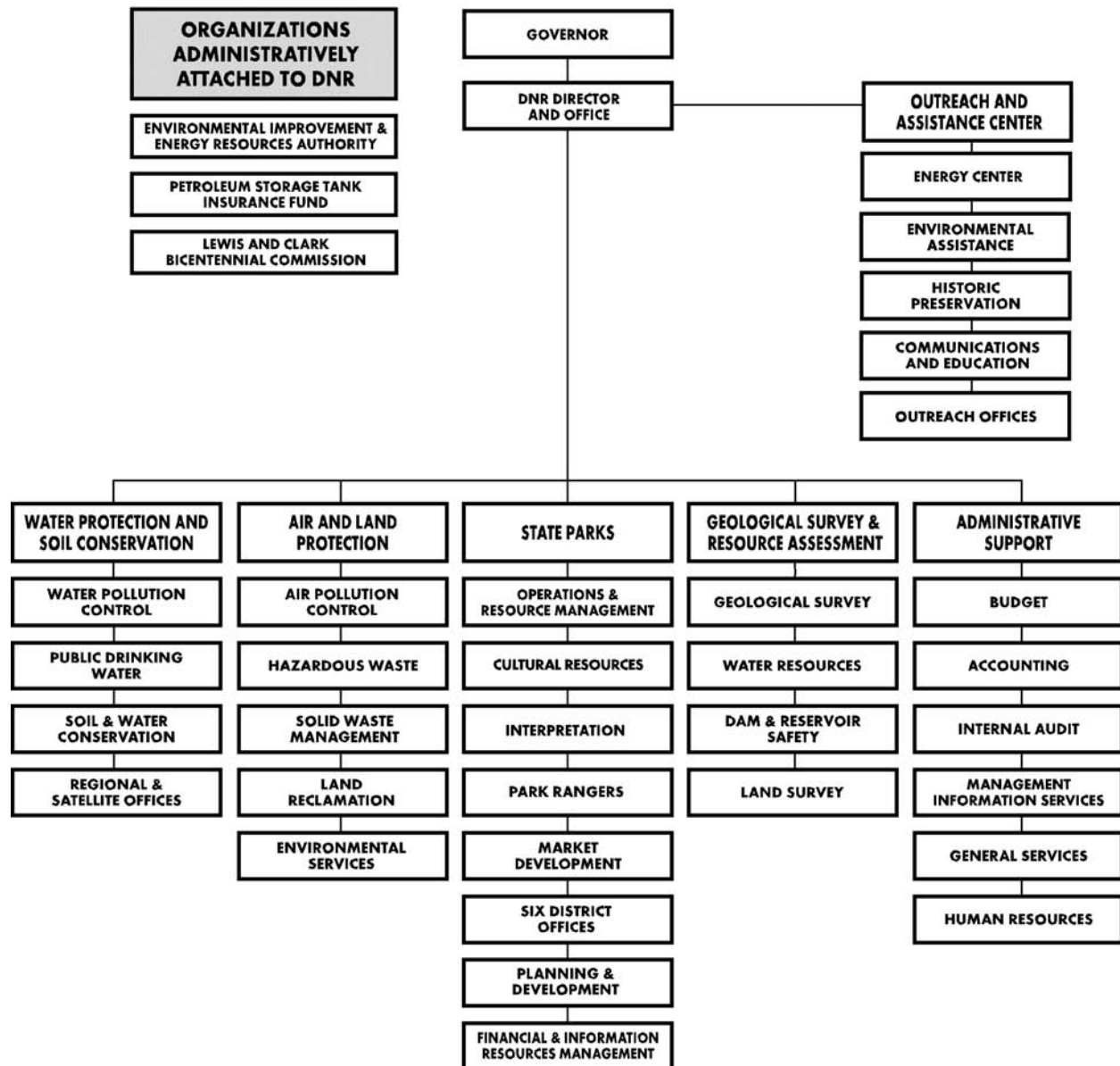
<u>Members</u>	<u>City</u>	<u>Term Expires</u>
Thomas Herrmann, Chair	Ballwin	April 12, 2004
Davis Minton, Vice-Chair	Dexter	April 12, 2004
Janice Greene	Springfield	April 12, 2005
Cosette Kelly	Kansas City	August 12, 2006
Kristin Perry	Bowling Green	April 12, 2004
William Easley	Independence	April 12, 2006
Paul Hauser	Des Peres	February 21, 2007

* Although these terms have expired, these members still serve on the commission.

The director of the DNR is appointed by the governor and confirmed by the Senate. In January 1998, Stephen M. Mahfood was appointed Director and is presently serving in that capacity. As of June 30, 2002, the department employed 1,977 individuals.

An organization chart follows:

DEPARTMENT OF NATURAL RESOURCES
 ORGANIZATION CHART
 JUNE 30, 2002



* * * * *



**DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. JAMES VETERANS' HOME**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-48
June 2, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Missouri Veterans Commission, St. James Veterans' Home.

The Assistance League is a not-for-profit organization which raises private funds to benefit residents of the St. James Veterans' Home. Donations, as well as canteen and vending machine proceeds, are used for this purpose. The Assistance League purchases items to sell through the canteen and vending machines, coordinates and pays for events and activities for residents, and purchases items for common areas located in the facility. Some expenditures by the Assistance League, totaling \$1,208, did not appear to benefit residents. These expenditures related to volunteer banquets and recognition awards, and employee softball team fees. Also, four expenditures, totaling \$4,026, lacked the required approval by the majority of the board.

A review of 16 donations for which there was no donor specified purpose found that 15 were not credited to the general account. Rather, the supervisor of volunteer services would often designate these monies for specific projects or purchases using her own discretion. Documentation regarding these decisions was not adequate.

Some state employees at the facility spend a portion of their workweek performing job duties for the Assistance League. One state paid employee estimated approximately 50 percent of her workweek is spent performing various duties for the not-for-profit organization, including collecting donations, scheduling volunteers to work in the canteen, and providing tours of the Veterans Home to outside organizations that contribute to the not-for-profit entity. The estimated annual salary cost (excluding fringe benefits) associated with the assistance league duties performed by these state employees is \$27,000. Allowing state paid employees to perform duties associated with the Assistance League, a not-for-profit organization, appears to be a violation of the Missouri Constitution.

Also included in the audit are recommendations related to documentation of expenditures, payroll records and procedures, and fixed assets.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. JAMES VETERANS' HOME

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Charles R. Jackson, Director
Department of Public Safety
and
Missouri Veterans Commission
and
Mary P. Faenger, Administrator
St. James Veterans' Home
St. James, MO 65559

We have audited the Department of Public Safety, Missouri Veterans Commission, St. James Veterans' Home. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable statutes, regulations, and facility policy.
2. Review the efficiency and effectiveness of certain management practices and operations.
3. Review certain revenues received and certain expenditures made by the St. James Veterans' Home.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the minutes of meetings, written policies, financial records, and other pertinent procedures and documents, and interviewed facility personnel.

As part of our audit, we assessed the facility's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the St. James Veterans' Home.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Public Safety, Missouri Veterans Commission, St. James Veterans' Home.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 6, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Stacy Griffin-Lowery
Audit Staff:	Turan Hirji

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. JAMES VETERANS' HOME
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.

Assistance League Fund

The St. James Veterans' Home Assistance League is a not-for-profit organization which raises private funds to benefit residents of the St. James Veterans' Home. Donations, as well as canteen and vending machine proceeds, are used for this purpose. The Assistance League is governed by a board of directors. As provided for in the Assistance League's by-laws, the facility's administrator and chief accountant are the custodians of the league assets, and have the authority to make purchases related to canteen operations or for donor specified purposes. In addition, the administrator shall maintain and make available for audit a record of receipts and disbursements. Because of the fiscal and managerial responsibilities that state employees have assumed for the Assistance League, we reviewed the League's records and procedures and noted some areas where improvements are needed.

- A. The Assistance League purchases items to sell through the canteen and vending machines, coordinates and pays for events and activities for residents, and purchases items for common areas located in the facility. The Assistance League's by-laws provide that expenditures from league assets should benefit the majority of the residents. Also, expenditures in excess of \$800 that do not pertain to canteen operations or donor specified purposes require approval by the board of directors. A review of purchases noted:
- 1) Some expenditures did not appear to benefit residents. During 2001 and 2002, \$1,208 was spent for costs related to volunteer banquets and recognition awards. In addition, approximately \$870 was spent on employee softball team fees. The payment of these fees was approved only by the board president.
 - 2) Board approval was not always noted on purchases over \$800 that were not for canteen operations or donor specified purposes. We noted four expenditures, totaling \$4,026, which lacked the required approval by the majority of the board. For one of these expenditures there was a signed note from the president of the board authorizing the expenditure, while there was no documentation of board authorization for the other three expenditures.
- B. The Assistance League's by-laws provide that the custodians of the assets should make every reasonable effort to ensure the wishes of the donor are complied with and should notify the donor if those wishes cannot be accommodated. Although

not specifically outlined in the by-laws, league records and practices have been developed so that unspecified donations are to be credited to the general account within the Assistance League Fund and used for any purpose as determined by the fund custodians or the board. The by-laws provide for the facility administrator and chief accountant to serve as custodians of the Assistance League's assets.

The facility's supervisor of volunteer services was assigned the task of accepting donations, documenting the purpose, and forwarding information to the chief accountant for recording in the league records. A review of 16 donations for which there was no donor specified purpose found that 15 were not credited to the general account. Rather, the supervisor of volunteer services would often designate these monies for specific projects or purchases using her own discretion. When asked about these transactions, she indicated that she had received verbal instructions from some donors regarding the desired use of their donations; however, documentation was not available to support these explanations. Considering the provisions of the by-laws and general practices at the facility, the use of such unspecified donations should have been determined by the fund custodians or the board. In addition, adequate documentation is necessary to thoroughly record communications with donors and demonstrate compliance with by-laws.

- C. As discussed above, some state paid employees at the facility spend a portion of their workweek performing job duties for the Assistance League. One state paid employee estimated approximately 50 percent of her workweek is spent performing various duties for the not-for-profit organization, including collecting all donations received at the Veterans' Home, scheduling volunteers to work in the not-for-profit's canteen, and providing tours of the Veterans' Home to outside organizations that contribute to the not-for-profit entity. In addition, another state paid employee estimated she spent about 3 percent of her workweek performing accounting functions related to the not-for-profit organization. This employee is appointed to the organization's executive committee as the treasurer.

The salary of each employee varies but the estimated annual cost associated with the duties performed by these two state employees to accomplish their Assistance League duties is approximately \$27,000, excluding any fringe benefit costs.

Allowing state paid employees to perform duties associated with the Assistance League appears to be a violation of Article III, Sections 38 and 39 of the Missouri Constitution, which prohibits state agencies from making donations to not-for-profit corporations.

WE RECOMMEND:

- A.1. The Assistance League ensure that all league disbursements benefit the majority of the residents. In addition, the facility should determine a more appropriate funding source for expenditures such as volunteer banquets and recognition awards, and softball team fees.
- 2. The Assistance League ensure compliance with the expenditure approval process outlined in the by-laws.
- B. The Assistance League ensure that donor wishes are clearly and thoroughly documented and donations are accounted for appropriately within the Assistance League Fund.
- C. The St. James Veterans' Home establish procedures to track the time state paid employees spend performing Assistance League job duties and recoup the cost associated with these duties from the Assistance League. These funds should be deposited into the Missouri Veterans' Home Fund.

AUDITEE'S RESPONSE

- A.1. *The Home agrees that the league disbursements shall benefit the majority of the residents. In 2002, over 29,000 volunteer hours were spent providing services to the veterans of this Home. Annual volunteer banquets are held to recognize volunteers for their unpaid hours of service to the veterans. Recognition awards consist of pins, which indicate individual hours of service, and certificates of appreciation. The Home will not request sponsorship fees for the employee softball team as of fiscal year 2004.*
- 2. *The Home will ensure that the approval process is followed as outlined in the by-laws. Board approval will be received and documented for purchases exceeding \$800 that are not for canteen operation or donor specific purposes. The method for this approval will be discussed at the next meeting of the Assistance League.*
- B. *As of February 13, 2003, the Home implemented a process to ensure that donor wishes are clearly and thoroughly documented and all donations are appropriately accounted for within the Assistance League Fund. A Donated Funds form was developed. If a donation is for a specific purpose, it is documented on the form and documentation must be attached indicating that the donor specified the funds to a particular item or designated account. If no specification is made, the donation is placed in the general fund. The Donated Funds form must be signed by the Director of Volunteer Services, Accountant II, and the Administrator before it is processed.*
- C. *Because of the nature of the duties of the Supervisor of Volunteer Services, it is difficult to distinguish between time spent on activities that benefit the Assistance League versus activities that benefit only the home. The State of Missouri, Office of Administration,*

Division of Personnel, job description for the Supervisor of Volunteer Services provides examples of work for this position, including, but not limited to, the following:

- 1. Confers with department heads with regard to specific needs for volunteers,*
- 2. Plans and conducts recruitment campaigns to stimulate interest in the program and attract suitable candidates; interprets program philosophy and objectives to lay organizations and professional groups,*
- 3. Interviews applicants to determine aptitudes, interests, abilities, skills, and other qualifications; classifies applicants according to qualifications, time available for duty, and other characteristics,*
- 4. Plans, develops and coordinates an information and public relations program to acquaint the community and organizations in the community with facility and agency program objectives and accomplishments,*
- 5. Conducts tours of the facility for interested individuals and groups and interprets programs and services provided,*
- 6. Receives requests for volunteer services and makes referrals of available volunteers to department heads on the basis of qualifications,*
- 7. Arranges periodic reassignment of volunteers to sustain interest and to utilize abilities; meets with volunteers to discuss individual problems that relate to their assignment,*
- 8. Compiles and maintains records of placements and working hours, prepares reports on activities and performance of volunteers, and*
- 9. Develops and maintains working relationships with community organizations and the news media.*

The Supervisor of Volunteer Services conducts tours of the St. James Veterans' Home to interested individuals and organizations. These individuals or organizations could have a number of reasons for requesting a tour. They may have a family member who is interested in applying to the home to be a resident. They could also have a community interest in the home, which could result in volunteer hours for the home. In fiscal year 2002, the number of volunteer hours provided to the St. James Veterans' Home was over 29,000, which was a direct benefit to the residents of the home. Also, the Missouri Veterans Commission administers the Veterans Trust Fund, a state fund that accepts donations. The tours could also result in increased contributions to this state fund.

Volunteers staff the canteen located in the veterans' home. Having the facility personnel maintain the canteen's inventory ensures continuity in the personnel who account for this important function.

Finally, Section 42.007.5(5), RSMo., states the Missouri Veterans Commission shall "Arrange for and accept through such mutual arrangements as may be made, the volunteer services, equipment, facilities, properties, supplies, funds and personnel of all federal, welfare, civic and service organizations, and other organized groups and individuals which are in furtherance of the purposes of section 42.002 to 42.140."

Regarding the accounting functions related to the not-for-profit organization, the Missouri Veterans Commission (MVC) will coordinate a commission-wide task force to

explore options for performing these functions. The MVC will consult with the Attorney General's Office in this process.

2.

General Fixed Assets Records and Procedures

The St. James Veterans' Home's fixed assets at June 30, 2002 were valued at approximately \$886,000, excluding land and buildings. Additions to the fixed asset records during the year ended June 30, 2002, were approximately \$43,000 and deletions were approximately \$15,000. We reviewed controls over these assets and noted the following concerns:

- A. A physical inventory of the fixed assets is not performed on an annual basis as required by the state regulation 15 CSR 40-2.031. The facility has not performed an inventory of the fixed assets since June 2001. As of February 2003, discrepancies identified during that physical inventory had not been properly investigated or resolved.

Annual physical inventories are necessary to establish proper accountability over fixed assets. Timely and proper review of discrepancies is necessary to maximize the benefit of the physical inventory procedure.

- B. The facility's fixed asset records are not complete or accurate. The facility did not record fixed asset additions or dispositions on the fixed asset records in a timely manner. For example, we noted an instance during June 2000 where the facility purchased a lawn mower costing approximately \$6,800, but did not add the mower to the fixed asset records until we brought it to the facility's attention. The facility does not routinely reconcile additions to the general fixed asset records to the records of expenditures for fixed asset acquisitions. In addition, although the facility surplused property items on several occasions since July 2001, these items were not removed from the fixed asset records. The total cost of these items was approximately \$27,100.

The failure to properly record and reconcile property items reduces the control and accountability over fixed assets and increases the potential for loss, theft, or misuse of assets.

WE RECOMMEND the facility:

- A. Conduct an annual physical inventory of the general fixed assets, reconcile the physical inventory to the fixed assets records, and resolve any discrepancies.
- B. Periodically reconcile fixed asset additions to the expenditure records, and establish a procedure to ensure that fixed assets records are properly updated for additions and dispositions.

AUDITEE'S RESPONSE

- A. *The physical count for fixed assets will be reconciled to the master list of fixed assets annually beginning fiscal year 2003.*
- B. *The Home will reconcile fixed asset additions to the expenditure records and a procedure will be established for fiscal year 2004 to ensure fixed asset records are properly updated for additions and deletions. The reconciliation will occur on a semi-annual basis.*

3. Payroll Records and Procedures
--

We reviewed controls over the payroll records and noted the following concerns:

- A. The facility requires the use of annual leave and sick leave to be approved by the employee's immediate supervisor; however, we noted several instances when the leave slip was not approved by the employee's supervisor. We also noted that the facility administrator approves her own leave slips. In addition, several of the facility's departments had not retained the leave slips for fiscal years ending June 30, 2002 and 2001.

Proper control over payroll requires documentation, such as leave slips, signed by the employees and approved by their supervisors, to provide evidence of time worked and/or leave taken each month. Retention of approved leave slips is necessary to ensure the validity of the timekeeping system information and provide support for possible payroll adjustments.

- B. The facility administrator, assistant administrator, director of nursing, and three unit managers do not use the automated time clock as required. The Missouri Veterans Home Administrative Policy Manual, Section B-30, indicates all employees are assigned an employee card to be used to clock in when reporting for duty and clock out when leaving each day. A computerized timesheet is compiled from the time clock information and used for payroll and accounting for annual, sick, and compensatory leave balances. Time for these administrators is automatically posted by the computer and manual corrections are made when a change is needed.

The use of the time clock reduces the risk of errors going undetected. Timesheets are necessary to document hours actually worked and to substantiate payroll expenditures. Timesheets also provide documentation of leave used to maintain accurate leave records.

WE RECOMMEND the facility:

- A. Require all employees, including the administrator, to follow the facility's leave request and approval procedures, and ensure that leave slips be retained for appropriate time periods.
- B. Ensure all employees utilize the automated time clock as required.

AUDITEE'S RESPONSE

- A. *All leave slips will be retained for the appropriate time periods beginning in fiscal year 2003. All leave slips will be approved by the appropriate supervisor. The Missouri Veterans Commission Administrative Policy Manual will be adjusted to reflect that Assistant Administrators will approve Administrator leave requests.*
- B. *The Missouri Veterans Commission has not required in practice that the Missouri Veterans' Homes' Administrators, Assistant Administrators and Directors of Nursing Services clock in and out. These positions are classified as exempt, travel, work varied schedules and are on call at various times. The Missouri Veterans Home Administrative Policy Manual, Section B-30, will be adjusted to reflect the current practice of these positions not clocking in or out for their designated shifts. The Unit Managers currently utilize the automated time clock.*

4.

Expenditures

The administrator of the facility did not document her review and approval of some expenditures. Approximately 11 of 59 (approximately 19 percent) invoices tested did not have the approval of the administrator before being coded into the statewide accounting system for payment. In addition, the receipt of goods or services is not always indicated on the invoice prior to an expenditure being approved for payment. Approximately 6 of 55 (approximately 11 percent) invoices tested did not indicate if goods or services were received.

Proper review and approval by the administrator is required by the facility's policy and is necessary to ensure all disbursements represent valid operating costs of the facility. Failure to properly review supporting documentation and document such approval increases the possibility of inappropriate disbursements occurring. Additionally, the documentation of the receipt of goods or services is necessary to ensure the facility actually received the items or services.

WE RECOMMEND the facility ensure all invoices have documented authorizations before coding the expenditures into the statewide accounting system. In addition, ensure the receipt of goods or services is indicated on invoices prior to them being approved for payment.

AUDITEE'S RESPONSE

The Administrator will indicate approval of invoices for payment by noting initials on the actual invoice.

Effective fiscal year 2004, receipt of goods will be noted on invoices prior to them being approved for payment.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. JAMES VETERANS' HOME
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

St. James is the site of the first state veterans home. The St. James Veterans' Home was established in 1896, with the state assuming control in the following year. The State Omnibus Reorganization Act of 1974 placed the St. James Veterans' Home under the jurisdiction of the Division of Veterans' Affairs. The division was removed, in the same year, from its affiliation with the Office of Adjutant General and was transferred to the Department of Social Services. In February 1981, by executive order, the Division of Veterans' Affairs was transferred back to the Office of Adjutant General, Department of Public Safety.

The St. James Veterans' Home is a 150-bed nursing home care facility, providing care to Missouri veterans who are unable to support or adequately care for themselves. Residents of the facility are provided room, board, medication, therapy, personal care, and recreational and religious activities. The cost of care is shared by the resident, based on ability to pay, the Federal Veterans' Administration, and the State of Missouri.

The St. James Veterans' Home Assistance League, a not-for-profit corporation, was formed in September 1972 to receive donations to be spent for the benefit of all residents of the facility. The Assistance League also funds the canteen operations.

The Missouri Veterans Commission operates seven homes for veterans of the state. The homes are located in St. James, Mount Vernon, Mexico, Cape Girardeau, Cameron, Warrensburg and St. Louis. Members of the Missouri Veterans Commission, as of June 30, 2002, include:

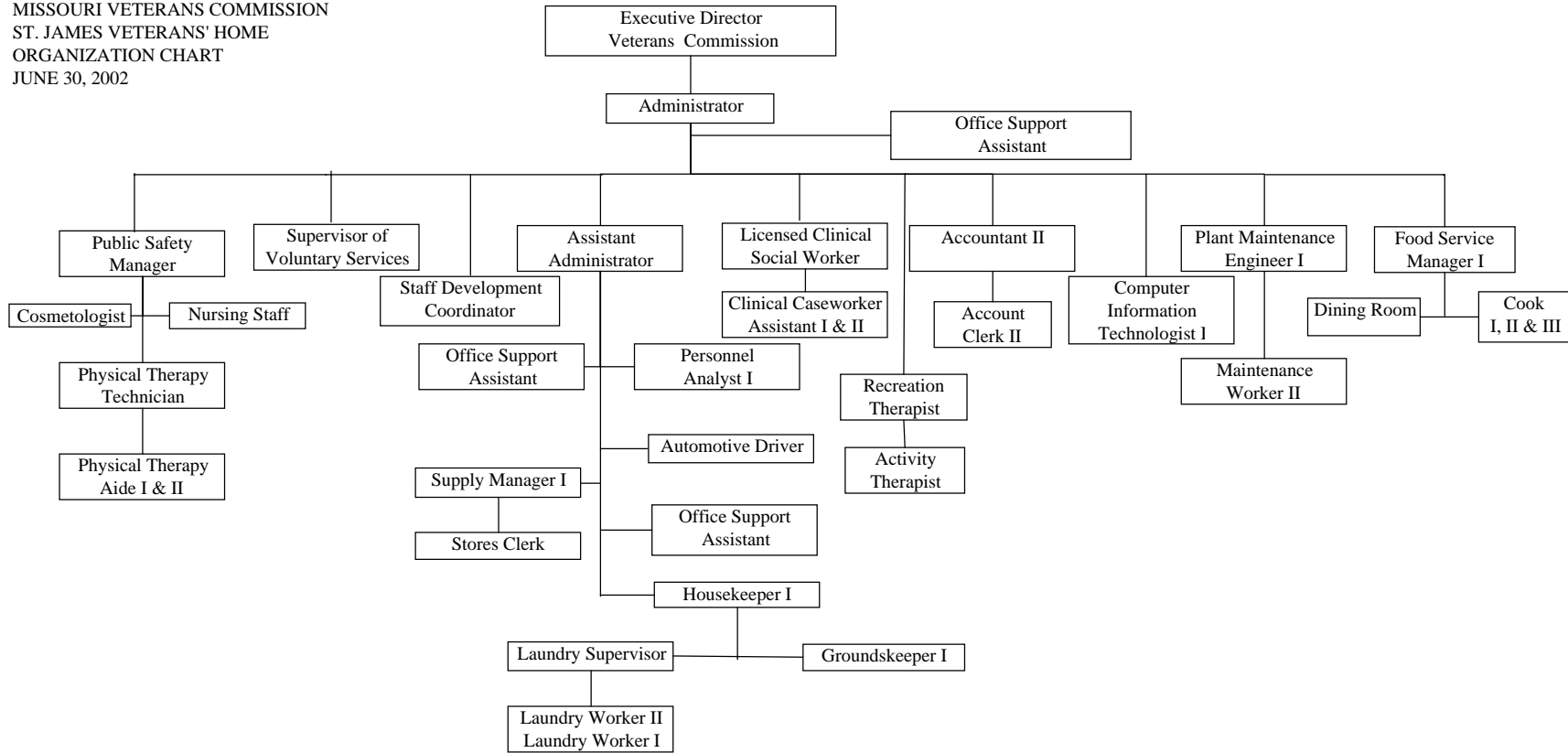
<u>Members</u>	<u>Term Expires</u>
Carl H. Niewoehner, Chairman	November 2, 1997*
Donald Gralike, Vice-Chairman	November 2, 2003
Reginald L. Bassa	November 2, 2000**
Bernadette Miller	December 11, 2004
Emmett Fairfax	November 2, 2005

* Term has expired. Member continues to serve until a successor is appointed.

** Carson Ross was appointed by the Governor to replace Reginald L. Bassa on January 10, 2003. His term expires November 2, 2004.

As of June 30, 2002, the St. James Veterans' Home employed 162 full-time employees. These employees were assigned to various administrative and service sections. Mary P. Faenger assumed the position of Administrator on July 17, 2000, and currently serves in that capacity. An organization chart and statistical data follow:

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. JAMES VETERANS' HOME
ORGANIZATION CHART
JUNE 30, 2002



DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. JAMES VETERANS' HOME
STATISTICAL DATA

	Year Ended June 30,	
	2002	2001
RESIDENTS	145	145
OCCUPANCY		
Total number of beds	150	150
Average daily census	141	141
Bed occupancy percentage	94%	94%
RESIDENT COST		
Total resident costs	\$ 6,380,829 *	6,061,741 *
Total resident days	51,242	51,495
Average Daily Resident Cost	\$ 125	118

* These cost amounts include employee fringe benefits, whereas the salary and wage expenditure amounts on Appendix A do not.

Appendix A

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. JAMES VETERANS' HOME
COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,	
	2002	2001
Salaries and wages	\$ 3,592,822	3,451,957
Travel:		
In-State	11,123	12,816
Out-of-State	0	238
Fuel and utilities	311,333	320,199
Supplies:	867,835	0
Administrative	0	27,644
Lab and medical	0	382,141
Merchandising	0	272
Repair, maintenance, and usage	0	65,518
Residential	0	340,802
Specific use	0	2,619
Professional development	17,972	16,248
Communication services and supplies	19,981	16,809
Services:		
Health	0	94,510
Business	0	21,382
Professional	136,745	28,990
Housekeeping and janitorial	21,213	13,069
Maintenance and repair services	42,628	0
Equipment maintenance and repair	0	46,550
Transportation maintenance and repair	0	3,242
Equipment:		
Computer	5,820	6,919
Educational	0	15
Electronic and photo	0	908
Medical and laboratory	0	13,148
Motorized	95	0
Office	17,481	1,792
Other	32,592	0
Specific use	0	50,057
Stationary	0	988
Property and improvements	6,766	2,137
Building lease payments	525	368
Equipment rental and leases	13,409	10,133
Miscellaneous expenses	7,386	4,618
Total Expenditures	\$ 5,105,726	4,936,088

Note: Certain classifications of expenditures changed during the two-year period, which may affect the comparability of the amounts.

Appendix B

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. JAMES VETERANS' HOME
MISSOURI VETERANS' HOME FUND
COMPARATIVE STATEMENT OF RECEIPTS

Year Ended June 30,		
	2002	2001
Payments from Veterans	\$ 2,237,674	1,610,558
Veterans Administration Per Diem	2,693,702	2,281,530
Other	26,144	19,819
Total Receipts	\$ 4,957,520	3,911,907

Appendix C

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. JAMES VETERANS' HOME
AUXILIARY FUNDS
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND CASH EQUIVALENTS

	Year Ended June 30,			
	2002		2001	
	Residents Fund	Assistance League Fund	Residents Fund	Assistance League Fund
RECEIPTS				
Residents' deposits	\$ 2,368,716	0	2,348,426	0
Donations/sales from canteen	0	124,190	0	110,037
Total Receipts	<u>2,368,716</u>	<u>124,190</u>	<u>2,348,426</u>	<u>110,037</u>
DISBURSEMENTS				
Residents' withdraws	2,364,498	0	2,324,702	0
Benefit of residents/cost of goods sold	0	145,820	0	76,667
Total Disbursements	<u>2,364,498</u>	<u>145,820</u>	<u>2,324,702</u>	<u>76,667</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,218	(21,630)	23,724	33,370
CASH AND CASH EQUIVALENTS, JULY 1	<u>191,383</u>	<u>67,733</u>	<u>167,659</u>	<u>34,363</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 195,601</u>	<u>46,103</u>	<u>191,383</u>	<u>67,733</u>



MISSOURI STATE COUNCIL ON THE ARTS

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-47
June 2, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2003

The following areas of concern were noted in our audit of the Missouri State Council on the Arts.

The Missouri State Council on the Arts (MAC) has experienced significant reductions in their funding over the last two years and expects to have more reductions in the future. In fiscal year 2002, MAC spent \$1,378,878 (21 percent) less than fiscal year 2001. To continue funding its programs to the extent possible, MAC should ensure all monies are used prudently and wisely.

The Missouri Cultural Trust Fund (Trust Fund) is funded by nonresident professional athletes and entertainers state income taxes transferred from the state's General Revenue Fund, as authorized by state law. The amount transferred into the Trust Fund decreased in fiscal year 2002, and in fiscal year 2003, the state budget does not include any transfers into this fund. In addition, interest earned has decreased. The proposed fiscal year 2004 budget includes no additional transfers to this fund and includes increased appropriations from this fund. As a result, it is imperative for MAC to strictly monitor the use of this money.

One program funded by the Trust Fund is the Capital Incentive Program in which monies are set aside to match equivalent private endowment funds raised by the arts organizations. Grant payments of five percent of the set aside amount are then made to the organization each year. The grant payout rate of five percent is not a reflection of the earnings on the Trust Fund. The contracts with the arts organizations state that the interest or total return earned on the set aside amount will be awarded to the organization. As of December 31, 2002, MAC has earned interest, in total, adequate to cover these payments; however, in 1999 the Council changed the investment strategy of the Trust Fund and began transferring a portion of the balance into the Missouri Investment Trust (MIT). Since that time, approximately \$20 million has been transferred to the MIT and the return on these amounts since inception through December 31, 2002, has been a negative 13.62 percent. In addition, the State Treasurer's average investment yield was 3.6 percent in fiscal year 2002.

The audit report also includes some other matters related to contract terms, meal allowances, lodging expenses, vehicle usage and mileage claims, upon which the Council should consider and take appropriate corrective action.

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YELLOW SHEET

MISSOURI STATE COUNCIL ON THE ARTS

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Joseph L. Driskill, Director
Department of Economic Development
and
Missouri State Council on the Arts
and
Norree Boyd, Executive Director
Missouri State Council on the Arts
St. Louis, MO 63101

We have audited the Missouri State Council on the Arts. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations, and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.
3. Review certain expenditures made by the Missouri State Council on the Arts.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the Missouri State Council on the Arts.

As part of our audit, we assessed the council's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the council's management and was not subjected to the procedures applied in the audit of the Missouri State Council on the Arts.

The accompanying Management Advisory Report presents our findings arising from our audit of the Missouri State Council on the Arts.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

February 7, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Alice M. Fast, CPA
Audit Staff:	Monique Williams, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

MISSOURI STATE COUNCIL ON THE ARTS
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Travel Expenditures
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The Missouri State Council on the Arts (MAC) has experienced significant reductions in their funding over the last two years and expects to have more reductions in the future. In fiscal year 2002, MAC spent \$5,290,906 or \$1,378,878 (21 percent) less than fiscal year 2001.

To continue funding its programs to the extent possible, MAC should ensure all monies are used prudently and wisely. Although travel expenses are a small part of expenses each year (\$35,847 in 2002 and \$68,710 in 2001), some savings could be achieved in this area.

A. Some travel expenses were excessive or unnecessary and state travel regulations were not followed.

1. We noted instances where the established meal allowances were exceeded and other instances where meals were claimed and reimbursed even though a meal was provided by the agency as a part of a meeting. The Department of Economic Development has established meal limits of \$8.50 for breakfast, \$7.90 for lunch, and \$19.25 for dinner. MAC should only reimburse actual amounts spent up to the maximum meal limit and meals should not be reimbursed if a meal is provided.
2. Although MAC encourages employees and board members to direct bill their lodging expenses and provide tax exempt letters, this is rarely done. We noted many instances where the lodging expenses were paid directly by the staff person or board member and then claimed for reimbursement. As a result, the agency paid sales tax unnecessarily.
3. Expense reports did not always state early departure or late arrival when claiming a breakfast or dinner on the day of departure or return, as required by state travel regulations.

B. We noted concerns regarding vehicle usage and mileage claims.

1. As a result of not requiring employees to use the state-owned vehicles, one of the agency's vehicles was underutilized. MAC has two state-owned vehicles; however, they allow employees to use their private vehicle for convenience even though a state vehicle is available. In these situations, the employees are paid a five percent lower reimbursement rate. During fiscal year 2002, only 9,089 miles were driven on this state-owned vehicle.

According to some benchmarks regarding passenger vehicles in public sector fleets, business use of at least 15,000 miles per year is necessary to justify retention of these vehicles.

2. One employee's expense reports claimed mileage from home to the worksite instead of from the office location to the worksite. This caused the number of miles on state business to be overstated. State travel regulations state, "An officer or employee whose resident city is in some place other than the city of the official domicile shall not be allowed expenses while in such resident city or mileage to travel between the resident city and the city of the official domicile."
3. Vehicle logs kept on the state-owned vehicle predominately used by the Executive Director did not always have an adequate business purpose documented. As a result, we cannot determine if the vehicle was used properly.

For example, in September 2002, two trips taken to various destinations totaling 555 miles each did not have a business purpose documented. Another trip to Jefferson City for 293 miles did not have a purpose noted.

WE RECOMMEND the Missouri State Council on the Arts:

- A. Ensure that travel related expenses are reasonable and necessary expenditures and are limited to the expenses incurred in conjunction with official duties. In addition, travel expenses should not exceed the authorized limits and travel regulations should be followed.
- B.1 Require employees to use the state-owned vehicle when available or consider disposing of any under-utilized state-owned vehicles.
- B.2 Ensure mileage is paid in accordance with state regulations.
- B.3 Require the business purpose be stated on the vehicle logs.

AUDITEE'S RESPONSE

- A. *MAC concurs with the finding and recommendation regarding meal reimbursement and has instituted an expense review procedure that will account for provided meals versus additional reimbursements. Also, MAC is now subject to CONUS rates which reduces the meal reimbursement in some cities. This is also monitored when expense reimbursements are submitted.*

MAC agrees with the finding and recommendation regarding sales tax on hotel rooms. MAC has now provided everyone who travels with a tax exempt certificate so that when direct bill is not possible, the employee will not pay sales tax. There has been a problem, however, with council members receiving government rates and sales tax exemption

when on government business. The MAC executive director is researching this issue to overcome this problem.

Expense reimbursements are being more closely monitored to indicate early departure or late arrival.

- B.1. MAC is requiring employees to use state vehicles when available.*
- B.2. MAC is monitoring mileage to ensure mileage is recorded from the work site and not from home unless mileage from home is less than that from the work site.*
- B.3. MAC employees will begin giving more explanation as to business use of the vehicle on the vehicle logs. The vehicle logs will be modified to allow for this additional information.*

2.	Missouri Cultural Trust Fund
-----------	-------------------------------------

The Missouri Cultural Trust Fund (Trust Fund) is funded by nonresident professional athletes and entertainers state income taxes transferred from the state's General Revenue Fund, as authorized by Section 143.183, RSMo 2000. The funds are held in accounts with the State Treasurer's Office and in the Missouri Investment Trust (MIT), as authorized by Section 30.954, RSMo 2000. The following amounts reflect activity in the Trust Fund:

	Year Ended June 30,			
	2002		2001	
	Trust Fund	MIT	Trust Fund	MIT
Beginning balance	\$8,928,801	19,214,197	9,061,274	16,491,389
Transfers from State				
General Revenue	1,737,846	0	5,194,060	0
Transfers between accounts	0	0	(5,000,000)	5,000,000
Investment gain (loss)	386,677	(2,954,360)	721,500	(2,277,192)
Expenditures	(820,117)	0	(1,048,033)	0
Ending balance	\$10,233,207	16,259,837	8,928,801	19,214,197

As reflected in the above numbers, the amount transferred into the Trust Fund decreased in fiscal year 2002, and in fiscal year 2003, the state budget does not include any transfers into this fund. In addition, interest earned has decreased. The Governor's proposed fiscal year 2004 budget includes no additional transfers to this fund and includes increased appropriations from this fund. As a result, it is imperative for MAC to strictly monitor the use of this money.

One program funded by the Trust Fund is the Capital Incentive Program which is designed to promote private dollar donations to arts organizations. Monies are set aside in the Trust Fund to match equivalent private endowment funds raised by the arts organizations. Grant payments of five percent of the set aside amount are then made to the organization each year. At June 30, 2002, the set aside amount totaled over \$11.9 million and, in fiscal year 2002, the Trust Fund provided \$609,739 in annual grant payments to specified projects under the Capital Incentive Program.

- A. We reviewed 13 project files funded by the program in fiscal year 2002, and noted instances in which the grantees did not comply with contract terms.
 - 1. One contract required a grantee to raise \$2.7 million in private funding for the project; however, the grantee raised only \$2.1 million. The award letter also stated they must raise at least \$2.7 million. Although the grant was reduced appropriately to match the amount actually raised, the contract was not amended to agree to these terms. To ensure contracts are valid and all funding requirements are met, any changes to agreements should be documented in an amended contract.
 - 2. Contracts require the grantee to provide a listing of the newly raised funds and the dates of receipt of these funds and an annual audited financial statement. These items were not included in the file for two grants. Without this information, MAC cannot ensure that the required funds were raised and that grant monies were used in accordance with the guidelines.
- B. The grant payout rate of five percent is not a reflection of the earnings on the Trust Fund. The contracts with the arts organizations state that the interest or total return earned on the set aside amount will be awarded to the organization. As of December 31, 2002, MAC has earned interest, in total, adequate to cover these payments; however, in 1999 the Council changed the investment strategy of the Trust Fund and began transferring a portion of the balance into the MIT.

Since that time, approximately \$20 million has been transferred to the MIT and the return on these amounts since inception through December 31, 2002, has been a negative 13.62 percent. In addition, the State Treasurer's average investment yield was 3.6 percent in fiscal year 2002. Due to the change in investment strategy and the current low interest rates, the current payout rate of five percent is no longer a reflection of the earnings of the fund.

On December 13, 2001, MAC decided to change the payout terms under its contract and pay "up to five percent" of the set-aside amount; however, this change is effective for fiscal year 2003 contracts and no decision has been made to amend the old contracts. An adjustment may be necessary to prevent spending of the trust corpus.

WE RECOMMEND the Missouri State Council on the Arts:

- A. Ensure grantees comply with all terms and conditions of their contracts and amendments are made when needed.
- B. Consider adjusting the five percent payout rate on the old contracts.

AUDITEE'S RESPONSE

- A. *MAC agrees with the recommendation and finding regarding the Cultural Trust contracts. The staff is reviewing all contracts to ensure the terms and conditions are stated accurately. If there is a discrepancy, amendments will be made to the contracts.*
- B. *Because of the current budget situation and economic climate, all contracts are being reviewed for possible amendment restricting earnings distributions to actual earnings, not to exceed five percent. The Missouri Cultural Trust Board will provide on-going review of this issue.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

MISSOURI STATE COUNCIL ON THE ARTS
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The General Assembly created the Missouri State Council on the Arts in 1965 to promote and develop arts and cultural activities in the state. The Omnibus Reorganization Act of 1974 transferred the Missouri State Council on the Arts to the Department of Consumer Affairs, Regulation and Licensing. Effective September 7, 1984, the Department of Consumer Affairs, Regulation and Licensing became the Department of Economic Development as a result of the passage of Constitutional Amendment No. 6 in the August 1984 primary election. In 1993, the state legislature created the Missouri Arts Council Cultural Trust Fund. Subject to appropriation by the Missouri legislature, a portion of the revenue generated by Missouri's nonresident athletes and entertainers income tax is transferred to the Trust Fund annually.

Income on the Trust Fund is used along with state general revenue funds and monies from the federal National Endowment for the Arts to provide funding for programs in all the arts for organizations throughout the state. For most events and services, funding is on a matching basis with local sponsors.

The council is composed of 15 volunteer members appointed from throughout the state to staggered, five-year terms by the Governor, who also designates a chairperson and vice chairperson. In addition, a Cultural Trust Board was created in 1993 by Section 185.100, RSMo 2000, to oversee the operations of the Trust Fund. The Cultural Trust Board members consists of all members of the council, the State Treasurer, two members of the Senate appointed by the Pro Tem of the Senate, and two members of the House of Representatives appointed by the Speaker of the House.

The Council and Cultural Trust Board members and other principal officials as of June 30, 2002, were as follows:

<u>Council & Cultural Trust Board Members</u>	<u>Term Expires</u>
Mary M. McElwain, Chairperson (1)	2004
Betty K. Wilson, Vice Chairperson(2)	2004
Jamie Anderson	2003
Rita Boyd (3)	2006
Cynthia Cartwright (4)	2005
Lois Cason	2003
Norman B. Champ Jr.	2003
June S. Hamra (5)	2002
Karen K. Holland (6)	2002
Dr. Dixie A. Kohn	2005
Bobbie Lurie (7)	2006
Bill McMurray (8)	2004

Adrienne Morgan	2004
Marilyn Silvey Tatlow	2006
Susan Uchitelle (5)	2002

Elected Officials Appointed to the Cultural Trust Board

Senator Roseann Bentley (9)
 Senator Harry Wiggins (10)
 Representative Barbara Fraser (11)
 Representative Charlie Shields (12)

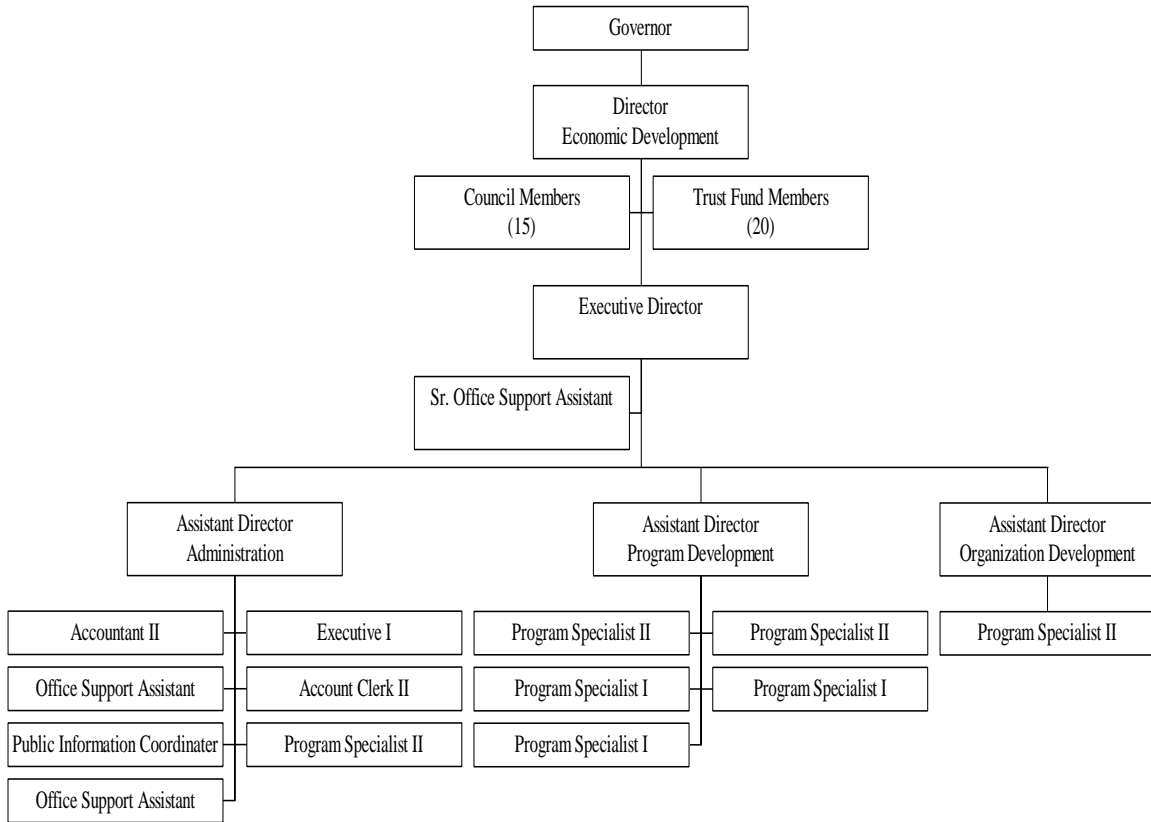
Other Principal Officials

Norree Boyd, Executive Director
 Beverly Strohmeyer, Assistant Director
 Linda Schilling, Assistant Director
 William Meerbott, Assistant Director

- (1) Replaced Karen Holland as Chairperson in September 2001.
- (2) Replaced Mary M. McElwain as Vice Chairperson in September 2001.
- (3) Replaced Renee Hardin Tammons in November 2001.
- (4) Replaced Rhonda Thomas in January 2001.
- (5) Reappointed
- (6) Replaced by Robert Epsten in September 2002.
- (7) Replaced Alice Wray in October 2001.
- (8) Replaced Allan Gray in July 2001.
- (9) Replaced by Senator Maida Coleman upon election.
- (10) Replaced by Senator Charlie Shields upon election.
- (11) Replaced Representative Russell Gunn in April 2001.
- (12) Replaced by Representative Bob Behnen upon election.

The Missouri State Council on the Arts employed 16 full time employees as of June 30, 2002.
 An organization chart follows:

MISSOURI STATE COUNCIL ON THE ARTS
 ORGANIZATION CHART
 JUNE 30, 2002



Appendix A

MISSOURI STATE COUNCIL ON THE ARTS COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2002			2001		
		Appropriation	Lapsed		Appropriation	Lapsed	
		Authority	Expenditures	Balances	Authority	Expenditures	Balances
GENERAL REVENUE FUND - STATE							
Expense and Equipment	\$	5,242,793	3,604,151	1,638,642	5,269,153	5,015,482	253,671
Humanities Council		300,000	276,000	24,000	300,000	288,090	11,910
Personal Service		344,751	268,086	76,665	342,968	236,611	106,357
Total General Revenue Fund - State		5,887,544	4,148,237	1,739,307	5,912,121	5,540,183	371,938
COUNCIL ON THE ARTS FEDERAL FUND							
Expense and Equipment		699,021	128,267	570,754	699,021	189,884	509,137
Personal Service		253,777	245,279	8,498	252,200	222,894	29,306
Total Council on the Arts Federal Fund		952,798	373,546	579,252	951,221	412,778	538,443
MISSOURI ARTS COUNCIL TRUST FUND							
Expense and Equipment		30,000	29,328	672	30,000	21,301	8,699
Personal Service		89,420	87,739	1,681	89,000	65,205	23,795
Incentives and Technical Assistance		1,241,000	652,056	588,944	841,000	630,318	210,682
Total Missouri Arts Council Trust Fund		1,360,420	769,123	591,297	960,000	716,824	243,176
Total All Funds	\$	8,200,762	5,290,906	2,909,856	7,823,342	6,669,784	1,153,558

The lapsed balances in the General Revenue Fund - State include the following withholdings made at the Governor's request:

		Year Ended June 30,	
		2002	2001
Expense and Equipment	\$	1,638,642	243,186
Humanities Council		24,000	11,910
Personal Service		72,055	105,616
Total	\$	1,734,697	360,712

Appendix B

MISSOURI STATE COUNCIL ON THE ARTS
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

		Year Ended June 30,	
		2002	2001
Salaries and Wages	\$	601,105	524,710
Travel Expenditures		35,847	68,710
Supplies		36,992	38,102
Professional Development		15,465	4,589
Communications Services and Supplies		1,542	1,313
Professional Services		259,412	397,996
Maintenance and Repair Expenditures		3,513	3,265
Equipment Expenditures		10,882	31,556
Miscellaneous Expenditures		6,453	15,546
Office of Administration - Phone and Computer		49,414	64,696
Program Distributions		4,270,281	5,519,302
Total Expenditures	\$	5,290,906	6,669,784



STATE OF MISSOURI
SINGLE AUDIT
YEAR ENDED JUNE 30, 2002

**From The Office Of State Auditor
Claire McCaskill**

Report No. 2003-46
May 30, 2003
www.auditor.state.mo.us

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2003

The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Single Audit includes the federal awards expended by all state agencies, except for the public universities and various financing authorities which provide their financial information directly to the federal government. State agencies expended \$7.2 billion of federal grant funds during the year ended June 30, 2002. Expenditures of federal awards have increased significantly over the past five years. Although all sixteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (95 percent). These six departments are: Social Services, Labor and Industrial Relations, Transportation, Elementary and Secondary Education, Health and Senior Services, and Economic Development. Overall, the state expended federal awards in 275 different programs.

Expenditures reported on the original schedule of expenditures of federal awards prepared by the Department of Health and Senior Services (DHSS) were understated by approximately \$38 million. Many of the understatements resulted from the incorrect compilations of data reported on the department's internal accounting system. In addition, the DHSS does not reconcile its internal accounting system to the statewide accounting system (SAM II). (page 31)

On July 19, 2002, the Missouri State Auditor's Office issued audit report No. 2002-52, **Child Care Facilities Inspections and Licensing**. The audit noted several weaknesses in child care licensing laws and regulations, and DHSS procedures for ensuring facilities comply with these requirements. These weaknesses include: not proactively identifying providers who are operating without a license nor determining how many children may be in the care of such providers, and not establishing standard guidelines for determining the severity of rule violations and effectively assessing penalties or revoking child care licenses. (page 32)

The Department of Labor and Industrial Relations, Division of Employment Security does not have adequate procedures to ensure that individuals (claimants) receiving unemployment benefits meet the eligibility requirement of conducting weekly work search contacts. (page 36)

State and federal regulations require the Department of Social Services (DSS) conduct a redetermination of eligibility at least every 12 months for adults and children receiving Medicaid and State Children's Health Insurance Program benefits. However, the DSS does not have adequate procedures to ensure it performs eligibility redeterminations in accordance with state and federal regulations.

(over)

YELLOW SHEET

Similar conditions were noted in our prior report. To ensure all recipients remain eligible for benefits, the eligibility status of all recipients should be reviewed annually. (page 40)

Weaknesses in DSS disbursement procedures have allowed duplicate payments to occur. DSS county offices receive invoices and initiate payments for day care services, treatment services, and other contracted services for clients. During our review of vendor refunds for the two years ending June 30, 2002, we identified approximately \$348,000 of refunds received by the DSS for duplicate payments, including approximately \$293,000 received from one vendor. We also found vendor refunds were not always remitted to the Division of Budget and Finance for deposit on a timely basis. (page 43)

All reports are available on our website: www.auditor.state.mo.us

STATE OF MISSOURI
SINGLE AUDIT

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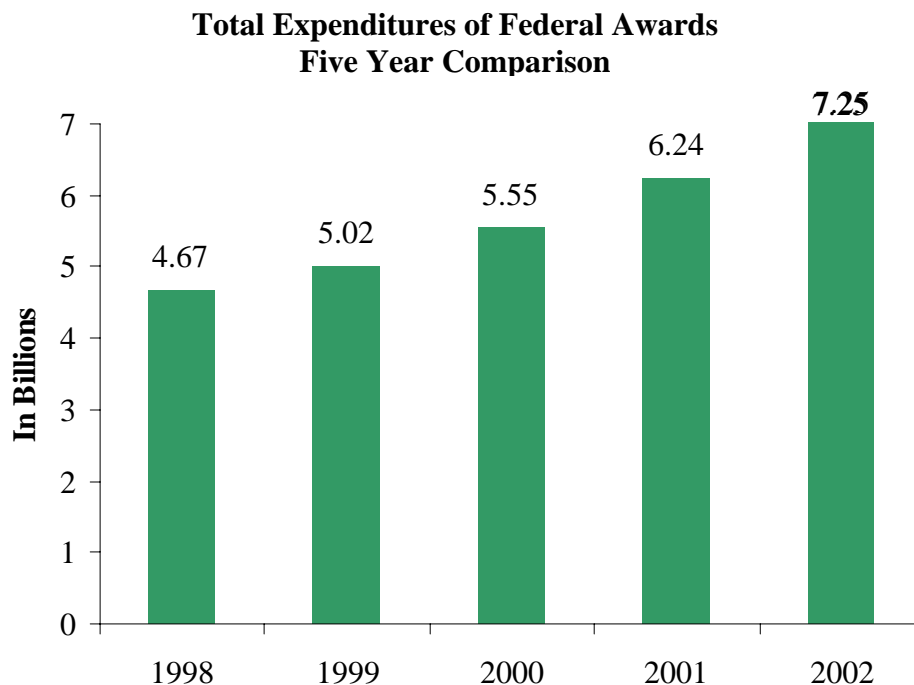
INTRODUCTION AND SUMMARY

INTRODUCTION AND SUMMARY

The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Office of Management and Budget (OMB) issued Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* to set forth standards for obtaining consistency and uniformity among federal agencies for the audit of non-federal entities expending federal awards. The single audit requires an audit of the state's financial statements and expenditures of federal awards. The audit is required to determine whether:

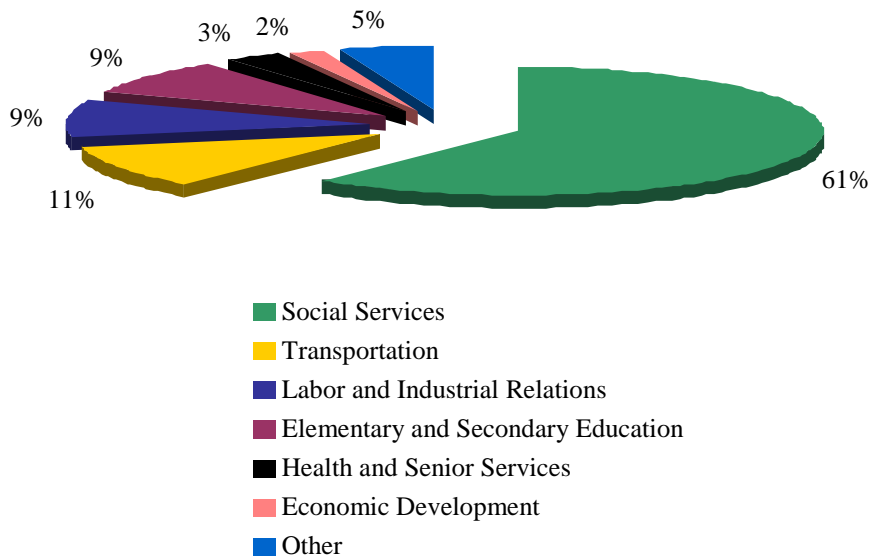
- The state's general-purpose financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles.
- The schedule of expenditures of federal awards is presented fairly in all material respects in relation to the general-purpose financial statements taken as a whole.
- The state has adequate internal controls to ensure compliance with federal award requirements.
- The state has complied with the provisions of laws, regulations, and contracts or grants that could have a direct and material effect on federal awards.

The Single Audit report includes the federal awards expended by all state agencies that are part of the primary government. The report does not include the component units of the state, which are the public universities and various financing authorities. These component units have their own separate OMB Circular A-133 audits conducted by other auditors. The state expended \$7.2 billion in federal awards during the year ended June 30, 2002. Expenditures of federal awards have increased significantly over the past five years.



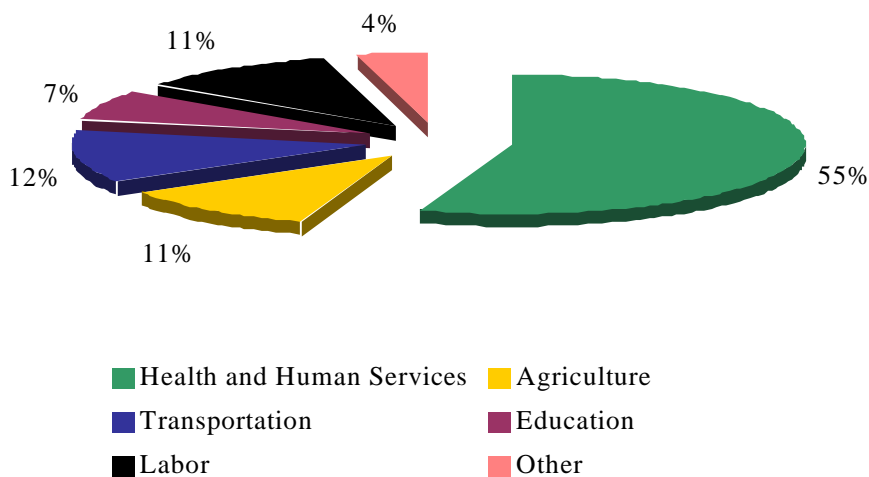
Although all sixteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (95 percent).

Expenditures of Federal Awards by State Department



The state received federal awards from 21 different federal agencies. Most of the federal awards (96 percent) came from five federal agencies.

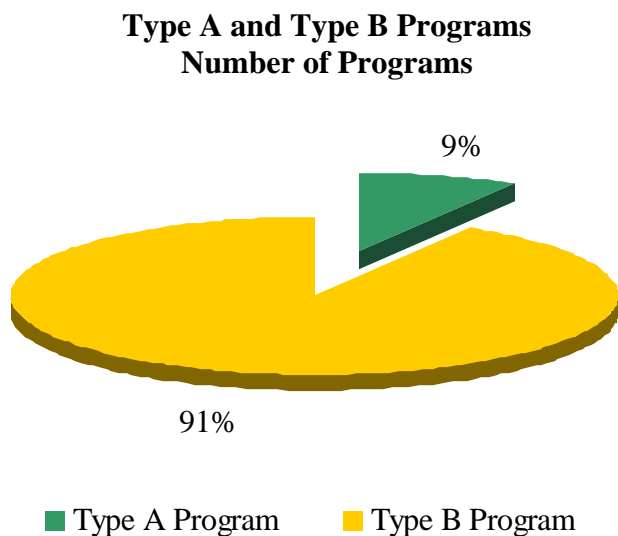
Expenditures of Federal Awards by Federal Department



Overall, the state expended federal awards in 275 different programs. Under the audit requirements of OMB Circular A-133, federal programs are divided into Type A and Type B programs based on a dollar threshold. For the state of Missouri, OMB Circular A-133 defines the dollar threshold to distinguish between Type A programs and Type B programs at three-tenths of one percent (.003) of total awards expended.

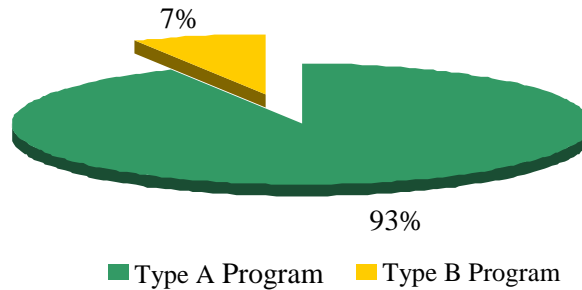
Determination of Type A Programs	
Total expenditures of federal awards	\$ 7,245,660,004
Three-tenths of one percent	.003
Dollar Threshold	\$ 21,736,980

We rounded the dollar threshold to \$21.7 million. Programs with federal expenditures over \$21.7 million are Type A programs and the programs under \$21.7 million are Type B programs. Of the 275 different federal award programs, 25 were Type A programs and 250 were Type B programs.



The 25 Type A programs had expenditures of federal awards totaling \$6.7 billion, which was 93 percent of the total expenditures for all programs. The 250 Type B programs had expenditures of federal awards totaling \$539 million, which was only 7 percent of the total expenditures for all programs.

Type A and Type B Programs Expenditures of Federal Awards



OMB Circular A-133 requires the auditor to use a risk-based approach to determine which federal award programs to audit as major programs. We performed a risk assessment on each Type A program and determined that 14 of the 25 Type A programs were low risk and did not need to be audited as major, based on the guidance in OMB Circular A-133.

OMB Circular A-133 requires the auditor to perform risk assessments on the larger Type B programs to determine which ones to audit as major in place of the Type A programs that are not audited as major. The dollar threshold to determine the larger Type B programs is three-hundredths of one percent (.0003) of total awards expended, (\$7.24 billion times .0003 = \$2.17 million). We performed risk assessments on the 63 larger Type B programs that were over \$2.17 million and determined that 7 of them were high risk. In accordance with OMB Circular A-133, we audited 4 (one-half) of these 7 high risk Type B programs as major. As a result of the risk-based approach required under OMB Circular A-133, we audited 11 Type A programs and 4 Type B programs as major.

Major and Non-major Programs

Audit Coverage by Type of Program	Number of Programs	Expenditures	Percentage of Expenditures
Type A major programs	11	\$ 5,020,834,041	
Type B major programs	4	48,600,595	
Total major programs	15	5,069,434,636	70%
Type A non-major programs	14	1,685,797,440	
Type B non-major programs	246	490,427,928	
Total non-major programs	260	2,176,225,368	30%
Total all programs	275	\$ 7,245,660,004	100%

STATE OF MISSOURI
SUMMARY OF TYPE A PROGRAMS AND TOTAL EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2002

CFDA Number	Federal Program Name	Federal Grantor Agency	Federal Awards Expended
	Food Stamp Cluster:		
10.551	Food Stamps	Agriculture	\$ 462,842,100
10.561	State Administrative Matching Grants for Food Stamp Program	Agriculture	40,435,429
	Child Nutrition Cluster:		
10.553	School Breakfast Program	Agriculture	28,666,260
10.555	National School Lunch Program	Agriculture	106,608,010
10.556	Special Milk Program for Children	Agriculture	407,941
10.559	Summer Food Service Program for Children	Agriculture	5,386,096
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture	66,939,111
10.558	Child and Adult Care Food Program	Agriculture	32,443,772
14.228	Community Development Block Grants/State's Program	Housing and Urban Development	33,716,935
17.225	Unemployment Insurance	Labor	680,081,748
	Workforce Investment Act Cluster:		
17.255	Workforce Investment Act	Labor	22,028,461
17.258	Workforce Investment Act - Adult Program	Labor	9,645,504
17.259	Workforce Investment Act - Youth Activities	Labor	12,119,954
17.260	Workforce Investment Act - Dislocated Workers	Labor	7,016,230
20.205	Highway Planning and Construction	Transportation	809,261,627
66.458	Capitalization Grants for State Revolving Funds	Environmental Protection Agency	46,038,596
84.010	Title I Grants to Local Educational Agencies	Education	143,371,668
	Special Education Cluster:		
84.027	Special Education - Grants to States	Education	131,034,700
84.173	Special Education - Preschool Grants	Education	4,802,446
84.032	Federal Family Education Loans	Education	62,971,623
84.048	Vocational Education - Basic Grants to States	Education	22,211,777
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Education	47,844,686
84.340	Class Size Reduction	Education	28,733,462
93.558	Temporary Assistance for Needy Families	Health and Human Services	186,049,315
93.563	Child Support Enforcement	Health and Human Services	42,936,873
93.568	Low-Income Home Energy Assistance	Health and Human Services	35,720,639
	Child Care Cluster:		
93.575	Child Care and Development Block Grant	Health and Human Services	62,628,895
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services	53,617,584
93.658	Foster Care - Title IV-E	Health and Human Services	61,643,980
93.667	Social Services Block Grant	Health and Human Services	47,270,282
93.767	State's Children's Insurance Program	Health and Human Services	58,889,694
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	Health and Human Services	754,516
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Human Services	12,629,631
93.778	Medical Assistance Program	Health and Human Services	3,277,011,484
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services	29,962,224
96.001	Social Security - Disability Insurance	Social Security Administration	32,908,228
	Total Type A Programs (expenditures greater than \$21.7 million)		6,706,631,481
	Total Type B Programs (expenditures less than \$21.7 million)		539,028,523
	Total Expenditures of Federal Awards		\$ <u>7,245,660,004</u>

STATE AUDITOR'S REPORTS



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
and
Members of the General Assembly

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2002, which collectively comprise the state's basic financial statements, and have issued our report thereon dated March 21, 2003. We did not audit the financial statements of the Missouri Department of Transportation, the Consolidated Health Care Plan, the State Employees' Insurance Plan, the Transportation Employees' and Highway Patrol Insurance Plan, and the Transportation Self-Insurance Plan, which represent 80 percent and 14 percent of the assets and operating revenues, respectively, of the governmental activities. We did not audit the State Lottery, which represent 24 percent and 65 percent of the assets and operating revenues of the business-type activities. We did not audit the component units. We did not audit the pension trust funds and the Public Employees' Deferred Compensation Plan, which represent 94 percent and 83 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors. Our report expressed a qualified opinion on the basic financial statements because we were not allowed access to tax returns and related source documents for income taxes. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the state of Missouri taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The state of Missouri has excluded federal award expenditures of public universities from the accompanying Schedule of Expenditures of Federal Awards. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the exclusion of federal award expenditures of public universities, is fairly presented in all material respects, in relation to the basic financial statements.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the state of Missouri are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the state of Missouri, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the state of Missouri's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 1 to 3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

The State Auditors office regularly issues management reports on the various programs, agencies, divisions, and departments of the state of Missouri. The conditions mentioned in those management reports were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the basic financial statements. Our reports of these conditions do not modify our report dated March 21, 2003, on the basic financial statements.

This report is intended for the information and use of the management of the state of Missouri and federal awarding agencies. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

March 21, 2003 (fieldwork completion date)



CLAIRE C. McCASKILL

Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE

Honorable Bob Holden, Governor
and
Members of the General Assembly

Compliance

We have audited the compliance of the state of Missouri with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The state's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the state's management. Our responsibility is to express an opinion on the state's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the state's compliance with those requirements.

As described in item 2001-13 in the accompanying schedule of findings and questioned costs, the state of Missouri did not comply with requirements regarding eligibility and activities allowed for the Adoption Assistance program (CFDA Number 93.659). Compliance with such requirements is necessary, in our opinion, for the state of Missouri to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the state of Missouri complied, in all material respects, with the requirements referred to above that

are applicable to each of its major federal programs for the year ended June 30, 2002. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2002-4 and 2002-10.

Internal Control over Compliance

The management of the state of Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the state's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the state's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2002-1, 2002-5, 2002-6, 2002-8, and 2002-9.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information and use of the state's management, and federal awarding agencies and pass-through entities, and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

February 21, 2003 (fieldwork completion date)

SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2002

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Office of National Drug Control Policy			
07	HIDTA	1,902,138	1,250,680
	Total Office of National Drug Control Policy	1,902,138	1,250,680
Department of Agriculture			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	167,900	17,655
10.064	Forestry Incentives Program	1,543	0
10.069	Conservation Reserve Program	21,658	0
10.156	Federal-State Marketing Improvement Program	12,508	0
10.250	Agricultural and Rural Economic Research	94,940	0
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	141,970	0
10.550	Food Donation	18,691,660	16,960,263
10.551	Food Stamps	462,842,100	0
10.553	School Breakfast Program	28,666,260	28,666,260
10.555	National School Lunch Program	106,608,010	105,434,563
10.556	Special Milk Program for Children	407,941	407,941
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (Note 2)	66,939,111	12,199,843
10.558	Child and Adult Care Food Program	32,443,772	31,968,933
10.559	Summer Food Service Program for Children	5,386,096	5,099,590
10.560	State Administrative Expenses for Child Nutrition	2,635,049	0
10.561	State Administrative Matching Grants for Food Stamp Program	40,435,429	249,892
10.565	Commodity Supplemental Food Program	28,198	0
10.568	Emergency Food Assistance Program (Administrative Costs)	1,036,499	802,867
10.569	Emergency Food Assistance Program (Food Commodities)	11,529,813	11,529,813
10.570	Nutrition Services Incentive	3,311,951	3,311,951
10.572	WIC Farmers' Market Nutrition Program (FMNP)	85,695	85,695
10.574	Team Nutrition Grants	62,726	0
10.576	Seniors Farmers' Market Program	360	360
10.664	Cooperative Forestry Assistance	1,513,457	285,810
10.665	Schools and Roads - Grants to States	2,991,450	2,991,450
10.672	Rural Development, Forestry, and Communities	27,000	0
10.769	Rural Business Enterprise Grants	45,367	0
10.OM	USDA - Mark Twain N. F./BLM	50,000	50,000
	Total Department of Agriculture	786,178,463	220,062,886
Department of Defense			
12	Troops to Teachers	46,303	20,372
12.104	Flood Plain Management Services	10,902	0
12.106	Flood Control Projects	486,057	0
12.112	Payments to States in Lieu of Real Estate Taxes	1,025,353	1,025,353
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	633,207	14,589
12.401	National Guard Military Operations and Maintenance Projects	16,296,259	0
12.AAG	Drug Interdiction & Counter Drug Activities (Note 4)	1,977	1,977
	Total Department of Defense	18,500,058	1,062,291
Department of Housing and Urban Development			
14.228	Community Development Block Grants/State's Program	33,716,935	32,770,342
14.231	Emergency Shelter Grants Program	1,288,995	1,288,995
14.238	Shelter Plus Care	3,444,431	3,444,431
14.241	Housing Opportunities for Persons with AIDS	471,116	471,116
14.401	Fair Housing Assistance Program - State and Local	795,158	0
	Total Department of Housing and Urban Development	39,716,635	37,974,884
Department of the Interior			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	453,302	0
15.252	Abandoned Mine Land Reclamation Program	1,844,315	1,098,466
15.605	Sport Fish Restoration	4,448,009	0
15.611	Wildlife Restoration	5,545,167	0
15.615	Cooperative Endangered Species Conservation Fund	47,258	0
15.616	Clean Vessel Act	35,627	0
15.617	Wildlife Conservation and Appreciation	50,000	0
15.622	Sportfishing and Boating Safety Act	70,120	70,120
15.623	North American Wetlands Conservation Fund	916,190	0
15.625	Wildlife Conservation and Restoration	969,823	0
15.808	U.S. Geological Survey - Research and Data Acquisition	1,100	0

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2002

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
15.810	National Cooperative Geologic Mapping Program	182,271	0
15.904	Historic Preservation Fund Grants-In-Aid	779,384	201,761
15.916	Outdoor Recreation - Acquisition, Development and Planning	162,627	107,500
15.921	Rivers, Trails, and Conservation Assistance	10,701	0
15.978	Upper Mississippi River System Long Term Resource Monitoring Program	284,335	0
15.FFB	Webless Migratory Game Bird Research Program	53,040	0
15.unknown	Assistance for Drill Core Logging Sample Collecting & Interpretation	36	0
Total Department of the Interior		15,853,305	1,477,847
Department of Justice			
16	Marijuana Eradication Program	431,532	0
16.523	Juvenile Accountability Incentive Block Grants	4,528,338	4,457,100
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	937,613	866,328
16.542	National Institute for Juvenile Justice and Delinquency Prevention	1,231,087	0
16.543	Missing Children's Assistance	23,542	0
16.548	Title V - Delinquency Prevention Program	616,452	616,452
16.549	Part E - State Challenge Activities	91,390	91,390
16.554	National Criminal History Improvement Program	1,528,779	681,791
16.575	Crime Victim Assistance	6,362,108	6,249,891
16.576	Crime Victim Compensation	1,502,990	0
16.579	Byrne Formula Grant Program	8,422,062	8,233,556
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	633,122	19,984
16.585	Drug Court Discretionary Grant Program	105,575	0
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	3,593,473	0
16.588	Violence Against Women Formula Grants	2,510,617	2,409,653
16.592	Local Law Enforcement Block Grants Program	629,774	627,179
16.593	Residential Substance Abuse Treatment for State Prisoners	610,096	610,096
16.606	State Criminal Alien Assistance Program	3,713,729	0
16.610	Regional Information Sharing Systems	2,840,332	2,820,000
16.710	Public Safety Partnership and Community Policing Grants	3,005,974	71,394
16.727	Enforcing Underage Drinking Laws Program	35,592	35,592
16.733	National Incident Based Reporting System	58,427	38,238
16.WC-MO	Organized Crime Drug Enforcement Task Force	28,467	0
Total Department of Justice		43,441,071	27,828,644
Department of Labor			
17.002	Labor Force Statistics	2,002,069	0
17.005	Compensation and Working Conditions	151,769	0
17.203	Labor Certification for Alien Workers	129,878	0
17.207	Employment Service	14,431,523	259,118
17.225	Unemployment Insurance (Note 3)	680,081,748	0
17.235	Senior Community Service Employment Program	2,127,680	2,095,765
17.245	Trade Adjustment Assistance - Workers	12,565,367	0
17.249	Employment Services and Job Training - Pilot and Demonstration Programs	648,006	561,023
17.253	Welfare-to-Work Grants to States and Localities	6,238,156	6,029,824
17.255	Workforce Investment Act	22,028,461	20,489,585
17.258	Workforce Investment Act - Adult Program	9,645,504	8,382,407
17.259	Workforce Investment Act - Youth Activities	12,119,954	9,454,724
17.260	Workforce Investment Act - Dislocated Workers	7,016,230	5,878,658
17.266	Work Incentives Grant	3,579	0
17.504	Consultation Agreements	1,256,524	0
17.600	Mine Health and Safety Grants	354,501	0
17.801	Disabled Veterans' Outreach Program	1,457,901	0
17.804	Local Veterans' Employment Representative Program	1,499,341	0
Total Department of Labor		773,758,191	53,151,104
Department of Transportation			
20.02-154-AL-1	154/164 Transfer Funds	3,314,704	3,314,704
20.106	Airport Improvement Program	9,177,556	9,008,411
20.205	Highway Planning and Construction	809,261,627	66,586,326
20.218	National Motor Carrier Safety	913,858	906,366
20.219	Recreational Trails Program	381,912	379,765
20.500	Federal Transit - Capital Investment Grants	4,894,172	4,894,172
20.505	Federal Transit - Metropolitan Planning Grants	897,151	813,395

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2002

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
20.509	Formula Grants for Other Than Urbanized Areas	4,154,723	3,843,356
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	1,412,068	1,349,525
20.516	Job Access - Reverse Commute	545,664	545,664
20.600	State and Community Highway Safety	3,382,439	3,382,439
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	750,428	750,428
20.602	Occupant Protection	153,999	153,999
20.603	Federal Highway Safety Data Improvements Incentive Grants	340,579	340,579
20.604	Safety Incentive Grants for use of Seatbelts	247,264	247,264
20.700	Pipeline Safety	298,517	0
Total Department of Transportation		840,126,661	96,516,393
Department of the Treasury			
21.052	Alcohol, Tobacco, and Firearms - Training Assistance	15,373	0
Total Department of the Treasury		15,373	0
Equal Employment Opportunity Commission			
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	225,933	0
Total Equal Employment Opportunity Commission		225,933	0
General Services Administration			
39.003	Donation of Federal Surplus Personal Property (Note 4)	1,925,985	1,467,132
Total General Services Administration		1,925,985	1,467,132
National Foundation of Arts and the Humanities			
45.025	Promotion of the Arts - Partnership Agreements	460,569	102,000
45.302	Museum Assessment Program	967	0
45.310	State Library Program	2,714,098	1,923,553
Total National Foundation of Arts and the Humanities		3,175,634	2,025,553
Department of Veterans Affairs			
64.005	Grants to States for Construction of State Home Facilities	4,377,198	0
64.015	Veterans State Nursing Home Care	18,606,263	0
64.203	State Cemetery Grants	342,157	0
Total Department of Veterans Affairs		23,325,618	0
Environmental Protection Agency			
66.433	State Underground Water Source Protection	124,479	0
66.438	Construction Management Assistance	48	0
66.454	Water Quality Management Planning	454,267	226,519
66.458	Capitalization Grants for State Revolving Funds	46,038,596	33,788,409
66.460	Nonpoint Source Implementation Grants	1,912,018	1,017,155
66.461	Wetlands Grants	309,260	0
66.463	Water Quality Cooperative Agreements	75,171	38,488
66.468	Capitalization Grants for Drinking Water State Revolving Fund	10,130,168	8,537,435
66.470	Hardship Grant Program Rural Community	69,440	20,694
66.500	Environmental Protection Consolidated Research	94,517	0
66.605	Performance Partnership Grants	10,088,107	638,426
66.606	Surveys, Studies, Investigations and Special Purpose Grants	3,820,543	1,187,866
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	120,817	0
66.707	TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	297,545	112
66.708	Pollution Prevention Grants Program	86,441	0
66.709	Capacity Building Grants and Cooperative Agreements for States and Tribes	44,069	0
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	2,452,318	209,851
66.805	Leaking Underground Storage Tank - Trust Fund	1,294,588	56,524
66.810	CEPP Technical Assistance Grants Program	12,571	0
Total Environmental Protection Agency		77,424,963	45,721,479
Department of Energy			
81.039	National Energy Information Center	5,499	0
81.041	State Energy Program	960,875	719,190
81.042	Weatherization Assistance for Low-Income Persons	5,370,963	5,069,702
81.092	Weldon Springs Site Remedial Action Project	472,739	22,540
	Energy Efficiency & Renewable Energy Information Dissemination, Outreach, Training, &		
81.117	Technical Analysis/Assistance	40,989	39,312
81.119	State Energy Program Special Projects	97,370	47,810

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2002

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
81.902	State Environmental Oversight & Monitoring	445,029	45,333
	Total Department of Energy	7,393,464	5,943,887
Federal Emergency Management Agency			
83.105	Community Assistance Program - State Support Services Element	178,404	0
83.536	Flood Mitigation Assistance	9,585	9,585
83.541	Disaster Unemployment Assistance	44,669	0
83.543	Individual and Family Grants	1,826,723	1,822,349
83.544	Public Assistance Grants	18,417,088	18,341,043
83.548	Hazard Mitigation Grant	1,367,251	1,367,251
83.550	National Dam Safety Program	20,265	0
83.552	Emergency Management Performance Grants	4,977,726	2,407,665
	Total Federal Emergency Management Agency	26,841,711	23,947,893
Department of Education			
84.002	Adult Education - State Grant Program	11,500,204	11,079,555
84.010	Title I Grants to Local Educational Agencies	143,371,668	141,772,994
84.011	Migrant Education - State Grant Program	1,895,287	1,895,287
84.013	Title I Program for Neglected and Delinquent Children	883,486	865,334
84.027	Special Education - Grants to States	131,034,700	128,210,811
84.032	Federal Family Education Loans	62,971,623	0
84.048	Vocational Education - Basic Grants to States	22,211,777	20,156,098
84.069	Leveraging Educational Assistance Partnership	1,079,909	0
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	47,844,686	1,195,252
84.154	Public Library Construction and Technology Enhancement	52,975	52,975
84.158	Secondary Education and Transitional Services for Youth with Disabilities	631,814	580,232
84.162	Immigrant Education	785,509	785,509
84.169	Independent Living - State Grants	274,070	206,931
84.173	Special Education - Preschool Grants	4,802,446	4,802,325
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	398,169	0
84.181	Special Education - Grants for Infants and Families with Disabilities	7,305,891	6,587,284
84.185	Byrd Honors Scholarships	855,750	0
84.186	Safe and Drug-Free Schools and Communities - State Grants	8,982,039	8,045,157
84.187	Supported Employment Services for Individuals with Severe Disabilities	412,525	0
84.194	Bilingual Education Support Services	47,192	47,192
84.196	Education for Homeless Children and Youth	693,514	693,514
84.213	Even Start - State Educational Agencies	3,254,440	3,254,440
84.215	Fund for the Improvement of Education	285,744	178,914
84.216	Capital Expenses	37,085	37,085
84.224	Assistive Technology	473,384	0
84.243	Tech-Prep Education	2,340,499	2,292,523
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	9,124	0
84.276	Goals 2000 - State and Local Education Systemic Improvement Grants	7,160,694	6,994,562
84.278	School To Work State Implementation Grants	2,516,590	1,784,987
84.281	Eisenhower Professional Development State Grants	8,565,747	7,843,533
84.282	Charter Schools	592,586	572,814
84.298	Innovative Education Program Strategies	6,770,196	5,762,041
84.318	Technology Literacy Challenge Fund Grants	4,258,978	4,024,126
84.323	Special Education-State Program Improvement Grants for Children with Disabilities	1,091,308	1,091,308
	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	214,112	214,112
84.326	Children with Disabilities	214,112	214,112
84.330	Advanced Placement Program	11,184	11,184
84.331	Grants to States for Incarcerated Youth Offenders	299,893	0
84.332	Comprehensive School Reform Demonstration	3,748,640	3,646,450
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	837,802	0
84.340	Class Size Reduction	28,733,462	28,733,462
84.RN94-13-6026	National Cooperative System Program	12,496	0
	Total Department of Education	519,249,198	393,417,991
National Archives and Records Administration			
89.003	National Historical Publications and Records Grants	145,185	145,185
	Total National Archives and Records Administration	145,185	145,185
Department of Health and Human Services			
93	Outcomes and Assessment System Information Set Project	47,566	0

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2002

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
93	Prenatal and Early Childhood Home Visitation Program	7,362	0
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	113,507	107,832
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	253,114	240,458
93.043	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	435,187	413,428
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	6,838,417	6,496,496
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	11,652,086	11,069,481
93.048	Special Programs for the Aging - Title IV and Title II - Discretionary Projects	305,652	0
93.052	National Family Caregiver Support	1,747,211	1,659,850
93.103	Food and Drug Administration - Research	93,572	0
93.110	Maternal and Child Health Federal Consolidated Programs	472,292	0
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	695,630	104,874
93.119	Grants for Technical Assistance Activities Related to the Block Grant for Community Mental Health Services - Technical Assistance Centers for Evaluation	130,706	0
93.130	Primary Care Services - Resource Coordination and Development	184,993	70,000
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention	142,664	0
93.136	Injury Prevention and Control Research and State and Community Based Programs	206,079	151,290
93.150	Projects for Assistance in Transition from Homelessness (PATH)	546,329	524,503
93.161	Health Program for Toxic Substances and Disease Registry	640,650	85,609
93.165	Grants for State Loan Repayment	70,250	67,750
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	652,083	238,029
93.230	Consolidated Knowledge Development and Application (KD&A) Program	317,302	299,819
93.234	Traumatic Brain Injury - State Demonstration Grant Program	126,151	105,898
93.235	Abstinence Education	1,354,922	0
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	525,098	395,912
93.239	Policy Research and Evaluation Grants	190,000	0
93.241	State Rural Hospital Flexibility Program	349,047	298,606
93.251	Universal Newborn Hearing Screening	212,232	0
93.268	Immunization Grants (Note 4)	17,165,527	14,175,454
93.270-95-0031	State Demand and Needs Assessment Studies: Alcohol and Drugs	706,391	702,279
93.277-98-6020	Prevention Needs Assessment	118,326	118,326
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	5,528,244	260,993
93.283-95-0026	Uniform Alcohol and Drug Abuse Grants	56,043	56,043
93.556	Promoting Safe and Stable Families	8,193,950	0
93.558	Temporary Assistance for Needy Families	186,049,315	0
93.563	Child Support Enforcement	42,936,873	9,352,294
93.566	Refugee and Entrant Assistance - State Administered Programs	3,585,717	69,466
93.568	Low-Income Home Energy Assistance	35,720,639	14,635,538
93.569	Community Services Block Grant	16,013,384	15,834,946
93.570	Community Services Block Grant - Discretionary Awards	20,000	0
93.571	Community Services Block Grant Discretionary Awards - Community Food and Nutrition	72,657	0
93.575	Child Care and Development Block Grant	62,628,895	104
93.576	Refugee and Entrant Assistance - Discretionary Grants	298,099	200,985
93.584	Refugee and Entrant Assistance - Targeted Assistance	985,676	0
93.585	Empowerment Zones Program	421,499	421,499
93.586	State Court Improvement Program	189,884	70,816
93.590	Community-based Family Resource and Support Grants	412,939	412,939
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	53,617,584	0
93.597	Grants to States for Access and Visitation Programs	153,737	0
93.600	Head Start	340,798	340,798
93.603	Adoption Incentive Payments	1,562,726	0
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,300,990	804,356
93.631	Developmental Disabilities Projects of National Significance	108,871	108,871
93.643	Children's Justice Grants to States	277,992	0
93.645	Child Welfare Services - State Grants	5,916,176	0
93.652	Adoption Opportunities	53,346	0
93.658	Foster Care - Title IV-E	61,643,980	0
93.659	Adoption Assistance	19,057,498	0
93.667	Social Services Block Grant	47,270,282	0
93.669	Child Abuse and Neglect State Grants	147,652	0

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2002

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	1,486,154	0
93.674	Chafee Foster Care Independent Living	3,329,268	0
93.767	State Children's Insurance Program	58,889,694	0
93.768	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	374,082	0
93.769	Demonstration to Maintain Independence and Employment	185,852	0
93.775	State Medicaid Fraud Control Units	754,516	0
93.777	State Survey and Certification of Health Care Providers and Suppliers	12,629,631	0
93.778	Medical Assistance Program	3,277,011,484	66,403
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	411,665	0
93.865	Center for Research for Mothers and Children	223,493	194,149
93.913	Grants to States for Operation of Offices of Rural Health	62,568	0
93.917	HIV Care Formula Grants	8,056,830	8,056,830
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	3,009,014	1,681,424
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	249,539	162,709
93.940	HIV Prevention Activities - Health Department Based	3,773,496	2,294,421
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	732,362	250,053
93.945	Assistance Programs for Chronic Disease Prevention and Control	1,617,746	481,691
93.958	Block Grants for Community Mental Health Services	6,752,278	6,439,895
93.959	Block Grants for Prevention and Treatment of Substance Abuse	29,962,224	27,208,394
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	1,979,195	663,970
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	296,850	52,000
93.991	Preventive Health and Health Services Block Grant	3,878,019	437,952
93.994	Maternal and Child Health Services Block Grant to the States	13,692,302	5,821,224
Total Department of Health and Human Services		4,030,224,054	133,706,657
Corporation for National Service			
94.003	State Commissions	284,028	0
94.004	Learn and Serve America - School and Community Based Programs	414,414	333,269
94.006	AmeriCorps	2,440,234	2,440,234
94.007	Planning and Program Development Grants	116,500	115,512
94.009	Training and Technical Assistance	72,960	0
Total Corporation for National Service		3,328,136	2,889,015
Social Security Administration			
96.001	Social Security - Disability Insurance	32,908,228	0
Total Social Security Administration		32,908,228	0
Total Expenditures of Federal Awards		\$ 7,245,660,004	1,048,589,521

STATE OF MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards of the state of Missouri has been prepared to comply with U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The circular requires a schedule of expenditures of federal awards showing total expenditures for each federal financial assistance program as identified in the catalog of federal domestic assistance (CFDA), and identification of federal financial assistance programs which have not been assigned a CFDA number.

The accompanying schedule includes all federal financial assistance programs administered by the state of Missouri, except for those programs administered by public universities which are legally separate component units of the state of Missouri. Federal financial assistance provided to public universities has been excluded from this audit. The public universities were audited by other auditors under OMB Circular A-133.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133, which defines federal financial assistance as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

The schedule presents both Type A and B federal assistance programs administered by the state of Missouri. OMB Circular A-133 establishes the formula for determining the level of expenditures or disbursements to be used in defining Type A and B federal financial assistance programs. For the state of Missouri, Type A programs are those which exceed \$21.7 million in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk-based approach outlined in OMB Circular A-133.

C. Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented on the accounting basis as required by the federal agency which awarded the assistance. Most programs are presented on a cash basis, which recognizes expenditures of federal awards when disbursed in cash. However, some are presented on a modified accrual basis, which recognizes expenditures of federal awards when the related liability is incurred.

2. Special Supplemental Nutrition Program for Women, Infants and Children Program Rebates

The state received cash rebates from an infant formula manufacturer, totaling \$28,931,723, on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for food benefit costs. The state was able to extend program benefits to more persons than could have been served this fiscal year in the absence of the rebate contract.

3. Unemployment Insurance Expenditures

Expenditures of federal awards for the Unemployment Insurance program (CFDA No. 17.225) include unemployment benefit payments from the State Unemployment Compensation Fund totaling \$631,209,343 and \$48,872,405 funded by federal grants.

4. Nonmonetary Assistance

The Department of Health and Senior Services distributes vaccines to local health agencies and other health care professionals under the Immunization Grants program (CFDA No. 93.268). Distributions are valued at the cost of the vaccines paid by the federal government and totaled \$13,098,335.

The State Agency for Surplus Property distributes federal surplus property to eligible donees under the Donation of Federal Surplus Personal Property program. Property distributions totaled \$8,266,030 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.3 percent of the historical cost, which approximates the fair market value of the property at the time of distribution as determined by the General Services Administration.

The Department of Public Safety distributes excess Department of Defense equipment to state and local law enforcement agencies under the Department of Defense Surplus Property program. Property distributions totaled \$8,485 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.3 percent of the historical cost, which approximates the fair market value of the property at the time of distribution.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE OF MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002

Section I - Summary of Auditor's Results

Financial Statements

The auditor's report on the financial statements was qualified.

The audit identified reportable conditions in the internal control over financial reporting.

None of the reportable conditions were considered to be material weaknesses.

The audit did not note any noncompliance material to the financial statements.

Federal Awards

The auditor's report on compliance on the major programs was unqualified, except for the Adoption Assistance (CFDA 93.659) program, which was qualified.

The audit identified reportable conditions in the internal controls over major programs.

None of these reportable conditions were considered to be material weaknesses.

The audit identified findings related to compliance on major programs that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

The state of Missouri did not qualify as a low-risk auditee under the provisions of OMB Circular A-133.

The dollar threshold to distinguish between Type A programs and Type B programs was **\$21,700,000**.

The following programs were audited as major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Food Stamp Cluster:
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program

	Employment Service Cluster:
17.207	Employment Service
17.801	Disabled Veterans' Outreach Program
17.804	Local Veterans' Employment Representative Program
17.225	Unemployment Insurance
17.253	Welfare-to-Work Grants to States and Localities
	Workforce Investment Act Cluster:
17.255	Workforce Investment Act
17.258	Workforce Investment Act - Adult Program
17.259	Workforce Investment Act - Youth Activities
17.260	Workforce Investment Act - Dislocated Workers
66.458	Capitalization Grants for State Revolving Funds
84.032	Federal Family Education Loans
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.645	Child Welfare Services - State Grants
93.659	Adoption Assistance
93.767	State Children's Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program

Section II - Financial Statement Findings

1. Internal Control Plans

As noted in the prior audit, following the implementation of the SAM II system, the Office of Administration (OA) requested state agencies to submit an internal control plan. As of March 12, 2003, 15 state agencies have submitted a complete internal control plan; however, there are still 17 agencies that have not submitted an internal control plan.

Subsequent to the prior audit, the OA gave agencies a deadline of June 30, 2002, to submit an internal control plan. As a result, the OA received 10 additional internal control plans from state agencies.

The state agencies are responsible for preparing the internal control plans and submitting the plans to the OA. The state agencies are also responsible for reviewing and evaluating internal controls on an annual basis and are required to report on the annual review to the OA. The development of internal control plans by the state agencies will provide assurance that assets are being safeguarded, that applicable statutes, rules and regulations are being followed, and that the objectives of agency management are being met.

WE RECOMMEND the Office of Administration make further attempts to obtain an internal control plan from all state agencies.

AUDITEE'S RESPONSE

We concur. OA will make further attempts to obtain internal control plans from those agencies that have not submitted one.

2. Accounts Receivable Estimates

Accounting estimates may be necessary in determining amounts for accounts receivable and any corresponding uncollectible amounts. Management is responsible for making the accounting estimates included in the financial statements and the auditor is responsible for evaluating the reasonableness of these estimates. Various state agencies calculate estimates for accounts receivables and uncollectible amounts and report the estimates to the Office of Administration (OA). The OA does not have procedures for state agencies to follow in preparing accounting estimates.

State agencies reported the following:

Accounts Receivable by Agency			
State Agency	Receivables (millions)	Uncollectibles (millions)	Net Amount (millions)
Department of Social Services	\$ 1,396	\$ 977	\$ 419
Department of Revenue	1,055	177	878
Department of Natural Resources	388	0	388
Department of Transportation	94	0	94
Department of Labor and Industrial Relations	80	0	80
Department of Elementary and Secondary Education	26	0	26
Lottery Commission	24	0	24
State Treasurer	15	0	15
Department of Mental Health	12	0	12
All other state agencies	21	0	21
Total	\$ 3,111	\$ 1,154	\$ 1,957

Accounts receivables were reported for the following sources of revenue:

Accounts Receivable by Type of Revenue	
Type of Revenue	Amount (millions)
Taxes	\$ 1,140
License, fees, and permits	15
Sales	26
Services	13
Contributions and intergovernmental	424
Interest	15
Penalties and unclaimed properties	1
Miscellaneous	525
Refunds	952
Total	\$ 3,111

Significant accruals for taxes include income tax, sales tax, motor fuel tax, cigarette tax, estate tax, and gaming gross receipts tax. Significant accruals for contributions and intergovernmental receipts include federal grants earned but not yet received. Significant accruals for miscellaneous revenue include loans receivables of the Department of Natural Resources and claims established by the Department of Social Services against persons who were overpaid welfare program benefits, typically because they were not eligible. Significant accruals for refunds include claims established by the Department of Social Services against third parties who may be liable to the state for medical costs initially paid by the Medicaid program. Each revenue type has a different degree of collectability. As a result, procedures for estimating uncollectible accounts need to be specific to each revenue type.

The lack of standard procedures could cause inaccurate and inconsistent estimates. Since the OA prepares the state's financial statements and is primarily responsible for their fair presentation, the OA should ensure state agencies use an appropriate process for estimating receivables.

WE RECOMMEND the Office of Administration implement procedures to ensure state agencies use an appropriate process to calculate estimates for accounts receivable and uncollectible accounts.

AUDITEE'S RESPONSE

As stated in the auditor's recommendation, "Each revenue type has a different degree of collectability. As a result, procedures for estimating uncollectible accounts need to be specific to each revenue type." OA can give general guidelines to the agencies with regard to calculating estimates for accounts receivables and uncollectible accounts. However, the agencies are in the best position to make the final determination if these estimates are realistic especially by specific revenue type.

3.**Fixed Assets and Accumulated Depreciation**

For fiscal year 2002, the state began using the statewide accounting system (SAM II) to account for fixed assets and accumulated depreciation. Prior to 2002, state agencies maintained their own systems to account for fixed assets. The conversion from these agency systems to SAM II has been in process for the last two years and is still ongoing. The SAM II provides the state with a standard system for all agencies to use. The SAM II system includes fixed asset procedures that agencies must follow. However, during our review of fixed assets we noted the following concerns:

- A. The Department of Revenue, the House of Representatives, and the Senate have not converted their fixed assets to the new SAM II system. In addition, the Department of Conservation did not convert to the SAM II system because they prefer the system they currently use. For the statewide system to be of maximum benefit to the state, all agencies should use it.
- B. SAM II procedures require each state agency to perform a periodic reconciliation between the general ledger and the fixed asset subsystem to ensure all fixed asset items are properly recorded. Very few agencies performed these reconciliations during 2002. Therefore, OA requested agencies to perform a reconciliation after the year ended for the preparation of the state's financial statements. Performing this year-end reconciliation proved to be a very formidable and time-consuming task for state agencies. As a result, the general ledger does not agree with the fixed asset subsystem. For example, the Department of Transportation, Division of Family Services, and Department of Mental Health have differences of \$26 million, \$4 million, and \$2 million, respectively that have not been identified.
- C. State regulation 15 CSR 40-2.031, Control of Fixed Assets issued by the State Auditor, requires each agency to perform an annual physical inventory of its fixed assets. The Department of Corrections, the Department Social Services, most of the facilities within the Department of Mental Health, the Department of Natural Resources, and 3 of the 11 divisions within the Department of Public Safety did not perform a physical inventory during 2002. As a result, approximately \$422 million in equipment was not accounted for with a physical inventory in fiscal year 2002. A complete physical inventory is necessary to ensure fixed assets are properly accounted for.
- D. The OA issued guidance in SAM II that allows agencies to decide the estimated useful life and salvage value for fixed asset items. However, allowing agencies to make these decisions has resulted in unnecessary inconsistencies. Most agencies use the SAM II guidance on estimated useful lives; however, some agencies have devised their own method. In addition, the SAM II guidance appears to be unnecessarily complicated because the list includes over 600 depreciation options from which to select. Most agencies do not record a salvage value for fixed assets. However, the Department of Mental Health uses a 5% salvage value, the

Department of Natural Resources uses a salvage value only on vehicles, and 2 of the 11 divisions within the Department of Public Safety use a salvage value.

The OA should consider simplifying the guidance on estimated useful lives to make it easier for agency personnel to comply with requirements. The OA should also consider establishing a statewide policy on salvage value. These changes would result in a more consistent accounting treatment for fixed assets.

- E. During preparation of the state's financial statements for fiscal year 2002, the OA determined that accumulated depreciation and the corresponding expense, as calculated by the SAM II system were not accurate because of problems in the SAM II system and/or insufficient data entry by various state agencies. For example, agencies are allowed to process fixed asset modifications, including the ability to change the cost of an asset and the date of acquisition. However, when these modifications are processed, the SAM II system does not properly recognize the change and may recalculate depreciation on an asset that was already fully depreciated. In addition, the SAM II system calculates depreciation on a daily basis from the date of acquisition to the date of disposition and does not always properly recognize year-end cutoffs. The OA should determine if system changes are needed to the SAM II system to fix these problems.

WE RECOMMEND the Office of Administration:

- A. Make further attempts to get all state agencies to convert fixed assets to the SAM II system.
- B. Ensure state agencies perform periodic reconciliations between the general ledger and fixed asset subsystem.
- C. Ensure state agencies perform an annual physical inventory.
- D. Consider simplifying the guidance on estimated useful lives and consider establishing a statewide policy on salvage value.
- E. Determine if changes are needed to the SAM II system to ensure depreciation is calculated correctly.

AUDITEE'S RESPONSE

- A. *OA is continuing to work with all state agencies to convert their fixed assets to SAM II.*
- B. *In the Policies and Procedures (P&P), OA recommends that agencies perform a reconciliation between the general ledger and fixed asset subsystem at least monthly. OA continues to encourage agencies to follow P&P and explains the importance of this reconciliation. OA is developing an exception report that will assist agencies with this reconciliation.*

- C. *In the P&P, OA recommends that agencies perform an annual physical inventory. We will remind agencies that this is required via State regulation 15 CSR 40-2.031 and will update the P&P to reflect this regulation.*
- D. *We believe that the guidance on the estimated useful lives of assets satisfactorily meets the needs of all users. In the P&P, OA gives general guidelines on estimated useful life. These general guidelines meet the reporting requirements for the CAFR. Some agencies, however, require more precise depreciation calculations for other reporting requirements. The SAMII system utilizes the Fixed Asset Catalog (FCLG) to give agencies greater options and flexibility as the useful life and other information can be inferred on the fixed asset record based on the catalog number.*
- As far as salvage value we will update the P&P to designate that the salvage value should be stated at \$0, unless specified for other (federal) reporting requirements.*
- E. *OA is working on and will continue to work to ensure that depreciation is calculated correctly, and that the information on the SAMII General Ledger and Fixed Asset Subsystem are materially correct.*

Section III - Federal Award Findings and Questioned Costs

2002-1.	Subrecipient Monitoring
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Federal Agency:	Department of Agriculture
Federal Program:	10.557 Special Supplemental Nutritional Program for Women, Infants, and Children (WIC)
State Agency:	Department of Health and Senior Services (DHSS)

The DHSS needs to improve its monitoring of subrecipients of the WIC program. The DHSS awards subgrants to 119 local health agencies to certify applicants' eligibility for benefits and to deliver benefits to eligible persons. The DHSS provided approximately \$12 million to subrecipients for these services during fiscal year 2002. The DHSS is required by federal regulations to conduct an on-site monitoring review of each subrecipient at least once every two years.

- A. The DHSS does not always notify the subrecipient on a timely basis about the findings noted in the on-site monitoring review. Federal regulation 7 CFR 246.19(b)(4) requires the DHSS to promptly notify a subrecipient of any instances of noncompliance with program requirements. The DHSS internal policy says it will mail a finding letter within 21 days of the on-site monitoring visit. For 3 of 25 (12 percent) reviews we tested, the finding letter had not yet been sent approximately three months after the on-site review.
- B. The DHSS does not adequately ensure that subrecipients take corrective action on findings. Federal regulation 7 CFR 246.19(b)(4) provides that the state must

require the subrecipient to submit a corrective action plan within 60 days if a monitoring review reports findings of program non-compliance. The state plan says the DHSS will require subrecipients to file a corrective action plan within 21 days after receipt of the finding letter and DHSS internal policy says they will approve the corrective action plan within 21 days of receipt. For 1 of 25 (4 percent) reviews we tested, there was no documentation that the subrecipient had filed a corrective action plan for an on-site review performed in September 2001. Also, for 1 of 25 (4 percent) reviews we tested, the corrective action plan was received in February 2002 but it was not approved by the DHSS until October 2002.

- C. The DHSS does not adequately monitor and document the implementation of the corrective action plans. The state plan says the DHSS will monitor the subrecipients' corrective action within six to twelve months after approval of the corrective action plan. During fiscal year 2002, the DHSS revised its procedures to review the subrecipients' corrective action plans during the subsequent monitoring of the subrecipient, and monitoring visits are only performed every two years. Federal regulation 7 CFR 246.19 provides that the state should monitor the subrecipients' corrective action and document the results. The only documentation the DHSS provides is a check box on a review worksheet that indicates if the findings were resolved.
- D. The DHSS has not established adequate internal controls to ensure subrecipient monitoring is adequately completed and documented. The DHSS prepares a routing form to document each step in the monitoring process. For 7 of 40 (18 percent) reviews we tested, the routing form was not fully completed. For two of these seven reviews, the routing form was not complete because the subrecipient had not filed a corrective action plan and the DHSS had not prepared an approval letter. For the other five reviews, the monitoring process appeared to be complete; however, the routing form did not indicate that all steps had been performed and that all documentation had been received. In addition, for these five reviews, the DHSS files did not contain all documentation to support the review. The corrective action plan and/or the approval letter were not in the files.

WE RECOMMEND the DHSS:

- A. Submit finding letters to subrecipients on a timely basis.
- B. Ensure that subrecipients file a corrective action plan within 21 days of the finding letter and approve the corrective action plan within 21 days of receipt.
- C. Monitor the subrecipients' implementation of their corrective action plan within six to twelve months after approval of the corrective action plan.
- D. Ensure that routing forms are complete and accurate, and maintain adequate documentation to support each monitoring review.

AUDITEE'S RESPONSE

A-D. We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2002-2. Schedule of Expenditures of Federal Awards

Federal Agency: Department of Agriculture
Federal Program: 10.557 Special Supplemental Nutrition Program for Women,
Infants, and Children
10.558 Child and Adult Care Food Program
State Agency: Department of Health and Senior Services (DHSS)

Expenditures reported on the original schedule of expenditures of federal awards prepared by the DHSS were understated by approximately \$38 million. Amounts were incorrectly stated on the schedule for numerous programs. Listed below are the programs with the most significant misstatements.

CFDA #	Program	Understated
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	\$10,226,819
10.558	Child and Adult Care Food Program	8,344,743
93.268	Immunization Grants	13,486,693
93.994	Maternal and Child Health Services Block Grant to the States	4,063,189

Many of the understatements resulted from the incorrect compilation of data reported on the department's internal accounting system. The DHSS uses its internal accounting system to track expenditures of federal programs and to prepare the schedule of expenditures of federal awards.

The DHSS does not reconcile its internal accounting system to the statewide accounting system (SAM II). We noted two WIC program rebates, totaling approximately \$5.6 million, which were recorded in the SAM II system but had not been recorded in the internal accounting system which contributed to the misstatement of the WIC federal expenditures. Periodic reconciliation of the internal accounting records to the SAM II records is needed to identify any unrecorded expenditures or rebates and to ensure the schedule of expenditures of federal awards is accurate.

We noted additional problems with the schedule prepared by the DHSS:

- The amount provided to subrecipients was overstated by approximately \$78 million for the WIC program (CFDA # 10.557). For some other programs, the schedule indicated the amount provided to subrecipients exceeded the total expenditures of the program.

- The program name was not correct for many of the programs included on the schedule. Programs were identified by the generic title used by the DHSS instead of the proper name used by the federal government in the Catalog of Federal Domestic Assistance.
- Several grants were not reported on the original schedule.
- The schedule did not indicate whether each program was received directly from a federal agency or received indirectly from another state agency. In addition, the Taxpayer Identification Number was not reported on the schedule.

Although the summary schedule of prior audit findings prepared by the DHSS indicates corrective action was taken, we noted similar concerns in our current audit. It appears these errors resulted from lack of adequate procedures for preparing the schedule, inadequately trained staff, inappropriate sources for the information, failure to reconcile the internal accounting system to SAM II, and a lack of appropriate supervisory reviews. DHSS made revisions to the schedule after our review.

Section .310(b) of OMB Circular A-133 requires the DHSS to prepare a schedule of expenditures of federal awards showing the financial activity for each federal program. The DHSS needs to establish effective procedures to ensure the schedule is complete and accurate. To be effective, the procedures should include a detailed supervisory review.

WE RECOMMEND the DHSS implement procedures to ensure the schedule of expenditures of federal awards is complete and accurate.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2002-3.

Child Care Facilities Inspections and Licensing

Federal Agency: Department of Health and Human Services
 Federal Program: 93.575 Child Care and Development Block Grant
 State Agency: Department of Health and Senior Services (DHSS)

On July 19, 2002, the Missouri State Auditor's Office issued audit report No. 2002-52, **Child Care Facilities Inspections and Licensing**. (A copy of the complete audit report can be obtained from: Missouri State Auditors Office, P.O. Box 869, Jefferson City, MO 65102-0869, or on the internet at www.auditor.state.mo.us.)

The audit noted several weaknesses in child care licensing laws and regulations, and DHSS's procedures for ensuring facilities comply with these requirements.

- 1) The DHSS has not proactively identified providers who are operating without a license nor determined how many children may be in the care of such providers. The audit found that a substantial number of children could potentially be cared for by providers who were operating illegally without a license and who were not subject to the same annual fire, safety, and sanitation inspections as licensed facilities. Auditors and DHSS officials estimate several thousand unlicensed child care providers have been operating in Missouri. Based on 2000 U.S. Census data for Missouri, auditors estimate there could be as many as 156,000 children ages 5 and under who may be in unlicensed child care facilities.

Child care providers are required to be licensed in Missouri if they care for more than four unrelated children. Licensed child care providers receive annual fire, safety, and sanitation inspections and semi-annual compliance inspections.

- 2) State law allows a maximum \$200 fine for a child care law conviction for a first offense, which has been an ineffective deterrence. This \$200 fine has not deterred some providers from continuing to operate illegally even though some providers were prosecuted and fined and others knew they could be fined. Fines levied against unlicensed providers are much higher in other states.
- 3) State law does not limit the number of total children allowed in child care facilities since children related to providers are not included in capacity limits. State laws and regulations allow an adult (a person age 18 or older) operating a licensed family child care facility to care for 10 unrelated children, including two children under age 2, and an unlimited number of related children. The eight states surrounding Missouri include related children in capacity limits. In addition, state laws and regulations that allow one adult to care for an unlimited number of related children, in addition to 10 unrelated children, can place children at risk in event of fire. The national Fire Protection Association recommends one adult for no more than six children, regardless of the relationship to the provider.
- 4) DHSS officials have not established standard guidelines for determining the severity of rule violations and effectively assessing penalties or revoking child care licenses. As a result, some providers operate substandard facilities that do not comply with safety and sanitation rules and endanger children's safety and health. There are over 100 safety and sanitation rules to help ensure children are staying in safe and sanitary facilities.

Federal regulation 45 CFR, Section 98.41 requires that states administering the Child Care and Development Block grant establish requirements over the child care providers which are designed to protect the health and safety of children, and to establish procedures to ensure these child care providers comply with the established health and safety requirements. As noted above, improvements are needed to ensure the health and safety of children cared for by these providers.

WE RECOMMEND the DHSS establish procedures to improve oversight of unlicensed child care facilities. In addition, the DHSS should establish written guidelines to determine the severity of rule violations and effectively assess penalties or revoke child care licenses.

In addition, the DHSS should pursue legislative action to increase the penalty that can be assessed against child care providers operating in violation of state laws and regulations, and to limit the number of related and unrelated children in child care facilities to more closely align with the National Fire Protection Association suggested limit of one adult for no more than six children.

AUDITEE'S RESPONSE

We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement. The department's complete response to the Child Care Facilities Inspections and Licensing report is set forth in that report.

2002-4.

Cost Allocation Procedures

Federal Agency:	Department of Education
Federal Program:	84.032 Federal Family Education Loans (FFEL)
State Agency:	Department of Higher Education (DHE)
Questioned Costs:	\$183,084

- A. The DHE allocates joint salary costs to its various federal programs and state programs based on periodic estimates of the time spent by employees on each program. Approximately 30 of the department's 87 employees worked on more than one program and were required to submit time sheets. Our review of 11 of these employees indicated that time sheets either did not exist or did not support the salary amount allocated to the FFEL program.

In July 2001 and January 2002, the DHE estimated percentages to be used in allocating each employee's salary for the ensuing months. These estimates were made by having various supervisors estimate the time spent by their employees on various functions. To determine if the allocations were accurate, we compared the timesheets for 11 employees to the allocations. Some of the 11 employees did not prepare timesheets for some or all of the two six-month periods. Most of the missing timesheets were in the first six months reviewed. For the employees who did prepare timesheets, the hours for loan activities differed from the estimated percentages used to allocate the salaries.

The time sheets generally classified time as spent on loan activities, which is directly related to the FFEL program, and time spent on non-loan activities. DHE officials indicated that some of the hours recorded as non-loan activities pertain to financial-aid related duties, which are allowable costs of the FFEL program.

However, the lack of adequately detailed time sheets does not allow those hours to be identified.

During the year ended June 30, 2002, these 11 employees were paid salaries totaling \$386,498 of which \$246,375 was allocated to the FFEL program. Timesheets did not exist to support \$104,484 of the allocated salary expenses, and \$78,600 of the allocated salary expenses exceeded the amount supported by the timesheets for the prior six months. As a result, we question costs totaling \$183,084 which is the federal share of salary costs not supported by the time sheets.

In addition, the DHE uses the salary allocation percentages to allocate other joint costs to the FFEL program.

Office of Management and Budget (OMB) Circular A-87 requires that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages has to be supported by personnel activity reports or equivalent documentation.

- B. The DHE has drafted a new policy which would require every employee to fill out a time sheet each month. The draft policy says that time sheets are to be filled out according to each employee's salary split for his or her position, and that supervisors are responsible for reconciling the employee's time sheet with the employee's salary split.

Having employees complete their time sheets in accordance with predetermined salary splits, as opposed to their actual time worked, is contrary to OMB Circular A-87 which states that distribution percentages determined before the services are performed do not qualify as support for charges to federal awards.

WE RECOMMEND the DHE:

- A. Resolve the questioned costs with the grantor agency. In addition, the DHE should comply with the provisions of OMB Circular A-87 and allocate costs based on the actual time spent on the various federal and state programs.
- B. Require employees to complete time sheets that document actual time worked and require supervisors to ensure that time sheets reflect actual hours worked.

AUDITEE'S RESPONSE

A&B. We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

Federal Agency: Department of Labor
Federal Program: 17.225 Unemployment Insurance (UI)
State Agency: Department of Labor and Industrial Relations -
Division of Employment Security (DES)

The DES does not have adequate procedures to ensure that individuals (claimants) receiving UI benefits meet the eligibility requirement of conducting weekly work search contacts.

According to Section 288.040, RSMo 2000, for a claimant to remain eligible for UI benefits, he or she must be able to work and available for work. For a claimant to be considered available for work, state law requires the claimant to actively and earnestly seek work. State law also requires the DES to inform the claimant each week of the number of work search contacts the claimant is required to make (typically 1 to 3 depending on their county of residence) to constitute an active search for work.

The DES requires the claimant to submit a weekly report using the Interactive Voice Response telephone system or the Internet. The claimant is required to report the number of work search contacts made during the week, but is not required to provide any documentation about the employers contacted.

The DES mails each claimant a packet of information that includes a pamphlet titled *Information for Workers*. The pamphlet instructs the claimant to document their work search contacts and includes a work search record, which consists of several pages in the back of the pamphlet that can be used by the claimant to record their weekly work search contacts. The pamphlet informs the claimant to list all employers and labor unions contacted and that the work search record is subject to verification.

Each year the DES performs a Benefits Accuracy Measurement (BAM) review, which tests a sample of 480 UI benefit payments to determine whether claimants were paid the proper amounts. The DES contacts the claimant by telephone and asks questions about work search contacts made, then the DES contacts the employers to verify the claimant's statements.

We reviewed 17 of the 480 UI benefit payments tested by the DES in the BAM review and noted that for 5 of the 17 payments, the claimant stated they did not document their work searches on the work search record and did not remember the employers they contacted. As a result, the BAM reviewer could not verify work search contacts with the employer. The BAM reviewer is suppose to remind the claimant of the requirement to document their work searches and that work searches are subject to verification. Even though the claimant did not document their work searches, the DES does not count this as an exception in the BAM review, and the claimant is not required to repay the UI benefits received for the week. Although the claimant reported on the Interactive Voice Response

telephone system or the Internet that they conducted the required number of work search contacts during the week, the claimant was unable to provide documentation that the required contacts were made.

To ensure claimants are meeting the eligibility requirement of being able and available for work, and actively and earnestly seeking work, the DES needs to implement additional procedures to verify claimants work search contact information and deny benefits to those claimants that do not adequately document the required information.

The State Auditor's Office is currently conducting a review of the validity of unemployment benefits, which will include further tests of DES procedures related to eligibility of claimants. The results of this review will be presented in a separate report issued later this year.

WE RECOMMEND the DES implement additional procedures to verify claimants work search contact information and deny benefits to those claimants that do not adequately document the required information.

AUDITEE'S RESPONSE

We disagree with the auditor's finding. The state's Corrective Action Plan includes an explanation and specific reasons for our disagreement.

2002-6.

Subrecipient Monitoring

Federal Agency: Environmental Protection Agency
Federal Program: 66.458 Capitalization Grants for State Revolving Funds
State Agency: Department of Natural Resources (DNR)

The DNR does not adequately monitor subrecipients to ensure that an A-133 audit is performed when applicable and submitted to the DNR. We noted the DNR did not have an annual A-133 audit on file for 3 of the 14 communities with more than \$300,000 in grant expenditures and did not adequately monitor subrecipients to determine whether thresholds were met requiring an audit under OMB Circular A-133. A similar condition was noted in our prior report.

OMB Circular A-133 requires grant recipients to ensure that subrecipients obtain an A-133 audit when grant expenditures exceed \$300,000 in a fiscal year.

WE RECOMMEND the DNR ensure all subrecipients submit an A-133 audit.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 Child Support Enforcement
State Agency: Department of Social Services - Division of
Child Support Enforcement (DCSE)

The objectives of the Child Support Enforcement program are to: enforce support obligations owed by non-custodial parents, locate absent parents, and establish paternity and orders for child support. Federal regulations establish standards for program operations that the DCSE must meet in providing support enforcement services.

To test the effectiveness of DCSE's procedures in meeting program standards for case management, we reviewed the division's enforcement efforts in five areas of support enforcement services. Division officials provided computer-generated lists of case populations for each enforcement area for the period July 1, 2001, through June 30, 2002.

- A. Federal regulations require DCSE to establish paternity or attempt to establish paternity within 90 calendar days of locating the alleged father (45 CFR Section 303.5). We randomly selected cases to review for paternity services from a population of 39,757 cases in the paternity function. Test results disclose that for 9 of 67 cases reviewed, DCSE failed to take action within the required time frames, resulting in a compliance rate of 87 percent for paternity services.
- B. Federal regulations require DCSE to establish an order of support or serve process to establish an order of support within 90 calendar days of locating the non-custodial parent (45 CFR Section 303.4). We randomly selected cases to review for establishment services from a population of 51,367 cases in the establishment function. Test results disclose that for 17 of 60 cases reviewed, DCSE failed to take the required actions to establish an order of support within the established time frame, including one case where DCSE did not access all appropriate location sources, resulting in a compliance rate of 72 percent for establishment services.
- C. Federal regulations require DCSE to initiate income withholding or another appropriate enforcement action within no more than 30 calendar days of identifying a delinquency (45 CFR Section 303.100). We randomly selected cases to review for enforcement services from a population of 294,421 cases in the enforcement function. Test results disclose that for 7 out of 48 enforcement cases reviewed, DCSE failed to initiate income withholding, or another enforcement action, within 30 days of identifying a delinquency, resulting in a compliance rate of 85 percent for enforcement services. While testing interstate cases, we noted that six of the responding state cases were not meeting required enforcement time frames.

- D. Federal regulations require DCSE to petition for and secure, or pursue enforcement of medical support in the form of health insurance as part of support orders, and to inform the Medicaid agency and custodial parent, as applicable (45 CFR Section 303.31). We randomly selected cases to review for medical support services from a population of 328,939 cases requiring or having medical support orders. Test results disclose that for 4 of 59 cases reviewed, DCSE failed to take one or more of the following required actions: petition for an order of medical support when requested by the custodial parent, verify if employer-related insurance was available at a reasonable cost, enroll dependents when employer-related insurance was available, and provide insurance coverage information to the custodial parent and/or Medicaid agency after dependents were enrolled in health insurance plans. The compliance rate for providing medical support services is 93 percent for cases tested.
- E. Federal regulations require DCSE, as the responding state, to take appropriate action on inquiries received from other states within ten working days, and as the initiating state, to refer cases requiring interstate services to other states within 20 calendar days of determining that the non-custodial parent is in another state (45 CFR Section 303.7). We randomly selected cases to review for interstate services from a population of 51,546 cases requiring interstate services. For 2 of 36 initiating interstate cases reviewed, DCSE failed to provide interstate services within the required timeframes, resulting in a compliance rate of 94 percent for cases tested.

Federal regulations include program standards to ensure child support clients receive effective and timely enforcement services. When DCSE fails to meet program standards, some child support clients do not receive effective and timely services.

In response to the prior audit recommendation, DCSE officials explained that the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) requires states to perform internal self-assessment measures previously performed by the federal Office of Child Support Enforcement (OCSE). The self-assessment uses an outcome-based approach rather than determining compliance with the various timeframes outlined in the federal regulations. However, according to the final rule of state self-assessments, all timeframes, including those for paternity establishment, support order establishment, review and adjustment, and income withholding, are still federal requirements that states must meet. Thus, it is important for the DCSE to identify non-compliance with established timeframes and ensure staff strive to meet these goals.

WE RECOMMEND the DCSE provide services within timeframes established by federal regulation.

AUDITEE'S RESPONSE

We partially agree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

2002-8.	Eligibility Redeterminations
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Federal Agency:	Department of Health and Human Services
Federal Program:	93.767 State Children's Insurance Program (SCHIP) 93.778 Medical Assistance Program
State Agency:	Department of Social Services - Division of Family Services (DFS) Division of Medical Services (DMS)

State regulation 13 CSR 40-2.020 and federal regulation 42 CFR 435.916 require a redetermination of eligibility at least every 12 months. However, the DFS does not have adequate procedures to ensure it performs Medicaid and SCHIP eligibility redeterminations in accordance with state and federal regulations.

Similar conditions were noted in our prior report. The summary schedule of prior audit findings prepared by the DFS indicates staff shortages have resulted in the DFS establishing priorities within the redetermination process with the highest priority cases being those in which information has indicated a change in eligibility status. The DFS uses various match alerts to help establish priorities on cases where the eligibility status may have changed. However, the federal agency indicated these match alerts are not sufficient to replace the annual eligibility redeterminations. In addition, while the match alerts may be beneficial in identifying changing eligibility factors for some recipients, changes in the eligibility status for other recipients may be overlooked if only the match alerts are relied upon to identify changes in eligibility factors. To ensure all recipients remain eligible for benefits, the eligibility status of all recipients should be reviewed annually. Without timely redetermination of recipient eligibility, there is increased risk these programs are paying medical costs for ineligible individuals.

WE RECOMMEND the DFS establish procedures to ensure Medicaid and SCHIP recipient eligibility is redetermined in accordance with state and federal regulations.

AUDITEE'S RESPONSE

We partially agree with the auditor's finding. Our corrective action plan includes an explanation and specific reasons for our disagreement and planned actions to address the finding.

2002-09.**Schedule of Expenditures of Federal Awards**

Federal Agency: Department of Agriculture
 Department of Health and Human Services

Federal Programs: 10.561 State Administrative Matching Grants for Food Stamp Program
 93.575 Child Care and Development Block Grant
 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
 93.667 Social Services Block Grant
 93.777 State Survey and Certification of Health Care Providers and Suppliers
 93.778 Medical Assistance Program

State Agency: Department of Social Services (DSS)

The DSS incorrectly reported expenditure amounts for some programs on the schedule of expenditures of federal awards (SEFA). The original schedule prepared by the DSS misreported expenditure amounts for the following programs:

CFDA #	Program	Overstated (Understated)
10.561	State Administrative Matching Grants for Food Stamps Program	\$ (77,123)
93.575	Child Care and Development Block Grant	(6,317,171)
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	6,317,171
93.667	Social Services Block Grant	(11,777,140)
93.777	State Survey and Certification of Health Care Providers and Suppliers	(3,000)
93.778	Medical Assistance Program	(12,634,702)

We noted similar conditions in our two prior reports. Although the summary schedule of prior audit findings prepared by the DSS indicates corrective action was taken, our review of the SEFA noted the above errors. It appears several of these errors were caused by typographical errors in the supporting documentation used to prepare the schedule and omitting expenditures of monies transferred from another federal program. In addition, the preparer did not always receive notification of all revisions to grant program financial reports used to prepare the schedule. The errors noted above were corrected when we brought them to the attention of DSS management.

Section .310(b) of OMB Circular A-133 requires the DSS to prepare a SEFA showing the financial activity for each federal program. The DSS needs to establish effective procedures to ensure the SEFA is complete and accurate. To be effective, the procedures should include a detailed supervisory review.

WE RECOMMEND the DSS implement procedures to ensure the SEFA is complete and accurate.

AUDITEE'S RESPONSE

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2002-10.

Employee Cost Allocation

Federal Agency:	Department of Health and Human Services	<u>Questioned Costs</u>
Federal Program:	93.566 Refugee and Entrant Assistance – State Administered Programs	\$88,042
State Agency:	Department of Social Services – Division of Family Services (DFS)	

During our review of the department's procedures for assigning employee costs to federal grants when the employee is assigned to work on a specific grant on a full time basis, we noted full time charges for one employee have been in error for nearly two years.

To minimize the record keeping burden for allocating payroll costs for such direct employee time, OMB Circular A-87, Attachment B, Section 11.h.(3) indicates that where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages are to be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications are to be prepared at least semi-annually and are to be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

Our review of the certifications for October 1, 2001 to March 30, 2002, noted an employee's salary, benefits, and related indirect costs were erroneously charged to the Refugee and Entrant Assistance - State Administered Programs grant. Based on discussions with the program coordinator and the employee's supervisor, the employee has never worked for the program. Our review of time distribution records shows the employee's salary, benefits, and related indirect costs have been erroneously charged to the program grant since August 2000. To ensure time distribution certifications are accurate and complete, the DSS should ensure time distribution certifications are signed by one or more employees having first hand knowledge of the work performed by the employees being certified, as required by OMB Circular A-87.

We question the federal share of \$88,042 (100 percent) for salary, benefit, and indirect costs erroneously charged to the Refugee and Entrant Assistance - State Administered Programs grant from August 2000 through June 2002.

WE RECOMMEND the DFS resolve the questioned costs with the grantor agency. In addition, the DFS should ensure that the semi-annual federally funded certifications are accurate and complete.

AUDITEE'S RESPONSE

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

2002-11.

Duplicate Payments and Refunds

Federal Agency:	Department of Health and Human Services
Federal Program:	93.658 Foster Care - Title IV-E 93.659 Adoption Assistance 93.667 Social Services Block Grant
State Agency:	Department of Social Services (DSS) - Division of Family Services (DFS)

- A. Weaknesses in disbursement procedures have allowed duplicate payments to occur. DFS county offices receive invoices and initiate payments for day care services, treatment services, and other contracted services for DFS clients. The county office employees record payment requests in the Children's Services Integrated Payment System (CSIPS). The CSIPS uses the request data to generate checks which are mailed to the applicable vendors. The CSIPS is also used to generate monthly maintenance payments for children in foster care and special needs children that have been adopted. During the year ending June 30, 2002, the CSIPS generated approximately 178,000 checks totaling approximately \$236 million for federal and state programs.

During our review of vendor refunds for the two years ending June 30, 2002, we identified approximately \$348,000 of refunds received by the DFS for duplicate payments issued through the CSIPS, including approximately \$293,000 received from one vendor.

It appears DFS county office employees did not adequately review disbursement records, prior to initiating payment requests, to ensure payments had not already been made. As a result, some invoices were paid two or more times. DFS county office employees initiated some payments based on a summary billing statement, rather than the original detailed invoice, resulting in duplicate payments. The DFS was not aware of the duplicate payments until receiving refunds from vendors and the DFS has no assurance that all duplicate payments have been identified and refunded.

The DFS should establish internal controls to prevent duplicate payments, including a policy requiring all payments to be supported by an original detailed vendor invoice. In addition, the DFS should review supporting documentation for payments processed through the CSIPS to identify and correct any other duplicate payments.

- B. Vendor refunds were not always remitted to the Division of Budget and Finance (DBF) for deposit on a timely basis. Some vendor refunds for duplicate payments are sent directly to the DFS central office where employees review payment documentation to determine how the refunds should be recorded in the accounting system. The receipts are then sent to the DBF for deposit.

While DSS policy is to transmit receipts to the DBF daily or when total receipts exceed \$100, we noted instances where the policy was not followed. For example, a \$58,049 refund check, dated December 8, 2000, was not deposited and was subsequently outlawed. A replacement check, dated December 31, 2001, was finally deposited on February 8, 2002. In addition, a \$181,643 refund check was held 77 days before being deposited, and twelve other refund checks totaling \$6,980 were held from 41 days to 131 days before being deposited on April 16, 2001. DFS staff indicated receipts were not remitted more timely due to insufficient staff and difficulties in determining how the refunds should be recorded.

To maximize interest revenue, adequately safeguard monies, and reduce the risk of loss or misuse of funds, receipts should be transmitted to the DBF for deposit on a timely basis.

WE RECOMMEND the DFS:

- A. Establish internal controls to prevent duplicate payments, including a policy requiring all payments to be supported by an original vendor invoice. In addition, the DFS should review supporting documentation for payments processed through the CSIPS to identify and correct any other duplicate payments.
- B. Remit receipts to the DBF for deposit on a timely basis in accordance with DSS policy.

AUDITEE'S RESPONSE

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

2002-12.	Oversight of Temporary Assistance for Needy Families
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Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families (TANF)
State Agency: Department of Social Services-Division of
Family Services (DFS)

On January 28, 2003, the Missouri State Auditor's Office issued audit report No. 2003-10, *Division of Family Services Oversight of Temporary Assistance for Needy Families*. (A copy of the complete audit report can be obtained from: Missouri State Auditors Office, P.O. Box 869, Jefferson City, MO 65102-0869, or on the internet at www.auditor.state.mo.us.)

Division guidance states the goal of the TANF program is for families to become independent of the need for cash assistance. However, the audit noted division personnel had not made and/or not documented referrals to employment assistance programs for 39 of 179 (22 percent) cases reviewed.

In addition, the audit noted case managers had not stayed in contact with recipients to monitor compliance with work requirements or reevaluate exemptions from work requirements for 36 of 120 (30 percent) cases reviewed. The 36 cases included 27 cases managed by the St. Louis City Office and 9 cases managed by other DFS offices. The average time between contacts was 239 days for the St. Louis City cases and 272 days for the other cases. Division guidance requires contacts to be made every 30 or 90 days, depending on the recipient's circumstances.

The audit also noted case documentation was not adequate for 78 of 120 (65 percent) cases reviewed. Critical family information records and narratives of case activity and history were not always prepared and barriers to employment were not always documented as required by division guidance.

Further, the audit noted that on July 1, 2002, the division extended temporary assistance benefits for 1,034 recipients beyond the 60-month lifetime benefit period without determining whether these recipients were entitled to receive extended benefits. The audit noted division officials had not established extension criteria until after the 60-month limitation period had expired. Federal regulation 45 CFR Section 264.1 prohibits the state from issuing TANF cash benefits for more than 60 months unless an extension has been granted.

WE RECOMMEND the DFS:

- A. Establish quality controls to require periodic reviews of cases to ensure referrals are made and recipients are contacted in a timely manner.
- B. Ensure division personnel provide adequate case documentation.

AUDITEE'S RESPONSE

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

2002-13.	Eligibility for Adoption Assistance Payments
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Federal Agency:	Department of Health and Human Services	
Federal Program:	93.659 Adoption Assistance	<u>Questioned Costs</u>
State Agency:	Department of Social Services – Division of Family Services (DFS)	\$ 17,804

During the year ending June 30, 2002, the DFS provided Adoption Assistance benefits totaling approximately \$27 million for 6,062 adopted children with special needs. To qualify for the benefits, the child must be eligible for Title IV-E foster care benefits, Temporary Assistance for Needy Families (TANF) benefits, or Social Security Income (SSI) benefits, as required by 42 USC 673(a)(2)(A). In addition, the nature of services to be provided and nonrecurring expenses to be paid must be stated in the subsidy contract between the DFS and the adoptive parents, as required by 42 USC 675(3) and 45 CFR 1356.41(a), respectively. Subsidized costs may include maintenance, tutoring, clothing, day care, respite care, legal expenses, etc.

To test compliance with these requirements, we reviewed eligibility documentation, subsidy contracts, and expenditure documentation for 28 Adoption Assistance recipients. The 28 recipients received Adoption Assistance totaling \$132,900 during the year ending June 30, 2002. We could not locate eligibility documentation for five of twenty-eight (17 percent) cases reviewed. Some services paid were not listed in the subsidy contracts for three of twenty-eight (10 percent) cases reviewed. We could not locate invoices or other supporting documentation for some payments on eight of twenty-eight (29 percent) cases reviewed. The expenditures related to these errors totaled \$29,188. We question the federal share of \$17,804 (61 percent).

The DFS should establish procedures to ensure eligibility is properly documented and all services to be provided are documented in adoption subsidy contracts, as required by federal law. In addition, the DFS should ensure all payments are supported by adequate documentation.

WE RECOMMEND the DFS resolve the questioned costs with the grantor agency. In addition, the DFS should ensure eligibility is properly documented, ensure all services to be provided are documented in adoption subsidy contracts, and ensure all payments are supported by adequate documentation.

AUDITEE'S RESPONSE

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

STATE OF MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all audit findings in the prior audit for the year ended June 30, 2001, and the findings from the prior audits for the years ended June 30, 2000 and 1999, except those that were listed as corrected, no longer valid, or not warranting further action. This section includes the Summary Schedule of Prior Audit Findings, which is prepared by the state's management.

Circular A-133 requires the auditor to follow-up on these prior audit findings, perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings, and report, as a current year finding, when the auditor concludes that the Summary Schedule of Prior Audit Findings materially misrepresents the status of any prior audit findings.

The disposition of the findings from the year ended June 30, 2000 is as follows:

Findings numbered 1, 2A, 4, 5, 6, 7, 8, 9, 10, 11B, and 12 were corrected.

Findings numbered 2B, 3, and 11A are included in the Summary Schedule of Prior Audit Findings.

For the year ended June 30, 1999, all of the findings were corrected, no longer valid, or did not warrant further action.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2000-2.B. Schedule of Expenditures of Federal Awards

State Agency: Department of Social Services
Federal Agency: Department of Health and Human Services
Federal Program: 93. – Combined
Questioned Costs: \$11,832,573

The SEFA prepared by the DSS did not report any amounts provided to subrecipients for the Social Services Block Grant or Family Preservation and Support Services programs. The DSS indicated they did not report these amounts as payments to subrecipients because these entities were vendors instead of subrecipients within the definition of OMB Circular A-133. However, we believed these entities were subrecipients. The DSS indicated another reason they classified the community partnerships as vendors is they were unable to determine the specific grant fund source for the funding provided the partnerships. The DSS stated its accounting system did not provide the needed information. To comply with OMB Circular A-133 Section 400 (d), the DSS should provide all possible required information to subrecipients. In addition, the above problems resulted in additional concerns, including failure of appropriate subrecipients to obtain required audits of the use of their federal funds in compliance with OMB Circular A-133. As a result, we questioned the federal funds provided to the local juvenile courts and the Caring Communities Program totaling an estimated \$11,832,573.

Recommendation:

The DSS resolve the questioned costs with the grantor agency. In addition, the DSS should treat the community partnerships and local juvenile courts as subrecipients and report funds provided to subrecipients correctly on the SEFA. The subrecipients should be appropriately notified of grant funding sources and regulations and should be required to obtain audits in compliance with OMB Circular A-133 when appropriate.

Status of Finding:

DSS rejected the finding. HHS agreed with the SAO but then DSS appealed the decision. The appeals body rejected jurisdiction as they said there were no questioned costs at stake. They returned it to DSS with the condition that “this is closed if you agree with the agency’s finding”. However, DSS does not agree and strongly believes that to be in compliance with the A-133 regulations it should report the Caring Community expenditures as payments to vendors. As the A-133 regulations gives DSS the discretion to decide the vendor/sub-recipient question, DBF decided the Juvenile Court diversion activities were the purchase of a service and not reportable as payments to a grant sub-recipient. Since we do not agree, this is therefore not a resolved issue. All these federal grants are being accurately reported as expenditures of grants received by DSS.

Status of Questioned Costs:

The federal appeal agency determined there are no questioned costs.

Contact Person: Victoria Therien
Phone number: (573)751-2170

2000-3. Inadequate Monitoring of Immigrant Mutual Aid Association

Federal Agency: Department of Health and Human Services
Federal Program: 93.566 - Refugee & Entrant Assistance - State Administered Programs
State Agency: Department of Social Services - Division of Family Services (DFS)
Questioned Costs: \$36,000

The Lao Mutual Aid Association (Association) received reimbursements from the DFS for expenditures incurred in accordance with a contract to provide refugee resettlement services to persons immigrating to Missouri from Laos. The Association was unable to provide supporting documentation for most of the expenditures claimed for reimbursement. The DFS contract with the Association did not cover the retention period for financial records. Although the DFS contract with the Association required an annual audit, such an audit was not obtained and the DFS had only limited assurance monies provided to the Association were used in accordance with the budget specified in the contract. As a result, we questioned the entire \$36,000 paid to the Association during the year ended June 30, 2000.

Recommendation:

The DFS resolve the questioned costs with the Association and the grantor agency. In addition, DFS should require the Association to keep all financial records for at least three years and submit an annual audit as required by the contract.

Status of Finding:

The contracts have been amended to require proper record retention and annual audit submissions.

Status of Questioned Costs:

The DFS understands, based on verbal contact with the ACF, that there is not an obligation to reconcile with the grantor agency, the Office of Refugee Resettlement (ORR), as the questioned grant was awarded in accordance with established ORR guidelines. Issue resolution is, however, a matter between the state agency and the vendor if the awarded vendor did not utilize or account for the grant money according to the terms and conditions of the contract.

Contact Person: D. Wayne Osgoode
Phone number: (573) 526-0967

2000-11A. Compliance Issues

Federal Agency: Environmental Protection Agency
Federal Program: 66.458 - Capitalization Grants for State Revolving Funds
State Agency: Department of Natural Resources (DNR)

Unused Construction Loan Funds (CLF) were not used to reduce bond issue debt. We noted thirty-seven completed projects with CLF balances totaling approximately \$26,675,000 at June 30, 2000.

Recommendation:

The DNR revise the bond covenant to require unused CLF monies to be applied to the reduction of bond principal.

Status of Finding:

In order for the department to revise the bond covenant, a regulation must be approved. The department will propose a regulation change in a future rulemaking proposal to require unused CLF monies to be applied to the reduction of bond principal.

Contact Person: Carrie Schulte
Phone Number: (573) 526-8403

2001-1. Reconciliation of Accounting Systems

Federal Agency: Department of Labor
Federal Program: 17.207 - Employment Service
 17.801 - Disabled Veterans Outreach Program
 17.804 - Local Veterans Employment Representative
 17.253 - Welfare-to-Work Grants to States and Localities
 17.255 - Workforce Investment Act
State Agency: Department of Economic Development (DED), Division of Workforce
 Development (DWD)

The DWD did not reconcile its internal accounting systems to the statewide accounting system (SAM II) during fiscal years 2000 or 2001. We noted several expenditures that had been processed through the SAM II system that had not been recorded in the internal accounting systems. The DWD performed a reconciliation of fiscal year 2000 records and identified approximately \$1.4 million that had not been recorded in the internal accounting systems and, therefore, was not reported to the Department of Labor. A partial reconciliation of fiscal year 2001 records as of November 30, 2001, indicated the amount of unrecorded expenditures for fiscal year 2001 was more than \$235,000. These unrecorded expenditures represent expenses incurred by the state agency for which available federal funds have not been drawn down.

Recommendation:

The DWD reconcile internal accounting records to the SAM II records on a periodic basis. In addition, the DWD should complete the reconciliation for 2000 and 2001 and draw down the appropriate amount of federal funds.

Status of Finding:

Fully Completed: Fiscal year 2000 was completed in April 2002. Fiscal year 2001 was completed in July 2002.

Contact Person: Carl Rogers
Phone Number: (573) 526-8214

2001-2. Schedule of Expenditures of Federal Awards

Federal Agency: Department of Agriculture
Federal Program: 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children
10.558 - Child and Adult Care Food Program
State Agency: Department of Health and Senior Services (DHSS)

The original schedule of expenditures of federal awards prepared by the DHSS was overstated by approximately \$126 million.

Recommendation:

The DHSS implement procedures to ensure the schedule of expenditures of federal awards is complete and accurate.

Status of Finding:

Corrective action was taken.

Contact Person: Peggy Honoré
Phone number: (573) 751-6014

2001-3A. Subrecipient Monitoring

Federal Agency: Housing and Urban Development
Federal Program: 14.238 - Shelter Plus Care
State Agency: Department of Mental Health (DMH)

The DMH did not adequately monitor subrecipients of the program. In addition, program spending exceeded the limits established by the grant agreement and some expenditures were improperly charged to the grant.

Recommendation:

The DMH implement a monitoring system which provides adequate assurance that subrecipients comply with grant requirements.

Status of Finding:

Corrective action was taken.

Contact Person: Janet Gordon
Phone number: (573) 751-8050

2001-3B. Subrecipient Monitoring

Federal Agency: Housing and Urban Development
Federal Program: 14.238 - Shelter Plus Care
State Agency: Department of Mental Health (DMH)

On May 2, 2001, the federal Department of Housing and Urban Development issued their report resulting from a review of the program, which noted several concerns on compliance with grant requirements.

Recommendation:

The DMH resolve these issues with the grantor agency and implement procedures to ensure compliance with grant requirements.

Status of Finding:

Finding 3B(1) and 3B(2) have been corrected.

We have attempted to correct Finding 3B(3) by submitting a proposal to HUD for making an adjustment. To date we have not received a response.

Contact Person: Janet Gordon
Phone number: (573) 751-8050

2001-4A. Accounting and Reporting Procedures

Federal Agency: Environmental Protection Agency
Federal Program: 66.458 - Capitalization Grants for State Revolving Funds
State Agency: Department of Natural Resources (DNR)

The DNR did not complete the Clean Water State Revolving Fund annual report for fiscal year 2001 in a timely manner.

Recommendation:

The DNR establish procedures to ensure the annual report is submitted to the federal agency in a timely manner.

Status of Finding:

Preliminary accounting procedures regarding the State Revolving Fund have been established by the Financial Services Section accountants and included within the internal control plan for the Water Pollution Control Program (WPCP). Following these preliminary accounting procedures, as well as continual improvements to these procedures, has and will enhance the department's ability to submit the annual report in a timely manner.

The department has contracted with a consultant for the development of a new State Revolving Fund (SRF) accounting system. The system will generate reports necessary in properly monitoring the SRF and work performed by accounting staff. This will also enhance the department's ability to submit the annual report in a timely manner.

Contact Person: Carrie Schulte
Phone Number: (573) 526-8403

2001-4.B. Accounting and Reporting Procedures

Federal Agency: Environmental Protection Agency
Federal Program: 66.458 - Capitalization Grants for State Revolving Funds
State Agency: Department of Natural Resources (DNR)

The original schedule of expenditures of federal awards prepared by DNR understated the amounts provided to subrecipients by approximately \$1.9 million.

Recommendation:

The DNR establish procedures to ensure the schedule of expenditures of federal awards is prepared timely and accurately.

Status of Finding:

A note is placed in the file to alert the Accountant II's (AII) attention to the uniqueness of any date that differs from standard DNR practice when preparing the Schedule of Expenditures of Federal Awards (SEFA) each year. The Program Director, Accounting Analyst III (AIII), Accountant III (AIII), and AII meet to discuss the data prior to the SEFA being finalized. A standard written checklist is used by the AIII and AIII during the supervisory review process.

Contact Person: Sandy Wells
Phone Number: (573) 751-0960

2001-4.C. Accounting and Reporting Procedures

Federal Agency: Environmental Protection Agency
Federal Program: 66.458 - Capitalization Grants for State Revolving Funds
State Agency: Department of Natural Resources (DNR)

The DNR is not processing Trustee Reserve Fund administration fees in a timely manner.

Recommendation:

The DNR establish procedures to ensure all administration fees are processed in a timely manner.

Status of Finding:

Procedures for processing administration fees have been established and can be found in the internal control plan for the Water Pollution Control Program (WPCP). Following these procedures will assist in the timely processing of administration fees.

The department continues to improve its timeliness with depositing administration fee checks. Staff documents the date and time each check is received and approved for deposit. This documentation shows that administration checks received in State Fiscal Year (SFY) 2002 have been deposited timely. The maximum number of days any one check was held and the average number of days checks were held have improved significantly.

Contact Person: Carrie Schulte
Phone Number: (573) 526-8403

2001-4.D. Accounting and Reporting Procedures

Federal Agency: Environmental Protection Agency
Federal Program: 66.458 - Capitalization Grants for State Revolving Funds
State Agency: Department of Natural Resources (DNR)

Administration fees are unnecessarily being held by the trustee banks.

Recommendation:

The DNR establish procedures to ensure the trustee banks remit administration fees to the DNR when received from each community.

Status of Finding:

The department has negotiated an informal agreement with the trustee to submit fees on a timelier basis. The department will formally address this issue when trustee agreements are re-negotiated.

Contact Person: Carrie Schulte
Phone Number: (573)526-8403

2001-4.E. Accounting and Reporting Procedures

Federal Agency: Environmental Protection Agency
Federal Program: 66.458 - Capitalization Grants for State Revolving Funds
State Agency: Department of Natural Resources (DNR)

The DNR management does not periodically supervise accounting and reporting responsibilities over the State Revolving Fund.

Recommendation:

The DNR establish procedures to ensure periodic supervisory reviews are performed over the State Revolving Fund accounting and reporting activities.

Status of Finding:

Depending on the activity, State Revolving Fund (SRF) accounting and reporting activities are either reviewed or overseen by; the immediate supervisor, the section chief, the program's administration staff, the division's budget staff, the department's Division of Administrative Support, Invest in Cash Management Office (ICMO), SRF project coordinators, or SRF Financial Advisors.

The program's administration unit has recently filled a vacancy. One of this position's responsibilities is to complete the program's Internal Control Plan. The plan outlines procedures for all financial transactions within the program.

The department has contracted with a consultant for the development of a new SRF accounting system. The system will generate management reports necessary in properly monitoring the SRF and work performed by the accounting staff.

Contact Person: Carrie Schulte
Phone Number: (573) 526-8403

2001-5. Subrecipient Monitoring

Federal Agency: Environmental Protection Agency
Federal Program: 66.458 - Capitalization Grants for State Revolving Funds
State Agency: Department of Natural Resources (DNR)

The DNR did not adequately monitor subrecipients to ensure that an A-133 audit had been performed when applicable and submitted to the DNR.

Recommendation:

The DNR ensure all subrecipients submit an A-133 audit.

Status of Finding:

A tracking report is in place and is reviewed for non-complying recipients. Reminder letters are sent to these communities. Communities that continue not to comply are referred to EPA.

Contact Person: Carrie Schulte
Phone Number: (573) 526-8403

2001-6. Schedule of Expenditures of Federal Awards

Federal Agency: Department of Agriculture
Department of Education

Federal Program: Department of Health and Human Services
10.551 - Food Stamps
84.126 - Rehabilitation Services - Vocational Rehabilitation
Grants to States
93.767 - State Children's Insurance Program
93.778 - Medical Assistance Program
State Agency: Department of Social Services (DSS)

The DSS incorrectly reported expenditure amounts for some programs on the schedule of expenditures of federal awards.

Recommendation:

The DSS implement procedures to ensure the schedule of expenditures of federal awards is complete and accurate.

Status of Finding:

Corrective action was taken.

Contact Person: Victoria Therien
Phone number: (573) 751-2170

2001-7. Eligibility – Improper Benefit Payments

Federal Agency: Department of Agriculture
Department of Health and Human Services

	<u>Questioned Costs</u>
Federal Program: 10.551 - Food Stamps	\$ 28,817
93.558 - Temporary Assistance for Needy Families	4,290
State Agency: Department of Social Services – Division of Family Services (DFS)	

On August 3, 2001, the Missouri State Auditor's Office issued audit report No. 2001-58, ***Department of Social Services Electronic Benefit Security Card and Electronic Benefit Transfer Benefit Delivery System***. The audit matched September 2000 Food Stamp and Temporary Assistance recipients to state death records through January 2001. In total, 300 of the 418 (72 percent) deceased recipients in the test had received \$31,130 in food stamp benefits following the death of the recipient and at least \$2,117 had been used. In addition, the audit matched September 2000 recipients to incarceration records of state correctional facilities during October 2000. The audit noted improper food stamp benefits totaling at least \$13,100 were used while the recipients were incarcerated. The audit also determined that parents of children in state custody were allowed to collect Food Stamp and Temporary Assistance benefits for an average of 8 and 12.5 months, respectively, after the child was placed in state custody. Audit tests estimated that \$7,150 in improper Temporary Assistance benefits, and \$13,600 in improper Food Stamp benefits were paid to parents after their children were placed in state custody. The federal share of the Temporary Assistance benefits is \$4,290 (60 percent) and the Food Stamp benefits is \$13,600 (100 percent). We questioned the federal share of Food Stamp benefits (\$28,817) and Temporary Assistance

benefits (\$4,290).

Recommendation:

The DFS resolve the questioned costs with the grantor agencies. In addition, the DFS should investigate the various cases noted above and establish recoupment claims where appropriate. The DFS should also implement policy and procedure changes to ensure that improper payments do not occur. Where necessary, the DFS should reinforce to staff the importance of compliance with existing policies and procedures.

Status of Finding:

Corrective action has been taken.

Status of Questioned Costs:

Neither the Department of Health and Human Services nor the U.S. Department of Agriculture's (USDA) Food and Nutrition Service have notified the DFS whether they intend to uphold the questioned costs.

Contact Person: D. Wayne Osgoode
Phone number: (573) 526-0967

2001-8. Eligibility – Unreported Lottery Winnings

Federal Agency: Department of Agriculture
Department of Health and Human Services
Federal Program: 10.551 - Food Stamps
93.558 - Temporary Assistance for Needy Families
State Agency: Department of Social Services – Division of Family Services (DFS)

We performed a match of Temporary Assistance and Food Stamp recipients for June 2001 with individuals who received lottery winnings greater than \$5,000 between July 1999 and June 2001. We identified 13 cases where the recipient received either Temporary Assistance and/or Food Stamps during the same month of their lottery win. Two of the 13 clients properly reported their winnings. The DFS did not perform a redetermination of eligibility for 8 of the 11 (73 percent) recipients who had lottery winnings of as much as \$18,890.

Recommendation:

The DFS perform a redetermination of eligibility on the eight recipients noted above. In addition, the DFS should ensure that caseworkers perform redeterminations of eligibility on all recipients identified in the match of lottery winners.

Status of Finding:

At the recommendation of the SAO, the DFS has performed reviews of the exception cases identified in the finding. The DFS will issue a memorandum to counties instructing that lottery winnings notices should be distributed promptly and that supervisors should insure that staff appropriately act on the information disclosed. Staff will be reminded that they should discuss with assistance applicants (and at continued eligibility reviews) the income

change – whether earned or unearned --reporting requirements.

Contact Person: D. Wayne Osgoode
Phone number: (573) 526-0967

2001-9. Cash Management - Interest Calculation Errors

Federal Agency: Department of Health and Human Services
Federal Program: 93.568 - Low-Income Home Energy Assistance
State Agency: Department of Social Services – Division of Budget and Finance (DBF)

The DBF has not established procedures to ensure interest earned on federal grants is calculated correctly.

Recommendation:

The DBF implement procedures, including supervisory review, to ensure interest calculations are accurate.

Status of Finding:

Corrective action was taken.

Contact Person: Victoria Therien
Phone number: (573) 751-2170

2001-10. Sponsored Alien Reimbursement Claims

Federal Agency: Department of Agriculture
Department of Health and Human Services

Questioned Costs

Federal Program: 10.551 - Food Stamps \$ 3,364
93.558 - Temporary Assistance for Needy Families 3,510
State Agency: Department of Social Services – Division of Family Services (DFS)

The DFS has not established policies and procedures to pursue reimbursement of public assistance benefits provided to sponsored aliens. During our testing of Temporary Assistance case files, we noted the DFS provided a sponsored alien \$5,580 in Temporary Assistance benefits and \$3,364 in Food Stamp benefits over a period of nearly 24 months. We questioned the federal share of \$3,364 for Food Stamps (100 percent) and \$3,510 for Temporary Assistance (60 percent).

Recommendation:

The DFS resolve the questioned costs with the grantor agencies and pursue reimbursement from the sponsor. In addition, the DFS should establish policies and procedures to ensure identification of sponsors and reimbursement of benefits.

Status of Finding:

DFS is working to revise and expand its policies to include verifying sponsorship,

sponsorship assistance (in-kind and/or financially), and procedures for dealing with the client or their sponsor if an assistance overpayment occurs. It is uncertain when the more comprehensive policy will be implemented. Under current policy, it is uncertain whether the sponsored alien or their sponsor can be held liable if an overpayment occurs.

Status of Questioned Costs:

The DFS is exploring the avenue for appropriate recoupment of assistance payments.

Contact Person: D. Wayne Osgoode
Phone number: (573) 526-0967

2001-11. Service Organization Audits

Federal Agency: Department of Agriculture
Department of Health and Human Services
Federal Program: 10.551 - Food Stamps
10.561 - State Administrative Matching Grants for Food Stamp Program
93.558 - Temporary Assistance for Needy Families
State Agency: Department of Social Services – Division of Family Services (DFS)

The DFS did not require its electronic benefits transfer service provider to fully comply with audit requirements imposed by the federal grantor.

Recommendation:

The DFS ensure service providers obtain annual audits that cover the entire period since the previous audit.

Status of Finding:

No corrective action is required. The federal agency (FNS) provided Missouri a waiver from special audit requirements the State Auditor cites in this finding because the requirement was adopted after the current EBT contract was signed. The EBT program and our contractor fully comply with federal regulations.

Contact Person: D. Wayne Osgoode
Phone number: (573)526-0967

2001-12. Management of Outstanding Felony Warrants

Federal Agency: Department of Agriculture
Department of Health and Human Services
Federal Program: 10.551 - Food Stamps
93.558 - Temporary Assistance for Needy Families
State Agency: Department of Social Services – Division of Family Services (DFS)

On August 16, 2001, the Missouri State Auditor's Office issued audit report No. 2001-63, ***Management of Outstanding Felony Warrants***. The audit matched the Missouri Highway

Patrol's database of outstanding warrants to the DFS database of benefit recipients. The audit reported 802 individuals with outstanding felony warrants were collecting Food Stamp and/or Temporary Assistance benefits. We determined 605 individuals collected an estimated \$192,712 in improper Food Stamp benefits and 197 individuals collected an estimated \$479,928 in improper Temporary Assistance benefits. The federal share of the Temporary Assistance benefits is \$287,956 (60 percent) and the Food Stamp benefits is \$192,712 (100 percent).

Recommendation:

The DFS coordinate with the Missouri Highway Patrol to develop a system to routinely match benefit payments on federal programs to felony warrants data and use the results to stop payments to ineligible individuals. In addition, the DFS should establish recoupment claims where appropriate.

Status of Finding:

In response to the SAO's recommendations, the DFS will effect claims as appropriate where a benefit recipient, identified as being sought by law enforcement officials to satisfy an outstanding felony warrant, is involved.

The USDA has indicated that 'self-disclosure' suffices insofar as how aggressive the DFS should be to identify persons with outstanding felony warrants issued against them. The DFS has been working with the Missouri State Highway Patrol exploring the possibility of effecting some type of match that will reliably alert DFS staff to potential felons. Nothing has yet been finalized and the resources required to pursue this project and implement such a proposal are presently not available. Until these staffing and funding issues for programming, processing the data, and communicating the results are resolved, we can not proceed further and can not project a completion date.

The DFS does note that it was able to recently issue (revised) policy in accord with the USDA's position that a public assistance household containing a member suspected of being a fleeing felon must be duly notified. When the DFS has received notice that a possible fleeing felon is part of a household's assistance group, the policy outlines the formal procedure for working with the household regarding eligibility.

Contact Person: D. Wayne Osgoode
Phone number: (573) 526-0967

2001-13. Eligibility – Out of State Recipients

Federal Agency: Department of Agriculture
 Department of Health and Human Services

Questioned Costs

Federal Program: 93.767 - State Children's Insurance
 Program (SCHIP) \$ 87
 93.778 - Medical Assistance Program 67,861

State Agency: Department of Social Services – Division of Family Services (DFS)

Division of Medical Services (DMS)

Inadequate procedures for changing the eligibility and benefit status for Medicaid and SCHIP recipients that move out of the state resulted in unnecessary managed care payments of at least \$111,312 (federal share \$67,948).

Recommendation:

The DSS resolve the questioned costs with the grantor agency. In addition, the DSS should improve procedures to ensure recipients that move out of the state are timely removed from eligibility or the managed care program. The DSS should review the eligibility status for all other managed care program recipients with out of state addresses and recoup improper managed care payments.

Status of Finding:

The DFS IM section has worked with the DMS to resolve questioned costs relating to exception cases identified by the SAO; the DMS has recouped capitation payments erroneously made to managed care vendors on behalf of ineligible IM clients identified by the SAO. Additionally, the DFS IM section did recently discuss identifying managed care recipients who relocate from Missouri and remain case-active; the discussion was a part of a discussion about Missouri's participation in the multi-state PARIS match. The DFS IM section will issue a memo to staff reiterating, when it is established that a Medicaid-covered client has relocated to another state while in active status in Missouri, the case should be reviewed as to whether it is a managed care case and acted upon accordingly.

Status of Questioned Costs:

Questioned costs, as of yet, have not been resolved.

Contact Person: D. Wayne Osgoode
Phone number: (573) 526-0967

2001-14. Eligibility - Recipient Social Security Numbers

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
93.778 - Medical Assistance Program
State Agency: Department of Social Services (DSS)

During July 2001, there were nearly 57,000 recipients (7 percent of the total 838,000 recipients) that were eligible for Medicaid or SCHIP benefits without social security numbers or with invalid numbers on the state's computer systems.

Recommendation:

The DSS improve procedures to ensure social security numbers are received from all Medicaid and SCHIP eligible recipients, validated with the Social Security Administration, and entered into the state's computer systems.

Status of Finding:

Staff is periodically reminded to secure and validate Social Security Numbers prior to entering them into the system.

Contact Person: D. Wayne Osgoode
Phone number: (573) 529-0967

2001-15. Eligibility - Redeterminations

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 - State Children's Insurance Program (SCHIP)
93.778 - Medical Assistance Program
State Agency: Department of Social Services – Division of Family Services (DFS)
Division of Medical Services (DMS)

The DFS did not perform Medicaid and SCHIP eligibility redeterminations on a timely basis.

Recommendation:

The DFS establish procedures to ensure Medicaid and SCHIP recipient eligibility is redetermined in accordance with state and federal regulations.

Status of Finding:

Because of the serious staff shortages, the DFS is required to establish priorities within the eligibility redetermination process. The highest priority cases are those in which we have information indicating the eligibility status has changed. Through numerous sources, the DFS has additional information about many of the factors that can effect eligibility. Doing

eligibility reviews on cases where there is information about changes that might change eligibility is another low priority. A general eligibility review in cases where no known changes have occurred is a lower priority. DFS always strives to do eligibility redeterminations in accordance with state and federal regulations.

Contact Person: D. Wayne Osgoode
Phone number: (573) 526-0967

2001-16. Spenddown Program

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 - Medical Assistance Program
State Agency: Department of Social Services – Division of Family Services (DFS)
Division of Medical Services (DMS)
Questioned Costs: \$2,283

The state is incurring unnecessary Medicaid costs because spenddown program policies are not in compliance with federal requirements. In five spenddown recipients tested, costs paid by the Medicaid program, which were the responsibility of the spenddown recipient, totaled \$3,741. We questioned the federal share of this amount, \$2,283.

Recommendation:

The DMS resolve the questioned costs with the grantor agency. In addition, the DFS should establish policies and procedures to ensure Medicaid does not pay for any portion of a recipient's spenddown obligation.

Status of Finding:

DFS/DMS completely disagree with the finding. We believe that State Auditor's Office is confusing Missouri's spenddown program with a medically needy program and for the following reasons believe DFS is operating in compliance with federal law, federal regulations, and provisions of the State Medicaid Plan.

Missouri adopted the "spenddown" provision in January 1974, when the federal SSI program went into effect. Missouri took the 209(b) Medicaid option for the aged, blind, and disabled, which requires that these individuals be allowed to spend down to the Medicaid eligibility level.

The distinction between Missouri's 209(b) spenddown provision and the other alternative "medically needy" provisions is important. While both allow clients to deduct incurred medical expenses from their income to qualify for Medicaid, they have as their bases different sections in the Social Security Act. Additionally, there are separate Medicaid regulations governing the two provisions, and the regulations for one are different than the regulations for the other.

The basis for Missouri's spenddown provision is found at Section 1902(f) of the Social Security Act. It states, in part, "any such individual shall be deemed eligible for medical assistance...if...the income of any such individual as determined in accordance with section 1903(f) (after deducting any supplemental security income payment and State supplementary payment made with respect to such individual, and incurred expenses for medical care as recognized under State law regardless of whether such expenses are reimbursed under another public program of the State or political subdivision thereof) is not in excess of the standard for medical assistance established under the State plan as in effect on January 1, 1972." "In states which do not provide medical assistance to individuals pursuant to paragraph (10)(C) of that subsection, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of incurred medical expenses from income shall be considered an individual eligible for medical assistance under paragraph (10)(A) of that subsection." Paragraph (10)(C) is medically needy, whereas paragraph (10)(A) is categorically needy.

Section 1903(f) further states, in part, "(2)(A) in computing a family's income... there shall be excluded any costs...incurred by such family for medical care...or...at State option, an amount paid by such family...to the State. The amount of State expenditures for which medical assistance is available under subsection (a)(1) will be reduced by amounts paid to the State pursuant to this subparagraph." This clearly states that if a person pays in the spenddown amount, the State cannot claim FFP. It does not say the same for incurred costs.

Federal regulations also emphasize the distinction between 209(b) spenddown and medically needy programs. Regulations at 42 CFR 435.831, which apply to the medically needy, clearly state that expenses used to meet spenddown are not reimbursable under Medicaid. Regulations at 42 CFR 435.121, which apply to states with more restrictive requirements, make no mention of Medicaid treatment of expenses used to meet spenddown.

Federal regulations at 42 CFR 435.914 state that the State Plan must specify the date on which eligibility will be made effective. Our State Plan specifies the beginning date is when spenddown is met. Missouri Medicaid does not pay expenses for days in the quarter before spenddown is met, and the State Auditor has produced no evidence to the contrary.

Status of Questioned Costs:

DFS/DMS dispute the questioned costs.

Contact Person: Janel Luck
Phone number: (573) 751-3124

2001-17. ADP Risk Analysis and Security Review

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 - Medical Assistance Program
State Agency: Department of Social Services – Division of Medical Services (DMS)

The DMS failed to perform an automated data processing analysis and system security

review in accordance with federal regulations during fiscal years 2001 and 2000.

Recommendation:

The DMS perform a periodic risk analysis and system review in accordance with federal requirements.

Status of Finding:

Corrective action has been implemented.

Contact Person: Todd Meyer
Phone number: (573) 751-8176

2001-18. Claims Processing Service Provider System Reviews

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 - Medical Assistance Program
State Agency: Department of Social Services – Division of Medical Services (DMS)

The DMS did not perform system reviews as specified in the claims processing contract.

Recommendation:

The DMS perform system reviews in accordance with the claims processing contract.

Status of Finding:

Corrective action has been implemented.

Contact Person: Lynn Young
Phone number: (573) 751-3752

2001-19. School District Administrative Claiming Program

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 - Medical Assistance Program
State Agency: Department of Social Services – Division of Medical Services (DMS)

Sufficient controls are not in place to ensure claims submitted for the School District Administrative Claiming (SDAC) program are accurate. The DMS did not adequately monitor the work performed by the contractor.

Recommendation:

The DMS strengthen procedures to evaluate the controls in place by the contractor to ensure program billings are accurate.

Status of Finding:

Program Operations (PO) and Program Integrity (PI) are jointly developing procedures to carry out the recommendations of the SAO. Tentative completion date will be during FY2003. A draft audit tool for the School District Administrative Claiming program has been developed and is under review by staff in both PO and PI. In July 2002 the federal Center for Medicare and Medicaid Services conducted an on-site financial review of Missouri's SDAC program. Managers of PO and PI agreed the draft audit tool should not be finalized and implemented until the results of this review were known in case CMS had recommendations in addition to those of the SAO. It is anticipated the CMS findings and DMS's response will be final within a few weeks and at that point PO and PI staff will resume work toward finalizing and implementing the new audit procedures. We anticipate finalizing and implementing the revised audit procedures during FY2003, as stated in our corrective action plan.

Contact Person: Sandra Levels
Phone number: (573) 751-6926

2001-20. Review of Hospital Final Settlements

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 - Medical Assistance Program
State Agency: Department of Social Services – Division of Medical Services (DMS)

The DMS is not completing hospital final settlements in a timely manner. As of September 2001, the DMS was working on final settlement determinations for fiscal years ending in 1993, 1994, and 1995, and have completed more than 80 percent of the final settlements for these three years.

Recommendation:

The DMS consider ways to speed up hospital final settlement determinations.

Status of Finding:

The division's corrective action plan proposed the completion of desk audit of the FY 1996 thru FY 1998 reports by October 1, 2002 and the potential adoption of a prospective outpatient reimbursement system which would eliminate the retroactive settlement process. The backlog of desk audits for FY 1996 thru FY 1998 cost reports has been significantly reduced. The eight hospitals remaining are pending completion upon receipt of the Medicare audited cost report. . Proposed and emergency rules for a prospective outpatient reimbursement system (13 CSR 70-15.160) effective July 1, 2002 were published in the Missouri Register on July 15, 2002. The final order of rulemaking addressing comments was filed with the Joint Committee on Administrative Rules and was filed with the Secretary of State on November 11, 2002 and published in the Missouri Register on December 16, 2002, and became effective thirty days after publication. The Prospective reimbursement system will eliminate any retroactive settlements beyond the FY 98 cost reports.

Contact Person: Margie Mueller

Phone number: (573) 751-1092

2001-21. Lock-In Program

Federal Agency: Department of Health and Human Services

Federal Program: 93.778 - Medical Assistance Program

State Agency: Department of Social Services – Division of Medical Services (DMS)

The DMS is not evaluating enough recipients for potential inclusion in the lock-in program.

Recommendation:

The DMS expand its reviews of cases for the lock-in program and improve procedures to ensure all recipients determined to be placed in the lock-in program are placed in the program.

Status of Finding:

Corrective action started in January 2003. For the review period of the State Audit, the DMS staff was performing recipient reviews at the level possible with allocated staff resources. Since the review period, the establishment of the Program Integrity Section has been completed. New positions have been filled and revisions of program assignments have occurred. The SURS supervisor has assigned two staff to perform recipient reviews. In addition, there is a supervisor and a staff person to respond to telephone inquiries. With these changes, the DMS will be able to increase the number of recipient reviews.

Additional training and procedures are being implemented for improved oversight of lock-in actions.

Contact Person: Sherry Simon

Phone number: (573) 751-8989

2001-22. Medicaid Eligibility Quality Control

Federal Agency: Department of Health and Human Services

Federal Program: 93.778 - Medical Assistance Program

State Agency: Department of Social Services – Division of Family Services (DFS)

The DFS has not completed Medicaid eligibility quality control pilot projects that cover a broad enough recipient population to meaningfully reduce the state's Medicaid error rate.

Recommendation:

The DFS perform additional pilot projects covering a broader Medicaid recipient population which also evaluate whether the recipient's eligibility was appropriately determined and whether the person remained eligible through appropriate redeterminations.

Status of Finding:

The DFS disagrees with this finding. As is pointed out by the SAO in the finding, "DFS is

conducting pilot projects in compliance with the federal requirements”.

Additionally, the SAO states that three projects were not completed. That conclusion does not accurately reflect the status of these projects. The projects were indeed completed and the data obtained was used to develop training for staff and implement corrective action. We simply did not spend the time to revise the reports into a format to transmit to HCFA (now CMS).

As to the statement that the coverage of the recipient population was too small, we also disagree. Each of these projects targeted areas that we knew were likely to be error prone. We believe this is a better use of resources than broadly reviewing a variety of cases.

We believe the DFS is not only meeting the federal requirements, but the intent of those requirements as well.

Contact Person: Janel Luck

Phone number: (573) 751-3124

2001-24. Allowable Costs

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 - Child Support Enforcement
State Agency: Department of Social Services – Division of Child Support Enforcement (DCSE)
Questioned Costs: \$44,336

We identified expenditures totaling \$67,176 (federal share \$44,336) that were either unallowable or unnecessary.

Recommendation:

The DCSE resolve the questioned costs with the grantor agency. In addition, the DCSE should establish procedures to ensure costs charged to the grant are allowable and necessary to administer the child support program.

Status of Finding:

DCSE has requested DBF resolve the following questioned costs with the grantor agency:

- a) \$35,672 for tuition reimbursement;*
- b) \$119 for the replacement of a lost child support check;*
- c) \$946 for agency provided food;*
- d) \$3,787 for employee tenure awards; and*

- e) \$792 for attorneys fees where the judgment stated the Division unjustly denied a timely hearing request made by a client.

However, DCSE disagrees that \$3,020 for lodging expenses for Jefferson City Central Office employees attending two training seminars at the Lake of the Ozarks should be identified as unnecessary costs. DSS' administrative policy ADM-7-701, Reimbursement of Travel Expenses, provides "overnight lodging may be reimbursed when the distance to be traveled is more than 50 miles from the claimant's official domicile building or private residence, whichever is closer". One of the training seminars was conducted at the Inn at the Grand Glaize, while the other training seminar was conducted at the Tan-Tar-A Resort. Both locations meet the 50-mile requirement when traveling from DCSE's Central Office. Therefore, DCSE does not agree with these questioned costs.

Status of Questioned Costs:

A memo was sent to Division of Budget and Finance on April 4, 2002, to prepare a prior period adjustment to the Federal Form 396-A to correct the federal participation. The adjustment was made on the June 2002 396-A. The adjustment did exclude the \$3,020 for lodging expenses.

Contact Person: Michael Longanecker
Phone number: (573) 526-3277

2001-25. Approval of Allowable Costs

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 - Child Support Enforcement
State Agency: Department of Social Services – Division of Child Support Enforcement (DCSE)
Questioned Costs: \$2,566

We noted the DCSE failed to identify and properly code unallowable guardian ad litem costs, resulting in those costs being claimed for reimbursement. We also noted the Division of Budget and Finance (DBF) incorrectly claimed reimbursement for unallowable guardian ad litem costs that had been correctly coded by the DCSE. Guardian ad litem costs totaling \$3,888 (federal share \$2,566) were either incorrectly coded as allowable by DCSE or incorrectly claimed for reimbursement by the DBF.

Recommendation:

The DCSE resolve the questioned costs with the grantor agency. In addition, establish procedures to ensure costs are coded to the proper reporting category and work with the DBF to ensure that unallowable expenditures are not claimed for reimbursement.

Status of Finding:

Corrective action was taken.

Status of Questioned Costs:

A memo was sent to Division of Budget and Finance on April 4, 2002, to prepare a prior period adjustment to the Federal Form 396-A to correct the federal participation. The adjustment was made on the June 2002 396-A.

Contact Person: Michael Longanecker
Phone number: (573) 526-3277

2001-26. Compliance

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 - Child Support Enforcement
State Agency: Department of Social Services – Division of Child Support Enforcement (DCSE)

- A. We randomly selected cases to review for paternity services from a population of 48,673 cases in the paternity function. Test results disclosed that for 29 of 85 cases reviewed, DCSE failed to take any action to establish paternity and on 10 cases failed to take action within the required time frames, resulting in a compliance rate of 54 percent for cases tested.
- B. We randomly selected cases to review for establishment services from a population of 57,289 cases in the establishment function. Test results disclosed that for 17 of 42 establishment cases reviewed, DCSE failed to take the required actions to establish an order of support within the established timeframe, resulting in a compliance rate of 60 percent for cases tested.
- C. We randomly selected cases to review for enforcement services from a population of 287,359 cases in the enforcement function. Test results disclosed that for 13 of 55 enforcement cases reviewed, DCSE failed to initiate income withholding, or another enforcement action, within 30 days of identifying a delinquency, resulting in a compliance rate of 76 percent for cases tested.
- D. We randomly selected cases to review for medical support services from a population of 203,341 cases requiring or having medical support orders. Test results disclosed that for 28 of 101 cases reviewed, DCSE failed to take one or more required actions. For cases tested, the compliance rate for providing medical support services is 72 percent.
- E. We selected cases where interstate activity was present on the other tests for support enforcement services. For 12 of 28 cases reviewed, DCSE failed to provide interstate services as required by federal regulation, resulting in a compliance rate of 57 percent for cases tested.

Recommendation:

The DCSE provide services within timeframes established by federal regulation.

Status of Finding:

DCSE does not believe the limited number of cases reviewed by the State Auditor provides a valid sample from which reliable and accurate conclusions may be drawn. For example, if the universe is 50,000 or more and the maximum acceptable margin of error is 5 percent, then a sample of 271 must be used to produce results at the 90 percent confidence level, the minimum confidence level required by OCSE for the self-assessment reviews. The State Auditor disregarded the “outcome-based” audit methodology required of DCSE by OCSE under 45 CFR Part 308 in favor of the “timeframe-based” audit methodology prescribed in OMB Circular No. A-133. DCSE agrees that it must provide services within timeframes established by federal regulation, and believes according to 45 CFR Part 308, it is complying with federal regulations. The results of a statistically valid sample assessing performance is shown below.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) requires states to perform internal self-assessment measures previously performed by the Office of Child Support Enforcement (OCSE). The Federal government’s audit responsibilities now focus primarily on results and fiscal accountability while States are to focus on the responsibilities for child support service delivery in accordance with Federal mandates. The annual self-assessment’s purpose is to give a State the opportunity to assess whether it is meeting Federal requirements for providing child support services and providing the best services possible. Missouri’s performance over the past four years the self-assessment has been required is detailed below.

Audit Category	Compliance Percent			
	FFY 1998	FFY 1999	FFY 2000	FFY2001
Paternity Establishment	79	85	79	77
Establishment of Case Orders	79	83	86	79
Enforcement of Orders	79	77	76	79
Medical Support	96	98	92	90
Modification of Case Orders	75	91	89	90
Case Closure	98	99	95	83
Interstate Services	77	80	64	66
Expedited Process	96	100	99	97
<u>Disbursement of Collections</u>	<u>N/A</u>	<u>N/A</u>	99	93

Contact Person: Michael Longanecker
Phone number: (573) 526-3277

2001-27. Reconciliations and Interest

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 - Child Support Enforcement
State Agency: Department of Social Services – Division of Child Support Enforcement (DCSE)

Child support monies in a State Treasurer's account are not being reconciled to DCSE

accounting records by the Division of Budget and Finance (DBF). In addition, interest totaling \$994,383 has accumulated in the Family Support Trust Fund account since October 1999, and has not been disbursed as of October 31, 2001.

Recommendation:

The DCSE and DBF establish procedures to reconcile accounting records to cash in State Treasurer's account. In addition, we recommend the DBF remit accumulated interest to the state's general revenue fund and adjust the quarterly report of expenditures for the federal share.

Status of Finding:

DBF has accomplished the interest transfer every quarter and the federal 396-A report has reflected the transfer since this audit. DBF and DCSE have asked for a change in the programming of the MACSS system. The results of preliminary programming changes indicate additional changes are needed to get data compatible with the SAM system. A new expected completion date is April 2003.

Contact Person: Michael Longanecker
Phone number: (573) 526-3277

2001-28. Duplicate Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 - Child Support Enforcement
State Agency: Department of Social Services – Division of Child Support Enforcement (DCSE)

The DCSE disbursed 7,505 duplicate payments on November 23, 2001, totaling approximately \$1,204,389 to families receiving child support. These same payments had already been made on November 21, 2001. In addition, the DCSE issued duplicate checks of about \$63,000 in December 2001 and January 2002, on the St. Louis City Circuit Clerk's bank account.

Recommendation:

The DCSE implement procedures to ensure duplicate payments are not made.

Status of Finding:

Corrective action was taken.

Contact Person: Michael Longanecker
Phone number: (573) 526-3277



**DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
YEAR ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-45
May 29, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2003

The following areas of concern were noted in our audit of the Department of Higher Education, State Guaranty Student Loan Program.

The Department of Higher Education (DHE) allocates joint salary costs to its various federal and state programs based on periodic estimates of the time spent by employees on each program. Approximately 30 employees worked on more than one program and were required to submit time sheets. To determine if the allocations were accurate, we compared the timesheets for 11 employees to the allocations. Some of the 11 employees did not prepare timesheets for some or all of the period reviewed, though most missing timesheets were in the first six months reviewed. For the employees who did prepare timesheets, the hours for loan activities differed from the estimated percentages used to allocate the salary costs.

DHE officials indicated that some of the hours recorded as non-loan activities pertained to financial-aid related duties, which were allowable costs of the Family Federal Education Loan (FFEL) program. However, the lack of adequately detailed timesheets did not allow those hours to be identified.

During the year ended June 30, 2002, these 11 employees were paid salaries totaling \$386,498 of which \$246,375 was allocated to the FFEL program. Timesheets did not exist to support \$104,484 of the allocated salary expenses, and \$78,600 of the allocated salary expenses exceeded the amount supported by the timesheets for the prior six months. As a result, we question costs totaling \$183,084 which is the federal share for salary costs not supported by the timesheets.

NOTE: In 1978, the Missouri General Assembly created the Missouri Student Loan Program (MSLP) to administer the Federal Family Education Loan Program (FFELP) in the state of Missouri on behalf of the Coordinating Board for Higher Education (CBHE). The CBHE has statutory authority to oversee the MSLP and to act as the guaranty agency for the FFELP. In this capacity, the CBHE, acting through the MSLP, guarantees loans made to students by eligible lending institutions.

During the first state fiscal year of operations, the CBHE guaranteed **\$15,524,850** in FFELP loans to 7,289 borrowers. In contrast, as of June 30, 2002, the cumulative volume of loans guaranteed was **\$4,609,869,521**, representing 1,574,443 FFELP loans. Included in this total is \$2,208,017,476 in outstanding loans.

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YELLOW SHEET

DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor
and
The Coordinating Board for Higher Education
and
Quentin Wilson, Interim Commissioner
Department of Higher Education
Jefferson City, MO 65109

We have audited the accompanying financial statements of the various funds of the State Guaranty Student Loan Program of the Department of Higher Education as of and for the year ended June 30, 2002, as identified in the table of contents. These financial statements are the responsibility of the program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State Guaranty Student Loan Program as of June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated February 13, 2003, on our consideration of the program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the program's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

An integral part of the program's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



Claire McCaskill
State Auditor

February 13, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Charles R. Van Loo, CPA
Audit Staff:	Gary Raines
	Julie Tomlinson
	Keriann Wright



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
and
The Coordinating Board for Higher Education
and
Quentin Wilson, Interim Commissioner
Department of Higher Education
Jefferson City, MO 65109

We have audited the financial statements of the State Guaranty Student Loan Program of the Department of Higher Education as of and for the year ended June 30, 2002, and have issued our report thereon dated February 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the State Guaranty Student Loan Program are free of material misstatement, we performed tests of the program's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance which is described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the State Guaranty Student Loan Program, we considered the program's internal control over financial reporting in order

to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of the State Guaranty Student Loan Program and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 13, 2003 (fieldwork completion date)

Financial Statements

Exhibit A

DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
COMBINED BALANCE SHEET
JUNE 30, 2002

	Special Revenue Funds				Agency Fund	Account Groups		Total (Memorandum Only)	
	Federal	Guaranty	Restricted	Restricted	Automatic Transfer of Money (ATOM) Fund	General Fixed	General Long-Term	June 30, 2002	June 30, 2001
	Student Loan Reserve Fund	Agency Operating Fund				Asset Account Group	Debt Account Group		
ASSETS AND OTHER DEBITS									
Cash and investments	\$ 20,486,626	7,527,667	32,421,670	2,307,529	148,374	0	0	62,891,866	62,067,343
Due from federal government:									
Reinsurance	4,000,142	0	0	0	0	0	0	4,000,142	5,078,246
Loan processing and issuance fee	0	233,361	0	0	0	0	0	233,361	212,180
Account maintenance fee	0	528,042	0	0	0	0	0	528,042	463,542
Loan recoveries receivable	258,273	0	0	0	0	0	0	258,273	255,098
Guarantee fees receivable	0	0	0	0	0	0	0	0	12,452
Interest receivable	2,627	965	4,157	296	0	0	0	8,045	7,600
Other receivable	0	111,396	0	0	46,429	0	0	157,825	167,372
Allowance for default aversion rebate	300,000	0	0	0	0	0	0	300,000	300,000
Due from other funds	281,974	530,084	0	4,157	0	0	0	816,215	2,984,765
Fixed assets	0	0	0	0	0	940,536	0	940,536	769,365
Accumulated depreciation	0	0	0	0	0	(572,696)	0	(572,696)	(510,906)
Amount to be provided for retirement of general long-term debt	0	0	0	0	0	0	155,175	155,175	138,422
Total Assets and Other Debits	\$ 25,329,642	8,931,515	32,425,827	2,311,982	194,803	367,840	155,175	69,716,784	71,945,479
LIABILITIES, EQUITY, AND OTHER CREDITS									
Liabilities:									
Accrued payroll	\$ 0	80,682	0	2,587	0	0	0	83,269	66,458
Employee fringe benefits payable	0	24,862	0	728	0	0	0	25,590	19,208
Accounts payable	578,187	91,040	0	101,348	1,315	0	0	771,890	2,177,253
Accrued leave liability	0	0	0	0	0	0	122,821	122,821	97,264
Obligation under lease purchase	0	0	0	0	0	0	32,354	32,354	41,158
Deferred federal advances	1,874,831	0	0	0	0	0	0	1,874,831	1,874,831
Default aversion rebate allowance	0	300,000	0	0	0	0	0	300,000	300,000
Due to federal government	3,944,234	0	32,421,670	0	0	0	0	36,365,904	25,937,336
Due to schools	0	0	0	0	99,526	0	0	99,526	77,635
Due to lenders	0	0	0	0	85,627	0	0	85,627	112,222
Due to other funds	530,792	272,931	4,157	0	8,335	0	0	816,215	2,984,765
Total Liabilities	6,928,044	769,515	32,425,827	104,663	194,803	0	155,175	40,578,027	33,688,130
Equity and Other Credits:									
Investment in fixed assets	0	0	0	0	0	367,840	0	367,840	258,459
Fund balance	18,401,598	8,162,000	0	2,207,319	0	0	0	28,770,917	37,998,890
Total Equity and Other Credits	18,401,598	8,162,000	0	2,207,319	0	367,840	0	29,138,757	38,257,349
Total Liabilities, Equity, and Fund Balance	\$ 25,329,642	8,931,515	32,425,827	2,311,982	194,803	367,840	155,175	69,716,784	71,945,479

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
YEAR ENDED JUNE 30, 2002

	Special Revenue Funds				Total (Memorandum Only)	
	Federal	Guaranty	Restricted	Restricted	Year Ended June 30,	
	Student Loan Reserve Fund	Agency Operating Fund	Reserve Fund	Interest Fund	2002	2001
REVENUES						
Federal reimbursements:						
Reinsurance	\$ 27,148,467	0	0	0	27,148,467	24,885,317
Loan processing and issuance fee	0	2,559,585	0	0	2,559,585	2,244,746
Account maintenance fee	0	2,117,108	0	0	2,117,108	1,813,004
Tax refund reimbursement/closed school	0	540,807	0	0	540,807	332,702
Interest income	1,017,654	279,491	927,656	170,955	2,395,756	3,839,303
Loan recoveries	29,447,732	0	0	0	29,447,732	26,819,679
Miscellaneous	229	23,053	0	0	23,282	8,405
Total Revenues	57,614,082	5,520,044	927,656	170,955	64,232,737	59,943,156
EXPENDITURES						
Personal service	0	1,923,977	0	62,088	1,986,065	1,531,374
Employee fringe benefits	0	600,647	0	21,141	621,788	453,258
Expense and equipment	0	7,144,869	0	851,786	7,996,655	7,049,222
Defaulted loan purchases	48,513,202	0	0	0	48,513,202	45,136,235
Collection agency fees	0	3,822,902	0	0	3,822,902	3,509,186
Payments to federal government	0	0	6,484,334	0	6,484,334	6,484,334
Recall of federal reserve funds	3,944,234	0	0	0	3,944,234	0
Other	704	93	0	0	797	6,175
Total Expenditures	52,458,140	13,492,488	6,484,334	935,015	73,369,977	64,169,784
REVENUES OVER (UNDER) EXPENDITURES	5,155,942	(7,972,444)	(5,556,678)	(764,060)	(9,137,240)	(4,226,628)
OTHER FINANCING SOURCES (USES)						
Operating transfers:						
In	613,834	10,275,623	6,484,334	927,656	18,301,447	27,285,782
Out	(16,727,025)	(613,893)	(927,656)	0	(18,268,574)	(27,180,867)
Appropriations exercised by other state agencies	0	(123,606)	0	0	(123,606)	(122,219)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(10,957,249)	1,565,680	0	163,596	(9,227,973)	(4,243,932)
FUND BALANCE, JULY 1	29,328,157	6,627,010	0	2,043,723	37,998,890	42,242,822
PRIOR PERIOD ADJUSTMENT	30,690	(30,690)	0	0	0	0
ADJUSTED FUND BALANCE, JULY 1	29,358,847	6,596,320	0	2,043,723	37,998,890	42,242,822
FUND BALANCE, JUNE 30	\$ 18,401,598	8,162,000	0	2,207,319	28,770,917	37,998,890

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
YEAR ENDED JUNE 30, 2002

	Appropriations	Expenditures	Lapsed Balances
FEDERAL STUDENT LOAN RESERVE FUND			
Purchase of defaulted loans, payment of default aversion fees, reimbursement to federal government, and investment of funds	\$ 70,000,000	51,719,517	18,280,483
Total Federal Student Loan Reserve Fund	70,000,000	51,719,517	18,280,483
GUARANTY AGENCY OPERATING FUND			
Personal service	2,230,601	1,907,166	323,435
Managed by Facilities Management	388,945	118,562	270,383
Expense and equipment	9,179,006	7,548,955	1,630,051
Federal loan compliance	1,000,000	137,312	862,688
Collection invoicing	4,000,000	3,500,868	499,132
Total Guaranty Agency Operating Fund	16,798,552	13,212,863	3,585,689
RESTRICTED INTEREST FUND			
Personal service	87,920	62,088	25,832
Expense and equipment	2,612,500	759,023	1,853,477
Total Restricted Interest Fund	2,700,420	821,111	1,879,309
Total All Funds	\$ 89,498,972	65,753,491	23,745,481

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the State Guaranty Student Loan Program of the Department of Higher Education (DHE).

The Federal Student Loan Reserve Fund, Guaranty Agency Operating Fund, Restricted Reserve Fund, and Restricted Interest Fund, presented in Exhibits A and B, and the Automated Transfer of Money (ATOM) Fund, presented in Exhibit A, are separate accounting entities, recording all assets, liabilities, equities, revenues, and expenses related to the fund's activities.

Expenses presented for any fund or program may not reflect the total cost of the related activity. Other direct and indirect costs provided by the department and other state agencies are not allocated to the applicable fund or program.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Appropriations, presented in Exhibit C, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related funds but are used only to account for and control the department's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the department and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The financial statements for the Federal Student Loan Reserve Fund, Guaranty Agency Operating Fund, Restricted Reserve Fund, Restricted Interest Fund, and the ATOM Fund, Exhibits A and B, are prepared in conformity with accounting principles generally accepted in the United States of America. The statements are presented on the modified accrual basis of accounting which recognizes revenues when they become both measurable and available to pay current liabilities and expenditures when the related liabilities are incurred.

Employees earn a specified number of vacation leave hours monthly, depending on the number of years employed. Before November 1, 2000, accrued vacation leave at the end of each month could not exceed the number of hours earned in two years. Effective November 1, 2000, employees may accrue vacation leave in excess of the maximum hours allowed for their length of employment. However, on October 31 of each year, excess vacation leave balances are reduced to the allowed maximums. Compensatory time is accrued as it is earned by eligible employees under the Fair Labor Standards Act.

Upon termination, employees are paid accrued vacation leave and compensatory time. If a terminating employee's vacation leave balance exceeds the allowed maximum, however, the employee is paid only for the maximum. Thus, in the financial statements at Exhibit A, the accrued liability is recorded in the General Long-Term Debt Account Group. The accrued liability represents benefits accumulated but unused as of June 30 and is valued at the salary rates then in effect, including the state's share of related payments such as social security and medicare taxes.

Employees earn ten hours of sick leave monthly, with no limit on the number of hours that may be accrued. Since accrued sick leave is not paid to employees upon their termination, no related liability appears in the financial statements.

General fixed assets, which are recorded as an expenditure when acquired, are capitalized in the General Fixed Asset Account Group when the cost of the asset is greater or equal to \$1,000. These assets are then depreciated and shown on the Combined Balance Sheet, Exhibit A. A useful life of 36 months is used for technological assets (i.e. computers) and a life of 60 months is used for all other assets. Straight-line depreciation with no salvage value is the method of depreciation used for all capitalized assets.

The Statement of Appropriations and Expenditures, Exhibit C, is presented on the state's legal budgetary basis of accounting. For the year ended June 30, 2002, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

The budgetary basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The department administers transactions in the funds listed below. The State Treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly, except for the ATOM Fund which is controlled entirely by the department.

SPECIAL REVENUE FUNDS:

Federal Student Loan Reserve Fund: This fund was created pursuant to the provisions of the Higher Education Act (HEA) of 1998 that requires guaranty agencies to account for transactions related to claim payment and default aversion activities in a separate fund. The legislation provides that the fund is the property of the United States government and may only be used to pay claims to lenders and pay default aversion fees to the Guaranty Agency Operating Fund.

Guaranty Agency Operating Fund: This fund was created pursuant to the provisions of the HEA of 1998 that requires guaranty agencies to account for operating revenues and expenditures in a separate fund. The legislation provides that the fund is the property of the guaranty agency and may be used to pay for the operations of the Federal Family Education Loan Program (FFELP) and other student assistance activities.

Restricted Reserve Fund: As described in Note 5 to the financial statements, this fund was established to comply with the requirements of the Balanced Budget Act of 1997 that amended the Higher Education Act of 1965. This fund represents monies which are restricted for eventual payment to the United States Treasury. Revenues include monies which the department earns on the investments of the reserve.

Restricted Interest Fund: This fund represents interest earned on the Restricted Reserve Fund and transferred to this fund. Interest monies are to be used solely for default prevention activities.

AGENCY FUND:

ATOM Fund: The department serves as an escrow agent by disbursing student loan funds to schools on behalf of participating lenders.

ACCOUNT GROUPS:

General Fixed Asset Account Group: This account group accounts for all fixed assets of the State Guaranty Student Loan Program.

General Long-Term Debt Account Group: This account group accounts for the long-term debt of the State Guaranty Student Loan Program which includes accrued leave liability and capitalized leases.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a monthly state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least one year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibits A and B are the transfers from the Guaranty Agency Operating Fund and the Restricted Interest Fund for costs related to salaries paid from those funds. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statement at Exhibit C.

The Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards* requires certain disclosures regarding public employee retirement systems and postemployment benefits such as health care and life insurance benefits provided to retired employees. Required disclosures for the state financial reporting entity are included in the State of Missouri Comprehensive Annual Financial Report issued by the Office of Administration.

2. Cash and Investments

The balances of the Federal Student Loan Reserve Fund, Guaranty Agency Operating Fund, Restricted Reserve Fund, and the Restricted Interest Fund are pooled with other state funds and invested by the State Treasurer.

Amounts in the ATOM Fund represent cash and investments which are in the custody of the department. The department has determined that a checking account and repurchase agreement are appropriate types of accounts and investments for its needs.

Deposits

The reported amount of the ATOM Fund's deposits was \$12,228 and the bank balance was \$10,913.

The ATOM Fund's deposits at June 30, 2002, were entirely covered by federal depositary insurance or by collateral securities held by the program's custodial bank in the department's name.

Investments

The ATOM Fund's investment at June 30, 2002, was a repurchase agreement with a reported amount of \$136,146 and a bank balance and fair value of \$465,820.

Of the reported amount at June 30, 2002, \$136,146 represents investments that were held by an independent bank in the department's name.

3. Due from Federal Government - Reinsurance

This amount represents defaulted loan claims to be reimbursed by the U.S. Department of Education (USDE) at June 30, 2002, net of amounts due to the USDE for refunds of claims previously reimbursed, collections on defaulted loans, including administrative wage garnishments, collections on rehabilitated loans, and amounts received for loans paid in full through consolidation. The amount reimbursed by USDE for defaulted loan claims is considered to be "reinsurance" to the DHE since the agency has already purchased the defaulted loan from the lender, "insuring" the lender against further loss. Except for refunds of claims previously reimbursed, which are fully refundable to the USDE, federal regulations allow the DHE to retain a percentage of amounts collected. The percentages retained vary according to the type of collection and the reinsurance rate effective at the time of the claim payment. The difference between amounts collected and the DHE retention is due to the USDE, and is offset against amounts due to the agency from the USDE for reinsurance on defaulted loans.

For loans disbursed prior to October 1, 1993, the reinsurance agreement between the Coordinating Board for Higher Education (CBHE) and the Secretary of the USDE provides for reinsurance claims to be paid at 100 percent if the net default rate of the loan program is less than 5 percent of the total amount of loans in repayment at the end of the preceding federal fiscal year. For loans disbursed on or after October 1, 1993, but before October 1, 1998, the reinsurance agreement between the CBHE and the Secretary of the USDE provides for reinsurance claims to be paid at 98 percent if the net default rate of the loan program is less than 5 percent of the total amount of loans in repayment at the end of the preceding federal fiscal year. For loans disbursed on or after October 1, 1998, the reinsurance agreement between the CBHE and the Secretary of the USDE provides for reinsurance claims to be paid at 95 percent if the net default rate of the loan program is less than 5 percent of the total amount of loans in repayment at the end of the preceding federal fiscal

year. If the net default rate exceeds 5 percent, USDE reimbursements for reinsurance are reduced. The following default rates occurred for the State Guaranty Student Loan Program:

<u>September 30,</u>	<u>Default Rate (%)</u>
2002	2.69
2001	2.91

4. Deferred Federal Advances

This amount represents advances from the USDE to supplement the fund balance which backs the department's loan guarantees. The USDE may require that the advances be repaid whenever the fund balance is determined adequate to back current outstanding loan guarantees. As of June 30, 2002, the principal amount was \$1,874,831.

5. Due to Federal Government

The Balanced Budget Act of 1997 amended the Higher Education Act of 1965 to require the U.S. Secretary of Education to recall approximately \$1 billion in funds from guaranty agencies. Under this provision, guaranty agencies are required to deposit a portion of their funds into restricted accounts for eventual transfer to the United States Treasury. The deposits into the restricted accounts are to be made in equal annual installments within 90 days after the beginning of federal fiscal years 1998 through 2002. All funds in the restricted accounts will be transferred to the United States Treasury on September 1, 2002. The following schedule represents deposits that have been made to the Restricted Reserve Fund:

<u>Fiscal Year</u>	<u>Deposit Amount</u>	<u>Cumulative Amount</u>
1998	\$6,484,334	\$ 6,484,334
1999	6,484,334	12,968,668
2000	6,484,334	19,453,002
2001	6,484,334	25,937,336
2002	6,484,334	32,421,670

6. Federal Reimbursements – Loan Processing and Issuance Fee

This amount represents an administrative fee paid by the USDE to the DHE that equals 0.65 percent of loans originated during the quarter. Payments are computed quarterly based on amounts reported to the National Student Loan Data System (NSLDS).

7. Federal Reimbursements – Account Maintenance Fee

This amount represents an administrative fee paid by the USDE to the DHE that equals 0.10 percent of outstanding loans. Payments are computed quarterly based upon amounts reported to the NSLDS.

8. Federal Reimbursement - Tax Refund Reimbursement/Closed School

This amount represents amounts received as reimbursement for refunds of overpayments made through the treasury offset program. In addition, this amount represents amounts received as reimbursement for refunds made to borrowers for payments made toward FFELP loans that qualify for a closed school discharge. Closed school discharges provide relief for borrowers who are unable to complete their programs of study due to the closing of a school.

9. Guarantor Servicer Fees

The DHE contracts with a guarantor servicer to provide accounting records, billings, application processing, loan maintenance, claims services, and collection services. Expense and equipment expenditures of the Guaranty Agency Operating Fund, as presented in Exhibit B, include guarantor servicer fees of \$4,794,105 for the year ended June 30, 2002.

In addition, the guarantor servicer performs collection activities on defaulted accounts for 120 days after default claim paid date. Prior to June 1, 2001, the servicer retained a portion of the amount collected as a collection fee. Beginning on June 1, 2001, the servicer no longer retained fees from collections, but instead forwarded gross collections to the DHE. The servicer then invoiced the DHE for commission fees. Collection agency fee expenditures of the Guaranty Agency Operating Fund, as presented in Exhibit B, include guarantor servicer commission fees of \$890,999 for the year ended June 30, 2002.

10. Default Aversion Contractor Fees

The DHE contracts with a company to provide default aversion and prevention procedures. Expense and equipment expenditures of the Guaranty Agency Operating Fund, as presented in Exhibit B, include default aversion fees of \$635,086 for the year ended June 30, 2002. Expense and equipment expenditures of the Restricted Interest Fund, as presented in Exhibit B, include default prevention fees of \$224,260 for the year ended June 30, 2002.

11. Collection Agency Commissions

The DHE contracts with several collection agencies for collection services. Prior to June 1, 2001, the collection agencies kept a portion of collections as commission fees. Beginning on June 1, 2001, the DHE's collection agencies no longer retained fees from collections, but instead forwarded gross collections to the DHE. The collection agencies then invoiced the

DHE for commission fees. The collection agency's commission fees, as included in the collection agency fees expenditures in Exhibit B, for the year ended June 30, 2002 were \$2,931,903.

12. Operating Transfers

A. Default Aversion Fee

The DHE collects a fee for preventing delinquent borrowers from defaulting. The DHE is eligible to collect a one-time fee on each loan where a lender files a Request for Default Aversion Assistance with the guaranty agency. The fee is calculated as 1 percent of the delinquent loan balance and may be transferred no more frequently than monthly from the Federal Student Loan Reserve Fund to the Guaranty Agency Operating Fund. Transfers in to the Guaranty Agency Operating Fund, as presented in Exhibit B, include default aversion fees of \$947,613. If the DHE collects the fee on a loan that subsequently defaults, the DHE must rebate 1 percent of the loan balance at the time of claim payment to the Federal Student Loan Reserve Fund.

B. Account Maintenance Fee

The USDE requires the DHE to transfer a portion of the account maintenance fee for the quarter ending September 30 from the Federal Student Loan Reserve Fund to the Guaranty Agency Operating Fund instead of USDE paying the amount directly. Transfers in to the Guaranty Agency Operating Fund, as presented in Exhibit B, include account maintenance fees of \$188,558.

C. ATOM Fund Interest

Interest monies earned on the ATOM Fund are transferred from the ATOM Fund to the Guaranty Agency Operating Fund. Transfers in to the Guaranty Agency Operating Fund, as presented in Exhibit B, includes ATOM interest of \$32,929.

D. Secretary's Equitable Share of Loan Recoveries

Prior to June 1, 2001, the Secretary's Equitable Share of Loan Recoveries was transferred from the Guaranty Agency Operating Fund to the Federal Student Loan Reserve Fund since all collections on defaulted loans were deposited in the Guaranty Agency Operating Fund upon receipt. Transfers in to the Federal Student Loan Reserve Fund, as presented in Exhibit B, include the secretary's equitable share of collections of \$461,149. Beginning June 1, 2001, all collections on defaulted loans were deposited in the Federal Student Loan Reserve Fund upon receipt. Transfers in to the Guaranty Agency Operating Fund, as presented in Exhibit B, include \$9,106,523 of the operating fund's share of collections.

E. Federal Liability

Transfers in to the Restricted Reserve Fund, as presented in Exhibit B, include the federal recall liability as discussed in Note 5 of \$6,484,334.

F. Restricted Interest

Transfers in to the Restricted Interest Fund, as presented in Exhibit B, represent interest earned on the Restricted Reserve Fund.

13. Due To Other Funds and Due From Other Funds

The amounts due to and due from other funds, as presented in Exhibit A, include the following:

<u>Fees</u>	<u>Due To</u>	<u>Due From</u>
48-hour settlement interest of \$150,420	Federal Student Loan Reserve Fund	Guaranty Agency Operating Fund
State tax offset transfer of \$122,444	Federal Student Loan Reserve Fund	Guaranty Agency Operating Fund
Late payment penalties of \$67	Federal Student Loan Reserve Fund	Guaranty Agency Operating Fund
Guarantee Fees of \$9,043	Federal Student Loan Reserve Fund	ATOM Fund
Adjustment to collections – transfer for complement of \$8,517	Guaranty Agency Operating Fund	Federal Student Loan Reserve Fund
Operating Share of Loan Recoveries Including Interest of \$483,923	Guaranty Agency Operating Fund	Federal Student Loan Reserve Fund
Default Aversion Fees of \$38,352	Guaranty Agency Operating Fund	Federal Student Loan Reserve Fund
ATOM Fund Interest of (\$708)	Guaranty Agency Operating Fund	ATOM Fund
Interest of \$4,157	Restricted Interest Fund	Restricted Reserve Fund

14. Appropriations Exercised by Other State Agencies

The Missouri General Assembly made appropriations from the Guaranty Agency Operating Fund for the loan program's proportionate share of the department's rental payments. These appropriations are administered by the Office of Administration, Division of Facilities Management.

15. Escheatment Funds

The guarantor servicer maintains an escheatment account which includes old outstanding checks and some old borrower payments which cannot be processed because of insufficient information. These funds are the property of the State Guaranty Student Loan Program and totaled \$37,364 at June 30, 2002. These monies are not included in the financial statements.

16. Changes in General Fixed Assets

The following is a summary of changes in general fixed assets for the year ended June 30, 2002:

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
Cost of Assets	\$ 769,365	233,957	(62,786)	940,536
Less-Accumulated Depreciation	(510,906)	(124,576)	62,786	(572,696)
Total General Fixed Assets Account Group, Net of Depreciation	<u>\$ 258,459</u>	<u>109,381</u>	<u>0</u>	<u>367,840</u>

17. Capital Leases

The DHE has entered into an agreement to lease a copier. FASB Statement No. 13, "Accounting for Leases," requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee to be accounted for as the acquisition of a fixed asset and the incurrence of an obligation by the lessee (a capital lease). This capital lease is reported in the General Long-Term Debt Account Group and the copier is reported in the General Fixed Assets Account Group. The following is a summary of the future minimum lease payments for the capital lease:

<u>Fiscal Year Ended June 30,</u>	<u>Amount</u>
2003	11,965
2004	11,965
2005	11,965
2006	<u>998</u>
Total minimum lease payments	36,893
Less amount representing interest	<u>(4,539)</u>
Present value of net minimum lease payments	<u>\$32,354</u>

18. Changes in General Long-Term Debt

The following is a summary of changes in general long-term debt for the year ended June 30, 2002:

	Balance July 1, 2001	Increases	Decreases	Balance June 30, 2002
Compensated Absences	\$ 97,264	25,557	0	122,821
Obligation under lease purchase	41,158	0	8,804	32,354
Total General Long Term Debt	\$ 138,422	25,557	8,804	155,175

19. Allowance for Default Aversion Rebate

When the DHE collects default aversion fees on loans that subsequently default, the DHE must rebate 1 percent of the loan balance at the time of claim payment to the Federal Student Loan Reserve Fund. The DHE calculated an allowance for the default aversion rebate expenses that they may incur.

20. ATOM Fund Revenues and Expenditures

Revenues and Expenditures of the ATOM Fund are:

REVENUES:

Interest income	\$ 51,807
Loan disbursements from banks	233,581,509
School returns	6,694,788
	<u>240,328,104</u>

EXPENDITURES:

Payments to schools	238,758,044
Payments to lenders	1,518,253
Bank charges	18,878
	<u>240,295,175</u>

OTHER FINANCING USES:

Operating transfers out	<u>(32,929)</u>
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REVENUES OVER(UNDER)
EXPENDITURES AND OTHER
FINANCING USES

\$ 0

21. Reconciliation of Total Expenditures to Appropriated Expenditures

Total expenditures for the Guaranty Agency Operating Fund, Federal Student Loan Reserve Fund, and Restricted Interest Fund on Exhibit B reconcile to appropriated expenditures on Exhibit C as follows:

		Year Ended June 30, 2002		
		Federal Student Loan Reserve Fund	Guaranty Agency Operating Fund	Restricted Interest Fund
EXPENDITURES PER EXHIBIT B	\$	52,458,140	13,492,488	935,015
Employee fringe benefits			(600,647)	(21,141)
Accrual for additional recall to U.S. Department of Education		(3,944,234)		
Default aversion fees		1,360,105		
Bad debt expense		(3,307)		
Account maintenance fee transfer		432,657		
Appropriation exercised by another state agency			118,562	
48-hour rule reimbursement penalty			137,312	
Miscellaneous reconciling item			(95)	
Accrued payroll, June 30:				
2002			(80,682)	(2,587)
2001			63,871	2,587
Accounts payable, June 30:				
2002		(578,187)	(91,040)	(101,348)
2001		1,994,343	173,094	8,585
EXPENDITURES PER EXHIBIT C	\$	<u>51,719,517</u>	<u>13,212,863</u>	<u>821,111</u>

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the State Guaranty Student Loan Program of the Department of Higher Education as of and for the year ended June 30, 2002, and have issued our report thereon dated February 13, 2003.

The following Management Advisory Report presents our finding arising from our audit of the program's financial statements.

Cost Allocation Procedures

- A. The Department of Higher Education (DHE) allocates joint salary costs to its various federal programs and state programs based on periodic estimates of the time spent by employees on each program. Approximately 30 of the department's 87 employees worked on more than one program and were required to submit time sheets. Our review of 11 of these employees indicated that time sheets either did not exist or did not support the salary amount allocated to the Family Federal Education Loan (FFEL) program. Operating the FFEL program is the primary purpose of the State Guaranty Student Loan Program.

In July 2001 and January 2002, the DHE estimated percentages to be used in allocating each employee's salary for the ensuing months. These estimates were made by having various supervisors estimate the time spent by their employees on various functions. To determine if the allocations were accurate, we compared the timesheets for 11 employees to the allocations. Some of the 11 employees did not prepare timesheets for some or all of the two six-month periods. Most of the missing timesheets were in the first six months reviewed. For the employees who did prepare timesheets, the hours for loan activities differed from the estimated percentages used to allocate the salaries.

The time sheets generally classified time as spent on loan activities, which is directly related to the FFEL program, and time spent on non-loan activities. DHE officials indicated that some of the hours recorded as non-loan activities pertain to financial-aid related duties, which are allowable costs of the FFEL program. However, the lack of adequately detailed time sheets does not allow those hours to be identified.

During the year ended June 30, 2002, these 11 employees were paid salaries totaling \$386,498 of which \$246,375 was allocated to the FFEL program. Timesheets did not exist to support \$104,484 of the allocated salary expenses, and \$78,600 of the

allocated salary expenses exceeded the amount supported by the timesheets for the prior six months. As a result, we question costs totaling \$183,084 which is the federal share of salary costs not supported by the time sheets.

In addition, the DHE uses the salary allocation percentages to allocate other joint costs to the FFEL program.

Office of Management and Budget (OMB) Circular A-87 requires that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages has to be supported by personnel activity reports or equivalent documentation.

- B. The DHE has drafted a new policy which would require every employee to fill out a time sheet each month. The draft policy says that time sheets are to be filled out according to each employee's salary split for his or her position, and that supervisors are responsible for reconciling the employee's time sheet with the employee's salary split.

Having employees complete their time sheets in accordance with predetermined salary splits, as opposed to their actual time worked, is contrary to OMB Circular A-87 which says that distribution percentages determined before the services are performed do not qualify as support for charges to federal awards.

WE RECOMMEND the DHE:

- A. Resolve the questioned costs with the grantor agency. In addition, the DHE should comply with the provisions of OMB Circular A-87 and allocate costs based on the actual time spent on the various federal and state programs.
- B. Require employees to complete time sheets that document actual time worked and require supervisors to ensure that time sheets reflect actual hours worked.

AUDITEE'S RESPONSE

- A. *While all employee salary expenses were incurred in accordance with federal law, DHE agrees the timesheets currently utilized should be revised to more accurately reflect employee's time spent on loan and non-loan related activities. DHE will revise the timesheet utilized by department employees to ensure accuracy and compliance with OMB Circular A-87.*
- B. *The DHE draft policy referenced by the SAO will be revised prior to implementation. New DHE policies and procedures regarding employee salary splits will comply with OMB Circular A-87.*

This report is intended for the information and use of the management of the State Guaranty Student Loan Program and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DEPARTMENT OF HIGHER EDUCATION
STATE GUARANTY STUDENT LOAN PROGRAM
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

In 1978, the Missouri General Assembly created the Missouri Student Loan Program (MSLP) to administer the Federal Family Education Loan Program (FFELP) in the state of Missouri on behalf of the Coordinating Board for Higher Education (CBHE). The CBHE has statutory authority to oversee the MSLP and to act as the guaranty agency for the FFELP. In this capacity, the CBHE, acting through the MSLP, guarantees loans made to students by eligible lending institutions.

During the first state fiscal year of operations, the CBHE guaranteed \$15,524,850 in FFELP loans to 7,289 borrowers. In contrast, as of June 30, 2002, the cumulative volume of loans guaranteed was \$4,609,869,521, representing 1,574,443 FFELP loans. Included in this total is \$2,208,017,476 in outstanding loans.

The FFELP was created by the Higher Education Act of 1965, which is reauthorized by Congress every five years. There are currently four types of loans available to eligible borrowers under the FFELP:

- Subsidized Federal Stafford Loan
- Unsubsidized Federal Stafford Loan
- Parent Loan for Undergraduate Students
- Federal Consolidation Loan

Subsidized Federal Stafford Loans are need-based loans available to eligible undergraduate and graduate students. Generally, the federal government pays interest on the loan as long as the borrower is enrolled at least half-time and during the borrower's six-month grace period and authorized deferment periods.

Unsubsidized Federal Stafford Loans have the same terms and conditions as Subsidized Stafford Loans except that they are not need-based, and the borrower is responsible for all interest payments.

Parent Loans for Undergraduate Students allow parents to borrow guaranteed loans for dependent students. Borrowers are responsible for all interest, and repayment generally begins within 60 days from the time the loan is fully disbursed.

Federal Consolidation Loans are available to borrowers who wish to combine existing student loans into one new loan. Generally, this results in lower monthly payments but higher total interest costs.

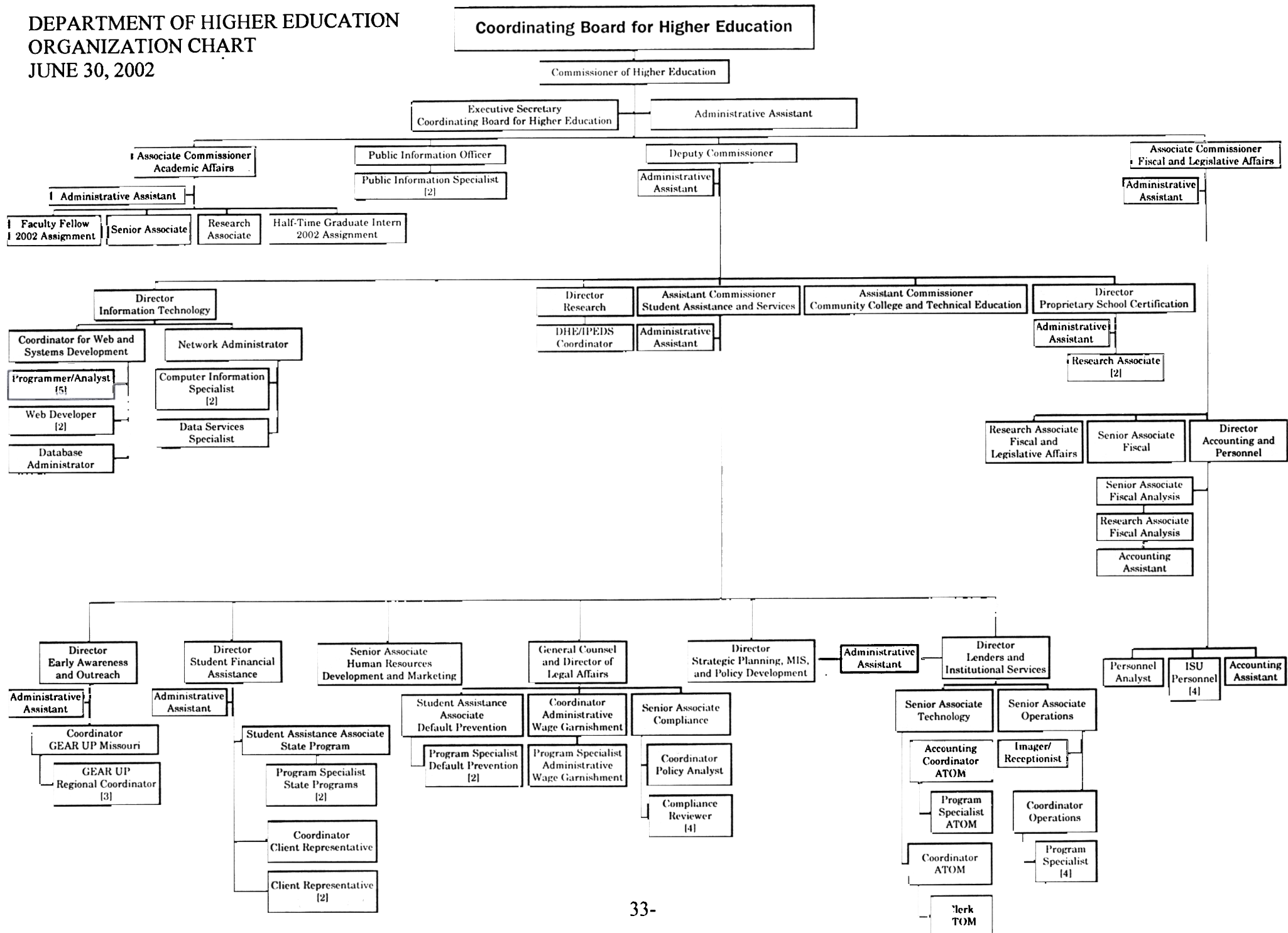
In August 1995, the department established the Automated Transfer of Money (ATOM) fund in an effort to aid schools by streamlining the delivery of Missouri student loan funds. By serving as an escrow agent, the department disburses student loan funds to schools on behalf of the participating lenders. As of June 30, 2002, the cumulative volume of disbursements to schools

was 723,142 disbursements totaling \$1,212,817,298. Currently, there are 77 participating lenders and over 393 schools that receive the loan disbursements.

In October 1997, the CBHE approved a new organizational structure to combine the administration of the Missouri grant, scholarship, and federal loan programs into one student assistance area. The new division was named Missouri Student Assistance Resource Services (MOSTARS). MOSTARS was created as a “one stop shop” which, in coordination with high school counselors and college and university financial aid offices, provides resources and information to ensure that Missouri citizens have an opportunity to finance postsecondary education. MOSTARS employs approximately fifty-four full-time equivalent employees.

The organization chart follows.

DEPARTMENT OF HIGHER EDUCATION
ORGANIZATION CHART
JUNE 30, 2002



APPENDIX A

DEPARTMENT OF HIGHER EDUCATION STATE GUARANTY STUDENT LOAN PROGRAM PROGRAM STATISTICS LOANS GUARANTEED

FEDERAL SUBSIDIZED STAFFORD STUDENT LOAN PROGRAM (SSLP)

<u>Year Ended September 30,</u>		<u>Loans Guaranteed During Year</u>	<u>Total Loans Guaranteed to Date</u>	<u>Average Size of Loan Guaranteed</u>
1986 and prior	\$	824,126,957	824,126,957	2,236
1987		109,860,344	933,987,301	2,290
1988		95,710,975	1,029,698,276	2,304
1989		104,304,308	1,134,002,584	2,318
1990		123,392,544	1,257,395,128	2,336
1991		150,441,323	1,407,836,451	2,359
1992		162,633,091	1,570,469,542	2,386
1993		187,700,329	1,758,169,871	2,431
1994		218,830,241	1,977,000,112	2,494
1995		161,814,986	2,138,815,098	2,529
1996		130,748,319	2,269,563,417	2,558
1997		149,205,698	2,418,769,115	2,590
1998		185,261,639	2,604,030,754	2,630
1999		190,388,523	2,794,419,277	2,670
2000		204,359,788	2,998,779,065	2,700
2001		225,969,346	3,224,748,411	2,747
2002		256,955,183	3,481,703,594	3,404

FEDERAL UNSUBSIDIZED STAFFORD STUDENT LOAN PROGRAM (USSLP)

<u>Year Ended September 30,</u>		<u>Loans Guaranteed During Year</u>	<u>Total Loans Guaranteed to Date</u>	<u>Average Size of Loan Guaranteed</u>
1993	\$	13,695,823	13,695,823	2,320
1994		55,230,171	68,925,994	2,920
1995		66,408,588	135,334,582	2,933
1996		57,314,322	192,648,904	2,967
1997		73,907,196	266,556,100	3,034
1998		103,112,219	369,668,319	3,146
1999		120,416,869	490,085,188	3,244
2000		139,234,683	629,319,871	3,326
2001		160,139,441	789,459,312	3,385
2002		201,112,630	990,571,942	3,806

FEDERAL PARENT LOANS FOR UNDERGRADUATE STUDENTS PROGRAMS (PLUS)

<u>Year Ended September 30,</u>	<u>Loans Guaranteed During Year</u>	<u>Total Loans Guaranteed to Date</u>	<u>Average Size of Loan Guaranteed</u>
1986 and prior	\$ 9,892,008	9,892,008	2,658
1987	3,017,208	12,909,216	2,684
1988	4,367,589	17,276,805	2,773
1989	6,286,876	23,563,681	2,847
1990	8,471,120	32,034,801	2,917
1991	11,230,270	43,265,071	2,978
1992	13,428,488	56,693,559	3,029
1993	13,371,943	70,065,502	3,190
1994	11,522,861	81,588,363	6,285
1995	11,218,115	92,806,478	3,390
1996	9,359,878	102,166,356	3,481
1997	12,683,865	114,850,221	3,612
1998	19,340,718	134,190,939	3,790
1999	22,704,277	156,895,216	3,981
2000	27,624,226	184,519,442	4,195
2001	34,883,320	219,402,762	4,448
2002	52,835,316	272,238,078	7,265

FEDERAL SUPPLEMENTAL LOANS TO STUDENT PROGRAMS (SLS)

<u>Year Ended September 30,</u>	<u>Loans Guaranteed During Year</u>	<u>Total Loans Guaranteed to Date</u>	<u>Average Size of Loan Guaranteed</u>
1986 and prior	\$ 18,041,953	18,041,953	2,775
1987	5,480,183	23,522,136	2,789
1988	6,939,321	30,461,457	2,792
1989	9,759,342	40,220,799	2,752
1990	12,411,963	52,632,762	2,753
1991	21,234,781	73,867,543	2,877
1992	24,603,045	98,470,588	2,892
1993	28,337,468	126,808,056	2,940
1994	21,145,273	147,953,329	2,962
1995	13,212	147,966,541	2,962
**			

** No new SLS loans were made on or after July 1, 1994.

TOTAL LOANS GUARANTEED

<u>Year Ended September 30,</u>		<u>Loans Guaranteed During Year</u>	<u>Total Loans Guaranteed to Date</u>
1986 and prior	\$	852,060,918	852,060,918
1987		118,357,735	970,418,653
1988		107,017,885	1,077,436,538
1989		120,350,526	1,197,787,064
1990		144,275,627	1,342,062,691
1991		182,906,374	1,524,969,065
1992		200,664,624	1,725,633,689
1993		243,105,563	1,968,739,252
1994		306,728,546	2,275,467,798
1995		239,454,901	2,514,922,699
1996		197,422,519	2,712,345,218
1997		235,796,759	2,948,141,977
1998		307,714,576	3,255,856,553
1999		333,509,669	3,589,366,222
2000		371,218,697	3,960,584,919
2001		420,992,107	4,381,577,026
2002		510,903,129	4,892,480,155

APPENDIX B

DEPARTMENT OF HIGHER EDUCATION STATE GUARANTY STUDENT LOAN PROGRAM PROGRAM STATISTICS DEFAULT CLAIMS PAID

	<u>Stafford</u>	<u>PLUS</u>	<u>SLS</u>	<u>Unsubsidized Stafford</u>
AS OF JUNE 30, 2000	\$ 369,564,563	6,170,661	36,577,025	21,699,906
Default claims paid during fiscal year 2001	<u>16,455,269</u>	<u>723,801</u>	<u>1,209,412</u>	<u>7,536,145</u>
AS OF JUNE 30, 2001	\$ <u>386,019,832</u>	<u>6,894,462</u>	<u>37,786,437</u>	<u>29,236,051</u>
Default claims paid during fiscal year 2002	<u>18,275,158</u>	<u>920,149</u>	<u>1,003,783</u>	<u>10,248,499</u>
AS OF JUNE 30, 2002	\$ <u>404,294,990</u>	<u>7,814,611</u>	<u>38,790,220</u>	<u>39,484,550</u>

Defaulted loans represent loans which became delinquent and which the state purchased from the lender. Bankruptcy, death, and disability claims are excluded.

SERVICE FEES

During the audit period, Guarantec administered the loan program for the department. The loan servicer is compensated on a fee-per-transaction basis. Guarantec's billing rates for the period July 1, 2001 to June 30, 2002 were:

Service	Rate	
Mandatory Services		
Electronic Application Guarantee	\$ 3.66	per transaction
Hard Copy Application	5.63	per transaction
Outstanding Loans - In School and In Grace	0.23	per loan
Outstanding Loans - In Repayment	0.57	per loan
Loan Delinquency Brought Current	4.50	per loan
Claim Paid	56.28	per transaction
CLIPS*LINK	11,500.00	per month
Default Aversion Customer Service	6,000.00	per month
Collection Agency Management	6,000.00	per month
Loan Maintenance Changes	1,500.00	per month
Optional Services		
Credit Check on PLUS	5.63	per transaction

LOANS OUTSTANDING

The following loan amounts were outstanding at June 30, 2002 and 2001:

	June 30,	
	2002	2001
Stafford	\$ 1,233,736,707	1,202,652,388
Unsubsidized Stafford	575,387,545	492,251,863
PLUS	117,786,295	101,206,864
SLS	23,838,511	29,863,827
Consolidated	257,241,649	145,997,201
Refinanced	26,769	26,769
Total	\$ <u>2,208,017,476</u>	<u>1,971,998,912</u>

APPENDIX C

DEPARTMENT OF HIGHER EDUCATION STATE GUARANTY STUDENT LOAN PROGRAM PROGRAM STATISTICS PORTFOLIO MIX

	Year Ended September 30,		
	2002	2001	2000
	Portfolio Mix	Portfolio Mix	Portfolio Mix
	<u>Percentages</u>	<u>Percentages</u>	<u>Percentages</u>
Public in-state	32.9 %	34.3 %	34.2 %
Private in-state	49.2	51.6	52.9
Proprietary in-state	13.8	11.3	10.8
Out-of-state and foreign	4.1	2.8	2.1
Total	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

The State Guaranty Student Loan Program monitors the program to ensure that a desirable mix is maintained.

* * * * *



**DIVISION OF CHILD SUPPORT ENFORCEMENT
COMPUTER RISK MANAGEMENT PROGRAM**

**From The Office Of State Auditor
Claire McCaskill**

Department officials need to develop a risk management program, improve disaster recovery planning, and improve controls over access to sensitive division information.

**Report No. 2003-44
May 20, 2003
www.auditor.state.mo.us**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

May 2003

Disbursing child support checks could be interrupted in a disaster due to inadequate data recovery plans, unauthorized access to system also possible

This audit assessed how well the state can recover data after unexpected interruptions to the state's child support computer system, which disburses child support checks. Division of Child Support Enforcement (DCSE) distributed about \$447 million in child support checks to parents during fiscal year 2002. The computer system also maintains confidential child support data, such as parental and court-ordered information, and is not adequately protected from unauthorized access.

Disaster recovery planning efforts have been inadequate

DCSE has not updated or used its disaster recovery plan since 1994, when the contractor developed the plan. Instead, DCSE personnel have relied on the Department of Social Services' disaster recovery plan. However, the department's plan referred to DCSE's outdated 1994 plan and did not specifically address procedures to recover DCSE's computer system. In addition, the department has a reactive recovery plan, in which data recovery teams meet after a disaster occurs and decide what is needed. (See page 6)

Backup and recovery procedures were inadequate

Federal information system control guidelines state an entity should have the ability to restore data files if lost in a disaster. However, auditors found backup files were not properly rotated to an off-site location to avoid disruption if data is lost or damaged. In addition, no inventory existed for the off-site storage facility ensuring availability of proper data and documentation. (See page 7)

DCSE's computer system was not reestablished in some disaster recovery tests

The department could not reestablish DCSE's computer system in 2001 and 2002 disaster recovery tests. While personnel recovered DCSE's system in the 2003 test, they did not have enough time to complete all test procedures. Plan deficiencies exposed in the first two tests included incomplete back up data to recover the system. (See page 9)

Confidential, sensitive child support information not always protected

The department has risked having current and former employees gain unauthorized access to DCSE's computer system. Improvements are needed in controlling access to the computer system relating to: revoking terminated employees' passwords, keeping multiple user IDs to a minimum, sharing user IDs, checking criminal background of all employees,

YELLOW SHEET

and restricting system access to users from remote locations. (See page 13)

Unrestricted access to sensitive data has resulted in some abuses

In the past 4 years, DCSE officials reprimanded or suspended 12 employees who allegedly misused sensitive computer information. For example, a DCSE technician, who rented an apartment to a custodial parent, electronically checked if the parent received a child support payment when she had not paid rent owed to the technician. When the technician saw the parent received the check, the technician asked for the rent. In addition, technicians have access to all cases, not just the cases in their respective caseloads. Such unlimited access has led to some of the abuses noted. (See page 17)

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**DIVISION OF CHILD SUPPORT ENFORCEMENT
COMPUTER RISK MANAGEMENT PROGRAM**

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ABBREVIATIONS

DCSE	Division of Child Support Enforcement
ID	Identification
FISCAM	Federal Information System Controls Audit Manual
CFR	Code of Federal Regulations



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Steve Roling, Director
Department of Social Services
Jefferson City, MO 65102

Over half a million Missouri children and their custodial parents rely on the state to collect and disburse child support payments, which are tracked and managed through the Division of Child Support Enforcement's (DCSE) computerized system. Because of the computerized system's critical role, we focused review efforts on the management and oversight of DCSE's computer security program. Specific objectives included determining whether DCSE and/or the Department of Social Services (department) officials have (1) established an adequate risk management program, and ensured essential services can be continued in case of a disaster, or other unexpected interruptions; and (2) protected DCSE's computerized system and sensitive data against unauthorized access.

Improvements are needed in the management and oversight of DCSE's computer security program. DCSE officials have not established a risk management program, or developed an adequate disaster recovery plan. Policies and procedures establishing a risk management program, and performing risk assessments have not been developed. Officials also have not updated, or used, DCSE's disaster recovery plan developed by DCSE's contractor in 1994. Instead, they have relied on the department for disaster recovery planning efforts. However, the department's planning efforts have not adequately addressed (1) critical resources and data needed, (2) backing up and recovering data, (3) the identification of facilities used to store critical resources and data.

Improvements are also needed in controlling access to DCSE's computerized system and sensitive information. Improvements are needed in (1) revoking employee user identification (ID) codes and resetting user passwords; (2) limiting the sharing and issuing of multiple user IDs, (3) performing background checks on users; (4) reviewing access rights of users, and controlling access to security software; and (5) restricting access to the computerized system by users from remote locations.

We have included recommendations to improve the management and oversight of DCSE's computer security program.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States and included such tests of the procedures and records as were considered appropriate under the circumstances. We obtained oral comments from department officials in a meeting on March 31, 2003, and written comments from the Director of the Department of Social Services dated April 29, 2003. We conducted our work between July 2002 and January 2003.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	Robert D. Spence, CGFM
Auditor In-Charge:	Susan Beeler
Audit Staff:	Andrea Paul
	Dana Gerke

INTRODUCTION

The Family Support Act of 1988¹ required each state to develop an automated child support tracking system. Beginning in 1993, the Division of Child Support Enforcement (DCSE) worked with the Department of Social Services' (department) Information Services and Technology (technical support) Division and an independent contractor to develop a computer system fulfilling this act. DCSE implemented the Missouri Automated Child Support System (computerized system) in September 1998 and the contractor maintained the system until September 2001, when the department's technical support division assumed this responsibility. DCSE owns the data residing on the computerized system and the system is located on the Office of Administration's State Data Center (data center) mainframe. The department is considered a customer of the data center and informs the data center of what it needs (such as what data to backup). The data center then performs the related services. Technical support division guidance defines the purpose of the computerized system as assisting in the collection and disbursement of child support through enforcement of existing judicial and administrative orders; location of custodial and non-custodial parents; establishment of paternity and orders of support; and other activities.

During fiscal year 2002, DCSE's computerized system processed approximately \$447 million in child support collections. A contractor hired by DCSE collects child support and sends electronic receipt files to the computerized system. The system creates disbursement files, which the contractor picks up electronically and sends to a bank for payment. In addition to collection and disbursement information, confidential child support data such as the identity of custodial and non-custodial parents, and court ordered information, is maintained on the system. Federal regulations² require disbursement of child support payments within two business days of receipt, and the loss of DCSE's computerized system would delay the distribution of child support payments.

Several other entities rely on the computerized system including the department's Division of Medical Services and Division of Family Services, the Department of Health and Senior Services, circuit court clerks, prosecuting attorney offices, and state contract employees. Individuals having access to information on the system are required to have a user identification (ID) code. As of July 11, 2002, there were 7,825 active user IDs on the system.

Recognized organizations have established computer security guidelines

According to the National Institute of Standards and Technology, the U.S. Critical Infrastructure Assurance Office, and the U. S. General Accounting Office, effective computer security controls and processes are essential to protect against unauthorized acts. These nationally and internationally recognized organizations have issued computer security guidelines noting aspects of an effective computer security program including (1) periodic risk and vulnerability assessments, (2) disaster recovery or continuity of operation plans, (3) effective access controls, and (4) periodic evaluations of in-place controls to ensure they are effective.

¹Public Law 100-485.

²Federal regulation 42 USC 654b provides for the loss of federal funds if two-day payment criterion is not met.

Methodology

Our review focused on determining factors adversely affecting DCSE's ability to protect its computer system and data against unauthorized access, and recovery of computer processing operations in case of a disaster or other unexpected interruptions. Because the state does not have published computer security standards, policies, or guidelines for state agencies to follow, we based our work on the U. S. General Accounting Office's Federal Information System Controls Audit Manual (FISCAM). This manual provides guidance for reviewing information system controls affecting integrity, confidentiality, and availability of computerized data. In addition to the manual, we used generally accepted computer security program principles and guidelines published by the National Institute of Standards and Technology, and the U.S. Critical Infrastructure Assurance Office.

To accomplish our objectives, we reviewed the department's and DCSE's policies and procedures, and records related to computer security. In addition, we interviewed knowledgeable department and DCSE personnel, and observed and field tested controls to determine if system controls were in place. We observed the last two disaster recovery tests, which occurred in 2002 and 2003, and analyzed documented results of a 2001 disaster recovery test.

We tested statistical samples of user IDs³ to determine the number of user IDs revoked due to a monthly inactivity report and the number of newly hired or newly transferred department employees with computerized system access who had not had background checks. Because the objective of our review was to assess the overall effectiveness of DCSE's computer general controls, we did not evaluate application controls.

³See Appendix I, page 23, for information on sample results.

RESULTS AND RECOMMENDATIONS

1. Officials Have Not Ensured Essential Operations Will Continue if Computer Support is Lost

The department has not ensured essential services can be continued in the event of a disaster, or other occurrences, resulting in the loss of computer support. This situation has occurred because DCSE has not established a risk management program and its disaster recovery planning has not been adequate. DCSE has not performed risk assessments needed to help formulate security policies and procedures, and it has depended on the department's technical support division for disaster recovery planning, which has been inadequate. Until officials address these issues, DCSE will be at risk of not meeting its primary mission—assuring child support payments are provided to custodial parents and dependant children in a timely manner.

DCSE has not established a risk management program

DCSE has not established formal policies and procedures establishing a risk management program. A risk management program should include risk assessments, which are used to help formulate and modify security policies and procedures, according to the FISCAM. The FISCAM also states risk assessments should consider both sensitivity and integrity of data, and the risks to data inherent in an entity's systems. These risks include those posed by authorized internal and external users, as well as unauthorized outsiders who may try to gain access to the systems. Risk assessments help ensure all vulnerabilities and threats to the computerized system and data are identified. Decisions can then be made regarding which risks to accept and which to mitigate through security controls such as disaster recovery planning and controlling access to sensitive data. In addition, the FISCAM states risk assessments are considered beneficial when they include independent personnel.

According to a DCSE official, DCSE has not established such a program because it relies on the department's technical support division, which maintains DCSE's computerized system, to assess risk on the system and data.

Department lacks policies and procedures on risk assessments

The department's technical support division has not established guidance on conducting risk assessments for department systems—which includes DCSE's computerized system. This guidance includes policies and procedures for assessing risk and the frequency of the assessments. According to the technical support division's computer security official,⁴ the department has had a security manual since at least 1992. However, the security manual does not address risk assessments. According to the security official, the department has not established policies and procedures for conducting risk assessments because “we are still trying to get our feet under us.” He also stated no risk assessments had been conducted since 1996 because the department had not had the “time or manpower,” and also cited the recent “budget crunch.”

⁴This is the Department of Social Services and Department of Health and Senior Services Security Manager.

Risk assessment performed in 1996 disclosed weaknesses

DCSE's contractor responsible for developing and implementing its computerized system published a risk assessment in May 1996, prior to the system's full deployment. The risk assessment focused on DCSE, prosecuting attorney, and circuit clerk offices and highlighted several vulnerabilities. The top five include fire, privacy, policy, training, and accountability. The identified safeguards, if implemented by DCSE, would substantially reduce or possibly eliminate losses if identified threats occurred. The safeguards include:

- establishing a visitor control system,
- developing an organizational structure,
- developing a system of audit trails,
- conducting risk analyses,
- developing a security plan,
- establishing a program for property inventory control,
- developing an access control system, and
- implementing a coordinated detection system.

The risk assessment report also identified immediate steps needed to improve the overall security and safety of DCSE. These steps included developing visitor sign-in procedures; marking documents as classified, private, or personal; developing a contingency plan for the entire computerized system; standardizing fire, water, and smoke detectors; establishing a complete set of emergency procedures; maintaining adequate fire suppression equipment on site; documenting and reviewing a policy manual, training curriculum, and operating procedures; ensuring passwords are not shared; and training staff on policies and procedures.

According to a DCSE official, some of the report recommendations have been implemented; however, no formal follow-up of the recommendations has occurred. As a result, the official could not provide documentation supporting implementation of any safeguards or recommendations.

Disaster recovery planning efforts have not been adequate

The contractor who developed DCSE's computerized system prepared DCSE's disaster recovery plan in 1994. However, since 1994, personnel have not updated the plan or used it for testing purposes. According to the FISCAM, a comprehensive disaster recovery plan should reflect current conditions, clearly assign responsibilities for recovery, and include detailed instructions for restoring operations. We found DCSE's 1994 plan had not been updated to address (1) subsequent changes to the computerized system, (2) the need to reestablish communication lines with DCSE's contractor responsible for issuing child support checks, (3) reestablishing DCSE's

computerized system capability on a statewide basis,⁵ and (4) identifying the responsibilities of those carrying out the disaster recovery plan.

In lieu of updating and using its own disaster recovery plan, DCSE has relied on the department's disaster recovery plan developed by technical support division personnel. However, the department's disaster recovery plan does not address recovery procedures related to DCSE's computerized system. Instead, the plan refers to the 1994 disaster recovery plan prepared by the contractor who developed DCSE's computerized system. According to the department's disaster recovery plan, the contractor responsible for developing the computerized system also had responsibility for creating a disaster recovery plan and adequate backup capabilities for the system. The plan also stated the department would work with the contractor to periodically review and update the 1994 disaster recovery plan and assume disaster recovery planning efforts once the contract expired, which occurred in September 2001. However, the 1994 disaster recovery plan has not been reviewed and updated, though it should be done, according to the security official.

DCSE relies on department for planning efforts

Our review of the department's disaster recovery plan, prepared by technical support division personnel, also disclosed deficiencies. For example, the plan does not document specific disaster recovery procedures for recovery of department systems. Instead, it establishes disaster recovery teams that will meet once a disaster occurs to develop disaster recovery action plans. Furthermore, the department's plan does not identify (1) resources and data necessary in the event of a disaster, (2) backup and recovery capabilities needed for successful disaster recovery, and (3) facilities used to house sensitive and critical equipment and data. In addition, recent disaster recovery efforts highlighted problems with disaster recovery testing.

Disaster recovery plan does not identify critical resources and data

The department does not have formal procedures requiring a listing of critical operations and data, or of resources needed to support critical operations. Instead, the technical support division maintains a prioritization listing of all department systems. In addition, in commenting on a draft of this report, the technical support division provided us a listing of resources the data center will allocate to the department to assist in disaster recovery. However, these listings are not complete. For example, technical support division personnel did not identify critical resources such as all hardware, software, communications lines and system documentation, needed to maintain computerized operations and to successfully recover and use the application. According to the FISCAM, it is essential for management to identify critical operations and data and the resources needed to recover and support them.

Backup and recovery procedures are not adequate

The department has not established adequate backup and recovery procedures to restore DCSE's computerized system in the event of a disaster. FISCAM states an entity should

⁵There are 22 field offices, as well as circuit clerk and prosecuting attorney offices using the computerized system on a frequent basis.

maintain an ability to restore data files, which may be impossible to recreate if lost. We found two major problems with backup procedures.

- Backup files are not properly rotated off-site to avoid disruption if data is lost or damaged. The July 2002 disaster recovery test summary stated technical support division personnel found the data center did not have a backup copy of the catalog, which is the master index of the data files, in the off-site storage vault. Therefore, the catalog was not available to be sent to the out-of-state recovery site. Instead, the department had to send an on-site tape, containing the catalog, to the out-of-state recovery site to continue the recovery exercise. In a real disaster, the on-site tape could have been destroyed.
- There are no policies or procedures related to off-site storage of system and application documentation. As a result, program libraries were not backed up and sent to the backup vault prior to the disaster recovery test in July 2002, and still had not been done, as of December 31, 2002. Without the proper program libraries, technical support division personnel could not successfully use the recovered database.

In addition, inventories are not performed at the off-site storage facility to ensure the proper data and documentation is available in a disaster or other disruption in business processes. The department's disaster recovery plan states backups should be checked for accuracy at least semi-annually. However, according to technical support division personnel, no one has inventoried the off-site vault.

Facilities used to house critical resources have not been identified

Technical support division personnel do not maintain a list of facilities housing critical resources, and current policies do not require such identification. According to the FISCAM, entities should identify facilities housing sensitive and critical resources to evaluate the effectiveness of security controls.

When we requested technical support division personnel identify sensitive or critical resources and where they are housed, they provided a list. However, this list did not include information on one of the warehouses where system backups are stored and all physical resources, such as terminals.

In commenting on a draft of the report, a technical support division official acknowledged the department's disaster recovery plan had not been updated or adequately documented. Furthermore, the official stated disaster recovery planning has been adequate based on results of disaster recovery testing and a revised plan dated April 9, 2003. However, the FISCAM states a disaster contingency plan should be documented, and should be detailed enough so that its success does not depend on the knowledge or expertise of individuals. The revised plan does not meet these accepted standards because it does not specifically address DCSE's computerized system and we identified problems associated with disaster recovery testing.

Department testing highlighted disaster recovery problems

During the department's disaster recovery tests in 2001 and 2002, technical support division personnel were not successful in reestablishing DCSE's computerized system to an operable state. In the 2003 test, while personnel recovered the system, they did not accomplish all testing goals. The test assumed the main data center site was inoperable. Therefore, all tapes needed for recovery housed in the off-site backup vault were sent to the out-of-state recovery site to initiate the recovery testing. The data center initiated disaster recovery testing and had responsibility for reestablishing the mainframe during the testing. After reestablishing the mainframe, the departments participating in the test were responsible for recovering their own systems. The Department of Social Services chose to participate in the three tests we reviewed. The January 2001 disaster recovery testing disclosed the following problems.

- The department's technical support division personnel did not successfully recover the computerized system database because image copies were not vaulted and physical backups did not include all volumes used for production.
- DCSE did not include applications testing to ensure the system functioned properly, if a successful recovery had occurred.

After the January 2001 testing, the department's technical support division personnel did not verify disaster recovery test action items had been corrected for deficiencies identified during the test. We found 5 of 23 action items, resulting from the January 2001 test, were not completed prior to the July 2002 test. For example, one action item recommended providing improved documentation outlining backups created and recovery processes to be followed. The security official stated several actions have been taken but could not provide documentation showing any changes had been made from January 2001 to July 2002.

In addition, the security official provided documentation confirming implementation of many action items during the July 2002 exercise, but not prior to the test.

The technical support division's July 2002 disaster recovery testing summary disclosed the following deficiencies.

- Department technical support division personnel could only recover DCSE's computerized system database by sending an on-site backup tape to the disaster recovery contractor located in another state. In a real disaster, this tape would not have been available because it was not in the off-site vault, according to the security official. Even with the backup tape, DCSE personnel could not use the database because of the missing program code, and as a result, applications teams could not test the database. Therefore, department technical support personnel could not successfully recover DCSE's database to a usable state.

Technical support division personnel said if they had more time, they could have re-created the program code. However, because of the time limit set on the disaster

recovery exercise, they cannot be certain they could re-create this program code in a real disaster situation.

- The testing also did not include re-creating the communications link between DCSE's contractor that distributes payments to custodial parents and DCSE's computerized system database. The link, a communications router connecting DCSE's system to the contractor, which enables file transfers to the contractor to take place, is a critical component enabling the contractor to distribute child support payments to custodial parents and children.

According to the director of the department's technical support division, a manual tape exchange could be used in lieu of the link. However, the contract with the current contractor was signed prior to the technical support division taking over the system. Therefore, the manual tape exchange has not been tested by the department's technical support division. Additionally, this proposed method of providing DCSE's contractor with a physical tape is not addressed in department or DCSE disaster recovery plans.

- No applications testing took place on DCSE's computerized system because department technical support division personnel could not recover DCSE's system to a usable state. In addition, the applications testing process planned by DCSE personnel did not include testing the day-to-day users' access to the system due to the cost and time constraints of bringing field staff into the Jefferson City office, according to a DCSE official. Instead, DCSE managers planned to conduct some limited testing in this area. A DCSE official indicated that DCSE managers conducting the testing serve as business liaisons between the technical support division and the day-to-day users of the system. Therefore, the DCSE managers are aware of the needs of the day-to-day users. However, it is a good business practice to have day-to-day users test the system to ensure all needed data and screens are available. If such tests are not possible, the day-to-day users should, at a minimum, review the test documents.
- The test, as well as the disaster recovery plan, did not address bringing the system up on a statewide basis even though 22 field offices, as well as circuit court clerks and prosecuting attorney locations also use DCSE's system daily. According to the security official, if the department's technical support personnel attempted to bring up the system statewide, the communications line carrying information to and from the recovery site would not be sufficient to carry all users of the system. Therefore, in a disaster, if department technical support personnel recovered the system, all statewide users could not use the system.

The department's latest disaster recovery testing occurred in March 2003. The 72-hour test assumed a disaster occurred on February 5, 2003. Technical support division personnel were to recover department systems, which included DCSE's computerized system, through February 4, 2003. According to the security official, the following difficulties were experienced while recovering DCSE's computerized system.

2003 testing
could not be
completed

- Department personnel could only recover DCSE's computerized system through February 3, 2003, one day short of the test goal, because technical support division personnel found state data center personnel failed to vault the most recent database logs. The same problem occurred during the January 2001 test, and may have occurred during the July 2002 test, according to the security official. Approximately 71.5 hours into the testing, the technical support division recovered DCSE's system.
- Once DCSE's system had been recovered, a DCSE official had 30 minutes to perform applications testing. However, 7 of the 25 scheduled test items could not be performed because of time constraints and because personnel conducting the test did not have the proper security clearance.

Conclusions

DCSE officials have not developed a risk management program, and lack policies and procedures on conducting risk assessments. A risk management program is needed to help officials formulate and/or modify security guidance and identify security risks to DCSE's computerized system. The division's contractor performed a risk assessment in 1996, as part of its efforts to develop DCSE's system; however, division officials have no documented evidence of corrective action and have not performed any additional risk assessments.

DCSE's disaster recovery plan, developed by its contractor in 1994, has not been updated or used by DCSE. Instead, division officials rely on the department for disaster recovery planning and testing. However, the department's disaster recovery plan does not address recovery procedures related to DCSE's computerized system and instead, refers to the division's outdated 1994 plan. In addition, the department's disaster recovery plan does not address resources and data necessary in the event of a disaster, backup and recovery capabilities needed for successful disaster recovery, and facilities used to house critical resources. System and application documentation are not stored at the off-site location and inventories are not performed at this location.

Disaster recovery testing in 2001 and 2002 highlighted problems and disclosed the inability of technical support division personnel to successfully reestablish DCSE's computerized system to an operable condition. In addition, testing did not include planned applications testing by day-to-day users of the system. Not all deficiencies noted during disaster recovery testing in 2001 had been implemented and tested prior to the 2002 disaster recovery test. Although technical support division personnel recovered DCSE's system in the March 2003 disaster recovery test, some problems were experienced. The inability of technical support division personnel to successfully conduct disaster recovery testing in 2001 and 2002, along with problems experienced in the 2003 test, illustrates the need for adequate planning efforts. DCSE and department officials need to work together to develop an effective risk management program and an adequate disaster recovery plan to assure DCSE's computerized system is protected, can be recovered in a disaster, and initiates timely child support payments.

Recommendations

We recommend the Director of the Department of Social Services:

- 1.1 Develop a comprehensive risk management program, which would include policies and procedures requiring:
 - Risk assessments, specifying their frequency, and the responsible personnel.
 - Risk assessments when major system changes occur.
- 1.2 Develop a comprehensive and current disaster recovery plan for DCSE's computerized system which:
 - Reestablishes communication lines with the DCSE contractor who issues child support checks, reestablishes DCSE's computerized system capability on a statewide basis, and identifies the responsibilities of those carrying out the disaster recovery plan.
 - Identifies and prioritizes critical operations and data, reflects current conditions, and is approved by senior program managers.
 - Lists resources such as hardware, software, system documentation, and other computer supplies, which support critical operations.
 - Lists facilities housing critical resources.
- 1.3 Develop policies and procedures to:
 - Ensure plans for backup and restoration of all critical applications are complete, reflect changes as they occur, and are checked for accuracy at least semi-annually.
 - Require storing the proper system and application documentation at the off-site location, which are needed for successful recovery of application resources.
 - Require deficiencies disclosed during disaster recovery testing be corrected, and verified when possible, prior to the next disaster recovery exercise.
 - Require applications testing be performed by day-to-day users of the system during disaster recovery testing to ensure all needed data and screens are available. At a minimum, day-to-day users should review the documented results of the applications testing.

Department of Social Services Comments

The Director of the Department of Social Services documented his comments in a letter dated April 29, 2003, which is reprinted in Appendix II, page 25.

2. Adequate Controls Have Not Been Established to Safeguard Access to Sensitive Information

The department is at risk of having current and former employees gain unauthorized access to DCSE's computerized system and sensitive information. Improvements are needed in controlling access to DCSE's computerized system because department personnel have not (1) always followed procedures when revoking employee user IDs, and resetting user's passwords; (2) restricted employees' sharing of user IDs and passwords, or employees' use of multiple user IDs; (3) always conducted criminal background checks on employees; (4) reviewed access rights of users, and controlled access to security software; and (5) restricted access to the system by users from remote locations.

Department procedures for revoking user IDs were not always followed or timely

Department personnel, as well as non-department users, have not always followed procedures to revoke user IDs in a timely manner for all eligible employees. Instead of sending the proper paperwork to the technical support division to revoke a user ID on the day of termination, system users have relied on department technical support division personnel to revoke user IDs based on technical support division monthly reports. When a department employee, or a non-department user, terminates or no longer needs access to DCSE's computerized system, the user's supervisor is required to send completed paperwork to the technical support division to revoke the employee's user ID.

The technical support division also produces a monthly report matching department system users against terminated department employees to find terminated employees' user IDs still active in the system. User IDs on this monthly report are automatically revoked. Technical support division personnel can also revoke user IDs for non-use off their "inactivity" report. The monthly inactivity report identifies department employees who have not used their user IDs to access mainframe applications in six months and non-department personnel who have not used their IDs in three months.

We reviewed a statistical sample of 98 user IDs⁶ revoked during fiscal year 2002 and found 19 user IDs, or 19 percent of our statistical sample of 98 user IDs, were revoked because these individuals had not used department systems housed on the data center's mainframe for specified time periods. Based on our analysis, we estimate the number revoked due to inactivity ranged from 226 to 460 based on a 90 percent confidence level and a study population of 1,708 user IDs.

We also found supervisors did not prepare paperwork to revoke 52 user IDs, or 53 percent, of terminated/transferred employees/non-department users. Based on our analysis, we estimate the number of revoked user IDs in which the user's supervisors did not prepare paperwork ranges from 760 to 1,050 user IDs, based on a 90 percent confidence level and a study population of 1,708 user IDs revoked during fiscal year 2002.⁷

⁶Personnel using these IDs had access to DCSE's data on the computerized system.

⁷See Appendix I, page 23 for additional information.

We also found the following problems related to relying on the technical support division's monthly reports of terminated employees, and/or inactivity, to revoke user IDs.

- State employees have been mistakenly entered as contracted workers on the department's system and would not show up on the monthly report of terminated employees. According to security personnel, these employees should eventually be identified and IDs revoked through the monthly inactivity report. However, this method is only effective when other employees have not used the terminated employees' IDs and passwords.
- Terminated employees transferring directly to another agency were not always shown as terminated employees on the state's computerized payroll system and would not be included on the technical support division's monthly reports.

Revocation of user ID access has not been timely

Our review of sampled user IDs revoked during fiscal year 2002 showed it took an average of 35 days to revoke access rights from the day of termination, transfer, or end of contracted job. According to the FISCAM, termination and transfer procedures should require the division to notify security managers of terminations. Prompt termination of access to the entity's resources and facilities (including passwords) is important. Also, terminated employees who continue to have access to critical or sensitive resources pose a major threat to the organization, according to the FISCAM. Additionally, the FISCAM states an organization could be at risk of failing to detect continual unauthorized actions, if it does not revoke access for employees who no longer need this access.

Procedures for revoking user IDs do not address division systems

Department guidance does not address terminating user IDs when employees have not accessed DCSE's computerized system for three- or six-month time periods. Users access all department systems housed on the data center's mainframe using the same user ID and password. The department's procedures for revoking IDs based on the three- or six-month inactivity periods uses the last date the user accessed any of the department's systems housed on the mainframe. Therefore, a user may not have accessed DCSE's system; however, because the user had accessed another department system housed on the mainframe, the user would be considered an active user and not show up on an inactivity report. According to the FISCAM, inactive user accounts on a computerized system should be monitored and removed when not needed.

According to security personnel, the department does not address division systems because the user's supervisor should forward the proper paperwork to the technical support division when a department employee no longer needs access to one of the computerized systems. In addition, technical support division personnel developed the inactivity report for the department as a whole, not for individual computerized systems, according to security personnel. However, as stated above, many users' supervisors are relying on the department's monthly termination and inactivity reports to ensure user IDs are properly revoked.

User passwords have not been reset in accordance with procedures

Department personnel have not always followed procedures for resetting users' passwords. A password has to be reset when an incorrect password has been entered too many times and the user has been locked out of the system. The password also has to be reset when a user has forgotten his password. Department guidance requires system users to provide identification information before department personnel reset their passwords.

To test department procedures, we contacted department personnel to have a password reset. However, department personnel did not ask for identification information. Instead, they told us the password had been reset to specific identifying information only the user would know. In addition, even though department personnel do not verify the identify of the caller, the caller must know the identification information of the user in order to access the user ID with the reset password, according to department personnel. To test these procedures, we again contacted department personnel and requested them to reset a different password and department personnel divulged the specific identifying information included in the password without verifying the caller was the user in question. We informed the security official of this problem and he took corrective action by directing department personnel to follow established procedures when resetting users' passwords.

Employees share IDs and passwords and use multiple IDs

User IDs and passwords of former employees have been shared after the employee has been terminated. For example, during another State Auditor's Office review, DCSE personnel provided auditors with a terminated employee's user ID and password, without resetting it, to access the computerized system. Using the ID, auditors found they had "add" and "update" access rights in addition to the expected "inquiry" access.

The terminated employee's user ID had been used at 15 terminals after the employee's department termination date. The employee had used the ID on two terminals on the employee's new job at the Department of Health and Senior Services, but had not accessed DCSE's computerized system screens. Auditors, on the review discussed above, used four other terminals. In addition, personnel at two department locations used nine terminals to access DCSE's system screens.

Our review of procedures at a selected field office also disclosed new DCSE technicians are allowed to use their supervisors' user IDs until their IDs have been issued. Department policy states personal identifications and passwords for mainframe programs, such as child abuse records and client case records, should not be shared with anyone under any circumstances.

We found 15 division employees had been issued multiple IDs, and 2 of the 15 employees were located in field offices and had been issued two or more user IDs. Technicians are assigned case files based on geographical locations and can only make changes to a case located in their "primary office," according to a DCSE official. In addition, each user ID can only have one primary office. If a caseworker is assigned cases from two or more offices, the caseworker must be flagged as "primary" in each office. Since a user ID can only be primary in one office, the

user will be issued two, or more, user IDs. Good business practices dictate security personnel only issue one user ID to each user.

Personnel circumvent security measures by using multiple user IDs

DCSE, through the contractor who developed the computerized system, established security procedures—referred to as the Security Matrix—to restrict access rights to some information when the user has access to certain other information.⁸ However, division personnel circumvent this procedure by setting up additional user IDs for individuals so they can have access to restricted information. For example, 13 of the 15 division employees had been issued additional user IDs which resulted in bypassing established security controls. Further review disclosed 7 of the 15 employees had access to DCSE's special functions section intercept group and DCSE's locate group. Users in the special functions section intercept group, normally cannot access the locate group, and vice versa. The intercept group can authorize refunds and release disbursements; whereas, the locate group cannot. The locate group can access and change personal case information, such as financial asset, real estate, and vehicle asset information, but the intercept group cannot. By giving an employee two user IDs to access both groups, DCSE personnel bypassed established access controls.

Guidance provided by the National Institute of Standards and Technology states (1) logical access controls provide a computerized way of regulating what information users can utilize, the programs they can run, and the changes they can make; and (2) the principles of segregation of duties and least privilege are two general principles applied when programming access controls. DCSE's security software has been programmed to restrict users' access to the division's computerized system through pre-defined groups of access rights. Each group has its own level of access or access rights. Some groups have the ability to only read data, whereas other groups can read, add, and delete information from the system.

In commenting on a draft of this report, a DCSE official stated additional user IDs were issued temporarily to employees on special assignments. The 13 employees cited above were issued additional user IDs for that purpose, according to the official. However, even though the additional user IDs were issued temporarily, this practice circumvented security matrix rules.

Criminal background checks have not always been conducted

Department personnel did not check backgrounds on 12 newly hired department employees, or 13 percent of a statistical sample of 93 newly hired, or newly transferred, employees with access to DCSE's computerized system. Based on our analysis, we estimate the number of newly hired department employees with no background check ranges from 66 to 168 employees, based on a 90 percent confidence level and a study population of 850 newly hired or newly transferred employees from fiscal year 2002. The department's Division of Family Services (family

⁸Access is the ability to take an action, read, add, update, or delete, on DCSE's computerized system. Access control is the method with which DCSE controls users' abilities on the system.

services) and DCSE personnel officers stated they did not know why the background checks had not been completed for the 12 individuals in question.

We also found four newly transferred department employees had not had background checks performed for their most recent positions. Based on our analysis, we estimate the number of these employees having access to DCSE's computerized system ranged from 13 to 79 employees, based on a 90 percent confidence level and a study population of 850 newly hired, or newly transferred, department employees.

According to department human resources personnel, background checks are to be performed after employees begin working for the department. DCSE and family services policies require background checks on all newly hired employees or employees taking new positions in a different DCSE or family services office, according to DCSE and family services personnel officers. New employees should complete the background check forms included in new employee packets, then the division's personnel office forwards the forms to the department's Division of Legal Services, which conducts the checks, according to a human resources officer.

According to National Institute of Standards and Technology guidance, an organization should describe the conditions under which not checking a new employee's background is allowed and any compensating controls to mitigate any risk. However, there are no compensating controls to mitigate this type of risk, according to a DCSE official.

DCSE lacks policies on reviewing user access rights

As of December 31, 2002, DCSE had not established formal policies requiring reviews of user access rights for users of DCSE's computerized system. According to DCSE personnel, DCSE has recently started reviewing levels of access for the system. However, these reviews were based on job titles and focused on the level of access each job title needs, not on determining who does (or does not) need access to the system. According to the FISCAM, access to sensitive information should be limited to only those individuals who actually need access to perform their duties, and system owners should periodically review access authorization listings and determine whether they remain appropriate. Because DCSE is the system owner, DCSE would be responsible for reviewing the appropriateness of user access.

Unrestricted access to sensitive information has resulted in abuses

DCSE policies allow all technicians department-wide access to view sensitive information relating to custodial or non-custodial parents and related child support payments. However, we found technicians, on occasion, have misused their access. DCSE has issued 12 reprimands and suspensions in the past 4 years to DCSE personnel who have inappropriately accessed and/or misused sensitive computerized information. The following are examples of abuses by technicians.

In the first example, a DCSE technician rented an apartment to a custodial parent. When the custodial parent did not pay her rent, the technician looked up the renter's case in DCSE's computerized system to determine whether the custodial parent had received a child support payment. Since she had received it, the technician told the custodial parent she should be able to pay her rent. Officials suspended this technician. In the second example, officials suspended another technician for accessing the system and providing screen prints of information to a friend relating to the friend's case.

Examples of
misuses of
sensitive data

In these examples, DCSE personnel stated the only way to view this information would be to do it at a case level. Therefore, if employees only had access to their assigned cases, they could not access sensitive information related to other child support cases, according to a DCSE official. According to the official, when a technician is party to a case handled at the technician's field office, the case must be moved to a different field office. All technicians can view cases; however, only DCSE technicians working in the office where the case is handled can access the case to make changes to case related information. Such changes would include changing payment information or information related to court actions.

In the third example, officials reprimanded a technician for accessing the computerized system to obtain the phone number of the custodial parent's employer on a friend's case. She then called the employer and attempted to obtain information on health insurance.

In this example, the employee did not have to access the friend's case to obtain the information. However, technicians have department-wide access to view and change "member" information such as an individual's address on a case. Therefore, the employee could view information on the non-custodial parent of her friend's child without accessing case sensitive information. Restricting access to member information has been reviewed by DCSE personnel. However, they have not found a "viable automated solution" to this problem, and the division did not maintain documentation supporting the review, according to a DCSE official.

Improvements are needed in handling security violations and suspected incidents

DCSE personnel officers log all personnel reprimands, including reprimands for inappropriate computer system accesses. However, the personnel officers have only maintained a log of proven incidents on DCSE's computerized system resulting in reprimands, not suspected incidents. In addition, reprimands have not been reported to senior division management because personnel actions are considered confidential and the division's personnel officer said most reprimands are not security violations. Instead, they represent inappropriate use of the employee's authorized access, according to a DCSE personnel officer. Once senior management hands the case over to personnel officers, officials do not follow up on the suspected incidents. Technical support division personnel are only involved if they are asked to generate activity reports for personnel officers for the investigation and do not follow-up on suspected incidents.

According to a DCSE personnel officer, DCSE's personnel unit does not maintain logs of suspected incidents because, in most cases, by the time this unit is notified of these incidents, the employees have already been recommended for disciplinary action. Most unsubstantiated cases are not reported to division personnel, according to a DCSE personnel officer. Also, according to a DCSE official, division management does not follow-up because personnel issues are sensitive and the official does not believe division management needs to know about the reprimands. However, the FISCAM states, if a security violation has occurred, the control weakness allowing the breach to occur should be corrected. The FISCAM also states it is important an organization have formal written procedures for reporting suspected security violations to security management so trends can be identified, system owners can be alerted to potential threats, and appropriate investigations can be performed.

Tracking access has not been adequate

The department's security manual has not been updated regarding audit trails reviewed by the department's technical support division personnel. According to the code of federal regulations,⁹ DCSE personnel should monitor access to, and use of, the computerized child support enforcement system through audit trails and a feedback system to identify and prevent unauthorized access or use. The FISCAM defines an audit trail as a step-by-step history of a sensitive transaction. An audit trail can include source documents, electronic logs, and reports of accesses to restricted data.

As of July 2002, there were three audit trails listed in the department's security manual that were to be reviewed, and at that time, those audit trails were not being reviewed. However, during the course of our audit, the security group began reviewing a total of six audit trail reports. As of December 2002, security group personnel were still trying to determine the exact format of the audit trail reports and the proper follow-up procedures to apparent access violations.

Access to security software has not been properly restricted

The department has not established formal policies and procedures requiring the technical support division's security officer to review employees with group special access to security software, and prior to our audit, no reviews had been performed. The FISCAM states access to the security software should be restricted to a limited number of authorized persons within the security function to minimize the risk of unauthorized changes.

As of December 31, 2002, there were 14 technical support division users and one Department of Health and Senior Services user authorized to make changes through security software. The security software is used by the data center and the technical support division to restrict access to computer systems. Six of the 14 technical support division users with access to the security software are in the security group and should have the ability to add users to the system and administer access rights. However, after our inquiry on January 7, 2003, security group

⁹45 CFR 307.13.

personnel determined three users no longer needed this special access. In addition, the Department of Health and Senior Services employee will have special authority revoked because security group personnel determined it is no longer appropriate. However, these users were not actually revoked until we made a follow-up call on February 6, 2003 to determine if the revocation had been completed.

Five of the 14 users were not in the security group and, as of January 31, 2003, had not been reviewed by the security officer to determine whether they needed special access to security software. According to technical support division personnel, prior to 1992, these employees were in the group responsible for the functions the security group is now administering; therefore, these employees needed the ability to make changes through the security software. Even though the security group has taken over those responsibilities, these five employees retained the ability to make changes through security software. Technical support division personnel stated reviewing the access rights of these five employees is something either the security official or their group manager will have to do. Personnel also stated there is no set time or assurance it will be done. The FISCAM states access to very sensitive resources, such as security software programs, should be limited to very few individuals and users should only have the access needed to perform their duties. Additionally, the FISCAM states access rights should be periodically reviewed to ensure they remain appropriate.

Dial-up access to the computerized system has not been properly restricted or reviewed

The department's policies and procedures address granting general access to the department's computerized systems. However, policies and procedures do not specifically address granting access from a remote location using a modem. Additionally, users with dial-up access are not periodically reviewed to ensure access is appropriate. The FISCAM states access to the computerized system through dial-up should be limited because dial-up access can considerably increase the risk of unauthorized access, and system owners should periodically review access authorization listings.

DCSE's security officer provided us with a listing of 48 division computerized system users with dial-up access, which we determined to be inaccurate. We requested the same information from the data center's contractor who owns the dial-up software. The contractor's listing showed a total of 345 dial-up users with access to the system, and the last date each individual used the dial-up software. We noted that 263, or 76 percent, of the 345 dial-up users did not use dial-up capabilities during calendar year 2002. We also found one individual who transferred to the Department of Health and Senior Services in June 2002, who had dial-up access to DCSE's system until January 2003. At that time, due to our inquiries, technical support division personnel reviewed the listing of dial-up users and determined the individual no longer needed access to the system.

DCSE's security officer knew many users have dial-up access to DCSE's computerized system. However, the security officer indicated most of these users were not DCSE employees, and therefore, had read-only access to the system. She also stated security officers in each division have responsibility for their own employees' dial-up access. Prior to our initial inquiry, DCSE had not reviewed authorization listings to determine whether dial-up users still need access to its

system. As of February 25, 2003, DCSE is working with technical support division personnel to determine whether all division employees having access actually need access. Those users no longer needing dial-up access will lose this access, according to the DCSE security officer. Additionally, the security officer stated DCSE plans to periodically obtain a contractor generated listing of users with dial-up access from the technical support division and review it to ensure all users with the access still need this access. However, as of February 25, 2003, DCSE has not created formal policies and procedures for this review.

Conclusions

Department personnel, as well as non-department users, have not always followed procedures for revoking employee user IDs, and instead have relied on the department's technical support division personnel to revoke user IDs. Revocation of user IDs has not been timely and procedures for revoking user IDs have not addressed revoking user IDs when personnel have not accessed DCSE's computerized system for specified time periods. Because DCSE owns the data, it is DCSE's responsibility to ensure user IDs are revoked promptly. Department personnel also have not always followed procedures for resetting users' passwords. User IDs and passwords of former employees have also been shared after the employee has been terminated, and new DCSE employees are allowed to use supervisors' IDs. Personnel have issued multiple user IDs, in some cases circumventing security measures. By not following procedures for revoking employee IDs, resetting users' passwords, and allowing the sharing of passwords, department employees incur unnecessary risk unauthorized personnel can access sensitive information in DCSE's computerized system.

Criminal background checks have not always been conducted on newly hired or newly transferred employees, with access to DCSE's computerized system. DCSE personnel also have not established controls to mitigate the risk associated with individuals having access prior to completion of background checks. Not conducting background checks on employees, or establishing risk mitigation controls, also increases the risk of personnel accessing and misusing sensitive DCSE data.

DCSE had not established policies and procedures requiring reviews of user access rights. Additionally, technicians have access to all cases, not just those cases in their respective caseloads. Unrestricted access to sensitive information has led to some abuses at DCSE. Access violations, or suspected violations, on the division's computerized system are not tracked and reported to DCSE management. Policies and procedures for reviewing audit trails are not accurate and up-to-date. The department also has not properly restricted access to security software, and prior to our audit, no reviews had been performed in this area. Access to very sensitive resources, such as security software programs, should be limited to very few individuals. The department does not have policies and procedures to ascertain whether users still need this access. The department also does not have policies and procedures for granting access to DCSE's system via dial-up, or determining whether users still need remote dial-up access. Until these issues are resolved, DCSE cannot be assured sensitive computerized information is protected against unauthorized access and misuse.

Recommendations

We recommend the Director of the Department of Social Services require:

2.1 DCSE officials to:

- Ensure paperwork is completed and remitted timely to the technical support division when revoking user IDs for employees and non-department users who terminate, transfer, or no longer need access to DCSE's computerized system.
- Ensure employees do not share user IDs and passwords, and employees are not allowed to use multiple user IDs.
- Discontinue issuing multiple user IDs that result in bypassing security protocols.
- Track all suspected DCSE system access violations and report all suspected and proven violations to division management.
- Document policies and procedures for periodically reviewing user access rights for DCSE system users.
- Review policies allowing technicians read-only access to all cases and update access to all members on DCSE cases, to determine if this access is actually needed for the technicians to perform their duties.
- Develop specific policies and procedures for granting dial-up access to the computerized system. Additionally, this access should be reviewed periodically to ensure it remains appropriate.

2.2 The department's technical support division to:

- Establish a process for monitoring inactive user IDs, specifically for DCSE's computerized system.
- Ensure department password resetting protocols are properly followed.
- Develop accurate and up-to-date policies and procedures for reviewing audit trails, including who is responsible for reviewing audit trail reports and what follow-up action should be taken on apparent access violations.
- Develop policies and procedures to ensure only appropriate employees have access to make changes through security software.

2.3 Department officials to:

- Ensure criminal background checks are properly performed and documented on each newly hired or newly transferred employee with access to DCSE's computerized system.

Department of Social Services Comments

The Director of the Department of Social Services documented his comments in a letter dated April 29, 2003, which is reprinted in Appendix II, page 25.

SAMPLE METHODOLOGY AND RESULTS

This appendix describes how we identified study populations and our sampling methodologies for two statistical samples.

Audit Universe for Revoked Users IDs

To measure the number of user IDs revoked due to the monthly reports of terminations and inactivity, we reviewed a statistical sample of 98 user IDs from a study population of 1,708 user IDs, provided by DCSE, revoked during state fiscal year 2002. We based sample size on a 90 percent confidence level with a 7 percent precision and an expected error rate of 25 percent.

Based on the results of the sample, we estimate 53 percent of the study population, or 906 user IDs were revoked based on the monthly report of inactivity after the user's termination, transfer, or end of contracted job. Table I.1 displays sample results.

Table I.1: User IDs Revoked Through Termination Reports

Category	Result
Sample Size	98
IDs revoked without proper paperwork submitted	52
Point estimate error rate	53%
Point estimate quantity	906
Upper limit error rate	62%
Upper limit quantity	1,050
Lower limit error rate	45%
Lower limit quantity	760

We estimate 19 percent of the study population, or 331 user IDs, were revoked due to inactivity, but the users did not terminate, transfer, or end a contracted job. These users were current employees who simply did not use their access for the specified period of time. Table I.2 displays sample results.

Table I.2: Current Employees Revoked Due to Inactivity Reports

Category	Result
Sample Size	98
IDs revoked without proper paperwork submitted	19
Point estimate error rate	19%
Point estimate quantity	331
Upper limit error rate	27%
Upper limit quantity	460
Lower limit error rate	13%
Lower limit quantity	226

Audit Universe for Background Checks

To measure the number of newly hired or new transferred department employees, with access to the DCSE's computerized system, who had not had background checks, we reviewed a statistical sample of 93 user IDs from a study population of 850 newly hired or newly transferred department employees, provided by the department, who have access to DCSE's computerized system. We based sample size on a 90 percent confidence level with a 7 percent precision and an expected error rate of 25 percent. We also measured the average number of days it took to perform a background check from the date of hire or transfer to new position.

Based on the results of the sample, we estimate 13 percent of the study population, or 110 department employees, had not had any background checks performed on them since they started employment with the department. Table I.3 displays sample results.

Table I.3: Users With No Background Checks Performed

Category	Result
Sample Size	93
Department users hired with no background checks performed	12
Point estimate error rate	13%
Point estimate quantity	110
Upper limit error rate	20%
Upper limit quantity	168
Lower limit error rate	8%
Lower limit quantity	66

We estimate 4 percent of the study population, or 37 employees, had not had any background checks performed on them in their most current positions within the department. Table I.4 displays sample results.

Table I.4: No Background Check Performed for Current Position

Category	Result
Sample Size	93
Department users transferred to positions with no additional background checks performed	4
Point estimate error rate	4%
Point estimate quantity	37
Upper limit error rate	9%
Upper limit quantity	79
Lower limit error rate	2%
Lower limit quantity	13

COMMENTS FROM THE DEPARTMENT OF SOCIAL SERVICES



**MISSOURI
DEPARTMENT OF SOCIAL SERVICES**

P. O. BOX 1527
BROADWAY STATE OFFICE BUILDING
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65102-1527
TELEPHONE 573-751-4815, FAX 573-751-3203

BOB HOLDEN
GOVERNOR

Steve Rolling
DIRECTOR

RELAY MISSOURI
for hearing and speech impaired
TEXT TELEPHONE
1-800-735-2968
VOICE
1-800-735-2488

April 29, 2003

Honorable Claire McCaskill
Missouri State Auditor
P.O. Box 869
Jefferson City, Missouri 65102

Dear Ms. McCaskill

Below is the response of the Department of Social Services to your audit of the
"Division of Child Support Enforcement Computer Risk Management Program."

Risk and Disaster Plans

The Department of Social Services has a disaster recovery plan that covers all the major computer systems in the Department. The Missouri Automated Child Support System used by Division of Child Support Enforcement is just one of those systems.

Risk and disaster planning along with security controls in the computer operations of the Department of Social Services (DSS) and its Division of Child Support Enforcement (DCSE) have dramatically changed and improved during the period covered in this audit. From inception in 1994 until September of 2001 the main DCSE computer system (Missouri Automated Child Support System - MACSS) was under the complete control of a private contractor. During that period the development firm was fully responsible for risk assessment and disaster recovery. Since September of 2001, the Information Services and Technology Division (ISTD) has become responsible for this computer program and its operation and maintenance. Also during the audit period, the control and maintenance of the Department's mainframe computer hardware was shifted from the Department to the centralized State Data Center in 1997. Since then, risk management, data storage and disaster recovery of these 'hardware' items are under the control of the centralized State Data Center.

Moving the control of the MACSS system from a private contractor to the Department's Information Technology shop and consolidating computer hardware at the centralized State Data Center have provided substantial savings to the taxpayer. Fully implementing risk management programs, disaster recovery planning and security activities are an ongoing process of the Department and the State Data Center.

The 2003 disaster recovery test referenced in the audit, proved that by following the existing disaster recovery plan the Department can successfully bring all 47 computer program areas into operational condition within 3 days of a mock "major debilitating state disaster." Since the disaster recovery test in 2001, DSS has made continual improvement to the point where the DCSE system (along with many others) was up and operating within 72 hours.

"AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER"
services provided on a nondiscriminatory basis

Honorable Claire McCaskill
Page 2

From the successful 2003 disaster recovery test the Department can now prepare the additional documentation suggested by the auditor. DSS agrees with the audit recommendation and had already started work on a comprehensive risk management program by obtaining information protection assessment software from the Computer Security Institute and establishing a cross functional team within ISTD to oversee this project. DSS will adopt a policy to ensure disaster recovery policies and procedures are reviewed on a regular basis.

Security Controls

There are numerous components to an effective system of computer security controls. DSS has a fully developed system of electronic user IDs and passwords integrated into a Department wide security approval system for tracking those who have access to the DSS computers. This is a department wide system that includes the Child Support system.

In addition to the various department wide controls on access to the computer system, a security matrix exists within the MACSS computer system that restricts access to data depending on the employees user ID. Under the security matrix and user ID system, only those employees whose positions use and need access to sensitive information are given access. It is this added level of control and restriction that has given rise to the limited need for some employees to be given two user IDs.

Because of the restriction associated with each ID, the system will not allow an employee to have multiple location assignments or the access to perform duties outside their job assignment. To accommodate these situations and still maintain security, the employee who needs additional access is assigned separate IDs for each situation. This allows DSS to maintain all existing controls and track the actions of these employees in each special situation.

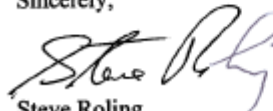
When an employee misuses the access provided their position through the ID and security matrix system in DCSE, personnel actions have and will follow. An employee's misuse of properly authorized access is a personnel issue. The Department has always investigated these situations and taken strong action when misuse is found.

"Dial up access" permits employees to access the system from a remote location and do their work while on the road or at an alternate work location. Existing security protocols require the employee to have a valid security clearance associated with their valid user ID, otherwise "dial up" gets no access to information. DSS will periodically review the users continued need for the dial up.

DSS will consider centralization of the new-hire background checks to improve timeliness and documentation. DSS will work with managers and supervisors to improve compliance with existing policies that the security access of terminated or transferred employees be revoked in a timely manner. Each of these actions will help ensure full compliance with existing Department policy.

I appreciate the opportunity to respond to the findings in this audit.

Sincerely,



Steve Roling
Director

SR/RS/km



**DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
TWO YEARS ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-43
May 14, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Agriculture, State Milk Board.

The Milk Inspection Fees Fund was established to receive fees collected from milk producers. The monies collected are used for inspection and compliance monitoring expenses, including payments to local health departments that contract with the State Milk Board to perform these services. Beginning in fiscal year 1995, the contracts provided for additional payments from a General Revenue Fund-State appropriation. The State Milk Board made payments totaling approximately \$1,254,000 and \$1,339,000 to the local health departments during the years ended June 30, 2002 and 2001, respectively.

The Springfield and St. Louis health departments were paid approximately \$58,000 and \$61,000 more than the amounts allowed by the contract during the years ended June 30, 2002 and 2001, respectively. The State Milk Board erroneously paid the local health departments at a rate that differed from the rate provided for in the contracts. Payments during July 2002 through September 2002 also exceeded the rate, but adjustments have been made.

It was also noted that the local health departments were paid approximately \$86,000 and \$128,000 more than the limit set by statute during the years ended June 30, 2002 and 2001, respectively. The total amounts paid to the contract agencies exceeded the statutory limit due to the payments from the General Revenue Fund-State appropriation. State law limits the total payment to each health department to five cents per one hundred pounds of milk or milk products. By limiting payments to the contract agencies to the statutory maximum, the State Milk Board could reduce its expenditures from the General Revenue Fund-State.

This concern has also been noted in prior reports.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor
and
Lowell Mohler, Director
Department of Agriculture
and
Terry S. Long, Executive Secretary
State Milk Board
Jefferson City, MO 65102

We have audited the accompanying Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments - Milk Inspection Fees Fund; Comparative Statement of Receipts - General Revenue Fund - State; and Comparative Statement of Appropriations and Expenditures of the various funds of the Department of Agriculture, State Milk Board as of and for the years ended June 30, 2002 and 2001. These financial statements are the responsibility of the board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Milk Inspection Fees Fund; the receipts of the General Revenue Fund-State; and the appropriations and expenditures of the various funds of the Department of Agriculture, State Milk Board as of and for the years ended June 30, 2002 and 2001, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 25, 2002, on our consideration of the board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the board's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

October 25, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Kenneth W. Kuster, CPA
Audit Manager: Regina Pruitt, CPA
In-Charge Auditor: John Lieser, CPA



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
and
Lowell Mohler, Director
Department of Agriculture
and
Terry S. Long, Executive Secretary
State Milk Board
Jefferson City, MO 65102

We have audited the financial statements of the Department of Agriculture, State Milk Board as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated October 25, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Department of Agriculture, State Milk Board are free of material misstatement, we performed tests of the board's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Department of Agriculture, State Milk Board, we considered the board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of the Department of Agriculture, State Milk Board and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 25, 2002 (fieldwork completion date)

Financial Statements

Exhibit A

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH AND INVESTMENTS - MILK INSPECTION FEES FUND

	Year Ended June 30,	
	2002	2001
RECEIPTS		
Milk inspection fees	\$ 1,380,978	1,422,998
DISBURSEMENTS		
Personal service	128,741	127,770
Employee fringe benefits	41,404	39,725
Cost allocation plan	15,511	0
Expense and equipment	102,277	124,590
Inspection contract costs	1,092,856	1,265,697
Total Disbursements	1,380,789	1,557,782
RECEIPTS OVER (UNDER) DISBURSMENTS	189	(134,784)
CASH AND INVESTMENTS, JULY 1	202,848	337,632
CASH AND INVESTMENTS, JUNE 30	\$ 203,037	202,848

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DEPARTMENT OF AGRICULTURE

STATE MILK BOARD

COMPARATIVE STATEMENT OF RECEIPTS - GENERAL REVENUE FUND-STATE

	Year Ended June 30,	
	<u>2002</u>	<u>2001</u>
Other inspection fees	\$ <u>12,920</u>	<u>13,724</u>
Total	\$ <u><u>12,920</u></u>	<u><u>13,724</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Payment of real property leases, related services, utilities and systems furniture and structural modifications for new FTE - Expense and Equipment	\$ 42,918	15,774	27,144 *	21,459	18,476	2,983
Personal Service and Expense and Equipment and for contractual services with local health agencies	175,397	159,155	16,242	221,350	213,937	7,413
Personal Service	149,496	118,620	30,876	148,656	125,189	23,467
Expense and Equipment	40,100	35,461	4,639	9,800	9,506	294
Total General Revenue Fund - State	407,911	329,010	78,901	401,265	367,108	34,157
MILK INSPECTION FEES FUND						
Personal Service	138,617	129,046	9,571	137,930	127,770	10,160
Expense and Equipment	233,518	91,044	142,474	137,421	104,126	33,295
Personal Service and Expense and Equipment and for contractual services with local health agencies	1,288,970	1,092,856	196,114	1,402,970	1,160,932	242,038
Payment of real property leases, related services, utilities and systems furniture and structural modifications for new FTE - Expense and Equipment	26,118	10,928	15,190 *	13,059	10,928	2,131
Total Milk Inspection Fees Fund	1,687,223	1,323,874	363,349	1,691,380	1,403,756	287,624
Total All Funds	\$ 2,095,134	1,652,884	442,250	2,092,645	1,770,864	321,781

* Biennial appropriations set up in fiscal year 2002 are re-appropriations to the next fiscal year. After the fiscal year-end processing has been completed, the unexpended fiscal year appropriation balance for a biennial appropriation is established in the next fiscal year. Therefore, there is no lapsed balance for a biennial appropriation.

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

Type of General Fixed Assets	Balance June 30, 2000	Additions	Dispositions	Balance June 30, 2001	Additions	Dispositions	Balance June 30, 2002
GENERAL REVENUE FUND - STATE							
Office furniture and equipment	\$ 29,790	2,594	(5,631)	26,753	0	0	26,753
Automobiles	14,000	0	0	14,000	11,500	0	25,500
Total General Revenue Fund - State	<u>43,790</u>	<u>2,594</u>	<u>(5,631)</u>	<u>40,753</u>	<u>11,500</u>	<u>0</u>	<u>52,253</u>
MILK INSPECTION FEES FUND							
Office furniture and equipment	192,604	3,705	(12,891)	183,418	0	(3,495)	179,923
Automobiles	14,000	22,400	(6,600)	29,800	0	(14,000)	15,800
Total Milk Inspection Fees Fund	<u>206,604</u>	<u>26,105</u>	<u>(19,491)</u>	<u>213,218</u>	<u>0</u>	<u>(17,495)</u>	<u>195,723</u>
Total General Fixed Assets	\$ <u>250,394</u>	<u>28,699</u>	<u>(25,122)</u>	<u>253,971</u>	<u>11,500</u>	<u>(17,495)</u>	<u>247,976</u>

The accompanying Note to the Supplementary Data is an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Department of Agriculture, State Milk Board.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Milk Inspection Fees Fund. Appropriations from this fund are expended by or for the board for restricted purposes.

Receipts are presented in Exhibit B for the General Revenue Fund-State. Receipts include monies the board collects during its normal activities and remits to the fund. These amounts are not necessarily related to appropriations.

Appropriations, presented in Exhibit C, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related funds but are used only to account for and control the board's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the board and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, present amounts when they are received or disbursed.

The Statement of Receipts, Exhibit B, also prepared on the cash basis of accounting, presents amounts when received.

The Statement of Appropriations and Expenditures, Exhibit C, is presented on the state's legal budgetary basis of accounting. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, both before and after June 30, 2000, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the two-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The board administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

Milk Inspection Fees Fund: This fund is authorized by Section 196.947, RSMo 2000, to receive all monies paid to the state for milk inspection. Expenditures, authorized by appropriations, are to be used exclusively for the purpose of defraying the costs of the state milk inspection program, which may include payments to other agencies for services provided related to the program. Any unexpended balances in this fund are perpetually maintained for the purposes of the fund.

General Revenue Fund-State: The board receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the board, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a monthly state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least one year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS

(retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statement at Exhibit A are the transfers from the Milk Inspection Fees Fund for costs related to salaries paid from that fund. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statement at Exhibit C.

2. Cash and Investments

The balance of the Milk Inspection Fees Fund is pooled with other state funds and invested by the state treasurer.

3. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit C as follows:

		<u>Milk Inspection Fees Fund</u>	
		<u>Year Ended June 30,</u>	
		<u>2002</u>	<u>2001</u>
DISBURSEMENTS PER EXHIBIT A	\$	1,380,789	1,557,782
Employee fringe benefits		(41,404)	(39,725)
Cost allocation plan transfer		(15,511)	
Lapse period expenditures:			
2000			(114,301)
EXPENDITURES PER EXHIBIT C	\$	<u>1,323,874</u>	<u>1,403,756</u>

4. Inspection Contract Costs

During the two years ended June 30, 2002, the State Milk Board contracted with the county of St. Louis and the city of Springfield to inspect Grade A milk supplies. This expenditure category represents the cost associated with these contracts paid from the Milk Inspection Fees Fund. During the years ended June 30, 2002 and 2001, an additional \$160,793 and \$198,852, respectively, was paid to these agencies from appropriations from the General Revenue Fund-State.

Note to the Supplementary Data:

5. General Fixed Assets

General fixed assets, which are recorded as expenditures when acquired, are capitalized at cost in the General Fixed Assets Account Group and are not depreciated.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Finding

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

We have audited the financial statements of the Department of Agriculture, State Milk Board as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated October 25, 2002.

The following Management Advisory Report presents our findings arising from our audit of the Department of Agriculture, State Milk Board's financial statements.

Milk Inspection Program

The Milk Inspection Fees Fund (MIF) was established to receive fees collected from milk producers. Section 196.945, RSMo 2000, allows the State Milk Board (SMB) to set fees not exceeding five cents per one hundred pounds of milk produced. The SMB set fees of 5 cents per one hundred pounds of instate milk and 4 cents per one hundred pounds of imported milk during each of the two years ended June 30, 2002. The monies collected are used for inspection and compliance monitoring expenses, including payments to local health departments that contract with the SMB to perform these services. The SMB contracts with the city of Springfield and St. Louis County health departments to provide these services in their specified areas.

The contracts with the Springfield and St. Louis Health Departments require the SMB pay each agency 4.75 cents per one hundred pounds of instate milk and 3.75 cents per one hundred pounds of imported milk inspected by the agency. Starting in the year ended June 30, 1995, the contracts provided for additional payments to be made from a General Revenue Fund-State (GRF-S) appropriation. The SMB made payments totaling approximately \$1,254,000 and \$1,339,000 to the two contract agencies during the years ended June 30, 2002 and 2001, respectively. These amounts include payments from the GRF-S totaling \$160,793 and \$198,852 during the years ended June 30, 2002 and 2001, respectively.

- A. The Springfield and St. Louis health department contract agencies were paid approximately \$58,000 and \$61,000 more than the amounts allowed by the contract during the years ended June 30, 2002 and 2001, respectively. The SMB erroneously paid the contract agencies at the rate of 5 cents per one hundred pounds of instate milk and 4 cents per one hundred pounds of imported milk instead of 4.75 cents and 3.75 cents, respectively, as required by the contract. Payments to the contract agencies during July 2002 through September 2002 also exceeded the contract rate. After we informed the Executive Secretary of the SMB of the error, he began paying the contract agencies at the proper rate and adjusted subsequent payments to correct for the overpayments made since July 1, 2002.

- B. The Springfield and St. Louis Health Department contract agencies were paid approximately \$86,000 and \$128,000 more than the limit set by statute during the years ended June 30, 2002 and 2001, respectively. The total amounts paid to the contract agencies exceeded the statutory limit due to the payments from the GRF-S appropriation. Section 196.947, RSMo 2000, limits the total payment to each health department to five cents per one hundred pounds of milk or milk products. The SMB believes the limit imposed by section 196.947, RSMo 2000, does not apply to the payments from the GRF-S appropriation. By limiting payments to the contract agencies to the statutory maximum, the SMB could reduce its expenditures from the GRF-S.

This condition was also noted in several prior reports.

WE RECOMMEND the SMB ensure payments to the local health departments for the inspection of milk and milk products do not exceed the amounts required by the contract or the limits established by state law. Fiscal year 2001 and 2002 should be reviewed and consideration given to making adjustments for compliance with contract terms.

AUDITEE'S RESPONSE

The State Milk Board recognizes the need to establish a cost analysis and address possible cost savings with contract expenditures of Milk Inspection Fee Fund monies. A cost study conducted during 2002 by the Board has lead to changes in fiscal year 2004 contract wording. The payments to contractees are to be limited by work accomplished rather than volumes of milk inspected alone. This has been reflected initially in lower contract caps as issued.

The auditor's findings of overpayments due to the use of General Revenue Fund monies is still a point of contention with the Board, due to differing interpretations of appropriated funds in regards to RSMo 196.947. The statute, in the Board's and our legal advisor's view, is clearly relating to the Milk Inspection Fees Fund and it's dispersal. This issue, however, will be eliminated in the upcoming fiscal year due to the Governor's budget eliminating the contracting General Revenue Fund item entirely and the Board's fiscal year 2004 contracts do not reflect any General Revenue Fund dispersal.

The Board's office has corrected current contract year payments to assure the 3.75 and 4.75 cents contract limits are not exceeded. The current accounting system will not allow after year corrections and the payment system previously used failed to limit yearly totals although apparently it did the first year audited under the new system. The year-end payments must still be calculated but in hopes that the estimates will be much closer to the actual amounts. The fiscal year 2004 contract dispersals will not be made by volume due to contract re-wording dispelling this problem in future contracting. The Board will review past fiscal year contract payment excesses found by the audit.

This report is intended for the information of the management of the Department of Agriculture, State Milk Board and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Agriculture, State Milk Board on findings in the Management Advisory Report (MAR) of our prior audit report issued for the year ended June 30, 2000. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the State Milk Board should consider implementing those recommendations.

1. Milk Inspection Program

- A. The SMB received annual budget estimates from each of the health department's milk inspection programs; however, actual cost data was not regularly obtained. In addition, it appears the fees collected from producers were not adequate to cover inspection costs as appropriations from General Revenue Fund-State were requested in fiscal years 1995 through 2000 to help cover payments to contractors. A comprehensive review of the fee structure was not performed to determine if a statutory fee increase was necessary to cover increased costs of inspection.
- B. Based on the SMB's records of milk produced in fiscal year 2000, it appears the Springfield and St. Louis County health department contract agencies were paid approximately \$41,716 and \$23,721, respectively, more than the limit set by statute.

Recommendations:

The SMB:

- A. Develop an estimated cost for the inspection and compliance monitoring program for each contractor's area and then compare these costs to Milk Inspection Fees Fund revenues for that area. Once this analysis is completed, the SMB should consider any justified changes in management responsibilities of the Springfield or St. Louis areas, or determine whether legislation increasing fees should be pursued to ensure sufficient monies are collected to cover costs of inspection and compliance monitoring.
- B. Ensure payments to the local health departments for the inspection of milk and milk products do not exceed limits established by state law or pursue legislation to amend state law to allow such payments.

Status:

- A. Partially implemented. In August 2002, the SMB formed a committee to develop an estimated cost to conduct the inspection and regulatory services currently performed by the contract agencies. The SMB plans to use the cost data as a basis for future

contracts with the contract agencies or, if necessary, assume the inspection and compliance monitoring programs in those areas. Although not repeated in the current MAR, our recommendation remains as stated above.

B. Not implemented. See the current MAR.

2. Rating Surveys

Official rating surveys performed by the Department of Health and Senior Services (DHSS) were conducted on an eighteen to twenty-four month schedule instead of annually as required by state law. Rating surveys provide two scores; one for sanitation and the other for enforcement of the Pasteurized Milk Ordinance. Results are provided to the United States Food and Drug Administration.

Recommendation:

The SMB, through the DHSS, ensure annual rating surveys are conducted as required by state law. In addition, the SMB should find alternative methods for monitoring its contractors' performance, such as linking contractee databases to its own.

Status:

Not implemented. However, the DHSS has hired an additional ratings officer and expects to begin completing surveys more frequently. Also, the U.S. Department of Health and Human Services recently evaluated the Missouri grade "A" milk and dairy program including the rating surveys of the DHSS and found no substantial problems. Although not repeated in the current MAR, the SMB and DHSS should ensure annual rating surveys are conducted as required by state law.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri State Milk Board was created in 1972 when the General Assembly adopted and the Governor signed into law House Bill No. 1280. In accordance with the Omnibus State Reorganization Act of 1974, the State Milk Board was transferred to the Department of Agriculture under a Type III transfer. Under a Type III transfer, the Director of the Department of Agriculture does not maintain supervision over substantive matters relating to policies and regulative functions of the State Milk Board.

Pursuant to Executive Order No. 82-9, effective August 13, 1982, “. . . All powers, duties, and functions vested in the Division of Animal Health and the Director of the Department of Agriculture with respect to administering and enforcing the provisions of Sections 196.520 through 196.610, RSMo 2000, (relating to The Missouri Manufacturing Milk and Dairy Market Testing Law) . . .” were transferred to the State Milk Board.

The State Milk Board consists of twelve members, ten of whom are appointed by the governor. The two remaining members of the board are the director of the Department of Health and Senior Services and the director of the Department of Agriculture or their designated representatives. An executive secretary serves as the administrative officer of the board, which administers the inspection of milk supplies.

The Fluid Milk Inspection Program is funded from milk inspection fees. To help cover inspection costs, the General Assembly appropriated \$175,397 and \$221,350 from the General Revenue Fund-State during the years ended June 30, 2002 and 2001, respectively. Section 196.945, RSMo 2000, limits milk inspection fees to five cents per one hundred pounds of fluid milk. The inspection fee is set by the board after holding a public hearing giving thirty days public notice. The inspection fee for the fiscal year ended June 30, 2000 was five cents per one hundred pounds of milk produced in Missouri and four cents per one hundred pounds for milk produced in other states and imported into Missouri. Imported milk is charged a lesser rate because the originating state inspects its producers.

During the two years ended June 30, 2002, the State Milk Board contracted with the county of St. Louis and the city of Springfield to perform inspections in those areas. The State Milk Board has management responsibility for the Kansas City area. The board's enforcement of statutes and regulations ensures that fluid milk and milk products are uniformly inspected, regulated, and graded throughout the state. The board's operation of the Fluid Milk Inspection Program is funded by the difference between the inspection fee collected and the contract payments to the other governmental units.

The Manufacturing Milk and Dairy Market Testing Law Program is funded by appropriations from the state's General Revenue Fund. The State Milk Board is responsible for the enforcement of laws relating to the sanitation and quality standards of milk used for manufacturing dairy products and to market test all milk at first point of sale. Milk producers, manufacturing plants,

field superintendents, testers, graders, samplers, and milk truck operators are also licensed under this program.

At June 30, 2002, State Milk Board members were as follows:

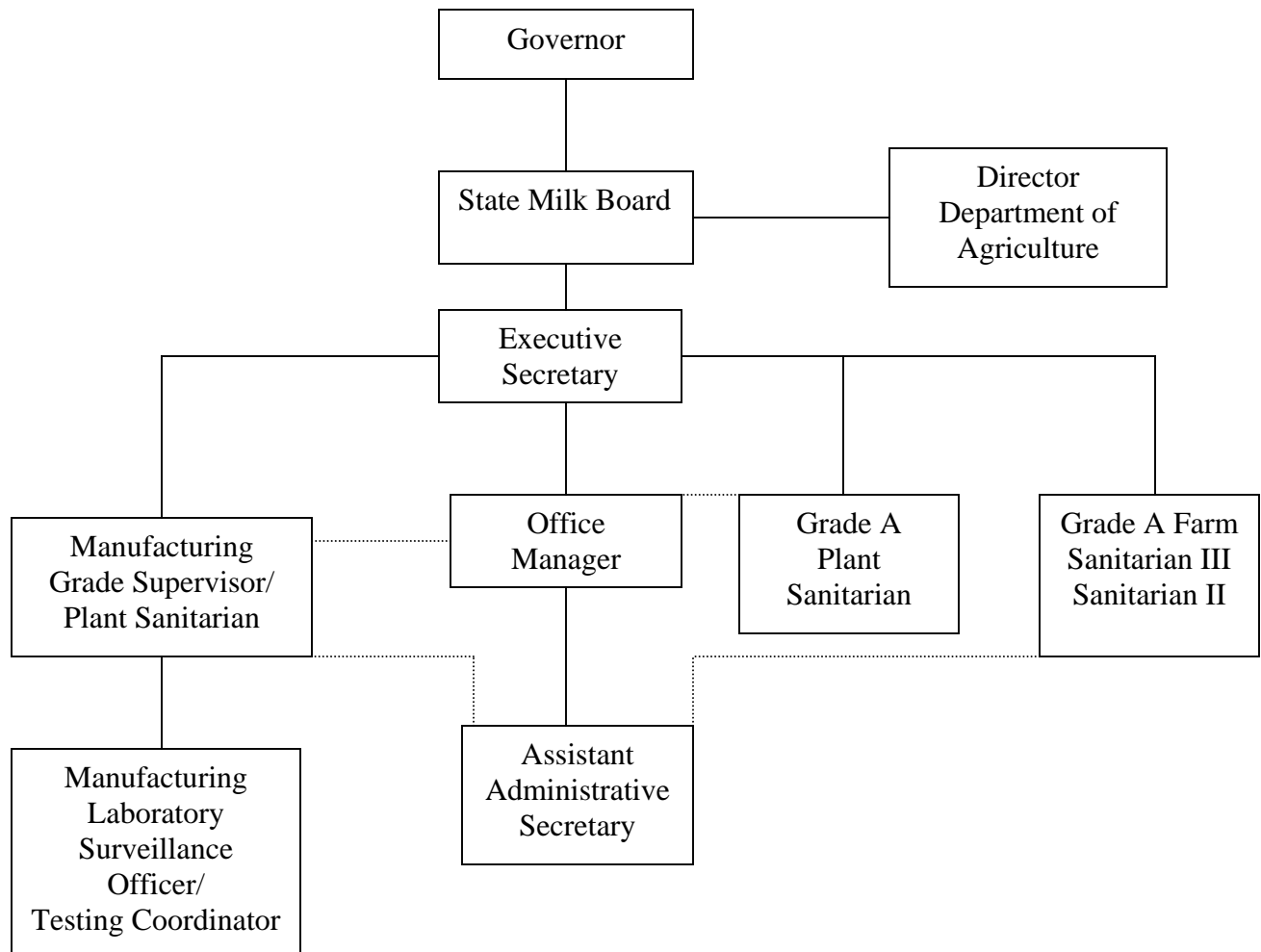
Name	Organization	Term Expires
Kate Geppert	Holstein Association	September 28, 2002 *
Ron Boyer	Springfield/Greene County Health Department	September 28, 2003
Robert W. Cary	Prairie Farms Dairy	September 28, 2006
Joyce Theard	St. Louis County Health Department	September 28, 2005
Randy Mooney	Consumers-at-large	September 28, 2003
Gale Hackman	Processing Plants	September 28, 2000 *
Dr. Chuck Massengill, DVM	Department of Agriculture	Ex Officio
Daryl Roberts	Department of Health and Senior Services	Ex Officio
William B. Siebenborn	Milk Producer Organization - Farm Bureau	September 28, 2006
Patricia M. Mahoney	St. Louis County Health Department	September 28, 2002 *

* Continues to serve until a replacement is appointed.

Note: There are two vacant positions on the board.

Terry S. Long serves as the Executive Secretary of the board. At June 30, 2002, the State Milk Board had seven employees. An organization chart follows.

DEPARTMENT OF AGRICULTURE
STATE MILK BOARD
ORGANIZATION CHART
JUNE 30, 2002



* * * * *



**CITY OF ASHLAND, MISSOURI
YEAR ENDED APRIL 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-42
May 12, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2003

The following problems were discovered as a result of an audit conducted by our office of the City of Ashland, Missouri.

The original construction contract for street, water, and sewer improvements on the Liberty Lane project totaled \$310,000, although the city incurred additional construction expenditures of approximately \$294,000 for change orders. Board minutes indicate \$223,000 of the change orders involved additional construction for water main improvements, however the city did not solicit bids for the additional construction included in the change orders. In addition, the city did not adequately document the planned and actual sources and uses of funding for the Liberty Lane project. Also, the city did not document that the actual expenditures from each fund represented appropriate uses of the restricted revenues of the applicable funds.

In July 1998, the city purchased land for \$150,000 located near the current city hall; however, this land has not been used by the city. City officials indicated the city intended to build a new city hall and city library on this land; however, no formal plans were prepared for such a project. The city did not obtain an appraisal prior to the purchase of the land.

The city makes payments to the City Administrator which appear to be taxable compensation but are not reported on his W-2 forms. Since July 2001, he has received a monthly vehicle allowance of \$400 but is not required to report any expenses incurred on behalf of the city. In addition, the city has no documentation to show that this allowance amount is reasonable, as the employment contract does not adequately define which expenses are covered in this allowance.

The city's current payroll procedures do not ensure that payroll expenses are allocated to the proper funds. Each employee's salary is paid from one fund regardless of how each employee's duties and functions overlap the various city services. It is essential the city properly allocate employee salaries to the various funds.

The city's budget for the year ending April 30, 2003 was not passed by ordinance, signed by the board, or retained with board meeting minutes. Therefore, it is unclear what budget documents were approved by the board. In addition, the city's budgets did not adequately project the revenues and expenditures of some funds, document some interfund transfers, nor reflect accurate prior years' revenues.

(over)

YELLOW SHEET

statements that were published did not include detailed sources or categories for receipts and expenditures. In addition, the city had not submitted annual financial statements to the State Auditor's Office, as required by state law, since the year ended April 30, 1999.

Also included in the audit are recommendations related to procurement procedures, meeting minutes, and ordinances.

All reports are available on our website: www.auditor.state.mo.us

CITY OF ASHLAND, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Board of Aldermen
City of Ashland, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Ashland, Missouri. The city had engaged William E. Wooldridge Jr., Certified Public Accountant (CPA), to audit the city for the year ended April 30, 2002. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended April 30, 2002. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Ashland, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

December 6, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Christina L. Brown
Audit Staff:	Turan Hirji

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF ASHLAND, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Construction Projects
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The city incurred significant expenditures on various street, water, and sewer improvements. Our review noted concerns with a project on Liberty Lane during 2000 and 2001.

- A. While the original construction contract on this project totaled \$310,000, the city incurred additional construction expenditures of approximately \$294,000 for change orders. Board minutes indicate \$223,000 of the change orders involved additional construction for water main improvements, including a hook-up to a new elementary school. While board approval for these changes was documented, it would appear the city should have solicited bids for the additional construction included in the change orders.

Change orders are normally used to make adjustments for minor problems that are unknown when construction projects are originally bid. They should not be used to make significant changes to existing contracts. The city should ensure that all aspects of the projects are adequately bid.

- B. The city did not adequately document the planned and actual sources and uses of funding for the Liberty Lane project. Boone County provided \$262,000 for the project, and city officials indicated the remaining funding came from various city funds, including capital improvement sales tax, water and sewer bond proceeds, and the city's Street and General Funds. The city did not document the proposed funding breakdown during the planning stage of this project. In addition, the city did not document that the actual expenditures from each fund represented appropriate uses of the restricted revenues of the applicable funds. For example, for \$126,671 paid from water and sewer bond proceeds, the city could not provide documentation to show that these payments represented water and sewer system improvements.

Proper planning for major capital improvements should include documentation of the funding sources of the project. In addition, to ensure restricted revenues are used properly, the city should maintain adequate documentation to support disbursements from restricted revenues.

WE RECOMMEND the Board of Aldermen:

- A. Ensure all aspects of construction projects are adequately bid.

- B. Ensure planned funding sources are documented for all major capital improvements and maintain adequate documentation to support disbursements from restricted revenues. The board should review all expenditures for the Liberty Lane project to ensure amounts were paid from the proper funds and make correcting entries to the applicable fund balances if necessary.

AUDITEE'S RESPONSE

The Board will take the recommendations under advisement. The city adopted formal procurement policies on April 9, 2002 to provide guidance for future projects. These policies are now part of the city's Code of Ordinances that will help present and future boards with their actions. The city has also hired new personnel that are more knowledgeable of accounting principles to maintain fund balances and project files that will help the board have accurate information for decisions.

2. Land Purchase

In July 1998, the city purchased land for \$150,000 located near the current city hall; however, this land has not been used by the city and is currently vacant. City officials indicated the city intended to build a new city hall and city library on this land; however, no formal plans were prepared for such a project. The city did not obtain an appraisal prior to the purchase of the land. In addition, the city borrowed \$116,000 to help pay for the land and paid \$15,890 in loan interest from July 1998 to April 2002. The loan principal balance at April 30, 2002, was \$41,890.

The city should either develop formal plans for the use of this land or consider selling the land. Good business practices require that adequate planning be performed and public input be obtained prior to approving a significant capital expenditure such as this. In addition, appraisals should be obtained prior to the purchase of real property to ensure fair value is paid for the property.

WE RECOMMEND the Board of Aldermen establish a formal plan for the use of the land or consider selling the land. Future purchases of real property should be done only upon the preparation of formal documented plans for its use. In addition, independent appraisals should be obtained prior to all real property purchases.

AUDITEE'S RESPONSE

The Board will take the recommendation under advisement. The board will establish a formal plan for the use or disposal of the land and obtain independent appraisals on future land acquisitions.

3.**Taxable Compensation**

- A. The city makes payments to the City Administrator which appear to be taxable compensation but are not reported on his W-2 forms. Since July 2001, he has received a monthly vehicle allowance of \$400 but is not required to report any expenses incurred on behalf of the city. IRS regulations require travel and expense reimbursements be reported on the recipients' W-2 forms unless the recipients are required to report the related expenses to their employer.

In addition, the City Administrator's employment contract indicates the vehicle allowance shall cover local vehicle expenses but does not adequately define which expenses are covered in this allowance. City officials indicate the allowance is intended to cover trips from Ashland to Columbia and Jefferson City; however, the city has no documentation to show that this allowance amount is reasonable compared to actual expenses incurred by the City Administrator. Using the 2002 federal mileage reimbursement rate of \$.365 per mile, a \$400 monthly allowance represents approximately 1,100 miles per month. The board should require the City Administrator to document his mileage and vehicle expense while conducting city business to ensure the reasonableness of the monthly allowance.

- B. For 2001 and prior years, the city did not file Form 1099-MISC for payments of \$600 per year to applicable non-employees as required by the Internal Revenue Code. Apparently, applicable city personnel were not aware of the requirements to file Form 1099-MISC. The city has filed applicable forms for payments made during 2002. The city should review payments made during 2001 and prior years and contact the IRS to determine how any applicable payments should be reported.

WE RECOMMEND the Board of Aldermen:

- A. Review the reasonableness of the \$400 monthly vehicle allowance and amend the employment contract to clearly define what types of vehicle expenses are to be covered by the allowance. In addition, the city should report as taxable compensation on W-2 forms the monthly allowance paid, or require the City Administrator to report actual vehicle expenses incurred while conducting city business. Prior years' W-2 forms should be amended as applicable.
- B. File Form 1099-MISC for all payments as required by IRS regulations and contact the IRS to determine how to report applicable payments for 2001 and prior years.

AUDITEE'S RESPONSE

The Board will take the recommendations under advisement for consideration with the benefit package for the City Administrator during his next evaluation in July of this year. The board will direct staff to consult with our auditor to ensure this and other vehicle compensations are properly reported. Current city staff are knowledgeable of Form 1099 reporting requirements and will continue to file these as required.

4. Expenditures

A. Some city expenditures did not comply with certain provisions of the city's procurement policy or state law as follows:

1. The city has not periodically solicited proposals for engineering services. The city has used the same engineer since 1997. During the year ended April 30, 2002, the city spent \$18,744 for engineering services.

The city's policy and Sections 8.285 through 8.291, RSMo 2000, provide that when obtaining engineering services for any capital improvement project, at least three highly qualified firms should be considered. The firms should be evaluated based on specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located.

2. Written contracts were not retained or have not been updated for engineering and legal services. The contract with the engineer has not been updated since 1997 and the city did not prepare or retain any contracts for legal services. Section 432.070, RSMo 2000, requires contracts to be in writing.
3. The city purchased a lawn tractor for \$14,487 and obtained price quotes by phone and fax. City policy states that bids shall be solicited by newspaper publication for any purchase of personal property over \$3,000.
4. The city paid \$27,950 for water pump repairs and \$3,751 for light pole repairs without soliciting bids as required. City officials indicated these were considered emergency repairs so bids were not solicited. However, the city could not provide documentation or board approval for the emergency nature of these purchases.

Procurement policies are necessary to ensure the city receives fair value on significant purchases. In addition, competitive bidding and soliciting proposals help ensure all interested parties are given equal opportunity to participate in city business. The city should ensure compliance with its procurement policies.

- B. The city's procurement policy indicates competitive bids or proposals are not required for legal and accounting services. While the city did solicit proposals from CPA firms for its most recent financial statement audit, the city has not solicited proposals or retained documentation of proposals solicited for legal services. City officials indicated proposals were solicited for the services of the city attorney but could not locate the related documentation. During the year ended April 30, 2002, the city spent \$14,770 for city attorney services, \$6,934 for city prosecutor services, and \$6,962 for legal services related to a potential tax increment financing project. The city should consider amending its policy and require periodic solicitation of proposals for legal and accounting services.
- C. The city's current payroll procedures do not ensure that payroll expenses are allocated to the proper funds. Each employee's salary is paid from one fund regardless of how each employee's duties and functions overlap the various city services. For example, the City Administrator and the Maintenance Supervisor are paid from the Sewer Fund, the City Clerk, City Treasurer/Deputy City Clerk, Utility Clerk, and a maintenance employee are paid from the Water Fund, and two maintenance employees are paid from the Street Fund. The city could provide no documentation on how it was determined from which fund these individuals should be paid. In fact, the two maintenance employees identified only 67 of 1,038 hours on their September, October, and November 2002, timesheets related to street functions.

It is essential the city properly allocate employee salaries to the various funds. This information is needed for the city to properly establish uses charges for water and sewer services. Furthermore, the use of certain funds, such as the Street Fund, are limited by state law or city ordinance for specific purposes. Therefore, documentation of expense allocation is useful for both management and compliance purposes.

- D. Expenditure lists are prepared for board review and approval for regular meetings, which are held on the second and fourth Tuesdays of the month. Payroll disbursements and some disbursements made after the fourth Tuesday and before the beginning of the following month are not included on the expenditure lists but are included in reports that show budgeted and actual receipts and disbursements. The expenditure lists are not retained with the official meeting minutes and are not signed or initialed by the board to indicate approval.

To ensure board approval of all city expenditures, the expenditure lists should include all city disbursements, should be signed or initialed by the board, and be retained with the board minutes.

- E. During the year ended April 30, 2002, the city spent \$408 for flowers and balloons for officials and employees and \$1,092 for an annual Christmas banquet (including gift certificates) for employees, officials, and invited guests. The city's residents place a fiduciary trust in their public officials to expend public funds in a

necessary and prudent manner. The above expenses do not appear to represent a necessary and prudent use of public funds.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the city procurement policies and state laws are followed by soliciting bids and proposals for all applicable purchases, retain documentation of all bids and proposals, and prepare adequate documentation, including reasons and board approval, for all emergency purchases. In addition, all contracts should be in writing.
- B. Consider amending the city's procurement policy and require periodic solicitation of proposals for legal and accounting services.
- C. Ensure all salary expenditures are properly allocated to the various funds and are supported by adequate documentation.
- D. Ensure all disbursements are included on the expenditure lists and document approval by signing or initialing the lists and maintaining the lists with the meeting minutes.
- E. Ensure all expenditures of city monies are a prudent use of public funds.

AUDITEE'S RESPONSE

- A.1.
& 2. *The board will take these recommendations under advisement. The city has prepared a list of 39 services that the city has contracts or agreements. These agreements range from utility franchise agreements to an agreement for solid waste service down to an agreement for monthly pest control services. This list includes current service provider and dates when the service needs to be advertised. We have prepared files for professional services that include requests for proposals, scope of services, advertisements, proposal evaluation forms, and contract documents. The city has recently advertised, evaluated proposals, and entered into new contracts for City Attorney, Prosecuting Attorney, and Auditor services. City Engineer proposals are currently being evaluated.*
- A.3. *The board has adopted new procurement policies as referenced above for the purchase of equipment and services.*
- A.4. *The city staff will take emergency repair issues to the board for formal approval as soon as practical based on the nature of the emergency.*
- B. *The board will take this recommendation under advisement. Proposals have been advertised, reviewed and new contracts approved by the board for legal and auditing services.*

- C. *The board will take this recommendation under advisement. A review of each employee's time spent on various tasks will need to be performed to make informed decisions on the distribution of personal service expenses to the various funds. The board will evaluate the distribution of each employee's time.*
- D. *The board will take this recommendation under advisement. Detailed expenditure reports are prepared for the board to approve at each of their meetings. After approval, the report is signed by the mayor and is filed with the meeting minutes.*
- E. *The board will take this recommendation under advisement. The city has established a Friends of Ashland not-for-profit entity that employees, elected officials, and others can contribute to. This fund will be used for the City's Annual Appreciation Dinner. In December 2002, the dinner was held with donated funds without use of public funds. The city has also set up a Compassion Fund that employees and elected officials can contribute to for flowers and cards for funerals or illnesses. Public funds are no longer used for these purposes.*

5.	Budgets and Financial Reporting
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- A. Our review of the city's budgets and related procedures noted the following concerns:
 - 1. The budget for the year ending April 30, 2003, and subsequent budget amendments were not passed by ordinance, signed by the board, or retained with the board meeting minutes. Budget documents initially provided by the city did not include some information required by state law. As a result, it is unclear what budget documents and other budget information were approved by the board of aldermen.
 - 2. The budget for the year ended April 30, 2002, included estimated transfers-in for the Sewer and Capital Improvements Funds. However, the budgets did not include any corresponding transfers-out from other funds. In addition, the purpose of these transfers was not documented. Without these budgeted transfers, it appears sufficient resources would not have been available to provide balanced budgets for these funds. Section 67.010.2, RSMo 2000, prohibits deficit budgeting; therefore, it is important that the source of these budgeted transfers be completely documented.
 - 3. For the year ended April 30, 2002, estimated revenues and expenditures for the Sewer and Capital Improvements Funds were significantly higher than the actual amounts as follows:

Fund	Budget	Actual
Sewer Revenues	366,690	228,749
Sewer Expenditures	507,443	199,162
Capital Improvements Revenues	318,200	132,162
Capital Improvements Expenditures	349,400	141,980

City officials indicated the budgeted amounts included some capital projects that were originally projected to be completed during the fiscal year, but for various reasons were not completed. The city did not prepare budget amendments to reflect the delays in completion of these projects. Budget amendments should be prepared when unplanned events cause the original budget estimates to be inaccurate.

4. Prior years' actual revenue totals are inaccurate because the totals include amounts called "Profit Handlers." These amounts are similar to annual profit or loss amounts and do not allow for proper comparisons between the current year's estimated amounts and prior years' historical amounts.

Section 67.010, RSMo 2000, requires each political subdivision of the state to prepare an annual budget with specific information. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. The budgets should include appropriate and reasonable revenue and expenditure estimations, the purpose and source of all transfers, and accurate actual revenues and expenditures for the two preceding years.

Further, Sections 67.030 and 67.040, RSMo 2000, require budgets and budget amendments to be adopted by order, motion, resolution, or ordinance and reasons for amendments to be documented in a resolution. In addition, budgets and budget amendments should be signed by the mayor and/or board and retained with the official minutes to adequately document the board's approval.

- B. The city did not publish financial statements for the six month periods ended April 30, 2001 and 2000. In addition, the financial statements that were published included only beginning and ending balances and total receipts and expenditures for each fund, and did not include detailed sources or categories for receipts and expenditures.

Section 79.160, RSMo 2000, requires the Board of Aldermen to prepare and publish, semi-annually, a full and detailed account of city receipts and expenditures. Accurate and detailed financial statements are necessary to keep citizens informed of the financial activity and condition of the city. In addition, Section 79.165, RSMo 2000, states the city cannot legally disburse funds until the financial statements are published.

- C. The city had not submitted annual financial reports or audited financial statements to the State Auditor's Office, as required by state law, since the year ended April 30, 1999. Upon the start of our audit in November 2002, the city submitted its audited financial statements to the State Auditor's Office for the years ended April 30, 2000, 2001, and 2002.

Section 105.145, RSMo 2000, requires political subdivisions to file an annual report of the financial transactions of the political subdivision with the State Auditor's Office.

WE RECOMMEND the Board of Aldermen:

- A.1. Formally adopt the annual budgets and budget amendments and ensure the budgets include all information required by state law. In addition, the mayor and/or board should sign the budgets and budget amendments to indicate board approval and retain them with the official board minutes.
2. Ensure the source and purpose of all budgeted fund transfers is documented.
3. Prepare reasonable estimates of revenues and expenditures for each fund and prepare budget amendments when necessary.
4. Ensure actual prior years' revenues are accurately reported on the budgets.
- B. Publish detailed semiannual financial statements as required by state law.
- C. Submit annual financial reports to the State Auditor's Office as required by state law.

AUDITEE'S RESPONSE

- A.1. *The board will take this recommendation under advisement. The board will continue to formally adopt annual budgets and budget amendments. Recently the board adopted a revised budget for the 2002-03 fiscal year. A detailed report was prepared stating every account that had a change and the reason for the change. Copies of the revisions were signed by the mayor and kept on file with the minutes.*
- A.2. *The board will take this recommendation under advisement. The city has worked closely with their auditor and followed recommendations to rectify problems that led to problems with the budget process. The city has also taken action to keep personnel in the treasurer's position that are knowledgeable of general accounting procedures. Budget sheets will clearly show the fund transferred from and to and how they balance.*
- A.3. *The board will take this recommendation under advisement. The board will review the draft budget to insure annual revenues meet the annual fixed expenditures of the city. Revenues and expenditures for larger projects will be carefully reviewed before they are*

included in the budget. The board will carefully review the budget to ensure operating revenues are used to pay operating expenses and special projects are paid with the identified revenue sources.

Budgets will be reviewed and amended by the board on a more frequent basis. Amendments will be done by ordinance and signed by the mayor and retained with the meeting minutes. Details of the reason for the amendments and specific accounts amended will be kept with the approved and signed minutes.

- A.4. The board will take this recommendation under advisement. The board will direct staff to insure that the "Profit Handler" feature of the software does not distort revenues or expenses. The city is having a software upgrade installed on May 5 and 6, 2003, along with on-site training for all administrative personnel.*
- B. The board will take this recommendation under advisement. With the improvements that have been made in the city's accounting records in the past twelve months, we will be able to publish the required detailed financial statement in a timely manner.*
- C. The board will take this recommendation under advisement. The city has provided copies of all audit reports to date upon notice that this needed to be done. The city will submit future audits annually.*

6. Meeting Minutes and Ordinances
--

- A. The board regularly conducts closed meetings but does not always prepare minutes of the meetings. Minutes of applicable open meetings did not always indicate the reasons and votes taken to go into closed session, the decisions made and votes taken in closed session, that the closed meeting ended and open meeting resumed, or the adjournment of the open meeting.

Section 610.021, RSMo 2000, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and certain personnel issues, and requires the votes taken and final decisions to be made public. Section 610.022, RSMo 2000, requires the board to vote in open session to close a meeting and to announce publicly the reasons for going into closed session. This law also provides that public governmental bodies shall not discuss, record, or vote on any other business during the closed meeting that differs from the specific reasons used to justify such meeting. Minutes of closed meetings are necessary to ensure compliance with applicable laws.

- B. Board minutes are prepared by the city clerk; however, they are not signed. The board minutes should be signed when prepared by the city clerk. The minutes should also be signed by the mayor to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

- C. The city has not adopted ordinances to establish the compensation and duties of elected and appointed officials or employees. Section 79.270, RSMo 2000, requires the compensation of officials and employees to be set by ordinance, and the salary of an official shall not be changed during the term of election or appointment. Section 79.290, RSMo 2000, requires the duties of all officials be set by ordinance.

Compensation rates set by ordinance, in addition to meeting statutory requirements, document the approved amounts to be paid and eliminate potential misunderstandings on the amount each city official and employee is to receive, and is necessary to ensure the compensation of an official is not changed during the term of office. Ordinance hearings provide for public input and information concerning the compensation paid. In addition, documentation of duties and job descriptions would clarify the duties and responsibilities of each official and employee and prevent misunderstandings.

- D. Ordinances establishing the city treasurer's bond amount and the city clerk's term of office have not been adopted as required by Sections 79.300 and 79.320, RSMo 2000, respectively. In addition, the city does not bond any officials or employees with check signing authority or access to cash assets. This includes the mayor, mayor pro-tem, city treasurer, city clerk, and city administrator. Failure to properly bond all persons with access to assets exposes the city to risk of loss.

WE RECOMMEND the Board of Aldermen:

- A. Prepare minutes for all closed sessions, and ensure the applicable open meeting minutes include all information regarding the closed session as required by state law. This includes taking a vote and stating the reasons for going into closed session, and disclosing the votes taken and decisions made in closed session. In addition, the open meeting minutes should document the return from closed session and final adjournment.
- B. Require the board minutes be signed by the city clerk upon preparation and the mayor upon approval.
- C. Establish ordinances setting the compensation and duties for all elected and appointed officials and employees as required by state law.
- D. Establish ordinances for the city treasurer's bond amount and the city clerk's term of office, as required by state law. In addition, the board should consider obtaining bond coverage for all officials and employees with check signing authority and access to cash assets.

AUDITEE'S RESPONSE

- A. *The board will take this recommendation under advisement. The board will clearly note the purpose of the closed session in their motion and the clerk will include it in the minutes. Clear record of all votes taken throughout will be included in the minutes and reportable actions will be clearly stated when the open session resumes. Minutes of closed and open session will be prepared in a timely manner and will be made a part of the permanent city records.*
- B. *The city clerk and mayor will sign the approved minutes.*
- C. *The board will take this recommendation under advisement. The board will direct the city attorney to prepare the necessary ordinances to meet the requirement. The board will direct the city clerk to place a reminder on the calendar to annually have the board take this action.*
- D. *The board will take this recommendation under advisement. The city has recently obtained bond coverage for the city clerk, the treasurer/deputy city clerk, the mayor, mayor pro-tem, and city administrator.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF ASHLAND, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Ashland is located in Boone County. The city was incorporated in 1877 and is a fourth-class city. The population of the city in 2000 was 1,869.

The city government consists of a mayor and six-member board of aldermen. The members are elected for two-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other principal officials at April 30, 2002, were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Compensation Paid for the Year Ended April 30, 2002</u>	<u>Amount of Bond</u>
Alan Bauer, Mayor (1)	April 2004	\$ -0-	\$ -0-
Mike Asmus, Alderman Ward 1 (2)	April 2004	-0-	-0-
Tony Russell, Alderman Ward 1 (3)	April 2003	-0-	-0-
Linda Miller, Alderwoman Ward 2	April 2003	-0-	-0-
Price Nichols, Alderman Ward 2	April 2004	-0-	-0-
Randy Eckley, Alderman Ward 3	April 2004	-0-	-0-
Fred Klippel, Alderman Ward 3 (4)	April 2003	-0-	-0-
<u>Other Principal Officials</u>			
Ken Eftink, City Administrator (5)		52,287	-0-
Darla Sapp, City Clerk		33,438	-0-
Barbara Henke-Christopher, City Treasurer/Deputy City Clerk (6)		2,288	-0-
Melvin Rupard, Chief of Police		39,242	-0-
Nathan Nicholaus, City Attorney (7)		14,770	-0-
Mick Wilson, City Prosecutor (7)		6,934	-0-

- (1) Elected in April 2002 replacing Charles Campbell.
- (2) Elected in April 2002 replacing John Johnson.
- (3) John Johnson was elected in April 2003.
- (4) Appointed in April 2002 to replace Alan Bauer who was elected Mayor. Carl Long was elected in April 2003.
- (5) Compensation amount does not include vehicle allowance payments of \$4,800.
- (6) Replaced Dora Calvin in February 2002, who resigned and whose compensation for the year was \$19,589.
- (7) Compensation paid to the attorneys' law firms.

On April 30, 2002, the city employed 15 full-time and 1 part-time employees.

Assessed valuations and tax rates for calendar year 2002 were as follows:

ASSESSED VALUATION

Real estate	\$ 17,197,125
Personal property	<u>3,867,252</u>
Total	\$ <u>21,064,377</u>

TAX RATES PER \$100 ASSESSED VALUATION

	<u>Rate</u>
General	\$ 0.2906
Debt service	0.4400

The city has the following sales tax; the rate is per \$1 of retail sales:

	<u>Rate</u>
General	\$ 0.01
Capital improvement	0.005



**DEPARTMENT OF CORRECTIONS
WESTERN MISSOURI CORRECTIONAL CENTER**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-41
May 1, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Corrections, Western Missouri Correctional Center.

The Western Missouri Correctional Center (WMCC) opened in November 1988. The facility is located on 385 acres one-half mile north of Cameron, Missouri and is a medium security facility. This facility has a maximum capacity of 2,619 offenders who are housed in ten housing units.

The WMCC maintenance department uses a computer system to maintain a parts inventory valued at approximately \$509,000. This inventory contains numerous parts that are needed for repairs to the facility's buildings and equipment. Offender workers are allowed inappropriate access to the computer system and are not properly supervised. Offenders are allowed access to the computers so they can assist with data entry and develop database queries to generate monthly summary and detail reports. Because these computers have access to the Department of Corrections (DOC) mainframe computer, these offenders potentially have access to offender records and various accounting records. It was also noted that offender workers are not visible from the storekeeper's workspace and may not be observed for long periods of time.

Cell search policies and documentation need improvement. Although, the WMCC Standard Operating Procedure appears to indicate that each occupied offender area should be searched three times monthly, once on each shift, WMCC facility personnel indicated they interpret the policy to require each offender cell or bay area bed to be searched once each month. Furthermore, despite the standard search report form used, the various housing unit personnel were not consistent in their documentation methods. As a result, it is not clear that all required cell searches were performed.

The WMCC Superintendent does not properly report or document state vehicle usage as required by DOC policy for assigned vehicles.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

DEPARTMENT OF CORRECTIONS
WESTERN MISSOURI CORRECTIONAL CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Gary B. Kempker, Director
Department of Corrections
and
Steve Moore, Superintendent
Western Missouri Correctional Center
Cameron, MO 64429

We have audited the Department of Corrections, Western Missouri Correctional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review institutional compliance with certain legal provisions, regulations, and departmental policies.
2. Review the efficiency and effectiveness of certain management practices and operations.
3. Review certain revenues received and certain expenditures made by the correctional center.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the correctional center's revenues, expenditures, contracts, applicable legal provisions, rules and regulations, and other pertinent procedures and documents, and interviewed correctional center and other state personnel.

As part of our audit, we assessed the correctional center's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional

procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the correctional center's management and was not subjected to the procedures applied in the audit of the Department of Corrections, Western Missouri Correctional Center.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Corrections, Western Missouri Correctional Center.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 19, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Tiffany Blew, CPA
Audit Staff:	Cynthia Freeman
	Naima Ramlatchman

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF CORRECTIONS
WESTERN MISSOURI CORRECTIONAL CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Maintenance Department
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The Western Missouri Correctional Center (WMCC) maintenance department maintains a parts inventory. According to the June 2002 inventory report, the parts inventory was valued at approximately \$509,000. This inventory contains numerous parts (such as plumbing supplies, electrical supplies, nuts, bolts, belts, and gaskets) that are needed for repairs to the facility's buildings and equipment. There are 36 employees assigned to this department, some of which maintain the parts inventory and process work orders and others that supervise and perform the repairs. Several offender workers also perform tasks for this department. Our review of the maintenance department noted the following concerns:

- A. Offender workers are allowed inappropriate access to the computer system and are not properly supervised. Offender workers perform most tasks related to stocking and issuing parts inventory, while the storekeeper performs the clerical work. While working in the parts inventory area, the offenders are not visible from the storekeeper's workspace and may not be observed for long periods of time. Offender workers are allowed access to the computers so they can assist with data entry and develop database queries to generate monthly summary and detail reports. Because these computers have access to the Department of Corrections (DOC) mainframe computer, these offenders potentially have access to offender records and various accounting records.

The DOC Institutional Services Policy IS4-1.6 and the WMCC Standard Operating Procedure (SOP) 4-1.6 prohibits offenders from having access to computers and requires all employees with mainframe access to sign a computer security access form, agreeing to not allow offenders to have access to computers either by physical contact or viewing the screen.

- B. In early 2002, the maintenance department's computerized inventory system experienced an equipment failure and all parts inventory information was lost. There were no paper records retained, nor were any backups of the computer files maintained. As a result, all inventory information had to be re-entered into the new inventory system. Backup disks should be maintained and stored off-site to provide increased assurance that any lost data can be recreated.
- C. No documentation, such as count sheets and adjustments, related to the June 2002 physical inventory were available for review. The storekeeper indicated that this documentation had been destroyed after the inventory account adjustments were made. As a result, there are no records to support adjustments made to the parts

inventory and no evidence that discrepancies were properly investigated. Documentation of physical inventories should be maintained to provide assurance that the procedure was properly performed.

WE RECOMMEND the WMCC:

- A. Ensure that offender workers are properly supervised and not allowed access to facility computers.
- B. Ensure that appropriate backup procedures are utilized for computer data.
- C. Ensure adequate records are maintained to support inventory adjustments.

AUDITEE'S RESPONSE

A-C. The Department concurs with these findings and has taken measures to ensure offenders do not have access to computerized systems and are properly supervised. In addition, a hard copy of the parts inventory is now maintained and updated regularly.

2. Cell Searches

Cell search policies and documentation need improvement, and it is not clear that all required cell searches were performed. The WMCC SOP 20-1.3 requires unannounced, random searches of all occupied offender rooms and bay areas in each housing unit be performed at least once each month by officers on each shift. We reviewed the June 2002 institution search reports and summary report of searches conducted for each housing unit.

Searches are documented on a DOC institutional search report. Despite the standard form used, the various housing unit personnel were not consistent in their documentation methods. Some housing units have each cell and bunk identifying number preprinted or written on the standard forms, while other housing units list cells and bunks searched in the order searched (not necessarily numerical order). Not documenting areas searched in any systematic order makes it difficult to determine whether all occupied offender areas have been properly searched.

As of June 2002, the WMCC offender population was approximately 2,600. The summary reports of searches for this month showed that 1,767 cell searches were conducted. These summary reports identify the number of cell searches performed by each housing unit, but do not take into account that areas searched may be cells, a single bunk area within a cell, or a bay area bed, and also includes cells that were searched more than once.

The SOP appears to indicate that each occupied offender area should be searched three times monthly, once on each shift. However, WMCC facility personnel indicated they

interpret the policy to require each offender cell or bay area bed to be searched once each month.

Clear search policies and standard documentation and reporting methods are needed to ensure all required searches are performed and to improve the ability of the WMCC management to identify noncompliance. Also, regular searches of all offender occupied areas allow staff to identify and confiscate illegal contraband, thus creating a safer environment for all staff and offenders.

WE RECOMMEND the WMCC clarify the facility search policy and develop an institutional search report that will readily document that the required searches have been performed and/or clearly identify offender areas not searched and the reasons searches were not performed. Once the policy and documentation methods are clarified, the WMCC needs to perform searches in accordance with the policy.

AUDITEE'S RESPONSE

The Department concurs with this finding and has revised its Standard Operating Procedure regarding searches to address the concerns noted.

3. Superintendent's Vehicle

The WMCC Superintendent does not properly report or document state vehicle usage as required by DOC policy for assigned vehicles. The vehicle assigned to the Superintendent is used for daily commuting to and from work, as well as official state business. Monthly vehicle travel logs are not prepared by the Superintendent. Complete vehicle travel logs are needed to distinguish between business and personal use, and demonstrate compliance with department policy. Also, the Superintendent is not preparing a monthly travel assessment to report commuting mileage information to DOC central office as required. This information is needed to ensure Internal Revenue Service reporting guidelines are met.

DOC policy D4-4.1 provides for the preparation of a monthly vehicle travel log to document information regarding name, day and time of trip, destination, purpose of trip, and beginning and ending odometer readings. It also requires a monthly travel assessment report be submitted to the DOC central office for employees with assigned vehicles.

WE RECOMMEND the WMCC Superintendent prepare vehicle travel logs and monthly travel assessment reports.

AUDITEE'S RESPONSE

The Department concurs with this finding and the necessary vehicle travel logs have been completed as required. In light of the recent department policy changes, effective February 1, 2003, neither this specific vehicle nor any state vehicle assigned to the WMCC is now used for commuting purposes.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF CORRECTIONS
WESTERN MISSOURI CORRECTIONAL CENTER
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Western Missouri Correctional Center (WMCC) opened in November 1988. The facility is located on 385 acres one-half mile north of Cameron, Missouri and is a medium security facility. This facility has a maximum capacity of 2,619 offenders who are housed in ten housing units. However, it originally housed 1,975 offenders until saturation housing took place in 1994. The perimeter consists of double fencing with an electronic motion detection system on the interior chain link fence. In addition, an armed vehicular patrol provides additional coverage on a 24-hour basis.

The administration of the WMCC consists of one superintendent and two associate superintendents; the associate superintendent of operations and the associate superintendent of inmate management and one assistant superintendent.

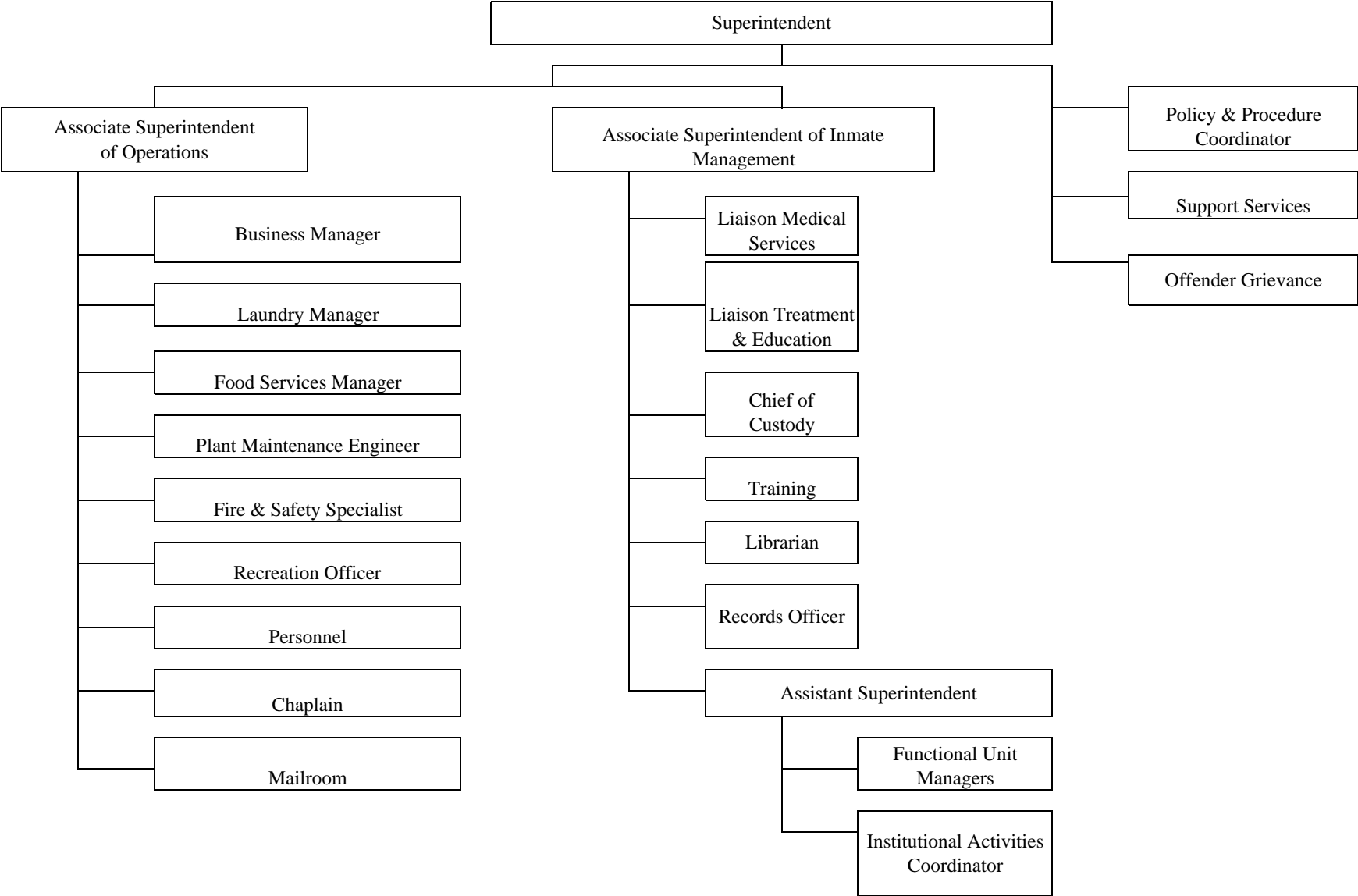
The Western Missouri Correctional Center conducts its own educational and vocational programs. In the past 12 months, 195 offender students took the GED test and 161 passed. The WMCC provides for many offenders/students who require special needs due to hearing, blindness, or some form of learning disability. There are 17 offender students enrolled in an educational class, and there are 3 sessions that are conducted during the day. The vocational program consists of 9 different areas: auto mechanics, small engine repair, electrical wiring, residential plumbing, residential carpentry, modern wood working, diesel mechanics, welding, employability, and life skills. There are approximately 15 offender students enrolled in each vocational class, with 2 sessions of classes each day.

Sentences of the WMCC offenders range from 2 to 12 years, for various types of crimes. The average commitment age is approximately 31½ years, and average current age is approximately 36 years. The average sentence length is approximately 7.9 years. Of the 2,529 offenders at the Western Missouri Correctional Center, 1,197 were sentenced in Jackson County or in the adjacent counties surrounding the Kansas City area. (Statistics as of September 19, 2002)

Steve Moore has served as the facility superintendent since November 1988. The WMCC employed approximately 675 employees assigned to various administrative, service, and security functions as of June 30, 2002.

An organization chart follows.

DEPARTMENT OF CORRECTIONS
WESTERN MISSOURI CORRECTIONAL CENTER
ORGANIZATION CHART
JUNE 30, 2002



Appendix A

DEPARTMENT OF CORRECTIONS
WESTERN MISSOURI CORRECTIONAL CENTER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND						
Personal Service	\$ 13,897,579	13,490,506	407,073	12,940,423	12,939,875	548
Total General Revenue Fund	\$ 13,897,579	13,490,506	407,073	12,940,423	12,939,875	548

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the state treasurer as fund custodian and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and not identified by facility. Expenditures charged to department-wide appropriations that are identified to Western Missouri Correctional Center (WMCC) are noted in Appendix B.

Appendix B

DEPARTMENT OF CORRECTIONS
 WESTERN MISSOURI CORRECTIONAL CENTER
 COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,			
	2002		2001	
	Expenditures From		Expenditures From	
	Expenditures From Facility Appropriations	Department-Wide Appropriations For WMCC	Expenditures From Facility Appropriations	Department-Wide Appropriations For WMCC
Salaries & Wages	\$ 13,490,506	3,434,520	12,939,875	2,889,197
Travel, In-State	0	38,006	0	22,021
Travel, Out-Of-State	0	811	0	0
Fuel & Utilities	0	2,001,176	0	817,346
Supplies	0	2,032,398	0	0
Administrative Supplies	0	0	0	88,184
Lab & Medical Supplies	0	0	0	166
Repair, Maintenance, & Usage Supplies	0	0	0	470,924
Residential Supplies	0	0	0	1,592,768
Specific Use Supplies	0	0	0	90,081
Professional Development	0	14,183	0	16,805
Communication Service & Supplies	0	22,514	0	27,420
Health Services	0	0	0	1,214
Business Services	0	0	0	30,371
Professional Services	0	54,726	0	11,762
Housekeeping & Janitor Services	0	80,890	0	118,841
Maintenance & Repair (M&R) Services	0	76,500	0	0
Equipment M&R Services	0	0	0	90,500
Transportation M&R Services	0	0	0	1,914
Computer Equipment	0	14,003	0	13,744
Electronic & Photo Equipment	0	0	0	107,494
Medical & Laboratory Equipment	0	0	0	74,888
Motorized Equipment	0	21,300	0	3,000
Office Equipment	0	4,154	0	5,476
Other Equipment	0	78,965	0	0
Specific Use Equipment	0	0	0	121,802
Property & Improvements	0	105,007	0	476,000
Equipment Rental & Leases	0	8,044	0	0
Equipment Lease Payments	0	0	0	479
Building & Equipment Rentals	0	0	0	2,150
Miscellaneous Expenses	0	313,426	0	263,107
Total	\$ <u>13,490,506</u>	<u>8,300,622</u>	<u>12,939,875</u>	<u>7,337,653</u>

Note: Certain classifications of expenditures changed during the two-year period, which may affect the comparability of the amounts. Also, not included in this schedule are expenditures paid from department-wide appropriations, such as inmate medical services and capital improvements, that do not specify amounts by facility.



**REVIEW OF HIGHER EDUCATION
TUITION LEVELS**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-40
May 1, 2003
www.auditor.state.mo.us**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

May 2003

State universities and colleges need more cost containment measures to balance increasing tuition

Providing higher education at an affordable price has become increasingly difficult with recent state budget pressures and large decreases in state funding. Average tuition for Missouri's 4-year public colleges and universities is the highest among the Big 12 states and second highest among the contiguous states. (See page 5) In addition, a national report ranked Missouri's recent tuition increases among the highest. (See page 4) This audit reviewed in-state undergraduate tuition levels at the state's thirteen 4-year public colleges and universities and analyzed trends in annual tuition, state support, enrollment and operations between 1998 to 2003.

Decreased state higher education funding increased tuition

A national study showed Missouri had the highest negative correlation between state appropriations and tuition. This negative correlation means when state funding decreased, tuition almost always increased. In 2002 and 2003, withholdings for most 4-year schools totaled 18 percent of original appropriations. In fiscal year 2003, the state cut 10 percent of state funding from the core fiscal year 2002 budget amount. Audit analysis showed Missouri's higher education spending at 10 percent of total state spending in fiscal year 2001, which was 1 percent below the national average. (See page 8)

Increased school spending also affected tuition levels

For fiscal years 1998 through 2002, total expenditures increased 23 percent for the 13 schools. During the same period, inflation measured 15 percent by the Higher Education Price Index (HEPI), the index used by most colleges and universities to measure inflation. College and university officials attributed much of the increased spending to areas beyond their control, such as a more than 20 percent increase in employee benefit costs, increased enrollment, technology and utilities. (See page 9)

School officials said enrollment figures should be considered when analyzing growth in unrestricted expenditures. Audit analysis showed, between 1998 and 2002, aggregate unrestricted expenditures per full-time equivalent student for all 13 schools increased by 10 percent, which was 5 percentage points below the HEPI's rate for the same time period. In addition, administrative costs make up 8 percent of total unrestricted spending. Audit analysis showed administrative cost increases ranged from 17 percent to 71 percent at various schools. (See page 12)

YELLOW SHEET

Department's academic program reviews did not effectively analyze instruction costs

Schools spend about 44 percent of total unrestricted spending on instruction. Between 1998 and 2002, unrestricted instruction spending exceeded HEPI inflation growth for 4 of 13 schools. Department of Higher Education staff require schools to submit results of their academic program, or campus-based, reviews on a 5-year cycle; but auditors found these reviews did not have enough data to analyze cost-effectiveness. One school official said schools may not diligently conduct these reviews because school officials did not sense department officials used the reviews at all. Department officials said they did not have enough funding to thoroughly analyze academic program reviews submitted by each school. (See page 13)

State and school officials reassess how to contain academic costs

Because of recent budget constraints, department and school officials have started new initiatives to assess the cost-effectiveness of various academic programs. The audit discusses cost analysis efforts underway by the department, University of Missouri and Southwest Missouri State University. The department's program - Results Improvement Initiative - will assess the cost-efficiency of targeted programs. University of Missouri created a task force to review academic programs and, specifically, the instruction costs associated with programs having low enrollment and/or completions. The task force report said traditional program reviews were not sufficient in the current limited resource environment and recommended the university regularly conduct viability audits, not just during down economic times. (See page 13)

Department officials agreed with the audit's two recommendations: to help schools assess cost-containment efforts and to collect data to determine the cost-effectiveness of existing academic programs. (See page 15)

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REVIEW OF HIGHER EDUCATION TUITION LEVELS

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ABBREVIATIONS

CPI	Consumer Price Index
DHE	Department of Higher Education
HEPI	Higher Education Price Index
FTE	Full-time Equivalent
UM	University of Missouri



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Quentin Wilson, Interim Commissioner
Department of Higher Education
Jefferson City, MO 65109

The rising cost of tuition at Missouri's 4-year public colleges and universities has received considerable attention. Higher tuition levels create the perception college is not affordable and discourages some prospective students from continuing their education. As the cost of college increases, more families and students find the cost beyond their financial means. Because of the importance of higher education, this report focuses on tuition increases and factors affecting tuition levels.

We found the average tuition has risen faster than inflation and personal income measures. This situation has occurred because of decreased state funding and above-inflation spending by institutions. While some schools are beginning to initiate cost containment efforts, the Department of Higher Education has not collected academic program productivity and cost data. With such data, the department would be better equipped to help school governing boards assess the cost-effectiveness of academic programs. As a result, opportunities to lower costs and lessen pressure to raise tuition may be lost. We make recommendations to the department on these matters.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

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RESULTS AND RECOMMENDATIONS

More Cost Containment Measures Are Needed To Balance Increasing Tuition Levels

The average educational fee (tuition¹) to attend a Missouri 4-year public college or university (school) has increased faster than inflation and personal income for the past 5 years. At least two factors have influenced schools to pass increasing costs on to students and their families through higher tuition. One, state funding of higher education has been reduced in recent years, and may not be restored for many years to come. The second is above-inflation spending by the schools. Many schools have begun taking a variety of actions to reduce costs. However, the Department of Higher Education (DHE) does not collect information and data for assessing the cost-effectiveness of academic programs—the largest component of higher education spending.

Background

The Department of Higher Education, headed by a coordinating board, evaluates school performance, and carries out other goals and administrative duties. Authority to set tuition levels at Missouri's 4-year public colleges and universities rests with the governing board of each school. Although the department does not have the authority to set tuition levels, it does have statutory responsibility to conduct reviews to ensure Missouri's higher education system responds to the state's needs and is focused, balanced, cost-effective, and characterized by high quality programs.²

Additionally, the DHE has the responsibility to recommend to the governing board of any higher education institution in the state the development, consolidation or elimination of programs, degree offerings, physical facilities or policy changes where that action is deemed by the coordinating board as in the best interests of the institutions themselves and/or the general requirements of the state.³ The DHE has the authority to collect information and data from the schools for any purpose deemed appropriate including information on the approximately 4,000 academic programs listed in the state's official program inventory.⁴

In fiscal year 2002, state funding for higher education totaled \$946 million.⁵ Of this amount, approximately \$712 million was appropriated to the 4-year colleges and universities. Figure 1 shows higher education's total revenue for public 4-year colleges and universities for fiscal years 1998 to 2003. This revenue is used to meet the goals and administrative responsibilities for the state's higher education system. In the fall of 2001, approximately 102,400 undergraduate students attended Missouri's 4-year public colleges and universities, of which 85 percent of the students were Missouri residents, 12 percent were non-residents, and the remaining 3 percent were international students.

¹The term "tuition", when used in this report, is defined as the required fees an undergraduate student taking 15 semester credit hours would be charged annually.

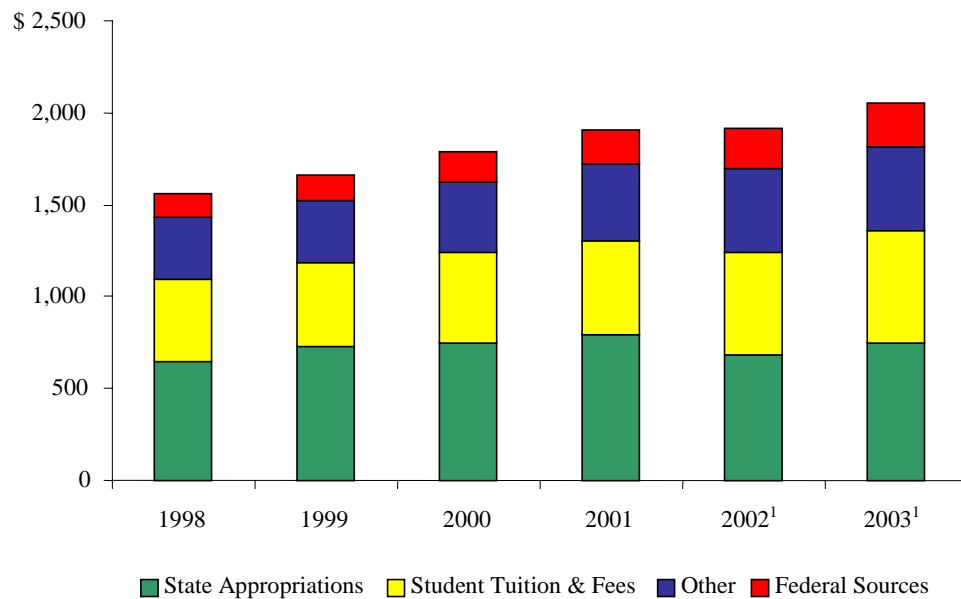
² Section 173.030(7), RSMo 2000

³ Section 173.030(2), RSMo 2000

⁴ 6 CSR 10-4.021

⁵ Includes general revenues, lottery proceeds, federal funds and various other sources of funds.

**Figure 1: Total Revenue by Source for 4-Year Public Colleges and Universities
(Dollars in millions)**



¹Estimate
Source: Prepared by SAO based on DHE revenue data.

Financial aid has been integral to whether or not a higher education was affordable to many students. The primary forms of financial aid are student loans and grants. A national survey⁶ found that while student financial aid hit a record \$90 billion in the United States in 2002, student loans now constitute 54 percent of student aid compared to only 47 percent 10 years ago. Conversely, grants now represent 39 percent of the aid compared to 50 percent 10 years ago. Student loans actually increase students' higher education cost because students have to repay both principal plus interest. On the other hand, grants, which do not have to be repaid, help reduce the actual cost of their education.

The affordability of higher education was studied in Missouri in the late 1990's. The Commission on the Affordability of Higher Education report⁷ stated:

"Affordability opens the doors of higher education to those who are qualified. Missouri and its higher education community must find ways to ensure financial access to higher education for all qualified Missouri residents.

It is difficult to gather and invest in the funding necessary to create and increase quality in higher education as described above while keeping the price of attendance down so Missourians can attend the state's

⁶Trends in State Aid 2002, The College Board, New York, NY.

⁷Toward an Affordable Future, Report of the Missouri Commission on the Affordability of Higher Education, (December 9, 1999).

postsecondary institution of their choice. While there is no one policy or set of recommendations that can definitively address this dilemma, the commission members believe both quality and affordability are essential. Whichever policy direction the higher education system moves toward in terms of enhancing quality, it must be grounded in a commitment to affordability. Likewise, policies on higher education affordability must be equally grounded in an ongoing commitment to a quality educational experience."

Scope and Methodology

We reviewed in-state undergraduate tuition levels at the thirteen 4-year public colleges and universities in Missouri.⁸ Our review of tuition levels, and the factors affecting tuition, focused on identifying trends in annual tuition, state appropriations, enrollment and operating expenditures between fiscal years 1998 to 2003. We did not attempt to determine the appropriate tuition levels for the schools.

Most of the data we reviewed was obtained from DHE including the 1999 Commission on the Affordability of Higher Education report. While most of the data presented in this report through fiscal year 2001 is actual data, some data presented for fiscal years 2002 and 2003 may be based on budget estimates. We also interviewed officials at five of the thirteen schools—Harris-Stowe State College in St. Louis, Southeast Missouri State University in Cape Girardeau, Southwest Missouri State University in Springfield, Truman State University in Kirksville and the University of Missouri in Columbia—to obtain their insights on factors affecting tuition levels and efforts to reduce costs.

To give some context on tuition levels at Missouri schools, we obtained data on a comparison group of 4-year public colleges and universities in Big 12 conference states—Colorado, Iowa, Kansas, Nebraska, Oklahoma and Texas—and Missouri's other contiguous states—Arkansas, Illinois, Kentucky and Tennessee. This data was obtained from nationally-recognized organizations such as the National Center for Public Policy and Higher Education, the Chronicle of Higher Education, and the Center for Higher Education and Educational Finance. During our interviews and research, we found there are various perspectives on the appropriate peer schools, or states, for each of the Missouri schools. For example, the University of Missouri believes the Association of American Universities is the best peer group for its four campuses. Officials with other schools considered market competitors as peers, while officials at one school said they have not yet found a school that is a true peer.

Missouri's tuition increases ranked among the nation's highest in 2003

According to a national report, Missouri's tuition increase from school year 2001-2002 to 2002-2003 ranked among the highest increase nationally.⁹ Table 1 shows Missouri's average annual tuition increased 16 percent between these school years. Over the 5-year period ended 2002-

⁸A list of the thirteen 4-year public colleges and universities can be found in Appendix I.

⁹College Affordability in Jeopardy: A Special Supplement to National Crosstalk, The National Center for Public Policy and Higher Education, Winter 2003.

2003, Missouri's average annual tuition increased 37 percent. Five other states within the comparison group experienced the same, or higher, percentage increases during this period. In both 2000 and 2002, Missouri received a D+ grade on its affordability of higher education from the National Center for Public Policy and Higher Education.¹⁰

Table 1: Percentage Increases in Average Tuition Levels by School Year

State	1998-99	2001-02	2002-03	Percent increase	
				1-year	5-year
Illinois	\$3,350	\$4,013	\$4,576	14	37
Missouri¹	3,321	3,908	4,547	16	37
Iowa ¹	2,893	3,468	4,140	19	43
Tennessee	2,499	3,397	3,656	8	46
Arkansas	2,613	3,365	3,633	8	39
Nebraska ¹	2,518	3,024	3,361	11	33
Colorado ¹	2,815	3,126	3,359	7	19
Kentucky	2,428	3,000	3,327	11	37
Texas ¹	2,517	2,969	3,231	9	28
Kansas ¹	2,386	2,656	3,020	14	27
Oklahoma ¹	1,878	2,242	2,433	8	30
HEPI				3	16
CPI				3	11
Personal Income ²				2	11

¹Big 12 Conference states.

²The personal income measure used is real disposable personal income per capita.

Source: Prepared by SAO using tuition data obtained from the Chronicle of Higher Education and Missouri Coordinating Board of Higher Education and real disposable personal income per capita obtained from Regional Economic Models, Inc.

Table 1 shows the ranking of the states by average annualized tuition for the 2002-2003 school year and the 1-year and 5-year percentage increases in average tuition for each state. Missouri's \$4,547 average annualized tuition for 4-year public schools was the highest tuition among Big 12 states, second only to Illinois among the contiguous states and above the national average of \$4,081 for school year 2002-2003. Missouri's average 4-year public schools annual tuition increased 37 percent during school years 1998-1999 to 2002-2003 as compared to the 16 percent increase of the Higher Education Price Index (HEPI) and the 11 percent increases of both the consumer price index (CPI) and personal income in Missouri. Colleges and universities use the HEPI to measure inflation.

According to the Chronicle of Higher Education, average tuition at 4-year public schools nationally was 10 percent higher for school year 2002-2003 than the year before, and the highest 1-year percentage increase in 10 years. For the same period, the Chronicle reported national average annual tuition increased 6 percent at 4-year private schools. Missouri's 16 percent year-

¹⁰Missouri's grade was based on a review of public and private 2-year and 4-year schools.

to-year increase was higher than national averages by 6 percentage points for 4-year public schools and 10 percentage points for private schools.

The University of Missouri's tuition levels at its four campuses contributed to the state's high average tuition level relative to the comparison group and the national average. The four campuses have the fourth through seventh highest tuition levels among the 44 doctoral and research schools in the Big 12 and contiguous states.¹¹ The three schools with higher tuition are the University of Illinois campuses in Champaign-Urbana and Chicago, and the Colorado School of Mines, an engineering school. The University of Missouri, with its four campuses, is the only public doctoral and research university in the state.

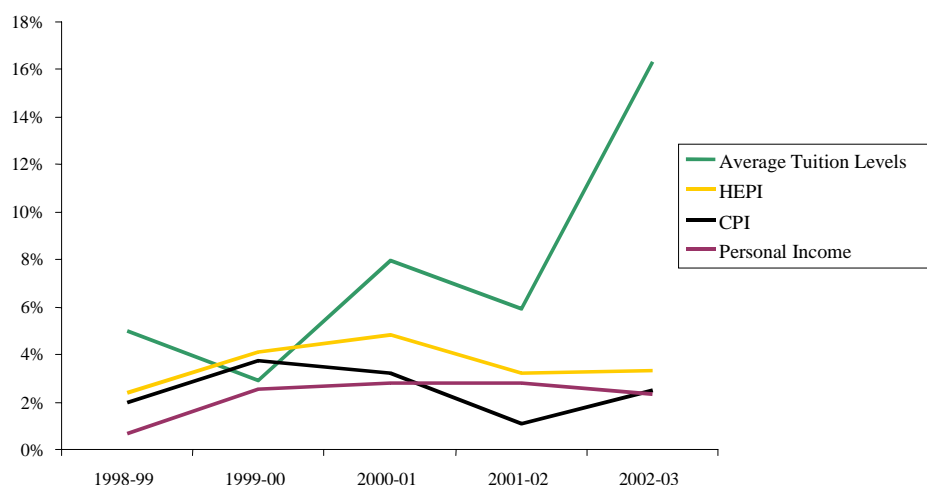
While some students do not pay full tuition due to scholarships or grants, students and their families usually consider the full tuition cost, or "sticker price," when selecting higher education schools. A high sticker price may deter a student from seeking any information about financial aid programs to help reduce or finance education costs. Additionally, according to the College Board, financial aid for low-income students is not keeping pace with rising tuition. The Commission on the Affordability of Higher Education report stated: "rapid increases in tuition and fees are a reason for concern, especially for underrepresented groups in society. Unchecked, the tuition increases will price many Missourians out of the opportunity for higher education."

Average tuition has outpaced inflation and personal income measures

Missouri's 5-year percentage increase in average annual tuition outpaced both inflation and personal income measures during the same period. Figure 2 compares the growth trends in average tuition to the two inflation measures and personal income. This comparison is based on annual average tuition by school year compared to inflation measures, which are by state fiscal year ending June 30th and personal income which is by calendar year ending December 31st.

¹¹Doctoral/Research Universities (Extensive and Intensive) published by the Carnegie Foundation for the Advancement of Teaching classifies these schools. Appendix I shows the tuition levels from these schools.

Figure 2: Annual Percentage Increase in Average Tuition Levels for Missouri 4-Year Public Colleges and Universities Compared to Inflation and Personal Income



Source: Prepared by SAO based on inflation data obtained from the University of Illinois which estimated 2001-2002 and 2002-2003 and real disposable personal income per capita data obtained from Regional Economic Models, Inc.

Since 1997, the University of Missouri's policy was to match tuition increases to any HEPI increases. But only in two of the last five school years (1999-2000 and 2000-2001) has the university increased tuition similar to the HEPI, with the remaining increases above the index increase. For example in the fall of 2002, tuition (including a \$9 per hour surcharge) increased 13 percent, while HEPI is estimated to have increased only 3.2 percent for fiscal year 2002.

Tuition levels at regional schools also outpaced inflation and income

Average tuition for Missouri's 4-year regional schools¹² increased 45 percent between school years 1998-1999 and 2002-2003. The increase was significantly higher than the 16 percent increase in HEPI and the 11 percent increases in CPI and real disposable personal income per capita.

School year 2002-2003 annual tuition increased significantly at several regional colleges and universities in Missouri. For example, Missouri Southern State College increased annual tuition by 36 percent to \$3,886, and Harris-Stowe State College increased annual tuition by 32 percent to \$3,760. All schools in Missouri had double-digit percentage increases in tuition, with the exception of Lincoln University, which increased tuition by 9 percent. However, Lincoln University's tuition increased 66 percent over the past 5 years, second only to Missouri Southern State College's 67 percent increase during this time period.

¹²For the purpose of this report, the term "regional schools" is defined as all public 4-year schools, except those with Carnegie classification of doctoral/research and medical sciences.

Missouri's 4-year regional school average tuition for school year 2002-2003 was the second highest among the comparison group states, with the exception of Iowa.¹³ Table 2 ranks the states' regional schools by average tuition in school year 2002-2003 and shows the 1-year and 5-year increases for each state.

Table 2: Regional Colleges and Universities Average Tuition Levels by School Year

State	1998-99	2001-02	2002-03	Percent increase	
				1-year	5-year
Iowa	\$2,860	\$3,440	\$4,118	20	44
Missouri¹	2,795	3,421	4,056	19	45
Illinois	2,802	3,463	3,796	10	35
Arkansas	2,430	3,268	3,517	8	45
Tennessee	2,400	3,193	3,442	8	43
Nebraska	2,333	2,816	3,156	12	35
Kentucky	2,242	2,750	3,093	12	38
Texas	2,226	2,858	3,089	8	39
Kansas	2,320	2,549	2,743	8	18
Colorado	2,251	2,527	2,677	6	19
Oklahoma	1,810	2,141	2,329	9	29
HEPI				3	16
CPI				3	11
Personal income				2	11

¹See Appendix I for the tuition levels for each regional school in Missouri.

Source: Prepared by SAO based on Chronicle of Higher Education and DHE data.

Decreases in higher education funding affected tuition levels

Significant withholdings in state higher education funding was one factor influencing increasing tuition levels. Most of the university and college officials we interviewed said state support is the primary factor in determining tuition levels. Several university officials provided us a national study showing Missouri with the highest negative correlation between state appropriations and tuition changes out of 47 states analyzed.¹⁴ This negative correlation means when appropriations decrease tuition almost always increases.

In fiscal years 2002 and 2003, state funding for higher education in the state of Missouri was substantially lower than previous years due to state budget pressures. Most of the 4-year schools experienced state budget withholdings totaling approximately 18 percent of original appropriations. A significant portion of the withholdings came at the end of fiscal year 2002, after the schools had already expended some of the anticipated state funds, resulting in the need for several of the schools to use reserve funds. In fiscal year 2003, the state cut 10 percent of state funding to higher education from the core fiscal year 2002 budget amount. Based on

¹³The University of Northern Iowa, the only regional school in Iowa, reported its 2002-03 tuition as \$4,118, which skews Iowa's average. Additionally, both Truman State University and Southwest Missouri State University reported annual tuition higher than the University of Northern Iowa.

¹⁴Postsecondary Education Opportunity, The Pell Institute for the Study of Opportunity in Higher Education.

current state revenue projections, additional cuts may be made to state funding for higher education.

According to the National Association of State Budget Officers, each of the comparison group states had a higher percentage of funding for higher education than Missouri.¹⁵ In fiscal year 2001, Missouri spent \$1.1 billion on higher education, representing 6 percent of the state's \$17 billion budget. Of this amount, \$925 million was general revenue spending, which accounted for 12 percent of total general revenue spending for the year. Missouri's general revenue spending was 1 percent less than the national average (13 percent) in fiscal year 2001.

However, Missouri's percentages are not comparable because 41 states included tuition and fees in their reporting of total state spending on higher education, and Missouri did not. To make Missouri more comparable with other states, we added the \$597 million of tuition and fees paid to Missouri's 2-year and 4-year public schools in fiscal year 2001. This adjustment showed Missouri's higher education spending increased to 10 percent of total state spending in fiscal year 2001, which was 1 percent below the 11 percent national average.¹⁶

The reduction in state funding of higher education is forcing schools to either use reserves, reduce costs or increase revenue to balance their budgets. Because of the reduction in state funding in fiscal year 2002, and to prepare for fiscal year 2003 reductions, officials at the five schools we visited stated they were reducing costs and raising tuition. Officials stated cost reduction measures included:

- leaving vacant positions unfilled,
- freezing faculty and support staff salaries,
- reducing student labor,
- deferring new equipment purchases,
- increasing faculty credit hours of teaching,
- reducing library access and acquisitions,
- reducing operating expenses (e.g., supplies, travel, printing, etc.), and
- offering early retirement for faculty and administrators.

In addition to cost reductions and increases in tuition, officials at several of the schools said they consumed most of their reserve funds to offset a portion of the state funding loss.

Schools above-inflation spending also affected tuition levels

Above-inflation spending by higher education schools was another factor related to increasing tuition levels. In fiscal year 2002, the 4-year schools spent approximately \$1.9 billion on education and general operations.¹⁷ Of the \$1.9 billion in total education and general operations

¹⁵Appendix II compares the states' higher education funding by total budget and general revenue funds.

¹⁶It is probable that including tuition and fees from the 9 states that did not include them may raise the national averages and weaken Missouri's position in comparison.

¹⁷The 4-year public schools also have expenditures on auxiliary enterprises such as dormitories, hospitals, etc. which are funded by revenues generated by the enterprise. In fiscal year 2001, expenditures on these auxiliary enterprises totaled \$616 million for the thirteen schools.

expenditures, \$1.5 billion were unrestricted and \$420 million were restricted.¹⁸ For fiscal years 1998 through 2002, total expenditures increased 23 percent for the thirteen schools. During the same period inflation measured by the HEPI and the CPI equaled 15 percent and 10 percent, respectively. The growth in total expenditures was due to a 17 percent increase in unrestricted expenditures and a 48 percent increase in restricted expenditures.

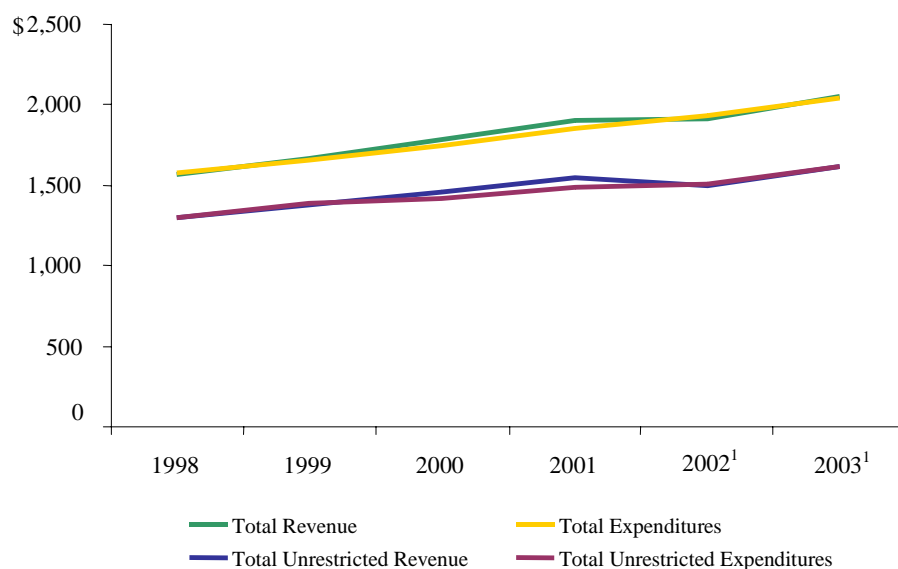
All 4-year schools, except the University of Missouri, experienced increases in overall unrestricted expenditures at, or above, the 15 percent growth in HEPI during the 5-year period. The increases at, or above, inflation ranged from 15 percent at Truman State University to 30 percent at Northwest Missouri State University. The University of Missouri's unrestricted expenditures increased 13 percent during this period, which is 2 percent below the rate of inflation. College and university officials we interviewed attributed much of the above-inflation spending to areas that are beyond their control, including: mission enhancement funding appropriated by the general assembly; increased enrollments; and increases in health insurance, technology, and utilities.

Tuition is influenced by spending as schools strive to balance expenditures with revenues, according to a Williams College (Massachusetts) professor, who specializes in higher education economics. As Figure 3 depicts, total expenditures continued to increase as total revenues increased from fiscal years 1998 to 2003.¹⁹ The figure also shows the same relationship between unrestricted expenditures and revenues. These relationships are consistent with the Williams College professor's equation for public higher education—price plus subsidy equals cost. Simply stated, schools strive to keep this equation intact by increasing tuition (price) when state funding (subsidy) decreases and spending (cost) increases, but have begun turning their attention to cost containment.

¹⁸Restricted expenditures are generally spending restricted by the terms of an outside donor or supporting agency.

¹⁹Our review did not include capital expenditures. Higher education economists believe a full understanding of costs should include long-term debt financing for construction of new facilities and the value of existing lands and buildings. Theories on how to capture these costs and the study of their impact on tuition are evolving and beyond the scope of this review.

Figure 3: Total and Unrestricted Revenue and Expenditure Trends, Fiscal Years 1998 to 2003 (Dollars in millions)



¹Estimate

Source: Prepared by SAO based on DHE revenue and expenditure data.

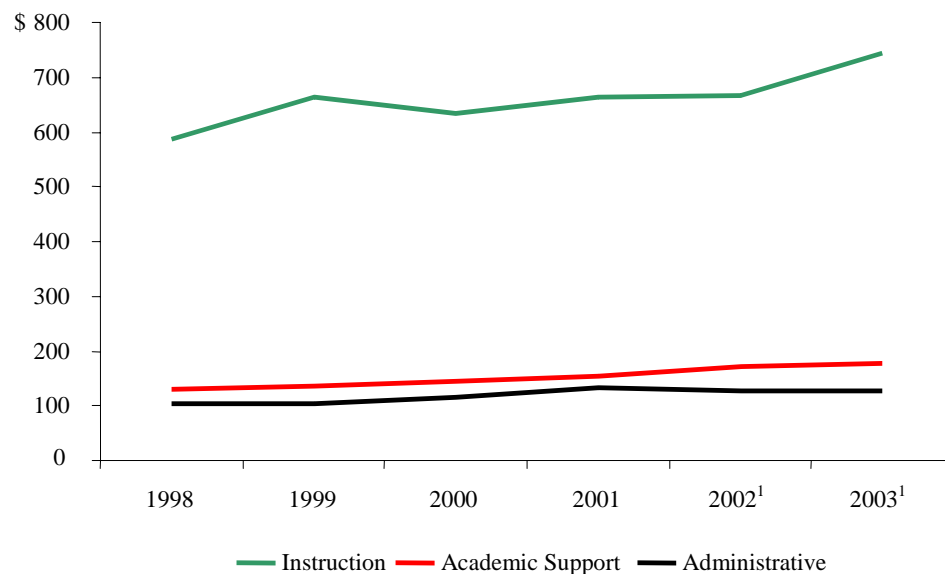
For fiscal year 2002, aggregate unrestricted spending on instruction for all thirteen schools accounted for 44 percent of total unrestricted spending in nine reported categories.²⁰ The next highest category of spending is academic support which accounted for 11 percent of total spending in fiscal year 2002. Administrative spending accounted for 8 percent of total unrestricted spending. Figure 4 shows the instruction, academic support, and administrative spending from fiscal years 1998 to 2003.

The instruction expenditure category is primarily spending associated with on-campus and off-campus instruction credit, including general academic instruction, occupational and vocational instruction, special session instruction, community education, preparatory and adult basic education, and remedial and tutorial instruction conducted by the teaching faculty for the institution's students. Faculty salaries are a large component of instruction expenditures.

The academic support expenditure category captures the operating costs of the schools' libraries, museums, educational media services, ancillary support, academic administration and development. Institutional support, or administrative spending, captures expenditures for the day-to-day operational support of the institution, including expenditures for general administrative services, executive direction and planning, legal and fiscal operations, and public relations/development.

²⁰Schools report expenditures in the following nine categories: instruction, research, public service, academic support, student services, institutional support, operation and maintenance, scholarships, and mandatory/non-mandatory transfer.

Figure 4: Instruction, Academic Support and Administrative Spending Trends, Fiscal Years 1998 to 2003 (Dollars in millions)



¹Estimate
Source: Prepared by SAO based on DHE expenditure data.

School officials said enrollment figures should be considered when computing growth trends in unrestricted expenditures. Aggregate unrestricted expenditures per full-time equivalent (FTE) student for all thirteen schools increased by 10 percent for the 5-year period 1998 to 2002. The increase was 5 percentage points below the inflation rate if measured by HEPI, and at the inflation rate if measured by CPI, for the same period. If the University of Missouri is excluded, the aggregate 5-year increase for the regional schools was 16 percent or 1 percent above inflation if measured by HEPI and 6 percent above inflation if measured by CPI, for the same period. Our analysis of unrestricted expenditures per FTE is conservative because most schools have the capacity to absorb enrollment increases with less impact on average costs than a straight cost per FTE analysis indicates.

Administrative costs at some schools had above-inflation increases

While the overall administrative costs increased somewhat as shown in Figure 4, administrative costs per FTE student increased faster than inflation at six of the 13 schools—Harris-Stowe State College, Missouri Southern State College, Missouri Western State College, Central Missouri State University, Northwest Missouri State University and Lincoln University. The increases ranged from 17 percent at Central Missouri State University to 71 percent at Missouri Southern State College.

DHE and schools are reassessing the need for containing academic costs

Given the state funding cuts, some schools are taking a wide variety of actions to reduce or contain costs by improving the efficiency of operations. Because instruction spending is the largest expenditure, schools are considering the cost of academic programs. For fiscal years 1998 through 2002, unrestricted instruction spending exceeded HEPI inflation growth for four of the 13 schools—Harris-Stowe State College, Central Missouri State University, Northwest Missouri State University, and Truman State University.

During the 1980's and early 1990's, the DHE initiated several statewide comprehensive reviews associated with a single discipline, such as biology, at all public institutions. These reviews were time intensive and costly, involving the use of external consultants. In recent years, DHE has conducted more general reviews rather than reviews of specific disciplines.

DHE requires schools to submit the results of their academic program, or campus-based reviews on a 5-year cycle. According to department officials, the 5-year cycle of these reviews is designed to promote program quality, efficiency and effectiveness. However, schools only provide DHE with brief summaries of academic program reviews, which do not include extensive cost information, according to a DHE official. We looked at selected review results from one school and it did not contain sufficient data for an effective cost-efficiency analysis.

One school official we interviewed stated schools may not diligently conduct these reviews since there is a feeling among school officials the department was not using the reviews for any purpose. However, a DHE official said the information from the reviews should be more worthwhile to the schools than to the DHE. The official indicated that due to a lack of funding, the department could not analyze the academic program reviews submitted by each school.

Examples of efforts underway to review the cost of academic programs

A DHE official said the department only considers the cost-effectiveness of an academic program when it is originally approved. The official explained once a program is approved, the school governing board is responsible for its continued cost-effectiveness. However, DHE and some schools have initiated efforts to consider costs when reviewing academic programs. The cost-cutting initiatives have occurred for a variety of reasons such as compensating for state funding cuts or simply improving the efficiency of operations.

In one effort, DHE officials said the department is initiating a Results Improvement Initiative to implement accurate performance reporting and accountability at Missouri's public colleges and universities. While every academic program will not be reviewed, this initiative will assess the cost-efficiency of targeted programs. DHE staff and institutions are still in the design phase of this initiative and have not identified targeted programs at this time.

In another effort, the University of Missouri created a task force to review academic programs for cost-savings given the fiscal year 2002 and 2003 cuts in higher education funding. A specific charge of the task force was to review the instructional costs associated with programs with low enrollments and/or completions. To assess the productivity of these programs, the task force

reviewed measures such as student credit hours and research and public service funds generated per faculty member. These measures were used to identify non-productive or low enrollment programs that could be consolidated or eliminated. Although the task force fell short in finding the desired \$40 million savings, the task force did have several recommendations which could improve academic program reviews.

In its report, the task force said traditional program reviews were not sufficient in the current environment of limited resources. The task force said the traditional program reviews focused on evaluations to assist in making recommendations for on-going improvements. The task force said the reviews should focus less on program improvement and more on the program's "future viability, return on investment of current academic costs, and contribution to the overall mission of the campus."

To change the review process, the task force recommended the university conduct program viability audits separate and distinct from the traditional program review process. The task force recommended viability audits occur regularly, and not just during down economic times. Viability audits would focus on the cost margin of the academic unit, its quality of programs, and its intrinsic importance and comparative advantage on campus. The task force said these viability audits should be done to enable schools to manage opportunity costs associated with continuing non-critical academic programs.

In a third effort, Southwest Missouri State University officials asked departments to reassess the efficiency and effectiveness of academic programs. In a memorandum dated October 8, 2002, the vice president for academic affairs said a committee made up of faculty administrators will review all academic programs to determine which are central to the university's mission. Using the data the university has recently compiled and other significant information, the committee will assess the need, cost and quality of each program.

Conclusion

Missouri's higher education schools strive to provide students a quality postsecondary education at an affordable price. This balance has been difficult with declining state support given the recent state budget pressures. Average tuition for Missouri 4-year public colleges and universities is the highest among Big 12 states and second highest compared to states contiguous to Missouri.

Because Missouri tuition for 4-year public schools is already higher than other Big 12 states and most neighboring states, it is imperative school officials continue to increase their focus on cost-containment measures to help keep tuition levels affordable for Missouri students. If costs are not contained and tuition continues to rise, the opportunity of some Missouri students to obtain a higher education may be jeopardized.

The DHE has not been actively helping schools determine the cost-effectiveness of existing academic programs. In light of its statutory responsibility, at a minimum, the DHE should collect system-wide data on the cost-effectiveness of academic programs and linkage to each school's mission. This data could be used to identify programs that may not be as cost-effective

as they could or should be. While the DHE cites limited resources as one reason it does not conduct more thorough reviews of academic programs, the reviews have focused mainly on program quality, not cost. To help ensure comprehensive academic program reviews are objective, DHE could coordinate independent teams of professionals from the 13 schools. DHE could then consult with schools' governing boards to consolidate or eliminate any programs that are found to be unproductive. By balancing cost-effectiveness with quality of education, DHE would help ensure accountability in higher education and help schools withstand difficult economic times.

Recommendations

We recommend the Commissioner, DHE:

1. Help schools assess cost-containment efforts by using existing expenditure and revenue data to create and publish trend analyses using ratios and other forms of measurement such as expenditures per FTE student.
2. Collect data to determine the cost-effectiveness of existing academic programs and whether each program meets the school's mission. To accomplish this, the department should ensure these reviews are independently and objectively completed.

Department of Higher Education Responses

1. *While the control and management of Missouri's institutions of higher learning is vested by law with the governing boards of the institutions, DHE agrees the institutions should continue their focus on cost-containment measures as a method to help keep tuition levels affordable. To aid in this endeavor, DHE will make available to the institutions data related to aggregate unrestricted expenditures per full-time equivalent (FTE) student as recommended by the SAO.*

The DHE recognizes that several mandatory costs borne by an institution of higher learning are increasing at a rate greater than inflation. For example, many institutions are facing annual increases in employee benefit costs that exceed 20 percent; for FY 2004 the University of Missouri anticipates an increase of 27.4 percent. In addition, expenditures necessary to maintain educational quality, such as up-to-date computer facilities, science laboratories, and libraries often require costs that exceed the rate of inflation. Accordingly, comparisons of the rise in higher education costs to the Consumer Price Index (CPI), which measures the price change in a typical basket of household goods and services, can be confusing. Nevertheless, as indicated by the SAO, aggregate unrestricted expenditures per FTE student for all thirteen four-year institutions did not exceed the change in the CPI (and was 5 percentage points below the HEPI) for the five-year period 1998-2002.

2. *The DHE agrees that cost should be considered when reviewing existing academic programs and their relation to an institution's mission. DHE has initiated the Results Improvement Initiative (RII) to enhance performance data collection and reporting with an emphasis on accountability at Missouri's two-and four-year institutions. RII will aid in the*

redesign of campus-based reviews of existing academic programs for quality and cost-effectiveness.

As indicated by the SAO, the DHE, the University of Missouri, and Southwest Missouri State University have already initiated efforts to consider cost when reviewing academic programs. And although the final decision regarding consolidation or elimination of existing academic programs is vested by law with the governing boards of the institutions, DHE will utilize the RII process and current legislative authority to provide information related to academic program cost-effectiveness and mission relevance to Missouri's public institutions.

APPENDIX I

TUITION LEVELS BY SCHOOL

This appendix shows the tuition levels for Missouri's 4-year colleges and universities, and public 4-year research institutions. Table I.1 lists the tuition levels and percentage increases in tuition for the thirteen Missouri schools.

Table I.1: Annual Resident Undergraduate Tuition for Public 4-Year Institutions

Institution	1998-99	2001-02	2002-03	Percent increase	
				1-year	5-year
Harris-Stowe State College	\$2,490	\$2,850	\$3,760	32	51
Missouri Southern State College	2,321	2,866	3,886	36	67
Missouri Western State College	2,660	3,224	4,064	26	53
Central Missouri State University	2,730	3,510	4,110	17	51
Northwest Missouri State University	2,813	3,600	4,120	14	46
Southeast Missouri State University	3,105	3,525	4,035	14	30
Southwest Missouri State University	3,214	3,748	4,274	14	33
Truman State University	3,426	3,832	4,300	12	26
Lincoln University	2,396	3,638	3,968	9	66
University of Missouri (UM) - Columbia	4,439	4,887	5,552	14	25
University of Missouri - Kansas City	4,421	5,036	5,573	11	26
University of Missouri - Rolla	4,522	4,975	5,661	14	25
University of Missouri - St. Louis	4,636	5,116	5,813	14	25
Avg. (all 13 schools)	3,321	3,908	4,547	16	37
Avg. (excluding UM campuses)	2,795	3,421	4,057	19	45
Avg. (UM campuses only)	4,504	5,004	5,650	13	25
HEPI					16
CPI					11
Personal Income					11

Source: Prepared by SAO using DHE data.

Table I.2 ranks the doctoral/research classified institutions in the comparison group states by academic year 2002-2003 resident undergraduate tuition levels.

APPENDIX I

Table I.2: Tuition Levels at Public 4-Year Doctoral/Research Institutions

Institution ¹	1998-99	2001-02	2002-03	Percent increase	
				1-year	5-year
University of Illinois at Urbana-Champaign	\$4,286	\$5,754	\$6,704	17	56
University of Illinois at Chicago	4,482	4,944	6,592	33	47
Colorado School of Mines	5,081	5,621	5,952	6	17
University of Missouri at St. Louis	4,636	5,116	5,813	14	25
University of Missouri at Rolla	4,522	4,975	5,661	14	25
University of Missouri at Kansas City	4,421	5,036	5,573	11	26
University of Missouri at Columbia	4,439	4,887	5,552	14	25
Northern Illinois University	3,921	4,484	5,326	19	36
Southern Illinois University at Carbondale	3,815	4,254	4,865	14	28
Illinois State University	4,083	4,482	4,854	8	19
University of Texas at Dallas	3,217	4,115	4,775	16	48
Texas A&M University at College Station	2,965	3,722	4,748	28	60
University of Arkansas at Fayetteville	3,305	3,956	4,228	7	28
University of Arkansas at Little Rock	3,270	3,825	4,210	10	29
University of Iowa	2,908	3,522	4,191	19	44
University of Nebraska at Lincoln	3,083	3,790	4,145	9	34
Iowa State University	2,912	3,442	4,110	19	41
University of Louisville	2,950	3,796	4,082	8	38
University of Tennessee at Knoxville	2,744	3,784	4,056	7	48
University of Texas at Arlington	2,884	3,709	3,992	8	38
University of Kentucky	3,016	3,706	3,975	7	32
University of Texas at Austin	3,004	3,776	3,950	5	31
Texas Tech University	n/a	3,489	3,867	11	n/a
University of Memphis	2,630	3,470	3,704	7	41
University of Colorado at Boulder	2,969	3,357	3,601	7	21
University of North Texas	2,700	3,271	3,565	9	32
University of Kansas	2,470	2,884	3,484	21	41
Middle Tennessee State University	2,392	3,178	3,442	8	44
Kansas State University	2,544	2,835	3,436	21	35
Colorado State University	2,995	3,252	3,435	6	15
Texas Woman's University	2,346	3,013	3,432	14	46
University of Houston	2,313	3,168	3,348	6	45
East Tennessee State University	2,394	3,119	3,311	6	38
University of Colorado at Denver	2,230	2,934	3,265	11	46
Tennessee State University	2,306	2,969	3,252	10	41
Texas A&M University at Commerce	2,286	2,776	3,224	16	41
University of Kansas Medical Center	2,248	2,539	3,181	25	42
Wichita State University	2,550	2,798	3,085	10	21
University of Texas at El Paso	2,792	3,200	3,036	-5	9
University of Northern Colorado	2,652	2,842	2,984	5	13
Oklahoma State University	2,167	2,779	2,960	7	37
University of Oklahoma at Norman	2,261	2,723	2,939	8	30
Texas A&M University at Kingsville	2,182	2,857	2,862	0	31
Texas Southern University	3,251	2,450	2,712	11	-17

¹ Includes both extensive and intensive doctoral/research institutions as defined by the Carnegie Classification of Institutions of Higher Education.

Source: Prepared by SAO based on Chronicle of Higher Education data.

HIGHER EDUCATION STATE FUNDING

This appendix shows Missouri's total spending on higher education compared to the total state budget and to general revenue. Table II.1 shows state funds as a percentage of the total state budget and how Missouri compares to Big 12 and contiguous states.

Table II.1: Percent of Total State Budget Spent on Higher Education

State	2000	2001	2002²
Iowa	24.9	25.3	24.6
Nebraska	22.6	23.7	22.9
Kentucky	18.6	19.4	19.5
Kansas	17.5	17.7	17.3
Oklahoma	17.7	17.1	16.4
Arkansas	15.9	15.4	15.0
Colorado	16.7	14.0	14.4
Texas	14.1	13.2	13.9
Tennessee	12.3	12.4	11.8
Illinois ¹	7.4	7.6	7.5
Missouri¹	6.8	6.4	5.5

¹All the states except Illinois and Missouri included tuition and fees in their expenditures. If tuition and fees were added to Missouri's expenditures, the percentages would change to 10 percent for fiscal years 2000 and 2001 and 9 percent for fiscal year 2002. Illinois tuition data was not available.

²These percentages are based on 2002 estimated tuition.

Source: Prepared by SAO based on the 2001 State Expenditure Report, issued by the National Association of State Budget Officers, Summer 2002.

Table II.2 shows Missouri's general revenue spending on higher education as a percentage of total state general revenue spending compared to Big 12 and contiguous states.

Table II.2: Percent of Total General Revenue Spent on Higher Education

State	2000	2001	2002¹
Nebraska	20	22	20
Iowa	18	19	19
Oklahoma	19	18	18
Arkansas	17	17	17
Texas	17	16	17
Colorado	17	16	16
Kansas	15	15	16
Kentucky	15	17	16
Tennessee	15	15	14
Illinois	14	14	14
Missouri	13	12	11

¹These percentages are based on 2002 estimated tuition.

Source: Prepared by SAO based on the 2001 State Expenditure Report, issued by the National Association of State Budget Officers, Summer 2002.

APPENDIX III

COMPARISON OF UNRESTRICTED EXPENDITURES

This appendix shows similar trends in both the total unrestricted expenditures and these expenditures per FTE student. Table III.1 shows the total unrestricted expenditures by the 13 schools. Table III.2 shows the same expenditures per FTE students.

Table III.1: Total Unrestricted Expenditures by Fiscal Year (Dollars in thousands)

Institution	1998	2001	2002	Percent increase	
				1-year	5-year
Harris-Stowe State College	\$11,080	\$13,786	\$13,097	-5	18
Missouri Southern State College	30,750	36,337	36,137	-1	18
Missouri Western State College	29,687	36,428	35,945	-1	21
Central Missouri State University	80,472	95,267	103,721	9	29
Northwest Missouri State University	44,323	59,989	57,698	-4	30
Southeast Missouri State University	67,706	80,412	81,885	2	21
Southwest Missouri State University	126,708	152,116	154,469	2	22
Truman State University	61,780	73,685	70,772	-4	15
Lincoln University	22,634	25,817	29,199	13	29
University of Missouri ¹	819,342	916,328	929,895	1	13
Avg. (all 13 schools)	99,576	114,628	116,371	2	17
Avg. (excluding UM campuses)	52,793	63,760	64,769	4	23
HEPI				3	15
CPI				1	10
Personal Income				3	9

¹Includes all 4 campuses

Source: Prepared by SAO based on DHE expenditure data.

Table III.2: Total Unrestricted Expenditures Per FTE Student by Fiscal Year

Institution	1998	2001	2002	Percent increase	
				1-year	5-year
Harris-Stowe State College	\$10,036	\$13,320	\$12,462	-6	24
Missouri Southern State College	7,351	8,408	8,191	-3	11
Missouri Western State College	7,390	9,021	8,782	-3	19
Central Missouri State University	9,773	11,188	12,267	10	26
Northwest Missouri State University	8,576	11,329	10,761	-5	25
Southeast Missouri State University	10,611	11,888	11,630	-2	10
Southwest Missouri State University	9,747	10,779	10,730	0	10
Truman State University	10,003	12,663	12,371	-2	24
Lincoln University	10,567	10,829	12,091	12	14
University of Missouri ¹	21,003	22,327	22,310	0	6
All 13 schools	14,346	15,811	15,812	0	10
All schools excluding UM campuses	9,276	10,785	10,796	0	16
HEPI				3	15
CPI				1	10
Personal Income				3	9

¹Includes all 4 campuses

Source: Prepared by SAO based on DHE expenditure and enrollment data.



**MISSOURI INVESTMENT TRUST
YEAR ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-39
April 25, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2003

The following report is our review of the Missouri Investment Trust.

The Missouri Investment Trust was established by state law to allow the state to invest specific funds for long-term investment and growth. Subject to a valid, binding trust agreement, the trust receives funds specifically approved and designated by the General Assembly.

The responsibility for the proper administration of the trust and the direction of its policies is vested in a seven-member Board of Trustees. The board consists of the State Treasurer, the Commissioner of Administration, one member appointed by the Speaker of the House, one member appointed by the President Pro-tem of the Senate, and three members to be selected by the Governor, with the advice and consent of the Senate.

The Missouri Investment Trust accepts deposits from various state funds after specific legislative approval. As of December 31, 2002, the Missouri Investment Trust had received deposits from the Wolfner Library Trust Fund, Missouri Arts Council Trust Fund, Missouri Humanities Council Trust Fund, and the Pansey Johnson-Travis Memorial State Gardens Trust Fund totaling \$728,000; \$20,000,000; \$850,000; and \$815,000, respectively. The trust's only investments at December 31, 2002 and 2001, were deposits in an external investment consultant's investment pools.

We had no findings on the Missouri Investment Trust.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

MISSOURI INVESTMENT TRUST

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor
and
Board of Trustees, Missouri Investment Trust
Jefferson City, MO 65102

We have audited the accompanying financial statements of the Missouri Investment Trust as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These financial statements are the responsibility of the trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Missouri Investment Trust as of December 31, 2002 and 2001, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 17, 2003, on our consideration of the trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the trust's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

March 17, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Gayle A. Garrison



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
and
Board of Trustees, Missouri Investment Trust
Jefferson City, MO 65102

We have audited the financial statements of the Missouri Investment Trust as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 17, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Missouri Investment Trust are free of material misstatement, we performed tests of the trust's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Missouri Investment Trust, we considered the trust's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A

material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of the Missouri Investment Trust and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 17, 2003 (fieldwork completion date)

Financial Statements

Exhibit A

MISSOURI INVESTMENT TRUST
COMPARATIVE STATEMENT OF NET ASSETS

		December 31,	
		2002	2001
ASSETS			
Investments	\$	15,944,800	20,235,265
Total Assets		15,944,800	20,235,265
LIABILITIES AND NET ASSETS			
Total Liabilities		2,457	1,598
Net Assets Held in Trust for Pool Participants	\$	15,942,343	20,233,667

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MISSOURI INVESTMENT TRUST
COMPARATIVE STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31,	
	2002	2001
ADDITIONS		
Deposits	\$ 0	4,328,000
Investment income (Loss)	(4,284,292)	(2,043,648)
Investment expenses	(7,032)	(5,405)
Net Investment Income (Loss)	(4,291,324)	(2,049,053)
Total Additions	(4,291,324)	2,278,947
DEDUCTIONS		
Total Deductions	0	0
NET INCREASE (DECREASE) IN NET ASSETS	(4,291,324)	2,278,947
NET ASSETS, JANUARY 1	20,233,667	17,954,720
NET ASSETS, DECEMBER 31	\$ 15,942,343	20,233,667

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

MISSOURI INVESTMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the investment trust data of the Missouri Investment Trust. The Missouri Investment Trust accepts deposits from various state funds after specific legislative approval. As of December 31, 2002, the following state funds were authorized depositors of the Missouri Investment Trust: Wolfner Library Trust, Missouri Arts Council Trust, Missouri Humanities Council Trust, and the Pansey Johnson-Travis Memorial State Gardens Trust. Deposits are invested by the Missouri Investment Trust Board of Trustees through an external investment consultant. Due to the nature of the trust and because the trust provides services only to the state and receives funding only from the state, the trust is considered a component unit of the state of Missouri financial reporting entity and is blended into the state's financial statements.

The Missouri Investment Trust, presented in Exhibits A and B, is a separate legal and accounting entity, recording all assets, liabilities, equities, revenues, and expenses related to the trust's activities. However, expenses presented for the trust or its programs may not reflect the total cost of the related activity. Other direct and indirect costs provided by the Office of the Missouri State Treasurer are not allocated to the trust or its programs.

B. Basis of Accounting

The financial statements for the Missouri Investment Trust, Exhibits A and B, are prepared in conformity with generally accepted accounting principles. The statements are presented on the accrual basis of accounting which recognizes revenues when earned and expenses when the related liabilities are incurred.

Investments are made by the Missouri Investment Trust Board of Trustees through an external investment consultant's investment pools which are managed to approximate returns experienced by the Standard & Poor's 500 Index, the Russell 2000 Index, and the Morgan Stanley Capital International EAFE Provisional Index. Deposits of each state fund are segregated by the investment consultant in separate investment accounts within the pool. Funds are invested in equity securities with a long term objective of capital appreciation. However, investments in equity securities also carry increased risks due to potential volatility in the market.

C. Fiscal Authority and Responsibility

The Missouri Investment Trust Board of Trustees administers transactions in the Missouri Investment Trust within the authority prescribed by the General Assembly. The board serves in a fiduciary capacity with respect to the management of the investment trust and the investment of funds for the exclusive benefit of the state of Missouri; however, the board is not subject to regulatory oversight by the SEC or other entities. The board establishes policies, procedures, and objectives of the trust, accepts deposits to the trust from authorized state funds, and selects and monitors the external investment consultant. The board is responsible for establishing such policies and making investment decisions in good faith and with the degree of diligence, care, and skill which a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

2. Investments

The trust's only investments at December 31, 2002 and 2001, were deposits in an external investment consultant's investment pools with carrying values of \$15,944,800 and \$20,235,265, respectively, which approximates fair value. The valuation is provided by the consultant's monthly investment summary reports and is based on the underlying fair value of the equity securities in which the consultant's investment pools have invested. These investments are not subject to categorization of credit risk.

3. Deposits and Net Assets

As of December 31, 2002, the Missouri Investment Trust had received deposits from the Wolfner Library Trust Fund, Missouri Arts Council Trust Fund, Missouri Humanities Council Trust Fund, and the Pansey Johnson-Travis Memorial State Gardens Trust Fund totaling \$728,000; \$20,000,000; \$850,000; and \$815,000, respectively. Participation in the Missouri Investment Trust by the various authorized state funds is on a voluntary basis. In accordance with the trust agreement and Sections 30.953 to 30.971, RSMo, net assets are held in trust for the pool participants.

4. Investment Income (Loss)

Investment income (loss) includes dividends and realized/unrealized gains and losses on underlying securities held by the investment consultant in the consultant's investment pools. Due to poor economic and stock market conditions in recent years, the Missouri Investment Trust experienced net investment losses totaling \$(4,291,324) and \$(2,049,053) for the two years ended December 31, 2002 and 2001, respectively.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MISSOURI INVESTMENT TRUST
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri Investment Trust was established by Section 30.953, RSMo, effective August 28, 1997, to allow the state to invest specific funds for long-term investment and growth. Subject to a valid, binding trust agreement, the trust receives funds specifically approved and designated by the General Assembly.

The responsibility for the proper administration of the trust and the direction of its policies is vested in a seven-member Board of Trustees. The board consists of the State Treasurer, the Commissioner of Administration, one member appointed by the Speaker of the House, one member appointed by the President Pro-Tem of the Senate, and three members selected by the Governor who are appointed, with the advice and consent of the Senate, to serve staggered four-year terms. Members of the Board of Trustees as of December 31, 2002, were:

Name	Date Term Ends	Title/Appointed by
Nancy Farmer, Chairman	N/A	State Treasurer
Jacquelyn D. White	N/A	Commissioner of Administration
Vicky Riback-Wilson	N/A	Member appointed by Speaker of the House
Charles Zitnik	N/A	Member appointed by President Pro-Tem of the Senate
Richard Dahl	February 24, 2004	Member appointed by Governor
Joe Rechter	February 24, 2005	Member appointed by Governor
Vacant *	February 24, 2006	Member appointed by Governor

* Rainey Crawford's term expired February 24, 2002. As of March 26, 2003, a successor trustee has not been appointed.

The board has selected State Street Global Advisors to provide investment management services to the trust.

The trust serves as a tool for specifically appropriated state monies to be invested longer than authorized by statute for the state treasurer.

* * * * *



**OFFICE OF STATE TREASURER
YEAR ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-38
April 25, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2003

The following report is our review of the Office of the State Treasurer.

The Office of State Treasurer is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer are to be the custodian of all state funds; to determine the amount of state monies not needed for current operating expenses; and to invest such monies in interest bearing time deposits, in short-term U. S. government securities, or in certain allowable commercial paper and banker's acceptances. The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services; 2) disbursements and records; 3) investments and deposit programs; and 4) unclaimed property.

We had no findings on the Office of State Treasurer.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

OFFICE OF STATE TREASURER

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Nancy Farmer, State Treasurer
Jefferson City, MO 65102

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash and Investments of the Abandoned Fund Account Fund, Central Check Mailing Service Revolving Fund, and Treasurer's Information Fund; and Statement of Appropriations and Expenditures of the various funds of the Office of State Treasurer as of and for the years ended June 30, 2002 and 2001. These financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Abandoned Fund Account Fund, Central Check Mailing Service Revolving Fund, and Treasurer's

Information Fund; and the appropriations and expenditures of the various funds of the Office of State Treasurer as of and for the years ended June 30, 2002 and 2001, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 13, 2003, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for that presented in Schedule 4, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole. We did not audit the information presented in Schedule 4 and, accordingly, we express no opinion on it.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

March 13, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Gayle A. Garrison
Audit Staff:	Lucinda Elliott
	Kelly L. Petree
	Michelle L. Knowles



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Nancy Farmer, State Treasurer
Jefferson City, MO 65102

We have audited the financial statements of the Office of State Treasurer as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated March 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Office of State Treasurer are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Office of State Treasurer, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the

normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of the Office of State Treasurer and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive style with a large initial "C" and a stylized "M".

Claire McCaskill
State Auditor

March 13, 2003 (fieldwork completion date)

Financial Statements

Exhibit A

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH AND INVESTMENTS - ABANDONED FUND
ACCOUNT FUND, CENTRAL CHECK MAILING SERVICE REVOLVING
FUND, AND TREASURER'S INFORMATION FUND

	Year Ended June 30,					
	2002			2001		
	Abandoned Fund Account Fund	Central Check Mailing Service Revolving Fund	Treasurer's Information Fund	Abandoned Fund Account Fund	Central Check Mailing Service Revolving Fund	Treasurer's Information Fund
RECEIPTS						
Unclaimed deposits, dividends, interest, and other	\$ 32,497,860	0	0	44,734,558	0	0
Charges for services	0	164,660	3,288	0	163,472	3,450
Total Receipts	32,497,860	164,660	3,288	44,734,558	163,472	3,450
DISBURSEMENTS						
Refunds of unclaimed deposits	14,090,546	0	0	10,582,589	0	0
Expense and equipment	369,788	167,929	2,347	436,063	179,853	439
Total Disbursements	14,460,334	167,929	2,347	11,018,652	179,853	439
RECEIPTS OVER (UNDER) DISBURSEMENTS	18,037,526	(3,269)	941	33,715,906	(16,381)	3,011
TRANSFERS						
Transfers from General Revenue Fund-State	0	0	0	500,000	0	0
Transfers (to) General Revenue Fund-State	(18,639,045)	(585)	(23)	(32,088,269)	0	0
Total Transfers	(18,639,045)	(585)	(23)	(31,588,269)	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	(601,519)	(3,854)	918	2,127,637	(16,381)	3,011
CASH AND INVESTMENTS, JULY 1	2,799,058	6,980	8,857	671,421	23,361	5,846
CASH AND INVESTMENTS, JUNE 30	\$ 2,197,539	3,126	9,775	2,799,058	6,980	8,857

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT B

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriations	Expenditures	Lapsed Balances **	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Issuing duplicate checks	\$ 1,049,000	1,048,460	540	1,393,000	1,301,034	91,966
Services to monitor companies doing business in Northern Ireland	3,000	3,000	0	3,000	3,000	0
Outlawed checks	15,000	13,190	1,810	53,743	53,418	325
Lease and utility expense	6,076	2,155	3,921 *	2,940	2,278	662
Personal service	1,264,316	1,134,234	130,082	1,507,321	1,337,309	170,012
Expense and equipment	0	0	0	62,610	62,610	0
Expense and equipment	494,050	413,898	80,152	503,693	499,856	3,837
Personal service/expense and equipment flex	251,195	236,123	15,072	N/A	N/A	N/A
Refunds of excess interest from the linked deposit program	4,000	689	3,311	4,000	2,643	1,357
Total General Revenue Fund - State	<u>3,086,637</u>	<u>2,851,749</u>	<u>234,888</u>	<u>3,530,307</u>	<u>3,262,148</u>	<u>268,159</u>
TREASURER'S INFORMATION FUND						
Expense and equipment	<u>8,000</u>	<u>2,347</u>	<u>5,653</u>	<u>8,000</u>	<u>439</u>	<u>7,561</u>
CENTRAL CHECK MAILING SERVICE						
REVOLVING FUND						
Expense and equipment	<u>225,000</u>	<u>167,929</u>	<u>57,071</u>	<u>225,000</u>	<u>174,853</u>	<u>50,147</u>
STATE HIGHWAYS AND						
TRANSPORTATION DEPARTMENT FUND						
Personal service	<u>458,699</u>	<u>444,937</u>	<u>13,762</u>	<u>456,074</u>	<u>442,238</u>	<u>13,836</u>
SECOND INJURY FUND						
Personal service	36,232	36,232	0	36,022	33,361	2,661
Expense and equipment	<u>3,280</u>	<u>3,280</u>	<u>0</u>	<u>3,280</u>	<u>3,038</u>	<u>242</u>
Total Second Injury Fund	<u>39,512</u>	<u>39,512</u>	<u>0</u>	<u>39,302</u>	<u>36,399</u>	<u>2,903</u>
ABANDONED FUND ACCOUNT FUND						
Expense and equipment	370,701	369,882	819	443,701	436,063	7,638
Payment of claims for abandoned property	<u>15,000,000</u>	<u>14,090,545</u>	<u>909,455</u>	<u>12,000,000</u>	<u>10,251,837</u>	<u>1,748,163</u>
Total Abandoned Fund Account Fund	<u>15,370,701</u>	<u>14,460,427</u>	<u>910,274</u>	<u>12,443,701</u>	<u>10,687,900</u>	<u>1,755,801</u>
Total All Funds	<u>\$ 19,188,549</u>	<u>17,966,901</u>	<u>1,221,648</u>	<u>16,702,384</u>	<u>14,603,977</u>	<u>2,098,407</u>

* Biennial appropriations set up in fiscal year 2002 are re-appropriations to fiscal year 2003.

After the fiscal year-end processing has been completed, the unexpended fiscal year 2002 appropriation balance for a biennial appropriation is established in fiscal year 2003. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2002.

** Office officials indicated the lapsed balances included the following withholdings made at the Governor's request:

	Year Ended June 30, 2002
General Revenue Fund - State:	
Personal service	\$ 90,931
Expense and equipment	49,405
Outlawed checks	900
Refunds of excess interest from the linked deposit program	720
Lease and utility expense	183
Total	<u>\$ 142,139</u>
State Highways and Transportation Department Fund:	
Personal service	<u>\$ 13,761</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,	
	2002	2001
Personal service	\$ 1,851,526	1,812,908
Travel	27,233	34,477
Expense and equipment	260,612	295,552
Communications expense	56,808	104,843
Professional services	427,603	486,819
Equipment repairs and maintenance	54,667	86,861
Equipment and software purchases	135,568	173,585
Abandoned fund claim payments and linked deposit interest refunds	14,091,234	10,254,480
Replacement of outlawed checks	1,061,650	1,354,452
Total Expenditures	<u>\$ 17,966,901</u>	<u>14,603,977</u>

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 2

OFFICE OF STATE TREASURER
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
YEAR ENDED JUNE 30, 2002

	Furniture and Equipment	Motor Vehicles	Total General Fixed Assets
Balance, June 30, 2001	\$ 792,055	16,582	808,637
Additions	102,095	0	102,095
Dispositions	(90,457)	0	(90,457)
Balance, June 30, 2002	<u>\$ 803,693</u>	<u>16,582</u>	<u>820,275</u>

Fund of Acquisition	Balance June 30, 2002
General Revenue Fund-State	\$ 763,334
Central Check Mailing Service Revolving Fund	38,054
Second Injury Fund	829
Abandoned Fund Account Fund	18,058
Total All Funds	<u>\$ 820,275</u>

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 3

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF FUNDS IN CUSTODY OF STATE TREASURER

	June 30,				
	2002	2001	2000	1999	1998
APPROPRIATED FUNDS					
Demand Deposits:					
US Bank	\$ 2,576,463	19,067,922	20,193,672	17,378,945	27,419,757
Central Bank	(138,593,954)	(171,270,259)	(145,640,671)	(181,557,095)	(168,421,915)
Premier Bank	43,795	23,742	N/A	N/A	N/A
Collection bank accounts	4,938,377	1,269,172	1,144,983	6,781,261	4,990,343
Total Demand Deposits	<u>(131,035,319)</u>	<u>(150,909,423)</u>	<u>(124,302,016)</u>	<u>(157,396,889)</u>	<u>(136,011,815)</u>
Pooled Investments:					
Time deposits	367,178,643	453,435,866	498,164,830	442,979,003	421,840,092
U.S. government securities	1,447,407,896	1,419,273,616	1,812,434,510	2,299,678,256	3,048,280,491
Commercial paper and banker acceptances	694,144,369	873,037,428	688,517,469	734,288,488	N/A
Repurchase agreements	527,329,300	341,656,000	214,844,900	152,784,800	394,450,700
Other investments	N/A	N/A	N/A	10,130	10,130
Total Pooled Investments	<u>3,036,060,208</u>	<u>3,087,402,910</u>	<u>3,213,961,709</u>	<u>3,629,740,677</u>	<u>3,864,581,413</u>
Total Demand Deposits and Pooled Investments (Schedule 4)	<u>2,905,024,889</u>	<u>2,936,493,487</u>	<u>3,089,659,693</u>	<u>3,472,343,788</u>	<u>3,728,569,598</u>
Special Fund Dedicated Investments:					
U.S. government securities	17,611,544	16,703,999	15,900,896	N/A	N/A
Donated corporate stock	5,130	5,130	5,130	N/A	N/A
Total Special Fund Dedicated Investments	<u>17,616,674</u>	<u>16,709,129</u>	<u>15,906,026</u>	<u>0</u>	<u>0</u>
Total Appropriated Funds	<u>2,922,641,563</u>	<u>2,953,202,616</u>	<u>3,105,565,719</u>	<u>3,472,343,788</u>	<u>3,728,569,598</u>
NONAPPROPRIATED FUNDS					
Demand deposits	184,828	19,312	4,417	3,977	4,055
Repurchase agreements	96,338,000	110,607,600	8,074,300	7,793,800	8,420,300
U.S. government securities	65,418,122	65,312,467	0	0	0
Total Nonappropriated Funds (Schedule 5)	<u>161,940,950</u>	<u>175,939,379</u>	<u>8,078,717</u>	<u>7,797,777</u>	<u>8,424,355</u>
Total Cash and Investments	<u>\$ 3,084,582,513</u>	<u>3,129,141,995</u>	<u>3,113,644,436</u>	<u>3,480,141,565</u>	<u>3,736,993,953</u>

The accompanying Notes to the Supplementary Data are an integral part of this statement.

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2002	2001	2000	1999	1998
General Revenue Fund	\$ 326,037,792	438,697,261	776,602,798	1,167,276,156	1,455,967,248
Budget Reserve Fund	469,923,934	451,979,496	N/A	N/A	N/A
Budget Stabilization Fund	0	0	142,777,241	135,293,029	128,169,446
Cash Operating Reserve - General Revenue Fund	0	0	293,425,819	278,468,808	261,985,315
Abandoned Fund Account Fund	2,197,539	2,799,058	671,421	257,269	675,468
Abandoned Mine Reclamation Fund	906,128	805,733	709,252	611,127	517,196
Academic Scholarship Fund	133,211	327,773	321,932	93,018	90,165
Acupuncturist Fund	22,352	0	0	N/A	N/A
Adjutant General - Federal Fund	2,513,349	1,259,644	1,575,342	1,160,612	2,169,055
Adjutant General Revolving Fund	112,537	110,311	244,176	244,500	215,508
Administrative Trust Fund	11,906,971	12,353,604	10,990,480	10,784,887	11,817,319
Advantage Missouri Trust Fund	166,500	82,906	36,860	0	N/A
Agricultural Product Utilization Business					
Development Loan Guarantee Fund	1	1	8	14,591	0
Agricultural Product Utilization Grant Fund	48,656	73,417	417,500	377,042	0
Agriculture Bond Trustee Fund	0	0	0	0	0
Agriculture Development Fund	81,312	64,422	55,582	56,395	51,443
Aid to Dependent Children - Federal Fund	0	0	0	0	23
Alternative Care Trust Fund	2,724,219	2,011,676	1,917,619	1,500,105	1,723,174
Americans With Disabilities Act Compliance Fund	30,362	283,262	1,566,973	3,905,067	3,582,022
Animal Care Reserve Fund	114,357	143,176	206,352	233,623	175,110
Animal Health Laboratory Fee Fund	222,038	247,997	235,049	246,914	165,882
Apple Merchandising Fund	15,171	10,386	11,214	7,655	10,790
Aquaculture Marketing Development Fund	1	0	0	1,539	915
Assistive Technology Loan Revolving Fund	1,020,146	469,704	N/A	N/A	N/A
Athletic Fund	472,084	405,982	351,203	535,604	302,470
Attorney General - Federal and Other Fund	4,706	46,212	663	6,746	0
Attorney General Anti-Trust Revolving Fund	597,451	314,260	801,742	499,754	763,778
Attorney General Court Costs Fund	48,937	48,898	11,644	10,411	9,456
Aviation Trust Fund	5,840,058	8,593,264	6,197,404	2,899,035	419,947
Bingo Proceeds for Education Fund	6,165,023	5,910,434	7,078,673	8,870,862	8,700,240
Blind Pension Fund	10,448,724	7,949,388	5,735,291	3,919,108	3,047,200
Blindness Education, Screening and Treatment Program Fund	305,462	113,420	N/A	N/A	N/A
Board of Barber Examiners Fund	394,477	106,499	150,580	156,154	182,031
Board of Embalmers and Funeral Directors Fund	907,167	329,728	657,413	306,019	307,630
Board of Geologist Registration Fund	141,930	101,147	88,133	76,363	63,448
Board of Pharmacy Fund	2,283,999	2,042,991	1,451,661	1,084,804	950,972
Board of Registration for the Healing Arts Fund	6,765,256	5,174,356	5,179,330	5,141,105	5,084,207
Boll Weevil Suppression and Eradication Fund	9,158	0	0	0	0
Bridge Scholarship Fund	0	0	1,335,986	290,372	0
Business Extension Service Team Fund	1,544,580	4,962,020	4,248,291	3,570,702	3,081,493
Central Check Mailing Service Revolving Fund	3,126	6,980	23,361	17,001	23,241
Champ W. Smith & Mary C. Smith					
Memorial Endowment Trust Fund	413,079	424,095	405,892	384,668	384,158
Chemical Emergency Preparedness Fund	554,474	651,174	746,644	782,626	814,632
Child Labor Enforcement Fund	138,996	43,995	30,107	49,319	538
Child Support Enforcement Fund	4,595,307	7,762,255	11,139,043	6,093,302	4,564,833
Children's Trust Fund	3,578,065	4,250,891	4,302,138	3,873,938	3,334,529
Clinical Social Workers Fund	675,815	568,315	559,955	670,208	627,000
Coal Mine Land Reclamation Fund	831,359	908,615	846,917	853,287	785,075
Committee of Professional Counselors Fund	805,425	416,898	564,397	534,729	412,638
Commodity Council Merchandising Fund	8,591	24,488	21,641	21,274	483,754
Community Service Commission Fund	165	14,367	4,605	73,544	247,624
Compulsive Gamblers Fund	176,940	10,124	111,115	210,740	231,478

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2002	2001	2000	1999	1998
Concentrated Animal Feeding Operation Indemnity Fund	189,030	154,534	118,759	58,669	25,086
Confederate Memorial Park Fund	135,595	130,751	123,329	116,868	110,773
Conservation Commission Fund	24,343,917	17,034,452	27,911,407	31,373,471	13,330,523
Correctional Substance Abuse Earnings Fund	265,324	174,670	86,723	16,171	N/A
County Aid Road Trust Fund	116	116	116	116	116
Crime Victims' Compensation Fund	7,663,263	7,750,711	8,463,246	7,991,887	7,689,770
Criminal Justice Network and Technology Revolving Fund	701,518	550,912	163,278	124,830	465,281
Criminal Record System Fund	6,973,044	6,085,569	4,856,861	3,352,363	2,553,611
Crippled Children's Service Fund	269,420	439,710	376,064	309,655	236,808
Deaf Relay Service Fund	6,485,237	7,357,731	7,379,884	6,096,587	5,535,873
Debt Offset Escrow Fund	20,364,842	17,509,906	10,076,605	5,179,718	1,910,225
Dental Board Fund	433,982	408,942	406,924	353,035	391,213
Department of Agriculture - Federal Fund	784,195	17,179	22,321	41,652	42,287
Department of Corrections - Federal Fund	111,482	2,464,906	2,587,151	3,040,595	1,976,299
Department of Economic Development - Community Development Block Grant Administration Fund	3,983	46,476	35,093	26,790	29,202
Department of Economic Development - Community Development Block Grant Pass-through Fund	1,845,536	35,736	5,722	25,597	794,099
Department of Economic Development - Federal and Other Fund	99,533	29,062	70,916	4,685	28,904
Department of Economic Development - Management Information Systems - Federal and Other Fund	129	129	129	129	129
Department of Economic Development - Missouri Council on the Arts - Federal and Other Fund	13,835	12,242	33,347	58,378	91,691
Department of Economic Development - Women's Council - Federal Fund	5,433	5,433	5,433	21,552	13,764
Department of Economic Development Administrative Fund	207,785	221,601	290,726	164,532	23,240
Department of Health - Donated Fund	774,473	747,772	801,302	463,590	35,978
Department of Health - Federal Fund	2,691,986	1,151,130	5,202,042	5,031,324	2,486,490
Department of Health Document Services Fund	23,585	49,852	108,408	62,824	81,388
Department of Health Interagency Payments Fund	245,758	223,159	242,963	88,294	0
Department of Higher Education - Federal Fund	28,328	26,187	31,712	17,304	501
Department of Insurance Dedicated Fund	10,076,526	9,190,004	8,621,390	8,057,043	7,608,108
Department of Labor and Industrial Relations - Administrative Fund	3,849,088	383,796	0	0	N/A
Department of Labor and Industrial Relations - Commission on Human Rights - Federal Fund	674,639	1,392,396	1,168,794	836,899	459,014
Department of Labor and Industrial Relations - Crime Victims -Federal Fund	72	96,269	95,199	75,966	5
Department of Mental Health - Federal Fund	30,668,576	55,593,079	61,697,526	892,647	993,752
Department of Natural Resources - Federal and Other Fund	4,678,658	6,522,883	2,981,637	7,770,346	6,248,204
Department of Natural Resources Cost Allocation Fund	872,858	858,747	1,743,982	774,526	376,605
Department of Natural Resources Revolving Services Fund	571,454	209,629	348,300	387,789	1,109,291
Department of Public Safety - Federal Fund	119,958	338,119	1,858,163	1,408,647	1,671,251
Department of Public Safety - Highway Safety Fund	127,327	128,543	213,398	359,448	225,263
Department of Public Safety - JAIBG Fund	8,521,054	5,195,957	7,626,596	4,568,764	N/A
Department of Revenue - Federal Fund	207,790	212,081	214,946	207,039	306,779
Department of Revenue Information Fund	565,113	512,115	664,532	1,199,646	1,383,199
Department of Social Services - Federal and Other Fund	0	1,127,274	14,600,515	1,203,836	563,673
Department of Social Services Administrative Trust Fund	169,949	736,244	241,972	126,242	123,985
Department of Social Services Educational Improvement Fund	3,602,098	2,855,751	3,850,534	3,395,873	2,529,585

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2002	2001	2000	1999	1998
Design and Construction Donated Fund	9	9	9	9	9
Dietitian Fund	326,345	93,820	0	0	N/A
Division of Aging - Federal and Other Fund	94	1,891,908	2,342,779	808,130	1,286,012
Division of Aging Donations Fund	1,599	1,599	1,599	1,599	1,599
Division of Aging Elderly Home Delivered Meals Trust Fund	94,066	101,748	88,453	63,752	91,089
Division of Credit Unions Fund	280,934	359,639	334,940	207,083	201,774
Division of Family Services - Administrative Fund	15,700,137	14,567,652	12,916,096	15,282,682	12,670,786
Division of Family Services Donations Fund	180,335	272,833	261,633	265,905	255,947
Division of Finance Fund	295,004	673,349	1,260,473	1,564,533	1,677,342
Division of Labor Standards - Federal Fund	13,849	13,616	28,424	25,088	19,115
Division of Savings and Loan Supervision Fund	29,010	40,692	28,569	37,119	66,582
Division of Tourism Supplemental Revenue Fund	4,114,661	4,184,763	3,524,625	2,674,053	2,597,750
Division of Youth Services - Federal and Other Fund	10	648,999	2,406,578	1,236,130	356,167
Doctor Edmund A. Babler Memorial - State Park Fund	791,079	836,892	939,903	938,873	878,430
Domestic Relations Resolution Fund	641,396	569,705	367,203	177,217	N/A
Dry-Cleaning Environmental Response Trust Fund	825,019	208,690	N/A	N/A	N/A
Early Childhood Development, Education and Care Fund	32,676,659	43,821,123	45,465,648	25,340,676	N/A
Economy Rate Telephone Service Fund	0	50	N/A	N/A	N/A
Elementary and Secondary Education - Federal and Other Fund	1,601,085	1,229,874	2,606,482	4,471,180	2,255,211
Elevator Safety Fund	145,066	85,906	N/A	N/A	N/A
Endowed Care Cemetery Audit Fund	255,647	218,963	241,779	231,835	200,767
Energy Set-Aside Program Fund	21,567,293	22,336,181	14,135,697	16,790,980	19,055,453
Escheats Fund	6,854,394	6,872,791	6,287,398	6,141,744	5,344,864
Excellence in Education Fund	1,426,892	1,099,804	1,004,463	1,108,342	1,463,130
Facilities Maintenance Reserve Fund	10,204,928	30,966,318	22,768,361	13,175,243	4,899,661
Fair Share Fund	1,987,035	2,105,985	2,332,105	2,152,301	637,682
Family Support Loan Fund	116,614	114,995	97,058	99,185	136,932
Federal - Missouri Department of Insurance Fund	0	0	0	0	0
Federal and Other Fund	14,704	2,850	11,263	4,044	68,165
Federal Drug Seizure Fund	1,295,193	2,237,474	3,809,785	3,841,586	1,090,286
Federal Reimbursement Allowance Fund	13,978,859	23,147,141	27,780,449	37,650,850	34,584,196
Federal Student Loan Reserve Fund	20,486,626	26,959,150	34,595,580	N/A	N/A
Federal Surplus Property Fund	1,649,261	1,690,580	1,508,761	1,797,410	1,487,737
Fine Collections Center Interest Revolving Fund	850	10,129	0	N/A	N/A
Firing Range Fee Fund	1,434	1,434	1,434	1,434	1,434
Food Stamp EBT Settlement Fund	0	0	0	6,587,306	6,111,728
Fourth State Building - Series A 1996	0	0	0	0	26,307,603
Fourth State Building - Series A 1998	11,656,995	15,350,156	19,036,607	22,004,237	50,159,038
Fourth State Building Bond and Interest Series A 1995	5,938,049	6,112,982	6,008,573	6,082,552	6,017,509
Fourth State Building Bond and Interest Series A 1996	9,837,013	10,142,670	10,049,005	10,204,031	10,204,154
Fourth State Building Bond and Interest Series A 1998	3,674,666	3,804,229	3,777,876	3,779,338	3,637,109
Gaming Commission Bingo Fund	0	2,537	17,394	89,804	56,337
Gaming Commission Fund	4,210,689	4,690,850	6,835,388	7,896,325	38,885,373
Gaming Proceeds for Education Fund	16,838,239	13,416,742	13,749,083	5,727,863	5,608,803
GEAR-UP Scholarship Fund	1,302,681	N/A	N/A	N/A	N/A
General Revenue Reimbursements Fund	11,913,176	6,500,746	10,797,459	63,862,901	66,031,946
Governor's Committee on Employment of the Handicapped - Federal Fund	199,584	704,496	166,405	241,203	219,173
Grade Crossing Fund	0	0	0	0	153,707
Grade Crossing Safety Account Fund	4,654,379	4,872,583	4,414,151	4,335,291	4,135,609
Grain Inspection Fees Fund	451,865	340,234	442,300	555,038	738,163
Groundwater Protection Fund	116,628	207,197	225,685	171,702	205,133
Guaranty Agency Operating Fund	7,527,667	6,970,923	8,612,013	N/A	N/A

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2002	2001	2000	1999	1998
Handicapped Children's Trust Fund	23	23	846	1,072	1,072
Hazardous Waste Fund	1,076,035	962,798	596,416	560,442	164,890
Hazardous Waste Remedial Fund	2,582,929	2,829,818	3,573,649	4,252,922	3,755,085
Health Access Incentive Fund	753,390	582,825	1,979,962	812,029	1,332,552
Health Initiatives Fund	5,847,311	8,298,720	9,320,373	13,303,065	19,664,820
Health Spa Regulatory Fund	87,620	76,161	69,515	69,876	66,089
Healthy Families Trust Fund	0	211,330,653	N/A	N/A	N/A
Healthy Families Trust Fund - Early Childhood Care and Education Account	788,659	0	N/A	N/A	N/A
Healthy Families Trust Fund - Health Care Treatment and Access Account	6,845,344	0	N/A	N/A	N/A
Healthy Families Trust Fund - Life Sciences Research Account	11,730	0	N/A	N/A	N/A
Healthy Families Trust Fund - Seniors Catastrophic Prescription Drug Account	60,847,227	0	N/A	N/A	N/A
Healthy Families Trust Fund - Tobacco Prevention, Education and Cessation Account	47,129	0	N/A	N/A	N/A
Hearing Instrument Specialist Fund	100,021	91,419	84,605	79,728	63,609
Highway Patrol Academy Fund	486,645	464,005	483,302	248,267	198,531
Highway Patrol Inspection Fund	3,874,665	2,519,683	3,305,943	2,171,007	2,890,935
Highway Patrol's Motor Vehicle and Aircraft Revolving Fund	3,865,254	4,517,360	4,185,382	3,105,290	3,551,287
Highway Revenue Generating Fund	0	0	0	0	3,622
Historic Preservation Revolving Fund	1,390,762	1,471,854	760,279	270,139	249,812
House of Representatives Revolving Fund	13,221	81	4,664	11,542	11,975
Independent Living Center Fund	529,844	404,258	403,768	362,340	348,815
Industrial Development and Reserve Fund	0	0	0	977,179	1,139,768
Infrastructure Development Fund	0	0	N/A	N/A	N/A
Inmate Incarceration Reimbursement Act Revolving Fund	212,093	184,618	147,400	131,387	128,957
Inmate Revolving Fund	1,460,329	2,556,898	2,009,020	1,630,111	1,822,335
Insurance Examiners Fund	649,861	523,237	506,241	438,586	499,251
Intergovernmental Transfer Fund	26,477,310	2,000,000	N/A	N/A	N/A
Interior Design Council Fund	28,456	19,975	0	0	N/A
International Trade Show Revolving Fund	75,510	67,835	22,026	8,416	8,122
Job Development and Training Fund	671,693	2,619,964	3,336,531	950,703	315,394
Judiciary Education and Training Fund	591,887	194,489	203,298	275,783	0
Kid's Chance Scholarship Fund	160,420	105,710	51,193	0	N/A
Landscape Architectural Council Fund	37,434	15,663	24,059	31,814	40,536
Legal Defense and Defender Fund	206,881	163,647	472,424	480,531	264,292
Legal Services For Low-Income People Fund	1,013,280	N/A	N/A	N/A	N/A
Library Networking Fund	74,550	15,104	44,362	0	0
Licensed Perfusionists Fund	0	0	7,980	9,000	0
Light Rail Safety Fund	0	30	1,694	2,050	2,280
Livestock Brands Fund	0	9,104	415	22,273	8,713
Livestock Dealer Law Enforcement and Administration Fund	351	45	5,184	5,487	7,509
Livestock Sales and Markets Fees Fund	37	75	11,265	2,623	7,404
Local Records Preservation Fund	976,075	1,141,354	1,552,964	1,660,386	1,401,340
Lottery Proceeds Fund	15,558,203	30,556,966	65,839,958	71,234,118	63,830,483
Mammography Fund	336,334	274,339	232,751	217,558	179,496
Manufactured Housing Fund	132,165	263,293	493,135	712,818	694,029
Marguerite Ross Barnett Scholarship Fund	121,866	65,027	13,038	N/A	N/A
Marital and Family Therapists Fund	50,969	56,437	42,238	40,229	0
Marketing Development Fund	482,875	348,237	337,917	260,687	242,380
Massage Therapy Fund	281,497	300,677	0	N/A	N/A

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2002	2001	2000	1999	1998
MCSAP/Division of Transportation - Federal Fund	15,277	877	196,640	144,751	176,190
Medicaid Fraud Reimbursement Fund	5,000	5,000	5,000	5,000	0
Medical School Loan and Loan Repayment Program Fund	107,406	153,820	168,391	151,855	146,446
Mental Health Central Supply Fund	0	0	0	1,000	1,000
Mental Health Earnings Fund	516,977	552,617	500,396	824,960	663,821
Mental Health Housing Trust Fund	4,876	4,702	4,435	4,205	4,195
Mental Health Interagency Payments Fund	235,028	776,271	487,924	161,939	799,056
Mental Health Trust Fund	4,228,512	3,955,680	6,438,120	5,329,505	3,538,840
Meramec-Onondaga State Parks Fund	1,053,908	1,034,424	994,567	958,851	922,947
Merchandising Practices Revolving Fund	3,317,361	3,277,363	2,950,469	2,436,924	2,286,822
Metallic Minerals Waste Management Fund	175,343	216,708	215,477	218,093	206,286
Microfilming Service Revolving Trust Fund	0	35,768	35,768	35,848	35,837
Mined Land Reclamation Fund	3,744,535	3,839,689	3,995,941	3,751,491	3,561,740
Missouri Air Emission Reduction Fund	2,282,557	1,748,643	375,581	0	0
Missouri Air Pollution Control Fund	77,436	65,107	853,041	1,262,211	1,041,691
Missouri Alternative Fuel Vehicle Loan Fund	300,031	0	0	N/A	N/A
Missouri Arts Council Trust Fund	10,233,207	8,928,801	9,061,274	10,988,326	13,484,355
Missouri Board Of Occupational Therapy Fund	417,032	444,509	221,288	356,398	121,777
Missouri Breeders Fund	81,235	78,342	76,814	74,238	71,791
Missouri Capital Access Program Fund	0	0	242,500	242,500	242,500
Missouri CASA Fund	57,320	N/A	N/A	N/A	N/A
Missouri Children's Service Commission Fund	16,846	16,632	16,763	15,952	15,125
Missouri College Guarantee Fund	1,279,252	4,802,651	6,546,112	3,008,033	N/A
Missouri Commission for the Deaf Board of Certification of Interpreters Fund	14,793	21,516	3,320	54	13,330
Missouri Community College Job Training Program Fund	7,428	7,428	0	0	0
Missouri Consolidated Health Care Plan Benefit Fund	11,498	6,381,838	0	0	0
Missouri Crime Prevention Information and Programming Fund	12,539	6,458	0	0	0
Missouri Disaster Fund	1,674	59,556	231,525	98,706	415,866
Missouri Health Care Providers Fund	0	0	0	0	70
Missouri Horse Racing Fund	0	69	9	0	0
Missouri Housing Trust Fund	5,259,163	3,972,815	4,255,307	4,929,604	4,031,191
Missouri Humanities Council Trust Fund	1,818,205	1,469,871	533,134	364,732	205,132
Missouri Job Development Fund	146,545	1,459,977	2,516,319	4,760,404	489,093
Missouri Main Street Program Fund	4,177	4,177	141,582	139,544	101,808
Missouri National Guard Training Site Fund	107,663	99,878	55,443	49,852	75,654
Missouri National Guard Trust Fund	3,360,144	3,583,921	3,589,693	2,409,528	N/A
Missouri Office of Prosecution Services Fund	164,422	64,200	69,460	64,125	50,762
Missouri Office of Prosecution Services Revolving Fund	40,009	23,100	5,680	3,608	2,976
Missouri Prospective Teachers Loan Fund	20,109	16,259	16,260	16,267	16,194
Missouri Public Health Services Fund	107,118	306,295	363,887	544,160	886,467
Missouri Public Television Broadcasting Corporation Special Fund	0	216,419	0	N/A	N/A
Missouri Qualified Fuel Ethanol Producer Incentive Fund	0	0	65,741	0	0
Missouri Real Estate Commission Fund	3,450,336	3,244,715	2,982,063	2,967,376	2,685,005
Missouri Rehabilitation Center Fund	N/A	N/A	N/A	N/A	0
Missouri Senior Rx Fund	2,198,984	N/A	N/A	N/A	N/A
Missouri State Employees' Deferred Compensation Incentive Plan Administration Fund	962	(636)	0	100	0
Missouri Student Grant Program Gift Fund	0	0	38,894	2,049	2,049
Missouri Supplemental Tax Increment Financing Fund	0	0	0	0	0
Missouri Technology Investment Fund	5,778	22,765	1,279,939	1,018,573	567,557
Missouri Veterans Commission - Federal Fund	757,111	249,269	614,857	1,499,512	9,900

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2002	2001	2000	1999	1998
Missouri Veterans Homes Fund	27,816	941,428	1,276,601	357,249	1,252,111
Missouri Water Development Fund	0	0	0	0	571,272
Missouri Wine Marketing and Research Development Fund	0	32	0	7,308	N/A
Motor Fuel Tax Fund	674,534	2,104,108	7,497,927	25,176,162	25,911,286
Motor Vehicle Commission Fund	1,918,611	1,788,174	1,657,328	1,897,763	1,676,461
Motorcycle Safety Trust Fund	2,537	284	4,132	3,140	731
Multimodal Operations Federal Fund	789,464	587,638	397,921	606,371	385,715
National Endowment for the Humanities - Save America's Treasures Fund	0	N/A	N/A	N/A	N/A
Natural Resources Protection Fund	595,253	581,448	559,943	558,636	168,613
Natural Resources Protection Fund - Air Pollution Asbestos Fee Subaccount Fund	870,076	1,005,211	942,537	880,637	924,912
Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount Fund	10,375,446	12,180,479	14,196,181	16,941,786	17,997,200
Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	12,225,233	11,741,569	9,985,295	9,249,872	6,135,419
Nursing Facility Federal Reimbursement Allowance Fund	6,478,933	5,216,824	2,521,129	819,886	1,272,409
Nursing Facility Quality of Care Fund	1,920,164	1,793,330	2,404,634	2,443,204	2,914,493
Office of Administration - Federal and Other Fund	236,802	325,238	395,984	547,616	345,504
Office of the State Public Defender - Federal and Other Fund	19,909	19,909	19,909	20,078	18,487
Oil and Gas Remedial Fund	14,488	14,488	14,488	18,893	18,893
Optometry Fund	217,297	202,748	164,913	120,121	105,812
Organ Donor Program Fund	922,520	894,291	861,766	680,896	606,071
Outstanding Schools Trust Fund	68,882,571	155,180,181	242,235,465	324,123,685	389,313,169
Pansey Johnson-Travis Memorial State Gardens Trust Fund	17,625	15,707	12,821	795,977	751,620
Pansey Johnson-Travis Stocks and Securities Trust Fund	N/A-1	N/A-1	N/A-1	10,130	10,130
Peace Officers Standards and Training Commission Fund	1,281,707	1,196,827	1,292,253	1,189,769	912,291
Petition Audit Revolving Trust Fund	427,704	608,879	567,682	348,623	353,131
Petroleum Inspection Fund	2,457,796	2,066,376	1,450,724	1,366,010	1,651,931
Petroleum Storage Tank Insurance Fund	37,243,220	38,890,913	46,090,200	55,840,164	55,019,305
Petroleum Violation Escrow Fund	1,535,494	6,434,343	20,190,215	20,794,899	21,367,253
Petroleum Violation Escrow Interest Subaccount Fund	441,882	2,730	N/A	N/A	N/A
Pharmacy Rebate Fund	12,667,665	1,481,918	233,421	0	N/A
Post-Closure Fund	144,622	142,473	189,657	268,488	260,114
Premium Fund	28,033	23,170	22,438	N/A	N/A
Professional and Practical Nursing Student Loan and Nurse Loan Repayment Fund	680,741	987,824	676,511	943,628	614,943
Professional Registration Fees Fund	194,048	485,976	60,842	17,210	31,796
Property Reuse Fund	3,243,787	4,102,947	3,802,801	3,204,516	3,127,992
Proprietary School Bond Fund	0	0	0	0	9,393
Prosecuting Attorneys' and Circuit Attorneys' Retirement Fund	0	0	0	0	0
Public Service Commission Fund	176,944	465,196	2,555,798	1,426,865	354,408
Railroad Expense Fund	296,609	31,305	79,856	85,901	158,793
Real Estate Appraisers Fund	672,291	371,779	612,138	585,485	618,109
Residential Mortgage Licensing Fund	644,271	674,432	577,131	464,989	479,056
Respiratory Care Practitioners Fund	247,552	213,343	149,560	80,945	245
Safe Drinking Water Fund	3,447,869	3,829,548	3,798,228	3,579,157	3,402,391
School Building Revolving Fund	5,054,893	3,461,475	1,113,426	169,549	N/A
School District Bond Fund	1,728,542	8,728,542	7,132,397	7,101,022	7,132,497
School District Trust Fund	50,429,925	48,897,468	56,348,298	57,684,007	53,849,179
School for Blind Trust Fund	55,564	29,455	41,233	482,416	65,884
School for Deaf Trust Fund	72,452	34,694	5,854	29	79
Second Injury Fund	15,020,514	21,760,262	17,010,892	11,111,660	6,711,407

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2002	2001	2000	1999	1998
Secretary of State's Investor Education Fund	387,191	232,932	200,986	210,789	112,146
Secretary of State - Federal Fund	30,665	85,389	58,789	7,631	10
Secretary of State - Technology Trust Fund Account Fund	3,343,136	3,294,151	3,149,925	2,427,488	2,017,405
Secretary of State Institutional Gift Trust Fund	330	261,357	492,064	743,481	870,516
Secretary of State Records - Federal Fund	0	0	N/A	N/A	N/A
Senate Revolving Fund	29,877	56,494	18,194	35,329	20,332
Services to Victims Fund	3,711,936	3,321,516	3,703,285	3,412,801	2,747,219
Single-Purpose Animal Facilities Loan Program Fund	466,473	459,341	395,186	356,954	326,154
Social Security Contributions Fund	110,786	61,784	9,882,847	102,381	102,381
Soil and Water Sales Tax Fund	20,262,812	20,321,197	14,605,379	13,735,535	10,523,769
Solid Waste Management Fund	12,976,306	13,117,318	11,994,692	12,577,476	10,851,833
Solid Waste Management Fund - Scrap Tire Subaccount Fund	3,819,380	4,149,263	4,718,823	5,118,266	5,155,939
Special Employment Security Fund	4,289,066	6,229,442	5,575,415	3,654,527	3,731,339
Spinal Cord Injury Fund	144,838	N/A	N/A	N/A	N/A
State Agency for Surplus Property Fund	32,600	504,659	308,197	413,695	321,233
State Auditor - Federal Fund	620,828	593,843	900,132	818,041	865,477
State Board of Accountancy Fund	1,146,997	1,134,471	1,161,717	1,322,212	1,339,404
State Board of Architects, Engineers and Land Surveyors Fund	442,209	469,844	200,153	425,889	383,545
State Board of Chiropractic Examiners' Fund	312,037	478,744	165,890	157,214	181,318
State Board of Cosmetology Fund	2,142,595	1,024,405	1,679,622	1,023,690	2,218,640
State Board of Nursing Fund	3,755,380	3,983,338	340,151	1,572,253	1,296,919
State Board of Podiatry Fund	115,001	75,459	114,478	70,632	65,671
State Committee of Interpreters Fund	63,868	39,883	28,340	N/A	N/A
State Committee of Psychologists Fund	824,367	406,025	771,725	838,344	695,212
State Court Administration Revolving Fund	18,695	15,388	9,285	440	81
State Document Preservation Fund	33,768	50,684	43,010	40,823	10,838
State Elections Subsidy Fund	45,949	7,102	183,767	90,674	83,051
State Emergency Management - Federal and Other Fund	2,373,633	2,456,800	2,789,695	1,461,442	1,786,598
State Employee Voluntary Life Insurance Fund	0	0	76,033	82,548	89,781
State Environmental Improvement and Energy Resources Authority Fund	0	0	0	0	0
State Facility Maintenance and Operation Fund	503,999	1,291,599	2,480,354	2,616,610	2,149,404
State Fair Fees Fund	163,380	100,658	315,685	160,905	69,300
State Fair Trust Fund	3,408	1,463	1,631	496	333
State Forensic Laboratory Fund	54,905	31,821	110,024	95,610	162,686
State Guaranty Student Loan Fund	0	0	0	43,190,839	52,030,992
State Highways and Transportation Department Fund	41,661,503	31,064,724	2,516,468	12,666,059	6,054,885
State Institutions Gift Trust Fund	55,033	55,472	192,904	4,245	5,426
State Land Survey Program Fund	1,227,743	1,107,543	1,404,437	1,511,287	1,294,985
State Legal Expense Fund	2,691	1,794	21,862	14,868	101,299
State Lottery Fund	14,879,585	12,690,947	22,969,836	19,490,220	17,443,077
State Milk Inspection Fee Fund	203,081	203,055	337,632	273,116	201,488
State Park Sales Tax Fund	10,622,811	12,663,374	15,559,687	17,125,158	18,412,335
State Parks Earnings Fund	3,665,341	3,617,061	4,589,645	5,466,634	11,173,450
State Parks Revolving Fund	0	0	523	75,592	30,326
State Public School Fund	13,223	64,859	95,056	68,285	513,785
State Retirement Contributions Fund	95,469	8,124,473	0	156	0
State Road Fund	329,316,181	253,468,077	127,156,055	89,240,117	99,589,802
State Road Fund - Series A 2000	0	1,529,058	N/A	N/A	N/A
State Road Fund - Series A 2001	0	0	N/A	N/A	N/A
State Road Fund - Series A 2002	206,532,181	N/A	N/A	N/A	N/A
State School Moneys Fund	23,895,756	934,812	53,823,656	50,748,256	30,586,747

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2002	2001	2000	1999	1998
State Seminary Fund	0	1,651	1,102	787	787
State Seminary Money Fund	8	8	25,747	36,096	0
State Transportation Assistance Revolving Fund	259,160	102,818	505,129	1,566,262	75,218
State Transportation Fund	310,480	145,061	2,020,018	2,842,694	760,407
Statewide Court Automation Fund	1,016,171	1,814,858	1,193,445	1,745,479	2,255,074
Statutory County Recorder's Fund	3,093,001	0	N/A	N/A	N/A
Statutory Revision Fund	403,270	386,966	86,807	205,428	259,623
Stormwater Control - Series A 1999 - 37H	9,092,933	19,399,961	20,530,037	0	N/A
Stormwater Control - Series A 2001 - 37H	10,287,178	10,009,130	0	N/A	N/A
Stormwater Control Bond and Interest Series A 1999	1,560,343	1,604,148	1,557,350	0	N/A
Stormwater Control Bond and Interest Series A 2001	745,080	741,514	0	N/A	N/A
Student Grant Fund	53,313	414,586	341,708	332,316	233,781
Supreme Court - Federal and Other Fund	3,550,254	5,505,976	757,108	2,256,307	1,957,441
Supreme Court Publications Revolving Fund	129,938	59,569	78,856	123,808	55,495
Temporary Assistance for Needy Families - Federal Fund	2,529,395	774,573	2,302,232	1,683,056	9,207,324
Third Party Liability Collections Fund	5,289,390	504,633	175,871	0	N/A
Third State Building Bond Interest and Sinking - Pre Tax Act 1986	0	0	0	0	0
Third State Building Bond Interest and Sinking - Series A 1992	28,668,075	29,291,962	28,641,096	29,421,485	28,938,855
Third State Building Bond Interest and Sinking - Series A 1993	16,925,234	15,413,967	16,913,942	17,349,164	17,180,207
Third State Building Bond Interest and Sinking - Series A&B 1991	7,135,351	9,200,427	9,090,914	8,969,707	9,068,155
Third State Building Fund - Pre Tax Act 1986	0	0	534,694	987,552	926,596
Third State Building Trust Fund - Pre Tax Act 1986	131	113	33,940	1,575	335,363
Title XIX - Federal Fund	42,623,689	17,400,409	5,685,064	2,566,423	7,136,851
Title XIX - Patient Placement Fund	0	0	0	5,016,569	3,319,385
Tort Victims Compensation Fund	4,960,576	7,463,188	7,351,434	7,428,138	4,873,135
Tourism Marketing Fund	355	0	1,013	1,966	966
Treasurer's Information Fund	9,775	8,857	5,846	4,809	2,681
U.S. Department of Higher Education / Coordinating Board for Higher Education Interest Account Fund	2,307,530	2,052,239	1,511,025	1,031,332	0
U.S. Department of Higher Education / Coordinating Board for Higher Education Recall Account Fund	32,421,670	25,937,336	19,453,002	12,968,668	0
Uncompensated Care Fund	960,928	1,565,140	8,918,332	18,823,094	14,739,134
Underground Storage Tank Regulation Program Fund	419,669	621,766	594,576	595,891	455,758
Unemployment Compensation Administration Fund	200,747	897,666	814,832	1,140,482	1,126,469
Utilecare Stabilization Fund	1,180	22,478	20,920	31,998	N/A
Veterans' Homes Capital Improvement Trust Fund	52,100,054	77,618,885	81,568,365	79,684,925	58,083,977
Veterans Trust Fund	489,567	465,478	439,447	412,256	380,257
Veterinary Medical Board Fund	643,691	583,998	730,634	665,422	583,004
Video Instructional Development and Education Opportunity Fund	37,667	528,876	98,546	769,992	1,984,912
Vocational Rehabilitation - Federal Fund	6,704,120	3,504,723	1,668,080	2,539,197	683,865
Water and Waste Water Loan Fund	660,289	1,927,022	418,801	898,398	1,178,862
Water and Waste Water Loan Revolving Fund	230,747,665	148,387,528	124,730,837	160,115,759	144,832,782
Water Pollution Control - Series A 1996 - 37C	0	17,141	297,840	3,869,128	7,485,335
Water Pollution Control - Series A 1996 - 37E	0	0	10,596	66,554	9,555,983
Water Pollution Control - Series A 1998 - 37C	5,076,361	6,487,796	8,192,710	7,827,707	7,529,154
Water Pollution Control - Series A 1998 - 37E	1,043,168	12,566,183	22,796,830	28,802,973	27,582,241
Water Pollution Control - Series A 1999 - 37E	11,312,471	10,899,785	10,250,685	0	0
Water Pollution Control - Series A 1999 - 37G	5,459,630	10,385,103	10,279,352	0	N/A
Water Pollution Control - Series A 2001 - 37E	10,279,861	9,994,568	0	N/A	N/A

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF
"LIST OF BALANCES IN THE SEVERAL FUNDS"

(U N A U D I T E D)

	June 30,				
	2002	2001	2000	1999	1998
Water Pollution Control - Series A 2001 - 37G	10,294,478	10,023,676	0	N/A	N/A
Water Pollution Control Bond and Interest - Pre Tax Act 1986	0	0	0	0	664,322
Water Pollution Control Bond and Interest - Series A 1989	0	0	0	1,133,070	1,122,958
Water Pollution Control Bond and Interest - Series A 1991	0	1,121,495	1,176,469	1,215,692	1,103,703
Water Pollution Control Bond and Interest - Series A 1992	2,701,642	2,769,267	2,722,698	2,738,955	2,719,053
Water Pollution Control Bond and Interest - Series A 1993	2,178,662	2,228,643	2,191,673	2,213,339	2,198,539
Water Pollution Control Bond and Interest - Series A 1995	2,377,283	2,442,358	2,407,652	2,433,225	2,406,415
Water Pollution Control Bond and Interest - Series A 1996	2,754,573	2,840,519	2,810,748	2,859,353	2,855,101
Water Pollution Control Bond and Interest - Series A 1998	2,572,579	2,663,337	2,644,958	2,647,523	2,545,962
Water Pollution Control Bond and Interest - Series A 2000	1,560,343	1,604,148	1,557,350	0	0
Water Pollution Control Bond and Interest - Series A 2001	1,485,492	1,483,154	0	N/A	N/A
Water Pollution Control Bond and Interest - Series B 1992	5,095,923	5,118,806	5,136,928	5,270,746	5,200,576
Water Pollution Control Bond and Interest - Series B 1993	11,386,806	9,584,721	9,940,292	8,946,427	8,871,613
Water Pollution Control Bond and Interest - Series B&C 1991	3,330,783	4,378,930	4,332,303	4,300,886	4,276,394
Wolfner Library Trust Fund	211,520	204,201	568,199	570,875	530,671
Workers' Compensation Fund	5,946,117	20,643,132	33,004,325	22,757,405	12,036,207
Workers Memorial Fund	258	250	N/A	N/A	N/A
Working Capital Revolving Fund	9,299,081	7,826,273	5,553,282	9,463,500	13,972,594
World War II Memorial Trust Fund	22,745	10,649	N/A	N/A	N/A
Youth Services and Conservation Corps Fund	0	0	0	0	0
Total All Funds (Schedule 3)	\$ <u>2,905,024,889</u>	<u>2,936,493,487</u>	<u>3,089,659,693</u>	<u>3,472,343,788</u>	<u>3,728,569,598</u>

N/A These funds were closed or had not been created for the years indicated.

N/A-1 The assets of the Pansey Johnson-Travis Stocks and Securities Trust Fund were reclassified from cash to investments as a result of a change in the state's accounting system. This fund is no longer maintained by the State Treasurer on the cash activity reports.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 5

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF TRUST ACCOUNTS

	June 30,							
	2002		2001		2000		1999	
	Balance	Amount Invested	Balance	Amount Invested	Balance	Amount Invested	Balance	Ar Inv
220 South Jefferson								
Construction Fund	\$ 101,366	101,253	17,786	17,785	N/A	N/A	N/A	
Board of Public Buildings 2001A								
Cost of Issuance Fund	25,200	25,172	24,555	24,554	N/A	N/A	N/A	
Principal and Interest Fund	4,662	4,657	1,014,494	1,014,479	N/A	N/A	N/A	
Capitol East Parking Facility								
Operating Reserve Fund	N/A	N/A	0	0	7,154	7,154	6,762	
Corrections and Mental Health								
Construction Fund	148,935	148,769	145,139	145,137	137,086	137,082	129,579	
Department of Natural Resources Building								
Construction Fund	18,454,428	18,433,828	17,994,647	17,994,386	N/A	N/A	N/A	
Jefferson City Correctional Center								
Construction Fund	121,629,975	121,494,208	127,257,402	127,255,554	N/A	N/A	N/A	
Kirkpatrick State Information Center								
Construction Fund	49,647	49,591	48,381	48,381	45,697	45,695	43,195	
Old Age, Survivors, Disability, and Health Insurance Trust Fund	4,068	0	16,757	0	4,161	0	3,910	
Special Obligation Refunding Bond -								
Principal and Interest Fund	0	0	408,707	408,701	350,352	350,341	364,288	
Depreciation and Replacement Fund	1,058,884	1,057,702	7,412,060	7,411,952	7,293,286	7,293,055	7,016,978	7,
Bond Reserve Fund	0	0	105,889	105,888	105,794	105,790	105,280	
Springfield State Office Building								
Enterprise Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
State Building Special Obligation Bond 1988								
Arbitrage Rebate Escrow Fund	138,122	137,968	134,602	134,600	127,133	127,129	120,172	
Arbitrage Owed to IRS Escrow	8,750	8,740	8,527	8,527	8,054	8,054	7,613	
Western Missouri Mental Health Center								
Construction Fund	20,316,913	20,294,234	21,350,433	21,350,123	N/A	N/A	N/A	
Total Trust Accounts (Schedule 3)	\$ 161,940,950	161,756,122	175,939,379	175,920,067	8,078,717	8,074,300	7,797,777	7,

N/A These accounts were closed for the indicated fiscal years.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 6

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2002	2001	2000	1999	1998
INTEREST RECEIPTS					
General and special funds	\$ 101,099,069	160,519,961	167,054,476	182,225,423	183,708,819
Debt retirement funds	4,176,019	6,938,831	5,518,366	6,368,513	5,434,788
Total Appropriated Funds	105,275,088	167,458,792	172,572,842	188,593,936	189,143,607
Trust funds	4,444,474	1,657,889	774,564	753,383	839,914
Total Interest Receipts	\$ 109,719,562	169,116,681	173,347,406	189,347,319	189,983,521
INTEREST DISTRIBUTION					
General and special funds:					
Budget Reserve Fund	\$ 13,533,611	8,498,480	N/A	N/A	N/A
General Revenue Fund	37,890,915	56,485,522	68,698,776	84,086,064	94,091,911
Budget Stabilization Fund	N/A	7,185,122	7,648,358	7,354,863	6,823,161
Cash Operating Reserve - General Revenue Fund	N/A	3,671,128	15,732,796	15,066,578	13,953,430
Abandoned Mine Reclamation Fund	34,037	43,212	37,033	32,134	26,361
Advantage Missouri Trust Fund	N/A	N/A	4	N/A	N/A
Agricultural Development Fund	1,639	2,481	1,950	1,369	N/A
Agricultural Product Utilization Business Development					
Loan Guarantee Fund	1	42	512	N/A	N/A
Agricultural Product Utilization Grant Fund	2,814	13,983	24,189	9,079	N/A
Alternative Care Trust Fund	85,106	120,348	98,451	102,488	112,992
Animal Health Laboratory Fee Fund	9,997	15,295	12,410	10,045	8,071
Assistive Technology Loan Revolving Fund	29,296	4,704	N/A	N/A	N/A
Aviation Trust Fund	307,954	413,236	193,313	39,855	23,194
Bingo Proceeds for Education Fund	227,365	398,335	455,212	484,669	376,030
Champ W. Smith & Mary C. Smith Memorial					
Endowment Trust Fund	15,588	24,679	21,750	21,268	21,062
Chemical Emergency Preparedness Fund	18,532	33,753	34,255	34,853	37,867
Children's Trust Fund	160,076	269,732	226,783	191,699	190,859
Coal Mine Land Reclamation Fund	32,861	52,498	46,677	46,167	85,440
Concentrated Animal Feeding Operation Indemnity Fund	5,909	7,719	4,007	1,431	208
Confederate Memorial Park Fund	4,891	7,508	6,609	6,347	5,940
Conservation Commission Fund	899,665	1,835,420	1,863,046	998,586	860,371
Correctional Substance Abuse Earnings Fund	7,192	6,499	1,774	60	N/A
Crime Victims' Compensation Fund	297,949	504,776	457,167	431,106	440,785
Deaf Relay Service Fund	278,673	445,269	383,614	341,344	302,946
Debt Offset Escrow Fund	648,907	694,473	347,290	84,693	48,992
Department of Insurance Dedicated Fund	379,687	573,653	505,799	482,642	445,085
Department of Labor and Industrial Relations -					
Administrative Fund	92,489	81,798	N/A	N/A	N/A
Department of Public Safety - JAIBG Fund	217,438	410,141	268,805	45,964	N/A
Division of Credit Unions Fund	20,917	32,580	27,169	22,649	19,621
Division of Finance Fund	68,747	149,242	174,099	165,199	155,071
Division of Savings and Loan Supervision Fund	2,103	2,736	2,959	3,023	3,263
Doctor Edmund A. Babler Memorial - State					
Park Fund	31,889	55,850	53,063	53,686	48,822
Dry-Cleaning Environmental Response Trust Fund	11,485	1,190	N/A	N/A	N/A
Early Childhood Development, Education and Care Fund	1,668,336	2,544,431	1,393,287	62,048	N/A
Endowed Care Cemetery Audit Fund	8,383	13,403	13,168	15,114	24,190
Energy Set-Aside Program Fund	748,130	793,938	918,409	1,097,527	1,004,715
Escheats Fund	242,347	370,242	328,536	318,966	306,688
Excellence in Education Fund	42,283	66,740	68,469	86,306	99,990
Facilities Maintenance Reserve Fund	1,013,785	2,082,512	819,689	240,483	95,631

OFFICE OF STATE TREASURER
COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2002	2001	2000	1999	1998
Federal Drug Seizure Fund	103,164	234,053	210,737	91,955	39,778
Federal Reimbursement Allowance Fund	934,398	1,971,467	2,546,242	1,878,471	2,033,464
Federal Student Loan Reserve Fund	1,016,326	2,026,473	1,256,553	N/A	N/A
Federal Surplus Property Fund	62,970	102,018	101,589	88,924	77,499
Fourth State Building - Series A 1996	N/A	N/A	N/A	809,357	4,050,880
Fourth State Building - Series A 1998	556,053	1,215,143	1,090,474	2,026,578	237
Gaming Commission Bingo Fund	N/A	1,221	7,366	5,657	9,319
Gaming Commission Fund	208,264	454,173	893,425	2,514,757	2,498,117
Gaming Proceeds for Education Fund	376,332	516,975	449,122	536,099	469,961
GEAR-UP Scholarship Fund	6,930	N/A	N/A	N/A	N/A
Grain Inspection Fees Fund	15,424	26,362	29,528	38,245	43,886
Guaranty Agency Operating Fund	281,392	496,423	410,701	N/A	N/A
Hazardous Waste Fund	37,830	53,787	35,812	17,686	9,069
Hazardous Waste Remedial Fund	103,944	191,943	230,387	222,696	270,730
Historic Preservation Revolving Fund	46,654	36,726	31,123	14,957	15,962
Kid's Chance Scholarship Fund	4,737	4,517	1,193	N/A	N/A
Legal Defense and Defender Fund	10,121	23,044	24,304	22,018	7,790
Legal Services for Low Income People Fund	2,450	N/A	N/A	N/A	N/A
Library Networking Fund	7,660	38,340	26,789	N/A	N/A
Livestock Dealer Law Enforcement and Administration Fund	37	287	294	338	343
Mental Health Earnings Fund	27,570	45,890	46,258	47,645	60,126
Mental Health Housing Trust Fund	176	270	237	195	176
Mental Health Trust Fund	181,740	302,079	272,979	235,691	207,383
Meramec-Onondaga State Parks Fund	38,567	60,295	53,940	52,744	50,259
Metallic Minerals Waste Management Fund	7,553	12,329	11,845	11,653	11,608
Mined Land Reclamation Fund	141,946	233,742	215,966	204,581	157,130
Missouri Air Emission Reduction Fund	69,458	47,568	408	N/A	N/A
Missouri Air Pollution Control Fund	4,156	40,029	70,065	61,734	53,451
Missouri Alternative Fuel Vehicle Loan Fund	26	N/A	N/A	N/A	N/A
Missouri Arts Council Trust Fund	382,844	721,500	680,943	868,759	646,287
Missouri Breeders Fund	2,932	4,583	4,175	4,119	3,976
Missouri CASA Fund	336	N/A	N/A	N/A	N/A
Missouri Children's Service Commission Fund	627	1,016	899	861	858
Missouri College Guarantee Fund	139,190	521,411	272,549	8,033	N/A
Missouri Horse Racing Fund	N/A	0	9	0	0
Missouri Housing Trust Fund	104,443	144,045	160,474	149,636	158,958
Missouri Humanities Council Trust Fund	59,225	71,314	48,541	18,909	10,445
Missouri National Guard Trust Fund	155,327	256,369	148,916	11,183	N/A
Missouri Office of Prosecution Services Fund	2,568	3,935	2,511	N/A	N/A
Missouri Prospective Teacher Loan Fund	3,851	N/A	N/A	N/A	N/A
Missouri Veterans Homes Fund	53,537	78,750	98,118	113,160	170,644
Motor Fuel Tax Fund	947,280	1,446,659	1,713,277	2,155,315	3,536,397
Natural Resources Protection Fund	21,787	34,067	28,387	11,326	21,753
Natural Resources Protection Fund - Air Pollution Asbestos Fee Subaccount Fund	34,412	66,463	68,139	49,590	53,928
Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount Fund	402,454	723,396	811,157	934,057	896,414
Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	449,147	603,981	534,938	407,488	278,843

OFFICE OF STATE TREASURER
 COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
 AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2002	2001	2000	1999	1998
Nursing Facility Federal Reimbursement Allowance Fund	244,640	425,618	399,036	N/A	N/A
Nursing Facility Quality of Care Fund	86,632	138,287	112,611	167,637	135,845
Outstanding Schools Trust Fund	4,236,051	11,922,416	15,741,639	19,830,070	18,753,652
Pansey Johnson-Travis Memorial State Gardens Trust Fund	606	1,574	30,576	43,161	40,209
Peace Officers Standards and Training Commission Fund	27,559	51,502	55,144	38,838	25,035
Petroleum Inspection Fund	88,789	138,571	77,526	95,179	97,190
Petroleum Storage Tank Insurance Fund	1,459,919	2,654,173	2,993,555	3,178,749	2,706,826
Petroleum Violation Escrow Fund	265,764	1,153,353	1,154,344	1,199,858	1,255,124
Petroleum Violation Escrow Interest Subaccount Fund	14,785	N/A	N/A	N/A	N/A
Pharmacy Rebate Fund	2,492	N/A	0	N/A	N/A
Post-Closure Fund	5,344	9,895	13,428	14,645	45,676
Property Reuse Fund	142,276	231,002	184,427	188,312	181,324
Residential Mortgage Licensing Fund	26,463	37,204	29,486	23,427	16,669
Safe Drinking Water Fund	148,727	245,459	219,729	215,352	191,367
School Building Revolving Fund	139,197	96,233	32,909	874	N/A
School District Trust Fund	1,872,649	2,969,719	2,679,222	2,584,864	2,484,889
Second Injury Fund	781,918	1,120,103	700,762	359,716	651,105
Secretary of State Institutional Gift Trust Fund	7,680	25,035	37,454	46,963	53,653
Secretary of State - Technology Trust Fund Account Fund	124,363	202,991	145,813	125,392	113,276
Single-Purpose Animal Facilities Loan Program Fund	17,297	24,508	21,292	18,364	14,154
Soil and Water Sales Tax Fund	839,925	1,108,203	840,181	694,499	717,272
State Document Preservation Fund	1,356	2,618	2,209	1,371	1,089
State Fair Fees Fund	7,083	10,546	N/A	N/A	N/A
State Guaranty Student Loan Fund	N/A	N/A	865,524	2,010,473	2,646,123
State Highways and Transportation Department Fund	1,829,289	2,134,368	1,457,149	1,349,440	862,693
State Lottery Fund	677,913	1,315,167	1,344,455	1,314,027	845,562
State Park Sales Tax Fund	483,530	938,113	971,069	1,006,782	1,046,845
State Road Fund	7,146,017	5,406,237	5,213,566	5,730,039	4,628,340
State Road Fund - Series A 2000	2,758	5,559,632	N/A	N/A	N/A
State Road Fund - Series A 2001	662,661	N/A	N/A	N/A	N/A
State Road Fund - Series A 2002	60,332	N/A	N/A	N/A	N/A
State Transportation Assistance Revolving Fund	8,930	32,603	64,185	23,333	212
Stormwater Control - Series A 1999 - 37H	664,794	1,263,401	549,027	N/A	N/A
Stormwater Control - Series A 2001 - 37H	278,048	264	N/A	N/A	N/A
Third State Building Fund - Pre Tax Act 1986	N/A	18,160	50,402	70,179	120,177
U.S. Department of Higher Education/ Coordinating Board for Higher Education Interest Account Fund	1,097,593	1,315,570	856,960	950,650	N/A
Utilecare Stabilization Fund	6,089	14,681	15,189	5,731	N/A
Veterans' Homes Capital Improvement Trust Fund	2,776,797	4,929,627	4,395,379	3,233,103	1,391,613
Veterans Trust Fund	17,036	25,965	22,401	21,303	19,191
Water and Waste Water Loan Fund	64,253	100,155	95,765	82,566	56,048
Water and Waste Water Loan Revolving Fund	6,175,490	9,285,088	8,264,904	8,954,944	7,187,534
Water Pollution Control - Series A 1996 - 37C	N/A	17,337	123,837	385,688	484,911
Water Pollution Control - Series A 1996 - 37E	N/A	692	27,055	476,226	880,504
Water Pollution Control - Series A 1998 - 37C	235,795	503,606	394,257	331,862	36
Water Pollution Control - Series A 1998 - 37E	376,239	1,330,702	1,327,699	1,220,809	130

OFFICE OF STATE TREASURER
 COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
 AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2002	2001	2000	1999	1998
Water Pollution Control - Series A 1999 - 37E	412,686	647,581	274,217	N/A	N/A
Water Pollution Control - Series A 1999 - 37G	351,272	646,705	274,810	N/A	N/A
Water Pollution Control - Series A 2001 - 37E	285,293	475	N/A	N/A	N/A
Water Pollution Control - Series A 2001 - 37G	270,802	53	N/A	N/A	N/A
Wolfner Library Trust Fund	7,850	15,742	30,941	30,533	18,088
Workers' Compensation Fund	618,767	1,723,560	1,504,544	647,742	578,090
Workers Memorial Fund	8	0	N/A	N/A	N/A
World War II Memorial Trust Fund	477	154	N/A	N/A	N/A
Total General and Special Funds	101,099,069	160,519,961	167,054,476	182,225,423	183,708,819
Debt retirement funds:					
Fourth State Building Bond and Interest - Series A 1995	225,429	381,556	297,005	357,726	311,714
Fourth State Building Bond and Interest - Series A 1996	373,351	637,840	497,128	603,493	526,591
Fourth State Building Bond and Interest - Series A 1998	141,941	242,752	188,227	159,749	9
Stormwater Control Bond and Interest- Series A 1999	59,602	97,635	42,222	N/A	N/A
Stormwater Control Bond and Interest- Series A 2001	20,660	42	N/A	N/A	N/A
Third State Building Bond Interest and Sinking - Pre Tax Act 1986	N/A	N/A	N/A	N/A	8,298
Third State Building Bond Interest and Sinking - Series A 1992	1,087,655	1,839,931	1,424,450	1,738,890	1,456,912
Third State Building Bond Interest and Sinking - Series A 1993	614,104	1,007,339	840,599	1,026,372	756,003
Third State Building Bond Interest and Sinking - Series A&B 1991	315,069	547,936	503,752	515,075	674,779
Water Pollution Control Bond and Interest - Pre Tax Act 1986	N/A	N/A	N/A	32,919	125,400
Water Pollution Control Bond and Interest - Series A 1989	N/A	N/A	0	67,823	59,432
Water Pollution Control Bond and Interest - Series A 1991	7,717	72,971	79,122	67,228	58,239
Water Pollution Control Bond and Interest - Series A 1992	102,279	173,496	134,233	161,759	141,689
Water Pollution Control Bond and Interest - Series A 1993	82,412	139,759	108,219	130,887	114,512
Water Pollution Control Bond and Interest - Series A 1995	90,100	152,831	118,834	143,096	124,739
Water Pollution Control Bond and Interest - Series A 1996	104,513	178,303	139,016	169,018	147,390
Water Pollution Control Bond and Interest - Series A 1998	99,373	169,973	131,843	111,824	6
Water Pollution Control Bond and Interest - Series A 2000	59,602	97,635	42,222	N/A	N/A
Water Pollution Control Bond and Interest - Series A 2001	41,530	84	N/A	N/A	N/A
Water Pollution Control Bond and Interest - Series B 1992	200,753	324,285	255,383	311,930	270,072

Schedule 6

OFFICE OF STATE TREASURER
 COMPARATIVE STATEMENT OF INTEREST RECEIVED ON POOLED INVESTMENTS
 AND DISTRIBUTION BY FUND

	Year Ended June 30,				
	2002	2001	2000	1999	1998
Water Pollution Control Bond and Interest - Series B 1993	400,429	611,952	475,490	528,406	420,455
Water Pollution Control Bond and Interest - Series B&C 1991	149,500	262,511	240,621	242,318	238,548
Total Debt Retirement Funds	4,176,019	6,938,831	5,518,366	6,368,513	5,434,788
Total Appropriated Funds	105,275,088	167,458,792	172,572,842	188,593,936	189,143,607
Trust funds:					
220 South Jefferson Construction Fund	1,447	17,786	N/A	N/A	N/A
Board of Public Buildings 2001A Cost of Issuance Fund	645	479	N/A	N/A	N/A
Principal and Interest Fund	14,297	7,931	N/A	N/A	N/A
Capitol East Parking Facility Depreciation and Replacement Fund	N/A	N/A	N/A	N/A	9,192
Capitol East Parking Facility Operating Reserve Fund	N/A	145	392	5,517	11,640
Corrections and Mental Health Construction Fund	3,796	8,099	7,507	6,469	6,739
Department of Natural Resources Building Construction Fund	470,497	84,648	N/A	N/A	N/A
Jefferson City Correctional Center Construction Fund	3,287,211	597,402	N/A	N/A	N/A
Kirkpatrick State Information Center Construction Fund	1,265	2,700	2,502	2,622	9,286
Special Obligation Refunding Bond - Bond Reserve Fund	720	5,923	5,794	5,280	5,988
Special Obligation Refunding Bond - Depreciation and Replacement Fund	111,842	414,396	400,615	362,829	406,769
Special Obligation Refunding Bond - Principal and Interest Fund	1,369	409,960	350,352	364,287	383,663
State Building Special Obligation Bond 1988 Arbitrage Rebate Escrow Fund	3,520	7,511	6,961	5,999	6,242
Arbitrage Owed to IRS Escrow	223	476	441	380	395
Western Missouri Mental Health Center Construction Fund	547,642	100,433	N/A	N/A	N/A
Total Trust Funds	4,444,474	1,657,889	774,564	753,383	839,914
Total Distribution	\$ 109,719,562	169,116,681	173,347,406	189,347,319	189,983,521

N/A These funds did not receive interest for the years indicated due to the fund not being established at the time, or due to the lack of legislation that would require the interest to remain in the fund.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 7

OFFICE OF STATE TREASURER
ANALYSIS OF INVESTMENTS
APPROPRIATED FUNDS

		Year Ended June 30,									
		2002		2001		2000		1999		1998	
		Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings	Average Daily Balances	Investment Earnings
INVESTMENTS											
Pooled Investments:											
Time deposits	\$	408,273,116	21,895,420	502,012,599	26,056,824	436,504,326	17,530,732	449,465,898	21,330,976	435,724,377	20,775,864
U.S. government securities, commercial paper, and repurchase agreements		2,522,221,206	83,379,668	2,318,385,855	141,401,968	2,793,120,677	155,042,110	2,932,164,153	167,262,960	3,105,448,004	168,367,743
Total Pooled Investments		2,930,494,322	105,275,088	2,820,398,454	167,458,792	3,229,625,003	172,572,842	3,381,630,051	188,593,936	3,541,172,381	189,143,607
Special Fund Direct Investments:											
U.S. government securities		17,376,642	837,121	16,500,809	826,368	15,682,796	956,269	5,000	688	5,000	688
Donated corporate stock		5,130	624	5,130	624	5,130	581	5,130	509	5,130	432
Total Special Fund Direct Investments		17,381,772	837,745	16,505,939	826,992	15,687,926	956,850	10,130	1,197	10,130	1,120
Total Invested Balance	\$	2,947,876,094	106,112,833	2,836,904,393	168,285,784	3,245,312,929	173,529,692	3,381,640,181	188,595,133	3,541,182,511	189,144,727
Total fund balance excluding collection, concentration, and restricted balance accounts	\$	2,854,064,765		2,680,383,903		3,113,762,871		3,234,401,797		3,416,907,704	
Collection and concentration accounts		3,468,538		558,047		1,614,720		7,360,797		6,268,682	
Restricted balance accounts		33,314,055		19,112,493		15,080,383		19,251,318		16,104,141	
Total Fund Balance Including Collection, Concentration, and Restricted Balance Accounts	\$	2,890,847,358		2,700,054,443		3,130,457,974		3,261,013,912		3,439,280,527	
PERCENTAGE OF FUND BALANCE IN INVESTMENTS											
Excluding collection, concentration, and restricted balance accounts		103.29%		105.84%		104.22%		104.55%		103.64%	
Including collection, concentration, and restricted balance accounts		101.97%		105.07%		103.67%		103.70%		102.96%	
INVESTMENT YIELD											
Time deposits			5.36%		5.19%		4.02%		4.75%		4.77%
U.S. government securities, commercial paper, and repurchase agreements			3.32%		6.09%		5.55%		5.70%		5.42%
Donated corporate stock investments			12.16%		12.16%		11.33%		9.92%		8.42%
Average investment yield			3.60%		5.93%		5.35%		5.58%		5.34%

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

OFFICE OF STATE TREASURER
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Office of State Treasurer.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Abandoned Fund Account Fund, Central Check Mailing Service Revolving Fund, and Treasurer's Information Fund. Appropriations from these funds are expended by or for the office for restricted purposes.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, presents amounts when they are received or disbursed.

The Statement of Appropriations and Expenditures, Exhibit B, is presented on the state's legal budgetary basis of accounting. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, both before and after June 30, 2000, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the two-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

General Revenue Fund-State: The Office of State Treasurer receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the office, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

Treasurer's Information Fund: The office receives appropriations from this fund and maintains a proprietary interest in the fund. This fund, established by Section 30.610, RSMo Supp. 2002, may receive monies from governmental entities or the general public for the preparation, reproduction, or dissemination of information or publications of the State Treasurer. Appropriations from this fund shall be used to pay for personal service, equipment and other expenses of the office necessary for the preparation, reproduction, or dissemination of information or publications of the State Treasurer.

Central Check Mailing Service Revolving Fund: The office receives appropriations from this fund and maintains a proprietary interest in the fund. The State Treasurer is administrator and custodian of the fund and receives funds paid or transferred to the office by state agencies for centralized check mailing services. The initial funding for this fund was provided by a transfer of \$50,000 from the General Revenue Fund-State on October 23, 1978. Appropriations from the fund are used for check mailing service expenses.

State Highways and Transportation Department Fund: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for that portion of the basic operation of the office which relates to the administration of highway department funds.

Second Injury Fund: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for that portion of basic operations which relate to the administration of Second Injury Fund claims.

Abandoned Fund Account Fund: This fund receives monies from banking or financial institutions, business associations, insurance corporations, utilities, courts and other governmental entities, and proceeds from the sale of abandoned property representing abandoned or unclaimed funds.

This fund is established and governed under Section 447.543.2, RSMo Supp. 2002. Under Sections 447.500 through 447.595, RSMo Supp. 2002, various financial, business, and governmental entities, unless otherwise exempted, are to remit to the State Treasurer all funds which have been presumed abandoned or unclaimed for the required dormancy period, less any reasonable costs of complying with the law incurred during the required notification or report process. The State Treasurer is to deposit these funds in the Abandoned Fund Account Fund. Claims may be filed at any time and are paid upon proof of an approved claim. At any time when the balance of the fund exceeds one-twelfth of the previous fiscal year's total disbursements from the Abandoned Fund Account Fund, the State Treasurer may, and at least once every fiscal year shall, transfer to the state's General Revenue Fund the balance of the Abandoned Fund Account Fund which exceeds one-twelfth of the previous fiscal year's total disbursements from the Abandoned Fund Account Fund. If any claim or refund reduces the balance of the fund to less than one-twenty-fourth of the previous fiscal year's total disbursements from the Abandoned Fund Account Fund, the State Treasurer shall transfer from the state's General Revenue Fund an amount which is sufficient to restore the balance to one-twelfth of the previous fiscal year's total disbursements from the Abandoned Fund Account Fund. Appropriations from this fund authorize disbursements for the payment of claims of abandoned funds.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a monthly state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least one year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit B.

2. Cash and Investments

The balances of the Central Check Mailing Service Revolving Fund, Abandoned Fund Account Fund, and Treasurer's Information Fund are pooled with other state funds and invested by the state treasurer.

3. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit B as follows:

Year Ended June 30, 2002			
	Abandoned Fund Account Fund	Central Check Mailing Service Revolving Fund	Treasurer's Information Fund
DISBURSEMENTS PER EXHIBIT A \$	14,460,334	167,929	2,347
Lapse period expenditures:			
2002	0	0	0
2001	93	0	0
EXPENDITURES PER EXHIBIT B \$	14,460,427	167,929	2,347

Year Ended June 30, 2001			
	Abandoned Fund Account Fund	Central Check Mailing Service Revolving Fund	Treasurer's Information Fund
DISBURSEMENTS PER EXHIBIT A \$	11,018,652	179,853	439
Lapse period expenditures:			
2001	(93)	0	0
2000	(117,649)	0	0
Accounts payable, June 30:			
2001	0	0	0
2000	(213,010)	(5,000)	0
EXPENDITURES PER EXHIBIT B \$	10,687,900	174,853	439

Notes to the Supplementary Data:

4. General Fixed Assets

General fixed assets, which are recorded as expenditures when acquired, are capitalized at cost in the General Fixed Assets Account Group. Beginning in fiscal year 2002, the office began depreciating general fixed assets in accordance with the State of Missouri's reporting requirements under GASB 34. General fixed assets are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero.

Accumulated depreciation on general fixed assets at June 30, 2002 was \$573,413.

5. Basis of Presentation

The amounts presented in Schedules 3 through 7 represent all funds in the state treasury and all trust funds in the custody of the State Treasurer.

State treasury funds are subjected to appropriation; trust funds are not. The schedules do not include any funds or investments that are not in the custody of the State Treasurer.

6. Cash and Investments

Article IV, Section 15 of the Missouri Constitution establishes the State Treasurer as custodian of all state funds and funds received from the U. S. government. This section further authorizes the State Treasurer to place all such monies on time deposit, bearing interest, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and the State Auditor, or in obligations of the U. S. government or any agency or instrumentality thereof maturing or becoming payable not more than five years from the date of purchase. In addition, the State Treasurer may enter into repurchase agreements maturing and becoming payable within ninety days secured by U. S. Treasury obligations or obligations of U. S. government agencies or instrumentalities of any maturity, as provided by law. The State Treasurer may also invest in banker's acceptances issued by domestic commercial banks possessing the highest rating issued by a nationally recognized rating agency and in commercial paper, issued by domestic corporations, which has received the highest rating issued by a nationally recognized rating agency. Investments in banker's acceptances and commercial paper shall mature and become payable not more than one hundred eighty days from the date of purchase, maintain the highest rating throughout the duration of the investment and meet any other requirements provided by law. The State Treasurer shall prepare, maintain, and adhere to a written investment policy which shall include an asset allocation plan limiting the total amount of state money which may be invested in each investment category authorized by law.

Deposits

The State Treasurer maintains approximately 1,100 bank accounts throughout the state. These accounts include time deposits, collection accounts which are demand deposit accounts for various state agencies, and the state's primary operating accounts which are also demand deposit accounts. Cash balances in the state's operating accounts which are not needed for immediate use are invested.

The State Treasurer's deposits at June 30, 2002, were entirely covered by federal depositary insurance or by collateral securities held by the custodial banks in the State Treasurer's name.

To protect the safety of state deposits, Sections 30.270 and 110.020, RSMo Supp. 2002, require depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The State Treasurer's investments at June 30, 2002, are listed by type below to give an indication of the level of risk assumed by the state at year-end. All investments are insured or registered, or have collateral held by the State Treasurer or a custodial bank in the state's name.

	Reported Amount	Fair Value
Repurchase agreements \$	623,667,300	623,667,300
U.S. government securities	1,530,437,562	1,535,915,036
Commercial paper	694,144,369	694,040,248
Other investments	5,130	32,515
Total Investments \$	<u>2,848,254,361</u>	<u>2,853,655,099</u>

Investments are recorded at acquisition cost except "other" investments which are recorded at par. Investments in repurchase agreements are acquired at face value and earn a stated interest rate. Investments in U.S. government securities are acquired at fair value and mature at face value.

7. Demand Deposit and Collection Accounts

The demand deposits with US (formerly Firststar) Bank on Schedule 3 consist of twenty-two central demand accounts at June 30, 2002, twenty-three at June 30, 2001, and one at June 30, 2000, 1999, and 1998. The demand deposits with Central Bank consist of fourteen central demand accounts at June 30, 2002, twelve at June 30, 2001, ten at June 30, 2000, and 1999, and seven at June 30, 1998. The demand deposits with Premier Bank consist of two central demand accounts at June 30, 2002 and 2001. Demand deposit bank balances were

\$15,131,904, \$31,142,804, \$19,908,388, \$18,081,868, and \$28,187,539 at June 30, 2002, 2001, 2000, 1999, and 1998 for US Bank and \$73,227,111, \$19,826,746, \$33,776,593, \$19,038,051, and \$10,964,342 at June 30, 2002, 2001, 2000, 1999, and 1998 for Central Bank, and \$43,463 and \$23,729 at June 30, 2002 and 2001 at Premier Bank.

The collection bank accounts on Schedule 3 consist of three master concentration accounts and their related collection accounts at various banks throughout the state. The General Concentration and Conservation Concentration Accounts were at Central Bank at June 30, 2002, 2001, 2000, 1999, and 1998. The Lottery Concentration Account was at US Bank at June 30, 2002 and 2001, and at Central Bank at June 30, 2000, 1999 and 1998. Collection account bank balances were approximately \$4,818,162, \$985,789, \$873,732, \$13,535,495, and \$11,603,497 at June 30, 2002, 2001, 2000, 1999, and 1998.

Banking service agreements on the central demand accounts allow the State Treasurer to invest outstanding checks up until the checks clear the bank, thereby investing an amount in excess of book balances. The negative balances at June 30 (Schedule 3) for the appropriated funds demand deposits represent the book balance net of amounts invested.

8. Special Fund Dedicated Investments

Due to a change in the state's accounting system, as of July 1, 1999, the State Treasurer was assigned the authority for recording direct investments of special funds in the accounting system. The amounts presented as special fund dedicated investments in the appropriated funds on Schedule 3 represent specific investments made or held by the State Treasurer on behalf of the Pansey Johnson-Travis Memorial State Gardens Trust Fund and the State Public School Fund. The State Treasurer is responsible for purchasing, custodial, income collection and distribution, and record-keeping duties related to the investments of these funds.

The investments of the Pansey Johnson-Travis Memorial State Gardens Trust Fund are maintained in the instruments which were transferred to the State Treasurer from the previous trustee of the fund. The investment purchases for the State Public School Fund are made in accordance with the instructions of the State Public School Fund investment committee.

Prior to July 1, 1999, the investments of the Pansey Johnson-Travis Memorial State Gardens were recorded as a cash asset in the state's accounting system. Prior to July 1, 1999, the investments of the Public School Fund were not recorded in the state's accounting system and the State Treasurer's duties related to these investments were limited to holding the investments on behalf of the fund.

9. Investments of Other Agencies

Schedules 6 and 7 do not include those funds which are invested directly by other agencies; e.g., the Agricultural Development Fund, the Department of Revenue non-state (local) funds, and the State Seminary Fund. The State Treasurer does not have investment authority for these funds and is not responsible for the efficiency of the investment of these funds or for the collection and distribution of the interest income.

10. Amount and Yield on Investment Earnings

The amount and yield on investment earnings on Schedule 7 are presented on a cash basis. However, approximate accrued amounts were \$14,738,819, \$29,198,570, \$38,271,000, \$36,028,000, and \$44,990,000 at June 30, 2002, 2001, 2000, 1999, and 1998, respectively, giving approximate yield rates of 3.11 percent, 5.61 percent, 5.41 percent, 5.31 percent, and 5.51 percent for the same corresponding periods on an accrual basis.

MANAGEMENT ADVISORY REPORT SECTION

Follow-Up on Prior Audit Findings

OFFICE OF STATE TREASURER
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Office of State Treasurer on findings in the Management Advisory Report (MAR) of our prior audit report issued for the year ended June 30, 2001.

1. Software Development and Utilization

The State Treasurer's Office (STO) expended over \$374,000 since March 1999 for two computer software systems. However, the systems were not implemented or utilized in a timely manner by the STO.

- A. A contractor was retained to develop a new Time Deposit and Linked Deposit system. The STO did not implement proper procedures to communicate program specifications to the vendor and did not adequately document monitoring of the performance of the contractor. The vendor did not complete the programming in accordance with contract deadlines and the programming accepted by the STO from the vendor was not complete or useable. The STO expended additional resources to complete programming of the system using in-house personnel and to modify and maintain the legacy system which was to have been replaced by the new programming. The STO indicated that the new system was implemented and operational as of December 1, 2001.
- B. A bank account reconciliation software system, training, and a maintenance contract was purchased from a retail vendor in April 2000. As of November 2001, the STO had successfully reconciled only two month's of the collection accounts' activity. As of January 2002, 21 months after purchase, the STO had not fully implemented the use of the software for other accounts as originally planned.

Recommendation:

The STO clearly document contract assignments, tasks, and completion milestones and document formal monitoring of the progress of contractors to ensure the effective use of state resources and the timely delivery of a satisfactory product. In addition, the STO should implement and utilize computer software in a timely manner.

Status:

Partially implemented. The STO has not contracted with an outside vendor for the development of any additional computer software. The STO has fully implemented the bank account reconciliation software for the state's collection accounts (approximately 200 accounts dispersed throughout the state for the deposit of monies collected by remote state offices or fee offices); however, the reconciliation software has not yet been implemented for any of the remaining state depository accounts.

Although not repeated, our recommendation remains as stated above.

2. Management of Outstanding Checks

When paper checks have been outstanding for thirteen months, the checks are "outlawed" by the state, meaning the checks will no longer be honored by the bank. Any claims for those disbursements after that point are paid by reissuing a new check. The STO's procedures for outstanding checks did not include efforts to ensure long outstanding checks cleared prior to their outlaw date, such as distributing information to applicable state agencies and requesting follow up action be taken within a reasonable time after issuance but prior to being outlawed.

Recommendation:

The STO distribute information on outstanding checks to applicable state agencies and request that follow-up action be taken. The state agencies should, at a minimum, be requested to contact locatable payees, such as active vendors and governmental entities, and encourage timely negotiation of the checks.

Status:

Partially implemented. The STO has developed a web-based application that state agencies may use to review checks which have outlawed. Further programming is tentatively planned to provide state agencies information on outstanding disbursements they have issued which have not been cashed by vendors in a timely manner.

Although not repeated, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and Statistical Information

OFFICE OF STATE TREASURER HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Office of State Treasurer is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer as defined by Article IV, Section 15 are to be the custodian of all state funds; to determine the amount of state monies not needed for current operating expenses; and to invest such monies in interest bearing time deposits, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and State Auditor, in short-term U. S. government securities, or in certain allowable commercial paper and banker's acceptances.

The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services; 2) disbursements and records; 3) investments and deposit programs; and 4) unclaimed property.

The accounting and banking services area: 1) maintains a fund accounting system for the purpose of allocating investment interest to funds; 2) maintains ledger controls on fund balances and appropriations to assure that no check is issued that exceeds the lawful appropriated balances; 3) controls receipt of state monies collected by fee agents and state agencies and deposited in local banks throughout the state; 4) reconciles bank activity to receipt and disbursement activity reflected on the state books; 5) determines the amount of state monies not needed for current operating expenses, and 6) confirms daily disbursements with the bank as certified by the Office of Administration.

The disbursements and records area provides processing support to other departments of the State Treasurer's office, as follows: 1) provides storage and retrieval of state checks; and 2) controls and processes outlawed checks and processes and verifies claims for replacement checks.

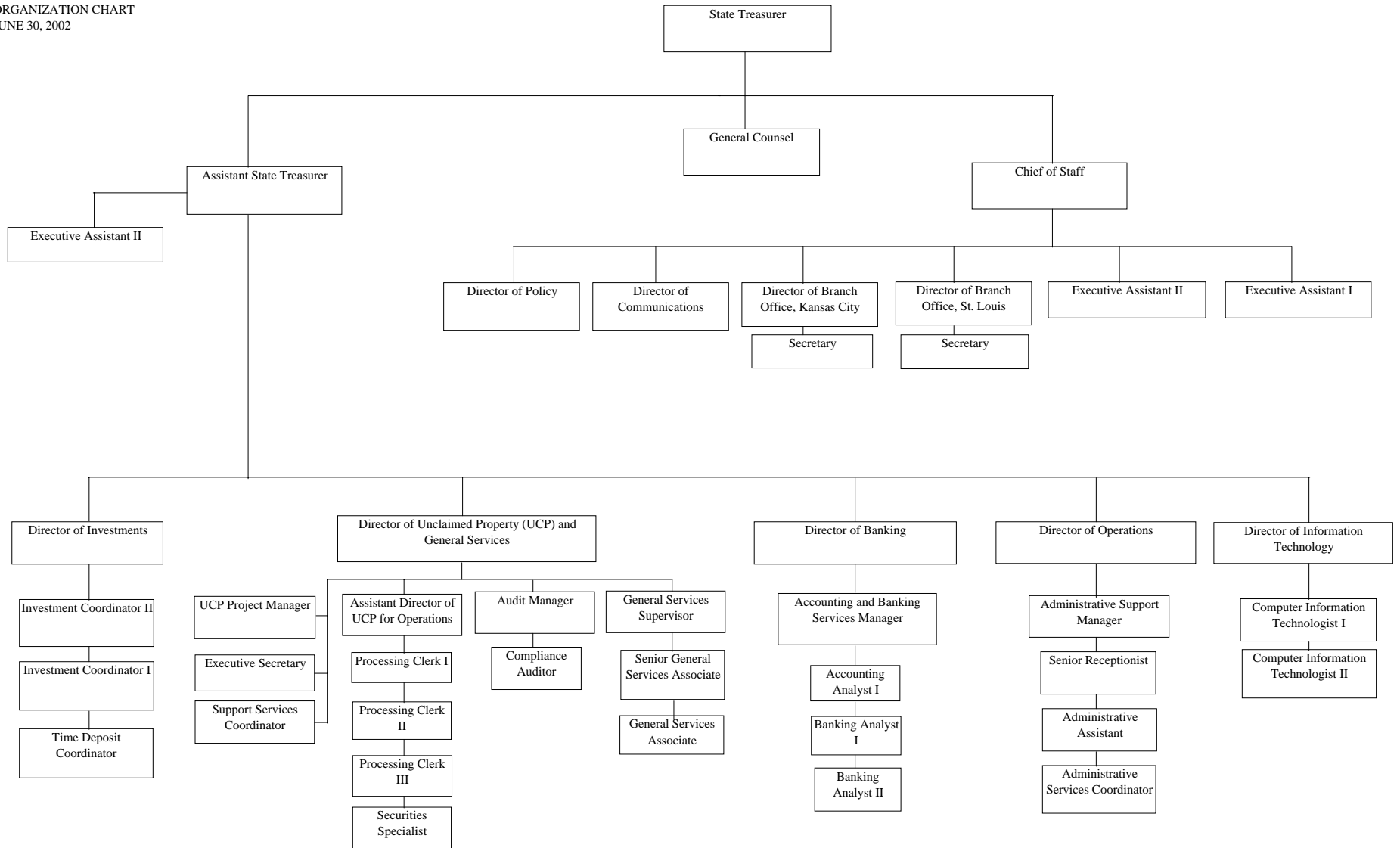
The investments area places state monies not needed for current operating expenses in interest-bearing time deposits, U.S. government and agency securities, commercial paper, banker's acceptances, and repurchase agreements. This area also administers the State Treasurer's statutory linked deposit program and monitors and accounts for the collateralization of state funds.

The Unclaimed Property Division administers Missouri's Unclaimed Property Act (Chapter 447 RSMo). The Unclaimed Property Division is responsible for: 1) ensuring unclaimed property is reported; 2) receiving and recording reports of unclaimed property; 3) depositing unclaimed funds to the Abandoned Fund Account Fund; 4) maintaining custody and safekeeping of abandoned or unclaimed physical property; and 5) processing owner claims for abandoned funds or physical property.

Nancy Farmer became Missouri's 43rd State Treasurer when she took the oath of office January 8, 2001. She is the first woman to serve as State Treasurer in the state's 180-year history.

As of June 30, 2002, the office had fifty-three full-time positions to assist in the accomplishment of its mission. An organization chart follows:

OFFICE OF STATE TREASURER
ORGANIZATION CHART
JUNE 30, 2002





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**DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
EDUCATIONAL FUNDING**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-36
April 16, 2003
www.auditor.state.mo**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Elementary and Secondary Education (DESE), Educational Funding.

For school year 2002, there were 524 public school districts in Missouri with a fall enrollment of approximately 890,195 students. The amount of aid distributed to Missouri's public school districts by the state is calculated by what is commonly referred to as the foundation formula, which is established by state law. In school year 2002, the foundation formula distributed to the public school districts approximately \$1.6 billion for basic entitlement and an additional \$328 million for the at-risk entitlement. The basic entitlement distributions account for about 24 percent of the total revenues districts received. In addition, various categorical add-ons to the formula provided approximately \$509 million of additional funds to public school districts.

The foundation formula contains a hold harmless provision, which states that no district shall receive less state aid per pupil under the new formula than it received in school year 1993. As a result of 1998 legislation, some hold harmless districts receive funding in excess of school year 1993 levels due to increases in the number of at risk students within the district. Hold harmless districts receive more monies than what is calculated by the basic entitlement. This occurs when the combined total of local, state, and federal revenues is greater than the amount calculated as the basic entitlement for the district.

According to DESE calculations, this provision allowed fifty-four districts to receive a revenue advantage of approximately \$244 million in school year 2002. The revenue advantage these districts receive allow the districts to have increased educational expenditures. Hold harmless districts have the ability to spend more per pupil with less of a local tax burden. It should also be noted that hold harmless districts would not be affected should funding cuts be made to basic entitlement distributions. This holds true because the hold harmless provision requires these districts to receive no less state aid per pupil than received in school year 1993. While the number of hold harmless districts will vary from year to year due to the various funding factors in the foundation formula, hold harmless districts have increased from 10 districts in school year 1993 to fifty-four districts in school year 2002.

Current proposals to remove gambling proceeds from the formula calculations would result in less equitable distributions to public schools. This is true because the gambling proceeds would no longer be available to offset disparities in local revenues which exist among school districts.

Our audit found that expenditures per pupil data among school districts is less equitable now than before the formula was rewritten in 1993. Also, in 2002, *Education Week* issued its "Quality Counts" report. This report was based on school year 1998 funding, and graded each state on the equality of expenditures among school districts. Missouri received a grade of D+, one of 17 states to receive a grade less than a C. In *Education Week's* January 2003 report, Missouri's equity score dropped to a D- with only 2 other states receiving a lower score. Further, the DESE does not periodically provide relevant information regarding the equity of educational funding to the legislature. The audit recommends the DESE annually calculate, and report to the legislature, six nationally recognized measures for determining school finance equity.

The foundation formula, which determines each district's state aid entitlement, uses the district income factor as one component in its calculations. This component of the formula is based on information provided by the Department of Revenue (DOR). The DOR summarizes adjusted gross income from Missouri income tax returns that indicate the school district information on individual returns. The 2000 tax return information was used for the school year 2003 foundation formula calculations. However, after DOR performed an edit check to apply or correct school district codes on state returns, 283,197 returns were missing a school district code and 173,416 returns had an erroneous code. These returns account for about 19 percent of the returns filed for the year and approximately \$25 billion, or 23 percent, of the Missouri adjusted gross income. Since approximately one-fourth of the state's adjusted gross income is not considered in the formula calculations, educational funding may not have been distributed as equitably as intended by the formula.

The audit also noted six districts received approximately \$1,142,000 from foundation formula distributions due to the districts levying an operating tax greater than allowed by state law. In addition, the audit reports the state is not in compliance with certain statutory funding requirements, and the state has not made necessary calculations to ensure that it is in compliance with a constitutional provision.

All reports are available on our website: www.auditor.state.mo.us

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
EDUCATIONAL FUNDING

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
D. Kent King, Commissioner
Department of Elementary and Secondary Education
Jefferson City, MO 65102

We have audited certain aspects of educational funding for Missouri's public school districts. The objectives of this audit were to:

1. Determine whether funding of Missouri's public schools have become more equitable since the implementation of the Outstanding Schools Act.
2. Determine the accuracy of certain data used in foundation formula calculations.
3. Determine compliance with certain statutory requirements regarding educational funding.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed applicable state laws, regulations, and procedures relating to the distribution of educational funding. In addition, we interviewed and surveyed applicable personnel and reviewed certain relevant records, statistics, and state and national reports.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Appendix is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of educational funding.

The accompanying Management Advisory Report presents our findings arising from our audit of educational funding.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

December 12, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Tara Shah, CPA
Audit Staff:	Stephen Garner
	Karla Carter

EXECUTIVE SUMMARY

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
EDUCATIONAL FUNDING
EXECUTIVE SUMMARY

Our audit of certain aspects of educational funding looked at how the Department of Elementary and Secondary Education is monitoring the equity of distributions to Missouri public school districts, whether data used for these distributions are accurate, and whether the state is in compliance with various statutory and constitutional requirements.

This audit found that expenditures per pupil data among school districts is less equitable now than before the formula was rewritten in 1993. Further, recent proposals to remove gambling proceeds from the formula calculations would result in a less equitable distribution to public schools. The audit also notes that the hold harmless provision contributes to the inequities, as defined by current expenditures per pupil, among school districts. The audit recommends the DESE periodically calculate and provide relevant information regarding the equity of educational funding to the legislature.

The audit also noted some concerns with the completeness and accuracy of information used to distribute monies through the state's foundation formula. In addition, the state is not in compliance with some funding requirements mandated by state law, and has not made calculations to determine if it is in compliance with a constitutional provision regarding funding for public schools.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
EDUCATIONAL FUNDING
MANAGEMENT ADVISORY REPORT-
STATE AUDITOR'S FINDINGS

BACKGROUND

For school year 2002, there were 524 public school districts in Missouri with a fall enrollment of approximately 890,195 students. The amount of aid distributed to Missouri's public school districts by the state is calculated by what is commonly referred to as the foundation formula, which is established by Section 163.031, RSMo 2000. In school year 2002, the foundation formula distributed to the public school districts approximately \$1.6 billion for basic entitlement and an additional \$328 million for the at-risk entitlement. These distributions account for about 24 percent of the total revenues districts received. In addition, various categorical add-ons to the formula provided approximately \$509 million of additional funds to public school districts.

In the consolidated court cases Committee For Educational Equality, et al., v. State of Missouri, et al. (1993), Case No. CV190-1371CC, and Lee's Summit School District R-VII, et al., v. State of Missouri, et al. (1993) Case No. CV190-510CC, the plaintiffs presented state constitutional challenges to various features of the school finance system in Missouri, including the foundation formula. In January 1993, the Circuit Court of Cole County ruled, "The present Missouri school system does not provide an 'equal opportunity' for each Missouri child as guaranteed by the Missouri Constitution." The ruling also stated the following:

"...the present system of financing public education in Missouri fails to provide children of substantially equal age, aptitude, motivation and ability with substantially equal educational resources and opportunities, including but not limited to teaching staff, curriculum, educational services, equipment and facilities. The amount of revenue provided by the state pursuant to the foundation formula does not equalize, as to need, the amount of money available to a school district for school purposes."

The court's decision prompted the General Assembly to adopt in 1993 the Outstanding Schools Act (OSA) (commonly referred to as Senate Bill 380), which introduced changes in the foundation formula used by the Department of Elementary and Secondary Education (DESE) to distribute aid to the public school districts. Significant changes to the foundation formula included the use of the guaranteed tax base in the calculation of a district's entitlement. Prior to the OSA, the guaranteed tax base was only a factor if the foundation formula was fully funded by state appropriations. Currently, the guaranteed tax base ensures that a specific assessed valuation per eligible pupil is attained by each district. In the calculation for school year 2002, the guaranteed tax base was \$1,348.55 per pupil (based on an assessed valuation of \$134,855 divided by \$100). Another significant change to the foundation formula was setting a minimum operating tax rate of \$2.75 on every \$100 of assessed valuation.

The changes to the foundation formula went into effect in school year 1993-1994 and implementation was phased-in over a four-year period.

Since the passage of the OSA until school year 2002, the basic formula and the at risk entitlement amounts have been fully funded. For school year 2002, these amounts were under-funded by \$18.9 million. As of March 2003, department officials estimate that the basic formula and the at risk entitlement will be under-funded by \$96.2 million in school year 2003. In addition, since at least school year 1999, several of the categorical add-ons have been under-funded as noted in the following table.

Categorical Add-Ons Under (Over) Funded

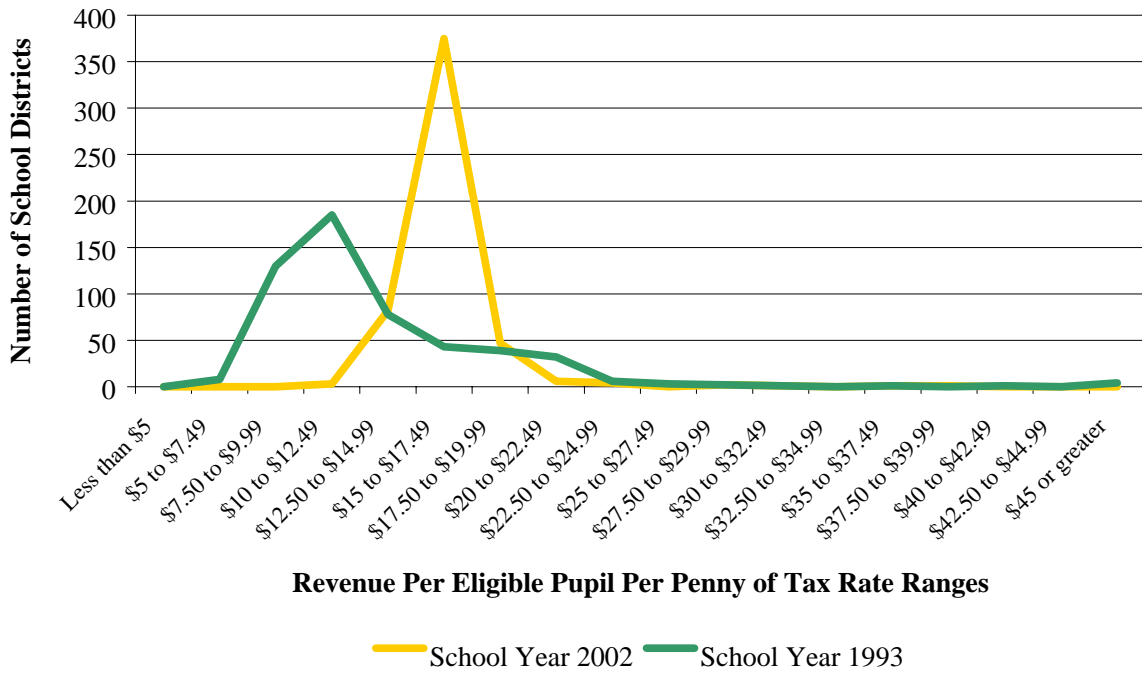
Categorical Add-on	School Year 2002	School Year 2001	School Year 2000	School Year 1999
Transportation	\$14,178,989	\$0	\$10,490,377	\$12,724,857
Special Education	62,746,018	79,812,018	69,150,000	60,794,557
Remedial Reading	1,640,654	1,471,177	722,426	661,766
Early Childhood Special Education	1,342,568	500,000	0	(15,357)
Gifted	0	0	0	3,138,761
Total Under Funded	\$81,171,893	\$84,050,761	\$83,379,120	\$77,157,053

The current formula is based on an equal access to revenue methodology

The court case ruled that the foundation formula used prior to the OSA discriminated against the students in Missouri's school districts having low assessed valuations because it relied arbitrarily on property wealth to dictate the amount of revenue that a district would receive and the quality of education it could provide the students within the district. The current foundation formula is based on an equal access to revenue methodology. The goal of this methodology is that if each school district had the same local property tax rate, all districts would receive essentially the same total amount of combined state and local revenues per pupil.

In 1999, personnel from the DESE conducted a study to determine the effects of the updated foundation formula by comparing various financial data from school year 1993, the year before the new formula was adopted, to the same financial data from school year 1998, the year after the new formula was fully implemented. One of its major findings was that, based on revenue per pupil per penny of tax rate, substantial progress was made in assuring that students in all school districts have equitable access to a level of funding needed to support quality education. Another conclusion the study drew was that moderate gains were produced in revenue equality among the districts. The DESE reached these conclusions by analyzing revenues distributed through the foundation formula per penny of tax rate. The graph below shows revenues considered by the foundation formula on a per eligible pupil per penny of tax rate basis.

Foundation Formula Revenues Per Eligible Pupil Per Penny of Tax Rate Comparison of School Year 1993 to 2002



The school year 2002 revenue per pupil per penny of tax rate data groups more districts into fewer revenue ranges. As a result, the above graph appears to support the DESE's conclusion regarding a more equitable access to education.

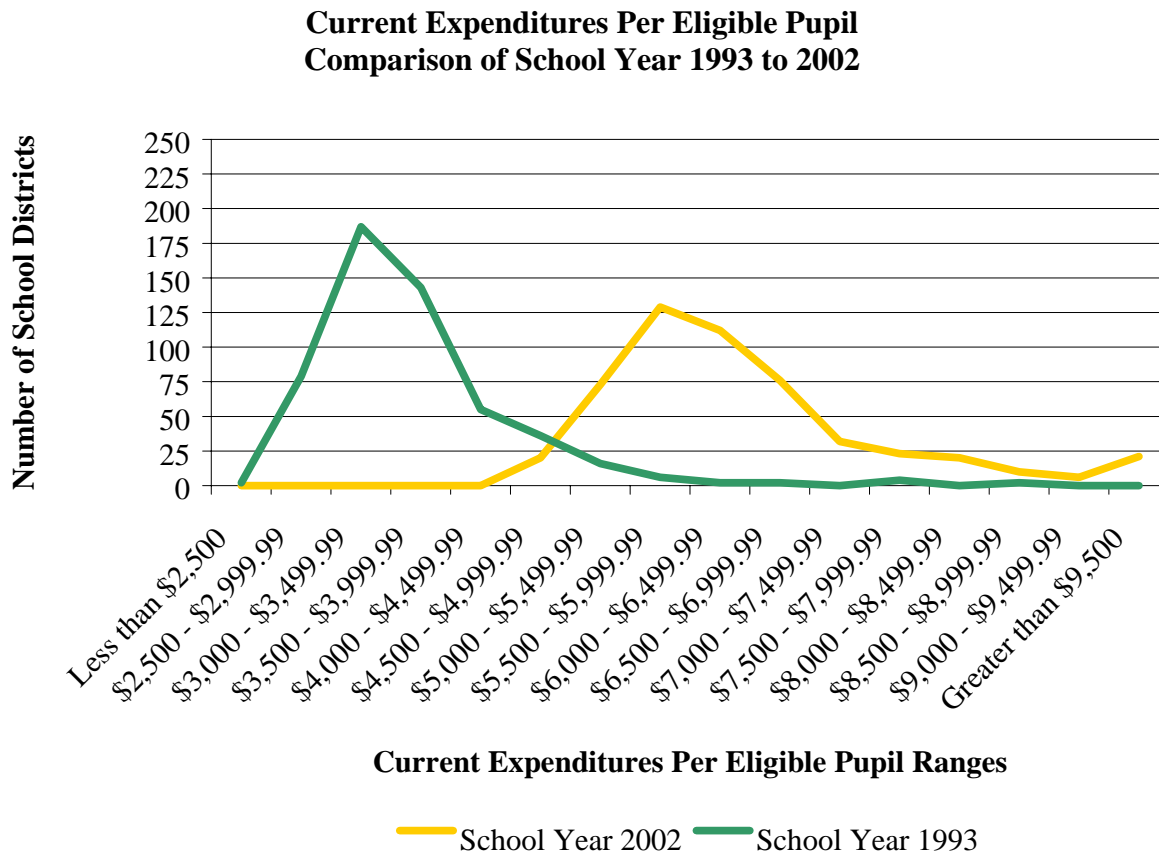
Expenditures per pupil data indicate disparities among districts still exist

The DESE defines current expenditures as all expenditures for instruction and support services excluding capital outlay expenditures and less the revenue from food service, student activities, and payments from other districts. As such, current expenditures are funded by all major sources of public school revenue. The table below compares school year 1993 (prior to the OSA) to school year 2002 current expenditures per eligible pupil for Missouri public school districts.

Current Expenditures Per Eligible Pupil	School Year 1993 Number of School Districts	School Year 2002 Number of School Districts
Less than \$2,500	2	0
\$2,500-\$3,000	79	0
\$3,000-\$3,500	187	0
\$3,500-\$4,000	143	0
\$4,000-\$4,500	55	0
\$4,500-\$5,000	36	20
\$5,000-\$5,500	16	73
\$5,500-\$6,000	6	129
\$6,000-\$6,500	2	112
\$6,500-\$7,000	2	76
\$7,000-\$7,500	0	32
\$7,500-\$8,000	4	23
\$8,000-\$8,500	0	20
\$8,500-\$9,000	2	10
\$9,000-\$9,500	0	6
Greater than \$9,500	0	21

It appears, from the table above, that the amounts expended by the school districts per eligible pupil have increased; however, a significant range between the school districts with the lowest and highest expenditures per pupil still exists.

The following graph further shows the stratification of the districts in terms of current expenditures per eligible pupil.



It should be noted that the distribution of some state and federal revenue sources are designed to address specific needs of individual school districts. For example, some federal revenues are distributed based on the percentage of low income level students within a school district. However, a good balance of equity would show a majority of the districts congregated together in a small range of current expenditures per pupil with only a few outliers. Instead, the stratification has widened slightly when comparing past and present expenditures per pupil for the districts. In school year 1993, the highest district's current expenditure per pupil was \$8,749 and the lowest was \$2,218, a difference of \$6,531. The range for school year 2002 grew to \$9,188 as the current expenditure per pupil range went from a high of \$13,748 down to a low of \$4,560.

The foundation formula contains a hold harmless provision

The foundation formula contains a hold harmless provision, which states that no district shall receive less state aid per pupil under the new formula than it received in school year 1993. As a result of 1998 legislation, some hold harmless districts receive funding in excess of school year 1993 levels due to increases in the number of at risk students within the district. Hold harmless districts receive more monies than what is calculated by the basic entitlement. This occurs when the combined total of local, state, and federal revenues is greater than the amount calculated as the basic entitlement for the district.

According to DESE calculations, this provision allowed fifty-four districts to receive a revenue advantage of approximately \$244 million in school year 2002. The revenue advantage these districts receive allow the districts to have increased educational expenditures. For example, the average teacher salary for school year 2002 was about 20 percent higher, and the current expenditures spent were \$886 (14 percent) higher per pupil in the hold harmless districts than the other districts in the state. However, for school year 2002, the average operating levy for the hold harmless districts was \$3.16 while the average for the other districts was \$3.25. Therefore, the hold harmless districts have the ability to spend more per pupil with less of a local tax burden. It should also be noted that hold harmless districts would not be affected should funding cuts be made to basic entitlement distributions. This holds true because the hold harmless provision requires these districts to receive no less state aid per pupil than received in school year 1993. While the number of hold harmless districts will vary from year to year due to the various funding factors in the foundation formula, hold harmless districts have increased from 10 districts in school year 1993 to fifty-four districts in school year 2002 (see Appendix). The 1999 DESE study indicated the foundation formula would have “significantly greater equalizing power without the hold harmless provision.”

Some local revenues are not considered by the formula

In addition to basic entitlement monies, the districts receive other state monies including Proposition C sales tax receipts, fair share funds, and free textbook fund monies. In school year 2002, these distributions totaled approximately \$750 million. These funds are distributed on a per pupil basis, as required by various state statutes.

When the district's basic entitlement is calculated, these revenues (as well as federal funds and local property taxes) are deducted from the entitlement to determine the funding the district needs from the state to operate. However, school districts currently receive two local operating revenues which are not deducted from the districts' entitlement calculation. These two local operating revenues are the merchants and manufacturers surtax and the fines for environmental violations paid by operators of concentrated livestock feeding businesses. According to DESE's school year 2002 Report of the Public Schools of Missouri publication, school districts received approximately \$103 million in merchants and manufacturers surtax and fines related to concentrated animal feedlot operations consisted of approximately \$30,000.

Current legislative proposals would remove gambling proceeds from the formula

Current proposals to remove gambling proceeds from the formula calculations would result in less equitable distributions to public schools. This is true because the gambling proceeds would no longer be available to offset disparities in local revenues which exist among school districts.

- A. During the 1992-1993 court hearing, experts in school funding testified that there were six generally accepted measures for determining school finance equity. Those measures include the range, the restricted range, the federal range ratio, the coefficient of variation, the Gini index, and the McLoone index. In 1999, when the DESE conducted their study on the equity of the OSA formula, they calculated the coefficient of variation and the federal range ratio for school years 1993 and 1998. However, only these two measures were calculated and the calculations were based only on revenues that are considered by the foundation formula. Therefore, none of the six generally accepted measurements of determining equity have ever been calculated in a comprehensive manner by the DESE based on current expenditures per pupil, or total revenues per pupil.

In 2002, *Education Week* issued its "Quality Counts" report. This report was based on school year 1998 funding, and graded each state on the equality of expenditures among school districts. These grades are partially based on two of the measures mentioned above, the McLoone index and the coefficient of variation. Missouri received a grade of D+, one of 17 states to receive a grade less than a C. In *Education Week's* January 2003 report, Missouri's equity score dropped to a D- with only 2 other states receiving a lower score.

Since these ratios are viewed nationally as being accepted measurements for determining equity in school finance, it would appear the DESE should perform these calculations annually to determine the status of equity in educational funding in Missouri. The DESE should then report its results to the legislature.

- B. Section 163.021(4), RSMo 2000, was enacted as part of the OSA, and requires the DESE to evaluate the correlation between district tax rates and district assessed valuation per pupil following each biennial property tax reassessment. This statute also requires the department to report its findings to the governor and the general assembly by December first of the year following each reassessment. The findings are to include a calculation of the minimum required property tax rate necessary to maintain a correlation of zero or less between district property tax rate and district assessed valuation per pupil, and a report of assessed valuation per pupil and district property tax rate for all districts.

The DESE publishes the Report of the Public Schools of Missouri annually. This report includes the assessed valuation and operating tax levy of each school district; however, the assessed valuation per pupil is not reported. In addition, the department has not performed the calculation of property tax rates to ensure a correlation of zero or less between property tax rates and assessed valuation per pupil.

The 1993 court case found that the Missouri school system did not provide equal opportunity for Missouri children due to disparities in funding and resources in various school districts. The court also concluded that these disparities were associated with property wealth or were simply irrational. The evaluation required by the state law noted above is necessary to determine whether state educational funding is currently being distributed equitably. Equity would be achieved when there is no correlation between district tax rates and local wealth (as measured by assessed valuation per pupil).

WE RECOMMEND the DESE annually calculate the ratios to help assess the equity of school funding, perform the biennial review as required by state law, and report these results to the legislature.

AUDITEE'S RESPONSE

We will take the recommendation under advisement.

2. Incomplete Income Tax Information

The foundation formula, which determines each district's state aid entitlement, uses the district income factor as one component in its calculations. This component of the formula is based on information provided by the Department of Revenue (DOR). The DOR summarizes adjusted gross income from Missouri income tax returns that indicate the school district information on individual returns. The 2000 tax return information was used for the school year 2003 foundation formula calculations. However, after DOR performed an edit check to apply or correct school district codes on state returns, 283,197 returns were missing a school district code and 173,416 returns had an erroneous code. These returns account for about 19 percent of the returns filed for the year and approximately \$25 billion, or 23 percent, of the Missouri adjusted gross income.

Since approximately one-fourth of the state's adjusted gross income is not considered in the formula calculations, educational funding may not have been distributed as equitably as intended by the formula.

WE RECOMMEND the DESE work with the DOR to ensure Missouri income tax returns include school district information. If it is determined there are no further cost effective measures to determine the needed information, the DESE should determine whether alternatives to this component of the formula exist.

AUDITEE'S RESPONSE

We have worked with the DOR to accurately assign tax returns to the correct school district, and will continue to help in any way needed.

3.**Tax Rate Levies in Excess of State Law**

The State Auditor's Office is required to review the property tax rates of all taxing authorities in the state, including school districts, to determine whether taxes have been levied in accordance with state law. Annually, the State Auditor's Office releases the review of property tax rates. We reviewed tax rate reports for years 2001, 2000, 1999, and 1998 to determine those school districts that levied operating tax rates exceeding the legally permissible rate and whether the excessive tax rates impacted the amount of state aid these districts received.

Over these four years, we determined that twelve districts had levied operating tax rates which exceeded legal limits. As a result, these districts collected additional local revenues from property taxes as a result of their improper levies. Since the school district's operating levy is a significant component of the foundation formula, some of these districts also stood to benefit financially from increased state aid. However, three districts were hold-harmless districts; therefore, the improper levy had no financial impact on their foundation formula entitlement. Furthermore, one district was a special school district which uses the average payment per eligible pupil in the St. Louis area rather than the tax levy to calculate their entitlement, one district came into compliance with state law after referral to the Attorney General's office, and one district subsequently enacted a voluntary rollback which corrected the situation. Nevertheless, the remaining six districts collected approximately \$1,142,000 from state foundation formula distributions due to the districts levying an operating tax greater than that allowed by state law. These amounts have not been repaid.

The chart below indicates the districts which levied improper tax rates and the financial impact on their state revenues from the foundation formula that have not been repaid.

School District	Year Levy was Certified ¹	Legally Permissible Rate	Actual Rate Levied	Foundation Formula Distributions		
				Entitled Amount	Actual Amount Received	Amount Overpaid
Green Forrest R-II	2001	2.5075	2.51	\$879,522	\$880,397	\$875
Financial Impact in 2002						<u>\$875</u>
Boone R-IV	1999	3.36	3.63	\$3,135,415	\$3,430,246	\$294,831
Sparta R-III	1999	3.00	3.06	1,906,244	1,952,937	46,693
Tina-Avalon R-II	1999	3.20	3.55	589,939	677,971	88,032
Hayti R-II	1999	3.40	3.63	4,225,310	4,537,519	312,209
Pleasant Hope	1999	2.43	2.51	2,239,333	2,322,290	82,957
Financial Impact in 2000						<u>\$824,722</u>
Boone R-IV	1998	3.35	3.63	2,356,343	2,620,586	\$264,243
Sparta R-III	1998	2.98	3.06	1,741,321	1,793,632	52,311
Financial Impact in 1999						<u>\$316,554</u>

¹ Levies are certified during the calendar year and used in the following fiscal years foundation formula calculation. For example, the 1999 tax certified rate was used in fiscal year 2000's entitlement calculation.

WE RECOMMEND the DESE use legal operating levies when determining district distributions from the foundation formula and collect the overpayments from districts attributable to the use of illegal levies.

AUDITEE'S RESPONSE

We do not concur with the recommendation. Prior to passage of Senate Bill (SB) 894 in 2000, the tax rates established by the State Auditor's Office (SAO) were advisory in nature. After passage, the tax rates were considered mandatory. Therefore, the tax rate differences from years 1999 and 1998 noted in the body of this finding were advisory and not considered illegal. The tax rate difference noted for Green Forrest R-II in 2001 was due to rounding three-fourths of a cent to a whole cent. Some counties do not have the ability to assess the levy out to four digits at the rate the State Auditor established.

AUDITOR'S COMMENT

While it is true the SAO lacks the authority to enforce the certified tax rates, these rates were calculated in accordance with legal provisions in effect at that time. Therefore, the DESE should have used the certified rates for foundation formula calculations. In addition, taxing authorities that lack the capability to extend tax rates to four digits are instructed to round down to avoid taxing above the legally permissible rate.

4.**Noncompliance in Funding**

As discussed below, the state is not in compliance with funding requirements mandated by state law related to video instructional and remedial reading programs, and has not made necessary calculations to determine whether it has complied with a constitutional provision.

- A. The Video Instructional Development and Educational Opportunity Program (VIDEO) Fund was established in 1988, by Section 170.250, RSMo. This program's purpose was to encourage all educational institutions in Missouri to supplement educational opportunities through telecommunications technology and satellite broadcast instruction. From school year 1990 to 1994, funding of the VIDEO Fund was based on estimates of what the state expected to collect on revenues generated from state sales and use tax on the rental of films, records, or any type of sound or picture transcriptions. For school year 1994, Senate Bill 450 changed the funding from an estimated appropriation to the actual sales tax revenues collected. However, due to lack of detailed reporting of sales tax information from businesses, the itemization of actual sales tax revenues collected on the rental of films, records, and sound or picture transcripts was difficult to determine.

Effective August 28, 2000, the legislature again revised the statute to require \$4 million to be transferred from the state's General Revenue Fund annually. However, only \$1,091,081 and \$1,089,519 were appropriated for school years 2001 and 2002, respectively. As a result, the VIDEO program was not funded in accordance with state law, and approximately \$5.8 million in funding was not available to be distributed to school districts, community college districts, and state institutions of higher education during the two fiscal years. Furthermore, due to budget restraints on the state, the funding was eliminated for the VIDEO Fund for school year 2003.

- B. Since school year 1991, Section 162.975, RSMo, requires the amount of state aid paid for remedial reading services per full-time remedial reading teacher shall be adjusted annually by the percentage change in the appropriation of state funds for the foundation formula. These monies are used by school districts to fund costs related to offering aid to students who need assistance in their reading skills. However, the amount of state aid paid for remedial reading services has not been adjusted as required by state law. DESE's budget division determined the department was entitled to receive approximately \$11,819,000, \$12,568,000, and \$12,738,000 for school years 2000, 2001, and 2002, respectively. For school years 2000 and 2001, the department requested the full amount entitled under the statute. However, for school year 2002, since DESE had not seen increases in prior years, the department only requested the core budget of \$11,096,925 and decided to direct their efforts towards a different program. The legislature only appropriated \$11,096,925 each school year. Therefore, DESE did not receive at

least \$3.8 million in funding over the three school year period for remedial reading programs. In addition, further funding shortfalls occurred in previous years.

- C. Article IX, section 3(b), of the Missouri Constitution provides that no less than twenty-five percent of state revenue, exclusive of interest and sinking fund expenses, be used annually to support public schools. The above section does not designate who in state government is responsible for ensuring compliance. However, neither the DESE nor the Office of Administration, Division of Budget and Planning have recently made annual calculations to determine whether the state is in compliance with the constitutional provision.

According to OA personnel, calculations were made in previous fiscal years and it was determined the state was well within compliance with constitutional requirements. To ensure compliance with Article IX, section 3(b) of the Missouri Constitution, the DESE should work the Office of Administration, Division of Budget and Planning to perform the necessary calculations.

WE RECOMMEND the DESE :

- A&B. Continue to request the funding levels for video and remedial reading programs as required by state law.
- C. Work with the Office of Administration, Division of Budget and Planning, to perform annual calculations to determine compliance with Article IX, section 3(b) of the Missouri Constitution.

AUDITEE'S RESPONSE

We will take these recommendations under advisement.

APPENDIX

APPENDIX A

PUBLIC SCHOOL DISTRICTS' CURRENT EXPENDITURES PER PUPIL
SCHOOL YEAR 2001-2002

			Current				Current
Rank	District Code	District Name	Expenditures Per Pupil	Rank	District Code	District Name	Expenditures Per Pupil
1	096102	CLAYTON **	\$13,748	61	023099	LURAY 33	\$7,891
2	31118	NORTH DAVIESS R-III	11,154	62	001090	ADAIR CO. R-I	7,870
3	096101	BRENTWOOD **	11,062	63	069107	HOLLIDAY C-2	7,829
4	096106	LADUE **	11,011	64	038045	STANBERRY R-II	7,804
5	013054	BRECKENRIDGE R-I	10,568	65	096095	PARKWAY C-2 **	7,790
6	015003	CLIMAX SPRINGS R-IV **	10,536	66	032054	OSBORN R-O	7,766
7	096115	WELLSTON	10,470	67	017121	HALE R-I	7,753
8	105125	NEWTOWN-HARRIS R-III	10,430	68	092091	ST. CHARLES CO. R-V **	7,751
9	023096	REVERE C-3	10,289	69	048072	HICKMAN MILLS C-1	7,746
10	096107	MAPLEWOOD-RCHMND HGHTS **	10,260	70	083001	NORTH PLATTE CO. R-I	7,742
11	115115	ST. LOUIS CITY	10,130	71	092090	ST. CHARLES R-VI **	7,724
12	013058	COWGILL R-VI	10,116	72	074197	NORTH NODAWAY CO. R-VI	7,682
13	059114	LIVINGSTON CO. R-III	9,959	73	096113	VALLEY PARK **	7,676
14	089077	STET R-XV	9,895	74	076081	OSAGE CO. R-I	7,657
15	040103	PLEASANT VIEW R-VI	9,772	75	048077	INDEPENDENCE 30	7,598
16	041005	RIDGEWAY R-V	9,710	76	077104	LUTIE R-VI	7,595
17	041004	GILMAN CITY R-IV	9,652	77	090075	CENTERVILLE R-I **	7,589
18	048080	CENTER 58 **	9,606	78	019151	MIDWAY R-I	7,578
19	024091	MISSOURI CITY 56	9,604	79	010093	COLUMBIA 93	7,508
20	023094	WYACONDA C-1	9,596	80	097127	GILLIAM C-4	7,502
21	041001	CAINSVILLE R-I	9,543	81	038044	KING CITY R-I	7,472
22	040104	LAREDO R-VII	9,445	82	088073	RENICK R-V	7,464
23	069104	MIDDLE GROVE C-1	9,417	83	096093	LINDBERGH R-VIII **	7,442
24	065098	PRINCETON R-V	9,229	84	051156	LEETON R-X	7,428
25	096090	PATTONVILLE R-III **	9,214	85	052096	KNOX CO. R-I	7,357
26	021148	NORTHWESTERN R-I	9,210	86	108147	NE VERNON CO. R-I **	7,339
27	074195	JEFFERSON C-123	9,078	87	088080	WESTRAN R-I **	7,335
28	097119	MALTA BEND R-V	8,960	88	027056	COOPER CO. R-IV	7,324
29	013060	MIRABILE C-1	8,883	89	031117	WINSTON R-VI	7,313
30	090078	LESTERVILLE R-IV	8,875	90	041003	NORTH HARRISON R-III	7,297
31	042121	MONTROSE R-XIV	8,704	91	068074	MONITEAU CO. C-1	7,294
32	031122	TRI-COUNTY R-VII	8,702	92	082105	BONCL R-X **	7,252
33	013062	KINGSTON 42	8,661	93	082101	PIKE CO. R-III	7,242
34	090077	BUNKER R-III **	8,610	94	011079	BUCHANAN CO. R-IV	7,219
35	048078	KANSAS CITY 33	8,543	95	017126	NORBORNE R-VIII	7,202
36	044078	CRAIG R-III	8,514	96	017124	BOSWORTH R-V	7,170
37	065096	NORTH MERCER CO. R-III	8,502	97	096088	HAZELWOOD	7,166
38	040100	GRUNDY CO R-V	8,454	98	072074	NEW MADRID CO. R-I **	7,156
39	003033	FAIRFAX R-III	8,448	99	105123	GREEN CITY R-I	7,155
40	013057	NEW YORK R-IV	8,437	100	002089	NORTH ANDREW CO. R-VI	7,141
41	058107	BUCKLIN R-II	8,316	101	013059	POLO R-VII	7,128
42	074194	NORTHEAST NODAWAY CO. R-V	8,276	102	050014	DESOTO 73	7,128
43	096089	FERGUSON-FLORISSANT R-II	8,216	103	017122	TINA-AVALON R-II	7,120
44	032056	UNION STAR R-II	8,209	104	058106	LINN CO. R-I	7,109
45	049137	JASPER CO. R-V	8,171	105	022094	SPOKANE R-VII	7,097
46	096104	JENNINGS	8,170	106	005127	SHELL KNOB 78 **	7,078
47	074202	SOUTH NODAWAY CO. R-IV	8,088	107	061150	ATLANTA C-3	7,058
48	014130	SOUTH CALLAWAY CO. R-II **	8,086	108	025002	LATHROP R-II	7,058
49	096112	UNIVERSITY CITY **	8,049	109	104045	BLUE EYE R-V	7,056
50	096092	KIRKWOOD R-VII **	8,039	110	074201	MARYVILLE R-II **	7,048
51	007121	MIAMI R-I	8,035	111	083002	WEST PLATTE CO. R-II	7,025
52	042119	DAVIS R-XII **	8,025	112	048071	LEE'S SUMMIT R-VII	7,011
53	031116	PATTONSBURG R-II	8,015	113	047064	BELLEVUE R-III	6,999
54	074187	NODAWAY-HOLT R-VII	8,011	114	114112	NORWOOD R-I	6,990
55	096114	WEBSTER GROVES **	8,010	115	003032	ROCK PORT R-II	6,987
56	099078	GORIN R-III	8,009	116	096109	NORMANDY	6,985
57	061157	CALLAO C-8	8,008	117	007122	BALLARD R-II	6,970
58	051153	CHILHOWEE R-IV	7,946	118	007125	HUME R-VIII	6,965
59	097122	HARDEMAN R-X	7,938	119	042118	LEESVILLE R-IX	6,965
60	048074	GRANDVIEW C-4	7,919	120	097130	SLATER	6,965

PUBLIC SCHOOL DISTRICTS' CURRENT EXPENDITURES PER PUPIL
SCHOOL YEAR 2001-2002

District			Current	District			Current
Rank	Code	District Name	Expenditures Per Pupil	Rank	Code	District Name	Expenditures Per Pupil
121	083005	PARK HILL	\$6,955	183	009077	MEADOW HEIGHTS R-II	\$6,532
122	041002	SOUTH HARRISON CO. R-II	6,929	184	107158	RAYMONDVILLE R-VII	6,532
123	059117	CHILLICOTHE R-II	6,912	185	108143	BRONAUGH R-VII	6,532
124	084001	BOLIVAR R-I	6,912	186	045078	HOWARD CO. R-II	6,531
125	061158	MACON CO. R-IV	6,908	187	099082	SCOTLAND CO. R-I	6,504
126	089088	HARDIN-CENTRAL C-2	6,903	188	031121	GALLATIN R-V	6,504
127	029004	GREENFIELD R-IV	6,899	189	078004	COOTER R-IV **	6,497
128	080121	GREEN RIDGE R-VIII	6,894	190	029002	DADEVILLE R-II	6,497
129	003031	TARKIO R-I	6,893	191	050001	NORTHWEST R-I	6,487
130	080122	PETTIS CO. R-XII **	6,890	192	042117	CALHOUN R-VIII	6,480
131	098080	SCHUYLER CO. R-I	6,887	193	048068	BLUE SPRINGS R-IV	6,477
132	028103	STEELVILLE R-III	6,875	194	075084	COUCH R-I	6,474
133	048066	FORT OSAGE R-I	6,868	195	006103	GOLDEN CITY R-III	6,473
134	093120	APPLETON CITY R-II	6,864	196	033094	NORTH WOOD R-IV	6,472
135	062070	MARQUAND-ZION R-VI	6,857	197	054037	CONCORDIA R-II	6,458
136	011076	EAST BUCHANAN CO. C-1	6,848	198	078002	HAYTI R-II	6,458
137	022088	CHADWICK R-I	6,843	199	025003	CLINTON CO. R-III	6,438
138	077100	THORNFIELD R-I	6,840	200	045076	NEW FRANKLIN R-I	6,435
139	007126	HUDSON R-IX	6,830	201	097118	OREARVILLE R-IV	6,427
140	058108	MEADVILLE R-IV	6,826	202	069106	MONROE CITY R-I	6,422
141	077103	DORA R-III	6,824	203	025001	CAMERON R-I	6,422
142	058112	BROOKFIELD R-III	6,824	204	036139	WASHINGTON **	6,414
143	054045	LEXINGTON R-V	6,822	205	084003	HALFWAY R-III	6,414
144	024093	NORTH KANSAS CITY 74 **	6,822	206	083003	PLATTE CO. R-III **	6,413
145	040101	SPICKARD R-II	6,817	207	038046	ALBANY R-III	6,404
146	013055	HAMILTON R-II	6,814	208	088075	HIGBEE R-VIII	6,392
147	092089	WENTZVILLE R-IV	6,809	209	070092	WELLSVILLE MIDDLETOWN R-I	6,377
148	051155	KNOB NOSTER R-VIII	6,802	210	050005	DUNKLIN R-V	6,368
149	074190	WEST NODAWAY CO. R-I	6,801	211	029001	LOCKWOOD R-I	6,358
150	021150	KEYTESVILLE R-III	6,792	212	088081	MOBERLY	6,351
151	097129	MARSHALL	6,782	213	097116	MIAMI R-I	6,348
152	021149	BRUNSWICK R-II	6,780	214	058109	MARCELINE R-V	6,347
153	085046	WAYNESVILLE R-VI	6,778	215	108144	SHELDON R-VIII	6,345
154	114116	MANES R-V	6,776	216	043002	WHEATLAND R-II	6,341
155	027058	OTTERVILLE R-VI	6,752	217	019147	EAST LYNNE 40	6,338
156	021151	SALISBURY R-IV	6,741	218	093124	OSCEOLA	6,326
157	047060	SOUTH IRON CO. R-I **	6,735	219	078001	NORTH PEMISCOT CO. R-I	6,318
158	096091	ROCKWOOD R-VI **	6,733	220	017125	CARROLLTON R-VII	6,316
159	044083	MOUND CITY R-II	6,730	221	048073	RAYTOWN C-2	6,315
160	086100	PUTNAM CO. R-I	6,723	222	091095	RIPLEY CO. R-III	6,314
161	076082	OSAGE CO. R-II	6,721	223	111086	GREENVILLE R-II	6,313
162	104041	HURLEY R-I	6,717	224	046128	HOWELL VALLEY R-I	6,309
163	077101	BAKERSFIELD R-IV	6,710	225	106004	BRANSON R-IV **	6,304
164	096098	AFFTON 101 **	6,709	226	016096	CAPE GIRARDEAU 63 **	6,304
165	018050	VAN BUREN R-I	6,706	227	054043	WELLINGTON-NAPOLEON R-IX	6,288
166	024090	LIBERTY 53	6,694	228	070093	MONTGOMERY CO. R-II	6,283
167	096111	RIVERVIEW GARDENS	6,684	229	015002	CAMDENTON R-III **	6,275
168	093123	LAKELAND R-III	6,679	230	110031	VALLEY R-VI	6,268
169	096110	RITENOUR	6,673	231	054042	SANTA FE R-X	6,262
170	027057	PRAIRIE HOME R-V	6,636	232	019140	STRASBURG C-3	6,255
171	066104	ST. ELIZABETH R-IV	6,628	233	113001	WORTH CO. R-III	6,250
172	102085	SHELBY CO. R-IV	6,628	234	106008	MARK TWAIN R-VIII	6,246
173	112099	NIANGUA R-V	6,616	235	096094	MEHLVILLE R-IX **	6,242
174	027059	PILOT GROVE C-4	6,606	236	107153	SUMMERSVILLE R-II	6,242
175	019150	DREXEL R-IV	6,605	237	047062	ARCADIA VALLEY R-II	6,240
176	106001	BRADLEYVILLE R-I	6,594	238	018047	EAST CARTER CO. R-II	6,237
177	048075	LONE JACK C-6	6,582	239	075087	ALTON R-IV	6,235
178	102081	SHELBY CO. C-1	6,575	240	035092	MALDEN R-I	6,224
179	059113	SOUTHWEST LIVINGSTON CO. R-I	6,574	241	004109	VAN-FAR R-I	6,218
180	027061	BOONVILLE R-I	6,552	242	046135	GLENWOOD R-VIII	6,214
181	046134	WEST PLAINS R-VII	6,546	243	106002	TANEYVILLE R-II	6,213
182	066105	SCHOOL OF THE OSAGE R-II **	6,539	244	107152	HOUSTON R-I	6,201

PUBLIC SCHOOL DISTRICTS' CURRENT EXPENDITURES PER PUPIL
SCHOOL YEAR 2001-2002

District			Current	District			Current
Rank	Code	District Name	Expenditures Per Pupil	Rank	Code	District Name	Expenditures Per Pupil
245	005120	WHEATON R-III	\$6,196	307	011082	ST. JOSEPH	\$5,977
246	067061	CHARLESTON R-I	6,189	308	002090	AVENUE CITY R-IX	5,976
247	019149	HARRISONVILLE R-IX	6,183	309	039141	SPRINGFIELD R-XII	5,970
248	095059	STE. GENEVIEVE CO. R-II **	6,180	310	046131	WILLOW SPRINGS R-IV	5,965
249	034121	SKYLINE R-II	6,176	311	012110	TWIN RIVERS R-X	5,946
250	042111	HENRY CO. R-I	6,165	312	114113	HARTVILLE R-II	5,943
251	094078	FARMINGTON R-VII	6,165	313	033091	OAK HILL R-I	5,942
252	054039	LAFAYETTE CO. C-1	6,161	314	005128	MONETT R-I	5,934
253	107155	CABOOL R-IV	6,153	315	030093	DALLAS CO. R-I	5,933
254	039136	WALNUT GROVE R-V	6,150	316	100065	ORAN R-III	5,925
255	051152	HOLDEN R-III	6,148	317	036135	STRAIN-JAPAN R-XVI	5,924
256	063067	MARIES CO. R-II	6,144	318	101107	EMINENCE R-I	5,916
257	004106	COMMUNITY R-VI	6,144	319	009079	ZALMA R-V	5,915
258	068075	CLARKSBURG C-2	6,140	320	093121	ROSCOE C-1 **	5,914
259	064072	MARION CO. R-II	6,139	321	066103	MILLER CO. R-III	5,911
260	035099	SOUTHLAND C-9	6,131	322	051150	KINGSVILLE R-I	5,909
261	094086	CENTRAL R-III	6,124	323	046132	RICHARDS R-V	5,908
262	081095	NEWBURG R-II	6,124	324	055108	MT. VERNON R-V	5,907
263	068072	MONITEAU CO. R-V **	6,113	325	103128	BELL CITY R-II **	5,904
264	036138	NEW HAVEN	6,112	326	053112	GASCONADE C-4	5,894
265	073105	WESTVIEW C-6	6,112	327	012108	NEELYVILLE R-IV	5,892
266	104042	GALENA R-II	6,107	328	066102	ELDON R-I	5,883
267	047065	IRON CO. C-4 **	6,107	329	044084	SOUTH HOLT CO. R-I	5,882
268	042113	SHAWNEE R-III	6,102	330	105124	MILAN C-2	5,874
269	104043	CRANE R-III	6,098	331	088072	NORTHEAST RANDOLPH CO. R-IV	5,871
270	092087	FT. ZUMWALT R-II	6,097	332	073099	EAST NEWTON CO. R-VI	5,866
271	013061	BRAYMER C-4	6,097	333	103127	RICHLAND R-I	5,865
272	092088	FRANCIS HOWELL R-III	6,091	334	006101	LIBERAL R-II	5,862
273	077102	GAINESVILLE R-V	6,087	335	072068	PORTAGEVILLE	5,859
274	081096	ROLLA 31	6,082	336	067055	EAST PRAIRIE R-II	5,856
275	100062	SCOTT CO. CENTRAL	6,081	337	032058	STEWARTSVILLE C-2	5,854
276	035093	CAMPBELL R-II	6,073	338	016092	DELTA R-V	5,851
277	042124	CLINTON	6,072	339	056017	LEWIS CO. C-1	5,844
278	057001	SILEX R-I	6,069	340	055105	PIERCE CITY R-VI	5,843
279	019148	PLEASANT HILL R-III	6,067	341	101105	WINONA R-III	5,843
280	026006	JEFFERSON CITY **	6,055	342	007129	BUTLER R-V	5,842
281	080116	PETTIS CO. R-V	6,054	343	051159	WARRENSBURG R-VI	5,840
282	078003	PEMISCOT CO. R-III	6,054	344	019139	CASS CO. R-V	5,839
283	033092	GREEN FOREST R-II	6,050	345	001091	KIRKSVILLE R-III	5,836
284	094076	BISMARCK R-V	6,046	346	072073	GIDEON 37	5,836
285	114114	MOUNTAIN GROVE R-III	6,044	347	114115	MANSFIELD R-IV	5,829
286	081097	PHELPS CO. R-III	6,041	348	110014	KINGSTON K-14	5,811
287	112101	FORDLAND R-III	6,040	349	014129	FULTON 58	5,807
288	110030	RICHWOODS R-VII	6,036	350	035102	KENNETT 39	5,806
289	050013	CRYSTAL CITY 47 **	6,035	351	046130	MOUNTAIN VIEW-BIRCH TREE R-III	5,798
290	075086	OREGON-HOWELL R-III	6,033	352	035098	SENATH-HORNERSVILLE C-8	5,794
291	061156	MACON CO. R-I	6,029	353	055111	VERONA R-VII	5,794
292	091093	RIPLEY CO. R-IV	6,023	354	108142	NEVADA R-V	5,791
293	043004	HERMITAGE R-IV	6,022	355	062072	FREDERICKTOWN R-I	5,790
294	056015	CANTON R-V	6,017	356	081094	ST. JAMES R-I	5,788
295	032055	MAYSVILLE R-I	6,013	357	055104	MILLER R-II	5,775
296	097131	SWEET SPRINGS R-VII	6,010	358	019152	BELTON 124	5,770
297	069109	PARIS R-II	6,010	359	089089	RICHMOND R-XVI	5,769
298	011078	MID-BUCHANAN CO. R-V	6,009	360	082108	LOUISIANA R-II	5,760
299	054041	ODESSA R-VII	6,007	361	033093	DENT-PHELPS R-III	5,757
300	045077	FAYETTE R-III	6,006	362	096099	BAYLESS **	5,754
301	040107	TRENTON R-IX	5,996	363	085045	LAQUEY R-V	5,750
302	010087	SOUTHERN BOONE CO. R-I	5,993	364	090076	SOUTHERN REYNOLDS CO. R-II	5,745
303	024087	SMITHVILLE R-II	5,993	365	072066	RISCO R-II	5,741
304	036137	SULLIVAN C-2	5,984	366	050012	FOX C-6	5,738
305	029003	EVERTON R-III	5,981	367	066107	IBERIA R-V	5,736
306	061154	LA PLATA R-II	5,980	368	068073	MONITEAU CO. R-VI	5,722

PUBLIC SCHOOL DISTRICTS' CURRENT EXPENDITURES PER PUPIL
SCHOOL YEAR 2001-2002

District			Current	District			Current
Rank	Code	District Name	Expenditures Per Pupil	Rank	Code	District Name	Expenditures Per Pupil
369	001092	ADAIR CO. R-II	\$5,719	431	073106	SENECA R-VII	\$5,489
370	050007	JEFFERSON CO. R-VII **	5,714	432	026002	COLE CO. R-II **	5,484
371	084006	PLEASANT HOPE R-VI	5,712	433	084004	HUMANSVILLE R-IV	5,481
372	091091	NAYLOR R-II	5,712	434	036131	UNION R-XI	5,476
373	089087	ORRICK R-XI	5,710	435	019144	SHERWOOD CASS R-VIII	5,471
374	036133	LONEDELL R-XIV	5,707	436	048069	GRAIN VALLEY R-V	5,468
375	104044	REEDS SPRING R-IV **	5,706	437	026001	COLE CO. R-I	5,465
376	064075	HANNIBAL 60	5,705	438	016094	OAK RIDGE R-VI	5,462
377	063066	MARIES CO. R-I	5,704	439	015004	MACKS CREEK R-V	5,457
378	091092	DONIPHAN R-I	5,699	440	078012	CARUTHERSVILLE 18	5,455
379	069108	MADISON C-3	5,698	441	010092	HARRISBURG R-VIII	5,416
380	068071	HIGH POINT R-III	5,697	442	014126	NORTH CALLAWAY CO. R-I	5,407
381	049135	AVILLA R-XIII	5,686	443	026005	COLE CO. R-V	5,406
382	010090	STURGEON R-V	5,680	444	085049	CROCKER R-II	5,403
383	078009	DELTA C-7	5,680	445	015001	STOUTLAND R-II	5,399
384	046137	JUNCTION HILL C-12	5,675	446	110029	POTOSI R-III	5,395
385	053111	LACLEDE CO. R-I	5,673	447	049142	CARTHAGE R-IX	5,392
386	008107	WARSAW R-IX	5,666	448	022091	BILLINGS R-IV	5,391
387	012109	POPLAR BLUFF R-I	5,659	449	037037	GASCONADE CO. R-II	5,388
388	028101	CRAWFORD CO. R-I	5,658	450	051154	JOHNSON CO. R-VII	5,386
389	094083	NORTH ST. FRANCOIS CO. R-I	5,657	451	037039	GASCONADE CO. R-I	5,385
390	079077	PERRY CO. 32 **	5,651	452	049132	CARL JUNCTION R-I	5,383
391	036126	MERAMEC VALLEY R-III	5,649	453	089080	LAWSON R-XIV	5,383
392	027055	BLACKWATER R-II	5,648	454	048070	OAK GROVE R-VI	5,373
393	106003	FORSYTH R-III	5,643	455	073102	DIAMOND R-IV	5,372
394	007123	ADRIAN R-III	5,639	456	106006	KIRBYVILLE R-VI	5,371
395	006104	LAMAR R-I	5,638	457	050003	HILLSBORO R-III	5,369
396	046140	FAIRVIEW R-XI	5,632	458	076083	OSAGE CO. R-III	5,364
397	075085	THAYER R-II	5,632	459	085048	DIXON R-I	5,361
398	002097	SAVANNAH R-III	5,626	460	043001	HICKORY CO. R-I	5,359
399	050010	WINDSOR C-1	5,624	461	039137	STRAFFORD R-VI **	5,358
400	034122	PLAINVIEW R-VIII	5,623	462	100063	SIKESTON R-VI	5,358
401	022092	CLEVER R-V	5,622	463	055110	AURORA R-VIII	5,356
402	103131	BLOOMFIELD R-XIV	5,619	464	082100	BOWLING GREEN R-I	5,340
403	010089	BOONE CO. R-IV	5,611	465	080125	SEDALIA 200	5,337
404	009078	LEOPOLD R-III	5,605	466	112102	MARSHFIELD R-I	5,316
405	107154	LICKING R-VIII	5,598	467	034124	AVA R-I	5,292
406	080118	LA MONTE R-IV	5,586	468	043003	WEAUBLEAU R-III	5,290
407	085043	SWEDEBORG R-III	5,585	469	049144	WEBB CITY R-VII	5,276
408	049148	JOPLIN R-VIII **	5,585	470	103135	BERNIE R-XIII	5,269
409	071092	MORGAN CO. R-II **	5,585	471	005122	EXETER R-VI	5,269
410	019142	RAYMORE-PECULIAR R-II	5,580	472	109002	WRIGHT CITY R-II **	5,267
411	096103	HANCOCK PLACE	5,580	473	103132	DEXTER R-XI	5,262
412	004110	MEXICO 59	5,575	474	005124	PURDY R-II	5,259
413	033090	SALEM R-80	5,575	475	106005	HOLLISTER R-V	5,254
414	064074	PALMYRA R-I	5,570	476	007124	RICH HILL R-IV	5,252
415	014127	NEW BLOOMFIELD R-III	5,568	477	112103	SEYMOUR R-II	5,251
416	080119	SMITHTON R-VI	5,568	478	008111	COLE CAMP R-I	5,244
417	024089	EXCELSIOR SPRINGS 40	5,564	479	100059	SCOTT CITY R-I	5,237
418	020001	STOCKTON R-I	5,550	480	023101	CLARK CO. R-I	5,237
419	057002	ELSBERRY R-II	5,549	481	053114	LACLEDE CO. C-5	5,236
420	107151	SUCCESS R-VI	5,547	482	022090	SPARTA R-III	5,236
421	035097	CLARKTON C-4	5,546	483	107156	PLATO R-V	5,230
422	087083	RALLS CO. R-II	5,543	484	050009	SUNRISE R-IX	5,218
423	005121	SOUTHWEST R-V	5,542	485	073108	NEOSHO R-V	5,211
424	084002	FAIR PLAY R-II	5,537	486	068070	MONITEAU CO. R-I	5,207
425	111087	CLEARWATER R-I	5,523	487	053113	LEBANON R-III	5,185
426	085044	PULASKI CO. R-IV	5,518	488	084005	MARION C. EARLY R-V	5,182
427	008106	LINCOLN R-II	5,515	489	071091	MORGAN CO. R-I	5,153
428	009080	WOODLAND R-IV	5,509	490	028102	CRAWFORD CO. R-II	5,152
429	036123	FRANKLIN CO. R-II	5,508	491	094087	WEST ST. FRANCOIS CO. R-IV	5,144
430	100061	SCOTT CO. R-IV	5,492	492	100064	KELSO C-7	5,123

PUBLIC SCHOOL DISTRICTS' CURRENT EXPENDITURES PER PUPIL
SCHOOL YEAR 2001-2002

Rank	District Code	District Name	Current Expenditures Per Pupil
493	103129	ADVANCE R-IV	\$5,120
494	061151	BEVIER C-4	5,119
495	039133	WILLARD R-II	5,105
496	005123	CASSVILLE R-IV	5,068
497	010091	CENTRALIA R-VI	5,067
498	036136	ST. CLAIR R-XIII	5,059
499	022093	OZARK R-VI	5,032
500	100060	CHAFFEE R-II	5,023
501	109003	WARREN CO. R-III	5,019
502	020002	EL DORADO SPRINGS R-II	5,009
503	057003	TROY R-III	4,988
504	050002	GRANDVIEW R-II	4,967
505	039135	ASH GROVE R-IV	4,962
506	055106	MARIONVILLE R-IX	4,940
507	024086	KEARNEY R-I	4,913
508	039139	GREENE CO. R-VIII	4,912
509	022089	NIXA R-II	4,852
510	078005	SOUTH PEMISCOT CO. R-V	4,838
511	079078	ALTENBURG 48	4,831
512	016097	NELL HOLCOMB R-IV	4,823
513	039134	REPUBLIC R-III	4,794
514	057004	WINFIELD R-IV	4,761
515	036134	SPRING BLUFF R-XV	4,759
516	103130	PUXICO R-VIII	4,749
517	016090	JACKSON R-II	4,743
518	039142	FAIR GROVE R-X	4,743
519	035094	HOLCOMB R-III	4,691
520	050006	FESTUS R-VI	4,597
521	049140	SARCOXIE R-II	4,570
522	060077	MCDONALD CO. R-I	4,561

** Hold-Harmless School District in School Year 2001-2002

APPENDIX B

HOLD HARMLESS DISTRICTS' REVENUE ADVANTAGE
SCHOOL YEAR 2001-2002

DISTRICT CODE	DISTRICT NAME	District Entitlement	Local Deduction Revenues	State Deduction Revenues	State Aid Received From Formula	Revenue Advantage	Advantage from Local Monies	Advantage from State-Aid Deductions	Advantage from Basic Formula
005-127	SHELL KNOB 78	\$ 1,220,694	\$ 961,537	\$ 158,227	\$ 254,914	\$ 153,984	\$ -	\$ -	\$ 153,984
014-130	SOUTH CALLAWAY CO. R-II	2,530,408	4,860,237	453,291	115,504	2,898,624	2,329,829	453,291	115,504
015-002	CAMDENTON R-III	11,391,876	12,301,570	1,902,697	1,654,580	4,466,971	909,694	1,902,697	1,654,580
015-003	CLIMAX SPRINGS R-IV	867,599	1,235,279	128,175	80,609	576,464	367,680	128,175	80,609
016-096	CAPE GIRARDEAU 63	17,434,440	13,946,882	1,950,717	2,051,677	514,836	-	-	514,836
024-093	NORTH KANSAS CITY	83,153,428	64,994,839	7,833,532	10,924,945	599,888	-	-	599,888
026-002	COLE CO. R-II	2,372,521	1,425,155	317,740	884,236	254,610	-	-	254,610
026-006	JEFFERSON CITY	31,685,494	24,898,640	3,969,978	4,559,696	1,742,820	-	-	1,742,820
036-139	WASHINGTON	14,086,014	13,192,716	1,727,805	1,865,712	2,700,219	-	834,507	1,865,712
039-137	STRAFFORD R-VI	4,023,736	2,168,916	518,966	1,474,173	138,319	-	-	138,319
042-119	DAVIS R-XII	401,825	353,695	42,672	16,769	11,311	-	-	11,311
047-060	SOUTH IRON CO. R-I	1,475,992	1,069,471	199,316	349,336	142,131	-	-	142,131
047-065	IRON CO. C-4	1,935,371	1,864,522	260,357	73,341	262,849	-	189,508	73,341
048-080	CENTER 58	13,649,388	15,037,021	1,268,813	701,770	3,358,216	1,387,633	1,268,813	701,770
049-148	JOPLIN R-VIII	26,649,671	17,574,884	3,582,186	7,399,901	1,907,300	-	-	1,907,300
050-007	JEFFERSON CO R-VII	3,941,678	3,098,328	456,546	407,464	20,660	-	-	20,660
050-013	CRYSTAL CITY 47	2,264,410	1,398,085	252,800	615,957	2,432	-	-	2,432
066-105	SCHOOL OF THE OSAGE R-II	4,268,745	5,701,370	769,207	273,464	2,475,296	1,432,625	769,207	273,464
068-072	MONITEAU CO. R-V	307,938	153,200	41,251	143,810	30,323	-	-	30,323
071-092	MORGAN CO R-II	5,752,530	3,765,429	762,121	1,249,105	24,125	-	-	24,125
072-074	NEW MADRID CO. R-I	4,962,713	5,232,568	918,885	1,590,004	2,778,744	269,855	918,885	1,590,004
074-201	MARYVILLE R-II	6,717,482	5,203,190	679,327	988,342	153,377	-	-	153,377
078-004	COOTER R-IV	816,466	213,738	111,008	731,722	240,002	-	-	240,002
079-077	PERRY CO. 32	8,110,330	5,424,912	1,102,299	1,940,034	356,915	-	-	356,915
080-122	PETTIS CO. R-XII	487,601	863,326	74,338	105,494	555,557	375,725	74,338	105,494
082-105	BONCL R-X	361,204	332,815	34,423	22,885	28,919	-	6,034	22,885
083-003	PLATTE CO. R-III	9,725,043	8,043,673	956,257	1,263,602	538,489	-	-	538,489
088-080	WESTRAN R-I	3,109,057	3,924,322	340,247	40,025	1,195,537	815,265	340,247	40,025
090-075	CENTERVILLE R-I	470,483	172,811	63,417	283,924	49,669	-	-	49,669
090-077	BUNKER R-III	1,080,141	948,604	147,841	217,871	234,175	-	16,304	217,871
092-090	ST. CHARLES R-VI	28,311,472	22,949,887	2,926,024	5,969,758	3,534,197	-	-	3,534,197
092-091	ST. CHARLES CO. R-V	5,462,683	4,648,658	573,854	814,912	574,741	-	-	574,741
093-121	ROSCOE C-I	333,893	128,784	44,291	191,440	30,622	-	-	30,622
095-059	STE. GENEVIEVE CO. R-II	8,083,689	6,164,539	1,032,630	1,089,219	202,699	-	-	202,699
096-090	PATTONVILLE R-III	24,766,912	38,641,194	2,801,951	1,276,798	16,676,233	13,874,282	2,801,951	1,276,798
096-091	ROCKWOOD R-VI	83,217,553	87,098,806	8,551,661	8,963,136	21,396,050	3,881,253	8,551,661	8,963,136
096-092	KIRKWOOD R-VII	17,700,192	28,336,387	1,984,041	839,398	13,459,634	10,636,195	1,984,041	839,398
096-093	LINDBERGH R-VIII	12,664,905	22,780,127	2,034,547	949,317	13,099,086	10,115,222	2,034,547	949,317
096-094	MEHLVILLE R-IX	39,111,515	37,582,695	4,740,141	6,522,052	9,733,373	-	3,211,321	6,522,052
096-095	PARKWAY C-2	65,754,303	114,690,746	8,381,207	4,463,471	61,781,121	48,936,443	8,381,207	4,463,471
096-098	AFFTON 101	9,200,642	9,864,534	1,068,269	719,635	2,451,796	663,892	1,068,269	719,635
096-099	BAYLESS	5,252,407	3,824,353	567,063	1,114,063	253,072	-	-	253,072
096-101	BRENTWOOD	2,050,090	4,836,123	330,543	143,069	3,259,645	2,786,033	330,543	143,069
096-102	CLAYTON	6,177,932	23,154,130	952,210	481,320	18,409,728	16,976,198	952,210	481,320
096-106	LADUE	9,872,404	47,469,560	1,437,253	707,271	39,741,680	37,597,156	1,437,253	707,271
096-107	MAPLEWOOD-RICHMOND HEIGHTS	5,146,154	5,702,540	493,463	352,732	1,402,581	556,386	493,463	352,732
096-112	UNIVERSITY CITY	22,980,477	16,736,879	2,052,284	4,678,723	487,409	-	-	487,409
096-113	VALLEY PARK	4,411,481	4,880,969	358,787	254,875	1,083,150	469,488	358,787	254,875
096-114	WEBSTER GROVES	17,781,237	19,662,413	1,738,897	1,572,557	5,192,630	1,881,176	1,738,897	1,572,557
103-128	BELL CITY R-II	1,150,915	479,819	149,839	580,180	58,923	-	-	58,923
104-044	REEDS SPRING R-IV	7,392,046	5,188,512	955,188	1,601,537	353,191	-	-	353,191
106-004	BRANSON R-IV	7,583,975	6,973,892	1,332,167	1,805,835	2,527,919	-	722,084	1,805,835
108-147	NE VERNON CO R-I	863,750	369,058	116,992	544,786	167,086	-	-	167,086
109-002	WRIGHT CITY R-II	5,186,635	3,467,514	570,561	1,214,970	66,410	-	-	66,410
		\$ 655,711,540	\$ 735,993,854	\$ 76,218,302	\$ 89,131,920	\$ 244,355,738	\$ 156,262,030	\$ 40,968,240	\$ 48,402,266



SCHOOL BUS SAFETY

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-35
April 15, 2003
www.auditor.state.mo.us**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

April 2003

School bus safety relies on thorough driver screening and consistent bus inspections, but auditors found weaknesses in both areas

Current state law is supposed to prevent school bus driver applicants with felony convictions of disallowable offenses including: drug possession, assault, domestic violence and prostitution, from obtaining permits to drive school buses. But the law is not working, the background screening procedures are insufficient, and the state criminal information is incomplete. As a result, an indeterminate number of individuals with such felony convictions are allowed to work as licensed school bus drivers.

This audit analyzed school bus safety through driver screening and bus inspections. The audit work involved three agencies: Department of Revenue officials who license the drivers; Department of Elementary and Secondary Education staff who develop bus safety policies and standards, based on state law; and Missouri State Highway Patrol (highway patrol) officials who screen driver backgrounds and inspect buses.

Criminal records outside Missouri not checked on bus drivers

Background screenings for bus drivers do not include checks of criminal history information outside Missouri or of highway patrol's closed records. Highway patrol officials need a driver's fingerprint to complete these checks, but fingerprints are not currently required of bus applicants. Auditors ran 386 drivers against highway patrol's criminal history records and found 60 with convictions or charges of disallowable offenses. Of these 60 drivers, 14 had conviction information in closed records, which the highway patrol will not make available without a fingerprint. Department of Revenue officials said they would have denied the school bus permit applications if they had received the closed record information. (See page 4)

Child abuse and neglect databases not used to screen drivers

Department of Revenue officials do not currently run bus driver applicants through the child abuse and neglect database because the data does not include criminal convictions. Other state agencies, including the Bureau of Child Care, use the database in deciding to license individuals operating or working in child care centers. Auditors checked about 21,000 drivers against the child abuse database and found 330 obtained bus permits after state officials substantiated abuse and neglect complaints. Childcare bureau staff reviewed abuse complaints of 15 drivers and said they would be concerned about the safety of children with 8 of the 15 drivers. (See page 4)

YELLOW SHEET

Incomplete statewide criminal data allowed licensing of some convicted drivers

Auditors gave Kansas City police officials the names of 700 school bus drivers to match against their criminal data system and found 14 drivers with convictions of disallowable offenses. Of these 14, 13 were convicted before applying for bus permits. Highway patrol officials said the Kansas City police never forwarded the criminal information to the highway patrol. In January 2003, state officials revoked the permits of these 14 drivers. (See page 5)

Spot inspections of school buses could increase safety

Spot inspections conducted by five highway patrol troops in 2002 showed some operators conducted incomplete inspections. State law requires inspections of each school bus twice a year, with one inspection by highway patrol officials. Bus operator employees licensed to inspect often conduct the second review. A spot inspection is in addition to the two required inspections and is often unannounced. Among four spot inspections conducted by two patrol troops, officials failed 22 buses and restricted 6 of these 22 from service due to serious defects. In two cases, the spot inspections occurred 2 and 15 days after the bus operator's self-inspection. The highway patrol could use results of required inspections to focus spot checks on operators with repeatedly poor inspections. (See page 8)

Increased costs of adding seat belts to buses is unknown in Missouri

Children are eight times safer riding to school in buses than in cars with their parents, according to an April 2002 national report analyzing seat belts in buses. This national study concluded the overall benefit of requiring seatbelts in large buses did not warrant a mandated federal standard to install them. The study also cautioned the costs of mandating belts could discontinue bus transportation for some children and increase their risk of injury. Missouri, as most states, does not mandate installing seat belts in large school buses. If state officials wanted to consider the potential costs of installing seat belts in buses, they would have to develop cost data by tracking the number of large school buses in the state and the average daily occupancy rates. (See page 12)

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SCHOOL BUS SAFETY

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ABBREVIATIONS

DESE	Department of Elementary and Secondary Education
DOR	Department of Revenue
DSS	Department of Social Services
FBI	Federal Bureau of Investigation



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Charles R. Jackson, Director
Department of Public Safety
and
Carol Russell Fischer, Director
Department of Revenue
and
D. Kent King, Commissioner
Department of Elementary and Secondary Education
and
Colonel R.D. Stottlemire, Superintendent
Missouri State Highway Patrol
Jefferson City, MO 65102

Approximately 500,000 Missouri children are transported each year on school buses at public expense. This report focuses on the state's oversight and safety of school buses. Our objectives were to determine 1) the effectiveness of background screening on individuals applying for permits to drive school buses, 2) the timeliness and effectiveness of school bus safety inspections, and 3) if installing seat/shoulder belts on school buses would increase passenger safety.

Missouri school bus safety oversight rests within three state agencies—the Departments of Elementary and Secondary Education, and Revenue, and the Missouri State Highway Patrol. This oversight includes establishing safety standards for school buses, issuing and suspending permits to drive school buses, and inspecting school buses to ensure they are in safe operating condition.

We found (1) state laws, procedures, and statewide criminal information need improvement to ensure school bus drivers do not have disqualifying criminal histories, and (2) a systematic Missouri State Highway Patrol spot inspection program is needed to ensure all school bus operators thoroughly inspect their buses. In addition, a recent federal study shows mandating lap/shoulder belts on all school buses could reduce injuries for some children in school bus accidents. However, more information is needed to assess the situation in Missouri.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances. Appendix I contains our scope and methodology.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

The following staff contributed to this report:

Director of Audits:	Kirk R. Boyer
Audit Manager:	John B. Mollet, CISA
Auditor-In-Charge:	Benjamin Douglas
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RESULTS AND RECOMMENDATIONS

1. State Laws and Incomplete Statewide Criminal Information Allowed Convicted Felons to Obtain School Bus Permits

Inadequate state laws and procedures, and lack of complete statewide criminal information has enabled an indeterminate number of individuals, who were convicted for such offenses as drug possession, assault, domestic violence, and prostitution, to obtain permits to transport Missouri children to and from school. We found school bus drivers that had several of these convictions, while others operated school buses with invalid permits. Individuals convicted of or pled guilty to disallowable offenses were able to obtain school bus permits for several reasons, including 1) state laws that do not require school bus permit applicants to submit fingerprints with their applications, 2) Missouri State Highway Patrol's¹ (highway patrol) policy to not release certain criminal information without fingerprints, and 3) lack of complete information on applicants' criminal history. School bus drivers with suspended permits can continue to drive due to the absence of state laws or regulations that require school bus operators to periodically verify valid permits.

State law requires criminal background screening for school bus permit applicants

State law prohibits individuals from obtaining permits to drive school buses if they were found guilty or pled guilty to certain disallowable criminal offenses such as assaults, child molestation, prostitution, and drug violations.² Under the law, the Department of Revenue (DOR) must obtain criminal history clearances from the highway patrol and/or the Department of Social Services (DSS) before issuing school bus permits to applicants. The highway patrol reviews its open records and informs DOR if the applicant has been convicted of any disallowable offenses. However, because state law does not require applicants to submit fingerprints, the highway patrol will not provide DOR criminal history data for disallowable offenses from its closed case files, without the submission of fingerprints. According to a highway patrol official, due to problems with identity theft, alias information, and lack of positive identification, the patrol requires fingerprints before it will release information contained in closed records. The official said the highway patrol could be subject to lawsuits if it released erroneous information from closed records.

State law also authorizes the highway patrol to obtain criminal history information from the Federal Bureau of Investigation (FBI), which shows convictions of disallowable offenses in other states. However, because the FBI requires fingerprints to query its national criminal history database, the highway patrol cannot determine if applicants were convicted of disallowable offenses outside of Missouri. Finally, highway patrol officials are required by law to notify DOR if they become aware of any applicants who obtained permits, but were later convicted of a disallowable offense. But a highway patrol official said the patrol does not have any means of tracking school bus drivers for subsequent conviction information. To track subsequent convictions for active school bus drivers, the patrol official said they would need 1) the drivers' fingerprints and 2) an automated applicant identification system that could

¹This agency is part of the Department of Public Safety.

²Sections 203.272.5(2), 202.272.5(3), and 302.272 6, RSMo 2000.

automatically flag when drivers received subsequent disqualifying convictions. The patrol estimates such a system would cost about \$2.5 million, but could be paid for with fees the patrol charges for background clearances.

Presently, DOR conducts follow-up clearances on individuals renewing school bus permits every 3 years. To help ensure convicted felons cannot obtain permits to drive school buses, DOR has proposed changes to state law to require all individuals applying for school bus permits to submit fingerprints.

Some school bus drivers had substantiated complaints related to child abuse and neglect

From a list of about 21,000 school bus drivers, DSS identified 386 school bus drivers who had substantiated complaints of child abuse or neglect. Highway patrol officials took these 386 drivers and found 60 of them also had been convicted or charged with disallowable offenses, as shown in Table 1.1.

Table 1.1: Types of Disallowable Offenses for 60 School Bus Drivers

Disqualifiers	Drug	Against the Person¹	Sexual Assault	Prostitution	Against the Family²	Robbery, Arson, Burglary	Weapons	Total
Open record	1	1	1	0	1	2	0	6
Closed record	5	1	1	1	0	3	3	14
Unknown dispositions	8	6	5	0	11	4	6	40

¹Offenses include assault, manslaughter and kidnapping.

²Offenses include abandonment of a child, endangering the welfare of a child, and child abuse.

Source: Missouri State Highway Patrol Criminal Records Division.

Our analysis showed the six individuals with open record convictions were convicted after obtaining their school bus permits, but before the permits were renewed. For the 14 individuals with convictions listed in closed record files, DOR officials stated they would have denied the school bus permit applications if they had received the information. However, highway patrol officials will not release such closed record information to DOR without a driver's fingerprint, and current state law does not require state officials to obtain drivers' fingerprints.

Forty applicants charged with a disallowable offense obtained school bus driver permits. In these cases, the highway patrol had not received final disposition information on their charges, such as whether the applicants were found guilty or innocent. DOR officials said, under existing state laws, they cannot deny applicants a school bus permit if they have only been charged with a disallowable offense and there is no final disposition. DOR officials said if the highway patrol informs them an applicant has been charged with a disallowable offense and the final disposition is not available, DOR will issue the applicant a temporary permit until the final disposition is known. If the applicant is found guilty or pleads guilty, the permit is revoked. However, DOR does not require school bus permit applicants to disclose on their permit application forms if they are currently charged with a disallowable offense. Accordingly, if the charge and final

disposition information is not reported to the highway patrol, the applicants can continue to drive school buses even if they are subsequently found guilty.

According to DOR officials, the department has not requested background clearance through DSS' child abuse and neglect database because the data does not include criminal convictions. That is, these complaints may not result in criminal convictions even though DSS staff may have investigated and substantiated them, or the cases may have been adjudicated in family court. Other state agencies, such as the Bureau of Child Care,³ use the DSS database in deciding whether to license individuals operating or working in child care centers. However, current state law regarding school bus drivers only allows DOR to deny permits to applicants who were convicted or pled guilty to certain disqualifying criminal offenses.

Of the 386 school bus drivers, 330 obtained school bus permits after child abuse or neglect complaints were substantiated by DSS. DSS data showed the severity of the child abuse or neglect complaints ranged from mild to fatal as shown in Table 1.2.

Table 1.2: School Bus Permits Issued After Substantiated Child Abuse or Neglect Incidents

Severity of Incident	Number
Unknown	3
Mild	61
Moderate	153
Serious/Severe	110
Permanent Damage	1
Fatal	2
Total	330

Source: Prepared by SAO based on DOR and DSS data.

According to a Bureau of Child Care official, child care license applications can be denied based on information contained in the DSS database, even if the individual has not been convicted of a criminal offense. We asked bureau staff to review information provided by the DSS for 15 of the 386 school bus drivers.⁴ A bureau official responded the agency would be concerned about the safety of children riding with 8 of the 15 drivers. Also, the official said a child care license would probably be denied if these individuals applied for a license or remained employed at the child care facility.

Lack of complete statewide conviction information resulted in individuals with disallowable offenses obtaining school bus permits

We provided the Kansas City police department a list of about 700 school bus drivers to match against its criminal information system. This match identified 14 of the 700 school bus drivers

³This bureau is part of the Department of Health and Senior Services, Division of Health Standards and Licensure.

⁴We selected these 15 drivers because they involved fatalities, permanent injuries or the cases had been adjudicated in a family or juvenile court.

had been convicted for disqualifying offenses in the Kansas City metropolitan area, and 13 of the 14 individuals had been convicted before they applied for school bus permits.

DOR officials said the highway patrol did not provide them disqualifying criminal history data on the 13 drivers when clearance data was requested. According to highway patrol officials, the Kansas City arrest and disposition information was never forwarded to the highway patrol, and therefore could not be provided to DOR. The other individual was convicted after obtaining a school bus permit and, therefore, was not identified in the patrol's background screening process. DOR officials concurred the drivers should not have school bus permits under state law, and, in January 2003, revoked the 14 drivers' school bus permits.

Lack of periodic checks allows drivers with suspended permits to continue driving

Some school bus drivers with suspended or expired drivers licenses were continuing to operate school buses. State law provides if an individual's drivers license is suspended, their school bus permit is invalid and they are not authorized to drive a school bus. We identified nine drivers with suspended or expired drivers licenses from about 3,700 school bus drivers currently working for 26 school bus operators.⁵ In addition, DOR records showed only 28 of 267 drivers returned suspended licenses to DOR from July 1, 2001 through November 21, 2002 as required by law. Two factors allowed these drivers to continue driving. First, state laws and regulations do not require school bus operators to periodically verify the validity of drivers licenses and/or school bus permits. Second, most drivers did not comply with the law requiring individuals to return suspended licenses to DOR. DOR officials said they do not have sufficient staff to monitor whether suspended licenses are returned and issue follow-up letters.

Conclusion

Some Missouri school children are being transported by drivers with criminal histories and invalid permits. To help ensure children's safety, state laws prohibit persons who have disqualifying criminal offenses from obtaining permits to drive school buses. However, the laws and incomplete statewide criminal history data have allowed some school bus permit applicants with disqualifying criminal offenses to obtain school bus permits. Current state laws do not require school bus permit applicants to submit fingerprints. The highway patrol needs applicants' fingerprints to conduct a comprehensive search of all of its criminal records—both open and closed records—for disqualifying offenses. In addition, DOR's application does not request applicants to report if they are currently charged with these offenses. With this information, DOR could request applicants to provide either the final disposition or current status of any charges to determine whether the applicant is eligible for a school bus permit. And finally, state laws have allowed individuals whose permits were suspended or expired to continue to drive school buses.

⁵We provided DOR and the involved school bus operators the names of these drivers so they could take appropriate follow-up actions.

Recommendations

We recommend the General Assembly:

- 1.1 Require current and potential school bus drivers to submit fingerprints with their permit renewal applications or first-time permit applications.
- 1.2 Require school bus operators to submit the names and other necessary information of their drivers to DOR every six months to verify the validity of bus driver permits.

We recommend the Director, Department of Revenue:

- 1.3 Revise the school bus permit application form to require applicants to report whether they are currently charged with any disallowable offenses, including the date and location of the charges, and to provide DOR current information on the status of their charges.

Department of Revenue Comments

- 1.3 *The department is agreeable to changing the form; however, disclosure of the information is dependent on self-reporting by the applicant. The department has no enforcement power to ensure current charges are reported. Further, the department may only deny a school bus permit on a plea or finding of guilty.*

2. Improvements are Needed in the School Bus Inspection Program

Highway patrol data showed that a majority of school buses passed safety inspections in 2000, 2001, and 2002. However, the data also showed that about 300 school bus operators had average failure rates exceeding 25 percent. The highway patrol conducted limited school bus safety spot inspections between August and October 2002 because of lack of resources and a statewide systematic spot inspection program. During the limited inspections, the patrol identified 32 school buses with safety defects even though these buses purportedly passed recent operator-conducted safety inspections. The highway patrol's follow-up inspections, which occurred six to eight months after the operator-conducted inspections, did not ensure school bus operators inspected all their school buses as required by law.

School buses are required to be inspected twice a year

To ensure school children's safety, state law⁷ requires every school bus to be inspected twice a year. For the first inspection, school bus operators are required to have their school buses inspected within 60 days before the school year begins. Some operators with employees licensed to inspect school buses inspect their own buses, while other operators use private vehicle inspection stations. Highway patrol officials conduct the second inspection of all buses close to the end of the school year—typically beginning in February.

Each inspection requires a number of specified items on the bus such as brakes and fuel systems to be inspected, properly fitted and in good working order. Certain defects, such as malfunctioning signal lights, result in buses not passing the highway patrol inspection, but the buses can continue operating. The operators have 10 days to make repairs and report to the patrol repairs were made. Serious safety defects with the steering, suspension or brakes and any fuel leaks, result in school buses being immediately taken out of service. School bus operators have to take these buses back to the highway patrol for re-inspection before they can be placed back into service.

A systematic spot inspection program could help improve school bus safety

Spot inspections conducted by five highway patrol troops in 2002 indicated some school bus operators were not conducting complete safety inspections as required by law. Two troops conducted four spot inspections at school districts after complaints were filed in August 2002. These troops found 22 buses did not pass inspection and 6 of the 22 buses were restricted from service due to serious safety defects. In one case, the spot inspections occurred 2 days after the school bus operator's self inspection. In another case, the spot inspection occurred less than 15 days after the self inspection. Three other troops conducted spot inspections in October 2002 and found 10 buses did not pass inspection: one of the buses was pulled out of service due to serious defects. Two of the three troops' spot inspections were based on complaints and the third troop was based on a random spot inspection, which found six of eight buses inspected could not pass inspection.

⁷Sections 304.050 and 307.350 to 307.390, RSMo 2000.

The highway patrol has not implemented a systematic spot inspection program. Instead, each troop determined whether to conduct spot inspections. We found only one troop conducted a random spot inspection in 2002, and these were limited due to insufficient staff. The other eight troops only conducted spot inspections when they received complaints or allegations that school bus operators have not properly inspected their buses. Several of the troops' chief inspectors said they believe spot inspections are necessary to ensure school bus operators inspect their buses according to law and school buses are safe. One chief inspector said he believes the highway patrol should implement a mandatory spot inspection program of school buses and require each troop to spot inspect a specified percentage (for example 5 percent) of school buses within their jurisdiction. The inspector also said most chief patrol inspectors agree more spot inspections need to be done, but expressed concern over the lack of staff to implement a mandatory spot inspection program.

Highway patrol could use current inspection data to focus spot inspection program

About two-thirds of the bus operators representing 86 percent of the buses had failure rates of 25 percent or less. The remaining 38 percent of the operators representing 14 percent of the buses failed over 25 percent of the inspections. Highway patrol officials agreed there continue to be a number of school bus operators with poor inspection results. Table 2.1 shows the three-year average failure rates for all school bus operators the highway patrol inspected between 2000 and 2002.

Table 2.1: Three Year Average School Bus Inspection Results

Inspection Failure Rates	Number of Operators	Percent	Number of Buses	Percent
0-10%	307	39	7,393	60
11-25%	176	22	3,243	26
26-50%	200	25	1,363	11
51-75%	66	8	203	2
76-100%	37	5	97	1
Totals	786	99	12,299	100

Note: Percentages do not sum to 100 due to rounding.

Source: Prepared by SAO based on highway patrol data.

The highway patrol has not used annual inspection results to focus spot inspections in order to make more effective use of its limited resources. Chief inspectors from two troops said if they had more staff they would focus spot inspections on school bus operators which had higher than average inspection failure rates based on inspections the troop conducts in February and March each year.

The highway patrol cannot use DOR data to ensure all buses were inspected properly

DOR does not have reliable data showing the number of school buses operating in the state. Highway patrol data shows it inspected 12,129 school buses in February and March 2002, whereas DOR data shows 17,049 school buses were registered with the state as of December 31,

2002. To determine what buses to inspect, each highway patrol troop inspection unit requires all school districts to provide the patrol a current list of buses they are operating, and requires the operators to sign a form attesting all their buses were inspected. Highway patrol officials acknowledged that relying on operators' data does not provide complete assurance all buses were inspected, but it is the best data available. DOR officials said its school bus data does not accurately reflect the actual number of school buses operated within the state because the registration system is not routinely purged of buses no longer in use in the state. They also said maintaining an accurate school bus database would be difficult when buses are sold to someone in another state because DOR does not receive information on these sales. In addition, they noted that bus operators do not always provide registration information, as they should.

Conclusion

The highway patrol's data shows a majority of school buses are safe. However, highway patrol spot inspections and inspection data indicate not all school bus operators inspected their buses in accordance with state law and regulations. DOR cannot provide the highway patrol accurate statewide school bus registration information to ensure all school buses are inspected as required by laws.

Recommendations

We recommend the Superintendent, Missouri State Highway Patrol:

- 2.1 Develop and implement a systematic spot inspection program designed to ensure school bus operators conduct quality inspections.

We recommend the Director, Department of Revenue:

- 2.2 Improve the school bus registration system to accurately capture the current registration status for buses transporting children throughout the state.

Missouri State Highway Patrol Comments

- 2.1 *I certainly appreciate the fact that, along with this recommendation, the audit results included that spot checks of school buses are currently being conducted by our personnel. The recommendation, as listed above, will be given the appropriate consideration, and will be placed as an item on the agenda for the next School Bus Committee meeting.*

Department of Revenue Comments

- 2.2 *The department maintains an accurate and reliable General Registration System, as it is our responsibility to update the system with information provided to us by vehicle owners. The department relies on vehicle owners to voluntarily notify us when selling or trading a vehicle, so that the registration system can remain current. A change in Missouri law would be necessary to require vehicle owners to notify the department when they sell or*

trade a vehicle out-of-state. This would allow the department to track all vehicles more thoroughly.

The department will provide the Missouri State Highway Patrol (MSHP) with a list of current and expired vehicle registrations for each school bus company for use in conducting inspections. The MSHP could use this list to document any school buses with non-current registrations. This will assist the department in updating our registration system and ensuring the school bus registration information remains current.

3. Installing Lap/Shoulder Belts on School Buses Could Improve Safety, But Cost Could Be Substantial

Missouri, as most states, does not mandate the installation or use of seat belts in large school buses. A national report showed if lap/shoulder (i.e., 3-point) seat belts were installed and properly used in school buses they could prevent some deaths and serious injuries resulting from school bus accidents. Highway patrol data shows about 500 children were injured in school bus accidents in 2001, with no occupant fatalities. However, the national study did not quantify the number of injuries that could be prevented by the use of 3-point belts and therefore it is not possible to accurately quantify how many of the 500 injuries may have been prevented by 3-point belts. Although numerous children are injured annually in school bus accidents, the report noted students were nearly eight times safer riding in a school bus than they were riding with their own parents in cars. The report also noted mandating the installation of 3-point belts in all school buses could significantly increase school transportation costs, which could result in discontinuing school bus service for some children and increase their risk of injury. However, no Missouri data is available to accurately compute potential costs.

Mandating seatbelts in all school buses may improve safety

School buses are considered to be the safest means of transporting children to and from school. A National Highway Traffic Safety Administration (safety administration) 2002 report stated large school buses equipped with 3-point seatbelts would potentially save one life each year nationwide and reduce injuries incurred in frontal crashes of school buses.⁸ However, the report did not quantify a reduction in the number of injuries and stated any potential benefits realized in lives saved or injury reduction required 100 percent proper use of 3-point belts. The report noted that improperly used 3-point belts could result in severe neck and abdominal injuries. Based on the report, the safety administration concluded the overall potential benefit of requiring seatbelts in large school buses did not warrant a federal standard mandating them.

The national report noted the fatality rate for school buses is only 0.2 fatalities per 100 million vehicle miles traveled compared to 1.5 fatalities per 100 million vehicle miles traveled for cars, or nearly 6.5 times less. The report also noted that while not quantifiable, there would also be a companion reduction in the number of injuries in frontal crashes. Additionally, the report stated properly used 3-point seat belts have the potential to be effective in reducing fatalities and injuries in other (non-frontal) crashes, and belt systems are particularly effective in reducing ejection in rollover crashes.

Nevertheless, the report cautioned that mandating 3-point belts could result in eliminating school bus transportation for some children thereby requiring them to either walk to school or be transported by their parents—both of which are considered more dangerous forms of transportation. The report stated that even a small reduction in the number of children provided

⁸Report To Congress - School Bus Safety: Crashworthiness Research, U.S. National Highway Traffic Safety Administration, April 2002. State data were not available to estimate the number of injuries that may have been prevented by installing 3-point seat belt systems.

free school bus transportation could result in more children being killed or injured when using alternative forms of transportation.

Missouri State Highway Patrol school bus accident data shows an average of 400 occupant injuries each year from 1990 to 2000, and two occupant fatalities during that period (the latest fatality occurring in 1999). The national study, however, cannot be used to accurately determine if 3-point belts would have prevented the two fatalities or quantify the number of injuries that may have been prevented. As a result, neither we nor the highway patrol can estimate to what extent 3-point belts may reduce the number of fatalities and injuries on Missouri school buses.

Mandating 3-point seat belts would likely increase school transportation costs

Information provided by one seat manufacturer shows installing 3-point seat belts results in reducing seating capacity on a typical large school bus from 72 children to 60 children, or about a 17 percent loss in seating capacity. In addition, installing the 3-point belts would increase the cost of a new school bus by about 10 percent from about \$64,000 to \$70,000.⁹ Accordingly, mandating 3-point seat belts on all new school buses would result in substantially increasing school transporting costs—especially for school districts with increasing enrollments.

An accurate estimate on the potential cost of 3-point seat belts is not possible. According to Department of Elementary and Secondary Education (DESE) officials, the department does not have data on the number of large school buses operating in the state, or the average daily occupancy rates. Without this data, an accurate projection is not possible on whether school districts would have to either procure additional buses, or discontinue free school bus transportation for some children, which could increase the risk of injury.

To illustrate the potential cost of equipping buses with 3-point seatbelts, we used three assumptions. First, implementing a 3-point seatbelt requirement would only be incremental as buses are replaced rather than replacing the state's entire fleet of buses at one time. Second, since approximately 85 percent of the school bus operators only account for about 30 percent of the buses, we use an example of an operator with a small fleet of 10 buses. And third, our estimate assumes each bus has maximum daily capacity. Given these assumptions, Table 3.1 shows the overall impact on a school district that may be operating 10 large school buses. Such a district may likely need 12 buses equipped with 3-point belts to maintain the same seating capacity as large buses without seatbelts. The overall cost of about \$205,000 would most likely be spread over a number of years as buses are replaced with new ones.

⁹According to the seat manufacturer, it currently cannot retrofit old school buses with 3-point seat belts because the flooring in older buses was not designed for the new seats equipped with 3-point belts and may not be strong enough to accommodate them.

**Table 3.1: Potential Replacement Cost of 3-Point Seat Belts
For An Operator With 10 School Buses**

Bus	<u>Buses without Seatbelts</u>		<u>Buses with Seatbelts</u>		Difference
	Cost	Seating	Cost	Seating	
1	\$64,000	72	\$70,400	60	\$6,400
2	64,000	72	70,400	60	6,400
3	64,000	72	70,400	60	6,400
4	64,000	72	70,400	60	6,400
5	64,000	72	70,400	60	6,400
6	64,000	72	70,400	60	6,400
7	64,000	72	70,400	60	6,400
8	64,000	72	70,400	60	6,400
9	64,000	72	70,400	60	6,400
10	64,000	72	70,400	60	6,400
11			70,400 ¹	60	70,400
12			70,400 ¹	60	70,400
	\$640,000	720	\$844,800	720	\$204,800

¹These costs represent two additional buses needed to maintain original capacity when equipped with seat belts.

Source: Prepared by SAO based school bus manufacturer cost estimates.

Most states do not require school buses to be equipped with seat belts

None of Missouri's eight contiguous states require large school buses to be equipped with seat belts. According to the National Highway Traffic Administration, only four states (California, Florida, New Jersey and New York) have laws requiring the installation of seat belts on large school buses. California is the only state to require the installation of 3-point belts, while the other states only require lap belts. New York has required seat belts since 1987 and New Jersey since 1992. Neither New York nor New Jersey had data to show if installing seat belts has helped reduce the number of fatalities and/or injuries resulting from school bus accidents. However, the results of a 1998 school district survey by the New York State Education Department showed students wearing seat belts has provided other benefits including less fighting and physical contact, a quieter trip with less confusion, and fewer distractions for the driver, resulting in an overall safer trip for all students.

Most school officials oppose mandating seat belts on school buses

According to DESE school transportation officials, seat belts should be used to properly restrain 3 and 4 year old children as the law currently requires. In addition, the officials said parents who believe buses should have seat belts are usually satisfied when the concept of compartmentalization, which involves the use of high back heavily padded seats, is explained to them. They also noted that state law requires the agency to fully fund any required equipment such as seat belts, and that such additional funding would likely not be possible with the current budget deficits.

Most officials from 28 school districts and bus companies we visited were also opposed to mandating the installation of seat belts in all buses. Officials cited such reasons as most students would refuse to wear the seatbelts, many students would use seat belts as weapons, and seat belts would require them to buy more school buses. A board member of the Missouri School Bus Contractors Association said they support the National Highway Transportation Safety Administration's position on seat belts in school buses, which states the federal government would not require seat belts in school buses nationally.

A National Association of State Directors of Pupil Transportation Services (association) published paper states there is a widely held belief that all motor vehicles should be equipped with some form of restraint system. This belief is reinforced by strong, continued efforts to encourage everyone to "buckle up" in their motor vehicles. Based on the National Highway Traffic Safety Administration study, it appears the installation of 3-point seat belts in school buses would provide some small, incremental safety benefits. However, as noted in the report, the data and science does not support a mandate for 3-point belts in school buses. Nevertheless, the association recognizes the public expects school buses to be as safe as possible and the public believes 3-point belts should be installed in all new school buses. Accordingly, if funding were made available for the installation of 3-point belts in school buses, the association would support their installation. However, unless sufficient funding is made available to address all areas of school bus and pupil transportation safety, the association believes the same funds may be used in other areas of school bus and pupil transportation with greater potential safety benefits.

Conclusion

Child safety should be the utmost concern while they are being transported to and from school. The issue of seat belts on school buses is a much debated topic and the subject of a recent national report. While pros and cons exist to requiring seat belts on school buses, cost is usually the prevailing argument over reducing potential injuries to children. Other states are debating this issue and at least one, California, is implementing legislation requiring 3-point belts.

The national report shows that mandating 3-point belts on all school buses could help prevent fatalities and injuries for some children, but it is not possible to quantify with any precision the extent 3-point belts would reduce fatalities and injuries on Missouri school buses. However, due to the increased costs to acquire school buses with 3-point belts, and an associated reduction in seating capacity, mandating 3-point belts in all school buses could increase the risk of injuries to other children by eliminating some school bus transportation. The study concluded the overall potential benefit of requiring 3-point belts in large school buses did not warrant a federal standard mandating them.

Missouri data is not available to fully assess the cost of 3-point seat belts on school buses. DESE could collect additional data on the number of large school buses operating in the state and the children transported. This data could be used to help the General Assembly weigh the cost of 3-point seat belts on school buses and, if it were mandated in Missouri, weigh options for implementing it.

Recommendation

We recommend the Commissioner, Department of Elementary and Secondary Education:

- 3.1 Collect statewide data on school bus seating capacity and utilization by type of bus to calculate the potential cost of 3-point seat belts in all state school buses.

Department of Elementary and Secondary Education Comments

- 3.1 The Department will take this recommendation under advisement.*

SCOPE AND METHODOLOGY

This appendix discusses our methodology for assessing school bus safety in Missouri.

To assess bus driver background screening, we interviewed Department of Revenue (DOR) and Missouri State Highway Patrol (highway patrol) officials regarding licensing procedures. We also obtained and reviewed state laws and regulations that govern bus driver licensing to include requirements for criminal history background screenings. To determine if drivers with current school bus permits had disqualifying criminal histories, we obtained statistical data on bus drivers in DOR's information system and developed analyses based on data provided. We used data provided (21,004 bus driver names), to compare to the Department of Social Services' (DSS) database of cases of neglect and abuse to determine if matches existed. To accomplish this work, we obtained the assistance of DSS information systems officials in matching the two databases.

We also obtained assistance from the highway patrol criminal records division and the Kansas City police department in researching their criminal history databases to determine if they had matches to bus driver names submitted to them. In addition, to determine if DOR had submitted the names of all bus driver applicants to the highway patrol for background clearance checks, we selected a sample of bus driver names and compared them to DOR's bus driver applicant database, which shows when names were submitted and responses the highway patrol provided.

To assess the timeliness and effectiveness of mandatory school bus safety inspections, we interviewed Department of Elementary and Secondary Education (DESE) and highway patrol officials regarding inspection procedures, policies, and practices. We also reviewed state laws and regulations that govern school bus inspections. To obtain first-hand knowledge of inspections, we visited 5 of the highway patrol's 9 regional troops located in Lee's Summit (Kansas City area), St. Louis, Springfield, Poplar Bluff, and St Joseph, as well as school districts and bus companies. We visited 28 school districts and bus companies to observe school bus inspections and the condition of buses; review inspection records; and interview transportation and maintenance officials. To determine inspection results, we analyzed highway patrol inspection records, for 2000, 2001, and 2002, in addition to highway patrol spot inspection results. As a method of comparison, we contacted the eight states surrounding Missouri—Iowa, Nebraska, Kansas, Oklahoma, Arkansas, Tennessee, Kentucky, and Illinois—and obtained information regarding their laws, policies, and practices of performing school bus inspections.

To assess the need for and safety impact of three-point seatbelt systems in all school buses, we interviewed DESE officials and obtained their views on the need for and the benefit of requiring seatbelts in all school buses. We also reviewed current laws and policies regarding seatbelt requirements for Missouri buses. To obtain a national perspective on the requirement for and use of seatbelts in school buses, we contacted the eight states surrounding Missouri and several states with seatbelt requirement laws—New York, New Jersey, California, Florida. In addition, we obtained information from a national student transportation safety organization and we reviewed the latest National Highway Traffic Safety Administration school bus safety report. The report

APPENDIX I

addressed the use of seatbelts in school buses and we interviewed an administration official involved with the study, to obtain first hand knowledge of the agency's perspective on the need for and benefit of seatbelts in buses.

We contacted officials at the Missouri Safety Center at Central Missouri State University, the Missouri School Bus Contractors Association, the Missouri Safety Council (private non-profit organization), school districts, and bus companies to obtain a perspective on the need for seatbelts from within the state. Overall, we visited or contacted a total of 31 school districts, bus companies, and state level organizations. To obtain estimates of potential costs to install seatbelts in buses we contacted school bus and school bus seat manufacturers regarding cost and other issues surrounding the installation of 3-point belts in large buses. The manufacturers provided capacity reduction and cost information related to installing 3-point belts.

We obtained formal comments on a draft of this report from the officials responsible for the DESE, DOR, and the highway patrol, and included the comments in Appendix II. We conducted our work between July 2002 and January 2003.

AGENCY COMMENTS

BOB HOLDEN
GOVERNOR



CAROL RUSSELL FISCHER
DIRECTOR OF REVENUE

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March 21, 2003

Mr. Kirk Boyer, Director of Audits
Missouri State Auditor's Office
Harry S Truman State Office Building, Room 880
Jefferson City, MO 65101

Dear Mr. Boyer:

Thank you for your recent review of the Department of Revenue's (department) school bus permit issuance process. Please find below the department's response to your recommendations:

- 1.3 *Revise the school bus permit application form to require applicants to report whether they are currently charged with any disallowable offenses, including the date and location of the charges, and to provide DOR current information on the status of their charges.*

The department is agreeable to changing the form; however, disclosure of the information is dependent on self-reporting by the applicant. The department has no enforcement power to ensure current charges are reported. Further, the department may only deny a school bus permit on a plea or finding of guilty.

- 2.2 *Improve the school bus registration system to accurately capture the current registration status for buses transporting children throughout the state.*

The department maintains an accurate and reliable General Registration System, as it is our responsibility to update the system with information provided to us by vehicle owners. The department relies on vehicle owners to voluntarily notify us when selling or trading a vehicle, so that the registration system can remain current. A change in Missouri law would be necessary to require vehicle owners to notify the department when they sell or trade a vehicle out-of-state. This would allow the department to track all vehicles more thoroughly.

★★★★ Missouri Quality Award Winner ★★★★★

Mr. Kirk Boyer, Director of Audits
March 21, 2003
Page 2

The department will provide the Missouri State Highway Patrol (MSHP) with a list of current and expired vehicle registrations for each school bus company for use in conducting inspections. The MSHP could use this list to document any school buses with non-current registrations. This will assist the department in updating our registration system and ensuring the school bus registration information remains current.

If you have any questions or concerns related to the responses above, please contact Kim Lauer at (573) 751-8255, or me.

Sincerely,



Carol Russell Fischer

CRF/KL/jls

c: Bill Perkins
Patricia Churchill
Jessica Robinson
Raymond Hune
Rich Lamb
Jerry Laughlin
Pat Libbert
Lisa Haynes
Norma Hensiek
Waylene Hiles
Kim Lauer



Department of Public Safety
MISSOURI STATE HIGHWAY PATROL
Colonel Roger D. Stottlemire, Superintendent

1510 East Elm Street
Post Office Box 568
Jefferson City, MO 65102-0568
Phone: (573) 751-3313 (V/TDD) • FAX: (573) 751-9419



Bob Holden
Governor

Charles R. Jackson
Director

March 18, 2003

Honorable Claire C. McCaskill
Auditor of Missouri
State Capitol, Room 224
Jefferson City, MO 65101

Dear Auditor McCaskill

This correspondence is in regard to the draft of the results of the performance audit concerning school bus safety recently completed by your office. This response will be in compliance with the requests in the cover letter of March 7, 2003, which accompanied the draft. I will address the three sections of the draft separately by listing the section, the recommendation made in the draft, and then providing my thoughts regarding each recommendation.

1. State Laws and Incomplete Statewide Criminal Information Allowed Convicted Felons to Obtain School Bus Permits

Recommendations:

1.1 Require current and potential school bus drivers to submit fingerprints with their permit renewal applications or first-time permit applications.

Proposed legislation has been introduced in the 2003 session to require criminal fingerprint background checks to be completed on individuals applying for school bus permits. The proposed language is included in House Bill 582 and Senate Bill 543.

1.2 Require school bus operators to submit the names and other necessary information of their drivers to DOR every six months to verify the validity of bus driver permits.

Even though this recommendation is a good concept, it would be an extremely arduous task for both the Department of Revenue and the Missouri State Highway Patrol to monitor and ensure complete compliance. I would recommend the involved agencies explore the possibility of obtaining an applicant identification system that could automatically flag when subsequent criminal history information is received at the Central Repository that would allow the Patrol to forward critical information to DOR.

March 18, 2003
Honorable Claire C. McCaskill
-2

I would like to comment on audit findings relating to the lack of complete statewide conviction information in the central repository, though it was not mentioned as a recommendation. Over the past ten years, all criminal justice agencies have been cooperatively working on the Criminal History Improvement Project. With the assistance of state and federal grant funding, the primary purpose of this project is to improve the completeness, accuracy, and timelines of criminal history information submitted to state central repositories that will ensure officer safety, as well as, the safety of the public. Two goals identified to achieve this mission were 1) Qualified training to criminal justice personnel in the aspects of criminal history reporting and 2) Interfacing criminal justice systems through enhanced technology. These goals will continue due to the change in personnel within criminal justice agencies and the development of improved technology. Criminal history information maintained in the central repository is only as good as what is submitted from law enforcement agencies, prosecuting attorneys, courts, and corrections.

2. Improvements are Needed in the School Bus Inspection Program

Recommendation:

2.1 Develop and implement a systematic spot inspection program designed to ensure school bus operators conduct quality inspections.

I certainly appreciate the fact that, along with this recommendation, the audit results included that spot checks of school buses are currently being conducted by our personnel. The recommendation, as listed above, will be given the appropriate consideration, and will be placed as an item on the agenda for the next School Bus Committee meeting.

3. Installing Lap/Shoulder belts on School Buses Could Improve Safety, But Cost Could Be Substantial

There are no recommendations for the Patrol to address.

I appreciate the opportunity to address the recommendations and other issues contained in the School Bus Safety performance audit draft. I feel the discussion that took place on February 28, 2003, regarding this matter was beneficial. The changes made to the draft subsequent to that meeting are appropriate. The consideration given to our concerns is appreciated.

Should you have further questions or concerns, please feel free to contact me.

Sincerely,


ROGER D. STOTTELMYRE, Colonel
Superintendent

D. Kant King
Commissioner of Education



P.O. Box 480
Jefferson City, MO 65102-0480
<http://www.dese.state.mo.us>

Missouri Department of Elementary and Secondary Education

— Making a positive difference through education and service —

March 20, 2003

Kirk R. Boyer
Director of Audits
Missouri State Auditor
State Capitol, Room 224
Jefferson City, MO 65101

Dear Mr. Boyer:

The Department of Elementary and Secondary Education (DESE) has received and reviewed the draft School Bus Safety Audit Report. Only one recommendation requires a response from DESE. The recommendation and response follow:

Recommendation 3.1:

Collect statewide data on school bus seating capacity and utilization by type of bus to calculate the potential cost of 3-point seat belts in all state school buses.

Response:

The Department will take this recommendation under advisement.

Thank you for your time in offering recommendations for a safer school transportation program.

Sincerely,


D. Kant King

c: Gerri Ogle
Tom Quinn
Andrea Beck
Mark Van Zandt



**OFFICE OF GOVERNOR
TWO YEARS ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-34
April 11, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2003

The following concerns were noted as a result of an audit conducted by our office of the Office of Governor.

The operations of the Office of Governor have been supplemented by appropriations of other state agencies, thus circumventing the appropriation process as established by the General Assembly. The Office of Governor receives appropriations from the General Revenue Fund-State for the operating costs of the Governor's office and mansion.

While it appears the appropriations are intended to cover the basic operating costs of the office, we noted various employees within the Governor's office that were budgeted to and paid from appropriations of other state agencies. These employees were physically located in and supervised by the Governor's office, and performed duties attendant to programs and functions of the Office of Governor; however, the salaries of these employees were paid from appropriations of other state agencies.

At various times, up to ten individuals were paid partially by other state agencies, with the remainder being paid by the Office of Governor. These employees prepared time sheets for the Office of Governor. While some of the activities performed by these employees were related to the departments which paid their salaries, it appears their primary job responsibilities were functions associated with the Office of Governor. In addition, up to three individuals were fully paid from appropriations of the Office of Administration (OA).

It appears the costs of some of the Governor's plane flights are also being supplemented by appropriations of other state agencies. A review of the Governor's flights, through OA Flight Operations, during calendar year 2001 showed a marked change in how the Office of Governor paid for flights from the first half to the second half of the year. Throughout 2001, other state agencies increasingly paid the costs of the Governor's flights.

The review included 113 flights, totaling \$117,692, for the Governor after his inauguration in January 2001 through the end of the calendar year. In the first half of the year, the Office of Governor paid 95 percent of the flight costs, and two other agencies, the Department of Economic Development and Department of Higher Education, paid the remaining costs. However, in the second half of the year, the Office of Governor only paid 59 percent of the flight costs and 12 other state agencies paid the remaining costs. In addition, in the second half of the year, other state agencies paid the entire cost of 29 percent of the total flights transporting the Governor.

YELLOW SHEET

According to members of the Governor's staff, it was normal procedure for a state agency to pay the entire cost of the Governor's flight when the purpose of the flight had to do with agency issues. However, it appears that other agencies paying the entire flight costs did not become "normal procedure" until after June 2001.

The Office of Governor needs to improve the accountability over the functions held at the mansion to ensure public funds are spent appropriately. The mansion's calendar of events and other documentation did not include sufficient information to determine the purpose or the source of funding for the various functions.

The calendar of events and other documentation, maintained by the mansion staff, did not include the purpose of the function (such as official, political, or personal), nor the source of funding for the functions (such as Missouri Mansion Preservation, Inc., other state agencies, mansion appropriations, or private/political entities). Without this level of detail, it is impossible to determine if all mansion functions were a reasonable, necessary, and prudent use of public funds.

Although the Office of Governor maintains invoices for mansion expenditures from state funds, these invoices do not constitute adequate and/or complete records of the purpose and funding of all mansion functions. A clear, documented purpose is necessary to ensure public funds are spent appropriately.

The office needs to improve its records and procedures for fixed assets. All fixed assets were not observed during physical inventories. Also, a physical inventory of the mansion's fixed assets has not been conducted since December 2000.

All reports are available on our website: www.auditor.state.mo.us

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENT**

Honorable Bob Holden, Governor
Jefferson City, MO 65102

We have audited the accompanying Comparative Statement of Appropriations and Expenditures of the Office of Governor for the years ended June 30, 2002 and 2001, as identified in the table of contents. This financial statement is the responsibility of the office's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statement, this financial statement was prepared on the state's legal budgetary basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the appropriations and expenditures of the Office of Governor for the years ended June 30, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated November 8, 2002, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statement, taken as a whole, that is referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statement referred to above. Accordingly, we express no opinion on the information.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

November 8, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Marty Beck
Audit Staff:	Mark Rodabaugh



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
Jefferson City, MO 65102

We have audited the financial statement of the Office of Governor for the years ended June 30, 2002 and 2001, and have issued our report thereon dated November 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statement of the Office of Governor is free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance which is described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement of the Office of Governor, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited.

may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of the Office of Governor and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

November 8, 2002 (fieldwork completion date)

Financial Statement

Exhibit

OFFICE OF GOVERNOR
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30,						
2002			2001			
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND-STATE						
NATIONAL GUARD EMERGENCY	\$ 55,543	51,520	4,023	85,001	19,696	65,305
MANSION PRESERVATION ADVISORY COMMISSION	6,000	0	6,000	3,000	0	3,000
GOVERNMENT EMERGENCY FUND COMMISSION	1	0	1	1	0	1
SPECIAL AUDITS	100,000	58,125	41,875	100,000	8,980	91,020
MANSION OPERATING EXPENSE	197,494	140,767	56,727	196,612	158,024	38,588
GOVERNOR'S OFFICE	2,006,381	1,617,675	388,706	1,998,275	1,871,782	126,493
ASSOCIATION DUES	144,750	144,650	100	139,450	139,450	0
Total General Revenue Fund-State	\$ 2,510,169	2,012,737	497,432	2,522,339	2,197,932	324,407

Office officials indicated the lapsed balances included the following withholdings made at the Governor's request:

	Year Ended June 30, 2002
General Revenue Fund-State:	
Mansion Operating Expense	\$ 35,549
Governor's Office	339,532
Total	\$ 375,081

The accompanying Notes to the Financial Statement are an integral part of this statement.

Supplementary Data

Schedule 1

OFFICE OF GOVERNOR
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,		
	2002	2001	2000
Governor's Office:			
Salaries and wages	\$ 1,360,435	1,545,926	1,580,997
Travel, in-state	76,061	106,019	79,167
Travel, out-of-state	10,262	9,918	19,826
Supplies	42,979	36,766	31,168
Professional development	2,127	2,320	8,746
Communication service and supplies	54,414	53,266	45,173
Services:			
Business	0	50,486	14,286
Professional	38,990	12,609	21,627
Maintenance and repair	22,289	0	0
Equipment maintenance and repair	0	25,408	24,702
Transportation maintenance and repair	0	494	0
Computer equipment	444	5,149	21,488
Electronic and photographic equipment	0	1,272	1,485
Office equipment	939	108	1,032
Other equipment	623	0	0
Specific use equipment	0	0	147
Real property rentals and leases	65	0	0
Equipment rentals and leases	2,166	0	0
Building and equipment rentals	0	723	1,558
Relocation costs/employee	3,480	0	6,982
Agency provided food	1,951	2,954	4,956
Miscellaneous expenses	450	18,364	1,625
Total office expenditures	<u>1,617,675</u>	<u>1,871,782</u>	<u>1,864,965</u>

Schedule 1

OFFICE OF GOVERNOR
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,		
	2002	2001	2000
Mansion Operating:			
Salaries and wages	91,841	89,284	99,180
Travel, in-state	0	0	553
Supplies	8,002	9,595	11,567
Professional development	0	755	2,617
Communication service and supplies	5,976	3,891	6,862
Services:			
Business	0	5,460	3,734
Professional	4,095	368	1,875
Maintenance and repair	1,615	0	0
Equipment maintenance and repair	0	422	675
Computer equipment	0	20	0
Motorized equipment	0	0	1,406
Office equipment	144	0	1,956
Other equipment	126	0	0
Specific use equipment	0	275	362
Equipment rentals and leases	135	0	0
Building and equipment rentals	0	36	2,060
Agency provided food	28,513	47,712	56,083
Miscellaneous expenses	320	206	167
Total mansion expenditures	<u>140,767</u>	<u>158,024</u>	<u>189,096</u>
National Guard emergency	51,520	19,696	14,265
Special Audits	58,125	8,980	51,225
Association Dues	144,650	139,450	133,250
Total	<u>\$ 2,012,737</u>	<u>2,197,932</u>	<u>2,252,801</u>

Note: Certain classifications of expenditures changed during the three-year period which may affect the comparability of the amounts.

The accompanying Note to the Supplementary Data is an integral part of this statement.

Schedule 2

OFFICE OF GOVERNOR
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

	Office Equipment	Office Furniture	Motor Vehicles	Total
Office:				
Balance, July 1, 2000	\$ 332,254	192,656	1,500	526,410
Additions	0	1,138	0	1,138
Dispositions	(5,702)	0	0	(5,702)
Balance, June 30, 2001	326,552	193,794	1,500	521,846
Additions	4,761	0	0	4,761
Dispositions	(54,949)	(75,452)	0	(130,401)
Balance, June 30, 2002	276,364	118,342	1,500	396,206
Mansion:				
Balance, July 1, 2000	42,398	135,921	2,925	181,244
Additions	2,176	0	0	2,176
Dispositions	(3,960)	0	0	(3,960)
Balance, June 30, 2001	40,614	135,921	2,925	179,460
Additions	0	0	0	0
Dispositions	(609)	0	(2,925)	(3,534)
Balance, June 30, 2002	40,005	135,921	0	175,926
Total General Fixed Assets \$	316,369	254,263	1,500	572,132

The accompanying Note to the Supplementary Data is an integral part of this statement.

Notes to the Financial Statement and Supplementary Data

OFFICE OF GOVERNOR
NOTES TO THE FINANCIAL STATEMENT AND SUPPLEMENTARY DATA

Notes to the Financial Statement:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statement presents only selected data for the General Revenue Fund-State of the Office of Governor.

Appropriations, presented in the Exhibit, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Appropriations and Expenditures, Exhibit, is presented on the state's legal budgetary basis of accounting. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous biennial appropriations, for which the unexpended balances at June 30 of the first year of the two-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The budgetary basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the General Revenue Fund-State. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the office and mansion, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a monthly state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least one year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statement at the Exhibit.

2. Program Specific

The Office of Governor is appropriated funds to pay for Missouri's share in various national and regional programs. The office makes a lump sum payment annually to the National Governor's Association and the Southern Governor's Association. These payments are for Missouri's share of the expense of program operations.

Note to the Supplementary Data:

3. General Fixed Assets

Beginning in fiscal year 2002, the office converted its fixed asset records to the Statewide Advantage for Missouri (SAM II) System. General fixed assets, which are recorded as expenditures when acquired, are capitalized at cost in the General Fixed Assets Account Group. General fixed assets are depreciated on a straight line basis using a five year useful life classification and a salvage value of zero. Accumulated depreciation on fixed assets at June 30, 2002, was \$352,443.

General fixed assets for the mansion are not reported on the SAM II; therefore, are not depreciated. The Office of Administration, Division of Facilities Management purchases fixed assets for the mansion in addition to those purchased through the Governor's appropriation. These assets are included on the property records of that division and total \$8,359 at June 30, 2002.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report-State Auditor's Findings

OFFICE OF THE GOVERNOR
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statement of the Office of Governor for the years ended June 30, 2002 and 2001, and have issued our report thereon dated November 8, 2002.

The following Management Advisory Report presents our findings arising from our audit of the Office of Governor's financial statement. During our audit, we also identified certain management practices which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered all-inclusive of areas needing improvement.

1.	Operating Costs from Other Appropriations
-----------	--

The operations of the Office of Governor have been supplemented by appropriations of other state agencies, thus circumventing the appropriation process as established by the General Assembly. The Office of Governor receives appropriations from the General Revenue Fund-State for the operating costs of the Governor's office and mansion. Those appropriations totaled approximately \$2.5 million each year for the years ended June 30, 2002 and 2001.

- A. While it appears the appropriations are intended to cover the basic operating costs of the office, we noted various employees were budgeted to and paid from appropriations of other state agencies. These employees were physically located in and supervised by the Governor's office, and performed duties attendant to programs and functions of the Office of Governor; however, the salaries of these employees were paid from appropriations of other state agencies.

For fiscal year 2002 and from January 8 (beginning of the governor's term) to June 30, 2001, salaries paid from the Governor's and other agencies' appropriations were approximately:

Salaries paid by:		FY2002	FY2001 (January 8-June 30)
Governor:			
Office	\$	1,360,400	789,900
Mansion		91,800	35,700
Other Agencies		380,500	172,500
Total	\$	1,832,700	998,100

- At various times, up to three individuals were fully paid from appropriations of the Office of Administration (OA).

One employee was the Director of Information Technology, and another employee was an administrative assistant. The third employee was the Administrative Director; however, she was only paid from an OA appropriation for approximately six months in fiscal year 2002. Except for the Director of Information Technology who prepared time sheets for OA, these employees prepared time sheets for the Office of Governor.

- At various times, up to ten individuals were paid partially by other state agencies, with the remainder being paid by the Office of Governor. These employees prepared time sheets for the Office of Governor.

While some of the activities performed by these employees were related to the departments which paid their salaries, it appears their primary job responsibilities were functions associated with the Office of Governor.

For example, these individuals included the Cabinet Director who received approximately 90 percent of his salary from the Department of Corrections and the Department of Mental Health, the Senior Policy Advisor who received approximately 75 to 90 percent of his salary from the Department of Insurance and the Department of Health, and the Assistant Director of Legislative Affairs who received approximately 60 to 85 percent of her salary from the Department of Elementary and Secondary Education, the Department of Higher Education, and the Department of Social Services.

No documentation was provided to support how the percentages were established. Therefore, it could not be determined whether the portion of the salaries paid by the other agencies was a reasonable reflection of the work performed by the applicable employees for those agencies. If these employees are performing work for the Office of the Governor, their salaries and expenses should be paid from Governor's office appropriations.

- According to the Director of Administration, no salaries are split with other agencies in fiscal year 2003. However, nine office employees' salaries are now fully paid by the OA. These employees include support staff such as executive secretaries, an administrative assistant, a courier, a receptionist, and the Director of Information Technology.

The practice of paying the salaries of office personnel from other agencies' appropriations makes it difficult to establish accountability for the costs of operating the Office of Governor.

- B. It appears the costs of some of the Governor's plane flights are also being supplemented by appropriations of other state agencies. A review of the Governor's flights, through OA Flight Operations, during calendar year 2001 showed a marked change in how the Office of Governor paid for flights from the

first half to the second half of the year. Throughout 2001, other state agencies increasingly paid the costs of the Governor's flights.

The review included 113 flights, totaling \$117,692, for the Governor after his inauguration in January 2001 through the end of the calendar year. This review did not include 11 flights, totaling \$12,908, which occurred after the election in November 2000, but before the inauguration and which were mostly paid from the Governor Elect's transition appropriation.

In the first half of the year, the Office of Governor paid 95 percent of the flight costs, and two other agencies, the Department of Economic Development and Department of Higher Education, paid the remaining costs. However, in the second half of the year, the Office of Governor only paid 59 percent of the flight costs and 12 other state agencies paid the remaining costs.

In addition, in the second half of the year, other state agencies paid the entire cost of 29 percent of the total flights transporting the Governor. The table below shows who paid for the Governor's flights during 2001:

	January-May	June-December
Office of Governor Costs	\$59,300	\$32,512
Other Agencies Costs	\$ 3,026	\$22,854
Percent Paid by Office of Governor	95%	59%
Number of Flights Fully Paid by Office of Governor	57	29
Number of Flights Fully Paid by Other Agencies	0	15
Number of Flights with Cost Split with Other Agencies	4	8

According to members of the Governor's staff, there was no policy change on state plane flights and how the flights were billed/paid, and other state agencies paid part and/or all of the flight costs "depending on the event." The two flights described below show the kind of "event" in which another agency would cover the Governor's flight costs:

- The Department of Agriculture (DOA) paid the entire cost, totaling \$2,397, of a statewide fly around for the Farmland Protection Act bill signing on June 28, 2001. The fly around included stops in Sikeston, Springfield, St Joseph, Macon and St. Louis. Flying with the Governor were two members of his staff, two individuals from the DOA, and the Speaker of the House. The first four stops were for the bill signing and the last stop was for an economic development meeting in St. Louis. An

initial invoice from Flight Operations billed the Office of Governor the full cost; however, the DOA later paid the entire bill.

- The Department of Public Safety (DPS) paid the entire cost, totaling \$2,587, of a statewide fly around promoting legislation on drunken driving offenses on June 12, 2001. The fly around included stops in Springfield, Joplin, Cape Girardeau and Kansas City. Flying with the Governor were three members of his staff, the Director of DPS, and a state representative. Initially, Flight Operations divided the flight costs between the Office of Governor and the DPS. However, it appears that the Office of Governor instructed Flight Operations to bill the DPS for the cost of the entire fly around because the Governor was promoting a DPS legislative issue.

According to members of the Governor's staff, it was normal procedure for a state agency to pay the entire cost of the Governor's flight when the purpose of the flight had to do with agency issues. However, it appears that other agencies paying the entire flight costs did not become "normal procedure" until after June 2001. In addition, Flight Operations staff confirmed that there was a change in the billing procedures for the Office of Governor and other state agencies at this time.

Although it appears appropriate that other state agencies share in flight costs when agency employees fly with the Governor, it does not appear reasonable that agencies bear the entire cost of flights when the Governor is performing his official duties. This practice distorts the actual costs of operating the Office of Governor and the other agencies.

WE RECOMMEND the Office of Governor discontinue the practice of using other state agencies' appropriations to pay operating costs of the office. The Office of Governor should request funding levels sufficient to pay all operating costs of the office from its own appropriations.

AUDITEE'S RESPONSE

- A. *Per State Auditor Office audits as far back as 1977, the Governor's Office has allocated portions of Governor's staff salaries to agencies for which Governor's Staff work. As of FY03, the General Assembly mandated that the Governor's Office no longer allocate salaries. Further, in the FY03 budget for the Governor's Office, the General Assembly reappropriated six full time equivalents (FTE) from the Governor's Office for support staff to the Office of Administration (OA) budget. According to statute (RSMo. 37.010), a duty of OA is to provide support to the Office of the Governor. In the same realm, two additional FTE support staff, have been funded by the OA since Governor Holden took office in January, 2001.*

The Governor's Office has complied with the appropriation of the General Assembly. The six positions were moved to the OA.

- B. *It is appropriate for agencies to pay travel expenses for the Governor, when agencies request his presence at their events.*

2. Fixed Assets

The office needs to improve its records and procedures for fixed assets. All fixed assets were not observed during physical inventories. In addition, an annual statement of changes in fixed assets is not prepared, a complete list of all additions and dispositions is not maintained, and complete and accurate information is not always included in the property records. Also, a physical inventory of the mansion's fixed assets has not been conducted since December 2000.

A separate inventory of general fixed assets is maintained for the Governor's office and mansion. At June 30, 2002, the inventory balance for the office and mansion totaled approximately \$396,000 and \$176,000, respectively. Our review of property records indicated the following concerns:

- A. Office personnel did not always observe all fixed assets during physical inventories. In fiscal year 2001, the office wrote-off fixed assets, totaling approximately \$73,000, as lost. However, we located fixed assets written-off, totaling approximately \$3,000, in a storage area. In addition, we found a computer printer, costing approximately \$2,000, in the office which was tagged, but not included on the property records.

According to office personnel, the items, identified as lost, could not be located during the first inventory taken by the new administration. They indicated that they searched for the missing items and questioned previous administration staff. Also, they believe that many of these items may have been retagged and are not actually missing.

To ensure that fixed assets are adequately safeguarded and accounted for, thorough and complete fixed asset inventories, including physical observations of the actual items, and investigations of significant discrepancies between the fixed asset records and the physical inventory should be performed.

- B. An annual statement of changes in fixed assets is not prepared. In addition, a complete list of all additions and disposition is not maintained, and fixed asset purchases are not reconciled to property additions on a periodic basis. We noted computer equipment purchases, totaling approximately \$4,800, were not recorded in the fixed asset records. Although, we reconstructed the records to allow for the preparation of the statement of changes in fixed assets, the office needs to improve its procedures and records so the statement can be readily prepared.

The Code of State Regulations, at 15 CSR 40-2.031 provides that each department should annually prepare a statement of changes in fixed assets to summarize the

transactions occurring during the fiscal year and account for all acquisitions and dispositions. In addition, the failure to properly record property items reduces the control and accountability over fixed assets and increases the potential for loss, theft, or misuse of assets.

- C. Fixed asset records do not always include complete descriptions, accurate locations, and model and serial numbers where applicable. Such information is necessary to assist in the annual inventory and to provide complete and accurate fixed asset records.

The Code of State Regulations, at 15 CSR 40-2.031, requires departments to maintain adequate fixed asset records that contain identification number; description of the item including name, make, model and serial number, where appropriate; acquisition cost; date of acquisition; estimated useful life at the date of acquisition; physical location in sufficient detail to readily locate the item; and method and date of disposition.

- D. A physical inventory of the mansion's fixed assets has not been conducted since December 2000. Annual physical inventories are necessary to establish proper accountability over fixed assets. In addition, the Code of State Regulations, at 15 CSR 40-2.031 requires an annual physical inventory of fixed assets and the reconciliation of this inventory with the fixed asset records and with the prior annual physical inventory. Documentation of the physical inventory should be retained to show compliance with state regulations.

WE RECOMMEND the Office of Governor:

- A. Observe all fixed assets during the annual physical inventory and investigate significant discrepancies between the fixed asset records and the physical inventory.
- B. Prepare an annual statement of changes in fixed assets and account for all acquisitions and dispositions. In addition, fixed asset purchases should be reconciled to the fixed asset records on a periodic basis.
- C. Record accurate and complete descriptions of assets on the property records.
- D. Require an annual physical inventory be conducted for the mansion's fixed assets, and reconciled to the property records. In addition, documentation of the physical inventories should be retained to show compliance with state regulations.

AUDITEE'S RESPONSE

- A. *The Governor's Office currently has in place a tracking system to accurately monitor fixed assets to a data base. The system ensures that no error will occur due to inaccurate inventory lists. Our most recent physical inventory in 6/02, found no discrepancies.*

- B. *The Governor's Office additions and deletions to fixed assets are kept in a binder with each SAMH transaction printout. The printouts have all original shipping and billing information attached. This binder was made available to the State Auditor's Office.*
- C. *We concur. These records now are current and up-to-date.*
- D. *We concur. A physical inventory was delayed due to a computer "crashing" at the mansion. A physical inventory was completed in February 2003.*

3. Mansion Expenditures

The Office of Governor needs to improve the accountability over the functions held at the mansion to ensure public funds are spent appropriately. The mansion's calendar of events and other documentation did not include sufficient information to determine the purpose or the source of funding for the various functions.

Mansion expenditures from the General Revenue Fund-State totaled approximately \$140,800 and \$158,000 in fiscal years 2002 and 2001, respectively. However, these state funds do not include all costs associated with the various functions held in the mansion. Some costs are paid by other entities. For example, liquor is provided by Missouri businesses, flowers may be borrowed from local florists, and entertainment may be donated. Also, other state agencies may pay the costs of the function, or the Missouri Mansion Preservation, Inc. (MMPI) may bear the costs when the function relates to a public event, such as the Christmas open house. In addition, gifts/favors are usually provided by the MMPI or the Hawthorn Foundation. Expenditures from state funds for mansion functions include the salary and fringe benefits of a chef and mansion director, a per diem of \$9 per day per trustee (who serve as waiters and perform other duties), and food costs. During fiscal years 2002 and 2001, food costs totaled approximately \$29,000 and \$48,000, respectively.

The calendar of events and other documentation, maintained by the mansion staff, did not include the purpose of the function (such as official, political, or personal), nor the source of funding for the function (such as MMPI, other state agencies, mansion appropriation, or private/political entities). The calendar only included basic details such as the date/time and type of function (such as tours, receptions, meetings, luncheons/dinners), and sometimes included the type of meal/beverage, entertainment, number of attendees, and type of gifts/flowers.

A complete record should be maintained for mansion functions. In addition to the basic details, the record should include the purpose of the function and the funding source. Without this level of detail, it is impossible to determine if all mansion functions were reasonable, necessary, and prudent uses of public funds.

WE RECOMMEND the Office of Governor ensure that a complete record of all mansion functions is maintained, including the purpose and funding of each function, to provide accountability and assurance that taxpayer monies are spent appropriately.

AUDITEE'S RESPONSE

The Office of the Governor does maintain a complete record of all mansion functions, including the purpose and funding source. We are acutely aware of the importance of accountability and assuring that taxpayer monies are spent appropriately.

The Mansion calendar is a working document for staff. Records relating to financial accountability and funding are reviewed/approved by the Mansion Director and reviewed/maintained by the Director of Operations at the Governor's Office. Further, this documentation is available for review at any time.

AUDITOR'S COMMENT

Although the Office of Governor maintains invoices for mansion expenditures from state funds, these invoices do not constitute adequate and/or complete records of the purpose and funding of all mansion functions. A clear, documented purpose is necessary to ensure public funds are spent appropriately.

This report is intended for the information and use of the management of the Office of Governor and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OFFICE OF GOVERNOR
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The supreme executive power of the state is vested in the governor. Unless otherwise provided by law, he appoints members of all boards, commissions, and state government department heads as well as those of several other entities in the state and all vacancies in public offices. He commissions all officers of the state unless otherwise provided by law. Through his capacity as commander-in-chief of the militia, he is the conservator of peace throughout the state.

Providing the state's principal financial administration, the governor presents to the General Assembly a proposed budget for each appropriation period, passes approval on appropriation bills presented to him by the General Assembly, and subsequent to the passage of such bills, may control the rate at which appropriations are expended. He may reduce the appropriations when actual revenues are below the estimated revenues upon which the appropriations were based.

All bills passed by both houses are presented to and considered by the governor where they are signed into law or disapproved and returned to the originating house.

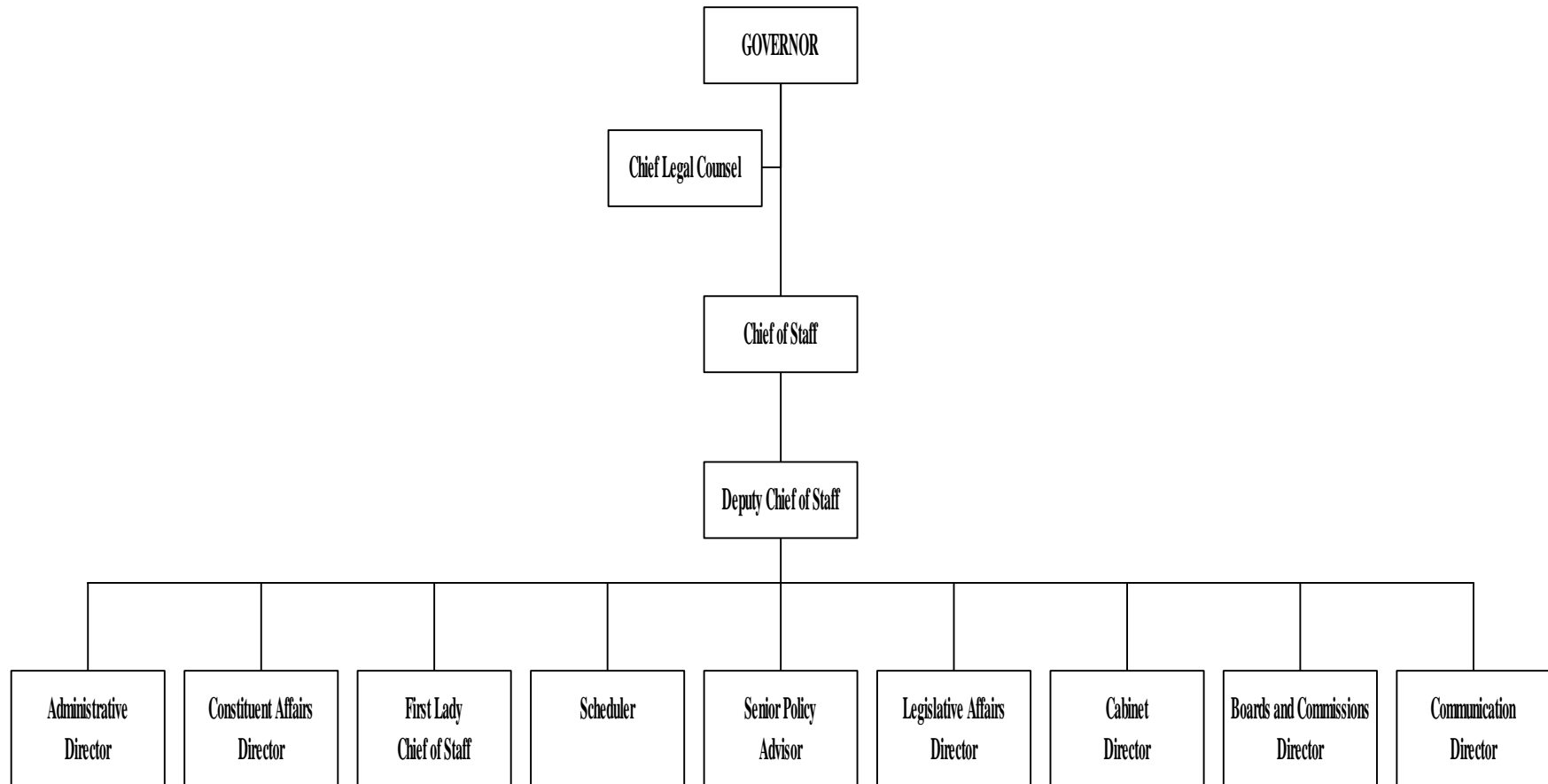
In addition to the duties which are specifically assigned to the governor in the constitution, he has many other duties assigned to him by statute and by custom. The governor is also a member of the Board of Public Buildings and the State Board of Fund Commissioners.

The governor is required to be at least thirty years of age and must have been a citizen of the United States for at least fifteen years and a resident of this state at least ten years prior to election. The governor is elected at the presidential election for a four year term and is subject to re-election. No person may hold the office for more than two terms.

On January 8, 2001, Bob Holden was inaugurated as the state's fifty-third governor. Governor Holden's term expires in January 2005.

At June 30, 2002, the office employed thirty-four personnel. An organization chart for the office follows.

OFFICE OF GOVERNOR
ORGANIZATION CHART
JUNE 30, 2002



* * * * *



**DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. LOUIS VETERANS' HOME**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-33
April 8, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Missouri Veterans Commission, St. Louis Veterans' Home.

The Assistance League is a not-for-profit organization which actively seeks monetary donations throughout the St. Louis area to benefit residents of the St. Louis Veterans' Home. Donations, as well as proceeds from canteen and vending machines, are collected daily. The Assistance League does not monitor canteen operations by periodically calculating the net profit or loss of the canteen. The Assistance League also does not have a formal bidding policy and bids were either not solicited or bid documentation was not retained for some purchases. In addition, proper authorization was not documented for some items purchased, including a television, radios, and carpet installation.

Some state paid employees at the facility spend up to 80 percent of their workweek performing job duties for the Assistance League, including collecting donations, scheduling volunteers to work in the canteen, maintaining and accounting for the canteen's inventory, and providing tours of the Veterans' Home to organizations that contribute to the league. The salary of each employee varies but the estimated annual cost associated with the duties performed by the three state employees to accomplish the assistance league duties is approximately \$42,000. Allowing state paid employees to perform duties associated with the Assistance League, a not-for-profit organization, appears to be a violation of the Missouri Constitution.

The facility receives money on behalf of residents from various resources and deposits it into the Residents' Cash Fund account. These monies are used for residents' monthly payments for room and board. Personal spending money of the residents can also be deposited into this account. Prenumbered receipt slips are not issued for some monies received. A cash count disclosed cash on hand totaling approximately \$139,800 for the residents' account which indicated a need for more timely deposits. In addition, the facility has not established procedures to follow up on checks that are outstanding for a considerable length of time. Some checks had been outstanding for as long as seven years.

Also included in the audit are recommendations related to state-owned vehicles, cellular telephone policies, payroll policies and procedures, and fixed assets.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. LOUIS VETERANS' HOME

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and

Charles R. Jackson, Director
Department of Public Safety

and
Missouri Veterans Commission

and
Eric Endsley, Acting Administrator
St. Louis Veterans' Home
St. Louis, MO 63136

We have audited the Department of Public Safety, Missouri Veterans Commission, St. Louis Veterans' Home. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review certain management practices and financial information for compliance with applicable statutes, regulations, and facility policy.
2. Review the efficiency and effectiveness of certain management practices and operations.
3. Review certain revenues received and certain expenditures made by the St. Louis Veterans' Home.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent procedures and documents, and interviewed facility personnel.

As part of our audit, we assessed the facility's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the St. Louis Veterans' Home.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Public Safety, Missouri Veterans Commission, St. Louis Veterans' Home.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

October 23, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Douglas P. Robinson
Audit Staff:	Chris Vetter

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. LOUIS VETERANS' HOME
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Personnel Issues

Some state paid employees at the facility spend up to 80 percent of their workweek performing job duties for the Assistance League, a not-for-profit organization that raises private funds to benefit residents of the St. Louis Veterans' Home. One state-paid employee estimated approximately 80 percent of their workweek is spent performing various duties which include catering to private donors of the not-for-profit organization. Other duties of the employee include collecting all donations received at the Veterans' Home, scheduling volunteers to work in the not-for-profit's canteen, maintaining and accounting for the canteen's inventory, and providing tours of the Veterans' Home to outside organizations that contribute to the not-for-profit entity.

In addition, two other state-paid employees estimate they spent about 40 percent of their workweeks performing accounting functions related to the not-for-profit organization. One of these employees is appointed to the organization's executive committee as the assistant treasurer.

The salary of each employee varies but the estimated annual cost associated with the duties performed by the three state employees to accomplish the assistance league duties is approximately \$42,000.

Allowing state paid employees to perform duties associated with the Assistance League appears to be a violation of Article III, Sections 38 and 39 of the Missouri Constitution, which prohibits state agencies from making donations to not-for-profit corporations.

WE RECOMMEND the facility establish procedures to track the time state-paid employees spend performing Assistance League job duties and recoup the cost associated with these duties from the Assistance League. These funds should be deposited into the Missouri Veterans' Homes Fund.

AUDITEE'S RESPONSE

Because of the nature of the duties of the Supervisor of Volunteer Services, it is difficult to distinguish between time spent on activities that benefit the Assistance League versus activities that benefit only the home. The State of Missouri, Office of Administration, Division of Personnel, job description for the Supervisor of Volunteer Services provides examples of work for this position, including, but not limited to, the following:

1. *Confers with department heads with regard to specific needs for volunteers,*
2. *Plans and conducts recruitment campaigns to stimulate interest in the program and attract suitable candidates; interprets program philosophy and objectives to lay organizations and professional groups,*
3. *Interviews applicants to determine aptitudes, interests, abilities, skills, and other qualifications; classifies applicants according to qualifications, time available for duty, and other characteristics,*
4. *Plans, develops and coordinates an information and public relations program to acquaint the community and organizations in the community with facility and agency program objectives and accomplishments,*
5. *Conducts tours of the facility for interested individuals and groups and interprets programs and services provided,*
6. *Receives requests for volunteer services and makes referrals of available volunteers to department heads on the basis of qualifications,*
7. *Arranges periodic reassignment of volunteers to sustain interest and to utilize abilities; meets with volunteers to discuss individual problems that relate to their assignment,*
8. *Compiles and maintains records of placements and working hours, prepares reports on activities and performance of volunteers, and*
9. *Develops and maintains working relationships with community organizations and the news media.*

The Supervisor of Volunteer Services conducts tours of the St. Louis Veterans' Home to interested individuals and organizations. These individuals or organizations could have a number of reasons for requesting a tour. They may have a family member who is interested in applying to the home to be a resident. They could also have a community interest in the home, which could result in volunteer hours for the home. In fiscal year 2002, the number of volunteer hours provided to the St. Louis Veterans' Home was 25,714, which was a direct benefit to the residents of the home. Also, the Missouri Veterans Commission administers the Veterans Trust Fund, a state fund that accepts donations. The tours could also result in increased contributions to this state fund.

Volunteers staff the canteen located in the veterans' home. Having the Supervisor of Volunteer Services maintain the canteen's inventory ensures continuity in the personnel who account for this important function.

Finally, Section 42.007.5(5), RSMo., states the Missouri Veterans Commission shall "Arrange for and accept through such mutual arrangements as may be made, the volunteer services,

equipment, facilities, properties, supplies, funds and personnel of all federal, welfare, civic and service organizations, and other organized groups and individuals which are in furtherance of the purposes of section 42.002 to 42.140.”

Regarding the accounting functions related to the not-for-profit organization, the Missouri Veterans Commission (MVC) will coordinate a commission-wide task force to explore options for performing these functions. The MVC will consult with the Attorney General's Office in this process.

2. Resident Account Procedures

The facility receives money on behalf of residents from various resources (e.g., social security, pensions, etc.) and deposits it into the Residents' Cash Fund (RCF) account. These monies are used for residents' monthly payments for room and board. Personal spending money of the residents can also be deposited into this account. Nominal amounts of cash can be obtained from the facility's cashier and deducted from this account. A review of this account noted the following concerns:

- A. Prenumbered receipt slips are not issued for some monies received. Receipt slips are issued only upon request. Issuing and accounting for the numerical sequence of prenumbered receipt slips provides assurance that all monies received have been accounted for and properly recorded.

This condition was also noted in our prior report.

- B. Receipts are not deposited on a timely basis. Deposits are made approximately twice a month. A cash count conducted on August 8, 2002, disclosed cash on hand totaling approximately \$139,800 for the residents' account.

To adequately safeguard receipts and to reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. The facility has not established procedures to follow up on checks that are outstanding for a considerable length of time. At June 30, 2002, checks totaling approximately \$1,600 had been outstanding for more than one year. Some checks had been outstanding for as long as seven years.

The facility should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

WE RECOMMEND the facility:

- A. Issue prenumbered receipt slips for all monies received and account for their numerical sequence.
- B. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- C. Establish procedures to routinely follow up on old outstanding checks and reissue them if payees can be located. If payees cannot be located, the monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

- A. *Effective in August, 2002, prenumbered receipt slips for all monies received are being used by the Home.*
- B. *Effective September 12, 2002, the Home implemented weekly deposits of accumulated receipts; effective March 3, 2003, the Home will deposit accumulated receipts of \$100 or greater daily, or as practicable.*
- C. *Effective January 23, 2003, the Home will establish policies and procedures to routinely follow up on old outstanding checks and reissue them if payees can be located. If payees cannot be located, the monies will be disposed of in accordance with state law.*

In addition, the Missouri Veterans Commission is drafting a policy for all of the Missouri Veterans Homes to follow which will address issuing prenumbered receipt slips, daily deposits, and following up on outstanding checks.

3. State-Owned Vehicles

The facility has approximately eight state-owned vehicles that are primarily used to transport clients. When employees use a vehicle, they obtain a binder that contains the vehicle key, usage log, and credit card. The usage log provides a document used to record the date, operator, starting and ending odometer reading, total miles driven, destination, the amount and cost of fuel purchased, and miscellaneous notes.

- A. Vehicles appear to be underutilized. During the year ended June 30, 2002, two of the five state-owned vehicles (three of the facility's vehicles are exempt from mileage requirements) used by the facility were driven less than 5,000 miles. Low mileage can often indicate that a facility has too many vehicles or is not using them efficiently. Based on this underutilization, it appears that the facility should consider reducing the size of its vehicle fleet.
- B. Vehicle usage logs were incomplete and some credit card receipts for fuel purchases were not submitted to the accounts payable clerk as required.

- 1) Operators failed to document the amount and cost of fuel purchased during a trip, the number of miles driven, the destination, or did not post any information to the log for their trip. Adequate vehicle records are necessary to ensure state vehicles are properly used for business purposes.
- 2) Employees failed to submit credit card receipts to the accounts payable clerk, thus credit card receipts could not be reconciled to the credit card invoice before payment was made. Since employees are also not properly completing the vehicle usage log, accounting personnel cannot go to the log and investigate the whereabouts of the missing receipts or review the reasonableness of the purchases. As a result, personnel cannot be assured that credit cards are only used for reasonable and proper purchases.
- 3) Reports submitted to the Veterans Commission were compiled with inaccurate data. Our review of vehicle binders noted that the credit cards for Bus #2 and Bus #3 were transposed, resulting in approximately \$220 in fuel charges being reported for Bus #2 while actual miles driven total only 532. During the same period, Bus #3 reported \$120 in fuel charges but recorded 1,726 miles driven. There was no documentation to indicate anyone had noted these unusual items.

It appears from the above examples that management is not adequately reviewing reports and reconciliations being prepared. Proper review of the mileage reports submitted to the Veterans Commission and reconciliations performed on credit card fuel purchases would have resulted in someone investigating the discrepancies noted.

WE RECOMMEND the facility:

- A. Evaluate the need for each vehicle and ensure each vehicle is effectively utilized.
- B. Ensure vehicle usage logs are accurately completed, credit card receipts are properly submitted, and reports and reconciliations are reviewed and any discrepancies investigated promptly.

AUDITEE'S RESPONSE

- A. *The Home has evaluated the need for each vehicle and agrees that according to the state's mileage requirements two minivans are underutilized. In Fiscal Year 2004, the St. Louis Veterans' Home will expand by 100 beds. During this expansion, the Home and the Commission will review vehicle mileage at the St. Louis Veterans Home to ensure appropriate utilization of the fleet and to consider reallocation of one or more of the vehicles to another veterans' home if they are still underutilized.*
- B. *Effective March 27, 2003, the Home will implement policies and procedures to ensure that vehicle usage logs are accurately completed, credit card receipts are properly*

submitted, and reports and reconciliations are reviewed. The home's accountant will ensure that any discrepancies are investigated properly.

4. Fixed Asset and Property Procedures

During our review of the facility's fixed asset and property procedures we noted the following concerns:

- A. Documentation was not maintained of the physical count of fixed assets which facility personnel indicated was performed. To ensure the accuracy of the master fixed asset listing, a physical inventory of all fixed assets should be conducted and reconciled to the master fixed asset listing on an annual basis, as required by state regulation 15 CSR 40-2.031. Documentation of the physical inventory should be retained.

Annual physical inventories are necessary to establish proper accountability over fixed assets. Documentation of the physical inventory should be retained to show compliance with the state regulations.

A similar condition was also noted in our prior report.

- B. The fixed asset listing does not adequately reflect the location of fixed assets and is not always updated when assets are disposed of, checked out, or moved to different locations. Items that could not be located during a review of the fixed assets included a television, a computer workstation, a multimedia projector, and a laptop computer. These items were later located; however, the facility did not have sufficient documentation to track the items' current locations.

The failure to properly document the current location of items checked out or moved reduces the control and accountability over fixed assets and increases the potential for loss, theft, or misuse of assets.

WE RECOMMEND the facility:

- A. Retain documentation that a physical count of fixed assets has been performed and reconciled to the master fixed asset listing on an annual basis.
- B. Ensure the location of all fixed assets is updated on the master index in a timely manner.

AUDITEE'S RESPONSE

- A. *The physical count of fixed assets is reconciled to the master list of fixed assets annually. Complete documentation of the physical count will be maintained at the Home beginning in fiscal year 2003.*
- B. *Effective March 7, 2003, the Home will ensure that all fixed assets are accurately accounted for in the fixed asset master index. The Home will also ensure that all fixed assets continue to be updated on the master index in a timely fashion.*

5. Payroll Policies and Procedures

- A. The facility does not have a policy regarding the employment and supervision of related parties. While acting in the capacity of facility administrator, the assistant administrator approved changes to her husband's timesheet (who was the facility's computer technician). Supervisors should be independent of the employees they are responsible for to ensure fairness to all employees.

A formal policy should be established to address the employment and supervision of related parties.

- B. The facility administrator and assistant administrator do not use the automated time clock as required. The Missouri Veterans' Home Administrative Policy Manual, Section B-30, indicates all employees are assigned an employee card to be used to clock in when reporting for duty and clock out when leaving each day. A computerized timesheet is compiled from the cards' usage and used for payroll purposes and accounting for annual, sick, and compensatory leave balances. Time for these administrators is automatically posted by the computer and manual corrections are done when a change is needed.

The usage of time cards reduce the risk of errors going undetected. Timesheets are necessary to document hours actually worked and to substantiate payroll expenditures. Timesheets also provide documentation of leave used to maintain accurate leave records.

- C. Employees earning compensatory time do not obtain prior approval, as required by the administrative policy manual. Currently, if an employee clocks in or out eight minutes before or after their scheduled time, that employee earns fifteen minutes of compensatory time without any supervisory approval. Section B-20 of the MVH Administrative Policy Manual indicates overtime shall be worked only at the request and approval of a supervisor and shall be documented on a leave slip.

Proper approval of a supervisor and adequate documentation of that approval is necessary to reduce the risk of abuse and to comply with current policies.

WE RECOMMEND the facility:

- A. Establish and adopt a written related party policy.
- B. Ensure all employees utilize the automated time clock as required.
- C. Ensure authorization for compensatory time is documented as required.

AUDITEE'S RESPONSE

- A. *The Missouri Veterans Commission has a draft of a written related party policy. The MVC will ensure that this policy will become effective by May 31, 2003.*
- B. *The Missouri Veterans Commission has not required in practice that the Missouri Veterans' Homes' Administrators, Assistant Administrators and Directors of Nursing Services clock in and out. These positions are classified as exempt, travel, work varied schedules and are on call at various times. The Missouri Veterans Home Administrative Policy Manual, Section B-30, will be adjusted to reflect the current practice of these positions not clocking in or out for their designated shifts.*
- C. *The Missouri Veterans Home Administrative Policy Manual, Section B-20, will be adjusted to allow the electronic timekeeping system to track supervisor approval of overtime hours worked, rather than the paper leave slips.*

6. Cellular Telephone Policy

The facility has not developed procedures to ensure charges incurred for personal calls are reimbursed by the employee. Facility personnel indicated they adopted the cellular telephone policy suggested by the Office of Administration (OA). The OA policy indicates cellular telephones are intended for emergency or work-related communications and that personal calls should be infrequent and kept to a minimum length. In addition, the policy indicates all personal calls should be identified and paid by the employee. Facility personnel indicated staff were to reimburse the facility for personal calls; however, the last reimbursement was received in August 2000. During our review, we noted several staff had used the cellular telephones to call family members, often resulting in additional costs to the facility. No reimbursements were made to the facility for these calls.

Policies are adopted to reduce the risk of improper use and loss of goods and services. Effective and thorough reviews of telephone charges are necessary to control costs and to eliminate waste and inappropriate use of state funds.

WE RECOMMEND the facility fully comply with the OA's cellular telephone policy. Particular emphasis should be given to ensuring that telephone charges and usage are effectively and thoroughly reviewed.

AUDITEE'S RESPONSE

We are taking action to ensure compliance with the statewide policy on cell phone usage, which became effective in January 2002.

7. Assistance League Accounting Procedures

As noted above, the Assistance League is a not-for-profit organization that raises private funds to benefit residents of the St. Louis Veterans' Home. Because of the fiscal and managerial responsibilities that state employees have assumed for the Assistance League, we reviewed certain accounting procedures of the Assistance League and noted areas where improvements are needed.

A. The Assistance League actively seeks monetary donations throughout the St. Louis area which benefit residents of the Veterans' Home. Donations, as well as proceeds from canteen and vending machines, are collected daily. A cash count conducted on August 7, 2002, revealed the following concerns:

- 1) Prenumbered receipt slips are not issued for some monies received. Receipt slips are issued only upon request. Issuing and accounting for the numerical sequence of receipt slips provides assurance that all monies received have been accounted for and properly recorded.

This condition was also noted in our prior report.

- 2) Receipts are not deposited on a timely basis. Deposits are made approximately twice a month. Approximately \$3,100 in receipts were on hand when cash was counted. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

- 3) Checks are not restrictively endorsed immediately upon receipt. To reduce the risk of loss or the misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

B. The Assistance League purchases items to sell through the canteen and vending machines, coordinates and pays for events and activities for residents, and purchases items for common areas located in the home. Our review of these purchases noted the following concerns:

- 1) The Assistance League does not have a formal bidding policy. During the two years ended June 30, 2002, bids were either not solicited or bid documentation was not retained in some instances. For example, evidence of bidding was not retained relating to league expenditures of \$4,500 for painting one of the units and \$5,610 for the installation of carpet.

Formal bidding procedures for purchases would provide a framework for economical management of league resources and help ensure the league receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the league's business. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why certain bids were awarded.

- 2) Proper authorization was not obtained for some items purchased. The Assistance League's by-laws indicate the facility administrator's approval is needed for purchases of \$500 or less, the chairman's approval is needed for purchases between \$501 and \$1,000, the executive board's approval is needed for purchases between \$1,001 and \$2,500, and the Assistance League's Board of Directors' approval is needed for all purchases over \$2,500. The following items purchased did not have the proper level of authorization:

Item Purchased	Amount	Approved by	Approval needed
Television	\$1,446	Administrator	Board Chairman
Radios for Residents	\$2,794	Administrator	Board of Directors
Carpet Installation	\$5,610	No Approval	Board of Directors

The Chairman of the Assistance League indicated verbal approval had been given for these purchases. Failure to obtain and properly document the proper level of authorization, as required by the Assistance League's by-laws, increases the possibility of inappropriate disbursements occurring and not being detected on a timely basis.

- 3) The league does not periodically calculate the net profit or loss of the canteen, nor do they maintain records of canteen inventory balances or perform physical counts of inventory items on hand.

To adequately monitor canteen operations and to reduce the risk of loss or misuse of funds or goods, the facility should determine the cost of goods sold and calculate the net profit or loss of the canteen. Any net losses or unusual fluctuations in net income should be investigated and any explanations should be documented.

This condition was also noted in our prior report.

- C. There is no segregation of duties to provide the necessary controls over the petty cash checking account. The Chairman of the Assistance League maintains the

records for this account, prepares and signs checks to purchase items and to replenish the fund, and performs the monthly bank reconciliation. The account is used mainly for postage and emergency supplies and is maintained on a perpetual basis with a balance of \$2,000.

A proper segregation of duties provides a means of establishing controls over assets, thus minimizing the risk of loss, theft, or misuse of funds. If the segregation of duties is not possible, at a minimum, there should be documented independent review of the petty cash accounting records. This review should include the bank reconciliations, reconciling recorded receipts to deposits, and propriety of disbursements. Failure to adequately segregate duties or provide a supervisory review increases the risk of improper use of monies and that errors or irregularities will not be detected in a timely manner.

WE RECOMMEND the Assistance League:

- A.1. Issue prenumbered receipt slips for all monies received.
 - 2. Deposit receipts intact daily or when accumulated receipts exceed \$100.
 - 3. Restrictively endorse all checks immediately upon receipt.
- B.1. Establish formal bidding policies and procedures, including documentation requirements regarding bids or quotes received and justification for the bids awarded.
 - 2. Ensure the proper authorization for purchases is obtained as required.
 - 3. Maintain records of periodic inventory levels for the canteen and calculate a cost of goods sold to monitor the performance of the canteen and vending machines. All losses and any unusual fluctuations in performance levels should be fully investigated and any explanations should be documented.
- C. Provide for adequate segregation of duties for the petty cash account, or at a minimum, require independent documented reviews of petty cash accounting records.

AUDITEE'S RESPONSE

- A.1. *Effective January 3, 2003, prenumbered receipt slips have been implemented by the Assistance League.*
 - 2. *Effective February 25, 2003, the Assistance League began depositing accumulated receipts of \$100 or greater daily, or as practicable.*

3. *Effective August 8, 2002, a rubber stamp has been used to restrictively endorse all checks as the Assistance League receives them.*

B.1

- &2. The Assistance League will discuss revising its by-laws and/or internal written policies or practices at its next scheduled board meeting to ensure documentation of the following is maintained: solicited bids or quotes for purchases when practicable, justification of the bid selected and proper authorization for purchases.*

Although authorization was provided for the purchases discussed in the audit finding, the authorization was verbal and provided by the appropriate Assistance League Officer, although it was not documented in the minutes. All such future approvals will be consistently integrated into the minutes. Additionally, minutes are tape recorded and preserved in the event that documentation may be lacking.

3. *A new cash register is being purchased by the Assistance League to aid in calculating the net profits of the canteen.*

- C. *The Assistance League Board will be reviewing at its next scheduled meeting the current practices related to the petty cash account and will determine what action they will take in response to the audit finding.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. LOUIS VETERANS' HOME
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

In 1985, the Department of Public Safety and the Division of Veterans' Affairs began a search for a suitable site for a new state veterans' nursing home. In November 1986, St. Louis, Missouri, was announced as the selected site.

Application for a Federal Veterans' Administration construction grant to fund approximately 65 percent of the costs was approved on September 30, 1991. Construction of the St. Louis facility began on October 10, 1991, and on November 1, 1993, the first resident was admitted.

The nursing care facility provides care to Missouri veterans who are unable to support or adequately care for themselves. Residents of the home are provided room, board, medication, therapy, personal care, and recreation and religious activities. The cost of care is shared by the resident, based on ability to pay, the Federal Veterans' Administration, and the State of Missouri.

The St. Louis Home Assistance League, a not-for-profit corporation, was formed on April 25, 1990, to receive donations to be spent for the benefit of St. Louis Veterans' Home residents.

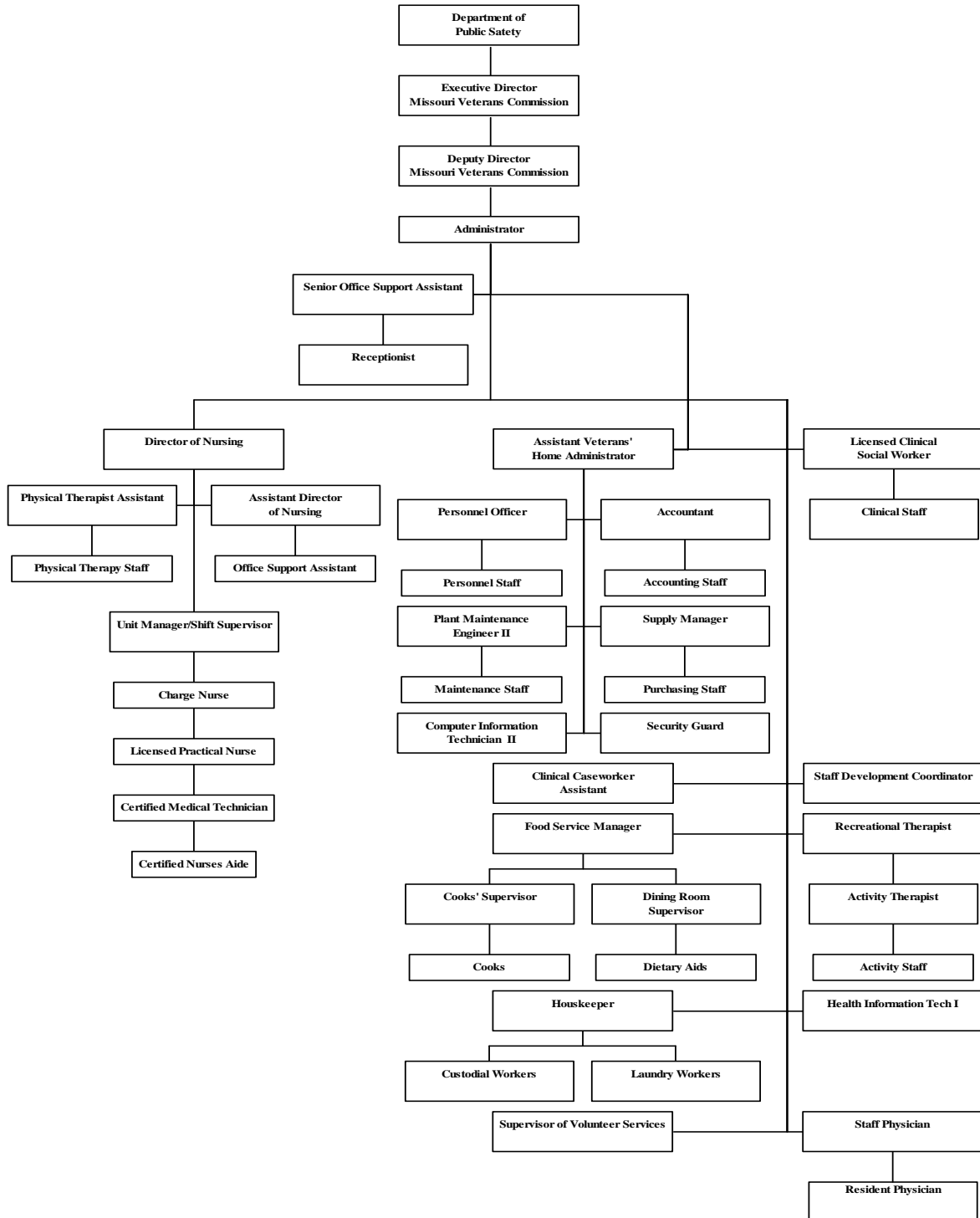
The Missouri Veterans Commission operates seven homes for veterans of the state. The homes are located in St. James, Mount Vernon, Mexico, Cape Girardeau, Cameron, Warrensburg and St. Louis. Members of the Missouri Veterans Commission, as of June 30, 2002, include:

<u>Members</u>	<u>Term Expires</u>
Carl H. Niewoehner, Chairman	November 2, 1997*
Donald Gralike, Vice-Chairman	November 2, 2003
Reginald L. Bassa	November 2, 2000*
Bernadette Miller	December 11, 2004
Emmett Fairfax	November 2, 2005

* Term has expired. Member continues to serve until a successor is appointed.

At June, 30, 2002, the St. Louis Veterans' Home had 196 full time employees and 35 part time employees. These employees were assigned to various administrative and service sections. Eric Endsley was appointed as Acting Administrator in February 2003 after the resignation of Paulette Wright who had served as Administrator since December 1999. An organization chart and statistical data follow:

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. LOUIS VETERANS' HOME
ORGANIZATION CHART
JUNE 30, 2002



DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. LOUIS VETERANS' HOME
STATISTICAL DATA

		Year Ended June 30,	
		2002	2001
RESIDENTS		176	190
OCCUPANCY			
Total number of beds		200	200
Average daily census		173	183
Bed occupancy percentage		87%	92%
RESIDENT COST			
Total resident costs	\$	6,841,324	6,499,688
Total resident days		55,200	68,367
Average Daily Resident Cost	\$	124	95

Appendix A

DEPARTMENT OF PUBLIC SAFETY MISSOURI VETERANS COMMISSION ST. LOUIS VETERANS' HOME COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,	
	2002	2001
Salaries & Wages	\$ 4,942,509	4,746,491
Travel:		
In-State	22,633	21,791
Out-Of-State	1,405	2,041
Fuel & Utilities	233,891	256,507
Supplies:	1,184,305	0
Administrative	0	55,948
Lab and medical	0	485,045
Repair, maintenance, and usage	0	79,711
Residential	0	469,232
Specific Use	0	5,851
Professional Development	17,049	20,336
Communication services and supplies	34,734	32,926
Services:		
Health	0	44,345
Business	0	34,917
Professional	66,214	21,029
Housekeeping and janitorial	17,693	21,941
Maintenance and repair	52,818	0
Equipment maintenance and repair	0	32,100
Transportation maintenance and repair	0	4,380
Equipment:		
Computer	38,066	15,523
Electronic and photo	0	3,624
Medical and laboratory	0	37,726
Motorized	7,150	25,215
Office	54,040	33,779
Other	129,331	0
Specific Use	0	19,224
Property & Improvements	12,005	0
Building Lease Payments	1,503	1,674
Equipment rental and leases:	22,420	0
Equipment lease payments	0	5,355
Building and equipment rentals	0	20,410
Miscellaneous Expenses	3,557	2,569
	\$ 6,841,324	6,499,688

Note: Certain classifications of expenditures changed during the two-year period, which may affect the comparability of the amounts.

Appendix B

DEPARTMENT OF PUBLIC SAFETY
MISSOURI VETERANS COMMISSION
ST. LOUIS VETERANS' HOME
MISSOURI VETERANS' HOME FUND
COMPARATIVE STATEMENT OF RECEIPTS

		Year Ended June 30,	
		2002	2001
Payments from Veterans	\$	2,607,085	2,679,155
Veterans Administration Per Diem		3,492,688	3,503,797
Other		10,222	15,891
Total Receipts	\$	6,109,995	6,198,843

Appendix C

DEPARTMENT OF PUBLIC SAFETY
 MISSOURI VETERANS COMMISSION
 ST. LOUIS VETERANS' HOME
 AUXILIARY FUNDS
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN CASH AND CASH EQUIVALENTS

	Year Ended June 30,			
	2002		2001	
	Residents Fund	Assistance League Fund	Residents Fund	Assistance League Fund
RECEIPTS				
Residents' deposits	\$ 3,004,628	0	3,171,028	0
Donations/sales from Canteen	0	203,417	0	399,940
Total Receipts	<u>3,004,628</u>	<u>203,417</u>	<u>3,171,028</u>	<u>399,940</u>
DISBURSEMENTS				
Resident's withdraws	2,990,707	0	3,178,440	0
Cost of goods sold	0	55,015	0	56,004
Benefit of residents	0	213,031	0	282,252
Total Disbursements	<u>2,990,707</u>	<u>268,046</u>	<u>3,178,440</u>	<u>338,256</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>13,921</u>	<u>(64,629)</u>	<u>(7,412)</u>	<u>61,684</u>
CASH AND CASH EQUIVALENTS, JULY 1	<u>244,586</u>	<u>648,100</u>	<u>251,998</u>	<u>586,416</u>
CASH AND CASH EQUIVALENTS, JUNE 30 \$	<u><u>258,507</u></u>	<u><u>583,471</u></u>	<u><u>244,586</u></u>	<u><u>648,100</u></u>



NEW JOBS TRAINING PROGRAM TAX CREDIT

**From The Office Of State Auditor
Claire McCaskill**

The program results in positive economic benefits to the state, but administration of the tax credit could improve if several weaknesses are addressed.

**Report No. 2003-32
April 8, 2003
www.auditor.state.mo.us**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

April 2003

New Jobs Training tax credit's positive impact on the state economy could increase with changes to project funding, oversight and enforcement

This audit is the third in a series of reports analyzing the cost-benefit of the state's 34 tax credit programs. Audit analysis of tax credit programs, administered by the Department of Economic Development, are mandated by state law. This report analyzed the New Jobs Training Program, started in 1992, which authorized community colleges to train employees of qualified employers who create new jobs. For example, one project involved a community college training employees of a new assembly plant. State law allows the community colleges to issue bonds to fund the training services, and authorizes the bonds to be paid from state income tax withholdings of the new jobs. Overall, auditors found the program improved the state's economy, creating new jobs and increasing state revenues. Improvements in the areas highlighted below could increase the program's successes and efficiency.

Program created interest costs and state debt

The current method of issuing bonds to cover program training expenses has caused the state to pay interest and bond issuance costs. As of June 2002, the state had used 22.5 percent of the \$72.4 million in tax credits redeemed from the program's inception to pay off bond interest. Establishing a revolving fund could eliminate the program's interest costs and state debt. Current state budget constraints render creating such a fund unrealistic for now. However, a revolving fund established at the program's start would have eliminated \$29.1 million in interest obligations and bond issuance costs thereby increasing the program's overall efficiency. (See page 5)

Colleges are not required to track administrative expenses

Colleges receive up to 15 percent of the training funds to cover project administrative expenses over the life of the bonds. These fees have totaled about \$10.6 million of the \$85 million in bonds issued to date. State regulations do not require colleges to track and compare program administrative fees with administrative expenses. As a result, most college do not track such expenditures, making it difficult to analyze if the colleges' efforts justify the administrative fees. (See page 6)

Colleges do not ensure jobs are created, maintained

Not all community colleges have ensured the program's companies created and maintained the promised jobs. Discussion with community college representatives indicated little, if

YELLOW SHEET

anything, is done to verify the number of jobs created. For example, in one project reviewed, the project agreement required the company to create 166 new jobs by December 2001 and maintain the jobs through December 2004. As of June 2002, the company created only 121 jobs. (See page 6)

State could more aggressively cite companies not meeting job goals

State law includes a "clawback" provision for companies to ensure the jobs promised are actually created. If the promised jobs are not maintained for a 5-year timeframe as required by the approved project application, the company can be held liable for a portion of the tax credits redeemed on a particular project. The amount a company is held liable is at the discretion of the Department of Economic Development. But department officials have only enforced this "clawback" provision in one case since the program's start in 1992. In some cases, such a provision was not included in the project agreement, making it impossible to enforce, but the provision is included in all current agreements. In other situations, inadequate project oversight has not allowed the department to enforce the provisions when it would otherwise be possible. (See page 7)

All reports are available on our website: www.auditor.state.mo.us

NEW JOBS TRAINING PROGRAM TAX CREDIT

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Joseph L. Driskill, Director
Department of Economic Development
Jefferson City, MO 65101

State law (Section 620.1300, RSMo 2000) mandates the State Auditor's Office perform cost-benefit analyses on the 34 tax credit programs administered by the Department of Economic Development. This is the third such report and includes a detailed economic impact study of the New Jobs Training Program. The review included obtaining necessary data to sufficiently evaluate the program's state economic impact. Information was also obtained to assess management controls over the program.

We concluded the New Jobs Training Program was providing a positive economic impact to the state, but could be made better by (1) eliminating interest costs and debt, (2) tracking administrative costs, (3) improving oversight of projects, and (4) enforcing project agreement provisions more timely.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink that reads "Claire McCaskill".

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits: William D. Miller, CIA
Audit Manager: John Blattell, CPA, CFE
In-Charge Auditor: Robert E. Showers, CPA
Audit Staff: Thomas Franklin

RESULTS AND RECOMMENDATIONS

The New Jobs Training Program Results in Positive Economic Benefits, but Improvements Are Needed

An economic impact analysis of the New Jobs Training Program indicates the program positively benefits the state's economy and will create an estimated 87,000 new jobs by fiscal year 2010 and will increase state revenues by an estimated \$4 billion over the next 10 fiscal years (2003-2012). The program could benefit the state more by eliminating the following weaknesses (1) interest and bond issuance costs, (2) inadequate oversight of projects, and (3) inconsistent enforcement of project agreement provisions. These weaknesses are caused by a business philosophy of funding the program through bond sales and a non-aggressive management approach to ensuring projects achieve established goals.

Background

Sections 178.892 through 178.896, RSMo 2000, authorize community college districts, with the approval and discretion of the Department of Economic Development, to enter into agreements to provide training services to qualified employers who create new jobs within the state. For example, the department approved a community college to provide training to the employees of a new assembly plant. State statutes allow the community colleges to issue bonds to fund the necessary training services, and authorize the bonds to be paid from the state income tax withholdings of the new jobs created. The amount of bond principal outstanding at any one time is not to exceed \$55 million. The program has been in effect since 1992.

Based on discussions with Department of Economic Development personnel, the New Jobs Training Program is used in conjunction with the Business Facility Credit, Enterprise Zone Credit, and the Business Use Incentives for Large-scale Development (BUILD) Bond Credit. Approximately 41 percent of New Jobs Training Program projects also included funding from at least one of these other three credits. However, it is impossible to determine which, if any, of the new jobs added would have been added if these tax credit programs had not been in place. Therefore, for the purposes of our analysis, we assumed none of the new jobs added would be in place without these tax credit programs.

Purpose

The authorizing statute does not explicitly state the purpose for the New Jobs Training Program; however, the program, as established by the statutes, provides incentives for qualified employers to locate new jobs within the state. Per statute, qualified employers include those engaged in interstate or intrastate commerce for the purpose of:

- Manufacturing, processing, or assembling products
- Conducting research and development
- Providing services in interstate commerce, excluding retail services

State statutes also stipulate the new jobs added cannot have been moved from another location within the state.

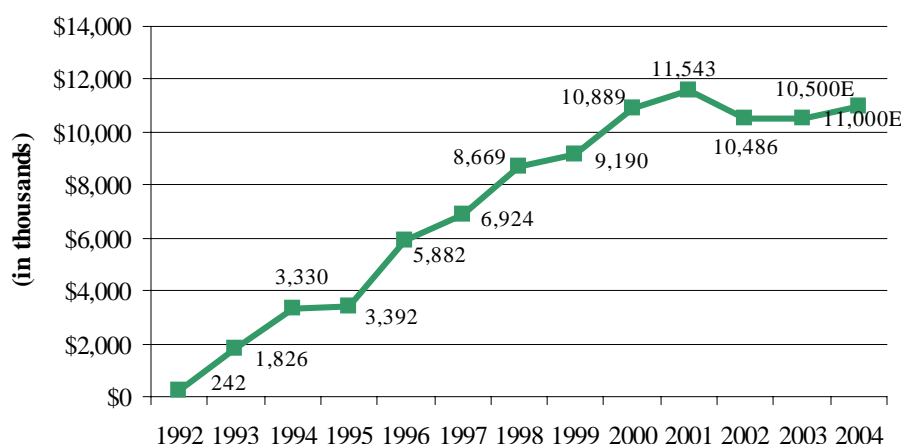
State taxes impacted

Pursuant to Section 178.894, RSMo 2000, a portion of the state income tax withholding payments made by the employer in accordance with Section 143.221, RSMo 2000, is used to make the bond payments. The portion paying the bonds equals 2.5 percent of the gross wages paid to the first 100 new jobs identified in a project, and 1.5 percent of the gross wages paid to the remaining new jobs identified in a project.

Direct economic impact

If measured strictly by the amount of redeemed credits, the New Jobs Training Program has reduced state income tax revenues approximately \$72.4 million through fiscal year 2002. The following chart illustrates the redeemed credits by year since the inception of the program, with estimated redemptions for fiscal years 2003 and 2004.

Figure 1: New Jobs Training Program Redemptions by Fiscal Year



E - Estimate provided by Division of Workforce Development staff
Source: Department of Revenue reports

Bonds have been issued on 81 projects since the program's inception through June 30, 2002. Of the 81 projects initiated, 23 projects are completed with their bonds repaid, while the remaining 58 projects remain active with outstanding bonds. Fifty-one companies have used this tax credit program for these 81 projects, with 17 of these companies having multiple projects. As of June 30, 2002, the bonds outstanding totaled \$31.2 million.

Total economic impact

We used the Regional Economic Models, Inc., Policy Insight Model¹ to analyze the total economic impact of the New Jobs Training Program on the state's economy. The model compares the baseline forecast of the state economy with an alternative forecast that takes into account the effect of the tax credit program. The outputs from the model are as follows:

- Growth in total employment
- Growth in gross state product
- Growth in personal income
- Growth in real disposable income
- Growth in industry output
- Growth in wage rate
- Fiscal impact

Three variables in the model were changed to create the alternative forecast: 1) production costs, 2) government spending and 3) employment.

Because of time and resource limitations, actual program data was included in our analysis only for projects that began in fiscal years 1999, 2000, 2001 and 2002. However, based on the activity in this program over this 4-year period, we consider this data to be indicative of the program's overall impact. To complete our economic impact analysis it was necessary to make several assumptions regarding program activity for future years. These assumptions were based on discussions with the division official in charge of the program. It was assumed that program funding would continue through fiscal year 2010. Based on a high rate of job retention noted on active and completed projects, we made an additional assumption that the jobs created would remain in place throughout the forecast period. The model projects results over a 17-year period (1999-2015). *(See Appendix I, page 10, for details regarding the assumptions made during our analysis.)*

Using these inputs and assumptions, the model produced the following economic impact results:

- The New Jobs Training Program creates a projected total of 87,110 new jobs by 2010. Of the 87,110 new jobs created, only 26,307 would have been created directly by the program, with the remainder created indirectly through economic growth. Employment levels decline steadily to 77,360 by 2015 when program funding is removed from the model in 2011.
- Gross state product steadily increases during the years of the New Jobs Training Program funding. Starting in 2011, the first year the program funding is removed from the model, the gross state product drops slightly, but recovers quickly to reach its peak increase of approximately \$7.7 billion in 2015.

¹ See Appendix I, page 10 for more detail on this model.

- Growth in personal income increases steadily throughout the forecast period, with the increase peaking in 2015 at approximately \$6.6 billion.
- Growth in real disposable income increases steadily throughout the forecast period, with the increase peaking in 2015 at approximately \$2.9 billion.
- The increase in industry output growth increases steadily during the years of the New Jobs Training Program funding. Starting in 2011, the first year the program funding is removed from the model, the industry output growth drops slightly, but recovers quickly to reach its peak increase of approximately \$15.4 billion in 2015.
- The program has a positive effect on the wage rate, with a steady increase until its peak in 2010 at 1.14 percent above the wage rate in 1998. The wage rate declines slightly after program funding is removed from the model in 2011, but remains relatively constant.
- The model predicts a positive impact on state revenues, with the highest annual revenue increase in 2010 of \$581 million. State revenues remain relatively constant after program funding is removed from the model in 2011.

Fiscal Management Issues

Our review of the fiscal aspects of the program revealed the following concerns:

Interest costs

Approximately \$16.3 million (22.5 percent) of the approximately \$72.4 million in tax credits redeemed from the program's inception through June 30, 2002, have paid off bond interest. Approximately \$85 million in training bonds have been issued since the program's inception through June 30, 2002. According to analytical data prepared from our review of program financial data, when the \$85 million in bonds issued to date are repaid in full, the state will have paid approximately \$26.7 million in interest. As a result of the use of bonds as a funding mechanism, the program had an outstanding debt balance of \$31.2 million as of June 30, 2002.

Use of bonds
creates interest
costs and debt

One method to eliminate interest costs and state debt related to the program is to establish a revolving fund. Establishing a revolving fund requires the state legislature to approve a one-time payment into the fund. Training costs would be paid out of the fund and repayment of these monies, through redeemed tax credits, would be deposited into the fund for use in future projects. The use of such a fund would also eliminate the administrative costs incurred to issue the bonds, which have totaled approximately \$2.4 million since the program's inception. The establishment of a revolving fund at the program's inception would have eliminated \$29.1 million in interest obligations and bond issuance costs incurred for all bonds issued to date. The \$29.1 million in interest and bond issuance costs includes the interest costs for all outstanding bonds to maturity. This

interest cost would be less if the bonds are retired prior to maturity which has occurred on some of the completed projects.

Administrative fees paid to community colleges

State statutes allow the community college providing the program services an administrative fee of 15 percent of the training funding identified in the project agreement. According to analytical data prepared from our review of program financial data, approximately \$10.6 million of the \$85 million in bonds issued to date will be paid to the community colleges in the form of administrative fees. The average administrative fee received by the college on each project is approximately \$103,000.

The administrative dollars are to cover the colleges' project oversight efforts over the life of the bonds, which is not to exceed 8 years in most cases. Discussions with representatives of the five largest community colleges indicated none of the colleges require a full time position to administer and oversee the program. These colleges stated administrative fees are used for other costs such as:

- Time and travel related to marketing and discussion of the program.
- Time related to college executive oversight of the program.
- Monitoring of projects.

Of the five colleges contacted only one stated it tracked administrative expenses. The remaining colleges did not track these costs and one stated it was a daunting task to track these costs. Since state regulations do not require the colleges to track and compare New Jobs Training Program administrative fees with administrative expenses and most do not, it is difficult to determine if the current level of effort by the colleges justifies a 15 percent administrative fee.

Program Management Issues

The following management issues came to our attention during our review:

Community Colleges do not provide adequate oversight of projects

Not all of the community colleges have adequately ensured the companies involved in the program have created and maintained the jobs promised in the project agreement. Per 4 Code of State Regulations 195-3, any community college participating in the New Jobs Training Program is responsible for "monitoring each training project to ensure that funds are used in accordance with the training agreement." As previously noted, the community colleges receive up to a 15 percent administrative fee to perform monitoring and other functions. However, discussions with community college representatives overseeing the projects indicated that little, if anything, is done to verify the number of jobs created by the employer. Only one of the five colleges contacted requested and reviewed the tax credit claim form and backup documentation submitted

Colleges do not ensure jobs are created and maintained

monthly by the company. This backup documentation includes detailed information regarding the number of jobs in place and the wage paid per job.

For example, in one project we reviewed, the project agreement required the company to create a total of 166 new jobs by December 2001 and maintain those jobs through December 2004. However, as of December 2001 the company had only created 117 jobs and at June 30, 2002 had created only 121 jobs. Discussions with division personnel indicated this problem escaped detection because 1) the bond payments were being made as scheduled, and 2) the college's annual report for the year ended June 30, 2001 indicated all of the jobs were in place. However, the college did not independently verify the company's employment levels.

Colleges not held accountable for lack of oversight

State statutes and regulations do not contain enforcement provisions when the department identifies colleges providing inadequate project oversight. According to a division official, the division cannot simply award a project to a different college when the division finds a college is not providing adequate oversight. This situation occurs because state regulations stipulate any college wishing to provide training in another community college district must have approval from that community college district's board of trustees. As a result, according to the division official, the division is forced to award projects to a college it knows does not provide adequate oversight. The Department of Economic Development is responsible for creating this condition through current state regulations, and can also change these regulations as necessary.

State regulations
need revision

State has not adequately implemented or enforced required "clawback" provisions

The Department of Economic Development does not adequately enforce the "clawback" provisions meant to ensure the jobs promised are actually created and maintained. These provisions are required to be included in the project agreements by Section 620.017, RSMo 2002. The current provisions stipulate the jobs promised must be created within 2 years of the approved project application and further stipulate that those jobs be maintained for up to 5 years from the approval of the application. In the event the jobs are either not created or are eliminated before the 5-year timeframe, the company is liable, at the department's discretion, for a portion of the tax credits redeemed on that particular project.

Some companies
are not fulfilling
job obligations

The Department of Economic Development has only enforced the "clawback" provisions in one instance since 1992. This can be explained, at least in part, by the fact that the department did not require the provisions to be included in the project agreements between the colleges and the companies until late 1999. The department has been required by statute to include the provisions in its project agreements since 1992. This has caused the department to be unable to pursue the enforcement of the provisions on some projects had these provisions been included in the contracts. In other situations,

inadequate project oversight has not allowed the department to enforce the provisions where it would otherwise be possible.

Conclusions

Based on the assumptions used when entering New Jobs Training Program data into the model, the results show the tax credit positively impacting the state's economy. However, a portion of this positive economic impact could be attributed to other similar tax credit programs used in conjunction with the New Jobs Training Program. The jobs added, at least in part, by the New Jobs Training Program increase total employment, personal income, wage rate, gross state product, real disposable income, industry output and positively impacts the state fiscal budget.

The program has created unnecessary interest costs and debt, which are imprudent uses of the state's General Revenue funding. The interest obligations and bond issuance costs total \$29.1 million for bonds issued from the program's inception through June 30, 2002. The reduction and/or elimination of these costs, where possible, would increase the overall efficiency of the program. The state's current budget constraints may limit the ability to use a revolving fund option for program funding for a few years. Colleges have not been required to track administrative expenses, which does not allow for a comparison of these expenses to the administrative fees received. Improved oversight of program projects would increase the overall effectiveness of the program. Without adequate oversight procedures, including verification of the creation of the jobs named in the project agreement, the state cannot assure it has achieved the maximum benefit from a particular project. In addition, without a mechanism to hold the colleges accountable for such oversight, the department cannot enforce any recommended oversight procedures. Also, the department needs to be more aggressive in pursuing repayments in accordance with "clawback" provisions of the project agreements to ensure the program provides the maximum return for the state taxpayers' investment.

Recommendations

We recommend the Director, Department of Economic Development:

- 1.1 Reduce or eliminate program interest costs and debt.
- 1.2 Require community colleges to track administrative expenses to determine how these administrative fees compare to the community colleges project oversight costs. In addition, the department should require the community colleges to forward these cost reports to the department on a periodic basis.
- 1.3 Add project oversight language to state regulations to help ensure adequate oversight of projects by the community colleges.
- 1.4 Implement a mechanism to hold the community colleges accountable for providing adequate project oversight.

- 1.5 Ensure the "clawback provisions are included in all of the contracts between the colleges and the companies and pursue reimbursements for unfulfilled project commitments by timely enforcing the "clawback" provisions of the project agreements.

Department of Economic Development Responses

- 1.1 *The Department of Economic Development (DED) agrees that reducing or eliminating interest costs would be beneficial if there could be assurance that the program would remain at or above the current funding level in future years. The department concurs with the Auditor's conclusion that the state's current budget constraints may limit the ability to change the present funding structure for a few years. In the current economic situation, both within government and statewide, it is now more important than ever to do what we can creatively to help generate jobs and revenue. The current structure allows for the newly created jobs to generate the funding necessary to cover the cost of training and interests.*
- 1.2 *The department will request community colleges to track and report project oversight expenditures so that the costs can be compared to the administrative fees. Currently, the community colleges submit an annual report for New Jobs Training Program (NJTP) to DED with the next reporting due in October of 2003. Administrative cost reports could be included in or attached to future annual reports.*
- 1.3 *The department will consider adding additional project oversight language to state regulations. Current regulations do spell out each entity's responsibilities in the administration of the NJTP.*
- 1.4 *The current mechanism DED has to enforce project oversight is the approval of applications. If DED rejects an application on the basis that a community college is not providing adequate oversight, the customers (companies, workers, communities, and the state) are the ones penalized.*
- 1.5 *The department has verified that all community colleges have included the "clawback" provision in all contracts since fiscal year 2000. The "clawback" provisions are timely enforced when applicable. The Department Director has the discretion to enforce the "clawback" depending on the circumstances and after considering the impact on existing workers, the community, and the state.*

(See Appendix IV, page 15, for comments from the Community College Association.)

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

Our objective was to perform a cost-benefit analysis and management review that would provide policymakers with sufficient information to evaluate the effectiveness and efficiency of the New Jobs Training Program tax credit administered by the Department of Economic Development, Division of Workforce Development.

Scope and Methodology

Our review of the New Jobs Training Program is mandated by Section 620.1300, RSMo 2000, that states, in part, "a cost-benefit analysis shall be prepared (by the state auditor) to evaluate the effectiveness of all programs operated by the department of economic development for which the department approves tax credits, loans, loan guarantees, or grants."

To measure the economic impact of the program on the state economy, the State Auditor's Office purchased a secondary user license to a dynamic econometric modeling program called Policy Insight developed by Regional Economic Models, Inc. (REMI) of Amherst Massachusetts. The Missouri Development Finance Board holds the primary user license of the model. The REMI model forecasts the economic and demographic effects of policy changes or external events, such as added jobs or additional state spending, on a regional economy and presents the results on a year-by-year basis.

Division of Workforce Development officials provided us with a database of all New Job Training Program projects since the program's inception. The database included the company name and location, application and agreement dates, the number of jobs to be created per the agreement, the average wage to be paid to each employee and the total bond issue amount. In an effort to verify the accuracy of the data provided we:

- Reviewed additional information from the application and agreement documents.
- Reviewed annual information reports submitted by the community colleges concerning the number of jobs added and in place, the reports reviewed contained information through fiscal year 2001.
- Requested more current information on 20 randomly selected test projects from community college personnel in charge of project oversight and visited two of the community colleges' offices.
- Compared the data provided with Department of Labor and Industrial Relations unemployment level data for all selected test projects as well as all completed projects.

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- Obtained additional information through inquiry of Division of Workforce Development personnel familiar with the projects.

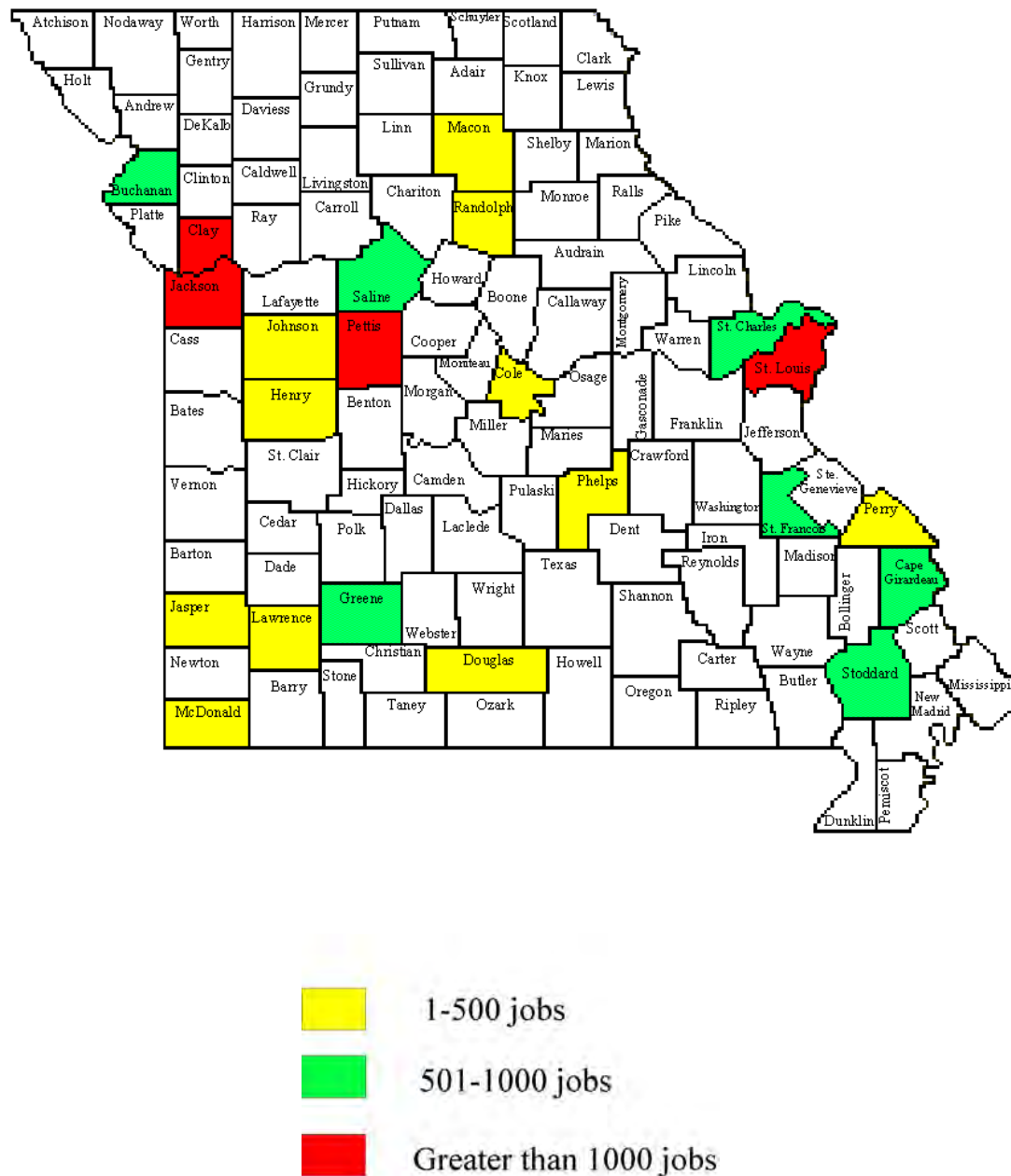
Based on our verification efforts, the information included in the database is considered accurate and complete. It was not necessary to visit the individual companies involved in the projects reviewed. The verified data was input into the REMI model to run the forecast.

Because of time and resource limitations, actual program data was included in our analysis only for projects that began in fiscal years 1999, 2000, 2001 and 2002. However, we consider the chosen data sample to be representative of the impact of the overall program.

In order to complete our economic impact analysis it was necessary to make several assumptions regarding program activity for future years. These assumptions were based on discussions with division officials and their expectations for the program. Program funding was estimated to be \$10.5 million in fiscal year 2003, \$11 million in fiscal year 2004, and \$12 million per year from fiscal year 2005 to 2010. For the purposes of our analysis, it was assumed that program funding would end after fiscal year 2010. Based on discussions with a Division of Workforce Development official, we also assumed the division would approve 6 projects per year from fiscal year 2003 through 2010, with each project including an \$800,000 bond issuance and creating 400 jobs, a total of 2,400 jobs per year. Our review of historical program data showed a high retention level for the jobs created through the program, therefore an additional assumption was made that the jobs created would remain in place throughout the forecast period. The results from the model were reviewed over a 17-year period (1999-2015).

DISTRIBUTION OF PROJECTS

Figure II.1: Jobs Created Map



Source: Table II.1, page 13

APPENDIX II

Table II.1: Project Distribution

County	Number of Projects	Number of Jobs Planned	Bonds Issued (in thousands)
Lawrence	1	75	\$290
Macon	1	88	186
Randolph	1	113	835
Perry	1	134	400
Cole	1	145	460
Henry	2	201	635
Douglas	1	261	390
McDonald	1	335	595
Johnson	2	368	1,050
Jasper	5	379	1,535
Phelps	1	474	718
Buchanan	1	536	1,385
Stoddard	3	602	1,340
Cape Girardeau	4	682	2,418
St. Charles	1	700	2,467
Greene	3	780	1,637
St. Francois	3	818	1,225
Saline	2	990	1,565
Clay	3	1,630	4,730
Pettis	8	1,724	3,843
Jackson	20	6,267	19,005
St. Louis	<u>16</u>	<u>9,143</u>	<u>38,277</u>
Totals	<u>81</u>	<u>26,445</u>	<u>\$84,986</u>

Source: Division of Workforce Development project log

TAX CREDIT REVIEW STATUS

Table III.1: Program Review Status

Tax Credit Program	Review Status
Community College New Jobs Training Bonds \$ 178.894	Reviewed in 2002
Brownfield Jobs/Investment \$ 447.700	Reviewed in 2001
Brownfield Remediation \$ 447.700	Reviewed in 2001
Historic Preservation \$ 253.545	Reviewed in 2001
Qualified Research Expense \$ 620.1039	Reviewed in 2001
Seed Capital (cap expired) \$ 348.300	Reviewed in 2001
Youth Opportunities and Violence Prevention \$ 620.1100	Reviewed in 2001
Film Production \$ 135.750	Reviewed in 2000
Rebuilding Communities \$ 135.535	Reviewed in 2000
Small Business Incubator \$ 620.495	Reviewed in 2000
Winery and Grape Growers \$ 135.700	Reviewed in 2000
Affordable Housing Assistance \$ 32.111	To be reviewed
Brownfield Demolition \$ 447.700	To be reviewed
BUILD Missouri Bonds \$ 100.700	To be reviewed
Business Facility \$ 135.100	To be reviewed
(Capital) Small Business Investment (cap expired) \$ 135.400	To be reviewed
Certified Capital Companies (CapCo) (cap. expired) \$ 135.500	To be reviewed
Community Development Bank \$ 135.400	To be reviewed
Development \$ 32.105	To be reviewed
Dry Fire Hydrant \$ 320.093	To be reviewed
Enterprise Zone \$ 135.200	To be reviewed
Family Development Account \$ 208.755	To be reviewed
Guarantee Fee \$ 135.766	To be reviewed
Individual Training Account \$ 620.1400	To be reviewed
Mature Worker Child Care \$ 620.1560	To be reviewed
MDFB ² Development and Reserve \$ 100.250	To be reviewed
MDFB Export Finance \$ 100.250	To be reviewed
MDFB Bond Guarantee Credit \$ 100.286	To be reviewed
MDFB Infrastructure \$ 100.250	To be reviewed
Missouri Low Income Housing \$ 135.350	To be reviewed
Neighborhood Assistance \$ 32.100	To be reviewed
Neighborhood Preservation \$ 135.535	To be reviewed
New Enterprise Creation \$ 620.635	To be reviewed
Transportation Development \$ 135.545	To be reviewed

Source: Auditor prepared

² MDFB – Missouri Development Finance Board

COMMUNITY COLLEGE ASSOCIATION AUDIT RESPONSES

**Audit Responses by the Missouri Community Colleges Association
Presidents/Chancellors Council**

Some portions of the audit report discuss the administration of the New Jobs Training Program by the community colleges. The audit report was provided to the Missouri Community Colleges Association to allow the association to respond to the audit recommendations. The audit recommendation and the association responses are presented in the following section.

1.1 Reduce or eliminate program interest costs and debt.

Response:

Your report indicates that the New Jobs Training Program (NJTP) results in positive economic benefits to the State, positively benefiting the State's economy, creating an estimated 87,000 new jobs, and increasing State revenues. Why change the direction of a program that has worked so well for so long? Careful consideration must be made before changing any structure or attributes of the program, as there are positive and negative aspects to every method. The current method of issuing bonds to fund training is a way to tie employers to the risk by encouraging them to buy their own bonds. The payback on those bonds ties directly to the employers' ability to retain those new jobs over an extended period, up to eight years, which is the ultimate goal of the program. The concept of appropriating new money to establish a revolving fund, which would be challenging under current budget constraints, is not necessary to the continued success of this program. The issuance of Community College bonds is the underlying mechanism to fulfill the purpose of this program, which is to fund training and workforce development of net new employees in Missouri. This structure was derived from the Iowa new jobs training statute which was the model for Missouri. This mechanism has been and continues to be successful in training thousands of Missouri workers and this report demonstrates the significant ROI of the program. One of the ways that interest cost could be significantly reduced would be to allow the inclusion of more or all jobs at the employer for application of the NJTP credit, thus allowing the accelerated retirement of outstanding bond issues and reducing interest expense. The colleges engaged the Department in this discussion at the Department sponsored NJTP meeting in November 2002.

Finally, the State's own Office of Administration (OA) reviews the interest rate of each issue. In at least one recent project, the interest rate was reduced following OA's review.

1.2 Require community colleges to track administrative expenses to determine how these administrative fees compare to the community colleges project oversight costs. In addition, the department should require the community colleges to forward these cost reports to the department on a periodic basis.

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Response:

A. The Missouri New Jobs Training Program statute sets the dollar amount for administrative expenses at fifteen percent (15%) of the total training costs of a new jobs training program project. The level of fees designated for community college administration is consistent with other State training programs. We have operated consistently with current law, which does not require the community colleges to track administrative expenses or to forward administrative cost reports to the Department. Nevertheless, there is a broad and demanding set of responsibilities required in order to properly administer New Jobs Training Projects. The fifteen percent (15%) of the total training cost allocated for administration is an accurate reflection of the actual costs associated with administering the program and projects. To further explain this position, the college's administrative responsibilities are discussed in more detail below.

B. We also submit that the auditors misinterpreted the time required to administer and oversee the program.

It is grossly inaccurate to say that none of the colleges require a full time position to administer the program. Each college has several people providing different roles directly relating to the New Jobs Training Program. If all community college roles required in administering the program were combined, it would in fact amount to several "full-time-equivalents."

C. The statement that the average administrative fee is \$103,000 is misleading. The project fund that would generate that large an administrative fee would be approximately \$686,667. In fact, the vast majority of projects are substantially smaller than this, generating significantly smaller administrative fees. For example, a \$500,000 issuance would have an administrative fee of approximately \$63,000 to cover the college's cost of administering the project from initial contact with the company through the 8 year life of the project: about \$7,800 / year. This is a more accurate picture of the typical administrative fee received by the colleges.

There is a demanding set of activities required to properly administer a new jobs training project. We believe that 15 percent of the total training cost allocated for administration is an accurate reflection of the actual costs associated with administering the program and projects. In the case of smaller projects, it is an inadequate amount. The community colleges have agreed to negotiate the administrative fee on projects larger than two million dollars.

Given the colleges' experience and successful history of over ten years with this program, we firmly believe the community colleges are best suited to administer this program. Our collective mission to develop the capabilities of Missouri's workforce and our accountability to our communities, have consistently been the motivation for us to deliver win-win outcomes for the state and our employers.

Additional Discussion of Community College Administrative Expense.

Administrative expenses include all costs directly or indirectly associated with the supervision and administration of a training project as well as new jobs training program activities of an individual community college district. These include:

- the negotiation of a training activities proposal with the employer;
- submission of the proposal and a related report;
- advertising, interviewing and selecting staff for the project;
- procuring materials and services for the project;
- direct clerical support; and,
- mileage for the travel of administrative and supervisory project staff.

4 CSR 195-3.010(4)(I)

However, this summary does not adequately describe the effort required to manage and administer the New Jobs Training Program and its individual projects. A finer identification of administrative activities is drawn from a closer look at the rules published by the Department of Economic Development. These rules indicate that any Missouri community college participating in the Missouri Community College New Jobs Training Program must bear responsibility for the following support activities:

- Determining training eligibility for participation in the Missouri Community College New Jobs Training Program;
- Monitoring each training project to ensure that funds are used in accordance with the Rules and the training agreement;
- Providing quarterly and annual reports and other reports as requested by DED;
- Including an annual financial audit that contains each project's Missouri Community Colleges New Jobs Training Program Activities as part of the regular audit of the community college district;
- Identify and reconcile balances in the special funds and accounts for each project;
- Notifying the employer, DED and DOR when the new jobs credit from withholding has expired or when the certificate has been retired;
- Submitting to DOR any excess funds upon project completion;
- Complying with all other legal and financial requirements identified pursuant to State statute and DED rules.

See 4 CSR 195-3.010 (1)(G)

In addition, Missouri community colleges incur additional administrative costs for:

- Time and travel related to marketing and discussion of the program—on behalf of the state—to many employers who don't follow through with a project, travel to state-called meetings and training sessions.

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- Time related to college executive oversight of the program in general and specific project activity as required.
- Acquiring and maintaining equipment necessary for these projects. This includes training equipment such as labs and computer and office equipment used by project staff in the various administrative functions.
- Facilities that are required for administrative staff, for training and storage, and for the maintenance and repair of training equipment. These are primarily sites on college property or on sites arranged by the college. These facilities also benefit other companies being served by DED.
- Additional college liabilities as a result of these projects. This is difficult to define, but as an example, some larger projects occasionally call for a substantial increase in personnel time and resources. The amount of other personnel involvement varies by project and is not always just a function of the issuance amount, but is tied to other factors including training issues and documentation issues. Other liabilities include worker compensation, additional insurance, and other legal and financial liability exposure.
- Project supervision, including initial employer contact, meetings with employers, direct supervision of on-site staff and numerous meetings with many levels within companies.
- Management information system, including securing all employer and employee information required by various agencies. It also includes the costs of gathering, compiling, entering and disseminating this information.
- Finance and accounting, includes the cost of maintaining the financial and accounting system and generating management reports regarding training. It would also include the cost of preparing expenditure reports to the state.
- Purchasing, including the cost of processing requests to purchase supplies, equipment and materials for training projects. The cost of drawing up bid specifications and bidding is included here.
- Review of company invoices and preparation and processing of requisitions for reimbursement to the trustee.
- Contract management, including the cost of preparing proposals, contracts, assisting with requests for training. Preparing the initial project budget and processing revisions to projects notification to companies and state.
- Personnel, including the cost of recruiting, advertising, interviewing and selecting staff to work on projects. The cost of processing personnel information and forms would also be included.
- General office support, including the general costs of maintaining a central office for operational support. This would include staff to answer phones and other communication devices, filing, word processing and correspondence, scheduling and other miscellaneous office functions. It would also include basic office supplies to support this activity, annual audits and annual trustee fees.

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Beyond the immediate activities of a New Jobs Training Program project, Missouri community colleges have additional responsibilities required within each project's program agreement. These responsibilities include but are not limited to the following:

- Maintaining and storage of records and documentation for five years beyond project completion or up to 15 years total for each project;
- Additional legal and financial reporting responsibilities related to issuance of training certificates by the community colleges;
- Legal liabilities related to unforeseen future conflicts that may arise from any project.
- Direct and continuous monitoring of projects including:
 - ◆ Document and validate all training;
 - ◆ Notify the Division of Job Development and Training and the Department of Revenue of all significant changes to training project as defined in 4 CSR 195-3.010(18);
 - ◆ Continuously monitor employee levels throughout the life of the project;
 - ◆ Monitor average wages of new jobs created for each project;
 - ◆ Monitoring that funds are correctly distributed to each project;
 - ◆ Dealing with numerous changes in company personnel;
 - ◆ Monitoring to ensure that the trust indenture is being administered correctly with regard to retiring or redeeming outstanding Certificates.

The accounting, reporting and financial oversight requirements last until the final report is filed, the last bond is paid off and any remaining balance returned to the Department of Revenue.

The characteristics of all the administrative costs identified above illustrate the complexity and difficulty community colleges have in attempting to identify and track all the expenses related to administering the Missouri Community Colleges New Jobs Training Program projects. While some colleges attempt to do this, it is a daunting task. Experience has shown that additional personnel time and resources are required to accurately identify and quantify all the various types of costs associated with projects. Additionally, since each project is unique, the tracking of all administrative costs associated with these projects becomes even more complex.

1.3 Add project oversight language to state regulations to help insure adequate oversight of projects by the community colleges.

Response:

Community Colleges have regularly and willingly provided the Department with information it requests in a timely fashion. In addition, Community Colleges and the Department have worked closely together to identify relevant and useful information that needs to be monitored and reported on a regular basis. Both parties have been cooperative in evaluating suggestions and making relevant improvements to the reporting process. We have noted the auditor's suggestions

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for improvement and the Community Colleges can continue to insure adequate oversight without changing state regulations.

We believe that steps such as the following are a preferable way to achieve improved compliance with program requirements. Several of the colleges have independently instituted steps to track job creation and retention through joint tracking of the MO-JTC reporting with the trustee. Employer reports received by the trustee place it in a good position to serve as compliance monitor together with the college.

A recent revision to form MO-JTC (initiated through a collaborative request by the colleges and the Department) will abate this concern. Employers participating in the Missouri Community College New Jobs Training Program are now required to report the total number of new jobs and the average wage of the new jobs for each tax period in the program. All community colleges will now have the necessary information to accurately and consistently verify that employers have created the number of new jobs approved in the agreement. Also, this revision will help ensure that the employers maintain those new jobs throughout the life of the project.

Finally, it was the colleges that took the lead in suggesting the current format for the information that is contained in the annual report to show detailed activity for each project.

1.4 Implement a mechanism to hold the community colleges accountable for providing adequate project oversight.

Response:

The successful history and future of the New Jobs Training Program relies on the partnership and cooperative relationship between the Community Colleges and the Department. The Community Colleges have always, and will continue, to work with the Department to insure adequate project oversight.

We have noted the auditor's suggestions for improvement and will continue to take further steps to assure adequate project oversight. It is not necessary to formally implement a mechanism to hold the Community Colleges accountable for providing adequate project oversight.

The respective college boards are acutely aware of the potential damage to their college's credit and reputation, and to the standing of the New Jobs Training Program should any certificates default due to failure of an employer to meet its obligations. This is true even where an employer buys its own certificates and bears the only financial risk. The colleges already have significant incentive to assure that the program requirements are met.

Oversight is defined by the rules, program agreement and indentures. It is the responsibility of the college to act in accordance with these requirements. If corrective action is needed, it will be noted and implemented.

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1.5 Ensure the “clawback” provisions are included in all of the contracts between the colleges and the companies and pursue reimbursements for the unfulfilled project commitments by timely enforcing the “clawback” provisions of the project agreements.

Response:

We agree that Section 620.017 RSMo. has been in effect since 1992, but the New Jobs Training Statute does not include a “clawback” requirement, and the Department did not instruct that this covenant be incorporated into the project agreements until much later. We have included the “clawback” provisions in all program agreements since the express directive was received on this issue from the Department. The specific document provisions distributed by the Department are used for consistency among projects. However, we believe that it is the Department rather than the Community Colleges which ultimately makes enforcement determinations. The colleges do not have the authority to "to enforce reimbursements". We can and do provide the Department with all requested information related to a project in order for the Department to evaluate the situation and determine whether a project falls under the program agreement provision allowing that: "the Employer may be exempted wholly or in part from such repayment upon submission of documented proof to the Director of DWD of unforeseen economic events due to factors beyond the Employer's control, such as loss of contracts, significant loss of profits or decreased demand for products or services. The Director of DWD shall have the authority and discretion for final determinations as to exemption from repayment." In situations in which the department feels the exemption does not apply, it is the responsibility of the state and not the colleges to enforce the "Clawback".



**SHANNON COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-31
April 4, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Shannon, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Shannon County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Problems with county financial records and procedures have been noted in past audit reports; however, little or no improvement has been made. The accounting records prepared by the County Clerk and County Treasurer for the years ended December 31, 2001, and 2000 did not reconcile. Additionally, the County Clerk and the County Commission did not maintain supporting documentation for various county expenditures, and did not maintain lease agreements and records documenting payments made and balances due on lease agreements.
- Numerous inaccuracies and deficiencies were noted in the information presented in the county's budget documents for 2001 and 2000. Such inaccurate financial information did not provide the County Commission with sufficient information to make informed decisions for the county and did not provide the citizens of Shannon County with reliable information about the county's finances.
- As similarly noted in prior audit reports, the financial condition of the county's General Revenue Fund remains weak. Also, the county has not taken into consideration the additional liabilities of the General Revenue Fund resulting from errors made in past and current audits. The county's current General Revenue Fund balance is not sufficient to pay back these amounts owed. In addition to the General Revenue Fund, the County Commission approved expenditures in excess of available monies which resulted in deficit fund balances at December 31, 2001 and 2000 for various county funds.

(over)

YELLOW SHEET

- Controls and procedures over county expenditures are in need of improvement. Bids were not always solicited or advertised by the county nor was bid documentation retained for various purchases. Invoices were not always noted as paid or otherwise canceled upon payment. The county distributed Special Road and Bridge Fund property taxes pertaining to the applicable cities in the county without a written agreement and without monitoring the cities' use of these funds. Additionally, the County Clerk failed to include three federal grants on the schedule of federal awards.
- The county paid performance awards totaling \$30,500 to various road and bridge employees during the years ending December 31, 2001 and 2000. These performance payments or bonuses appear to represent additional compensation for services previously rendered and, as such, may violate the Missouri Constitution and an Attorney General's Opinion.
- Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996, due to the fact that their terms were increased from two years to four years. Based on this statute, in 1999 Shannon County's associate county commissioners salaries were each increased approximately \$8,110 yearly, according to information provided by the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that all raises given pursuant to this statute section are unconstitutional. Based on that decision, the raises given to each of the associate county commissioners, totaling \$16,220, should be repaid.

- The Sheriff maintained an account outside the county treasury for various accountable fees which were used to purchase a vehicle and to pay monthly access fees for a law enforcement system. Sheriff fees are not remitted to the County Treasurer on a timely basis, receipts are not deposited timely, and prenumbered receipt slips are not issued for some monies received. Adequate controls over seized property have not been established. Neither the Sheriff nor the County Treasurer routinely compares prisoner board billings to subsequent payments, and there are no written agreements with cities for boarding of prisoners.
- Prior audit reports have addressed the inadequacy of the county's property tax books and procedures. While the County Commission and the County Clerk previously responded that recommendations would be implemented, conditions have not improved. In addition the County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. Many significant problems were noted in the control procedures used by the County Collector to account for property tax collections, including the lack of appropriate reconciliations and timely distributions. Although many of these problems were noted in several previous audits, little attempt has been made to implement these prior recommendations.

Also included in the audit are recommendations related to county expenditure and budgetary practices, published financial statements, personnel policies and procedures, salary commission meeting minutes, general fixed assets, and recycling services. The audit also suggested improvements in the procedures of the County Clerk, Circuit Clerk and Ex Officio Recorder of Deeds', Prosecuting Attorney, Associate Circuit Division, County Treasurer, Health Center, and Senior Citizen Services Board.

SHANNON COUNTY, MISSOURI

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SHANNON COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Shannon County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Shannon County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

Except as discussed in the fourth paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Shannon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Shannon County.

The records of receipts and disbursements maintained by the County Treasurer and County Clerk contained numerous inaccuracies. Financial records maintained by the County Treasurer and the County Clerk, as well as the county's budget documents, did not agree. In addition, the County Clerk was not able to provide adequate supporting documentation for several county expenditures.

As a result, we were unable to satisfy ourselves with respect to proper classification or value of receipts and disbursements reported in various funds.

In our opinion, except for the effects, if any, on the financial statements of the matter discussed in the preceding paragraph, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Shannon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 2, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Shannon County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

October 2, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela A. Crawford, CPA
In-Charge Auditor:	Joyce L. Medlock
Audit Staff:	David Gregg
	Ted Fugitt, CPA
	Troy Royer
	Randal Schenewerk
	Michael Paytner



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Shannon County, Missouri

We have audited the special-purpose financial statements of various funds of Shannon County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated October 2, 2002. That report expressed a qualified opinion on the special-purpose financial statements. Except as discussed in that report, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Shannon County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as finding numbers 01-1, and 01-2. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Shannon County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings as finding numbers 01-1, 01-2, and 01-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding numbers 01-1, 01-2, and 01-3 to be material weaknesses. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Shannon County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

October 2, 2002 (fieldwork completion date)

Financial Statements

Exhibit A-1

SHANNON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 43,247	741,821	823,706	(38,638)
Special Road and Bridge	968,748	861,670	819,033	1,011,385
Assessment	10	79,889	79,768	131
Law Enforcement Training	1,200	2,623	7,270	(3,447)
Prosecuting Attorney Training	516	634	1,360	(210)
Shelter for Abused Victims	1,320	830	1,200	950
Prosecuting Attorney Sales Tax Collections	1,383	2,827	3,600	610
Sheriff Civil Fee	995	0	626	369
Recycling	(127)	5,125	7,626	(2,628)
Federal Forfeiture	1,460	0	1,460	0
Local Emergency Planning Commission	5,016	2,285	838	6,463
Sheriff Building	1,080	1,000	350	1,730
Special Law Enforcement	120	0	0	120
Health Center	504,893	1,010,699	909,903	605,689
Ex Officio Recorder of Deeds User Fees	4,201	3,390	1,475	6,116
Circuit Clerk Interest	3,038	740	0	3,778
Associate Circuit Division Interest	1,846	434	0	2,280
Senate Bill 40 Board	42,709	57,474	51,970	48,213
Law Library	2,263	3,280	3,366	2,177
Senior Citizens Board	0	24,622	22,742	1,880
Election	623	15,261	14,188	1,696
Total	\$ 1,584,541	2,814,604	2,750,481	1,648,664

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

SHANNON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 13,718	838,993	809,464	43,247
Special Road and Bridge	937,317	788,907	757,476	968,748
Assessment	(669)	77,884	77,205	10
Law Enforcement Training	4,951	4,532	8,283	1,200
Prosecuting Attorney Training	892	764	1,140	516
Shelter for Abused Victims	640	680	0	1,320
Prosecuting Attorney Sales Tax Collections	1,480	2,573	2,670	1,383
Sheriff Civil Fee	3,685	1,600	4,290	995
Recycling	262	840	1,229	(127)
Federal Forfeiture	1,946	4,532	5,018	1,460
Local Emergency Planning Commission	3,704	1,636	324	5,016
Sheriff Building	1,000	80	0	1,080
Special Law Enforcement	2,456	1,096	3,432	120
Health Center	426,882	894,925	816,914	504,893
Ex Officio Recorder of Deeds User Fees	3,784	3,526	3,109	4,201
Circuit Clerk Interest	2,377	661	0	3,038
Associate Circuit Division Interest	1,196	835	185	1,846
Senate Bill 40 Board	31,635	52,002	40,928	42,709
Law Library	1,454	3,705	2,896	2,263
Election	0	30,111	29,488	623
Total	\$ 1,438,710	2,709,882	2,564,051	1,584,541

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

SHANNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 2,598,100	2,771,441	173,341	2,358,197	2,622,888	264,691
DISBURSEMENTS	2,713,114	2,710,185	2,929	2,393,274	2,487,307	(94,033)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(115,014)	61,256	176,270	(35,077)	135,581	170,658
CASH, JANUARY 1	827,857	1,581,655	753,798	769,266	1,402,165	632,899
CASH, DECEMBER 31	712,843	1,642,911	930,068	734,189	1,537,746	803,557
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	153,500	65,353	(88,147)	131,000	148,351	17,351
Sales taxes	190,000	207,617	17,617	190,000	195,095	5,095
Intergovernmental	175,200	184,017	8,817	180,900	160,629	(20,271)
Charges for services	140,600	147,137	6,537	138,300	151,483	13,183
Interest	3,000	3,734	734	7,500	5,869	(1,631)
Other	1,025	7,563	6,538	4,800	49,696	44,896
Transfers in	26,400	126,400	100,000	26,400	127,870	101,470
Total Receipts	689,725	741,821	52,096	678,900	838,993	160,093
DISBURSEMENTS						
County Commission	63,530	62,136	1,394	61,619	63,690	(2,071)
County Clerk	45,425	44,280	1,145	44,128	45,191	(1,063)
Elections	4,100	4,195	(95)	24,400	21,341	3,059
Buildings and grounds	38,500	45,770	(7,270)	43,102	44,990	(1,888)
Employee fringe benefits	111,000	128,894	(17,894)	77,220	103,353	(26,133)
County Treasurer	21,990	21,915	75	21,890	21,832	58
County Collector	51,690	52,910	(1,220)	50,738	52,044	(1,306)
Ex Officio Recorder of Deeds	12,428	12,130	298	12,332	12,295	37
Circuit Clerk	10,000	5,205	4,795	14,625	7,949	6,676
Associate Circuit Court	9,600	7,611	1,989	7,825	7,364	461
Court administration	1,110	554	556	1,155	553	602
Public Administrator	16,700	16,240	460	11,132	12,174	(1,042)
Sheriff	133,800	200,796	(66,996)	129,265	194,160	(64,895)
Jail	24,975	45,422	(20,447)	24,600	54,716	(30,116)
Prosecuting Attorney	57,450	56,996	454	54,602	57,419	(2,817)
Juvenile Officer	36,790	32,921	3,869	34,624	30,882	3,742
County Coroner	10,975	9,172	1,803	7,553	7,946	(393)
Public Defender	1,362	2,028	(666)	1,038	1,882	(844)
Court Reporter	465	399	66	430	294	136
Other	44,900	49,616	(4,716)	37,850	53,214	(15,364)
Transfers out	16,000	10,000	6,000	18,000	16,175	1,825
Emergency Fund	15,000	0	15,000	15,000	0	15,000
Unidentified amount	0	14,516	(14,516)	0	0	0
Total Disbursements	727,790	823,706	(95,916)	693,128	809,464	(116,336)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(38,065)	(81,885)	(43,820)	(14,228)	29,529	43,757
CASH, JANUARY 1	43,164	43,247	83	21,755	13,718	(8,037)
CASH, DECEMBER 31	5,099	(38,638)	(43,737)	7,527	43,247	35,720

Exhibit B

SHANNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	126,700	128,653	1,953	99,300	126,409	27,109
Intergovernmental	646,300	639,594	(6,706)	626,600	644,620	18,020
Interest	14,000	54,928	40,928	9,000	17,176	8,176
Other	0	14,148	14,148	0	702	702
Unidentified amount	0	24,347	24,347	0	0	0
Total Receipts	787,000	861,670	74,670	734,900	788,907	54,007
DISBURSEMENTS						
Salaries	272,902	254,444	18,458	245,000	237,514	7,486
Employee fringe benefits	77,069	69,613	7,456	68,000	67,024	976
Supplies	127,600	135,190	(7,590)	122,500	126,182	(3,682)
Insurance	17,686	40,257	(22,571)	17,110	17,649	(539)
Equipment repairs	0	3,491	(3,491)	0	18,761	(18,761)
Equipment purchases	64,649	49,631	15,018	80,600	56,341	24,259
Construction, repair, and maintenance	123,500	103,510	19,990	56,690	82,515	(25,825)
Distributions to cities	30,000	29,023	977	30,000	0	30,000
Other	16,594	11,074	5,520	10,100	16,725	(6,625)
Transfers out	22,800	122,800	(100,000)	22,800	122,800	(100,000)
Emergency Fund	100,000	0	100,000	100,000	0	100,000
Unidentified amount	0	0	0	0	11,965	(11,965)
Total Disbursements	852,800	819,033	33,767	752,800	757,476	(4,676)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(65,800)	42,637	108,437	(17,900)	31,431	49,331
CASH, JANUARY 1	205,665	968,748	763,083	295,295	937,317	642,022
CASH, DECEMBER 31	139,865	1,011,385	871,520	277,395	968,748	691,353
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	60,200	69,889	9,689	55,697	61,709	6,012
Transfers in	16,000	10,000	(6,000)	18,000	16,175	(1,825)
Total Receipts	76,200	79,889	3,689	73,697	77,884	4,187
DISBURSEMENTS						
Assessor	74,838	79,768	(4,930)	73,394	77,205	(3,811)
Total Disbursements	74,838	79,768	(4,930)	73,394	77,205	(3,811)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,362	121	(1,241)	303	679	376
CASH, JANUARY 1	10	10	0	15	(669)	(684)
CASH, DECEMBER 31	1,372	131	(1,241)	318	10	(308)

Exhibit B

SHANNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,400	1,358	(42)	0	1,371	1,371
Charges for services	3,200	1,265	(1,935)	6,000	3,161	(2,839)
Total Receipts	4,600	2,623	(1,977)	6,000	4,532	(1,468)
DISBURSEMENTS						
Sheriff	5,600	7,270	(1,670)	8,500	8,283	217
Total Disbursements	5,600	7,270	(1,670)	8,500	8,283	217
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	(4,647)	(3,647)	(2,500)	(3,751)	(1,251)
CASH, JANUARY 1	1,200	1,200	0	4,951	4,951	0
CASH, DECEMBER 31	200	(3,447)	(3,647)	2,451	1,200	(1,251)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	725	634	(91)	500	764	264
Total Receipts	725	634	(91)	500	764	264
DISBURSEMENTS						
Prosecuting Attorney	1,000	1,360	(360)	1,200	1,140	60
Total Disbursements	1,000	1,360	(360)	1,200	1,140	60
RECEIPTS OVER (UNDER) DISBURSEMENTS	(275)	(726)	(451)	(700)	(376)	324
CASH, JANUARY 1	516	516	0	892	892	0
CASH, DECEMBER 31	241	(210)	(451)	192	516	324
<u>SHELTER FOR ABUSED VICTIMS FUND</u>						
RECEIPTS						
Charges for services	600	830	230	600	680	80
Total Receipts	600	830	230	600	680	80
DISBURSEMENTS						
Domestic violence shelter	800	1,200	(400)	800	0	800
Total Disbursements	800	1,200	(400)	800	0	800
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	(370)	(170)	(200)	680	880
CASH, JANUARY 1	1,300	1,320	20	640	640	0
CASH, DECEMBER 31	1,100	950	(150)	440	1,320	880
<u>PROSECUTING ATTORNEY SALES TAX COLLECTIONS FUND</u>						
RECEIPTS						
Charges for services	2,500	2,827	327	1,500	2,573	1,073
Total Receipts	2,500	2,827	327	1,500	2,573	1,073
DISBURSEMENTS						
Transfers out	3,600	3,600	0	2,400	2,670	(270)
Total Disbursements	3,600	3,600	0	2,400	2,670	(270)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,100)	(773)	327	(900)	(97)	803
CASH, JANUARY 1	1,383	1,383	0	1,480	1,480	0
CASH, DECEMBER 31	283	610	327	580	1,383	803

Exhibit B

SHANNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF CIVIL FEE FUND</u>						
RECEIPTS						
Charges for services	5,000	0	(5,000)	1,500	1,600	100
Total Receipts	5,000	0	(5,000)	1,500	1,600	100
DISBURSEMENTS						
Sheriff	5,000	626	4,374	3,500	4,290	(790)
Total Disbursements	5,000	626	4,374	3,500	4,290	(790)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(626)	(626)	(2,000)	(2,690)	(690)
CASH, JANUARY 1	509	995	486	3,685	3,685	0
CASH, DECEMBER 31	509	369	(140)	1,685	995	(690)
<u>RECYCLING FUND</u>						
RECEIPTS						
Intergovernmental	0	4,236	4,236	0	53	53
Charges for services	950	889	(61)	1,200	787	(413)
Total Receipts	950	5,125	4,175	1,200	840	(360)
DISBURSEMENTS						
Salaries	0	5,873	(5,873)	0	0	0
Operating expenses	800	1,753	(953)	1,200	1,229	(29)
Total Disbursements	800	7,626	(6,826)	1,200	1,229	(29)
RECEIPTS OVER (UNDER) DISBURSEMENTS	150	(2,501)	(2,651)	0	(389)	(389)
CASH, JANUARY 1	(127)	(127)	0	262	262	0
CASH, DECEMBER 31	23	(2,628)	(2,651)	262	(127)	(389)
<u>FEDERAL FORFEITURE FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	4,532	4,532
Total Receipts	0	0	0	0	4,532	4,532
DISBURSEMENTS						
Sheriff	1,900	1,460	440	1,900	5,018	(3,118)
Total Disbursements	1,900	1,460	440	1,900	5,018	(3,118)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,900)	(1,460)	440	(1,900)	(486)	1,414
CASH, JANUARY 1	1,946	1,460	(486)	1,946	1,946	0
CASH, DECEMBER 31	46	0	(46)	46	1,460	1,414

Exhibit B

SHANNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	1,500	2,285	785	2,000	1,636	(364)
Total Receipts	1,500	2,285	785	2,000	1,636	(364)
DISBURSEMENTS						
Equipment	1,600	838	762	2,000	324	1,676
Total Disbursements	1,600	838	762	2,000	324	1,676
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	1,447	1,547	0	1,312	1,312
CASH, JANUARY 1	5,016	5,016	0	3,704	3,704	0
CASH, DECEMBER 31	4,916	6,463	1,547	3,704	5,016	1,312
<u>SHERIFF BUILDING FUND</u>						
RECEIPTS						
Other	1,000	1,000	0			
Total Receipts	1,000	1,000	0			
DISBURSEMENTS						
Supplies	0	350	(350)			
Total Disbursements	0	350	(350)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	650	(350)			
CASH, JANUARY 1	1,160	1,080	(80)			
CASH, DECEMBER 31	2,160	1,730	(430)			
<u>SPECIAL LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Charges for services	0	0	0			
Total Receipts	0	0	0			
DISBURSEMENTS						
Prosecuting Attorney	300	0	300			
Total Disbursements	300	0	300			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	0	300			
CASH, JANUARY 1	420	120	(300)			
CASH, DECEMBER 31	120	120	0			

Exhibit B

SHANNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	52,000	54,429	2,429	50,000	49,895	(105)
Intergovernmental	883,800	925,668	41,868	777,000	814,591	37,591
Charges for services	6,100	2,513	(3,587)	4,100	5,209	1,109
Interest	28,000	26,327	(1,673)	21,000	24,225	3,225
Other	1,200	1,762	562	300	1,005	705
Total Receipts	971,100	1,010,699	39,599	852,400	894,925	42,525
DISBURSEMENTS						
Salaries	756,386	715,309	41,077	649,252	629,927	19,325
Office equipment	65,000	84,009	(19,009)	60,800	54,338	6,462
Equipment	31,000	23,019	7,981	34,000	25,885	8,115
Mileage and training	20,900	22,365	(1,465)	21,000	20,071	929
Contract services	43,000	31,348	11,652	50,000	39,912	10,088
Other	46,300	33,853	12,447	28,400	46,781	(18,381)
Total Disbursements	962,586	909,903	52,683	843,452	816,914	26,538
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,514	100,796	(13,084)	8,948	78,011	15,987
CASH, JANUARY 1	513,593	504,893	(8,700)	426,882	426,882	0
CASH, DECEMBER 31	522,107	605,689	83,582	435,830	504,893	69,063
<u>EX OFFICIO RECORDER OF DEEDS USER FEES FUND</u>						
RECEIPTS						
Charges for services	3,500	3,390	(110)	3,000	3,526	526
Total Receipts	3,500	3,390	(110)	3,000	3,526	526
DISBURSEMENTS						
Ex Officio Recorder of Deeds	4,500	1,475	3,025	4,500	3,109	1,391
Total Disbursements	4,500	1,475	3,025	4,500	3,109	1,391
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	1,915	2,915	(1,500)	417	1,917
CASH, JANUARY 1	4,520	4,201	(319)	4,103	3,784	(319)
CASH, DECEMBER 31	3,520	6,116	2,596	2,603	4,201	1,598
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	600	740	140	800	661	(139)
Total Receipts	600	740	140	800	661	(139)
DISBURSEMENTS						
Circuit Clerk	3,500	0	3,500	2,500	0	2,500
Total Disbursements	3,500	0	3,500	2,500	0	2,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,900)	740	3,640	(1,700)	661	2,361
CASH, JANUARY 1	3,174	3,038	(136)	2,513	2,377	(136)
CASH, DECEMBER 31	274	3,778	3,504	813	3,038	2,225

Exhibit B

SHANNON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	600	434	(166)	1,200	835	(365)
Total Receipts	600	434	(166)	1,200	835	(365)
DISBURSEMENTS						
Circuit Clerk	1,500	0	1,500	2,000	185	1,815
Total Disbursements	1,500	0	1,500	2,000	185	1,815
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	434	1,334	(800)	650	1,450
CASH, JANUARY 1	1,699	1,846	147	1,143	1,196	53
CASH, DECEMBER 31	799	2,280	1,481	343	1,846	1,503
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Charges for services	51,000	55,465	4,465			
Interest	1,500	2,009	509			
Total Receipts	52,500	57,474	4,974			
DISBURSEMENTS						
Construction	28,700	17,270	11,430			
Contract services	36,300	34,700	1,600			
Total Disbursements	65,000	51,970	13,030			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,500)	5,504	18,004			
CASH, JANUARY 1	42,709	42,709	0			
CASH, DECEMBER 31	30,209	48,213	18,004			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

SHANNON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Shannon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senior Citizens Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Building	2000
Special Law Enforcement	2000
Senate Bill 40 Board	2000
Election	2001 and 2000
Law Library	2001 and 2000
Senior Citizens Board	2001
Warrants issued were in excess of budgeted amounts for the following funds:	

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue	2001 and 2000
Special Road and Bridge	2000
Assessment	2001 and 2000
Law Enforcement Training	2001
Prosecuting Attorney Training	2001
Shelter For Abused Victims	2001
Prosecuting Attorney Sales Tax	
Collections	2000
Sheriff Civil Fee	2000
Recycling	2001 and 2000
Federal Forfeiture	2000
Sheriff Building	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center	2001
Senate Bill 40 Board	2001
Senior Citizens Board	2001
Election	2001 and 2000
Law Library	2001 and 2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that

order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance, by collateral securities held by the county's custodial bank in the county's name, or by commercial insurance provided through a surety bond.

The Health Center Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance, by collateral securities held by the custodial bank in the Board's name, or by commercial insurance provided through a surety bond.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

The Senate Bill 40 Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance, by collateral securities held by the custodial bank in the Board's name, or by commercial insurance provided through a surety bond.

The Senior Citizens Board's deposits at December 31, 2001, were entirely covered by federal depository insurance, by collateral securities held by the custodial bank in the Board's name, or by commercial insurance provided through a surety bond.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustment

The General Revenue Fund cash balance at January 1, 2000, as previously stated has been decreased by \$3,704 to reflect the Local Emergency Planning Commission Fund as a separate fund.

Schedule

SHANNON COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2001 AND 2000

This schedule includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

01-1.	County Financial Records and Procedures
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Problems with county financial records and procedures have been noted in past audit reports; however, little or no improvement has been made and similar problems still existed during the current audit. The accounting records prepared by the County Clerk and County Treasurer for the years ended December 31, 2001, and 2000 did not reconcile. Bank reconciliations were not adequately documented, and the semi-annual settlements (SAS) were not properly reviewed. Additionally, the County Clerk and the County Commission did not maintain supporting documentation for various county expenditures.

- A. The County Clerk and County Treasurer do not reconcile their accounting records. Cash balances did not reconcile as a result of differences between receipts and disbursements recorded by each official. As a result, errors on the semi-annual settlements prepared by the County Treasurer and errors on actual amounts reported on the budgets prepared by the County Clerk went undetected. Both officials' records were inaccurate at times and varied from actual revenues, expenditures, and cash balances per audit. Adjustments have been made to the audited financial statements to correct these errors.

The County Clerk only maintains an account book with the County Treasurer for the General Revenue Fund, the Special Road and Bridge Fund, and the Assessment Fund. The County Clerk and County Treasurer indicated they reconciled their accounting records; however, they did not maintain documentation of the reconciliations. Considering the differences between the County Clerk and County Treasurer's records noted below, it is unclear how these records could have been reconciled. Some of the larger differences noted between the County Treasurer's and County Clerk's records are as follows:

Years Ending <u>December 31,</u>	Fund	County Treasurer's Semi- Annual <u>Settlement</u>	County Clerk's Actual Per <u>Budget</u>	<u>Difference</u>
2001	General Revenue receipts	\$ 777,875	741,821	36,054
2001	General Revenue disbursements	859,761	809,190	50,571
2000	Special Road and Bridge receipts	788,907	885,392	(96,485)
2000	Special Road and Bridge disbursements	775,023	745,511	29,512

Section 51.150.1, RSMo 2000 requires the County Clerk to keep regular accounts with the County Treasurer. To provide the type of check-and-balance system required by state law, to ensure errors and omissions are detected on a timely basis, and to provide accurate financial reporting, the County Clerk and the County Treasurer should regularly reconcile their accounting records.

Although the County Clerk and County Treasurer indicated in the prior audit that they had implemented reconciliation procedures and the County Clerk indicated she would begin maintaining account books for all funds in 2001, we found no evidence that any action has been taken.

- B. The County Treasurer prepares a SAS, which is a report to the County Commission of the receipts, disbursements, and ending cash balances of all funds and provides a reconciliation of how the total of these ending fund cash balances agree to the bank account balances. During our review of the SAS and the related bank reconciliation, the following concerns were noted:

- The total of the ending cash balances for all funds on the SAS did not agree to the bank reconciliation portion of the SAS. In addition, the County Treasurer did not retain documentation of reconciling items included on the bank reconciliations such as adjusting items or outstanding checks. Upon our request, he prepared a listing of these reconciling items; however, it was inaccurate. Formal detailed bank reconciliations, including documentation of reconciling items, are necessary to ensure accounting records are in agreement with bank records and to identify errors in a timely manner. In addition, the SAS should be reconciled to bank records to ensure accounting records are accurate and complete.
- While the County Treasurer indicated copies of the SAS are submitted to the County Clerk, there was no evidence that a review was performed by the County Clerk or the County Commission. Section 54.150, RSMo 2000, provides that the County Treasurer shall settle his accounts with the County Commission semiannually.

Although the County Treasurer concurred with our recommendation in the prior audit, we found no evidence that any action has been taken. Had the County Clerk and County Treasurer made better attempts to keep and reconcile their records, the errors noted above could have been detected and corrected in a timely manner.

- C. The county did not obtain adequate supporting documentation for the following county related expenditures:

<u>Item or Service</u>	<u>Amount</u>
Property and liability insurance-2001	\$24,492
Property and liability insurance-2000	17,273
Two used trucks	12,500
City road distribution	6,717
Road materials	3,940
Heating fuel	1,795
Software maintenance	1,600
Bridge construction	1,327
Lodging for Sheriff's training	568

Numerous expenditures had poor documentation. For example, the county paid \$12,500 in January 2000 to a local vendor for used trucks based on pieces of notebook paper with the purchase price and the name of the used car vendor handwritten at the top. Other expenditures also had poor documentation such as the purchase price and the vendor name handwritten on the back of a business card or a piece of notebook paper, and insurance policies were not retained.

Some expenditures were made with out supporting documentation. While several of these expenditures were recurring in nature, other non-reoccurring expenditures including the city road distribution, road materials, and bridge construction were paid by the county without any documentation to support the payment.

In addition, as noted below, the county did not maintain lease agreements and records documenting payments made and balances due on all lease agreements to ensure funds were only expended for valid expenditures and to monitor when payments were made.

- The county paid an invoice totaling \$4,050 in July 2001 for a radio dispatching system lease without researching prior lease payments or reviewing the lease agreement to determine if any amounts were due. The County Sheriff and County Clerk indicated the county had already made the final lease payment on this system in 1998; however, the county can not locate the lease agreement, cancelled checks, or other supporting documentation to support the final payment of this lease. No payments appear to have been made to this vendor in the past several years to indicate that this lease had not been paid off. The County Commission should review the county's records to determine the status of this lease and contact this vendor and seek reimbursement of this overpayment, if needed.
- The county received a letter from a vendor on May 23, 2002 indicating the county failed to make a scheduled lease payment totaling \$47,573 for two road graders. A second letter was received on June 2, 2002 indicating payment had never been received and requested the county to submit payment within five days or the company would exercise their rights under the agreement to repossess the equipment. Finally on June 6, 2002, the

county issued a check for the lease payment.

- The County Clerk also could not provide us with documentation of other various lease agreements entered into by the county.

All expenditures should be supported by paid receipts or vendor-provided invoices. In addition, the county should maintain lease agreements and records documenting payments made and balances due on all lease agreements to ensure the County Commission only expends funds for valid expenditures and monitors when lease payments are made.

- D. The County Treasurer made numerous transfers between county funds totaling \$136,400 and \$144,045 during the years ending December 31, 2001 and 2000, respectively, without documented authorization from the County Commission or other adequate supporting documentation. Some transfers were made upon the verbal order of the County Commission; however, there was no mention of such orders in the County Commission minutes. Other transfers were specifically initiated by the County Treasurer. To ensure the validity and propriety of transfers, written approval should be obtained from the County Commission before transfers are made between county funds, and when necessary, adequate supporting documentation for the transfer should be maintained.

WE RECOMMEND:

- A. The accounting records of the County Clerk and County Treasurer should be periodically reconciled and all reconciling items documented and fully investigated.
- B. The County Treasurer reconcile the SAS to the bank account balances, and document detailed monthly bank reconciliations including listings of outstanding checks and adjusting items. In addition, the County Commission should review and approve the Treasurer's SAS.
- C. The County Commission ensure adequate supporting documentation is obtained to ensure all expenditures are valid and appropriate uses of county funds. In addition, maintain lease agreements and records documenting lease payments made and balances due for all leases. Further, the County should seek reimbursement from the vendor for the overpayment of \$4,050, if needed.
- D. The County Commission ensure a written order is prepared for any interfund transfers made.

AUDITEE'S RESPONSE

The County Commission, the County Treasurer, and the County Clerk provided the following responses:

- A. The Treasurer and the current County Clerk started reconciling monthly in January 2003.*
- B.1. The Treasurer started reconciling bank records to the SAS on a monthly basis in January 2003*
 - 2. The County Commission will start documenting their review immediately.*
- C. The current County Clerk implemented an organized filing system for current county invoices and lease agreements and payments in January 2003. The County Commission indicated they would take the possible \$4,050 overpayment under advisement with the Prosecuting Attorney.*
- D. This was implemented in January 2003.*

01-2. County Budgetary Practices

The County Clerk and County Commission are responsible for preparing and approving a county budget which serves as a complete financial plan for the county. Numerous inaccuracies and deficiencies as a result of poor bookkeeping were noted in the information presented in the county's budget documents for 2001 and 2000. This inaccurate financial information did not provide the County Commission with sufficient information to make informed decisions for the county and did not provide the citizens of Shannon County with reliable information about the county's finances. These inaccuracies and deficiencies included the following:

- A.1. The county does not have procedures in place to ensure the county's budget documents are properly prepared and that they accurately present financial activity of the county. In numerous instances it was not clear where actual amounts presented in the county's budgets were obtained, as they did not agree with any records maintained by the County Clerk or the County Treasurer. Numerous requests were made to the County Clerk to provide reasons for these amounts; however, no documentation or explanation was provided. For example, actual revenues and expenditures were under or overstated in various budgets prepared by the County Clerk by the amounts shown in the following table:*

<u>Year Ending December 31,</u>	<u>Fund</u>	<u>Actual per budget</u>	<u>Actual per audit</u>	<u>Difference</u>
2001	General Revenue Disbursements	\$ 809,190	823,706	14,516
2000	General Revenue Receipts	835,205	838,993	3,788
2001	Special Road and Bridge Receipts	805,995	861,670	55,675
2000	Special Road and Bridge Receipts	885,392	788,907	(95,485)
2000	Special Road and Bridge Disbursements	745,511	757,476	11,965

2. The available resources were significantly understated for several county funds. For example, the available resources of the county's Special Road and Bridge Fund were understated by approximately \$871,500 and \$691,300 for the years ending December 31, 2001 and 2000, respectively. The County Clerk failed to include the Special Road and Bridge Fund's certificates of deposits in the available resources. Adjustments have been made to the audited financial statements to correct these errors.
3. The county includes an emergency fund budget category within the Special Road and Bridge Fund estimated disbursements. The \$100,000 emergency fund budgeted annually is apparently used to provide funding to the General Revenue Fund as noted in Finding 01-3. These transfers have taken funds which are restricted to road and bridge purposes, and inappropriately used them for the county's general operating expenses.

In addition to being required by state law, complete and accurate budgets are essential for the County Commission and County Clerk to evaluate county operations and to project the anticipated needs of the county for the upcoming year. Complete and accurate budgets are also necessary to properly inform the county's citizens about the county's finances.

- B. The County Commission approved disbursements in excess of budgeted amounts for various funds during the years ending December 31, 2001 and 2000. Further, there was no evidence that the County Commission nor the County Clerk monitored disbursements adequately to ensure actual disbursements did not exceed budgeted amounts. Actual expenditures exceeded budgeted amounts in the following funds:

Fund	Year Ending December 31,	
	2001	2000
General Revenue	\$ 95,916	116,336
Special Road and Bridge	N/A	4,676
Assessment	4,930	3,811
Law Enforcement Training	1,670	N/A
Prosecuting Attorney Training	360	N/A
Shelter For Abused Victims	400	N/A
Prosecuting Attorney Sales Tax Collections	N/A	270
Sheriff Civil Fee	N/A	790
Recycling	6,826	29
Federal Forfeiture	N/A	3,118
Sheriff Building	350	N/A

It was ruled in State ex. Rel. Strong v. Cribbs, 364 Mo. 1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

To allow the budgets to be used as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures, valid reasons which necessitate excess disbursements should be provided to support amendments, and public hearings should be held prior to the adoption of all budget amendments.

WE RECOMMEND the County Commission:

- A. Ensure the budget document contains complete and accurate information about the county's finances and agrees to the County Treasurer's records. Discontinue using the emergency fund in the Special Road and Bridge fund to fund the General Revenue Fund. In addition, the County Commission and County Clerk should thoroughly review the budget document before it is finalized and filed with the State Auditor's Office.
- B. Ensure expenditures are kept within the amounts budgeted. If additional funds are received which could not be estimated when the budget was adopted, the County Commission should amend the budget by following procedures established by state law.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A.1
&2. *This will be implemented in January 2004.*
- 3. *The County Commission will take the emergency fund under advisement and check with other county commissions.*
- B. *This is being monitored monthly starting in January 2003.*

01-3. Financial Condition

- A. As similarly noted in prior audit reports, the financial condition of the county's General Revenue Fund remains weak. The following shows receipts, disbursements, and ending cash balances for the two years ended December 31, 2001:

Cash Balance, January 1, 2000	\$ 13,718
Receipts	838,993
Disbursements	<u>809,464</u>
Cash Balance, December 31, 2000	<u>43,247</u>
Receipts	741,821
Disbursements	<u>823,706</u>
Cash Balance, December 31, 2001	<u>(38,638)</u>

In anticipation of the declining financial condition, the County Commission submitted to the voters of Shannon County a one-half of one percent sales tax for the purpose of general operations. This sales tax was approved by the voters in

November 2000; however, it did not go into effect until October 1, 2001. In addition, the County Commission voluntarily reduced the general revenue property tax levy nine cents in 2001, as a result of promises made to voters if the sales tax was approved. According to the County Clerk, for 2002 the General Revenue Fund had actual revenues of \$1,014,027, expenditures of \$978,697, and an ending cash balance of (\$3,308). While revenues increased thirty seven percent as a result of the sales tax revenues generated, the county was unable to control its spending which increased nineteen percent.

The County Commission should closely monitor the financial condition of the General Revenue Fund by reviewing disbursements and reducing discretionary amounts where practical.

- B. The county has not taken into consideration the additional liabilities of the General Revenue Fund that resulted from errors made in past and current audits. These additional liabilities have contributed to the poor financial condition of the General Revenue Fund.

As described below, the General Revenue Fund owed \$302,598 and \$3,384 to the Special Road and Bridge Fund and the Sheriff Civil Fee Fund, respectively, at December 31, 2001. In addition, the General Revenue Fund owed the Missouri Office of Prosecuting Services (MOPS) \$9,000 at October 31, 2002. It does not appear the county's current General Revenue Fund balance is sufficient enough to payback these amounts owed.

- The County Commission transferred approximately \$97,000 and \$100,000 more than allowed under Section 50.515, RSMo 2000 from the Special Road and Bridge Fund to the General Revenue Fund for administrative service fees during the years ending December 31, 2001 and 2000, respectively. Section 50.515 allows the county to impose an administrative service fee on the Special Road and Bridge Fund. The administrative service fee shall not exceed three percent of the Special Road and Bridge Fund budget. These transfers have taken funds which are restricted to road and bridge purposes, and inappropriately used them for the county's general operating expenses. This is contrary to state law and the Missouri Constitution.
- As noted in our prior reports, payroll taxes from the General Revenue and Assessment Funds totaling \$105,166 and \$20,866, respectively, were deducted from the Special Road and Bridge Fund's bank account. This resulted in the General Revenue and Assessment Fund liability to the Special Road and Bridge Fund. The county has made no attempt to establish a repayment plan for these liabilities.

- The Associate Circuit Division collected \$2,444 and \$2,549 of Sheriff's civil fees during the years ending December 31, 2001 and 2000, respectively, however only \$1,600 was posted to the Sheriff Civil Fee Fund in 2000 and the remaining fees were posted to the General Revenue Fund. This resulted in a General Revenue fund liability to the Sheriff Civil Fee Fund totaling \$3,393 at December 31, 2001. Section 57.280, RSMo. 2000, requires counties to account for these fees separately and to ensure that the proceeds are spent on law enforcement purposes.
 - Section 56.807, RSMo 2000 requires counties to make monthly payments of \$375 to the MOPS for the Prosecuting Attorney's retirement fund. The county has not made the required payments to MOPS since October 2000 and as a result owes the MOPS \$9,000 as of October 31, 2002. In addition, in the future the county should make monthly payments of \$375 in accordance with state law.
- C. In addition to the General Revenue Fund, the County Commission approved expenditures in excess of available monies which resulted in deficit fund balances at December 31, 2001 and 2000 for various county funds, as follows:

Fund	Years Ending December 31,	
	2001	2000
Law Enforcement Training	\$ (3,447)	N/A
Prosecuting Attorney Training	(210)	N/A
Recycling	(2,628)	(127)

Counties are not authorized to have deficit fund balances. Article VI, Section 26 (a) of the Missouri Constitution states, "No county... shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years...." The County Commission should review fund balances prior to approving expenditures for all funds to prevent this situation from reoccurring.

WE AGAIN RECOMMEND the County Commission:

- A. Take the necessary steps to improve the financial condition of the county's funds.
- B. Develop a repayment plan for the money which is due from the General Revenue Fund and Assessment Fund to the Special Road and Bridge Fund, the Sheriff Civil Fee Fund, and the MOPS. In addition, the County Commission should ensure future administrative transfers do not exceed three percent of actual disbursements, civil fees collected are posted to the Sheriff Civil Fee Fund, and required payments are made to

- the MOPS.
- C. Take necessary steps to avoid deficit spending.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The County Commission is monitoring the financial condition of the General Revenue Fund on a monthly basis.*
- B. *Once the financial condition of the General Revenue Fund has stabilized, we will start setting up payment plans to pay back these liabilities.*
- C. *This was corrected in 2002.*

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

SHANNON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Shannon County, Missouri, on the applicable findings in our prior audit report issued for the two years ended December 31, 1999.

99-1. County Financial Records and Procedures

- A. The County Clerk and County Treasurer did not reconcile their accounting records, resulting in errors on the semi-annual settlements (SAS) prepared by the County Treasurer and on actual amounts reported on the budgets prepared by the County Clerk.
- B. The total of the ending cash balance for all funds on the SAS did not reconcile to the county's reconciled bank balances, and interest earned on Special Road and Bridge Fund monies held in certificates of deposit (CD's) was not properly recorded on the SAS. In addition, purchases and redemptions of CD's were included in actual revenues and expenditures on the semi-annual settlements , which overstated both the sources and uses of county funds.

Recommendations:

- A. Accounting records of the County Clerk and County Treasurer should be periodically reconciled and all reconciling items documented. In addition, the County Clerk should maintain an account book for all county funds.
- B. The County Treasurer reconcile the SAS to the bank account balances and records interest earned in a timely manner.

Status:

- A. Not implemented. See finding number 01-1.
- B. Partially implemented. Interest earned is recorded in a timely manner and redemptions and purchases of CD's were properly recorded in the 2002 budget; however, the County Treasurer has not reconciled the SAS to the bank account balances. See finding number 01-1.

99-2. County Payroll Tax Procedures

As of December 31, 1999, the Special Road and Bridge Fund was owed \$105,166 and \$20,866 by the General Revenue and Assessment Funds, respectively. The payroll taxes for all county employees were deducted from the Special Road and Bridge Fund's bank account

which resulted in the General Revenue and Assessment Fund liability to the Special Road and Bridge Fund.

Recommendation:

The County Treasurer obtain a transfer order to reimburse the Special Road and Bridge Fund for employee withholdings from the General Revenue Fund and Assessment Fund.

Status:

Partially implemented. Payroll taxes are deducted from the applicable county funds; however, the Special Road and Bridge Fund has not been reimbursed. See MAR finding number 01-3.

99-3. County Published Financial Statements

The county did not publish a financial statement for the year ended December 31, 1999. In addition, the county's published financial statements for the year ended December 31, 1998 did not include the Senate Bill 40 Board Fund and the Health Center Fund.

Recommendation:

The County Commission ensure complete financial statements are prepared and published annually.

Status:

Partially implemented. While the county published financial statements for the years ending December 31, 2001 and 2000, they did not publish the financial statements timely and did not include financial information for all funds. See MAR finding number 2.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

SHANNON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Shannon County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated October 2, 2002. That report expressed a qualified opinion on the special-purpose financial statements.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Shannon County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**County Expenditures**

Controls and procedures over county expenditures and federal financial assistance are in need of improvement. Bids were not always solicited or advertised by the county nor was bid documentation retained for various purchases. Invoices were not always noted as paid or otherwise canceled upon payment. Form 1099 Miscellaneous was not prepared by the county for bridge construction services and prisoner transportation services. The county distributed Special Road and Bridge Fund property taxes pertaining to the applicable cities in the county without a written agreement and without monitoring the cities' use of these funds.

In addition, the county paid for asphalt and rock on behalf of the City of Birch Tree and failed to bill for reimbursement, and the County Clerk failed to include three federal awards on the schedule of federal financial assistance.

- A. Bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases. Recurring regular business purchases and unusual or used items were not bid as follows:

<u>Item or Services</u>	<u>Cost</u>
Used pickup truck	\$8,500
Used 1987 Ford F-350 1-ton truck	7,500
Used 1991 ½-ton truck	5,000
Used road paver	5,000
Copy machine	5,530

Section 50.660, RSMo 2000, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- B. Invoices were not always noted as paid or otherwise canceled upon payment. The possibility that an invoice will be paid twice is increased when invoices are not properly canceled. To ensure against duplicate payment of bills, invoices should be marked paid when a check has been issued by the county.

- C. Form 1099 Miscellaneous was not prepared by the county for bridge construction services and prisoner transportation services totaling \$1,327 and \$806 during the years ending December 31, 2001 and 2000, respectively. Sections 6041 and 6051 of the Internal Revenue Code require payments of at least \$600 or more in one year to an individual for professional services or for services performed as a trade or business by nonemployees (other than corporations) be reported to the federal government on Form 1099.
- D. The County Collector collects Special Road and Bridge Fund property taxes pertaining to property within various cities' limits. The county distributed property taxes of approximately \$29,000 annually to applicable cities in the county without a written agreement and without monitoring the cities' use of these funds.

County officials indicate the distribution to the cities is made because the county does not maintain the roads in these cities. Article VI, Section 16, of the Missouri Constitution allows the county to contract with political subdivisions for the planning, development, acquisition, or operation of any public improvement or facility, or for a common service. Section 137.555 RSMo 2000, provides Special Road and Bridge funds may be used to improve and repair city streets that form a continuous county highway leading through a city. However, this statute also states the Special Road and Bridge Fund is only to be used for road and bridge purposes; and therefore, the County Commission continues to have a fiduciary responsibility to ensure Special Road and Bridge funds are expended appropriately.

A monitoring process is necessary to provide assurance county money distributed to other entities is used properly.

- E. The county expended \$57,938 in August and November 2000 for the purchase of asphalt and rock for the City of Birch Tree, and the invoices indicated the city owed the county \$22,382 for the city's portion of the costs. The county did not have any documentation of payment or why the reimbursement was not obtained.

The County Commission should review all invoices paid on behalf of the City of Birch Tree and bill them accordingly.

- F. Vehicle logs maintained by the Sheriff's office are not always complete. The vehicle logs maintained did not always include the beginning and ending odometer readings. Vehicle logs are necessary to document appropriate use of the vehicles and to support gasoline charges. The logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by a supervisor to ensure vehicles are used only for county business and help identify vehicles which should be

replaced. Information on the logs should be reconciled to gasoline purchases and other maintenance charges.

- G. The county submits a schedule of expenditures of federal awards to the State Auditor's Office along with its annual budget. The county administered three federal awards during the two years ending December 31, 2001 totaling \$28,789 which were not included on the schedule of expenditures of federal awards. The County Clerk and County Commission failed to adequately review this schedule for accuracy and completeness. For the schedule of expenditures of federal awards to adequately reflect the county's federal award expenditures, it is necessary that all expenditures be properly reported.

Conditions similar to Parts D. and G. were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Ensure invoices are properly cancelled upon payment.
- C. Ensure 1099 forms are issued in accordance with IRS regulations.
- D. Ensure monies are allocated to cities based upon written agreements which provide a method of monitoring city expenditures of road and bridge funds.
- E. Review all invoices paid on behalf of the City of Birch Tree and bill them accordingly.
- F. Ensure the Sheriff's office maintains complete mileage logs which would include the beginning and ending odometer readings.
- G. And County Clerk ensure all federal award expenditure amounts are properly recorded on the schedule of expenditures of federal awards.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A,C

&F. These were implemented in January 2003.

B. Invoices are currently being stamped paid upon payment.

- D. *This will be implemented by June 2003.*
- E. *The county road being worked on will be documented on the invoice in the future, and new procedures will be established on the way we bill to the cities and schools.*
- G. *They will review these forms for accuracy in January 2004.*

2. Budgetary Practices and Published Financial Statements
--

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 2001 and 2000. While most of these funds are not under the direct control of the County Commission, budgets for these funds are needed to comply with statutory provisions. There was no evidence that the County Clerk provided or requested budgets from other county officials or boards to be filed with her office.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing and obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.

- B. The county's annual published financial statements did not include the financial activity for some county funds and were not published on or before the first Monday in March of each year. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included. In addition, the publishing of complete and timely financial statements, besides meeting statutory requirements, provides information to citizens as to the operations of their county government and how tax dollars are spent.

Sections 50.800 and 50.810, RSMo 2000, require the county financial statements to be prepared and published in a local newspaper and show actual receipts or revenues, disbursements or expenditures, and beginning and ending balances for each county fund.

Similar conditions were noted in our prior reports. Although the County Commission and County Clerk stated they concurred with our prior recommendations, corrective action has not been taken.

WE AGAIN RECOMMEND the County Commission:

- A. Ensure budgets are prepared and obtained from other county officials or boards for all county funds as required by state law.

- B. Publish financial statements in accordance with state law and ensure all required financial information for all county funds is properly reported in the annual financial statements.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A&B. These were implemented January 2003.

3. Personnel Policies and Procedures

- A. The county paid performance awards totaling \$30,500 to various road and bridge employees during the years ending December 31, 2001 and 2000. In February 1999, the County Commission established guidelines for road and bridge employees to receive yearly performance compensation of \$1,000 in exchange for ensuring their equipment has 1000 hours on it by December 15 of each year, performing quality work, servicing assigned equipment regularly, treating residents with courtesy, arriving at work at 7:30 a.m. and taking a half hour lunch and leaving work at 4 p.m., and not conducting personal business during work hours.

These performance payments or bonuses appear to represent additional compensation for services previously rendered and, as such, may violate Article III, Section 39 of the Missouri Constitution and appear contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "... a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

- B. Except for law enforcement officers, the county's written policy authorizes regular pay instead of time and a half to be paid for compensatory time or holidays worked by nonexempt employees who work over the 40 hour work week. The FLSA requires the county to pay overtime compensation at time and a half to any nonexempt employee.
- C. Time records maintained by the county to account for hours worked by its employees are not adequate. Although road and bridge and hourly-paid employees prepare time sheets, most salaried employees do not complete time sheets or leave records. In addition, the time sheets prepared by road and bridge employees and hourly-paid employees are not always reviewed for accuracy by the County Clerk or the employee's supervisor. As a result, the County Commission has no documentation to support these payroll expenditures.

The FLSA requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. The time records should be prepared by the employee, approved by the applicable supervisor, and filed in a central location with the county's payroll records.

Conditions similar to Parts B. and C. were noted in prior reports. Although the County Commission and County Clerk stated they concurred with our prior recommendations, no corrective action has been taken.

WE RECOMMEND the County Commission:

- A. Discontinue the practice of paying bonuses to employees.
- B. Revise the county's compensatory time policy to ensure compliance with the FLSA.
- C. Require all county employees to complete timesheets which reflect actual time worked. The records should be prepared by the employees, approved by the applicable supervisor, and filed in a central location with the county's payroll records.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A&B. We will take these under advisement.

C. We will require time sheets to be filled out, signed by the employee and supervisor, and turned in to the County Clerk by April 1, 2003.

4. County Official's Compensation, Meeting Minutes, and Bonding
--

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Shannon County's Associate County Commissioners salaries were each increased approximately \$8,110 yearly, according to information provided by the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal

officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$16,220 for the two years ended December 31, 2001, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- B. Minutes were not prepared for the 2001 salary commission meeting although various county officials indicated a meeting was held. Section 50.333, RSMo 2000, requires the salary commission to meet at least once before November thirtieth of each odd-numbered year and the county clerk shall keep the minutes of the meeting.
- C. Various county employees who handle monies are not bonded. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.

WE RECOMMEND the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Ensure salary commission meetings minutes are maintained in accordance with state law.
- C. Review current bonds and ensure there is adequate bond coverage for all county employees with access to monies.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A&C. We will take these under advisement.

B. This was implemented January 1, 2003.

5. General Fixed Assets

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. The County Clerk has not updated the inventory listing of fixed assets held by county officials since 1997.

In addition, an annual inventory of all general fixed assets and quarterly inspections of county owned land and buildings have not been performed, and most fixed assets are not

properly numbered, tagged, or otherwise identified as county owned property.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section are to be signed by the County Clerk. Section 49.093, RSMo 2000, also provides for quarterly inspections by the County Commission of all land and buildings. In addition, property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

A similar condition was noted in the prior report.

WE AGAIN RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, quarterly inspections of all county land and buildings should be performed, and property control tags should be affixed.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will take inventories annually and will have an inventory list prepared by August 1, 2003.

6. Property Tax Books and Procedures

Prior audit reports have addressed the inadequacy of the county's property tax books and procedures. While the County Commission and County Clerk responded in the 1997 audit, as well as other previous audits, that recommendations would be implemented, conditions have not improved.

Considering the problems related to the County Collector, which are reported in MAR

finding number 7, it is important that the County Commission and County Clerk exercise their control and oversight responsibilities related to the tax collection function in Shannon County.

- A. The County Clerk does not maintain an account book with the County Collector. As a result, the County Collector's annual settlements cannot be adequately reviewed and errors could go undetected. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. These verifications are the County Clerk's means of ensuring the amount of taxes charged to the County Collector and reported credits are complete and accurate.

Section 51.150.2, RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and County Commission to verify the County Collector's annual settlements.

- B. The County Clerk did not prepare the current or back tax books for real estate and personal property taxes or verify the tax book totals. Personnel from the County Collector's office prepare the current and back tax books.

Sections 137.290 and 140.050, RSMo 2000, require the County Clerk to make the tax books and charge the County Collector with the aggregate amount of taxes, interest, and County Clerk's fees contained therein. Failure of the County Clerk to verify tax book charges could result in an understatement of current taxes or prevent an overstatement of delinquent taxes from being detected.

- C. The property tax computer program does not generate tax book page or control totals, but only a summary total at the end of each tax book. Without page and control totals, the ability to verify the accuracy of the tax book is limited.

- D. Controls over tax book additions and abatements are not sufficient. During our review of additions and abatements, we noted the following concerns:

- 1. Additions and abatements are prepared by the County Assessor and approved by the County Clerk as they occur, and subsequently approved by the County Commission at year end. The County Clerk does not attempt to reconcile total additions and abatements to the County Collector's annual settlements. As a result, errors in the County Collector's annual settlements could go undetected.

To ensure all additions and abatements have been accounted for properly and to help verify the accuracy of such activity reported by the County Collector on her annual settlements, the County Clerk should reconcile total additions

and abatements to the Collector's annual settlement.

2. The property tax system allows the County Collector to post additions to the property tax system on October 15 of each tax year rather than when the addition actually occurred. To ensure the accuracy of the tax books, controls should be implemented in the property tax system to ensure additions are only posted to the property tax system as they occur.
- E. The County Clerk did not prepare the Land and Personal Tax Aggregate Abstract, Back Tax Aggregate Abstract, or the Railroad and Utility Aggregate Abstract for 2001 and 2000. The County Clerk was notified by the Department of Revenue (DOR) and the State Tax Commission (STC) that she had failed to file these forms. Section 137.295, RSMO 2000, provides for the County Clerk to prepare these reports and forward them to the DOR and the STC.

Conditions similar to Parts A, B, C, and D.1 were noted in our prior report.

WE RECOMMEND:

- A. The County Clerk maintain an account book with the County Collector and use this information to verify the accuracy of the County Collector's annual settlements.
- B. The County Clerk verify the tax books generated by the County Collector's office.
- C. The County Commission authorize programming changes to print tax books with the appropriate control totals. This would include page totals, a summary page of all page totals, and a grand total for each tax book.
- D.1. The County Clerk reconcile additions and abatements to the County Collector's annual settlements. In addition, the County Commission should review and approve all additions and abatements more timely, and document its approval.
2. The County Collector should implement controls in the property tax system to ensure additions are posted to the property tax system as they occur.
- E. The County Clerk prepare and file the Land and Personal Tax Aggregate Abstract, Back Tax Aggregate Abstract, and the Railroad and Utility Aggregate Abstract with the Department of Revenue and the State Tax Commission as required.

AUDITEE'S RESPONSE

The County Clerk, the County Collector, and the County Commission provided the following responses:

*A,B,
C&D. We will try to implement by March 1, 2004.*

E. *We will try to implement by March 1, 2003.*

7. County Collector's Procedures

The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. We noted many significant problems in the control procedures used by the County Collector to account for collected property taxes, including the lack of appropriate reconciliations and timely distributions. At February 28, 2002, the County Collector's reconciled bank balance was \$195,606; however, only \$135,605 pertained to February collections to be distributed in March. The remaining balance includes property taxes, surtax, and interest for prior years totaling \$34,625 (including the adjustment noted in part G), partial payments totaling \$4,898, and an unidentified overage of approximately \$20,478. Although many of these problems were noted in several previous audits of the County Collector's office, little attempt has been made to implement these prior recommendations. As a result, there is less assurance that all property tax monies have been accounted for properly. We noted the following problems during our review:

- A. The County Collector does not distribute taxes on a timely basis. Section 139.210, RSMo 2000, requires all collections to be distributed to the political subdivisions by the fifteenth day of the following month. Our review of the distributions made by the County Collector noted the following:
 - 1. Some taxes were not disbursed in a timely manner. Property tax collections totaling \$244,429 and \$178,500 for August, September, October, and November 2001 and 2000 were not distributed until January 28, 2002 and January 24, 2001, respectively. In addition, property tax collections totaling \$809 for January and December 1996, surtax collections totaling \$1,908 for prior years, and interest totaling \$25,968 for the years ending February 28, 2000 and 1999 have not been distributed.
 - 2. At February 28, 2002, there was \$2,429 in the protested account which included taxes protested in 1992 and interest. The time period for litigation on these protested taxes has long since expired. The balance in the protested account should be transferred to the regular account and distributed to the political subdivisions.

In addition to being required by state law, timely distributions of property tax collections to the political subdivisions are important because most political subdivisions rely heavily on property tax revenues to fund their operations.

- B. Bank reconciliations were not performed monthly during the audit period ending February 28, 2002 and during many prior audits. In addition, checkbook balances were not maintained during most of the year ending February 28, 2001 and during

many prior audits. As a result, the County Collector could not reconcile her receipt and disbursement records with the bank statements, and an unidentified overage of approximately \$20,500 exists in the account at February 28, 2002. This unidentified overage has gradually increased over the past several years. Without maintaining records of cash balances and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner.

- C. Deposits are not always made intact and on a timely basis. For example, the change fund is not kept at a constant amount. Cash is taken from collections to pick up bad checks from the bank, which are not charged against the bank account. In addition, the collector's office received two protested tax receipts on December 20, 2000 totaling \$2,035 and another receipt on December 26, 2001 for \$2,637. These monies were not deposited until September 2002 when we requested the County Collector to deposit them. The County Collector indicated she intended to hold these payments until the protested taxes were settled.

Failure to deposit receipts intact on a daily basis increases the risk of loss or misuse of funds. In addition, overpayments should be deposited into the bank account and refunded by check. Furthermore, checks returned due to insufficient funds should be charged against the bank account not taken from current cash collections or property taxes.

- D. The County Collector has not established procedures to routinely follow up on outstanding checks. At December 31, 2001, checks totaling \$33,428 had been outstanding since 1997. Additionally, some of these checks have been outstanding since March 1993.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located which would include the various political subdivisions within the county. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

- E. The County Collector is required to file an annual settlement each year with the County Commission. The County Collector did not prepare an annual settlement for the year ended February 28, 2001, however, a settlement was prepared upon our request in September 2002, 19 months after the year-end date. While the County Collector indicated copies of the annual settlement were submitted to the County Clerk for the year ended February 28, 2001, there was no evidence that a review was performed by the County Clerk or the County Commission. Also, the collector's annual settlements did not include the activity of the protested tax account. Section 139.160, RSMo 2000, states that " the collector shall settle her accounts of all monies received by her on account of taxes or other sources of revenue...". By incorrectly

omitting the protested taxes, the County Collector has not provided the County Commission with an accurate and complete settlement.

- F. Section 50.332, RSMo 2000, allows county officials, with the approval of the County Commission, to perform services for cities that they normally provide to the county for additional compensation. Although the written contracts with various cities in the county provide for the County Collector to collect a fee of one percent for the Assessment Fund, the County Collector collects a fee of one percent for the Assessment Fund, penalties on delinquent taxes as prescribed by law, and a fee of two percent for providing the use of county employees and equipment in collecting the taxes. These contracts have not been updated since 1996 and do not provide for these additional fees to be collected.

Any add on fee or penalty charged to taxpayers must be based on state law or city ordinance. The contracts with the cities should clearly define the amount of penalties to be assessed on delinquent taxes and how these amounts should be distributed.

- G. The County Collector did not maintain documentation to support the \$5,940 of adjustments made in June 2002 to the February 2001 monthly settlement. Should adjustments need to be made to monthly settlements, the County Collector should retain documentation of the adjustments made.
- H. The various records in the County Collector's office are not well organized. Paid tax receipts and unpaid tax statements are filed in several different locations in the office and sometimes are in no apparent order. Several tax statements and other records could not be located in a timely manner, and some were missing. In the prior audit, the County Collector indicated these problems were due to recent courthouse renovations which required her to move a lot of her records out of the vault and around in the office; however, these problems still exist.

Failure to maintain accurate, complete, and organized accounting records provides less assurance that all monies are properly accounted for and increase the possibility that misuse of funds will go undetected. The lack of organization in the County Collector's Office apparently contributes to the problems in this office.

Conditions similar to Parts A, B, C, E, and H were noted in our prior reports.

WE RECOMMEND the County Collector:

- A. Distribute all tax collections and protested taxes plus interest. In the future, distribute all collections by the fifteenth day of the following month in accordance with state law.
- B. Prepare and document monthly bank reconciliations and maintain a book balance and reconcile it monthly with the bank balance.
- C. Deposit all receipts intact and on a timely basis, maintain the change fund at a

constant amount, make all refunds by check, and have insufficient funds checks charged against the bank account.

- D. Reissue old outstanding checks to any payees who can be located or dispose of these monies through the applicable statutory provisions.
- E. Ensure annual settlements are filed and approved on a timely basis in accordance with state law.
- F. Ensure the county has updated written contracts with the cities to collect property taxes.
- G. Ensure supporting documentation of adjustments made to the monthly settlements is maintained.
- H. Organize the records in the County Collector's office so relevant accounting documents can be located in a timely fashion.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *All protested taxes will be distributed by March 1, 2003. Other taxes are currently being distributed on a more timely basis.*
- B&D. *These will be implemented March 1, 2003. The overage is being reviewed and will be resolved and disbursed by May 1, 2003.*
- C. *This has been implemented.*
- E. *An annual settlement will be prepared in a more timely manner, and the Collector will follow-up with the County Commission regarding their review and receipt of the annual settlement by April 2003.*
- F. *New contracts will be obtained by June 1, 2003.*
- G. *Better documentation will be retained in the future of adjustments made.*
- H. *With new maintenance funds being collected, additional filing cabinets will be obtained to aid in the organization of the office.*

The Sheriff receives monies for civil and criminal process fees, gun permits, board bills, federal and local patrolling and dispatching contracts, calendar sales, jail phone commissions, bonds, and other miscellaneous receipts. The Sheriff handled receipts totaling \$31,750 and \$23,447 during the years ended December 31, 2001 and 2000, respectively. Our review of the Sheriff's accounting controls and procedures noted the following areas in need of improvement:

- A. The Sheriff's office received approximately \$7,000 in each of the years ending December 31, 2001 and 2000 for park patrolling services and city dispatching fees. The Sheriff's office also received \$744 in calendar sales and \$860 of phone commissions during 2001. The receipts were deposited into the Sheriff's main bank account rather than being turned over to the County Treasurer. The Sheriff used some of these monies to purchase a vehicle for \$13,800 in June 2002 and to pay monthly fees of \$330 for access to the Missouri Uniform Law Enforcement System (MULES). This vehicle expenditure was not approved by the County Commission, bids were not solicited, and it was not run handled through the budgetary process. In addition, at December 31, 2001, the sheriff maintained \$744, \$5,724, and \$390 of calendar sales, park patrolling and dispatching fees, and phone commissions, respectively, in his bank account.

There is no statutory authority for the Sheriff to maintain such accounts outside the county treasury. Attorney General's Opinion No. 45, 1992 to Henderson, states "... sheriffs are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury." The remaining account balances should be transferred to the County Treasurer and future receipts should be transmitted directly to the County Treasurer.

- B. The Sheriff does not remit fees collected by his office to the County Treasurer on a timely basis. For example, \$18,101 of fees collected during August through December 2001, were not turned over to the County Treasurer until December 31, 2001. Section 50.370, RSMo 2000, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasury on a monthly basis.
- C. Receipts are not always deposited on a timely basis. Deposits are generally made twice a month. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- D. Receipt slips are not always issued for monies received. In addition, pre-numbered receipt slips are not issued. Further, the method of payment is not always indicated on the receipt slips. To ensure receipts are handled properly, pre-numbered receipt

slips should be issued for all monies received. In addition, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.

- E. Checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made by the County Treasurer who maintains the Sheriff's account. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- F. Accounting duties are not adequately segregated. In an effort to implement our prior recommendation regarding the segregation of duties, the Sheriff asked the County Treasurer to perform some of the accounting duties for the Sheriff's Office. While the Sheriff's office bookkeeper prepares a deposit transmittal report for the County Treasurer, the County Treasurer prepares and makes deposits, records receipts and disbursements, prepares checks, uses the Sheriff's facsimile stamp to sign checks, and performs the bank reconciliations. There is no documentation that the Sheriff or other personnel independent of these functions performs reconciliations of the records or reviews the checks prepared by the County Treasurer.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. In addition, the Sheriff should review and sign all checks prepared by the County Treasurer and reconcile the deposit transmittal reports to the County Treasurer's records.

- G. Adequate control over seized property has not been established. A complete log of seized property is not maintained and periodic inventories of the property on hand are not conducted. In addition, seized property items are not stored in a central location. Also, seized property items are not always tagged to identify the property to a specific case and the property tags are not prenumbered.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. Evidence should be maintained in a central location. Periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly. In addition, all items should be tagged and identified to a specific case.

- H. Shannon County boards prisoners for surrounding counties and cities. The Sheriff's office prepares and sends board bills to the other governments. The Sheriff's office retains a copy of the board bill. The board bills indicate that payments are to be made directly to the County Treasurer. When a payment is received by the County

Treasurer, a copy of the receipt slip is given to the Sheriff's office. When a payment is received by the Sheriff, monies are turned over to the County Treasurer. However, neither the Sheriff's office nor the County Treasurer routinely compares prisoner board billings to subsequent payments. In addition, the Sheriff has no formal follow-up procedures for unpaid board bills.

- I. The Sheriff provides boarding of prisoners to surrounding cities within the county. The Sheriff's bookkeeper indicated that the county provided free boarding of prisoners to those cities which they had dispatching contracts with; however, this was not outlined in the dispatching contracts. No written agreements exist with these entities regarding the compensation to be paid or the services to be provided.

Section 432.070, RSMo 2000, requires the county to have all contracts in writing. Written agreements should be prepared with political subdivisions for services provided. The agreements should clearly specify the arrangements between parties for the services provided and be approved by the County Commission.

Conditions similar to Parts A, C, D, F, G, and H. were noted in our prior report.

Prior audit reports have addressed the inadequacy of the Sheriff's accounting controls and procedures. The Sheriff responded in the previous audit that recommendations had already been or would be implemented. However conditions in the Sheriff's office have generally not improved.

WE RECOMMEND the Sheriff:

- A. Cease all bank account transactions except for deposit and disbursement of bonds and deposit and monthly disbursement of accountable monies received for the performance of official duties. Ensure all monies which are presently held in the account are disbursed to the County Treasurer.
- B. Turn over all fees to the County Treasurer on a monthly basis as required by state law.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Ensure pre-numbered receipt slips are issued for all monies received. In addition, ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- E. Restrictively endorse checks immediately upon receipt.
- F. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented. In addition, the Sheriff should review and sign checks prepared by the County Treasurer and reconcile the deposit transmittal reports to the County Treasurer's records.

- G. Mark all seized property with prenumbered property tags, identify the property to specific cases, and maintain seized property in a centralized location. In addition, a complete inventory listing of all seized property should be maintained and kept updated for both additions and dispositions.
- H. Confer with the County Treasurer to ensure procedures are in place for proper follow up of all unpaid board bills to recoup any county costs.
- I. Enter into written agreements for all services.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *These monies will be turned over to the County Treasurer immediately and not run through the Sheriff's fee account in the future.*
- B&C. *Implemented*
- D,E,
&H. *These will be implemented by April 1, 2003.*
- F. *The Sheriff will sign all checks and document his review of the bank reconciliations and receipts from the treasurer, effective immediately.*
- G. *The Sheriff agrees, but due to the financial condition of the county we do not have the staff to provide for this control.*
- I. *This will be discussed with the County Commission.*

9.	County Clerk's Controls and Procedures
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The County Clerk received monies for liquor licenses, auctioneer licenses, notary fees, and other miscellaneous receipts totaling \$7,371 and \$8,921 in 2001 and 2000, respectively. The County Clerk does not maintain a bank account for these fees, but transmits them to the County Treasurer periodically. In addition, the County Clerk maintains a Special Election Fund to supplement the costs of elections. Our review noted the following concerns:

- A. Fees collected by the County Clerk are not transmitted to the County Treasurer on a timely basis. For example, fees totaling \$2,449 collected during May through July of 2002 were not turned over to the County Treasurer until September 2002. In addition, fees are stored in an unlocked vault until the County Clerk transmits the fees to the County Treasurer. Section 50.360, RSMo 2000, requires all fees be turned over to the County Treasurer at least monthly. In addition, to adequately

safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be kept in a secure location.

- B. During a cash count conducted on August 26, 2002, recorded receipts exceeded cash on hand by \$63. The County Clerk or her personnel could not explain the \$63 shortage. This situation was not detected because an adequate segregation of duties does not exist, receipts are not transmitted to the County Treasurer monthly, and the fees are not periodically counted and reconciled to recorded receipts by an independent person.

This discrepancy could have been prevented or detected on a more timely basis if adequate oversight and reviews had been performed.

- C. Receipt slips are not issued for some monies received. To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence should be accounted for properly.
- D. Checks received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied by the County Treasurer when checks are transmitted by the County Clerk. To reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.
- E. The County Clerk maintains custody of the Special Election Fund. In addition, bank reconciliations were not prepared for the account and balances were not maintained in the checkbook registers.

There is no statutory authority that allows the County Clerk to hold this account outside the county treasury. In addition, without maintaining records of cash balances and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner.

WE RECOMMEND the County Clerk:

- A. Turn over all fees to the County Treasurer on a monthly basis as required by state law and maintain the fees collected in a safe location.
- B. Investigate the shortage, take appropriate action, and ensure adequate segregation of duties over these funds exists including a periodic count of monies on hand which should be reconciled to recorded receipts.
- C. Issue prenumbered receipt slips for all monies received, and periodically account for the numerical sequence of the receipt slips issued.
- D. Restrictively endorse checks immediately upon receipt.

- E. Turn over control of the Special Election Fund to the County Treasurer.

AUDITEE'S RESPONSE

The prior County Clerk provided the following responses:

A&B. During this time, the County Clerk was absent and this failed to be done.

E. The County Clerk turned this fund over to the County Treasurer in December 2002.

The current County Clerk provided the following responses:

C&D. Implemented.

10. Circuit Clerk and Ex Officio Recorder of Deeds' Controls and Procedures
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The Circuit Clerk was responsible for processing receipts from fines, costs, and bonds for criminal and civil cases of \$856,351 and \$87,148 during the years ending December 31, 2001 and 2000, respectively. The Ex Officio Recorder of Deeds was responsible for processing deeds, marriage licenses, and financial statements of \$56,578 and \$52,872 during the year ending December 31, 2001 and 2000, respectively. Our review of the Circuit Clerk's and Ex Officio Recorder of Deeds' controls and procedures disclosed the following concerns:

- A. Receipts are kept in an unlocked drawer in the Circuit Clerk's office until they are deposited. In addition, checks and money orders are not restrictively endorsed upon receipt.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be kept in a secure location, and checks and money orders should be restrictively endorsed immediately upon receipt.

- B. The Circuit Clerk's petty cash fund is not maintained on an imprest basis. The Circuit Clerk indicated the petty cash fund was established on an imprest basis at \$50; however, copy fees collected are included with the petty cash funds. A cash count on October 2, 2002, indicated \$71 was on hand, and the Circuit Clerk could not provide any documentation for the overage. The Circuit Clerk estimated that less than \$10 a month is collected in copy fees. In addition, receipt and disbursement records supporting petty cash fund activity were not maintained, and some invoices or receipts were not maintained for some petty cash expenditures.

Good internal controls require petty cash to be set at an established amount and to be reimbursed when it has been expended. An imprest basis petty cash fund would improve accountability over petty cash monies. In addition, all copy fee receipts should be recorded and deposited and should not be used for petty cash expenditures. Also, petty cash invoices should be retained to support expenditures.

C. The Circuit Clerk maintains a current fee account, another fee account from a former Circuit Clerk, and an inactive child support account. During our review of the Circuit Clerk's bank accounts and the related open items listings, we noted the following concerns:

1. Bank reconciliations were not prepared for the former Circuit Clerk's bank account. In addition, the Circuit Clerk relies on the Office of State Courts Administrator (OSCA) to perform bank reconciliations on her current bank account. She does not generate a bank reconciliation report each month to review in conjunction with the bank statement. Upon our request, the Circuit Clerk generated a bank reconciliation for December 31, 2001, and numerous errors were identified on the bank reconciliation report. For example, the reconciled bank balance exceeded the open items listing by \$469. At our request the Circuit Clerk contacted the OSCA to correct this error.

The preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis. In addition, although the OSCA provides support to Circuit Clerk offices across the state, it is the Circuit Clerk's responsibility to perform bank reconciliations and ensure bank reconciliations and open-items listings are generated and reviewed for accuracy.

2. At December 31, 2001, the Circuit Clerk's current bank account had outstanding checks totaling \$1,761 that were over a year old. These old outstanding checks create additional and unnecessary record-keeping responsibilities. The Circuit Clerk should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

D. A complete listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. The Circuit Clerk relies on the probation and parole officers to ensure that monies owed to the court are paid. A complete and accurate accrued costs listing would allow the Circuit Clerk to more easily review the amounts owed to the court and take appropriate steps to ensure all amounts owed are collected on a timely basis.

- E. The Ex-Officio Recorder holds the balance of the Recorder's User Fees Fund. Section 59.319, RSMo 2000, requires the Recorder's User Fees Fund to be kept in a special fund by the County Treasurer.

A condition similar to Part E. was noted in our prior report.

WE RECOMMEND the Circuit Clerk and Ex Officio Recorder of Deeds:

- A. Restrictively endorse checks and money orders immediately upon receipt, and store all receipts in a secure location until transmitted.
- B. Ensure the petty cash fund is maintained on an imprest basis. In addition, invoices should be maintained for all petty cash disbursements and a ledger should be prepared of all petty cash transactions.
- C.1. Prepare and vouch monthly bank reconciliations.
- 2. Ensure procedures to routinely follow up and reissue old outstanding checks are adopted. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- D. Establish adequate procedures to monitor and collect accrued costs.
- E. Turn control of the Recorder's User Fees Fund over to the County Treasurer.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

*A,B,
C&E. These will be implemented by March 1, 2003.*

D. This will be printed out and reviewed monthly effective immediately.

11. Prosecuting Attorney's Controls and Procedures

The Prosecuting Attorney's office collected court-ordered restitution and bad check related restitution and fees of \$26,978 and \$39,750 during the years ending December 31, 2001 and 2000, respectively. Our review noted the following concerns:

- A. Listings of liabilities (open items) are not prepared for the restitution account. The reconciled cash balance at December 31, 2001 totaled \$602. The Prosecuting Attorney's secretary indicated the reconciled cash balance contained only bad check fees; however, these monies could not be identified to specific cases. Only by

preparing open items listings on a monthly basis and reconciling them to the cash balance can the Prosecuting Attorney be assured that the records are in balance and that sufficient cash is available to cover liabilities.

- B. The duties of receiving, recording, depositing, and disbursing monies are all performed by the Prosecuting Attorney's secretary. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Prosecuting Attorney.

- C. At December 31, 2001, checks written on the bad check account totaling \$594 had been outstanding for over one year. These old outstanding checks create additional and unnecessary record keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, routine procedures should be established to investigate checks outstanding for a considerable time.

WE RECOMMEND the Prosecuting Attorney:

- A. Prepare monthly listings of open items and reconcile the listing to the cash balance.
- B. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

AUDITEE'S RESPONSE

The Prosecuting Attorney indicated:

- A. *This will be implemented on April 1, 2003.*
- B. *We are doing all we can with the personnel we have, and I would be aware of anyone claiming payment which hadn't been receipted.*
- C. *This has been implemented.*

The Associate Circuit Division was responsible for processing receipts for criminal and civil cases, traffic tickets, water patrol tickets, and bonds of \$219,067 and \$290,992 during the years ending December 31, 2001 and 2000, respectively. Our review of the Associate Circuit Division's operations noted the following areas in need of improvement:

- A. The open items listing maintained by the Associate Circuit Division included cases that had been dismissed or closed. For example, one case dating back to 1996 totaling \$750 had been forfeited; however, it was still being held by the court at December 31, 2001. The status of old open items should be routinely reviewed to determine if any disbursement is necessary. If disbursement is possible, but proper payees cannot be located the monies should be disposed of in accordance with state law. Various statutory provisions including Sections 50.470 through 50.490, RSMo 2000, and Sections 447.500 through 447.995, RSMo 2000, provide for the disposition of unclaimed monies.
- B. Checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made by the Associate Clerk. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the Associate Circuit Division:

- A. Adopt procedures to periodically follow up on old open items and dispose of them according to state law.
- B. Restrictively endorse checks immediately upon receipt.

AUDITEE'S RESPONSE

The Associate Circuit Division provided the following responses:

- A. *The Division reviewed the open items listing and only noted two cases included that were closed. One of these has since been applied to the case's court costs, and a current address is being investigated to return the monies being held on the other case.*
- B. *Implemented.*

13. County Treasurer's Controls and Procedures

Our review of the County Treasurer's controls and procedures disclosed the following concerns:

- A. Most county funds are maintained in the general revenue bank account, and interest earned on this account totaled \$3,734 and \$5,869 during the years ending December 31, 2001 and 2000, respectively. The interest earned was credited solely to the General Revenue Fund and was not properly allocated to the other county funds maintained in the account. Section 110.150, RSMo 2000, requires the interest upon each fund shall be computed upon the daily balances with the depositary, and shall be credited to the applicable county funds.
- B. The method of payment is not always indicated on the County Treasurer's receipt slips. To ensure receipts are handled properly, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.

A condition similar to Part A. was noted in the prior report.

WE RECOMMEND the County Treasurer:

- A. Ensure interest is properly allocated to the applicable county funds.
- B. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.

AUDITEE'S RESPONSE

The County Treasurer provided the following responses:

- A. *This will be implemented by May 1, 2003.*
- B. *Implemented.*

14. Recycling Services

The county provides recycling pick-up services to local businesses and citizens of the county. Recyclable goods are periodically picked-up at various businesses and at specific pick-up sites within the county. The county received grant monies and collected fees for pick-up services and the sale of bags totaling \$5,125 and \$840 during the years ending December 31, 2001 and 2000, respectively. Receipt slips are not issued, and records are not maintained for the monies collected from bag sales, pick-up services, or for monies received

from the recycling center for materials dropped off. In addition, no billings are prepared and sent to the various vendors. Further, the financial condition of the Recycling Fund is weak. The following shows receipts, disbursements, and ending cash balances for the two years ended December 31, 2001:

Cash Balance, January 1, 2000	\$ 262
Receipts	840
Disbursements	1,229
Cash Balance, December 31, 2000	(127)
Receipts	5,125
Disbursements	7,626
Cash Balance, December 31, 2001	(2,628)

Also, the county received a solid waste grant administered by the Department of Natural Resources (DNR) through a sub recipient in 1998 to assist in the start-up of the recycling program and has renewed the grant annually. The county had little or no documentation to support its compliance with grant provisions. Although the original grant provided for the titles of a half-ton truck and a trailer purchased with grant funds to revert to the county after a four-year period, the county has not received the titles from the DNR or the sub recipient of the grant.

Without adequate controls and proper documentation of recycling service activities, the county has little assurance it is receiving proper payments from bag sales and recycling services to effectively monitor the financial status of these services. Further, the County Commission should closely monitor the financial condition of the Recycling Fund by reviewing disbursements, reducing discretionary amounts as much as possible, and considering the necessity of providing this service to county residents. In addition, supporting documentation should be retained to support the county's compliance with grant requirements. Also, the county should contact the DNR and the South Central Solid Waste Management District to resolve any problems with the grant.

WE RECOMMEND the County Commission require appropriate records of sales and billings be prepared for the recycling activities. Further, the County Commission should take the necessary steps to improve the financial condition of the Recycling Fund and consider the necessity of providing this service to county residents. In addition, supporting documentation should be retained to support the county's compliance with grant requirements. Also, the County Commission should contact the DNR and the South Central Solid Waste Management District to resolve any problems with the grant.

AUDITEE'S RESPONSE

The County Commission indicated they will review the financial condition of this fund again in December 2003, implement accounting procedures immediately, and contact the DNR and the South Central Solid Waste Management District regarding ownership of the truck and trailer, immediately.

15. Health Center

- A. Health center personnel do not monitor amounts expended on Comprehensive Family Planning (CFP) services. In addition, the average cost per client of providing such services is not periodically calculated and monitored.
The health center's CFP contract with the Missouri Department of Health provides the average cost of providing CFP services should be at least \$150 (excluding administrative costs). Upon our request, health center personnel provided documentation of the amounts expended on CFP services, and it appears the health center did not meet the minimum amount per client for the year ended December 31, 2000. Adequate monitoring and documentation of CFP expenditures is necessary to ensure compliance with the contract provisions. Failure to comply with provisions of the contract could result in decreased funding of future services.
- B. The Health Center Board did not have a formal written contract with an individual providing physician services in 2001 and 2000. Written contracts are necessary to outline the terms of the arrangements, specify the services to be provided and the related funding, and help ensure the reasonableness and propriety of such expenditures.

WE RECOMMEND the Health Center Board of Trustees:

- A. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health to resolve this situation.
- B. Enter into a written contract with all service providers detailing the responsibilities of each party involved.

AUDITEE'S RESPONSE

The Health Center Board of Trustees provided the following responses:

- A. *We will periodically monitor amounts expended for family planning services to ensure we spend \$150 per child.*

- B. *We currently have a formal written agreement on file with the physician who is providing services for our agency. The terms of the agreement will be reviewed and signed annually.*

16. Senior Citizen Services Board
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- A. The Senior Citizen Services Board members are appointed by the County Commission, and the members of the board elect the officers. The board elected two members, who are husband and wife, as the chairperson and treasurer. The husband and wife did not abstain from the voting of their respective spouses' office. In addition, the chairperson and treasurer are the only two authorized signatures on the board bank account and only one signature is required for disbursements. Also, some of the board members also serve as board members on other Senior Center Boards that are funding recipients of the Senior Citizen Services Board.

To provide maximum assurance the Senior Citizen Services Board is acting independently, discussions and decisions concerning appointments where nepotism or a potential conflict of interest exists should be documented, and another board member should be appointed to sign checks so that the public has assurance that no board member or officer has acted improperly. In addition, to provide maximum assurance the Senior Citizen Services Board is acting independently and in the best interest of the taxpayers, no administrative or financial ties should exist between members of the board and its funding recipients.

- B. Formal budgets were not prepared for the senior citizen services fund activities for the year ended December 31, 2001. Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year.

By preparing or obtaining budgets for all senior citizen services fund activities, the Senior Citizen Services Board is able to more effectively evaluate all financial resources.

WE RECOMMEND the Senior Citizen Services Board:

- A. Ensure Senior Citizen Services Board members abstain from voting when a relative's employment or appointment is involved and a board member independent from the board Treasurer be an authorized check signer and require two signatures for all disbursements. In addition, ensure that Senior Citizen Services Board members do not have administrative or financial ties with its funding recipients. The board should also consider adopting a code of conduct for board members.
- B. Ensure formal budgets are prepared or obtained for all senior citizen services fund activities.

AUDITEE'S RESPONSE

The Senior Citizens Board provided the following responses:

- A. *A code of ethics has been developed and will be adopted by April 1, 2003 that reads:
"Ensure Senior Citizen Services Board members abstain from voting when a relative's appointment is involved. If Senior Citizen Services Board members serve on the boards of funding recipients, they should ensure that the minutes of board meetings clearly indicate that they are abstaining from voting on funding requests for these entities. Such matters should be completely documented so that the public has assurance that no board members have acted improperly. The By-Laws of the Shannon County Senior Citizens Service Fund under Article III, 2-a,d, state that the Chairman, together with the Treasurer, (two signatures), sign on behalf of the Board any disbursements of funds authorized by the Board. If the Chairman and the Treasurer are related, the Vice-Chairman shall sign all disbursements along with the Chairman or the Treasurer, so that the public has assurance that no board member or officer has acted improperly."*
- B. *Implemented January 2003.*

This report is intended for the information of the management of Shannon County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

SHANNON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Shannon County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997. The prior recommendations which have not been implemented are repeated in the current MAR.

1. Budgetary Practices and Published Financial Statements

- A. Formal budgets were not prepared for various county funds.
- B. Budgets were not filed with the State Auditor's Office within five days of approval by the County Commission. In addition, the County Commission approved expenditures from county funds before the county received notification from the State Auditor's Office that the budgets had been properly filed.
- C. Numerous inaccuracies were noted in the information presented in the county's budget documents.
- D. The County Commission did not budget the emergency fund in the General Revenue Fund in an amount equal to at least three percent of estimated receipts. In addition, the \$100,000 emergency fund budgeted annually in the Special Road and Bridge Fund was apparently used as a safeguard to keep from overspending the budget, while still allowing the County Commission to exceed amounts budgeted in other various categories.
- E. Disbursements were made in excess of the approved budget for various funds.
- F. Annual financial statements were not always published, or the annual published financial statements of the county did not include the financial activity of all county funds as required.

Recommendation:

The County Commission:

- A. Ensure financial information for all county funds is included in the annual budgets.
- B. Ensure budgets are filed with the State Auditor's Office within five days after they are approved by the County Commission. In addition, the County Commission should not approve any warrant to be paid from the budget until notice has been received from the State Auditor's Office that the budgets have been properly filed.

- C. Ensure the budget document contains complete, accurate, and reasonable information about the county's finances. In addition, the County Commission and County Clerk should thoroughly review the budget document before it is finalized and filed with the State Auditor's Office.
- D. Budget the emergency fund in the General Revenue Fund in an amount equal to at least three percent of total estimated receipts in accordance with state law and discontinue using the emergency fund in the Special Road and Bridge fund as a buffer for overspending in the various budget categories.
- E. And the Health Center Board of Trustees keep disbursements within the budgetary limits. If additional funds are received which could not be estimated when the budget was adopted, the County Commission or Health Center Board of Trustees should amend the budget by following the procedures required by state law.
- F. Publish financial statements in accordance with state law and ensure all required financial information for all county funds is properly reported in the annual financial statements.

Status:

- A. Not implemented. See MAR finding number 2.
- B. Implemented.
- C&E. Not implemented. See finding number 01-2.
- D. Partially implemented. The emergency fund in the General Revenue Fund was properly budgeted; however, the emergency fund in the Special Road and Bridge fund is still being used as a buffer for overspending. See MAR finding number 2.
- F. Partially implemented. While the county published financial statements for the years ending December 31, 2001 and 2000, the published financial statements did not include financial information for all funds nor were they published in the required timeframe. See MAR finding number 2.

2. Reconciliation of County Records

The County Clerk only maintained an account book with the County Treasurer for the General Revenue Fund, Special Road and Bridge Fund, and the Assessment Fund. In addition, the County Clerk and County Treasurer indicated they reconciled their accounting records; however, they did not maintain documentation of the reconciliations.

Recommendation:

The County Clerk maintain an account book for all county funds. Accounting records of the County Clerk and County Treasurer should be periodically reconciled and all reconciling items documented.

Status:

Not implemented. See finding number 01-1.

3. County Treasurer's Controls and Procedures

- A. The total of the ending cash balances for all funds on the semi-annual settlements (SAS) did not agree to the bank reconciliation portion of the SAS. In addition, the SAS did not document the reconciliation between the total ending cash balance and the balance in the bank accounts.
- B. Payroll taxes for all county employees were deducted from the Special Road and Bridge Fund's bank account. As a result, as of December 31, 1997, liabilities of \$24,319 and \$7,285 were due from the General Revenue Fund and the Assessment Fund, respectively, to the Special Road and Bridge Fund's bank account for withholdings paid on behalf of employees paid by those funds.
- C. Formal monthly bank reconciliations were not documented for the Community Development Block Grant (CDBG) bank account.
- D. The county had not established a separate fund to account for fees collected by the Sheriff on civil cases.
- E. The County Treasurer made numerous transfers between county funds without documented authorization or adequate supporting documentation.
- F. The County Treasurer disbursed the balance of the Recorder's User Fees Fund to the Ex Officio Recorder in January 1995.

Recommendation:

The County Treasurer:

- A. Prepare complete and accurate SAS and promptly post correcting entries to the fund ledgers.
- B. Open a new bank account to account for all payroll withholdings. In addition, the County Treasurer should obtain a transfer order to reimburse the Special Road and Bridge Fund for employee withholdings from the General Revenue Fund and Assessment Fund.

- C. Document monthly bank reconciliations for the CDBG account.
- D. Request the County Commission establish a civil fees fund to be used for law enforcement purposes in accordance with state law.
- E. And the County Commission ensure that a written order is prepared for any interfund transfers made and the amount transferred is adequately supported by documentation.
- F. Request the Ex Officio Recorder return control of the Recorder's User Fees Fund to the county treasury.

Status:

- A. Not implemented. See finding number 01-1.
- B. Partially implemented. Payroll tax withholdings were deducted from the applicable funds; however, the County Treasurer has not obtained a transfer order to reimburse the Special Road and Bridge Fund. See finding number 01-3.
- C. Implemented.
- D. Partially implemented. The county established a fund to account for the Sheriff's civil fees and posted a small portion of the fees collected into the fund; however, the remainder of the fees collected were posted to the General Revenue Fund. See finding number 01-3.
- E. Not implemented. See finding number 01-3.
- F. Not implemented. See MAR finding number 10.

4. County Expenditures and Federal Financial Assistance

- A. The County Collector collected Special Road and Bridge Fund property taxes pertaining to property within various cities' limits. The county distributed these property taxes annually to applicable cities in the county without a written agreement and without monitoring the cities' use of these funds.
- B. The county did not submit Financial Status Reports to the federal grantor after the end of every calendar quarter for the Community Oriented Policing Services (COPS) grant. In addition, the county requested reimbursement for estimated expenses for three subsequent months resulting in the county receiving \$4,294 more than actually expended within thirty days of receipt. Adequate documentation was not maintained by the County Clerk to support the costs claimed for this grant.

- C. The County Clerk did not ensure all federal financial assistance expenditure amounts were properly recorded on the schedule of financial assistance.

Recommendation:

The County Commission:

- A. Ensure monies are allocated to cities based upon written agreements which provide a method of monitoring city expenditures of road and bridge funds.
- B. Ensure that Financial Status Reports are submitted to the federal grantor after the end of every calendar quarter, that funds requested for advances are used within thirty days, that reimbursements are claimed on a timely basis, and that adequate supporting documentation of hours worked on federal grants is maintained. In addition, the county should contact the grantor agency to resolve the questioned costs.
- C. And County Clerk ensure all federal financial assistance expenditure amounts are properly recorded on the schedule of federal financial assistance.

Status:

A&C. Not implemented. See MAR finding number 1.

B. Implemented.

5. Personnel Policies and Procedures

- A. Time records maintained by the county to account for hours worked by its employees were not adequate.
- B. The county's personnel manual did not address compensatory time or overtime. In addition, centralized leave records were not maintained by the County Clerk for all county employees.
- C. Wages were paid to various Sheriff's deputies for additional patrolling duties performed related to the National Forest Service Law Enforcement Agreements grant. These wages were not reported on the deputies' year-end W-2 forms and the appropriate payroll taxes were not withheld from these payments.

Recommendation:

The County Commission:

- A. Require all county employees to complete timesheets which reflect actual time worked and leave taken. The records should be prepared by employees, approved

by the applicable supervisor, and filed in a central location with the county's payroll records.

- B. Establish a written policy regarding compensatory time and overtime. In addition, the County Clerk should maintain leave records for all employees of vacation and sick leave and compensatory time earned, taken, paid, and accumulated.
- C. Ensure all applicable employee payroll taxes are properly withheld and amounts are properly reported on employees' W-2 forms. Amended W-2 forms should be prepared for the payments made to the deputies in 1997 and 1996.

Status:

- A. Not implemented. See MAR finding number 3.
- B. Partially implemented. The county established a written policy regarding compensatory time and overtime; however, compensatory time at time and one half is not paid on holidays for nonexempt employees who work over the 40 hour work week. See MAR finding number 3.
- C. Partially implemented. The county properly withheld employee payroll taxes and amounts were properly reported on employees' W-2 forms; however, we were unable to verify whether amended W-2 forms were prepared.

6. County Officials' Bonds

- A. The amount of bond given by the County Collector was less than required by state law.
- B. The County had not provided bond coverage for the County Coroner.

Recommendation:

The County Commission:

- A. And County Collector take the necessary actions to bring the County Collector's bond into compliance with Section 52.020, RSMo 1994.
- B. Ensure the County Coroner is covered by a bond as required by state law.

Status:

- A. Not implemented. See MAR finding number 4.
- B. Implemented.

7. Property Tax Books and Procedures

- A. The County Clerk did not maintain an account book with the County Collector.
- B. The County Clerk did not prepare the current or back tax books for real estate and personal property taxes or verify the tax book totals.
- C. The property tax computer program did not generate tax book page or control totals.
- D. Controls over tax book additions and abatements were not sufficient.

Recommendation:

- A. The County Clerk maintain an account book with the County Collector and use this information to verify the accuracy of the County Collector's annual settlements.
- B. The County Clerk verify the tax books generated by the County Collector's office.
- C. The County Commission authorize programming changes to print tax books with the appropriate control totals. This would include page totals, a summary page of all page totals, and a grand total for each tax book.
- D. The County Clerk reconcile additions and abatements to the County Collector's annual settlements. In addition, the County Commission should review and approve all additions and abatements on a more timely basis, and document their approval.

Status:

A-D. Not implemented. See MAR finding number 6.

8. County Collector's Procedures

- A. Deposits into the County Collector's bank account were not made intact. The change fund was not kept at a constant amount; cash was taken from collections to purchase money orders for refunds of overpayments, to cash checks for employees, and to pick up checks from the bank that had been returned due to insufficient funds.
- B. The County Collector did not distribute taxes on a timely basis.
- C.1. The County Collector did not maintain a running balance or otherwise track the book balance in the bank account

- 2. Checks were not issued in numerical sequence.
- 3. The County Collector did not reconcile paid tax statements to her daily abstract or to her deposits in the bank account.
- D. Collateral securities pledged by the County Collector's depository bank were not sufficient to cover the County Collector's funds.
- E. The County Collector did not file annual settlements in accordance with state law.
- F. The County Collector did not hold land tax sales in accordance with state law.
- F. Various records in the County Collector's office were not well organized.

Recommendation:

The County Collector:

- A. Deposit all receipts intact, maintain the change fund at a constant amount, make all refunds by check, and have insufficient funds checks charged against the bank account. The County Collector should discontinue the practice of using property tax receipts to cash personal checks.
- B. Distribute the May through October 1996 tax collections and the 1992 protested taxes plus interest. In the future, distribute all collections by the fifteenth day of the following month in accordance with state law. Furthermore, the County Collector should mail checks to the political subdivisions as soon as they are written.
- C.1. Maintain a book balance and reconcile it monthly with the bank balance.
 - 2. Issue checks in numerical sequence and account for the numerical sequence.
 - 3. Reconcile daily collections to daily abstracts and to deposits in the bank account. The County Collector should also reconcile the total of the daily collections to the monthly abstract.
- D. Ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.
- E. Ensure annual settlements are filed on a timely basis in accordance with state law. Annual settlements for the years ended February 28 (29), 1996, 1995, and 1994, should be filed with the County Commission.
- F. Conduct land tax sales annually in accordance with state law and include in the sales all applicable parcels of land.

- G. Organize the records in the County Collector's office so relevant accounting documents can be located in a timely basis.

Status:

- A,B,
C.1,
&E. Not implemented. See MAR finding number 7.

- C.2
&3,
D&F. Implemented.

- G. Partially implemented. Property tax receipts are not filed together and other records were not well organized. The real estate and personal property tax receipts are filed separately and partial payments are filed separately in a folder. See MAR finding number 7.

9. Sheriff's Procedures

- A. Accounting duties were not adequately segregated.
- B. Some monies received from other counties for serving summonses related to civil cases were not deposited into the Sheriff's bank account nor were they turned over to the county treasury. In addition, documentation was not retained to support checks written to the Sheriff and deputies for "out of county paper service".
- C. Receipts were not deposited intact and on a timely basis.
- D. Receipt slips were not issued for insurance reports, checks received in the mail, and some bonds.
- E. Monthly bank reconciliations were not prepared.
- F. A centralized listing of all seized property in the custody of the Sheriff's department was not maintained.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

- B. Deposit all receipts into the bank account and remit all accountable fees to the county treasury. If it is necessary to reimburse mileage to the Sheriff or a deputy, the Sheriff should maintain adequate documentation to support such payments.
- C. Deposit all monies received intact daily or when cash on hand exceeds \$100.
- D. Issue receipt slips for all monies received and reconcile total cash, checks, and money orders received to bank deposits.
- E. Prepare and document monthly bank reconciliations.
- F. Ensure an accurate and up-to-date inventory record is maintained of all seized and confiscated property. In addition, the inventory listing should include a control number to help identify and locate the property.

Status:

- A,
C-F. Not implemented. See MAR finding number 8.
- B. Partially implemented. Mileage reimbursements are being handled properly; however, several other types of accountable fees were not remitted to the County Treasurer. See MAR finding number 8.

STATISTICAL SECTION

History, Organization, and
Statistical Information

SHANNON COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1841, the county of Shannon was named after George (Pegleg) Shannon of the Lewis and Clark Expedition. Shannon County is a county-organized, third-class county and is part of the Thirty-Seventh Judicial Circuit. The county seat is Eminence.

Shannon County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Shannon County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 194,006	13	274,760	16
Sales taxes	207,617	13	195,095	12
Federal and state aid	823,611	53	805,249	50
Fees, interest, and other	367,471	21	352,916	22
Total	\$ 1,592,705	100	1,628,020	100

The following chart shows how Shannon County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 478,399	29	464,341	30
Public safety	345,307	21	345,123	22
Highways and roads	819,033	50	757,476	48
Total	\$ 1,642,739	100	1,566,940	100

The county maintains approximately 18 county bridges and 725 miles of county roads.

The county's population was 7,196 in 1970 and 8,324 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	33.3	31.1	22.2	7.1	5.8
Personal property		18.2	15.8	6.2	3.6	2.1
Railroad and utilities		3.8	5.0	2.8	3.0	2.1
Total	\$	55.3	51.9	31.2	13.7	10.0

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Shannon County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.0500	.1100
Special Road and Bridge Fund		.2419	.2400
Health Center Fund		.1000	.1000
Senate Bill 40 Board Fund		.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2002	2001
State of Missouri	\$ 16,674	16,152
General Revenue Fund	89,694	117,452
Special Road and Bridge Fund	133,429	128,317
Assessment Fund	24,740	23,137
Health Center Fund	54,764	52,872
Senate Bill 40 Board Fund	54,865	53,115
Senior Citizen Fund	26,323	23,527
School districts	1,619,060	1,463,384
Ambulance districts	76,123	73,320
Hospital	10,899	10,560
Cities	26,972	42,289
Fire district	4,517	0
County Clerk	95	71
County Employees' Retirement	16,125	16,132
Commissions and fees:		
General Revenue Fund	40,606	38,756
County Collector	712	1,519
Total	\$ 2,195,598	2,060,603

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2002	2001
Real estate	91 %	91 %
Personal property	83	85
Railroad and utilities	100	100

Shannon County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50
General	.0050	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Shane VanSteenis, Presiding Commissioner	\$	20,810	20,810
Dean Cox, Associate Commissioner		18,810	18,810
Herman Kelly, Associate Commissioner		18,810	18,810
Mae Ruth Bockman, County Clerk		28,500	28,500
Bob Oberzalek, Prosecuting Attorney		36,100	36,100
Clinton (Butter) Reeves, Sheriff		35,150	31,350
Allen L. Akers, County Treasurer		21,090	21,090
Tim Denton, County Coroner		8,075	
Ken Tarter, County Coroner			5,225
James Orchard, Public Administrator (1)		15,000	9,800
Jennie Cutts, County Collector (2), year ended February 28 (29),	29,212	30,017	
Stanley (Bear) Conway, County Assessor, (3) year ended August 31		31,300	29,400

(1) Includes \$300 fees received from probate cases in 2000. Beginning January 1, 2001, the Public Administrator elected to receive a salary in lieu of fees.

(2) Includes \$712 and \$1517, respectively, of commissions earned for collecting city property taxes.

(3) Includes \$900 annual compensation received from the state

State-Paid Officials:

Melany Williams, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
Robert Heller, Associate Circuit Judge	96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	1	0
Circuit Clerk and Ex Officio Recorder of Deeds	1	1
County Clerk	1	0
Prosecuting Attorney	1	0
Sheriff	9	0
County Collector *	2	0
County Assessor **	2	0
Associate/Probate Division	0	2
Road and Bridge	11	0
Health Center ***	44	0
Total	<u>72</u>	<u>3</u>

* Includes two part-time employees

** Includes one part-time employees

*** Includes thirty-six part-time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Shannon County's share of the Thirty-Seventh Judicial Circuit's expenses is 14.09 percent.



TOWNSHIP FINANCIAL REPORTING PRACTICES

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-30
April 4, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2003

Missouri currently has 22 township-organized counties with a total of 312 townships. The primary function of townships is to maintain the county roads located within the townships. Our audit of township financial reporting practices noted the following problems.

-

The financial reporting practices of Missouri's townships need significant improvement. The townships received approximately \$23 million and \$21 million in total revenues during 2002 and 2001, respectively. Our review noted a high rate of noncompliance with statutory provisions requiring townships to file financial reports with various entities. Some township financial reports filed with our office were inaccurate and incomplete. Monitoring procedures over county funds provided to townships are inconsistent, and some counties indicated little or no monitoring is performed. State agencies provide little, if any, monitoring of townships financial activity, and townships are not required to obtain independent audits.

The Missouri General Assembly should review the laws pertaining to township financial reporting practices. Consideration should be given to pass or amend laws to strengthen the requirement that all townships prepare complete and accurate financial statements, and to improve independent monitoring of township financial reporting practices. Applicable county officials should consider providing monitoring and assistance to help improve the townships' financial reporting and accountability.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

TOWNSHIP FINANCIAL REPORTING PRACTICES

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly

We have audited the financial reporting practices of Missouri's 312 townships located in the 22 counties that currently operate under the township form of government. The scope of this audit included, but was not necessarily limited to, the years ended December 31, 2002 and 2001. The objectives of this audit were to:

1. Review the townships' compliance with state laws pertaining to financial reporting practices.
2. Review the extent of oversight and monitoring procedures over township financial reporting.
3. Identify common problems in township financial reporting practices and determine if improvements are needed, including potential changes in applicable state laws.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed township financial reports and property tax rate information filed with the State Auditor's Office, obtained information from surveys of county clerks in township counties, and obtained information from township financial reports filed with the Missouri Department of Transportation.

Our audit was limited to the specific matters described above and was based on selective procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

This report presents the results of our audit of the township financial reporting practices.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 14, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Mark Ruether, CPA
In-Charge Auditor: Joyce Nielson, CPA

EXECUTIVE SUMMARY

TOWNSHIP FINANCIAL REPORTING PRACTICES EXECUTIVE SUMMARY

The financial reporting practices of Missouri's 312 townships need significant improvement. Our review noted high rates of noncompliance with statutory provisions requiring townships to file financial reports with various entities. Some financial reports that were filed and reviewed were inaccurate and incomplete. Monitoring procedures over county funds provided to townships are inconsistent, and some counties indicated no monitoring is performed because townships are separate political subdivisions. This report indicates an overall lack of accountability over township operations and their estimated annual revenues of more than \$23 million and \$21 million during 2002 and 2001, respectively.

State laws require townships to file annual financial reports with the State Auditor's Office, and to annually publish financial statements and provide copies of these statements to the counties in which the townships are located and to the Missouri Department of Transportation. For fiscal years ending in 2001, 31 percent of townships did not file a financial report with the State Auditor's Office, and only 10 percent of townships filed financial reports with the Department of Transportation. Only 3 of 22 county clerks in township-organized counties indicated all townships in the county published financial statements. Additionally, we reviewed financial reports filed by 22 townships and found errors and omissions in most of these reports.

All township-organized counties provide financial assistance to the townships. Three county clerks indicated county officials perform no monitoring of the townships' use of county funds. Monitoring procedures reported by the other counties were inconsistent and may not allow some counties to adequately oversee the townships' use of county funds. Other agencies provide little, if any, independent monitoring of township financial activity, and townships are not required to obtain independent audits.

The Missouri General Assembly should review the laws pertaining to township financial reporting practices. Consideration should be given to pass or amend laws to strengthen the requirement that all townships prepare complete and accurate financial statements, and to improve independent monitoring of township financial reporting practices. Applicable county officials should consider providing monitoring and assistance to help improve the townships' financial reporting and accountability.

OBJECTIVES, SCOPE, AND METHODOLOGY

TOWNSHIP FINANCIAL REPORTING PRACTICES OBJECTIVES, SCOPE, AND METHODOLOGY

Sections 65.010 through 65.040, RSMo, allow for counties of the third and fourth classes to adopt an alternative form of government known as the "township organization" form of county government. To adopt the township form of government, a petition of at least 100 county voters must be filed with the county commission and the issue must be approved by a majority of county voters at the next general election following the filing of the petition. If the petition is filed less than 60 days before the next general election, the issue cannot be put on the ballot until the next succeeding general election.

Upon adoption of the township form of government, each township in the county becomes a separate political subdivision of the state and is governed by a three-member board of trustees. The primary duty of the township board is to maintain the county roads and bridges located in the township. Township boards have the power to levy and collect property taxes for general, road and bridge, and debt service (general obligation bonds) purposes.

Sections 65.610 and 65.620, RSMo, allow for the abolishment of the township form of government. Upon the petition of at least 100 county voters, the issue is put on either a special election or the next general election, depending on when the petition is filed. If approved by a majority of the county voters, the terms of office of township officials expire and all assets and liabilities of the townships revert to the county, and the county takes over the responsibility of maintaining all county roads. In April 2001, the citizens of Wright County voted to abolish the township form of government in that county.

Objectives

The objectives of this report were to 1) review the townships' compliance with state laws pertaining to financial reporting practices; 2) review the extent of oversight and monitoring procedures over township financial reporting; and 3) identify common problems in township financial reporting practices and determine if improvements are needed, including potential changes in applicable state laws.

Scope

The scope of this audit included, but was not necessarily limited to, the years ended December 31, 2002 and 2001.

Information used to compile this report included:

- Township assessed valuations, property tax levies, annual financial reports, and related information submitted to and maintained by the State Auditor's Office (SAO).
- Survey information received from county clerks of township-organized counties, including the miles of roads maintained by the townships, amount of county monies paid

to or spent on behalf of the townships, county procedures to monitor the townships' use of county monies, and the counties' involvement in township financial reporting.

- Missouri Department of Transportation (MoDOT) procedures for obtaining and reviewing township financial reports.

Methodology

All political subdivisions of the state, including townships, are required to report annual assessed valuation and property tax levy information to the SAO. This information was used to estimate property tax revenues for each township for 2001 and 2002. Based on historical tax collection data, township property tax revenues were estimated as 92 percent of total taxes levied. In addition, townships are required to file annual financial reports with the SAO, as required by Section 105.145, RSMo. Townships that did not file a financial report by December 31, 2002, for fiscal periods ending in the year 2001 have been identified. This information is presented in Appendix A.

Survey information was requested from county clerks of township-organized counties. Requested information included the number of road miles maintained by each township, amounts of County Aid Road Trust and other county monies distributed to or spent on behalf of the townships, and a description of the procedures to monitor the townships' expenditure of county monies. In addition, Section 231.280, RSMo, requires each township to annually publish certain financial information and submit a copy of the published financial report to the county clerk. Section 231.290, RSMo, requires the county clerk to prepare and furnish forms for the publication of the township financial information. The survey requested the county clerks to provide information regarding the counties' and townships' compliance with these state laws. This information is presented in Appendix B.

Twenty-two township financial reports filed with the SAO for fiscal periods ended in the year 2001 were reviewed for accuracy and completeness. The township with the largest amount of estimated property tax revenues that had filed a report from each of the 22 township-organized counties was chosen for review.

Section 231.280, RSMo, requires the townships to file a copy of their published financial statements with MoDOT. Information regarding the number of township reports filed for 2001 and 2002 was obtained from MoDOT, as well as MoDOT's policies and procedures for reviewing and monitoring these reports. In addition, the SAO sends copies of the annual township financial reports it receives to MoDOT. Information regarding MoDOT's procedures for reviewing and monitoring these reports was also obtained.

Limitations

Appendices A and B present unaudited financial data of the townships and counties.

RESULTS

TOWNSHIP FINANCIAL REPORTING PRACTICES RESULTS

The state of Missouri has 312 townships within the 22 counties that have adopted the township form of government. These townships received approximately \$23 million and \$21 million in property taxes and county funds during the years ended December 31, 2002 and 2001, respectively. The townships' primary duty is to maintain the county roads located within their boundaries, and the townships maintain a total of approximately 15,000 miles of roads. This report discusses the financial reporting requirements and practices of these townships.

1. Annual Financial Reports Filed with the State Auditor's Office

- **Three of every ten townships do not file financial reports**

As of December 31, 2002, 97 of the 312 townships (31 percent) had not filed, with the State Auditor's Office (SAO), an annual financial report for applicable fiscal periods ended during the year 2001 (see Appendix A for the specific townships that have not filed a report). Twenty of those 97 had not filed a report in more than 5 years. Five of the 97 townships were estimated to have received the largest amount of property tax revenue for a township within their respective counties. Section 105.145, RSMo, requires the townships to file annual financial reports with the SAO.

- **Many financial reports are incomplete or inaccurate**

We reviewed 22 township financial reports submitted for fiscal periods ended during the year 2001. These townships reported total revenues of almost \$5 million and total cash and investments of \$2.1 million. The following concerns were noted in these reports:

<u>CONCERN</u>	<u>NUMBER OF REPORTS APPLICABLE</u>
Reported revenues significantly differed from amounts reported or estimated by independent sources	9
Assessed valuation incorrect or not reported	8
Tax rates incorrect or not reported	6
Delinquent taxes not reported	7
No summary of receipts, disbursements, and balances	1
Negative cash balance reported	1

Some reported revenues appear to have been misclassified in the township financial reports. Township revenue amounts obtained from the county clerks or estimated from independent sources were not reported in some township reports or did not always agree to the amounts in the township reports. In addition, some reports contained mathematical errors. Complete and accurate financial information is necessary to properly inform the townships' residents and taxpayers of the financial condition of the township.

2. Published Financial Statements

- **Many townships do not publish statements and provide copies to applicable entities**

Only 3 of the 22 (14 percent) county clerks indicated all townships in the county publish financial statements and provide copies to the county, while 5 of the 22 (23 percent) county clerks indicated none of the townships publish financial statements. The remaining county clerks indicated some townships publish financial statements, the townships do not provide information to the counties regarding the publishing of financial statements, or did not respond to the question of whether the townships publish financial statements. Some county clerks indicated many townships provide copies of non-published financial statements to the county.

Most townships have not filed financial statements with the Missouri Department of Transportation (MoDOT). For fiscal periods ended 2001, all townships from Barton County, 15 of 16 townships from Dade County, and one township from Stoddard County provided MoDOT copies of financial statements. This represents only 31 of 312 (10 percent) of the townships. For fiscal periods ended 2002, MoDOT indicated as of January 29, 2003, 20 townships from 7 different counties have filed copies of financial statements.

Section 231.280, RSMo, requires townships to publish itemized statements of receipts and expenditures, and inventories of all township tools, machinery and other property. These financial statements are to be published in a newspaper either located in the township or with a general circulation in the township. Copies of the financial statements shall be filed with the county clerk and MoDOT. The statements are to be published and filed with the county and MoDOT within 30 days of the end of the townships' fiscal year.

- **Some county clerks do not provide required financial reporting forms**

Some county clerks do not provide the townships with forms on which to prepare the published financial statements. While 10 of the 22 counties (45 percent) had not prepared such forms, several of these county clerks indicated they plan to prepare such forms in the future. In addition, several county clerks provided copies of the forms provided to the townships and some of these forms did not include inventory of tools, machinery, and other property. Section 231.290, RSMo, requires the county clerks to prepare forms for the publication of the financial statements and to distribute these forms to the townships.

3. Fiscal Year Ending Dates

- **Some townships are not complying with fiscal year requirement**

Section 231.280, RSMo, requires townships' fiscal years to begin and end on the same date as the counties in which the townships are located. All township-organized counties have fiscal years ending on December 31; however, 37 of 312 (12 percent) townships

have fiscal years ending on dates other than December 31. The following chart shows the breakdown by county:

Townships with fiscal year ends other than December 31		Townships with fiscal year ends other than December 31	
County		County	
Barton	3	Harrison	3
Bates	8	Henry	3
Caldwell	0	Linn	3
Carroll	1	Livingston	1
Chariton	4	Mercer	0
Dade	1	Nodaway	0
Daviess	1	Putnam	0
DeKalb	0	Stoddard	0
Dunklin	0	Sullivan	2
Gentry	3	Texas	0
Grundy	0	Vernon	4

4. County Aid Road Trust Funds

- **Methods of spending these funds are not consistent**

All counties in the state receive County Aid Road Trust (CART) funds. These funds represent a portion of the state's gasoline tax, motor vehicle sales tax, and certain other state monies. The Missouri Constitution restricts the use of this money to construction, reconstruction, maintenance, and repair of county roads, bridges, and highways. Eleven counties distribute CART funds directly to the townships; three counties pay CART funds to townships as reimbursement for specific rock and gravel purchases made by the townships; and seven counties pay the quarries directly for rock and gravel put on roads by the townships. One county does not distribute the CART funds to the townships in any form.

During 2002 and 2001, counties paid CART funds of approximately \$4.8 million and \$4.7 million, respectively, to the townships, either through direct distribution to the townships or direct reimbursement of specific expenses incurred by the townships. During 2002 and 2001, counties paid \$2.0 million and \$2.1 million, respectively, directly to vendors, such as rock quarries, for expenses incurred on behalf of townships. Article IV, Section 30(a), of the Missouri Constitution, requires that CART funds be expended solely under the control and supervision of the county commission and not by the various townships located within such counties. Section 231.441, RSMo, indicates that CART funds shall be spent as the county commission shall direct and that the county commission shall formulate written regulations, rules, and policies for the use of such funds.

5. Oversight and Monitoring of Townships

- **Use of county funds not consistently monitored**

In addition to the \$6.8 million and \$6.8 million in CART funds provided to the townships during 2002 and 2001, respectively, counties provided additional funding to townships totaling \$2.2 million and \$1.5 million during 2002 and 2001, respectively. The majority of the additional funding comes from county capital improvement sales taxes and Federal Emergency Management Agency assistance. Three county clerks indicated the county performs no monitoring of how the townships spend these county funds. Eleven of the 22 township counties (50 percent) require written contracts with each township which govern the townships' use of county funds; however, some of the contracts do not require the townships to provide the county documentation of how the funds were spent. Some counties require the townships to provide copies of paid invoices and checks to show how the funds were used, and some counties require township budgets be filed with the county.

- **Independent oversight of townships is lacking**

Townships are required to file annual financial reports with the SAO. These reports are not reviewed for accuracy or completeness and are retained for five years. The SAO provides copies of these township reports to MoDOT, whose officials indicated the only purpose for receiving these reports is to provide certain township information to the Federal Highway Administration for inclusion in a national highway statistical report. MoDOT indicated these reports are retained for two years. MoDOT officials indicated the published township financial reports received in accordance with Section 231.280, RSMo, are retained for five years. MoDOT indicated it does not review these township reports as it has no use for the information since township revenues and expenses do not impact MoDOT's operations.

There are no requirements that townships obtain independent audits. While we did not verify whether any townships receive independent audits, no townships submit audit reports to the SAO and no counties indicated that any townships have been audited.

APPENDIXES

TOWNSHIP FINANCIAL REPORTING PRACTICES
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APPENDIX A

County / Township	2002			2001			Annual Township Financial Report for Fiscal Years Ending in 2001		
	Total Tax Levy	Total Assessed Valuation	Estimated Tax Revenue *	Total Tax Levy	Total Assessed Valuation	Estimated Tax Revenue *	Filed	Years Since Last Report Filed	
								1 to 5	More than 5
<u>Barton County</u>									
Barton City	\$ 0.6000	2,876,878	15,880	0.8500	2,720,390	21,273	X		
Central	0.9100	7,794,756	65,258	0.4400	7,552,036	30,571	X		
City	0.2200	41,384,189	83,762	0.1700	40,679,930	63,623	X		
Doylesport	0.6192	3,619,066	20,617	0.3646	3,629,104	12,173	X		
Golden City	0.3000	9,532,870	26,311	0.3000	9,355,750	25,822	X		
Lamar	0.6100	23,708,846	133,054	0.6100	22,599,854	126,830	X		
Leroy	0.8047	3,808,403	28,195	0.7600	4,259,555	29,783	X		
Milford	0.3000	2,586,138	7,138	0.3000	2,654,273	7,326	X		
Nashville	0.7900	5,261,670	38,242	0.4600	4,883,213	20,666	X		
Newport	0.4516	3,185,648	13,235	0.4508	3,042,914	12,620	X		
North Fork	0.5900	3,356,006	18,216	0.3500	3,226,832	10,390		X	
Ozark	0.2600	6,489,151	15,522	0.2600	6,649,609	15,906	X		
Richland	0.9000	7,436,563	61,575	0.9000	7,460,374	61,772	X		
South West	0.4500	5,593,851	23,159	0.4400	5,780,727	23,400	X		
Union	0.8500	3,999,380	31,275	0.8300	3,936,787	30,061	X		

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County / Township	2002			2001			Annual Township Financial Report for Fiscal Years Ending in 2001		
	Total Tax Levy	Total Assessed Valuation	Estimated Tax Revenue *	Total Tax Levy	Total Assessed Valuation	Estimated Tax Revenue *	Filed	Years Since Last Report Filed	
								1 to 5	More than 5
<u>Bates County</u>									
Charlotte	0.5809	4,102,504	21,925	0.3600	4,019,229	13,312		X	
Deepwater	0.6661	2,921,486	17,903	0.6661	2,759,145	16,908		X	
Deer Creek	0.2999	14,859,142	40,998	0.2980	14,569,731	39,944	X		
East Boone	0.6557	4,800,366	28,958	0.6500	4,474,277	26,756		X	
Elkhart	0.4918	3,604,724	16,310	0.3000	3,403,618	9,394	X		
Grand River	0.5973	2,701,893	14,847	0.3600	2,529,019	8,376			X
Homer	0.4209	4,007,550	15,518	0.3891	4,377,842	15,671		X	
Howard	0.7082	4,583,649	29,864	0.7047	4,592,066	29,771			X
Hudson	0.7149	4,037,438	26,555	0.3625	4,028,465	13,435	X		
Lone Oak	0.5405	3,407,224	16,943	0.5261	3,416,292	16,535	X		
Mingo	0.5847	2,574,451	13,849	0.3723	2,449,111	8,389			X
Mound	0.4953	8,546,546	38,945	0.4900	8,559,119	38,585	X		
Mount Pleasant	0.2932	47,658,882	128,557	0.2938	45,275,645	122,378	X		
New Home	0.5208	2,934,082	14,058	0.3408	2,839,660	8,903	X		
Osage	0.3537	9,611,355	31,276	0.3500	9,293,213	29,924			X
Pleasant Gap	0.6207	3,582,662	20,459	0.6207	3,497,775	19,974		X	
Prairie	0.6106	1,469,393	8,254	0.6100	1,412,477	7,927	X		
Rockville	0.3635	2,767,413	9,255	0.3521	2,773,643	8,985	X		
Shawnee	0.7300	3,035,343	20,385	0.7300	2,951,710	19,824	X		
Spruce	0.2929	3,262,857	8,792	0.2929	3,144,920	8,475	X		
Summit	0.6606	3,558,006	21,624	0.6606	3,376,678	20,522			X
Walnut	0.5658	4,018,122	20,916	0.5030	4,760,202	22,028			X
West Boone	0.5294	5,849,632	28,491	0.2975	6,072,871	16,621		X	
West Point	0.6156	5,570,135	31,547	0.5948	5,941,817	32,515		X	

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County / Township	2002			2001			Annual Township Financial Report for Fiscal Years Ending in 2001		
	Total Tax	Total Assessed Valuation	Estimated Tax	Total Tax	Total Assessed Valuation	Estimated Tax	Filed	Years Since Last Report Filed	
	Levy		Revenue *	Levy		Revenue *		1 to 5	More than 5
<u>Caldwell County</u>									
Breckenridge	0.8415	5,289,046	40,947	0.5400	4,757,777	23,637		X	
Davis	0.6900	8,776,632	55,714	0.6960	8,678,310	55,569	X		
Fairview	0.8800	2,500,889	20,247	0.5600	2,615,616	13,476	X		
Gomer	0.8900	4,148,039	33,964	0.5400	4,079,744	20,268	X		
Grant	0.7484	11,594,902	79,834	0.7484	11,462,682	78,924	X		
Hamilton	0.4200	16,237,219	62,741	0.4200	16,204,678	62,615	X		
Kidder	0.7757	7,756,773	55,356	0.7942	7,457,551	54,490		X	
Kingston	0.9017	4,796,431	39,789	0.9017	4,813,234	39,929	X		
Lincoln	0.8300	4,671,166	35,669	0.8278	4,883,235	37,190	X		
Mirabile	0.8700	4,015,607	32,141	0.5400	3,951,428	19,631	X		
New York	0.8190	3,323,170	25,039	0.8311	3,142,028	24,024	X		
Rockford	0.8400	5,456,242	42,166	0.5078	5,306,273	24,790	X		

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County / Township	2002			2001			Annual Township Financial Report for Fiscal Years Ending in 2001		
	Total Tax	Total Assessed	Estimated Tax	Total Tax	Total Assessed	Estimated Tax	Filed	Years Since Last Report Filed	
	Levy	Valuation	Revenue *	Levy	Valuation	Revenue *		1 to 5	More than 5
<u>Carroll County</u>									
Carrollton	0.3800	37,502,151	131,108	0.4100	36,456,182	137,513	X		
Cherry Valley	0.9499	1,124,915	9,831	0.9500	1,123,890	9,823	X		
Combs	0.8944	5,389,486	44,347	0.5884	5,017,859	27,163	X		
De Witt	0.8766	7,123,341	57,448	0.8798	6,886,141	55,738	X		
Egypt	0.4288	10,564,681	41,677	0.4200	10,723,155	41,434	X		
Eugene	0.9445	6,333,929	55,038	0.9500	6,189,216	54,094	X		
Fairfield	0.8409	2,593,708	20,066	0.8310	2,631,036	20,115	X		
Hill	0.8924	3,317,845	27,240	0.9500	3,006,248	26,275	X		
Hurricane	0.8400	6,364,167	49,182	0.8400	6,337,678	48,978	X		
Leslie	0.8619	3,999,261	31,712	0.5449	3,725,919	18,678	X		
Moss Creek	0.9500	5,757,751	50,323	0.9500	5,698,702	49,807	X		
Prairie	0.8188	3,485,831	26,259	0.8188	3,437,232	25,893	X		
Ridge	0.9113	5,489,477	46,024	0.9249	5,310,360	45,186	X		
Rockford	0.6999	2,102,832	13,540	0.3600	1,962,688	6,500		X	
Stokes Mound	0.9213	3,927,316	33,288	0.5713	3,800,562	19,976	X		
Sugartree	0.9270	1,681,904	14,344	0.9500	1,595,466	13,944	X		
Trotter	0.9049	3,905,406	32,513	0.8863	3,821,007	31,156	X		
Van Horn	0.9090	5,930,992	49,600	0.8712	5,628,207	45,110		X	
Wakenda	0.9500	6,343,586	55,443	0.9500	6,227,936	54,432	X		
Washington	0.8732	2,721,070	21,860	0.5263	2,586,349	12,523	X		

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	Total Tax	Total Assessed	Estimated Tax	Total Tax	Total Assessed	Estimated Tax	Filed	Years Since Last Report Filed	
	Levy	Valuation	Revenue *	Levy	Valuation	Revenue *		1 to 5	More than 5
<u>Chariton County</u>									
Bee Branch	0.8500	3,411,627	26,679	0.8500	3,306,851	25,860		X	
Bowling Green	0.6835	4,313,290	27,123	0.6900	4,171,223	26,479	X		
Brunswick	0.6500	13,695,508	81,899	0.5000	13,119,592	60,350	X		
Chariton	0.5495	5,535,289	27,983	0.3500	5,095,214	16,407		X	
Clark	0.8500	4,547,499	35,561	0.8500	4,472,542	34,975	X		
Cockrell	0.8500	2,527,564	19,766	0.8500	2,391,739	18,703			X
Cunningham	0.7883	4,998,734	36,253	0.5000	4,821,765	22,180	X		
Keytesville	0.7363	9,958,561	67,459	0.7500	9,565,214	66,000	X		
Mendon	0.8311	5,134,604	39,260	0.5000	4,875,200	22,426	X		
Musselfork	0.5800	4,417,533	23,572	0.3500	4,251,029	13,688	X		
Salisbury	0.6480	27,938,873	166,560	0.6500	27,157,511	162,402	X		
Salt Creek	0.7982	3,281,708	24,099	0.5000	3,001,076	13,805	X		
Triplett	0.8298	4,516,475	34,479	0.5000	4,263,904	19,614	X		
Wayland	0.4998	4,894,748	22,507	0.5000	4,781,897	21,997	X		
Yellow Creek	0.8444	4,603,550	35,763	0.8444	4,518,216	35,100		X	

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	Total Tax	Total Assessed	Estimated Tax	Total Tax	Total Assessed	Estimated Tax	Filed	Years Since Last Report Filed	
	Levy	Valuation	Revenue *	Levy	Valuation	Revenue *		1 to 5	More than 5
<u>Dade County</u>									
Cedar	0.5091	3,562,238	16,685	0.5031	3,450,104	15,969	X		
Center	0.3441	16,606,734	52,572	0.3418	16,476,766	51,812	X		
Ernest	0.4278	1,077,629	4,241	0.4150	1,110,536	4,240		X	
Grant	0.3557	3,669,543	12,008	0.3528	3,697,289	12,001		X	
Lockwood	0.3316	10,704,117	32,655	0.3300	10,623,091	32,252		X	
Marion	0.3649	3,498,264	11,744	0.3700	3,396,072	11,560	X		
North	0.4174	3,015,109	11,578	0.3963	3,081,150	11,234	X		
North Morgan	0.2427	1,232,001	2,751	0.2476	1,188,741	2,708		X	
Pilgrim	0.5696	1,672,825	8,766	0.5600	1,707,661	8,798		X	
Polk	0.6741	4,505,809	27,944	0.6700	4,274,853	26,350	X		
Rock Prairie	0.5956	7,867,655	43,111	0.5956	7,418,095	40,648	X		
Sac	0.2969	2,379,869	6,501	0.2805	2,362,039	6,095	X		
Smith	0.6835	1,843,644	11,593	0.4300	1,856,603	7,345	X		
South	0.7313	2,312,070	15,556	0.3865	2,325,236	8,268	X		
South Morgan	0.3972	2,424,039	8,858	0.3959	2,024,819	7,375		X	
Washington	0.3300	2,673,913	8,118	0.3300	2,636,087	8,003		X	
<u>Daviess County</u>									
Benton	0.6000	4,061,985	22,422	0.6000	3,930,796	21,698	X		
Colfax	0.8500	3,891,504	30,432	0.8449	3,885,530	30,203	X		
Grand River	0.9500	3,214,514	28,095	0.9500	3,179,965	27,793	X		
Harrison	0.9370	1,678,200	14,467	0.5891	1,630,076	8,835	X		
Jackson **	0.9403	5,155,536	28,914	0.9403	5,053,370	28,423	X		
Jamesport	0.1000	5,841,276	5,374	0.1000	5,652,203	5,200		X	
Jefferson	0.8927	3,506,114	28,795	0.8926	3,352,849	27,533		X	
Liberty **	0.5900	12,204,276	22,683	0.5900	11,637,092	22,182	X		
Lincoln	0.8000	3,431,613	25,257	0.9000	3,472,639	28,753	X		
Marion	0.9412	3,340,067	28,922	0.9500	3,164,168	27,655	X		
Monroe	1.6025	2,014,422	29,699	1.6025	1,932,837	28,496	X		
Salem	0.8982	4,261,005	35,211	0.5720	4,042,313	21,272	X		
Sheridan	0.8818	3,107,158	25,207	0.5643	2,781,757	14,442	X		
Union	0.3000	15,131,508	41,763	0.3500	14,805,387	47,673		X	
Washington	0.9500	2,464,951	21,544	0.6000	2,404,390	13,272			X

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	Levy	Valuation	Revenue *	Levy	Valuation	Revenue *		1 to 5	More than 5
<u>DeKalb County</u>									
Adams	0.6145	5,536,924	31,302	0.6081	5,538,172	30,983	X		
Camden	0.4530	13,942,900	58,108	0.4514	13,658,879	56,724	X		
Colfax	0.5135	7,075,113	33,424	0.5064	7,108,392	33,117		X	
Dallas	0.8654	3,109,757	24,759	0.8531	3,176,510	24,931	X		
Grand River	0.4510	28,976,602	120,230	0.4617	27,183,116	115,464	X		
Grant	0.9500	3,760,705	32,869	0.6000	2,778,937	15,340		X	
Polk	0.4819	7,170,856	31,792	0.4800	7,145,673	31,555	X		
Sherman	0.8392	5,617,150	43,368	0.8352	5,602,934	43,052		X	
Washington	0.4319	14,459,945	57,456	0.4319	13,991,264	55,594	X		
<u>Dunklin County</u>									
Buffalo	0.3632	10,222,440	34,158	0.3600	10,282,449	34,055		X	
Clay	0.3980	16,616,433	60,843	0.3919	16,885,568	60,881	X		
Cotton Hill	0.3801	39,440,288	137,920	0.3801	39,030,565	136,487		X	
Freeborn	0.3550	9,678,765	31,611	0.3534	9,520,230	30,953	X		
Holcomb	0.3100	11,412,788	32,549	0.3100	11,565,935	32,986	X		
Independence	0.3421	102,962,251	324,055	0.3400	100,387,733	314,013		X	
Salem	0.3708	24,174,953	82,469	0.3700	23,531,361	80,101			X
Union	0.4000	57,254,692	210,697	0.4000	57,260,933	210,720	X		

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	Total Tax	Total Assessed	Estimated Tax	Total Tax	Total Assessed	Estimated Tax	Filed	Years Since Last Report Filed	
	Levy	Valuation	Revenue *	Levy	Valuation	Revenue *		1 to 5	More than 5
<u>Gentry County</u>									
Athens	0.9320	17,103,213	146,650	0.7309	16,423,219	110,434	X		
Bogle	1.7200	4,560,487	72,165	1.7200	4,593,987	72,695		X	
Cooper	0.7083	13,068,190	85,157	0.7047	12,615,691	81,791	X		
Howard	1.3435	1,720,906	21,271	1.3435	1,660,030	20,518	X		
Huggins	0.9300	2,169,033	18,558	0.9300	2,040,531	17,459		X	
Jackson	0.9247	11,030,981	93,843	0.9247	10,652,625	90,624	X		
Miller	1.2400	7,827,030	89,291	0.9449	7,769,875	67,544	X		
Wilson	0.8900	3,240,242	26,531	0.5909	3,261,551	17,731		X	
<u>Grundy County</u>									
Franklin **	0.8803	3,321,174	23,268	0.8800	3,222,401	22,512	X		
Harrison	0.9500	1,700,145	14,859	0.6000	1,703,662	9,404			X
Jackson	0.8381	3,001,892	23,146	0.8343	2,988,315	22,937	X		
Jefferson	0.7311	4,055,422	27,277	0.7311	4,003,103	26,925	X		
Liberty	0.9500	3,121,087	27,278	0.6000	3,023,506	16,690		X	
Lincoln	0.7506	5,402,271	37,305	0.4000	5,122,733	18,852			X
Madison	0.9500	5,503,401	48,100	0.9500	4,666,458	40,785		X	
Marion	1.0847	3,435,203	34,281	1.0566	3,472,664	33,757	X		
Myers	0.9500	1,707,956	14,928	0.9500	1,631,763	14,262			X
Taylor	0.8503	1,429,069	11,179	0.4936	1,428,357	6,486	X		
Trenton	0.3900	51,418,857	184,491	0.3900	47,139,964	169,138	X		
Wilson	0.9259	3,133,066	26,688	0.9109	3,123,046	26,172	X		
Washington	0.8922	1,079,882	8,864	0.8922	1,066,964	8,758		X	

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	Total Tax	Total Assessed	Estimated Tax	Total Tax	Total Assessed	Estimated Tax	Filed	Years Since Last Report Filed	
	Levy	Valuation	Revenue *	Levy	Valuation	Revenue *		1 to 5	More than 5
<u>Harrison County</u>									
Adams	0.9500	1,966,553	17,188	0.9500	1,945,162	17,001	X		
Bethany	0.3961	28,786,841	104,903	0.3955	27,282,281	99,269	X		
Butler	0.8649	1,607,482	12,791	0.8647	1,578,152	12,555		X	
Clay	0.9017	2,270,107	18,832	0.8809	2,379,469	19,284		X	
Colfax	0.8958	4,756,950	39,204	0.8828	4,890,582	39,720		X	
Cypress	0.8225	1,811,428	13,707	0.8219	1,698,285	12,842		X	
Dallas	0.8484	1,690,898	13,198	0.8423	1,713,393	13,277	X		
Fox Creek	0.8645	1,637,845	13,026	0.8638	1,567,183	12,454		X	
Grant	0.9036	3,159,961	26,269	0.8961	3,125,102	25,764	X		
Hamilton	0.9189	2,238,856	18,927	0.8957	2,326,802	19,174			X
Jefferson	0.8640	2,960,640	23,534	0.8640	2,859,101	22,726	X		
Lincoln	0.9434	1,685,388	14,628	0.9266	1,680,544	14,326	X		
Madison	0.8871	3,977,891	32,465	0.8742	4,029,389	32,407	X		
Marion	0.8428	4,164,676	32,292	0.8228	4,332,833	32,799	X		
Sherman	0.9500	2,625,710	22,949	0.9396	2,686,419	23,222	X		
Sugar Creek	0.8097	3,048,761	22,711	0.4591	3,005,434	12,694	X		
Trail Creek	0.9500	2,654,191	23,198	0.9500	3,976,497	34,755			X
Union	0.9201	3,276,127	27,732	0.9143	3,195,306	26,878	X		
Washington	0.8975	1,752,068	14,467	0.8931	1,755,703	14,426		X	
White Oak	0.8866	3,426,781	27,951	0.8698	3,527,470	28,227	X		

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	Total Tax	Total Assessed	Estimated Tax	Total Tax	Total Assessed	Estimated Tax	Filed	Years Since Last Report Filed	
	Levy	Valuation	Revenue *	Levy	Valuation	Revenue *		1 to 5	More than 5
<u>Henry County</u>									
Bear Creek	0.8100	2,743,088	20,441	0.8027	2,770,266	20,458	X		
Bethlehem **	0.3875	7,970,405	23,209	0.3875	8,037,325	23,371		X	
Big Creek	0.4214	4,179,607	16,204	0.4211	4,076,602	15,793		X	
Bogard	0.7886	6,906,149	50,105	0.7801	6,578,760	47,215	X		
Clinton	0.3000	80,876,967	223,220	0.3000	78,704,403	217,224	X		
Davis	0.5300	7,939,109	38,711	0.5000	7,022,357	32,303		X	
Deepwater **	0.5655	5,846,156	14,321	0.5492	5,912,523	13,967	X		
Deer Creek **	0.5855	4,835,449	19,941	0.5855	4,978,167	20,712		X	
Fairview	0.4500	5,791,559	23,977	0.4500	5,602,419	23,194	X		
Fields Creek **	0.4461	30,486,367	63,498	0.4200	30,340,778	59,031	X		
Honey Creek **	0.2500	2,730,062	4,739	0.2500	2,820,340	4,898	X		
Leesville	0.3913	11,111,794	40,002	0.3913	10,520,280	37,873		X	
Osage **	0.3600	7,316,607	13,902	0.3600	7,177,790	13,650	X		
Shawnee **	0.4600	5,817,200	12,614	0.4600	5,732,892	12,238	X		
Springfield	0.4626	2,900,217	12,343	0.4623	2,826,601	12,022	X		
Tebo	0.7453	6,514,178	44,666	0.7293	6,528,400	43,803	X		
Walker	0.8422	4,156,223	32,203	0.8500	3,973,005	31,069	X		
White Oak	0.5845	5,897,769	31,715	0.5709	5,874,510	30,855		X	
Windsor	0.1448	26,064,210	34,722	0.1407	26,502,822	34,306	X		

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	Total Tax	Total Assessed	Estimated Tax	Total Tax	Total Assessed	Estimated Tax	Filed	Years Since Last Report Filed	
	Levy	Valuation	Revenue *	Levy	Valuation	Revenue *		1 to 5	More than 5
<u>Linn County</u>									
Baker	0.9454	3,024,188	26,303	0.9009	3,167,597	26,254	X		
Brookfield	0.4676	46,025,813	197,999	0.4646	45,625,209	195,017	X		
Bucklin	0.9056	7,186,145	59,872	0.8724	7,395,343	59,356	X		
Clay	0.9029	3,491,011	28,999	0.9455	3,266,132	28,411		X	
Enterprise	0.9500	1,498,608	13,098	0.9499	1,506,422	13,165	X		
Grantsville	0.9304	2,744,570	23,493	0.9239	2,662,843	22,634		X	
Jackson	1.6853	2,648,512	41,065	1.6899	2,642,419	41,082	X		
Jefferson	0.9258	8,194,080	69,792	1.1153	8,026,910	82,362	X		
Locust Creek	1.2603	5,046,890	58,517	1.2108	5,150,909	57,378	X		
Marceline	0.9137	3,776,279	31,744	0.8866	3,877,013	31,624	X		
North Benton	0.9201	1,772,220	15,002	0.9500	1,604,024	14,019	X		
North Salem	0.9468	1,854,938	16,158	0.9403	1,803,206	15,599	X		
Parson Creek	0.8915	6,682,702	54,810	0.8875	6,566,415	53,615	X		
Yellow Creek	0.7908	5,286,808	38,463	0.7627	5,444,450	38,203	X		
<u>Livingston County</u>									
Blue Mound	0.8918	4,391,503	36,030	0.8900	4,317,121	35,349	X		
Chillicothe	0.3621	90,296,988	300,808	0.3584	90,192,881	297,391		X	
Cream Ridge	0.7484	5,089,433	35,042	0.7379	5,187,589	35,217	X		
Fairview	0.8684	3,908,527	31,226	0.5100	3,934,411	18,460			X
Grand River	0.8170	3,141,245	23,611	0.4600	3,189,069	13,496		X	
Green	0.5564	4,043,673	20,699	0.5452	4,102,292	20,576		X	
Jackson	0.7270	5,850,279	39,129	0.7258	5,870,516	39,200	X		
Medicine	0.8133	1,565,647	11,715	0.8100	1,573,788	11,728	X		
Monroe	0.8850	3,390,927	27,609	0.5221	3,443,007	16,538	X		
Mooreville	0.9500	2,741,954	23,965	0.6000	3,006,730	16,597		X	
Rich Hill	0.8691	5,795,989	46,343	0.8600	5,819,617	46,045	X		
Sampsel	0.7800	3,404,337	24,430	0.7800	3,381,540	24,266	X		
Wheeling	0.9306	3,238,416	27,726	0.5733	3,197,045	16,862	X		

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	Total Tax	Total Assessed	Estimated Tax	Total Tax	Total Assessed	Estimated Tax	Filed	Years Since Last Report Filed	
	Levy	Valuation	Revenue *	Levy	Valuation	Revenue *		1 to 5	More than 5
<u>Mercer County</u>									
Harrison	0.9500	2,423,022	21,177	0.9500	2,534,008	22,147	X		
Lindley	0.9500	2,203,086	19,255	0.9500	2,182,545	19,075			X
Madison	0.9500	2,259,532	19,748	0.9500	2,324,409	20,315	X		
Marion	0.8695	6,627,519	53,016	0.8695	6,165,735	49,322		X	
Medicine	0.9500	2,680,315	23,426	0.9500	2,529,648	22,109		X	
Morgan	0.4500	17,175,369	71,106	0.4500	15,864,513	65,679	X		
Ravanna	0.9500	7,590,722	66,343	0.9500	7,167,035	62,640	X		
Somerset	0.9500	5,045,744	44,100	0.9500	5,276,016	46,112	X		
Washington	0.9426	4,413,887	38,277	0.9414	4,184,717	36,243	X		
<u>Nodaway County</u>									
Atchison	1.7175	4,750,737	75,066	1.3933	4,608,005	59,067	X		
Grant	0.9000	5,846,779	48,411	0.5500	5,231,649	26,472		X	
Green	1.5640	4,117,207	59,242	1.6898	4,023,897	62,556	X		
Hopkins	0.9000	5,824,116	48,224	0.5500	5,658,385	28,631		X	
Hughes	0.9000	6,730,707	55,730	0.5500	6,549,846	33,142	X		
Independence	1.8581	3,948,432	67,497	1.3345	3,792,386	46,561	X		
Jackson	1.5209	8,980,547	125,658	1.5097	8,902,989	123,656	X		
Jefferson	0.9000	5,406,432	44,765	0.5500	5,376,261	27,204	X		
Lincoln	1.9342	4,972,364	88,481	1.9932	4,890,627	89,682		X	
Monroe	1.9525	4,168,831	74,885	1.5241	4,069,986	57,068	X		
Nodaway	1.4275	6,863,358	90,136	1.7395	6,508,064	104,151	X		
Polk	0.3105	158,951,328	454,060	0.3105	156,330,523	446,574	X		
Union	1.5153	4,668,455	65,082	1.6633	4,517,667	69,131	X		
Washington	0.9000	3,767,434	31,194	0.5500	3,922,070	19,846	X		
White Cloud	1.6294	6,266,452	93,937	1.5780	5,999,856	87,104	X		

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	Total	Total Assessed	Estimated	Total	Total Assessed	Estimated	Filed	Years Since Last Report Filed	
	Tax		Tax	Tax		1 to 5		More than 5	
	Levy	Valuation	Revenue *	Levy	Valuation				Revenue *
<u>Putnam County</u>									
Elm	0.7701	4,277,764	30,308	0.7700	4,172,105	29,555	X		
Grant	0.8106	1,448,079	10,799	0.4544	1,463,006	6,116	X		
Jackson	0.8500	2,100,095	16,423	0.8500	2,050,314	16,033		X	
Liberty	0.8500	2,231,264	17,448	0.5000	2,290,655	10,537		X	
Lincoln	0.8500	4,364,731	34,132	0.5000	4,309,217	19,822		X	
Medicine	0.8500	6,952,538	54,369	0.4959	6,969,493	31,797		X	
Richland	0.8391	2,273,898	17,554	0.4817	2,290,390	10,150		X	
Sherman	0.8447	1,729,819	13,443	0.4941	1,667,804	7,581		X	
Union	0.8500	3,619,992	28,308	0.8330	3,591,408	27,523		X	
Wilson	0.8500	3,151,099	24,642	0.5000	3,034,160	13,957		X	
York	1.7206	3,045,691	48,212	0.5000	2,627,389	12,086	X		
<u>Stoddard County</u>									
Castor **	0.2900	43,198,904	98,331	0.2900	41,712,226	94,568	X		
Duck Creek **	0.7500	31,793,417	159,040	0.7400	30,843,412	156,128	X		
Elk **	0.4054	11,706,303	37,273	0.4000	11,810,860	36,930	X		
Liberty	0.5500	151,783,302	768,023	0.5500	145,387,737	735,662	X		
New Lisbon	0.7100	8,395,449	54,839	0.3600	8,200,432	27,160	X		
Pike **	0.3600	40,806,304	128,301	0.3600	39,389,399	124,644	X		
Richland **	0.4305	22,218,431	21,818	0.4246	21,750,525	21,172	X		

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	Total Tax	Total Assessed	Estimated Tax	Total Tax	Total Assessed	Estimated Tax	Filed	Years Since Last Report Filed	
	Levy	Valuation	Revenue *	Levy	Valuation	Revenue *		1 to 5	More than 5
<u>Sullivan County</u>									
Bowman	0.9500	5,503,926	48,104	0.6000	5,500,661	30,364		X	
Buchanan	0.9500	3,149,101	27,523	0.6000	3,351,577	18,501	X		
Clay	0.9500	4,928,119	43,072	0.9500	4,890,873	42,746	X		
Duncan	0.9260	3,410,520	29,055	0.9246	3,280,147	27,902		X	
Jackson	0.9234	4,071,705	34,590	0.5700	4,032,214	21,145	X		
Liberty	0.9500	2,670,037	23,336	0.9494	2,694,319	23,533		X	
Morris	0.9500	2,265,846	19,803	0.6000	2,260,309	12,477		X	
Penn	0.4929	9,252,878	41,959	0.4904	8,953,156	40,394	X		
Pleasant Hill	0.9500	3,442,188	30,085	0.9500	3,423,149	29,918	X		
Polk	0.9500	22,271,014	194,649	0.9500	21,595,966	188,749	X		
Taylor	0.9500	1,524,006	13,320	0.9500	1,541,373	13,472		X	
Union	0.9500	3,593,203	31,405	0.9500	3,456,175	30,207			X

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	Total Tax	Total Assessed	Estimated Tax	Total Tax	Total Assessed	Estimated Tax	Filed	Years Since Last Report Filed	
	Levy	Valuation	Revenue *	Levy	Valuation	Revenue *		1 to 5	More than 5
<u>Texas County</u>									
Boone	0.2603	1,325,595	3,174	0.2603	1,281,181	3,068	X		
Burdine	0.3958	22,618,070	82,361	0.3948	21,350,670	77,549	X		
Carroll	0.4480	5,594,820	23,060	0.4400	5,602,993	22,681	X		
Cass	0.4336	7,144,686	28,501	0.4336	6,837,519	27,276	X		
Clinton	0.6000	11,307,905	62,420	0.6000	10,627,480	58,664	X		
Current	0.3979	1,416,220	5,184	0.4036	1,358,838	5,046	X		
Date	0.3759	2,730,169	9,442	0.3713	2,658,998	9,083	X		
Jackson	0.4553	6,345,656	26,580	0.4553	6,059,544	25,382	X		
Lynch	0.4058	7,412,769	27,675	0.4058	7,274,235	27,157	X		
Morris	0.4193	5,177,901	19,974	0.4193	5,044,769	19,460	X		
Ozark	0.4225	3,496,878	13,592	0.4255	3,324,275	13,013	X		
Pierce	0.4159	2,830,755	10,831	0.4225	2,667,014	10,367	X		
Piney	0.4112	29,429,139	111,332	0.4112	28,543,668	107,982	X		
Roubidoux	0.3987	8,490,831	31,145	0.3978	8,297,760	30,368	X		
Sargent	0.3500	2,266,497	7,298	0.3500	2,250,061	7,245	X		
Sherrill	0.4392	20,386,782	82,376	0.3883	22,819,709	81,520	X		
Upton	0.4085	4,069,557	15,294	0.4066	3,915,695	14,648	X		

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	Total	Total Assessed	Estimated	Total	Total Assessed	Estimated	Filed	Years Since Last Report Filed	
	Tax		Tax	Tax		1 to 5		More than 5	
	Levy	Valuation	Revenue *	Levy	Valuation	Revenue *			
<u>Vernon County</u>									
Bacon	0.6333	4,317,210	25,154	0.4526	4,374,512	18,215	X		
Badger	0.7674	4,178,948	29,504	0.4274	3,923,856	15,429		X	
Blue Mound	0.5485	3,036,012	15,320	0.3600	2,822,029	9,347	X		
Center	0.3963	103,142,422	376,053	0.3766	107,625,639	372,893		X	
Clear Creek	0.4137	4,380,690	16,673	0.4137	4,246,558	16,163	X		
Coal	0.4342	3,527,438	14,091	0.3951	3,944,769	14,339		X	
Deerfield	0.7916	7,652,802	55,733	0.4400	7,433,731	30,092	X		
Dover	0.7200	3,931,128	26,040	0.7200	3,955,838	26,203	X		
Drywood	0.6172	8,621,429	48,955	0.6102	8,669,363	48,668	X		
Harrison	0.8000	3,686,642	27,134	0.4500	4,276,500	17,705	X		
Henry	0.8000	3,201,216	23,561	0.4500	3,691,422	15,282			X
Lake	0.9500	2,414,645	21,104	0.9500	2,493,025	21,789			X
Metz	0.7750	3,482,470	24,830	0.7717	3,280,498	23,290	X		
Montevallo	0.7000	4,296,760	27,671	0.4500	4,134,686	17,118	X		
Moundville	0.6865	5,595,302	35,339	0.4417	5,539,165	22,509		X	
Osage	0.7000	3,700,498	23,831	0.7000	3,849,168	24,789	X		
Richland	0.8000	2,823,313	20,780	0.4500	3,079,924	12,751			X
Virgil	0.3737	2,972,767	10,220	0.3700	2,928,513	9,969	X		
Walker	0.7532	5,005,687	34,687	0.3900	4,918,759	17,649	X		
Washington	0.7500	20,591,033	142,078	0.4500	20,080,677	83,134	X		
Totals	\$	2,830,029,847	14,259,408		2,776,899,019	12,938,131	215	77	20

* Based on county's historical tax collection data, township property tax revenues are estimated as 92 percent of assessed valuation multiplied by the total tax levy. Property tax levies are expressed as a rate per \$100 of assessed valuation.

** The total assessed valuation and total tax rate for the township is shown here; however, a portion of the township is located in a special road district. While township general taxes are levied on all township property, township road and bridge taxes are not levied on township property located in the special road districts. Estimated tax revenues are based on road and bridge taxes assessed on township property not located in special road districts.

APPENDIX B

TOWNSHIP FINANCIAL REPORTING PRACTICES SURVEY INFORMATION FROM TOWNSHIP COUNTIES

County	Number of townships	Miles of township roads	County funds provided to or paid out on behalf of the townships				County prepares forms for the townships' financial statements?	Financial statements published and provided to the county?
			County Aid Road Trust		Other **			
			2002	2001	2002	2001		
Barton*	15	724	\$ 84,000	84,000	0	0	Yes	(A)
Bates	24	942	146,150	146,150	0	0	No	(B)
Caldwell	12	544	96,000	96,000	224,839	233,658	Yes	(A)
Carroll*	20	956	382,340	382,340	9,006	102	Yes	(C)
Chariton	15	799	329,082	327,131	7,126	9,782	No	(D)
Dade*	16	520	285,690	271,855	699,911	0	Yes	(D)
Daviess	15	528	252,680	260,260	20,000	40,000	Yes	(D)
DeKalb	9	622	***	***	506,892	592,498	Yes	(D)
Dunklin*	8	791	881,572	856,572	7,265	4,261	Yes	(A)
Gentry	8	395	104,820	106,053	0	0	No	(D)
Grundy	13	519	149,649	149,653	0	0	Yes	(D)
Harrison	20	731	431,250	428,893	80,519	77,903	Yes	(E)
Henry*	19	606	124,175	123,875	146,089	148,339	Yes	(D)
Linn	14	776	116,348	116,348	380,070	351,605	No	(F)
Livingston*	13	625	270,057	300,000	23,700	0	No	(B)
Mercer*	9	404	164,089	155,108	33,570	0	Yes	(G)
Nodaway	15	1,267	500,088	494,544	0	0	No	(D)
Putnam	11	511	271,855	292,044	0	0	No	(D)
Stoddard*	7	754	909,317	875,656	0	0	Yes	(C)
Sullivan*	12	523	183,155	181,213	101,123	17,459	No	(B)
Texas*	17	989	926,823	898,261	0	7,105	No	(B)
Vernon*	20	997	220,000	240,000	0	0	No	(F)
Totals	312	15,523	\$ #####	6,785,956	2,240,110	1,482,712		

* These counties indicated there are contracts between the county and the townships regarding the townships' use of county funds.

** The sources for these revenues include capital improvement sales taxes, Federal Emergency Management Agency grants, and miscellaneous receipts.

*** The county clerk indicated that CART monies are used to upgrade or replace township roads and bridges but could not provide specific amounts spent on behalf of the townships.

- (A) The county clerk indicated all townships publish financial statements and provide copies to the county.
- (B) The county clerk indicated no townships publish financial statements or provide copies to the county.
- (C) The county clerk indicated the county receives no information regarding which townships publish financial statements, but indicated all townships provide financial statements to the county.
- (D) The county clerk indicated some, but not all, townships publish financial statements and/or provide copies to the county.
- (E) The county clerk indicated no townships publish financial statements but some provide financial statements to the county.
- (F) The county clerk did not respond to this survey question.
- (G) The county clerk indicated the county receives no information regarding which townships publish financial statements, but indicated some townships provide financial statements to the county.



**HICKORY COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-29
April 3, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Hickory, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Hickory County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Bids were not always solicited nor was bid documentation always retained by the county for various purchases. Additionally, documentation was not maintained by the county to substantiate why the overall low bid for gravel was not accepted in 2002.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Hickory County's Associate County Commissioners' salaries were each increased approximately \$3,168 yearly, according to information provided by the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$6,336 should be repaid.

(over)

YELLOW SHEET

- The duties of receiving, recording, and depositing are not adequately segregated in the Sheriff's office. Receipts are not always deposited timely, the method of payment is not always indicated on the receipt slips, and voided receipt slips are not retained. The Sheriff's office does not maintain its petty cash fund on an imprest basis. A comparison between the number of prisoner meals billed and received and the number of prisoners fed is not performed by either the Sheriff or the County Clerk. Mileage reimbursements prepared by the Sheriff's employees do not always include detailed information about the purpose of the trip and destination. A perpetual inventory record of seized property is not maintained.
- Budgets prepared by the health center were not accurate and complete. Receipts are not deposited on a timely basis, and receipt slips are not issued for some monies received. The Health Center Board did not have a formal depository agreement with its depository bank. The open meeting minutes did not always document the specific reasons for closing the meeting and actions taken by the board in closed meetings. Additions of fixed assets are not always recorded as they occur and fixed asset expenditures are not reconciled to additions to the inventory records.

Also included in the audit are recommendations related to county budgets, bonding, general fixed assets, property tax controls, and procedures of the Prosecuting Attorney.

All reports are available on our website: www.auditor.state.mo.us

HICKORY COUNTY, MISSOURI

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HICKORY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Hickory County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Hickory County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Hickory County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Hickory County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Hickory County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated November 14, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Hickory County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

November 14, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela A. Crawford, CPA
In-Charge Auditor:	Amy E. Baker
Audit Staff:	Jay Ross
	Monte Davault



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Hickory County, Missouri

We have audited the special-purpose financial statements of various funds of Hickory County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated November 14, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Hickory County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Hickory County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Hickory County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

November 14, 2002 (fieldwork completion date)

Financial Statements

Exhibit A-1

HICKORY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 187,427	1,156,929	1,030,652	313,704
Special Road and Bridge	43,626	679,993	613,024	110,595
Assessment	6,315	115,761	113,235	8,841
Law Enforcement Training	1,046	1,227	733	1,540
Prosecuting Attorney Training	1,866	303	581	1,588
Law Enforcement (Drug)	22,975	1,112	10,085	14,002
Prosecuting Attorney Bad Check	5,491	5,074	184	10,381
Recorder's User Fee	27,176	9,044	11,578	24,642
Children's Special Trust	303	308	300	311
Law Enforcement POST Commission	1,265	1,008	700	1,573
John Sally Trust	47,651	2,134	2,000	47,785
Prosecuting Attorney Delinquent Tax	253	8	261	0
Sheriff's Fees	718	7,663	1,489	6,892
Election Services	2,408	1,547	1,657	2,298
Law Enforcement Block Grant	0	0	0	0
Health Center	84,687	215,844	211,754	88,777
Associate Circuit Division Interest	319	84	100	303
Circuit Clerk Interest	1,394	117	0	1,511
Law Library	189	5,323	4,741	771
Total	\$ 435,109	2,203,479	2,003,074	635,514

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

HICKORY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 174,588	1,050,652	1,037,813	187,427
Special Road and Bridge	113,314	624,776	694,464	43,626
Assessment	17,180	96,672	107,537	6,315
Law Enforcement Training	1,198	1,744	1,896	1,046
Prosecuting Attorney Training	1,939	372	445	1,866
Law Enforcement (Drug)	3,764	22,861	3,650	22,975
Prosecuting Attorney Bad Check	2,236	3,403	148	5,491
Recorder's User Fee	27,176	7,338	7,338	27,176
Children's Special Trust	248	305	250	303
Law Enforcement POST Commission	1,107	634	476	1,265
John Sally Trust	45,382	2,269	0	47,651
Prosecuting Attorney Delinquent Tax	237	16	0	253
Sheriff's Fees	7,686	6,063	13,031	718
Election Services	0	2,408	0	2,408
Law Enforcement Block Grant	0	9,510	9,510	0
Noxious Weed	1,647	0	1,647	0
REAP Grant	7,545	0	7,545	0
Prosecuting Attorney Retirement	672	10,023	10,695	0
Health Center	77,113	223,399	215,825	84,687
Associate Circuit Division Interest	203	116	0	319
Circuit Clerk Interest	1,170	224	0	1,394
Law Library	529	3,490	3,830	189
Family Access	25	0	25	0
Total	\$ 484,959	2,066,275	2,116,125	435,109

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 2,302,877	2,203,479	(99,398)	2,119,957	2,066,275	(53,682)
DISBURSEMENTS	2,401,732	2,003,074	398,658	2,306,044	2,116,100	189,944
RECEIPTS OVER (UNDER) DISBURSEMENTS	(98,855)	200,405	299,260	(186,087)	(49,825)	136,262
CASH, JANUARY 1	330,772	435,109	104,337	384,769	484,934	100,165
CASH, DECEMBER 31	231,917	635,514	403,597	198,682	435,109	236,427
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	123,588	120,445	(3,143)	122,014	107,198	(14,816)
Sales taxes	660,184	704,241	44,057	695,000	653,664	(41,336)
Intergovernmental	106,404	113,574	7,170	82,566	94,603	12,037
Charges for services	124,340	141,014	16,674	131,780	118,489	(13,291)
Interest	14,000	13,313	(687)	8,400	13,179	4,779
Other	36,150	50,342	14,192	30,160	35,779	5,619
Transfers in	14,000	14,000	0	22,545	27,740	5,195
Total Receipts	1,078,666	1,156,929	78,263	1,092,465	1,050,652	(41,813)
DISBURSEMENTS						
County Commission	78,227	77,013	1,214	69,630	68,967	663
County Clerk	58,010	57,649	361	58,093	54,760	3,333
Elections	26,674	22,532	4,142	41,138	39,712	1,426
Buildings and grounds	61,762	55,355	6,407	62,200	45,620	16,580
Employee fringe benefits	81,803	79,174	2,629	75,955	66,071	9,884
County Treasurer	27,081	27,429	(348)	25,930	25,273	657
County Collector	64,960	64,896	64	64,818	60,664	4,154
Circuit Clerk and Ex Officio Recorder of Deeds	25,970	24,175	1,795	30,218	22,652	7,566
Associate Circuit Court	5,700	2,823	2,877	5,700	3,700	2,000
Court administration	9,081	2,214	6,867	9,630	7,031	2,599
Public Administrator	17,361	17,949	(588)	19,150	15,933	3,217
Sheriff	368,180	345,246	22,934	391,555	387,414	4,141
Jail	38,831	29,999	8,832	45,354	45,405	(51)
Prosecuting Attorney	72,805	73,074	(269)	60,933	59,356	1,577
Juvenile Officer	14,229	11,129	3,100	13,875	9,726	4,149
County Coroner	14,822	12,744	2,078	13,550	12,772	778
Juvenile Detention Center	27,000	3,998	23,002	21,451	6,569	14,882
Insurance	20,531	26,258	(5,727)	30,720	28,431	2,289
University Extension	27,008	27,008	0	27,008	27,008	0
Fire and rescue	10,000	10,000	0	10,000	7,500	2,500
Debt service	15,627	14,841	786	15,578	14,895	683
Other	19,000	15,803	3,197	15,874	12,158	3,716
Transfers out	29,343	29,343	0	16,120	16,196	(76)
Emergency Fund	35,000	0	35,000	35,000	0	35,000
Total Disbursements	1,149,005	1,030,652	118,353	1,159,480	1,037,813	121,667
RECEIPTS OVER (UNDER) DISBURSEMENTS	(70,339)	126,277	196,616	(67,015)	12,839	79,854
CASH, JANUARY 1	187,427	187,427	0	174,588	174,588	0
CASH, DECEMBER 31	117,088	313,704	196,616	107,573	187,427	79,854

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	174,781	184,482	9,701	175,004	164,156	(10,848)
Intergovernmental	649,680	488,707	(160,973)	452,250	449,875	(2,375)
Interest	6,000	4,709	(1,291)	3,550	6,353	2,803
Other	0	2,095	2,095	1,000	4,392	3,392
Total Receipts	830,461	679,993	(150,468)	631,804	624,776	(7,028)
DISBURSEMENTS						
Salaries	176,923	181,183	(4,260)	167,548	167,036	512
Employee fringe benefits	33,587	30,478	3,109	31,662	26,977	4,685
Supplies	64,937	53,112	11,825	67,750	96,364	(28,614)
Insurance	3,400	2,451	949	6,240	8,489	(2,249)
Road and bridge materials	133,950	94,868	39,082	141,600	132,174	9,426
Equipment repairs	27,000	32,322	(5,322)	34,000	43,227	(9,227)
Equipment purchases	31,000	24,949	6,051	32,000	35,185	(3,185)
Construction, repair, and maintenance	190,708	43,478	147,230	31,940	31,305	635
Utilities	9,500	9,573	(73)	9,566	8,724	842
Maintenance building	1,500	436	1,064	1,500	209	1,291
Debt service	112,413	112,413	0	125,621	125,621	0
Other	15,600	13,761	1,839	27,900	5,153	22,747
Transfers out	14,000	14,000	0	14,000	14,000	0
Total Disbursements	814,518	613,024	201,494	691,327	694,464	(3,137)
RECEIPTS OVER (UNDER) DISBURSEMENTS	15,943	66,969	51,026	(59,523)	(69,688)	(10,165)
CASH, JANUARY 1	43,626	43,626	0	113,314	113,314	0
CASH, DECEMBER 31	59,569	110,595	51,026	53,791	43,626	(10,165)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	87,099	83,848	(3,251)	82,110	78,347	(3,763)
Charges for services	2,000	2,084	84	2,600	1,882	(718)
Interest	600	486	(114)	1,100	1,117	17
Other	0	0	0	0	161	161
Transfers in	29,343	29,343	0	15,165	15,165	0
Total Receipts	119,042	115,761	(3,281)	100,975	96,672	(4,303)
DISBURSEMENTS						
Assessor	121,197	113,235	7,962	111,219	107,537	3,682
Total Disbursements	121,197	113,235	7,962	111,219	107,537	3,682
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,155)	2,526	4,681	(10,244)	(10,865)	(621)
CASH, JANUARY 1	6,315	6,315	0	17,180	17,180	0
CASH, DECEMBER 31	4,160	8,841	4,681	6,936	6,315	(621)

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,550	1,227	(323)	1,600	1,744	144
Total Receipts	1,550	1,227	(323)	1,600	1,744	144
DISBURSEMENTS						
Sheriff	2,500	733	1,767	2,698	1,896	802
Total Disbursements	2,500	733	1,767	2,698	1,896	802
RECEIPTS OVER (UNDER) DISBURSEMENTS	(950)	494	1,444	(1,098)	(152)	946
CASH, JANUARY 1	1,046	1,046	0	1,198	1,198	0
CASH, DECEMBER 31	96	1,540	1,444	100	1,046	946
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	375	303	(72)	400	372	(28)
Total Receipts	375	303	(72)	400	372	(28)
DISBURSEMENTS						
Prosecuting Attorney	600	581	19	600	445	155
Total Disbursements	600	581	19	600	445	155
RECEIPTS OVER (UNDER) DISBURSEMENTS	(225)	(278)	(53)	(200)	(73)	127
CASH, JANUARY 1	1,866	1,866	0	1,939	1,939	0
CASH, DECEMBER 31	1,641	1,588	(53)	1,739	1,866	127
<u>LAW ENFORCEMENT (DRUG) FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	22,274	22,274
Interest	1,000	1,112	112	100	587	487
Total Receipts	1,000	1,112	112	100	22,861	22,761
DISBURSEMENTS						
Sheriff	22,975	10,085	12,890	3,750	3,650	100
Total Disbursements	22,975	10,085	12,890	3,750	3,650	100
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,975)	(8,973)	13,002	(3,650)	19,211	22,861
CASH, JANUARY 1	22,975	22,975	0	3,764	3,764	0
CASH, DECEMBER 31	1,000	14,002	13,002	114	22,975	22,861

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	3,000	4,751	1,751	2,500	3,139	639
Interest	300	323	23	100	264	164
Total Receipts	3,300	5,074	1,774	2,600	3,403	803
DISBURSEMENTS						
Prosecuting Attorney	4,028	184	3,844	3,979	148	3,831
Total Disbursements	4,028	184	3,844	3,979	148	3,831
RECEIPTS OVER (UNDER) DISBURSEMENTS	(728)	4,890	5,618	(1,379)	3,255	4,634
CASH, JANUARY 1	5,491	5,491	0	2,236	2,236	0
CASH, DECEMBER 31	4,763	10,381	5,618	857	5,491	4,634
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Charges for services	5,700	8,091	2,391	6,000	5,690	(310)
Interest	1,835	953	(882)	1,000	1,648	648
Total Receipts	7,535	9,044	1,509	7,000	7,338	338
DISBURSEMENTS						
Recorder of Deeds	18,400	11,578	6,822	21,650	7,338	14,312
Total Disbursements	18,400	11,578	6,822	21,650	7,338	14,312
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,865)	(2,534)	8,331	(14,650)	0	14,650
CASH, JANUARY 1	27,176	27,176	0	27,176	27,176	0
CASH, DECEMBER 31	16,311	24,642	8,331	12,526	27,176	14,650
<u>CHILDREN'S SPECIAL TRUST FUND</u>						
RECEIPTS						
Charges for services	300	295	(5)	200	290	90
Interest	15	13	(2)	7	15	8
Total Receipts	315	308	(7)	207	305	98
DISBURSEMENTS						
Other	300	300	0	250	250	0
Total Disbursements	300	300	0	250	250	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	15	8	(7)	(43)	55	98
CASH, JANUARY 1	303	303	0	248	248	0
CASH, DECEMBER 31	318	311	(7)	205	303	98

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT POST COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	1,000	1,008	8	2,138	634	(1,504)
Total Receipts	1,000	1,008	8	2,138	634	(1,504)
DISBURSEMENTS						
Sheriff	2,265	700	1,565	1,107	476	631
Total Disbursements	2,265	700	1,565	1,107	476	631
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,265)	308	1,573	1,031	158	(873)
CASH, JANUARY 1	1,265	1,265	0	1,107	1,107	0
CASH, DECEMBER 31	0	1,573	1,573	2,138	1,265	(873)
<u>JOHN SALLY TRUST FUND</u>						
RECEIPTS						
Interest	2,300	2,134	(166)	800	2,269	1,469
Total Receipts	2,300	2,134	(166)	800	2,269	1,469
DISBURSEMENTS						
Other	5,000	2,000	3,000	5,000	0	5,000
Total Disbursements	5,000	2,000	3,000	5,000	0	5,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,700)	134	2,834	(4,200)	2,269	6,469
CASH, JANUARY 1	28,001	47,651	19,650	22,330	45,382	23,052
CASH, DECEMBER 31	25,301	47,785	22,484	18,130	47,651	29,521
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Interest	15	8	(7)	0	16	16
Total Receipts	15	8	(7)	0	16	16
DISBURSEMENTS						
Prosecuting Attorney	252	261	(9)	0	0	0
Transfers out	0	0	0	237	0	237
Total Disbursements	252	261	(9)	237	0	237
RECEIPTS OVER (UNDER) DISBURSEMENTS	(237)	(253)	(16)	(237)	16	253
CASH, JANUARY 1	253	253	0	237	237	0
CASH, DECEMBER 31	16	0	(16)	0	253	253

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S FEES FUND</u>						
RECEIPTS						
Charges for services	6,500	7,663	1,163	6,978	6,063	(915)
Total Receipts	6,500	7,663	1,163	6,978	6,063	(915)
DISBURSEMENTS						
Sheriff	7,218	1,489	5,729	14,092	13,031	1,061
Total Disbursements	7,218	1,489	5,729	14,092	13,031	1,061
RECEIPTS OVER (UNDER) DISBURSEMENTS	(718)	6,174	6,892	(7,114)	(6,968)	146
CASH, JANUARY 1	718	718	0	7,686	7,686	0
CASH, DECEMBER 31	0	6,892	6,892	572	718	146
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for services	200	1,439	1,239	800	2,332	1,532
Interest	100	108	8	0	0	0
Transfers in	0	0	0	0	76	76
Total Receipts	300	1,547	1,247	800	2,408	1,608
DISBURSEMENTS						
Election services	2,400	1,657	743	0	0	0
Total Disbursements	2,400	1,657	743	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,100)	(110)	1,990	800	2,408	1,608
CASH, JANUARY 1	2,408	2,408	0	0	0	0
CASH, DECEMBER 31	308	2,298	1,990	800	2,408	1,608
<u>LAW ENFORCEMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental	9,000	0	(9,000)	8,555	8,555	0
Other	1,000	0	(1,000)	0	0	0
Transfers in	0	0	0	955	955	0
Total Receipts	10,000	0	(10,000)	9,510	9,510	0
DISBURSEMENTS						
Sheriff	10,000	0	10,000	9,510	9,510	0
Total Disbursements	10,000	0	10,000	9,510	9,510	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>NOXIOUS WEED FUND</u>						
RECEIPTS						
Intergovernmental				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Noxious Weed				1,647	1,647	0
Total Disbursements				1,647	1,647	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(1,647)	(1,647)	0
CASH, JANUARY 1				1,647	1,647	0
CASH, DECEMBER 31				0	0	0
<u>REAP GRANT FUND</u>						
RECEIPTS						
Intergovernmental				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Transfers out				7,545	7,545	0
Total Disbursements				7,545	7,545	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(7,545)	(7,545)	0
CASH, JANUARY 1				7,545	7,545	0
CASH, DECEMBER 31				0	0	0
<u>PROSECUTING ATTORNEY RETIREMENT FUND</u>						
RECEIPTS						
Charges for services				5,000	10,023	5,023
Total Receipts				5,000	10,023	5,023
DISBURSEMENTS						
Prosecuting Attorney				4,500	4,500	0
Transfers out				1,000	6,195	(5,195)
Total Disbursements				5,500	10,695	(5,195)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(500)	(672)	(172)
CASH, JANUARY 1				672	672	0
CASH, DECEMBER 31				172	0	(172)

Exhibit B

HICKORY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	54,896	56,806	1,910	52,000	50,630	(1,370)
Intergovernmental	114,732	111,897	(2,835)	116,905	112,274	(4,631)
Charges for services	50,200	28,291	(21,909)	62,545	43,894	(18,651)
Interest	5,300	5,670	370	10,700	5,538	(5,162)
Other	11,550	13,180	1,630	11,600	11,063	(537)
Total Receipts	236,678	215,844	(20,834)	253,750	223,399	(30,351)
DISBURSEMENTS						
Salaries	178,875	152,372	26,503	198,198	161,603	36,595
Office equipment	49,750	51,915	(2,165)	51,892	47,697	4,195
Equipment	2,100	2,393	(293)	1,500	251	1,249
Mileage and training	4,500	3,645	855	7,450	5,130	2,320
Other	950	1,429	(479)	1,710	1,144	566
Total Disbursements	236,175	211,754	24,421	260,750	215,825	44,925
RECEIPTS OVER (UNDER) DISBURSEMENTS	503	4,090	3,587	(7,000)	7,574	14,574
CASH, JANUARY 1	0	84,687	84,687	0	77,113	77,113
CASH, DECEMBER 31	503	88,777	88,274	(7,000)	84,687	91,687
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	115	84	(31)	180	116	(64)
Total Receipts	115	84	(31)	180	116	(64)
DISBURSEMENTS						
Associate Circuit Division	0	100	(100)	383	0	383
Total Disbursements	0	100	(100)	383	0	383
RECEIPTS OVER (UNDER) DISBURSEMENTS	115	(16)	(131)	(203)	116	319
CASH, JANUARY 1	319	319	0	203	203	0
CASH, DECEMBER 31	434	303	(131)	0	319	319
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	225	117	(108)	450	224	(226)
Total Receipts	225	117	(108)	450	224	(226)
DISBURSEMENTS						
Circuit Clerk	1,399	0	1,399	1,620	0	1,620
Total Disbursements	1,399	0	1,399	1,620	0	1,620
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,174)	117	1,291	(1,170)	224	1,394
CASH, JANUARY 1	1,394	1,394	0	1,170	1,170	0
CASH, DECEMBER 31	220	1,511	1,291	0	1,394	1,394

Exhibit B

HICKORY COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	3,500	3,010	(490)	3,200	3,490	290
Other	0	2,313	2,313	0	0	0
Total Receipts	3,500	5,323	1,823	3,200	3,490	290
DISBURSEMENTS						
Law Library	3,500	4,741	(1,241)	3,700	3,830	(130)
Total Disbursements	3,500	4,741	(1,241)	3,700	3,830	(130)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	582	582	(500)	(340)	160
CASH, JANUARY 1	189	189	0	529	529	0
CASH, DECEMBER 31	189	771	582	29	189	160

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

HICKORY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Hickory County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Family Access Fund for the year ended December 31, 2000.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2000
Prosecuting Attorney Delinquent Tax Fund	2001
Prosecuting Attorney Retirement Fund	2000
Associate Circuit Division Interest Fund	2001
Law Library Fund	2001 and 2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the Health Center Fund for the year ended December 31, 2000. The Health Center Board of Trustees failed to include the beginning cash balance on their budget. The Health Center Fund's beginning cash balance was sufficient to offset the deficit budget balance presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statement for the year ended December 31, 2000, did not include the Associate Circuit Division Interest Fund, Circuit Clerk Interest Fund, and Law Library Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's or board's custodial bank in the county's or board's name.

3. Prior Period Adjustment

The John Sally Trust Fund's cash balance at January 1, 2000, as previously stated has been increased by \$19,650 to reflect a U.S. savings bond not previously reported.

Schedule

HICKORY COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2001 AND 2000

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

HICKORY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

HICKORY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Hickory County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated November 14, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Hickory County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Expenditures and Budgetary Practices**

- A. Bids were not always solicited nor was bid documentation always retained by the county for various purchases. The County Clerk, Sheriff, Circuit Clerk and Ex Officio Recorder of Deeds, and County Commission indicated quotes were sometimes solicited through telephone calls or other direct contacts with vendors; however, documentation of these contacts was not maintained or recorded in the County Commission minutes. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Item</u>	<u>Cost</u>
Law enforcement fuel (purchased during the two years ending December 31, 2001)	\$ 34,674
Two law enforcement vehicles	29,927
Plat cabinet	5,452
Ten guns	4,664
Copier	4,490

We also noted documentation was not maintained by the county to substantiate why the overall low bid for gravel was not accepted in 2002. While the County Commission indicated the bid accepted contained the lowest price for the type and size of rock most used by the county, the bid specifications did not indicate that preference would be given to the lowest price of one type or size of rock nor did the county commission minutes document these reasons for bid acceptance. As of December 16, 2002, the county has expended \$74,950 for gravel in 2002.

Section 50.660, RSMo 2000, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.

Documentation of bids should always be retained as evidence the county's established purchasing procedures as well as statutory requirements are being followed. Documentation of bids should include at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors.

- B. Budgets prepared for the John Sally Trust Fund did not include a \$19,650 U.S. savings bond in the beginning and ending cash balances at January 1 and December

31, of 2001 and 2000. The County Clerk indicated that he did not report the savings bond in the cash balance because it is restricted for use. By not presenting all financial information in a complete and accurate manner, the effectiveness of the budget as a management tool is decreased. To be of maximum assistance to the county and its taxpayers, a complete and accurate budget document is needed.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If the low bid is not selected, the circumstance should be documented in the commission minutes.
- B. And County Clerk ensure budget documents are accurate and complete.

AUDITEE'S RESPONSE

The County Commission and County Clerk indicated:

- A. *Quotes were solicited, but all documentation was not kept and/or available. We will keep adequate documentation on future quotes. Sufficient justification will be recorded for those items which require clarifications to why one vendor may have been chosen over another.*
- B. *We concur with your recommendation.*

2. County Officials' Compensation and Bonding
--

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Hickory County's Associate County Commissioners salaries were each increased approximately \$3,168 yearly, according to information provided by the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$6,336 for the two years ended

December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- B. The County Collector and Assessors' salaries increased in January 2001 due to an increase in the county's assessed valuation. It does not appear any increase in salary should have taken place until March 1 and September 1, 2001, respectively, the date of these office holders' incumbency, and the county should re-evaluate the \$333 and \$1,333 overpayments, respectively. Section 50.333.8 states that the elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment.
- C. Several county employees from various offices with access to money are not covered by an employee bond. As a means of safeguarding assets and reducing county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.

WE RECOMMEND the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Request a written opinion from the Prosecuting Attorney as to the legality of the salary increases that went into effect on January 1, 2001, and obtain repayment of the raises if determined to be unallowable.
- C. Obtain adequate bond coverage for all county employees with access to monies.

AUDITEE'S RESPONSE

The County Commission and County Clerk indicated:

- A. *The Commission has reviewed the court decision and reached the opinion the amount is not owed. The legal costs to enforce collection would exceed the amount cited and we do not interpret this as an overpayment.*
- B. *The Commission will request an opinion from the Prosecuting Attorney and will make a determination based on his recommendation.*
- C. *A blanket bond was purchased in 2002 to cover all employees.*

3.**General Fixed Assets**

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Currently, the County Clerk maintains a computerized inventory listing of fixed assets held by county officials; however, a reconciliation is not performed between the property and the inventory listing.

Additions to the inventory listing are not always reconciled to equipment expenditures, and as a result, two items including a tractor (\$10,000) and a video surveillance camera (\$1,498) were not recorded on the county's general fixed asset listing. In addition, property tags are not affixed to newly purchased assets immediately upon receipt. Also, quarterly inspections of county owned land and buildings are not documented.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required by the county.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual value of \$250 or more and any property with an aggregate original value of \$1,000 or more. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Section 49.091, RSMo 2000, also provides for quarterly inspections by the County Commission of all county land and buildings. In addition, property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Also, a reconciliation should be performed between property listed on each county official's inventory and the County Clerk's listing, and general fixed asset purchases should be periodically reconciled to general fixed asset additions. In addition, quarterly inspections of all county land and buildings should be performed, and property control tags should be affixed.

AUDITEE'S RESPONSE

The County Commission and County Clerk indicated that they agree with recommendation. They will implement it immediately.

- A. Controls over property tax additions and abatements are not adequate. The County Assessor makes changes to the tax books for additions and abatements occurring throughout the year. After entering the additions and abatements, the County Assessor will print the court order and deliver the order to the collector who will print a new tax statement. The court order is then taken to the County Clerk who presents the order to the Commissioners for approval.

After the meetings of the Board of Equalization are completed, the County Assessor has no statutory authority to make changes to the assessment data. Further, Section 137.260, RSMo 2000, requires that the tax book only be changed by the County Clerk under order of the County Commission.

- B. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes being charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These amounts could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. Section 51.150.2, RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A complete account book would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the Collector's annual settlement.
- C. The County Clerk does not prepare the current or back tax books. The County Clerk enters the tax rates and the County Collector prints the current tax books. The County Collector also prepares the back tax books. According to the County Clerk, he randomly tests the accuracy of 100 tax statements. Further, the County Clerk does not perform tests to verify the totals of the back tax books for accuracy.

Sections 137.290 and 140.050, RSMo 2000, require the County Clerk to extend tax books and charge the County Collector with the whole amount of the current tax books, and the aggregate amount of taxes, interest, and clerk's fees contained in the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and acts as a form of checks and balances on the Assessor, County Clerk, and County Collector. Failure of the County Clerk to prepare the tax books as required by statutes, may result in errors and irregularities going undetected.

- D. Passwords and other procedures are not in place to limit access to the various data files and programs utilized by the County Assessor and County Collector. Lack of such passwords and procedures provides the potential for personnel to make

undetected and unauthorized changes to information.

To establish individual responsibility, as well as help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals. A system of passwords and other procedures can be used to properly restrict access. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

Conditions similar to parts A, C, and D. were noted in prior reports.

WE RECOMMEND

- A. The County Commission establish procedures requiring the tax books only be changed by the County Clerk under order of the County Commission.
- B. The County Clerk maintain an account book with the County Collector and use this information to verify the accuracy of the County Collector's annual settlements.
- C. The County Clerk prepare the current and back tax books in accordance with state law.
- D. The County Commission consult with their programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.

AUDITEE'S RESPONSE

The County Commission and County Clerk indicated:

A&D. The County Commission will arrange a meeting with the County Clerk, the County Collector, and the County Assessor. Appropriate procedures will be implemented prior to 2003 tax computations. The computer vendor already has the capability to correct this.

B&C. This was implemented in 2002 for the current tax book and will be expanded to include the delinquent tax book during 2003.

5. Prosecuting Attorney's Controls

The Prosecuting Attorney's office collected bad check and other restitution and fees during the years ending December 31, 2001 and 2000 of approximately \$51,000 and \$46,000,

respectively. Restitution payments are remitted directly to the victims or merchants on a periodic basis, and bad check fees are deposited into the Prosecuting Attorney bad check fee account.

The Prosecuting Attorney's secretary can reduce the amount of bad check fees charged to the bad check writer without obtaining approval from the Prosecuting Attorney. To ensure bad check fees are properly charged and collected, all waivers should be adequately documented and approved by the Prosecuting Attorney.

WE RECOMMEND the Prosecuting Attorney approve and document all waivers of bad check fees.

AUDITEE'S RESPONSE

We will implement as of February 20, 2003.

6. Sheriff's Controls and Procedures

The Sheriff's office collected civil and criminal process fees, gun permit fees and cash bonds during the years ending December 31, 2001 and 2000 of approximately \$51,000 and \$45,000, respectively. Our review of the Sheriff's accounting controls and procedures noted the following areas in need of improvement:

- A. The duties of receiving, recording, and depositing are not adequately segregated. Currently, the Sheriff's secretary is responsible for receiving the monies, recording the receipts, preparing the deposits, and writing the checks.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance and could be achieved by segregating the functions of receiving and disbursing the monies from maintaining the accounting records. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent review by another individual.

- B. Receipts are not always deposited timely. Deposits are generally made weekly. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- C. The method of payment is not always indicated on the receipt slips. To ensure receipts are handled properly, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.

- D. Checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- E. Voided receipts slips are not retained. To ensure all receipt slips are properly accounted for, voided receipt slips should be properly mutilated and retained.
- F. The Sheriff's office does not maintain its petty cash fund on an imprest basis. A cash control record is maintained documenting receipts, disbursements, and the balance of cash on hand. Receipts into this fund were primarily from vending machine commissions, county reimbursements of petty cash expenditures, and donations from employees for flowers totaling approximately \$1,025 and \$1,900 during the years ending December 31, 2001 and 2000, respectively. Disbursements of the petty cash fund were approximately \$1,270 and \$1,890 during the years ending December 31, 2001 and 2000, respectively. On several occasions these monies were used to purchase flowers for employees due to death or illness (\$194), for a retirement party (\$95), for a deputies luncheon(\$96), and for donations (\$20) during the years ending December 31, 2001 and 2000. Supporting documentation was not retained for some of these expenditures. In addition, these expenditures do not appear to be necessary operating costs and constitute a questionable use of public funds.

If a change fund or petty cash fund is necessary, it should be approved by the County Commission and kept at a constant amount, vending machine commissions and donations should be turned over to the County Treasurer, and supporting documentation of expenditures should be retained and reviewed for propriety.

- G. The county spends approximately \$17,000 annually for prisoner meals. The Sheriff's office orders the number of prisoner meals needed each day from a local restaurant and the county is billed monthly for the meals delivered.

No comparison between the number of meals billed and received and the number of prisoners fed is made by the Sheriff's office or by the County Clerk. For example, the vendor billed for 28 more meals than the Sheriff's office meal record log reported for March 2002. In addition, the meals record log did not document the reason more meals were apparently ordered and delivered than were actually provided to prisoners.

To ensure the county is paying only for prisoner meals, the record of the number of prisoners held and provided meals each day should be reconciled to the vendors billing and include notations of reconciling items such as any meals ordered but not eaten. For example, when a prisoner was released after the meal was ordered but before mealtime. The Sheriff should review each invoice for reasonableness and investigate and reconcile any differences prior to approving it for payment.

- H. Mileage reimbursements prepared by the Sheriff's employees do not always include

detailed information about the purpose of the trip and the destination, as required by Section 57.430, RSMo 2000. To ensure mileage reimbursement requests are reasonable and represent valid expenditures, the Sheriff and County Commission should require the requests to be adequately detailed, including the purpose and destination of each trip.

- I. A perpetual inventory record of seized property is not maintained. When an item is received, the Sheriff prepares an individual sheet for each suspect which identifies the items seized. These records are filed alphabetically and no summary inventory record is maintained.

Summary inventory records for seized property are necessary to deter and identify loss, misuse, or theft of such items.

Conditions A and I were also in our prior report.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Record the method of payment on receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- D. Restrictively endorse checks and money orders immediately upon receipt.
- E. Ensure all voided receipts slips are properly mutilated and retained.
- F. And the County Commission evaluate the need for a petty cash fund. If a change fund or petty cash fund is necessary, it should be approved by the County Commission and kept at a constant amount. In addition vending machine commissions and donations should be turned over to the County Treasurer, and supporting documentation of expenditures should be retained and reviewed for propriety.
- G. Compare prisoner meal records with the vendor's invoice and investigate and reconcile any differences.
- H. And the County Commission require the Sheriff's office employees to record detailed information as to destinations traveled and purpose of official county business on mileage reimbursement requests.
- I. Prepare and maintain complete perpetual inventory records of seized property.

AUDITEE'S RESPONSE

The Sheriff indicated:

A-I. He accepted all the recommendations and wished to implement them in the immediate future.

7. Health Center's Controls and Procedures

- A. Budgets prepared by the health center were not accurate and complete. The standard budget form provided to the health center by the County Clerk was not utilized, and cash balances were not reported on the budget form. In addition, actual receipts were (under)overstated by approximately (\$5,000) and \$10,000 during the years ending December 31, 2001 and 2000, respectively. During 2001, the health center administrator indicated that she tried to prepare the budget before the year was over and failed to update the actual receipts on the budget for monies received in late December. The financial report used to prepare the budget for 2000 was inaccurate. The Board did not adequately review the annual financial statement in conjunction with bank reconciliations and other supporting records to ensure accurate information was presented. Adjustments have been made to the audited financial statements to correct these misclassifications and errors.

To be of maximum assistance to the health center and to adequately inform the public, the budget should accurately reflect the financial activity of the health center. In addition, accurate information is essential to provide reasonable estimates of anticipated receipts and disbursements so that the board may utilize the budget as a management tool and as a control over expenditures. Also, the board should review the financial statements of the health center in conjunction with bank records and other supporting records to ensure accurate information is presented.

- B. Receipts are not deposited on a timely basis. Deposits are made approximately once a week. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- C. Receipt slips are not issued for some monies received. To help ensure receipts are properly recorded and deposited, pre-numbered receipt slips should be issued for all monies received immediately upon receipt. In addition, the receipt slips should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be reconciled to the bank deposits to ensure all receipts have been accounted for.
- D. The Health Center Board does not have a formal depository agreement with its depository bank. A depository agreement is necessary to ensure both the bank and

the board understand and comply with the agreement. Such an agreement may cover issues such as costs of checking accounts and safe deposit boxes, interest charges for borrowed funds, interest to be paid on certificates of deposit, savings accounts, and interest bearing checking accounts, and should include collateral securities required to be pledged.

- E. The open meeting minutes did not always document the specific reasons for closing the meeting and actions take by the board in closed meetings. In addition, the Health Center Board did not document how some topics discussed met the criteria outlined in Section 610.021, RSMo. For example, meetings were closed to set an interview date, establish office hours, discuss bathroom repairs and petty cash procedures. The board should restrict the discussions in closed session on the specific topics allowed by state law.

Section 610.021, RSMo 2000, allows the board to close meeting to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel matters. Section 610.022, RSMo 2000, requires a closed meeting, record, or vote be held only for the specific reasons announced publicly at an open session. This law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record or vote.

- F. Additions of fixed assets are not always recorded as they occur, and fixed asset expenditures are not reconciled to additions to the inventory records. In addition, property tags are not always affixed to assets when acquired. Also, the total value of the health center's land and buildings are not included in the property records.

Adequate general fixed asset records are necessary to secure better internal controls over the health center's property and provide a basis for determining insurance coverage.

WE RECOMMEND the Health Center Board:

- A. Ensure the correct budget document is used and contains complete, accurate, and reasonable information about the health center's finances. In addition, the board should review the annual financial statements prepared by the administrator for accuracy.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Issue receipt slips for all monies received, and record the method of payment on receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- D. Enter into a written depositary agreement.
- E. Ensure board minutes document the reasons for closing the meeting, publicly

disclose the final disposition of applicable matters discussed in closed session, and ensure only allowable, specific subjects are discussed in closed sessions as required by law.

- F. Record all additions of fixed assets as they occur, reconcile additions to the property records periodically, affix property tags to assets at the time of purchase, and record the value of the land and buildings on the general fixed asset records.

AUDITEE'S RESPONSE

The Health Center Board of Trustees indicated:

- A. *The new administrator used the correct budget document for 2003. (The previous administrator was responsible for the 2000, 2001, and 2002 budget.) In addition, as the board of trustee minutes reflect, the board reviewed the financial statements for accuracy and approved the budget for 2003.*
- B. *All efforts are being made to make deposits on a timely basis. Checks are immediately stamped for "deposit only" and receipted at the time received. The current policy is to deposit funds when cash deposits exceed \$100 per day. The administrator and board of trustees are currently reviewing possible guidelines to look at recommendations for deposits.*
- C. *Receipt slips are being issued for all monies received at the time of receipt, and the payment method is recorded on the receipt slip. The new administrator reviews and initials receipt slips when they are reconciled to the bank statements. To correct the minimal times receipt slips are not marked correctly as cash or check, the clerk will review receipts to ensure they are properly marked for cash/check when she prepares the deposit slip.*
- D. *The board of trustee's voted to enter into a written depositary agreement at the January 2003 meeting.*
- E. *The board of trustee's has a new board chairman, secretary, and members. They are actively reviewing the Sunshine laws and have implemented changes to show reasons for closing the meeting and public disclosure. Closed meeting agendas and minutes currently reference statutes and sections of the Sunshine law allowing closed session. The new board chairman ensures only specific referenced subjects are discussed in closed session as required by law. The board of trustee's will continue educating themselves on the Sunshine laws to ensure agendas are posted and minutes are documented correctly. The board of trustees welcomes all assistance from the state auditor to ensure the Sunshine laws are followed.*
- F. *Currently, inventory is performed annually. All new equipment have property tags affixed, have been added to the inventory list with the time of purchase and amount. The new administrator will record the value of the land and buildings on the general fixed asset records as recommended.*

This report is intended for the information of the management of Hickory County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

HICKORY COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Hickory County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgets and Published Financial Statements

- A. Actual expenditures exceeded budgeted amounts for various funds.
- B. The County Commission approved a budget deficit for the General Revenue Fund for the year ended December 31, 1996.
- C. Formal budgets were not prepared for various county funds.
- D. The annual published financial statements of the county did not include the financial activity of the Health Center Fund as required.

Recommendation:

The County Commission:

- A. Not authorize warrants in excess of budgeted expenditures.
- B. Discontinue deficit budgeting.
- C. Ensure budgets are prepared or obtained for all county funds.
- D. Ensure the financial information for all county funds is properly reported in the annual published financial statements.

Status:

- A. Partially implemented. Actual expenditures exceeded budgeted amounts for some funds; however, improvements have been made. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.
- C. Partially implemented. A budget was not prepared for the Family Access Fund for

the year ended December 31, 2000. Although not repeated in the current MAR, our recommendation remains as stated above.

- D. Partially implemented. The financial statements did not include the financial activity of the Associate Circuit Division Interest Fund, the Circuit Clerk Interest Fund, and the Law Library Fund for the year ended December 31, 2000. Although not repeated in our current MAR, our recommendation remains as stated above.

2. Property Tax System and Computer Controls

- A. Controls over property tax book additions and abatements were not adequate.
- B. The County Clerk did not prepare the current or back tax books.
- C. Passwords and other procedures were not in place to limit access to the various data files and programs utilized by the County Assessor, County Collector, and County Clerk.

Recommendation:

- A. The County Commission establish procedures requiring the tax books only be changed by the County Clerk under order of the County Commission.
- B. The County Clerk prepare the current and back tax books in accordance with state law.
- C. The County Commission consult with their programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.

Status:

A-C. Not implemented. See MAR finding number 4.

3. Federal Financial Assistance

A drug-free workplace policy was not included in the personnel manual, and the county did not have a drug-free awareness program.

Recommendation:

The County Commission establish a drug-free workplace policy and an applicable drug-free awareness program to ensure compliance with the Drug-Free Workplace Act.

Status:

Implemented.

4. Prosecuting Attorney's Procedures

Bad check collection, distribution, and record-keeping functions were not adequately segregated.

Recommendation:

The Prosecuting Attorney perform a documented review of the bad check records.

Status:

Partially implemented. The Prosecuting Attorney performs a review of the monthly financial records; however, the Prosecuting Attorney does not approve and document all waivers of bad check fees. See MAR finding number 5.

5. Sheriff's Controls and Procedures

- A. The duties of receiving, recording, and depositing were not adequately segregated.
- B. The Sheriff maintained a petty cash fund using wildlife checking fees received from the Missouri Department of Conservation for office supplies and expenses.
- C. Prisoner board bills specified that payments should be sent to the Sheriff's department. In addition, the Sheriff's department had not received payment of bills totaling approximately \$2,500 that dated back to 1991.
- D. A perpetual inventory record of seized property was not maintained.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Turn over all future wildlife checking fees to the County Treasurer.
- C. Request board bill payments be sent directly to the County Treasurer and follow up on board bill payments not received.
- D. Prepare and maintain complete perpetual inventory records of seized property.

Status:

A&D. Not implemented. See MAR finding number 6.

B. Implemented.

C. Implemented. Board bills are currently being sent to the County Treasurer. The Sheriff's office pursued collection of the unpaid board bills and wrote some of these unpaid bills off as uncollectible after collection efforts were exhausted.

6. Health Center's Procedures

A. The duties of receiving, recording, and depositing were not adequately segregated.

B. The Board of Trustees approved expenditures in excess of budgeted amounts.

Recommendation:

The Health Center Board:

A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

B. Not authorize expenditures in excess of budgeted amounts.

Status:

A&B. Implemented.

7. Assessment Fund

The county had not received state reimbursements budgeted for 1998 assessment costs due to a dispute between the County Commission and the County Assessor over the level of clerical salaries.

Recommendation:

The County Commission and the County Assessor work together to resolve this situation at no further expense to the county.

Status:

Implemented. The dispute was resolved in December of 1998, and the county subsequently received reimbursement from the state.

STATISTICAL SECTION

History, Organization, and
Statistical Information

HICKORY COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1845, the county of Hickory was named after "Old Hickory", the nickname of President Andrew Jackson. Hickory County is a county-organized, third-class county and is part of the Thirtieth Judicial Circuit. The county seat is Hermitage.

Hickory County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Hickory County received its money in 2000 and 2001 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 304,927	17	271,354	16
Sales taxes	704,241	38	653,664	39
Federal and state aid	602,281	33	544,478	33
Fees, interest, and other	225,473	12	205,932	12
Total	\$ 1,836,922	100	1,675,428	100

The following chart shows how Hickory County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 554,462	34	516,571	30
Public safety	476,190	29	521,242	30
Highways and roads	613,024	37	694,464	40
Total	\$ 1,643,676	100	1,732,277	100

The county maintains approximately 27 county bridges and 395 miles of county roads.

The county's population was 4,481 in 1970 and 8,940 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	46.3	45.0	26.6	11.3	6.3
Personal property		18.8	18.1	6.0	4.0	2.7
Railroad and utilities		6.5	5.8	2.7	2.7	1.0
Total	\$	71.6	68.9	35.3	18.0	10.0

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Hickory County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.1700	.1700
Special Road and Bridge Fund		.2600	.2600
Health Center Fund		.0800	.0800

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments.

Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2002	2001
State of Missouri	\$ 23,334	21,921
General Revenue Fund	123,033	115,659
Special Road and Bridge Fund	188,420	177,078
Assessment Fund	28,464	26,461
Health Center Fund	57,860	54,349
School Fund	2,418,870	2,245,895
Library Fund	101,422	95,270
Fire district	232	275
Overplus Fund	6,586	2,193
Cities	9,292	8,607
County Clerk	209	192
County Employees' Retirement	23,052	19,125
Other	9,504	3,441
Commissions and fees:		
General Revenue Fund	49,875	45,713
Total	<u>\$ 3,040,153</u>	<u>2,816,179</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2002	2001
Real estate	92 %	91 %
Personal property	85	86
Railroad and utilities	100	100

Hickory County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50 %
General	.0050	None	None
Law Enforcement	.0050	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Lance Hutton, Presiding Commissioner	\$	24,440	23,120
Duane Mackey, Associate Commissioner		22,440	
Tommy D. Benedict, Associate Commissioner			21,120
Gary Sherman, Associate Commissioner		22,440	21,120
Kent Parson, County Clerk		34,000	32,000
James Hackett, Prosecuting Attorney (1)		41,000	26,000
Daniel D. Peebles, Prosecuting Attorney (1)			13,000
Raymond S. Tipton, Sheriff		39,000	32,300
Martha Dever, County Treasurer		25,160	23,680
Connie Boller, County Coroner		9,500	7,650
Rhonda Hargiss, Public Administrator (2)		15,000	19,488
George Stanley McCoy, County Collector, year ended February 28 (29),	34,000	32,333	
Paul Masoner, County Assessor (3), year ended August 31,		33,333	32,000
Michael C. Freeman, County Surveyor (4)			

(1) Daniel Peebles resigned on April 30, 2000 and James Hackett was appointed May 1, 2000.

(2) Includes fees received from probate cases in 2000.

(3) Includes \$900 annual compensation received from the state.

(4) Compensation on a fee basis.

State-Paid Officials:

Aileen Pippins, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
James P. Anderton, Associate Circuit Judge	96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	1	1
County Clerk	3	0
Prosecuting Attorney	1	0
Sheriff *	15	0
County Collector	1	0
County Assessor	3	0
Associate and Probate Division **	0	2
Road and Bridge **	9	0
Health Center **	6	0
Total	<u>39</u>	<u>3</u>

* Includes three part-time employees

** Includes one part-time employee

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Hickory County's share of the Thirtieth Judicial Circuit's expenses is 8.96 percent.

In 1995, a juvenile detention center was constructed in the city of Bolivar for the Thirtieth Judicial Circuit. The five counties in the circuit were required to pay for the cost of construction in accordance with a cooperative agreement with the 30th Circuit Youth Services, Inc., a not-for-profit organization established to operate the detention center. The Bolivar Industrial Development Authority issued revenue bonds of \$830,000 on behalf of the 30th Circuit Youth Services, Inc. to finance the required share of construction costs for each of the counties in the circuit. The 30th Circuit Youth Services, Inc., makes the bond payments, but the counties are required to pay their share of the debt in accordance with the cooperative agreement. The remaining debt associated with the construction totaling \$299,000 was refinanced on October 29, 2002. The interest rate is 5 percent and payments are made semi-annually for five years, with a lump sum payment due on November 1, 2006. Hickory County's share of the debt is 34.64 percent and on December 31, 2001, the county's total obligation for the remaining principal balance was \$103,544.

The county has entered into several lease purchase agreements for road and bridge equipment. At December 31, 2001, the principal balance of the leases total approximately \$734,000. Principal and interest payments are made from the Special Road and Bridge Fund.



STATE PASSENGER AIRCRAFT FLEET

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-28
April 2, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office of
Missouri State Auditor
Claire McCaskill

March 2003

State's passenger plane fleet is too large, not suited to state flight needs and run by four agencies, which creates costly inefficiencies and inconsistent flight practices

This audit examined flights of the state's eight passenger planes operated by the Office of Administration (OA), Missouri State Highway Patrol, Department of Transportation (MoDOT), and the Department of Conservation. The main analyses included, but were not limited to, flights from January 1999 through December 2001 and reviewed plane use, costs, passengers, flight purposes, and payments of flight costs.

Passenger plane fleet rarely fully used

During 2001, the four plane-operating agencies never used all eight state-owned planes in the same day. On 85 percent of the 279 flight days, five or fewer planes flew in a day. On the thirteen days where the state used more than six planes in one day, agencies chartered planes for the extra flights instead of using other available state planes. On one day in 2001, none of the eight state planes flew, but OA flight officials chartered a non-state plane for a flight. (See page 11)

Chartered flights increased, despite available state planes

Agency officials have increasingly used chartered planes for flights when state planes were available. For 91 percent of the flights chartered by OA (106 flights) and Conservation (6 flights) in 2000 and 2001, at least one of the eight planes was available to handle the flight. The costs of these chartered flights were nearly twice the state plane price. For example, a \$2,094 chartered flight between St. Louis and Jefferson City could have cost from \$399 to \$916 on an available state plane. State officials provided four main reasons for increased charters: infrequent plane sharing between certain agencies, Highway Patrol's pilot restrictions, passenger preferences for pressurized planes, and limited use of OA's jet for short trips. (See page 13)

Current plane fleet not well-matched to majority of flights

The passenger planes in the state's fleet do not efficiently accommodate the majority of state's flight needs. Increased use of chartered pressurized planes to meet passenger preferences left state unpressurized planes unused and increased overall flight costs. In addition, audit analysis did not show a clear need for OA's Jet, the state's most costly aircraft. The jet is used most efficiently on longer flights without multiple stops, but the majority of flights are short, in-state trips with multiple stops. State officials originally bought the jet to "carry multiple passengers to central U.S. destinations." From 1999 through 2001, 84 percent of the jet's flights stayed in Missouri and 59 percent of the flights carried only three or fewer passengers. (See page 20)

YELLOW SHEET

Variety of passengers allowed on state planes due to no statewide policy

Agencies have conflicting practices about non-state employees flying on state planes, partly because no statewide policy defines appropriate state plane passengers. Some agencies allow relatives and retired employees on state planes, while others strictly prohibit relatives and retirees on flights. For example, 24 percent of a former Conservation director's flights also transported one of his relatives, including his wife, daughter or father-in-law. In addition, relatives of upper-level Conservation management and commissioners, as well as retired state employees, also flew to various Conservation regional meetings and project dedications. Of the 73 state flights carrying employee relatives (not including the Governor's family) and retired state employees, 77 percent were Conservation flights. (See page 23)

"State business" reasons for some flights questionable

In eight instances, Highway Patrol officials used state planes to fly state employees to attend funeral services for a patrol officer's parents, spouses, and siblings. Patrol officials said they made these flights to "lend support." In addition, Highway Patrol and MoDOT flew upper management to retirement receptions of state employees and commissioners. These flights included 38 patrol flights to receptions between 1999 and 2001; and 31 passengers on eight flights to five MoDOT retirement receptions between January 2000 and February 2002. These questionable flights occurred partly because no statewide policy defines an "appropriate" state business flight. Agencies also document flight purposes differently - or not at all - making it difficult to determine if agencies are always appropriately using state planes. (See page 31)

Significant costs dedicated to fly commissioners

While Missouri has numerous state commissions, only Transportation and Conservation commissioners take state planes regularly to commission meetings and other commission-related business events. Between 1999 and 2001, the state spent over \$419,000 flying Transportation and Conservation commissioners, with average flight costs to a meeting totaling \$2,908 for Conservation, and \$3,776 for Transportation. In addition, costs for some commission meeting flights were much higher when planes flew to the same city multiple times in a day to accommodate commissioner schedules. (See page 34)

State flights funded by non-state entities

To comply with Federal Aviation Regulations, only state agencies are allowed to pay for state flights. We noted four non-state entities have paid the state to use state planes including: Missouri Future Farmers of America (FFA), Missouri Bar Association, Hawthorne Foundation, and a legislative lobbyist. State agencies have circumvented federal regulations by scheduling flights for these entities, and then having the entity pay the state for the flight costs. For example, the FFA paid \$6,607 to the state for six flights scheduled through the Department of Elementary and Secondary Education. (See page 39)

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STATE PASSENGER AIRCRAFT FLEET

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Jacquelyn D. White, Commissioner
Office of Administration
Jefferson City, MO 65102

We have audited the state's passenger aircraft fleet to determine if it is managed in the most cost effective, efficient, and consistent manner. The main audit analyses used flight data from January 1999 to December 2001, however auditors also reviewed some flights prior to January 1999 and some flights after December 2001. The scope of this audit included, but was not limited to, records pertaining to the eight state passenger transportation aircraft. The objectives of this audit were to:

1. Determine if the state passenger aircraft fleet is efficiently managed by the four plane-operating agencies.
2. Determine the extent of state aircraft use by non-state employees and these flights' state business purpose.
3. Review the main business purpose of state aircraft flights.
4. Review existing state policies and practices for use of state-owned aircraft.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed applicable state laws and regulations, contacted applicable personnel of various agencies, and reviewed certain records and documents.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The following report presents our findings arising from our audit of the state passenger aircraft fleet.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

December 20, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
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SCOPE AND METHODOLOGY

STATE PASSENGER AIRCRAFT FLEET

SCOPE AND METHODOLOGY

Scope

Our audit focused on passenger transportation costs of state-owned aircraft operated by four state agencies: Missouri Department of Transportation (MoDOT), Office of Administration (OA), Department of Conservation (Conservation), and the Missouri State Highway Patrol (Highway Patrol). We reviewed fleet and flight data information, policies and practices related to state plane use, costs, use of charter flights, passengers, and flight purposes. The audit's main analyses cover flight activity from January 1999 through December 2001, however, we also reviewed specific aspects of some flights from July 1996 through July 2002.

Methodology

We performed the following procedures to complete the audit objectives:

- Analyzed various aspects of 6,281 flights made by the four plane-operating agencies. These flights ranged from July 1996 to July 2002 depending on the agency's records. However, we focused primarily on flights from January 1999 through December 2001.
- Identified 9,090 passengers as state employees or non-state employees on 3,398 flights from January 1999 through December 2001 in OA and Conservation/MoDOT flight data. In addition, we categorized state employee passengers as statewide officials, cabinet directors, Governor's family, and boards/commission members. We categorized non-state employees as employee relatives and retired state employees.
- Interviewed personnel of the four plane-operating agencies and 28 other state agencies or entities who flew on state-owned aircraft during our review. Reviewed state travel regulations.
- Interviewed personnel of state flight operation units in Virginia, New Mexico, Illinois, Ohio, and Michigan about state plane practices and policies.
- Interviewed state and federal officials about the restrictions of the federal Department of Defense military surplus program under which the Highway Patrol obtained most of its planes.

Flight Data and its Limitations

We obtained flight data from the four plane-operating agencies in various formats. The OA, Conservation and MoDOT had electronic flight data, while the Highway Patrol only had paper records. Agencies with electronic data documented similar flight details including aircraft tailnumber, flight time, flight date, destination, pilot, number of stops, and some passenger names. But they documented some flight details differently, such as passenger names or flight

purposes. In addition, OA's flight data showed the flight costs billed to agencies. Each agency flight data had limitations, which affected the audit work and are noted below:

Conservation Flight Data Limitations: The electronic data did not indicate the name of all the passengers on each flight and did not indicate the flight's purpose. This information was available on paper manifests for flights after April 14, 1999. Auditors entered the paper manifests' information into a database for 1,843 flights.

MoDOT Flight Data Limitations: Many of MoDOT's flights were also recorded in the records of OA or Conservation. To make sure audit work did not count flights twice, auditors reconciled flights between these three databases. In addition, the majority of flight data named the lead passenger on the flight but did not indicate the names of the other passengers. For example, a flight would list "Hungerbeeler + 2". MoDOT officials could not locate the flight records to determine who the other passengers were on these flights.

OA Flight Data Limitations: The data did not include the flight's purpose, because OA does not require a documented purpose for each flight. In addition, we found discrepancies between flight costs in the database, the final billed costs and the exact payee. We alerted OA to these discrepancies and they corrected the electronic flight data.

Highway Patrol Flight Data Limitations: The Highway Patrol does not keep electronic flight data, but does keep paper records of flight requests and flight records. Using this information, auditors built an electronic database of 962 flights on the patrol planes used for passenger transportation. In the database, auditors entered information about the flight route, date and time, aircraft tailnumber, pilot, passengers, purpose, and if the flight requester considered the flight patrol business. In addition, patrol officials keep two flight logs, which are not reconciled. One log showed the flights requested and the second log recorded if the flight occurred. For example, if a flight is requested but canceled, the request manifest is not removed or noted as a cancellation in the flight request log. In addition, the flight records for flights before July 1999 were all destroyed, leaving no record to confirm if a flight actually occurred.

Hourly Flight Rates Differ by Agency

The four plane-operating agencies do not have consistent standards in calculating hourly flight rates. In general, each agency divides a plane's operating costs by the number of hours flown in a year on that plane to determine the hourly flight rate. However, agencies widely differ on what to include in "plane operating costs." Fuel and maintenance costs are the only common items included by all agencies in the hourly rate calculation. However, each agency calculates maintenance cost differently. In addition to fuel and maintenance costs, each agency included various costs as described below:

Highway Patrol officials set hourly rates higher than what they consider as their hourly direct operating costs. In addition, these direct operating costs do not include pilot salary, pilot training, hangar expense, or administrative costs.

Conservation officials said their hourly rates reflect a plane's full operating costs, and factors in pilot salary, pilot training, hangar expense, aircraft insurance, use of Federal Aviation Administration charts, use of weather systems, and aircraft depreciation. This hourly rate calculation also applies to **MoDOT**, who co-owns a plane with Conservation.

OA officials set hourly rates less than what they consider full-operating costs. Included in their chargeable hourly rate are pilot salary, mechanics, administrative costs, and an engine reserve fund. In addition, they also charge a layover fee of \$40 an hour per pilot if a flight requires on ground waiting time away from Jefferson City. Finally, the charged rate may also differ depending on the passenger. For example, from March 1999 through July 2001, the Governor received a discount of \$40 per flight hour when using the Citation Jet and did not pay layover fees if only one pilot handled the flight.

Data Analyses

We used the data as discussed above throughout the audit to conduct various analyses about state plane use, costs, use of charter flights, passengers, and flight purposes. The methodology on each of these analyses is explained in the corresponding report sections. Some analyses included flights costs, which are referred to throughout the report as either billed or estimated flight costs. In some analyses, both billed and estimated costs were used in the final summarized results. The cost categories are described below:

- **Billed flight costs:** These are flights flown through OA Flight Operations, which bills various entities for the flights. Flights costs are what the entity paid OA for the flight.
- **Estimated flight costs:** We estimated flight costs for flights flown through the other three plane-operating agencies. To calculate these costs we multiplied the flight time by the plane's hourly rate (provided to us by these agencies and described above) at the time of the flight. On flights in which OA Flight Operations provided "pilot service" on a MoDOT plane, we added the pilot service charge to the estimated flight cost to determine the total flight cost.

RESULTS AND RECOMMENDATIONS

STATE PASSENGER AIRCRAFT FLEET

RESULTS AND RECOMMENDATIONS

PART 1: Consolidating State Planes Could Increase Efficiency and Cut Costs

Having four separate agencies manage the state's eight passenger planes is inefficient and has unnecessarily increased plane costs. These four agencies include the Missouri Department of Transportation (MoDOT), Office of Administration (OA), Department of Conservation (Conservation), and the Missouri State Highway Patrol (Highway Patrol). These agencies do not work together to use the state-owned passenger planes cost-effectively, rarely fully use the passenger plane fleet, and increasingly charter more expensive planes when state-owned planes are available. In addition, an analysis of passenger plane use indicates the passenger fleet is too large and not best suited to the most common state passenger travel needs.

Background

The four plane-operating agencies spent \$7.2 million in the last three fiscal years (July 1999 through June 2002) to operate the state's 30 aircraft. The operating costs include each agency's pilots, hangars, flight schedulers, and mechanics.

OA's Flight Operations unit is the only plane-operating agency which solely transports passengers. According to OA flight data, various agencies paid \$1.45 million to the OA for passenger transportation flights from January 1999 through December 2001.

The other three agencies transport passengers, but also have flights specific to each agency's mission. Some examples include airport inspections for MoDOT, deer telemetry or fire patrol for Conservation, and drug interdiction for the Highway Patrol. The chart below summarizes the current state-owned aircraft fleet and categorizes aircraft by passenger transport or mission specific.

Table 1.1: State-Owned Aircraft Fleet

Agency	Total State-Owned Aircraft	Passenger Transport Aircraft	Mission Specific Aircraft
Office of Administration	3	3	0
Conservation/Transportation	1	1	0
Conservation (only)	3	1	2
Transportation (only)	1	0	1
Highway Patrol	<u>22</u>	<u>3</u>	<u>19</u>
Totals	<u>30</u>	<u>8</u>	<u>22</u>

Source: Flight operations units of the four agencies listed above

Most analyses in this audit focused on the eight state planes used mainly for passenger transportation. Three of these eight passenger planes are planes with pressurized passenger cabins. Pressurized planes are usually faster, have a more comfortable, smoother and quieter

ride, and can quickly maneuver around bad weather situations. These planes include OA's Citation Jet, Highway Patrol's King Air 200, and the King Air 200 co-owned by Conservation and MoDOT. These pressurized planes are preferred or requested by many state passengers and used especially for upper-level state management, including statewide elected officials and commission members. The jet is considered the Governor's primary plane, but can be used by other agencies when available. The remaining five passenger aircraft are smaller planes with unpressurized cabins. These include OA's two Navajos, Highway Patrol's two Queen Airs, and Conservation's Twin Cessna. Hourly flight rates and other details of these eight state passenger planes are shown in the table below:

Table 1.2: State-Owned Passenger Planes

Agency	Aircraft	Tailnumber	Hourly Rate*	Pressurized Aircraft	Total Passenger Flights	
					2000	2001
OA	Citation Jet	100SM	\$665	X	151	140
OA	Navajo	300SM	\$420		143	130
OA	Navajo	500SM	\$420		151	132
Conservation/ MoDOT	King Air 200	128VT	\$530	X	115	205
Conservation	Cessna 402	402MC	\$232		139	164
Highway Patrol	King Air 200	2MP	\$550	X	57	120
Highway Patrol	Queen Air	103MP	\$160		58	27
Highway Patrol	Queen Air	116MP	\$160		80	92

Source: Flight operations units of the four agencies listed above

*Hourly rates, shown above for fiscal year 2002, are the rates charged by the agencies for flights and do not reflect the actual costs of operating the planes. Hourly flight rates are discussed in more detail in the Scope and Methodology. Total estimated operating costs for OA's Citation Jet were \$1,270 an hour and \$530 an hour for the Conservation/MoDOT joint-owned shared plane. Total estimated operating costs were not available for the other planes.

The four plane-operating agencies have tried various scenarios of plane sharing and service exchanges to help with plane and pilot availability. An efficient plane fleet is the goal of OA Flight Operation's mission, which states: "To provide state agencies and elected officials with a cost effective and efficient mode of transportation for accomplishing their constitutional and mandated mission within geographical diverse locations."

In 2000, the state's Council of Efficient Operations evaluated the state plane fleet. Based on the council's recommendations, MoDOT sold two planes and Conservation sold one plane. Then, these two departments jointly purchased their own passenger plane. The council's report specifically stated other agencies and elected officials could use this joint-owned plane if it was not being used by Conservation or MoDOT. In addition, the report encouraged cooperation among agencies indicating:

"A multi-agency agreement aimed at maximizing the efficiency and cost effectiveness of passenger flight services for state personnel should be in force at all times. Usage policies should be established by each department with the OA responsible for developing comprehensive guidelines."

However, since the purchase of the joint-owned plane, plane sharing has decreased between OA and Conservation/MoDOT. These agencies are not requesting to use each others' planes. In addition, the Highway Patrol only allows patrol officers to pilot its planes, which has limited the use of Highway Patrol planes by other agencies. Both factors have increased plane use inefficiencies.

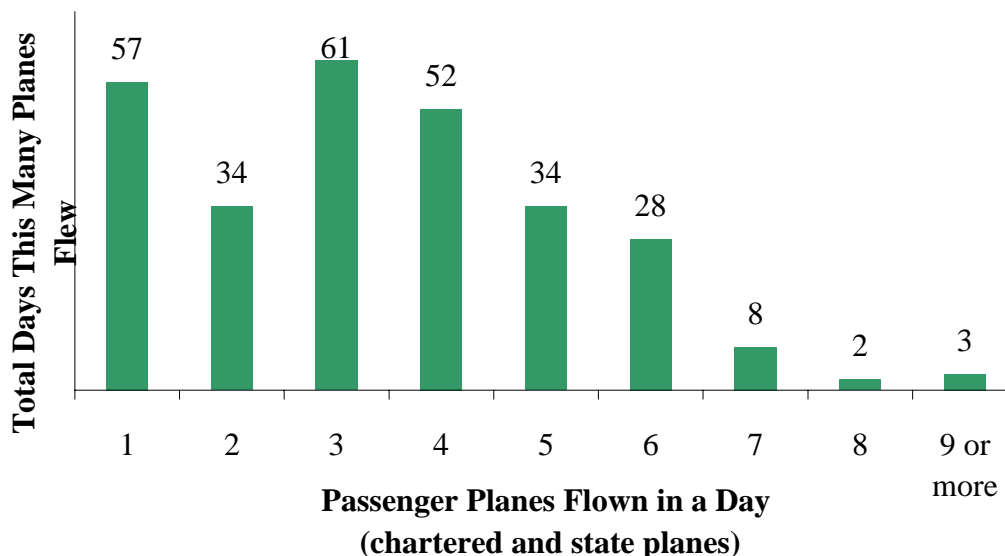
1. Passenger Plane Fleet Rarely Fully Used

Our review of flights during 2001 indicated the four plane-operating agencies never used all eight passenger planes in the same day. However, these agencies chartered planes which left available state-owned planes unused.

To complete this passenger plane use analysis, we combined the 1,073 flights on the eight passenger planes and the chartered flights into one database and analyzed how many planes flew on a specific day. The analysis used flight data from 2001, which was the first full year MoDOT and Conservation jointly owned a plane. This year gave the most accurate picture of plane use with the current plane fleet.

The analysis showed the eight passenger planes never all flew in the same day. On 85 percent of the 279 flight days, five or fewer planes flew in a day. Three or fewer planes flew in one day on more than half (54 percent) of these days. The chart below shows how often the state used a certain number of state and chartered planes in a day:

Chart 1.1: Passenger Plane Use in 2001



Source: SAO analysis of statewide flight data

Agencies only needed more than the eight state passenger planes on three days in 2001. Agencies used seven state planes in a day only three times in 2001, and never used more

then seven state planes in a day. On the thirteen days where the state used more than six planes in one day, agencies chartered planes for the extra flights instead of using other available state planes. For example, on both April 12 and October 24, the state chartered two planes and used six state planes.

Agencies also chartered flights on nearly half (20 of 41) the days they used more than five planes for passenger flights. On one day in 2001, none of the eight state planes flew, but OA flight officials chartered a non-state plane for a flight.

Our review of passenger plane use across the four plane-operating agencies for flights during 2000 and 2001 noted that the OA and its three passenger planes handled nearly 44 percent of the state's passenger flights. The Highway Patrol's three planes have flown less than half as many passenger flights as other agencies. On average, Highway Patrol planes each flew six flights monthly as compared to twelve flights monthly for OA planes or sixteen flights monthly for the Conservation/MoDOT joint-owned plane. One of the Highway Patrol's Queen Air passenger planes rarely flew, with 58 flights in 2000 decreasing to 27 flights in 2001.

CONCLUSIONS: State flight needs do not keep the state's eight passenger planes fully used, indicating the fleet is too large.

WE RECOMMEND the Governor, through the Office of Administration, review the overall use the state's passenger planes to determine how many and what kind of state planes are truly needed. Consideration should also be given to consolidating state plane passenger transportation under one coordinated unit to more efficiently use state resources.

AUDITEE'S RESPONSE

OA's Response: OA concurs. The Office of Administration will continue efforts to improve efficiency of the state passenger aircraft fleet. OA has announced plans to sell its three aircraft this fiscal year and replace with one aircraft better suited for current and projected flight demand. The Highway Patrol has also indicated its intent to sell one of its aircraft. OA is downsizing its staffing as well. Further consolidation efforts will be explored with the other agencies operating at the Jefferson City Airport.

Conservation's Response: The Department of Conservation operates four aircraft with four pilots, including one jointly owned and operated with MoDOT, as reported in the audit. The Department of Conservation's mission as stated in Section 40(a) "Constitution of Missouri" is "The control, management, restoration, conservation and regulation of the bird, fish, game, forestry and all wildlife resources of the state, including hatcheries, sanctuaries, refuges, reservations and all other property owned, acquired or used for such purposes and the acquisition and establishment thereof, and the administration of all laws pertaining thereto." An important tool used to accomplish this mission is represented by the Department's aircraft and pilots. Conservation planes are used in fish, forest and wildlife resource management, aerial surveys, law enforcement, employee transportation, fire detection and suppression, and

research. In the years 1999-2001, the Department flew 1,820 flights totaling 4,963 hours. Resource management flights accounted for 2,994 hours, or 60 percent, of all flight hours during the audit period. Transportation of employees and Commissioners represented the remaining 1,969 hours, or 40 percent, of all flight hours. Conservation flight records from the last 15 years indicate that at least 60 percent of all flights made are for resource management, while 40 percent or less of all flights are for employee transportation. The Department of Conservation's planes experience high utilization as supported by statistics from 2001 in which the Department's aircraft flew 640 flights, totaling 1,638 hours, or an average of 2.6 flights per day.

As a result of a review of aircraft needs by the state's Council of Efficient Operations completed in 2000, the Conservation Department sold one plane and jointly purchased a passenger plane with MoDOT. This plane, along with the Department's other aircraft, are available to state agencies when they are not being used for Conservation purposes. Savings gained through consolidating state plane passenger transportation would cause increased costs and inefficiency for Conservation resource management. The Department has and will continue to cooperate with all state agencies to obtain the highest utilization of state-owned aircraft while carrying out its constitutional mandate.

2. Chartered Flights Increased, Despite Available State Planes

The OA has increasingly used chartered planes for flights from 1999 to 2001. This increase occurred the same year Conservation and MoDOT officials jointly purchased a passenger plane. Specifically, OA chartered five flights in 1999, 50 flights in 2000, and 56 flights in 2001. Planes were chartered from private companies and Central Missouri State University. Often, agencies chartered planes and left several available state-owned planes unused.

To determine how often agencies chartered flights while state-owned planes were available, we compared the dates of the 112 flights chartered (106 by OA and 6 by Conservation) in 2000 and 2001 to the flight activity of the state's eight passenger planes. If a state-owned plane flew the same day of a chartered flight, we considered this state plane in use and unavailable to OA or Conservation. This consideration took a conservative approach since planes can handle multiple flights in a day. We then checked these "possibly available" dates with the agencies to consider maintenance issues, overnight trips, or other reasons making the plane unavailable.

We limited our analysis to 2000 and 2001 because Highway Patrol officials destroyed flight records up to June 30, 1999, which would have shown their planes' availability. The analysis is divided into three categories: 1) flights chartered on planes with any state plane available, 2) flights chartered on pressurized planes with state pressurized planes available, and 3) flights chartered on unpressurized planes with state unpressurized planes available. The results indicated:

- For 91 percent (102 out of 112 flights) of the flights chartered by OA and Conservation, at least one of the eight state-owned passenger planes was available

to handle the flight. In 79 percent (89 out of 112 flights) of these flights, two or more planes were available.

- Under certain circumstances and for particular passengers, both OA and Conservation have opted to charter pressurized planes instead of using an available unpressurized state plane. In comparing the flights chartered on pressurized planes to state pressurized plane availability, the analysis showed one of three state pressurized planes available for 64 percent (39 of 61) of these flights. In 18 percent (11 of 61) of these flights, two or more state pressurized planes were available for the flight.

Chartered Flights Cost Often Double the State Plane Price

Flight costs totaled \$110,251 for the planes chartered by OA and Conservation in 2000 and 2001 when other state-owned planes were available.

Audit analysis indicated the state could save significant costs by using available state-owned planes in lieu of using a charter plane. These savings are considered conservative estimates since the hourly rates for state planes are affected by total flight hours of the plane. The more the plane flies increases the number of flight hours, which will ultimately lower the hourly rate charged for the plane's use. As a result, the state plane costs applied to these flights are higher than they would have been if these planes had logged the charter flight hours.

To determine the potential savings, we estimated state plane costs on several flights chartered when a state plane was available. Cost estimates included the average flight time of a state plane to the charter flight destination multiplied by the state plane's hourly rate on the flight date. At various dates, the hourly rate for state planes ranged from \$160 for the Highway Patrol's Queen Airs to \$705 (from February to July in 2001) for OA's Jet. We compared these estimated costs to actual charter flight costs in three categories: 1) 65 charter flights when any state plane was available, 2) 29 charter flights on unpressurized planes when a state-owned unpressurized plane was available, and 3) 21 charter flights on pressurized planes when a state-owned pressurized plane was available. The potential savings are shown in the chart below:

Table 1.3: Possible Costs Saved if Available State Planes Used

Charter Flights Analyzed	Types of Planes Chartered	Total Charter Costs	Available State Plane Costs	Cost Savings	Percentage of Cost Savings
65	Pressurized and Unpressurized	\$61,503	\$33,102	\$28,401	46
29	Unpressurized	\$23,030	\$14,639	\$8,390	36
21	Pressurized	\$22,577	\$17,673	\$4,904	22

Source: SAO analysis of statewide flight data

Overall, the available state planes were less expensive than chartered planes, even when OA chartered Central Missouri State University's (CMSU) King Air 90 at a cheaper hourly rate than the three state pressurized planes. OA chartered CMSU's plane for \$450 an hour, while hourly rates for the three state pressurized planes were \$530 for the Conservation/MoDOT's King Air, \$550 for the Highway Patrol's King Air, and \$665 for OA's Jet. Despite the higher hourly rate, the flights on the CMSU's plane often cost more because the flight time started from take off in Warrensburg. As a result, agencies paid for the time CMSU needed to fly to the passenger pick up point, which was often Jefferson City.

The state paid nearly twice as much as it needed to charter planes to Kansas City and St. Louis when state planes were available, as shown below:

Table 1.4: Costs of Charter Flights Versus Available State Planes

Destination	Number of Chartered Flights	Total Charter Costs	Available State Plane Costs	Percentage of Cost Savings	Average Charter Cost	Average Available State Plane Cost
Kansas City	13	\$11,551	\$5,863	97	\$889	\$451
St. Louis	20	\$16,923	\$8,290	104	\$846	\$414

Source: SAO analysis of statewide flight data

The above chart includes several examples of specific flights in which the state could have significantly reduced costs. Two of these flights are detailed below:

- **\$2,094 charter flight from St. Louis:** The state paid for a chartered flight to fly a Transportation Commissioner to Jefferson City from St. Louis. Five other state planes were available on this flight date, including all three of OA's passenger planes. However, this commissioner preferred a pressurized plane and required two pilots on any flight. OA chartered a King Air at \$995 an hour, even though OA's pressurized jet at \$705 an hour and the Highway Patrol's pressurized King Air at \$550 an hour were both available. This flight could have cost \$916 on OA's jet or \$841 on the Highway Patrol's King Air and kept the passenger in a pressurized plane. The cheapest available state plane would have cost \$399 on the Conservation's unpressurized passenger plane (at \$191 an hour).

Two factors contributed to the higher cost for flying the charter flight. The charter flight required payment for a minimum of 1.5 flight hours, even though this flight took less than half (0.7 hours) that time. In addition, the requirement of a second pilot cost an additional \$350 per day. The cost of a second pilot is nearly the cost of the entire flight on the Conservation's smaller passenger plane.

- **\$1,317 charter flight to Kansas City:** The state paid for a chartered flight to fly the Governor, Treasurer, and three staff members between Kansas City and Jefferson City. Five other state planes were available on this flight date, including two other pressurized planes. The hourly rates on the available state planes

ranged from \$160 to \$550. Although the chartered plane's hourly rate was \$450, the flight time charged for the charter flight is generally higher due to the flight starting from Warrensburg instead of Jefferson City. This flight could have cost \$621 on the Highway Patrol's King Air or \$694 on the Conservation/MoDOT's King Air and kept the passengers in a pressurized plane. The cheapest available state plane would have cost \$294 on a Highway Patrol's unpressurized passenger plane (at \$160 an hour).

Reasons Agencies Chartered Planes Instead of Using Available State Aircraft

Interviews with Conservation and OA staffs produced four main reasons these agencies use charter planes even if a state-owned plane is available: 1) little, if any, plane sharing between Conservation and OA, 2) Highway Patrol's pilot restrictions, which limit full use of its planes, 3) passenger preferences for larger, pressurized planes, and 4) limited use of OA's jet for short trips, except for the Governor.

Reason 1: Limited Plane Sharing Between Conservation and OA

Although the two agencies shared planes on a rare basis in the past, plane sharing has basically stopped since MoDOT and Conservation jointly purchased a pressurized King Air in May 2000. Conservation officials said they would fly flights for agencies other than themselves and MoDOT, but they have not yet handled a flight for OA on the joint-owned plane. OA flight staff said they have never asked Conservation if they could use the joint-owned plane for a flight.

Past plane sharing included OA using Conservation's unpressurized passenger plane for six flights from July 1998 through December 1999. Conservation used OA's planes six times from July 1998 through December 1999. No plane sharing has occurred between the two agencies since 1999.

Of the 106 flights OA chartered in 2000 and 2001, either the joint-owned plane or Conservation's second unpressurized plane could have handled 49 of these flights (or 46 percent). The joint-owned plane could have handled 15 of the chartered flights, including 10 flown on chartered pressurized planes.

Of the six flights Conservation chartered in 2000 and 2001, OA had a plane available for all of these flights. Conservation charters were all pressurized planes, in which case, OA's pressurized plane was only available for one chartered flight.

Reason 2: Highway Patrol's Pilot Requirement Restricts Use of its Planes

Although the Highway Patrol will and has flown other agencies on its three passenger planes, patrol officials require the pilot be a patrol officer.

Patrol officials initially cited the Department of Defense's Law Enforcement Support Program under which they acquired the planes as one reason for restricting pilots to patrol officers. However in July 2002, Department of Public Safety officials reviewed the status of the military surplus planes and said the Highway Patrol has "permanent, unrestricted ownership" of these three passenger planes.

In December 2002, Highway Patrol officials said requiring a patrol officer to pilot patrol planes is now more of a liability issue. For example, Highway Patrol officials questioned which agency would pay for repairs on a patrol plane damaged while flown by another agency's pilot. In addition, in the case of a law enforcement emergency, officials indicated that patrol planes need to be available. "There is a point to having a plane sitting there and waiting to be used on short notice. You never know when you're going to need the plane . . . You catch some guy with a load of marijuana and they need the King Air and they need it now," said a Department of Public Safety official.

The Highway Patrol already regularly flies planes for other agencies. About 36 percent of the flights on the Highway Patrol's King Air in 2000 and 2001 were for other agencies. During 2000, 60 percent of the King Air flights were for other agencies.

Although, the Highway Patrol flies planes for other agencies, the pilot requirement has restricted the use of the patrol's planes by other agencies. Few weekend or overnight flights can be scheduled on patrol planes, or flights forcing a patrol pilot to incur overtime hours. As a result, the patrol's planes often sit in the hangar, while other agencies are chartering or renting aircraft to handle flights as shown below:

- Audit tests showed the Highway Patrol flew less than half as many passenger flights as the other agencies. The Highway Patrol planes averaged six flights each a month in 2000 and 2001 as compared to twelve flights each a month for OA planes or sixteen flights a month for the Conservation/MoDOT joint-owned plane.
- Of the 112 flights OA and Conservation chartered in 2000 and 2001, at least one Highway Patrol plane was available for 100 (89 percent) of those flights. The patrol's pressurized plane was available for 61 of the flights OA chartered, and on 31 of these charter flights, OA specifically rented a pressurized plane.

Reason 3: Passenger Preference for Specific Planes Forced Charters

Both Conservation and OA staff said they sometimes charter planes to accommodate a passenger's preferences for a pressurized aircraft, which are faster, and have a more comfortable, quieter ride. For example, OA indicated a

Transportation commissioner will not fly on anything but a pressurized plane. Two former Transportation commissioners also preferred a pressurized plane and two of these commissioners required two pilots on the flight, according to MoDOT staff. Conservation chartered pressurized planes for commissioners when Conservation's unpressurized passenger plane was available to meet the commissioners' preferences. In addition, OA tried to keep the Governor on a pressurized plane. Despite preferences for pressurized planes, Transportation and Conservation commissioners, including those mentioned above, have flown on 132 flights in unpressurized aircrafts from 1999 through 2001.

The three agencies owning the pressurized planes do not always work well together to most efficiently use these planes. OA and Conservation/MoDOT do not share pressurized planes while Highway Patrol requires patrol officers to pilot its planes. As a result, state officials chartered planes to accommodate passenger preferences instead of using available state planes. In some instances, the state chartered planes even when state pressurized planes were available to suit such passenger preferences.

- Conservation and OA spent \$24,566 (\$16,493 by OA and \$8,073 by Conservation) chartering 21 (15 by OA and 6 by Conservation) pressurized planes to fly Conservation, Transportation, and Mental Health Commissioners, when other state planes were available.
- On almost all of these flights (20 out of 21), more than one state plane was available to handle the flight. In more than half of these flights (12 of 21), at least one pressurized state plane was available for the flight.

Reason 4: Limited Use of OA's Jet for Short In-state Trips

OA staff said they limit flying the jet on short in-state trips with multiple landings, except for the Governor. One staff member said taking the jet on short in-state trips causes faster wear, leads to higher maintenance costs, and is "economically infeasible." According to the OA's division director over aviation, the jet requires an expensive engine overhaul once it has flown 3,500 flights hours or 3,500 cycles (takeoffs and landings). Flight staff is concerned about balancing the rate of flight cycles to the flight hours. Cycles have exceeded flight hours by a two to one ratio during the last two years due to more frequent short, in-state trips, the division director said.

As a result, if a passenger prefers a pressurized plane and the jet is available, OA will often choose to charter a pressurized plane and save the wear on the jet for the Governor's flights. The OA's jet was available for 16 of the 106 flights OA chartered in 2000 and 2001. On 9 of these 16 flights, OA chartered a pressurized plane and did not use the jet.

Our analysis of the estimated jet costs on 6 of these 9 flights found the state paid \$7,788 to charter planes, when it could have paid \$4,749 to use the available jet at a savings of 39 percent.

CONCLUSIONS: The four-plane operating agencies do not fully coordinate state passenger transportation needs. As a result, agencies charter more expensive aircraft to handle each agency's specific needs, while available state planes sit unused. Consolidating plane operations under one coordinated unit would decrease the need and extra costs involved with chartered planes. Allowing qualified pilots from other plane-operating agencies to fly its plane would free up the Highway Patrol planes for more frequent and efficient use.

WE RECOMMEND:

- A. The Governor, through the Office of Administration, require plane-operating agencies to check availability of state planes in all agencies before chartering outside aircraft. Consideration should also be given to consolidating state plane passenger transportation under one coordinated unit to more efficiently use state resources.
- B. The Highway Patrol free up its planes for more statewide use by allowing qualified pilots other than state patrol officers to fly its planes.

AUDITEE'S RESPONSE

OA's Response to A: OA will work with the other agencies to require verification of non-availability of all appropriate state-owned aircraft before chartering planes. OA will continue to support efforts to improve the efficient operation of state aircraft whether through greater coordination or consolidation.

MoDOT's Response to A: When MoDOT books flights on state planes, we first contact Conservation, as they handle scheduling for the jointly owned plane. If that plane is unavailable, we contact OA. It has been our understanding that OA books the most economical flight available. In the future, we will ask OA to ensure no appropriate state plane is available before they recommend a charter flight. It is important to recognize, however, that a non-pressurized plane may not always be the appropriate choice. Passenger health considerations, such as heart and sinus conditions, sometimes dictate the use of a pressurized plane.

We have no objection to other state agencies using the jointly owned plane when it is not in use.

Conservation's Response to A: The Department will continue to check the availability of state planes before chartering outside aircraft. In addition, the Department will continue to make aircraft available for flights by other agencies when they are not being flown for conservation business.

The most efficient utilization of aircraft for Conservation resource management needs and employee transportation is represented in the current flight operations which include a jointly-owned and operated aircraft with MoDOT.

Highway Patrol's Response to B: The Patrol is currently in the process of changing its policy to allow other qualified pilots to fly the Patrol's Beech Craft KingAir 200. The Patrol's KingAir is a military version of the civilian KingAir. While the airplanes basically fly the same, the avionic panels and some critical flight controls are somewhat different on the military version. The Office of Administration has tentatively agreed to send at least one of their pilots to transition training for the military version of the KingAir. Upon completion of this training the OA pilot would be allowed to fly the Patrol's KingAir.

3. Need for Jet is Questionable

Audit analysis did not indicate a clear need for owning and maintaining OA's Citation Jet which is the state's most costly aircraft. In addition to chartering flights when the jet was available, the jet is also not being used as originally intended.

The state purchased the \$3.27 million aircraft in 1998 for in-state and out-state trips, with the Governor as the priority passenger. Reasons for purchasing the jet included lower maintenance costs, a safer flight in adverse weather, and better service on long-range flights. In addition, the State Aircraft Purchasing Committee's memo indicated the jet would allow OA "to cost effectively carry multiple passengers to central United States destinations."

Our review indicated the jet rarely flew to "central United States destinations" other than Missouri cities and seldom carried large numbers of passengers. In addition, the jet is used most efficiently on longer flights where it can fly higher and faster and does not have multiple stops. According to OA officials, the jet on short, in-state trips has higher fuel consumption and trips with multiple stops cause the jet to wear faster, which increases maintenance costs. However, the normal state flights are the short in-state trips with multiple stops. Our review indicated the following for the jet's 410 flights from 1999 through 2001:

- 84 percent of the flights were in Missouri. The majority of those flights (65 percent) had only one destination. The destination was mainly Kansas City or St. Louis.
- 16 percent of the flights were out-of-state trips.
- The jet only flew at its full seven passenger capacity on 14 flights. Approximately 59 percent of the jet flights carried passengers at less than half of the jet's passengers capacity by carrying only one to three passengers.

In addition, 93 percent of all state flights through OA (not just jet flights) were in Missouri. Of these in-state flights, 42 percent of the flights had two or more stops.

Jet Compared to Other State Pressurized Planes

The state's two other pressurized planes offer passenger capacity similar to the jet, take only a few minutes longer to reach the most common jet destinations, are far cheaper to operate, and are used more efficiently on short, in-state trips with multiple stops. OA officials emphasized the safety factor in a comparison of the two plane types. The comparisons showed:

Capacity: Full capacity on the jet is seven passengers, the same as the joint-owned plane, and one less passenger than the Highway Patrol's plane.

Flight Times: On average, the joint-owned plane took approximately five minutes longer and the Highway Patrol's plane took approximately four minutes longer to reach some of the jet's more popular destinations. For example, OA's jet took an average of 51 minutes to reach St. Louis' Bi-State airport, as compared to 54 minutes on the joint-owned plane and 61 minutes on the Highway Patrol's plane.

Operating Costs: OA's jet is the most expensive state plane to operate, with full operating costs estimated by OA at \$1,270 an hour for fiscal year 2002. Conservation officials estimated operating costs at \$530 an hour for its joint-owned King Air. In addition, OA has traditionally made the jet more affordable to agencies by never charging the jet's full operating costs. Current jet hourly rates are \$665 which is only 52 percent of the aircraft's actual operating costs.

Audit analysis determined the state could have saved between 40 to 47 percent in flight costs if the jet's flights were on the joint-owned plane or the Highway Patrol's King Air. This flight cost comparison estimated the cost of 132 jet flights to common destinations which included Kansas City, St. Louis, Springfield, Cape Girardeau, Sikeston, Joplin, and Lee's Summit. To estimate flight costs, we multiplied each King Air's average flight time to these destinations by the plane's hourly rates. We used the full operating cost for the jet flight rates. These estimates did not include layover time logged by the pilot. Results indicated the average jet flight cost approximately 1.9 times more than the Highway Patrol plane, and 1.7 times more than the joint-owned plane. Overall results are shown below:

Table 1.5: Cost Comparison for Jet versus State's King Airs

Plane Type	Agency	Flights Analyzed	Estimated Flight Costs	Cost Savings Percent	Average Flight Cost
Citation Jet	OA	132	\$145,040	N/A	\$2,201
King Air 200	Highway Patrol	132	\$ 76,294	47	\$1,156
King Air 200	Conservation/ MoDOT	132	\$ 86,371	40	\$1,307

Source: SAO analysis of statewide flight data

Safety: OA officials justified buying and retaining the jet partly because of the plane's safety record. Officials explained the jet can lose an engine after take off and not crash, unlike a King Air.

Despite the safety comparison, however, OA staff chose to charter CMSU's King Air to handle eight flights even when the jet was available. If the jet was not available, OA increasingly used CMSU's King Air to transport several statewide elected officials and commissioners.

OA officials have been reevaluating overall flight operations. Auditors discussed the need for the jet with OA officials in mid-December. Later, the Governor approved plans to sell the jet and make other changes to the state's plane fleet.

CONCLUSIONS: Current jet use does not match the use originally intended by state officials. Other state-owned pressurized planes, which are less expensive to operate and are better for shorter, in-state trips and multiple stops, would serve state flight needs more efficiently.

WE RECOMMEND the OA pursue the authority to sell the jet and to develop a state-owned plane fleet that is consistent with the state's needs and uses.

AUDITEE'S RESPONSE

OA's Response: We concur. Prior to the meeting with audit officials in mid-December, OA had concluded that changes to the aircraft fleet, including the trade of the jet, was necessary due to changing flight demand. OA has issued an RFP to sell the state jet along with two other aircraft and replace them with one turboprop aircraft better suited for the current and projected flight demand.

STATE PASSENGER AIRCRAFT FLEET

RESULTS AND RECOMMENDATIONS

PART 2: Who is Allowed on State Planes Varies Widely by Agency

Having no statewide policy defining appropriate state plane use by non-state employees has allowed agencies to create conflicting rules and practices on who flies on state-owned planes. For example, employee relatives or retired state employees on state flights is a common practice for some agencies, while other agencies prohibit such passengers.

This section of the audit assessed how often non-state employees traveled on state-owned planes without specific state business purposes. On the majority of these flights, the non-state employee used state planes for official state business. Examples include federal fish and wildlife officials flying with state conservation employees and University of Missouri medical students on a rural medical team. However, in some cases, the state business purpose for some passengers was not appropriate. In addition, no statewide policy exists to define who is or is not allowed on state planes.

Inconsistent State Plane Passenger Practices

Our review indicated 530 non-state employees flew on 352 flights from January 1999 through December 2001. These non-state employees did not include members of state boards or commissions. The passenger totals in this analysis are not the number of unique individuals on these flights. For example, if the same passenger flew 50 flights, their name is counted 50 times in the passenger totals. Of these 352 flights, 55 flights carried 62 relatives of employees (not including the Governor's family); and 18 flights carried 21 retired state employees or former commission members. The majority of the relatives and retirees flew on Conservation flights.

Analysis methodology: To complete the passenger analysis, we identified 9,090 passengers (state employee or non-state employee) on 3,398 flights from January 1999 through December 2001. These flights originally came from OA and Conservation/MoDOT flight data, which included all flights on OA and Conservation planes, including the Conservation/MoDOT joint-owned plane and two Conservation mission specific planes. Complete passenger information for Conservation/MoDOT flight data was not available until April 15, 1999, the date the department began retaining passenger records. Both sets of flight data also included passenger information on flights flown for other agencies on Highway Patrol planes. This data did not include passenger information on MoDOT flights before May 2000 when the department sold its planes and purchased the joint-owned plane with Conservation. MoDOT officials could not provide records indicating the passengers on its planes. In addition, this data did not include passenger information on Highway Patrol flights for patrol officials.

In identifying passengers, we considered several passengers in the state employee category even though they were not paid a state salary. These individuals included:

State board and commissioner members, including Transportation and Conservation commissioners. State laws and the state constitution require coverage of travel costs for Transportation and Conservation commissioners.

Governor's spouse and children, who are expected to attend various state functions as the "First Family."

In identifying non-state employees, we included passengers on planes for state business reasons including student athletes, medical students, federal conservation, natural resources, and transportation officials. Non-state employee passengers also included members of the U.S. Congress and their staff, state contracted consultants, and lobbyists.

The chart below provides a more specific breakdown of the state employee and non-state employee categories. State employee categories include commissioners, cabinet directors, statewide elected officials, and members of the Governor's family. The chart also indicates the results of non-state employees, employees' relatives, and retired employees. For more detailed information of flight use by statewide elected officials and department directors, see the Appendix.

Table 2.1: Passenger Category Breakdown 1999-2001

Passenger Type	Number of Passengers	Number of Flights
Commissioners	785	527
Statewide elected officials	597	565
Cabinet directors	430	421
Governor's family	102	83
Non-state employees	530	352
Employees' relatives	62	55
Retired employees	21	18

Source: SAO analysis of OA and Conservation flight data

Conservation Spouses, Relatives, and Retirees Fly More Than Other Agencies

In specifically analyzing employee spouses and retired state employees traveling by state plane, we noted the majority of these occurrences on Conservation flights. Of the 55 flights carrying 62 relatives, 74 percent (or 41 flights) were Conservation flights. Similarly, of the 18 flights with retired state employees, 83 percent (or 15 flights) were Conservation flights.

Relatives on Flights

Conservation officials bring relatives of Conservation commissioners and upper-level department management on plane flights to various Conservation activities. Although some other agencies have flown spouses, it occurred infrequently compared to Conservation practices.

Relatives of the previous Conservation Director accompanied him on 24 percent of his state flights from January 2000 through February 2002. Many of these flights traveled to and from St. Louis or Kansas City airports to drop off passengers for a commercial flight. In specific, the director's wife accompanied him on 19 flights, his daughter on two flights, and his father-in-law on one flight. Some of these state plane travels included:

- Six days in Denver, Colorado with his wife for the Society for Range Management Conference and to meet with the Colorado Deputy Director. The plane flew them to and picked them up from their commercial flight at Kansas City International Airport. Total estimated flight costs were \$1,272.
- Five days in Baton Rouge, Louisiana with his wife and four department staff to attend the Southeast Association Fish and Wildlife Conference. The plane flew to Baton Rouge. Total estimated flight costs were \$4,829.
- Four days in Memphis, Tennessee with his wife for an Upper Stream Low Water Inspection with the Corps of Engineers. The plane flew to Memphis, but picked up the couple in Cape Girardeau, after they took a Corps of Engineers boat up the Mississippi River. Total estimated flight costs were \$1,017.
- Four days in Washington D.C. with his daughter to make contacts regarding the federal Conservation and Reinvestment Act legislation, as well as meet with Conservation fund staff. The plane flew them to and picked them up from their commercial flight at St. Louis Lambert Airport. Total estimated flight costs were \$470.
- One day in Kansas City with his father-in-law for a Discovery Center meeting. The plane flew to Kansas City. Total estimated flight costs were \$762.

Wives of other Conservation employees joined the director and his wife on several flights including these examples:

- Four days in Venice, Louisiana for the American Sport Fishing Association conference. A division administrator and his wife also flew on this flight. The plane flew them to and picked them up from their commercial flight at Kansas City International Airport. Total estimated flight costs were \$790.

- Three days in St. Paul, Minnesota for a midwest director's meeting. The department's assistant director and his wife also flew on this flight. The plane flew to St. Paul. Total estimated flight costs were \$1,908.

For several project dedication ceremonies and ribbon cuttings, relatives accompanied Conservation commissioners and employees on state planes to these events. Some of these examples include:

- Five flights on four planes and one helicopter flew 27 passengers, including two spouses and a guest, to Nevada for the dedication of the Four Rivers Conservation Area. Spouses and guests included wives and guests of department leaders and a commissioner. Total estimated flight costs were \$5,800.
- Three planes flew 14 passengers, including three spouses and one guest, to Springfield for the Wonders of Wildlife ribbon cutting ceremony. Spouses and guests included wives and guests of the director, deputy director, and commissioners. Total estimated flight costs were \$2,621.
- One plane flew a Commissioner, her two grandchildren, and two employees of Kansas City Power and Light to Marshall to dedicate the Bluebird Trail. Total estimated flight costs were \$470.

Finally, a Conservation commissioner's wife accompanied him on nine flights to and from four commission meetings and one foundation board meeting.

On occasion, relatives of employees from other agencies flew on state flights, but infrequently in comparison to Conservation. These flights with employee spouses included two flights with the MoDOT department director and his spouse, five flights with the spouse of a University of Missouri Vice Chancellor/Dean and one flight each with the Director of Agriculture, State Treasurer, and a Transportation commissioner and their spouses. Total estimated flights costs for these ten flights were \$12,986.

State Retirees on Flights

The majority (15 of 18) of the flights flying retired state employees involved Conservation. Our analysis of passenger information indicated the University of Missouri as the only other agency flying retired employees.

Conservation's eight retired employees included four former commissioners, a former commission secretary, and three former employees, including a former department director. The former commissioners had not served on the commission from two to almost twelve years when these commissioners flew on Conservation's flights. The former commissioners' wives also often flew on these flights. Of the four retired University of Missouri employees, two were former curators and two were former professors. Examples of flights carrying retired passengers included:

- A former Conservation employee who retired ten years ago flew to Kitchner, Ontario with four current employees to attend a Midwest Deer and Turkey meeting. Conservation officials indicated the retired employee was flown to the meeting as a "recognized expert" on turkey management due to his "distinguished professional career" in state turkey restoration efforts. Total estimated flight costs were \$1,544.
- A former Conservation department director, former commission secretary, and former commissioner and his wife flew with three current employees to St. Joseph for a commission meeting and a reception honoring two departing commissioners. Total estimated flight costs were \$526.
- A former Conservation commissioner, whose term ended more than eleven years ago, flew on four flights from December 2000 to March 2001. The former commissioner attended Heritage Foundation Board meetings, donation meetings, and a Nature Conservancy Conference in Excelsior Springs. Conservation officials said he represented the department and the Missouri Conservation Heritage Foundation to "help secure private donations for future conservation projects" jointly funded by Conservation and the foundation. Total estimated flight costs were \$3,593.
- A former University of Missouri curator flew with a dean, a dean's wife, and three other employees to New Madrid for an annual curators dinner and MU-AES Delta Center Field Day. Total estimated flight costs were \$938.

Agency State Plane Passenger Policies, Practices Conflict

One reason non-state employees often fly for some agencies and not for others is because there is not a statewide policy to define who is allowed to fly on a state-owned plane. As a result, agencies create their own policies which conflict with each other regarding non-state employee plane passengers.

All four plane-operating agencies allow non-state employees as passengers, but the definition of an "appropriate state business purpose" for non-state employees varies widely. The agencies who fly state planes through OA do not have separate passenger policies, but many made specific statements as to passenger practices.

Federal aviation regulations followed by the four plane-operating agencies do not specifically restrict non-state employees from flying on state planes. The four plane-operating agencies all fly under Part 91 of the federal regulations, which regulates corporate aviation and aviation operations using a common treasury, such as Missouri's state treasury. Flights units operating under Part 91 cannot charge entities, passengers, or even "quasi"-governmental entities for a flight.

The following summarizes the non-state employee passenger practices or indicates a specific written policy for the four plane-operating agencies and other entities using state planes.

Conservation officials said relatives are allowed and sometimes expected on their state flights because of their interpretation of "state business purpose." Officials said the agency holds several events including ribbon cuttings, museum openings, or dedications in which an employee's spouse is expected to attend. Conservation compared these social/community events to similar practices in the private business world. "If an employee is going on a plane for a business purpose, then that relative is going for the same business purpose," said a Conservation official. The question should be the state business purpose of the flight and not who is on the plane, the official added.

Retirees or former commission members were often included on flights because of previous involvement with a project being dedicated or still being active with the department. "We take everybody that needs to be at an event to an event," a Conservation official said. To explain why a retiree, who left the department over ten years ago, flew by plane to Canada for a Deer and Turkey meeting, a Conservation official said he "is the grandfather of turkey restoration."

Conservation officials indicated flying these passengers on flights is not an extra cost to the state since the plane is already flying to a particular spot. Conservation officials also explained they are different than other agencies partly because they have their own fleet of 3.5 planes. "We have the aircraft available to do this, that's the difference."

A non-state employee who is going to travel on a Conservation plane must receive written permission from the department director, which is handled through the director's administrative assistant. If the non-state employee passenger is associated with the director, permission is sought through the Conservation Commission.

MoDOT officials recently rewrote (June 2002) the department's vehicle fleet policy. Airplanes were included in the definition of vehicles. The new policy states:

"Non-employee passengers are prohibited in department vehicles if they are traveling for non-official department business unless written authorization for such travel has been requested from, and granted by, the chief operating officer or chief engineer."

Because of the new policy, department leaders recently denied an employee's request to bring a spouse on a state flight. However, MoDOT officials indicated there may be a social situation where a spouse is expected. This would require

written approval from one of the top three department leaders. It was unclear who would authorize the flights with the spouses of these top three department leaders.

OA officials did not have a written policy restricting plane uses by non-state employees, such as spouses or family members. OA would take non-state employees as passengers if they are on state business and the flights are for certified state functions. An "agency representative" on the flight is responsible for assuring the passengers are flying for state business by signing a flight manifest, which states:

"This flight is conducted in accordance with part 91 of the Federal Air Regulations and is for the sole purpose of conducting official business for the State of Missouri. Only state officials, state employees or other persons conducting official business for the State of Missouri are permitted to fly aboard this aircraft."

The Highway Patrol's plane policy manual addresses non-state employees by indicating "Civilians are authorized to fly in Patrol aircraft only on official state business and in compliance with General Order 41-01."

Other agencies with specific passenger practices: In addition to the four plane-operating agencies, we contacted 28 state entities (agencies, University of Missouri, statewide elected officials, commissions, and divisions) about general plane policies and specific passenger practices. Sixteen of the entities indicated either they do not plan to or have not had non-employees on state flights. Twelve of the entities indicated they allowed non-employees on planes if they were conducting state business or directly related to state business, such as members of state boards and commissions or hired consultants.

Opinions about whether employee spouses or relatives should be allowed on state planes ranged from never allowed to allowed because of no extra cost to the state:

- **The Department of Social Services** staff stated: "It would be very unusual that a spouse would ride on a state plane, unless the spouse was also an employee, and had a business reason to travel. To my knowledge, we have not had this situation arise."
- **The State Treasurer's office** said having the Treasurer's spouse on a state flight did not cost the state extra because the Treasurer was already using and paying for the plane.
- **The Department of Mental Health** staff said flying additional passengers with employees or commissioners "is not an acceptable practice."

- **The Department of Natural Resources** staff indicated no family members or guests have ever joined department personnel because these flights are for state business only.

CONCLUSIONS: No uniform statewide policy exists for defining appropriate state plane use by non-state employees which has allowed agencies to create conflicting rules and practices on who flies on state planes. As a result, some agencies readily allow passengers, such as employee relatives or retirees, while other agencies prohibit such passengers.

WE RECOMMEND the Governor, through the Office of Administration, develop state policies and procedures regarding the use of state-owned planes by non-state employees. This policy should limit the use of state planes to passengers specifically on state business.

AUDITEE'S RESPONSE

OA's Response: OA concurs. We will develop a statewide policy that clearly establishes appropriate use by non-state employees.

MoDOT's Response: MoDOT is sensitive to the cost and purpose of state flights, as well as state plane use by non-employees. MoDOT staff has been reviewing plane usage and is working on a written policy that addresses concerns such as those raised by the State Auditor. In addition, at the February meeting, the Commission's Audit Committee directed MoDOT's internal auditors to review the department's flight policies and procedures and make recommendations as necessary. MoDOT will use the staff and internal audit recommendations, as well as the information provided by the State Auditor, to improve controls over state plane use and make decisions regarding the extent of plane use in the future. We also volunteer to work with OA on statewide issues identified in this audit.

Conservation's Response: Department policy states that non-Department personnel may travel in Department aircraft on scheduled flights with Commission or Department employees if space is available, provided that non-Department personnel travel is related to the Department's Mission. All such travel will be approved by the Commission Chairperson or Director. Spouses or relatives accompanied Commissioners or Department employees in accordance with this policy on 2 percent of the 1,820 Conservation flights reviewed by the Auditor from 1999-2001. The Department incurred no additional cost on the flights that included spouses or relatives as they flew on a space available basis.

STATE PASSENGER AIRCRAFT FLEET

RESULTS AND RECOMMENDATIONS

PART 3: Which Flight Purposes Are "State Business" Conflict Among Agencies

Questionable "state business" reasons for several state flights occurred throughout the four plane-operating agencies. With no overall statewide policy defining appropriate state flight purposes, each agency has created its own conflicting definitions. In addition, the purposes for numerous flights went undocumented, making it impossible to determine the appropriateness of such flights.

This section analyzed the reasons for using state planes, including a review of the most common flight purposes, as well as questionable flights. As with the passenger analysis, the majority of flights had appropriate state business purposes, although some flights were not a reasonable use of state resources. In addition, agencies document flight purposes differently - or not at all - which makes it difficult to determine if agencies are always appropriately using state planes.

1. Questionable Flight Purposes
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State-owned planes were used to fly state employees to attend funerals for relatives of state employees and retirement receptions for state employees or commission members. Flights for such purposes are a questionable use of state resources. These flights are occurring partly because no statewide policy exists to define an "appropriate" state business flight.

Flights to Funerals of State Employee Relatives

We noted eight instances where the Highway Patrol flew various employees to attend funerals of employees' relatives. Relatives included an officer's parents, spouse, or brother. Patrol staff said they made these flights "to lend support" and as a "camaraderie-type issue." For two such flights, the flight purpose on the manifest indicated "non-patrol" business. Patrol staff said flights for these purposes have not occurred since late 2001, partly because of the restricted state budget. In addition, an OA flight flew state senators to the funeral of a state senator's father.

Flights to Employee Retirement Receptions

Flying upper management to retirement receptions of state employees and commission members is a common practice for the Highway Patrol and MoDOT. During January 1999 to December 2001, the Highway Patrol's top management flew 38 flights to attend receptions of retiring patrol staff.

- Estimated flights costs for 28 of these flights totaled \$12,972. We could only estimate costs for the retirement reception flights after June 30, 1999, because flight records had been destroyed up to that date.
- On average, these flights carried four passengers, with the Colonel on 24 of these flights. On five of these flights, six or more passengers were on the plane.
- Most retirement receptions were held at various Troop headquarters where the patrol officer was assigned. However, some receptions were held at the casinos where the patrol officer was assigned.
- The documented purpose for one flight noted the event was a "surprise" and "they plan to have cake."
- A July 2001 flight carried five passengers to Springfield for a morning retirement coffee and then to Lee's Summit for an afternoon retirement reception.
- In August 2000, a patrol plane stopped in Kansas City to pick up four staff members to attend a retirement reception in St. Joseph, about 55 miles away from Kansas City.

Patrol officials said flights for retirement receptions stopped in late 2001, which coincided with a change in patrol top leadership. When the new colonel took over, "he just made us all take a different approach to this," said a patrol official. "I don't remember the last time a flight was made to a retirement."

MoDOT officials routinely flew multiple flights to attend dinners for departing Transportation commissioners, and sometimes employees. Between January 2000 and February 2002, department officials paid an estimated \$7,688 for eight flights with 31 passengers to attend five retirement receptions. MoDOT officials considered these flights appropriate state business to recognize these commissioners, who each served six years, and to recognize some employees for their "significant contribution to the state." The table below shows the number of flights, total passengers, and total costs to attend these five receptions.

Table 3.1: Flights for MoDOT Retirement Receptions

Event Date	Flight Purpose	Total Flights	Total Passengers	Total Flight Costs
5/23/2000	Retirement reception for Assistant Chief Engineer of Design	2	1	\$882
6/16/2000	Departing commissioner's farewell dinner	2	10	\$2,377
4/26/2001	Retirement reception for district engineer	1	7	\$572
10/24/2001	Departing commissioner's reception	2	8	\$2,691
2/28/2002	Departing commissioner's reception	1	5	\$1,166

Source: SAO analysis of OA, Conservation, MoDOT, and Highway Patrol flight data.

CONCLUSIONS: No uniform statewide policy exists for defining "appropriate state business" for state flights which has allowed numerous questionable flights to occur. It is not an efficient or appropriate use of state resources to take state planes to funerals of employee relatives or to retirement receptions for departing employees or commissioners.

WE RECOMMEND the Governor, through the Office of Administration, develop statewide policies and procedures to ensure state flights are appropriate state business. In addition, agencies flying for purposes noted above should discontinue these flights.

AUDITEE'S RESPONSE

OA's Response: Although it is difficult to identify in a policy all instances where a flight's purpose can be deemed "appropriate state business", we will develop a statewide policy that clarifies the criteria to be met in making such a determination.

MoDOT's Response: MoDOT is sensitive to the cost and purpose of state flights, as well as state plane use by non-employees. MoDOT staff has been reviewing plane usage and is working on a written policy that addresses concerns such as those raised by the State Auditor. In addition, at the February meeting, the Commission's Audit Committee directed MoDOT's internal auditors to review the department's flight policies and procedures and make recommendations as necessary. MoDOT will use the staff and internal audit recommendations, as well as the information provided by the State Auditor, to improve controls over state plane use and make decisions regarding the extent of plane use in the future. We also volunteer to work with OA on statewide issues identified in this audit.

Conservation's Response: The Conservation Commission supports policies to ensure the use of state planes is always for official state business.

Highway Patrol's Response: With the change of administration in June 2001, the Patrol has ceased using the personnel transport aircraft to fly personnel to retirement receptions and funerals. Administrative meetings attended by the Colonel and his staff, time sensitive criminal investigations, and meetings with local, state, and federal officials are all functions that are considered official state business. Using a cost benefit comparative analysis, the Patrol should

make the decision to drive or fly based on the results of the analysis, not on the false perception that driving is more efficient.

2.

Flights for Commission Members

Our review indicated significant state resources dedicated to flying governor-appointed commission members to commission meetings held across the state. While Missouri has numerous state commissions, Transportation and Conservation commission members are the only commissioners receiving regular flights to commission meetings and flights for other commission-related business. On occasion, members of ten other commissions, serving in a voluntary capacity, used state planes.

Coverage of commissioner travel costs is provided in state statute for the six Transportation commissioners and in the state constitution for the four Conservation commissioners:

For **Transportation** commissioners, Section 226.030, RSMo 2000 states: "The members of the commission shall receive as compensation for their services twenty-five dollars per day for the time spent in performance of their official duties, and also their necessary traveling and other expenses incurred while actually engaged in the discharge of their official duties."

For **Conservation** commissioners, Article IV, Section 40(a), Constitution of Missouri states: "Members shall receive . . . their necessary traveling and other expenses incurred while actually engaged in the discharge of their official duties."

Transporting commissioners, who are appointed from various cities across the state, can mean multiple flights crisscrossing the state to gather all members for commission meetings. For example, current Transportation commissioners are from Kansas City, Kirkwood, Moberly, Crystal City, Springfield, and Hayti; while Conservation commissioners are from Kansas City, Cape Girardeau, St. Louis, and Bonne Terre. Transportation averaged about 4.3 flights for commissioners for each commission meeting while Conservation averaged 3.5 flights for commissioners for each such meeting.

The requirement to cover transportation costs for these two commissions is one reason MoDOT and Conservation jointly-purchased a plane in May 2000. Flight data indicated about 45 percent (157 of 350) of the flights on the joint-owned plane between May 2000 and February 2002 carried commissioners as passengers. The operating agreement between the two agencies for the joint-owned plane states: "Commission travel will be top priority for the respective monthly Commission meeting dates." For flights other than commission meetings, the priority list puts commissioners first, then department directors, Conservation's deputy director, and MoDOT's chief operating officer and chief engineer.

Commissioner Flight Cost Analysis

The table below shows the cost of transporting Transportation and Conservation commissioners on any state plane or charter flights to attend regular commission meetings. The table only includes flights with commissioners and does not include the flights bringing various department staff to the meetings. The table also indicates the amount spent for flights with commissioners for business outside regular monthly meetings. Purposes for these flights ranged from state business such as a bill signing ceremony to farewell dinners for departing commissioners.

Table 3.2: Costs for Commissioner Flights, 1999-2001

Commission	Number of Meetings Analyzed	Average Meeting Cost	Commission Meeting Flight Costs	Non- Meeting Flights Costs	Total Commissioner Flights Costs
Conservation	30	\$2,908	\$87,241	\$67,171	\$154,412
Transportation	39	\$3,776	\$146,656	\$117,954	\$264,610

Source: SAO analysis of OA, Conservation, MoDOT, and Highway Patrol flight data

Inefficient Flight Routes to Accommodate Commissioners

Some flight costs for some commission meetings in both departments were much higher than the average meeting cost. One Transportation commission meeting (November 4-5, 1999) cost \$10,966 for eight flights to and from Cape Girardeau. One Conservation commission meeting (April 19-20, 2001) cost \$6,217 for five flights to and from Poplar Bluff. For many of these meetings, planes went to the same city multiple times in a day to accommodate commissioner schedules. Our review found inefficient and costly flight routes for six Conservation commission meetings in 2000 and 2001, and similar, but less frequent, flight routes for Transportation commission meetings. Examples are shown below:

- For the March 2001 Conservation commission meeting in Lake Ozark, a plane flew to Kansas City to pick up a commissioner while a second plane flew to St. Joseph (about an hour's drive away from Kansas City) to pick up a second commissioner. Both flights had only one passenger and cost an estimated \$825 and \$953, respectively. Total estimated flight costs for this meeting were \$3,494.
- For the April 2001 Conservation commission meeting in Poplar Bluff, a plane flew two flights to the Kansas City area. The first flight picked up two commissioners - one in St. Joseph and another in Kansas City - and then took them to Poplar Bluff for an estimated cost of \$1,207. The same plane later flew back to Kansas City from Poplar Bluff to take a third commissioner to the Poplar Bluff meeting for an estimated cost of \$1,843. Total estimated flight costs for this meeting were \$6,217.
- For the May 2001 Conservation commission meeting in Lebanon, a plane flew two flights to the Kansas City area. The first flight picked up two commissioners,

picking up one commissioner in St. Joseph and another in Kansas City for an estimated cost of \$953. The same plane later flew back to Kansas City to pick up another commissioner for an estimated cost of \$953. Total estimated flight costs for this meeting were \$4,760.

- For the December 2001 Transportation commission meeting in Kansas City, one plane picked up a commissioner after the meeting to take the commissioner back to Moberly for an estimated cost of \$900 while a second plane was chartered to pick up a second commissioner after the meeting to take the commissioner back to St. Louis for an estimated cost of \$1,120. Total estimated flight costs for these meetings were \$6,789.

Both MoDOT and Conservation officials said these inefficient flight plans occurred because they work hard to accommodate the commissioners' schedules. Both departments said these commissioners are busy private business people who are providing a service to the state at little to no cost. "When you're dealing with a voluntary board, that's the nature of the beast," a Conservation official said, while also adding that their commissioners can do a better job with the ability to get from one meeting to another on a moment's notice.

Personal State Flight for Commissioner

In January 2000, a Transportation commissioner flew on a state plane to Memphis, Tennessee for personal business after state meetings forced him to miss his commercial flight. The cost of this flight was \$1,252. MoDOT officials said they flew the commissioner from St. Louis to Jefferson City, at the Governor's request, to participate in the Governor's Conference on Transportation and a House Transportation Committee meeting. Both events were on short notice and did not allow enough time for a return flight to St. Louis for the commissioner to catch his personal flight to Memphis. As a result, OA flew the commissioner in the state jet to Memphis.

CONCLUSIONS: State plane-operating agencies work hard to accommodate commissioner schedules when planning transportation to meetings. However, this effort is more costly to the state and results in an inefficient use of state planes, particularly when the planes often travel to the same city within hours of each other to accommodate a commissioner's schedule.

WE RECOMMEND MoDOT, Conservation, and the Governor, through the Office of Administration, reevaluate the costs and necessity of regularly providing state plane transportation to members of voluntary commissions. In addition, agencies scheduling commissioner flights and the commissioners should work together to avoid inefficient flight routes.

AUDITEE'S RESPONSE

OA's Response: We will propose a meeting with MoDOT and Conservation officials to evaluate the costs and necessity of regular plane transportation to members of voluntary commissions and determine how the services that are provided can be better coordinated.

MoDOT's Response: MoDOT is sensitive to the cost and purpose of state flights, as well as state plane use by non-employees. MoDOT staff has been reviewing plane usage and is working on a written policy that addresses concerns such as those raised by the State Auditor. In addition, at the February meeting, the Commission's Audit Committee directed MoDOT's internal auditors to review the department's flight policies and procedures and make recommendations as necessary. MoDOT will use the staff and internal audit recommendations, as well as the information provided by the State Auditor, to improve controls over state plane use and make decisions regarding the extent of plane use in the future. We also volunteer to work with OA on statewide issues identified in this audit.

Conservation's Response: Conservation Commissioners serve without compensation by providing hundreds of hours of volunteer time. They provide direct representation for all areas of the state. In addition to their volunteer duties as Commissioners, these dedicated individuals are fully engaged in professions of their own. The efficiency of travel by plane has enabled these Commissioners to attend more than 90 percent of all Conservation business meetings. Efforts are routinely made to efficiently schedule Commissioners' flights; however, there are occasions in which other commitments require schedules be adjusted to enable Commissioners to carry out their official duties for the benefit of the Department of Conservation.

3. Documenting Flight Purposes

The four plane-operating agencies document flight purposes differently or do not document purposes, which makes it difficult to determine if agencies are "appropriately" using state planes. The Highway Patrol, MoDOT, and Conservation required flight purpose documentation for each flight. However, OA Flight Operations, which handled nearly half of the state passenger transportation for most other state agencies, did not require documentation of a flight's purpose.

To analyze flight purposes, we reviewed 178 flights for 25 state agencies between July 1998 and March 2002 who flew through OA and asked the agencies for the state business reason for each flight. Of these 178 flights, agencies could not give a purpose for four flights, either due to poor records or no records from a previous administration. Many of the flights we found with "questionable" purposes have already been mentioned in this report.

Audit interviews with all 28 agencies using OA planes indicated various methods were used to document flight purposes. Eight of the 28 agencies did not document state business purposes. Of those agencies tracking purposes, the documentation was very inconsistent. For example, agencies documented purposes on an employee's expense

account, in a schedule of activities, on a purchase order, or in an e-mail, which may or may not be retained.

In addition, even though the Highway Patrol, MoDOT, and Conservation all require a documented flight purpose, we noted several instances among these three agencies with no purpose given or a purpose too vague to assess the flight's "state business purpose."

We requested more information from Conservation and MoDOT officials on the initial flight purpose given for 39 flights. Some of these initial purposes included one word descriptions including "retirement" for a MoDOT district engineer's retirement party and "reception" for a departing commissioner's farewell dinner.

Flight requests and flight logs for Highway Patrol flights did not document a flight purpose for 27 flights. In addition, some of these purposes were vague and not sufficiently detailed. For example, 22 flights listed "meeting" as the purpose, 12 flights listed "relay" as the purpose, and 2 flights had "relay for meeting" listed as the purpose. Also, some flight purposes just indicated the location of a gathering with no reason provided. Some examples were, "relay to Chubby's Restaurant," "Alan Hines Restaurant," or "Christmas Luncheon."

CONCLUSIONS: The lack of accurate and consistent documentation of flight purposes makes it difficult to determine if planes are always used appropriately.

WE RECOMMEND the Governor, through the Office of Administration, require all plane-operating agencies to document a state business purpose for each flight.

AUDITEE'S RESPONSE

OA's Response: We have begun requiring flight purposes to be obtained for all flights scheduled through OA and will work with the other agencies to document this information.

MoDOT's Response: MoDOT is sensitive to the cost and purpose of state flights, as well as state plane use by non-employees. MoDOT staff has been reviewing plane usage and is working on a written policy that addresses concerns such as those raised by the State Auditor. In addition, at the February meeting, the Commission's Audit Committee directed MoDOT's internal auditors to review the department's flight policies and procedures and make recommendations as necessary. MoDOT will use the staff and internal audit recommendations, as well as the information provided by the State Auditor, to improve controls over state plane use and make decisions regarding the extent of plane use in the future. We also volunteer to work with OA on statewide issues identified in this audit.

Conservation's Response: All flights are documented as to the conservation business purpose for which they are made.

STATE PASSENGER AIRCRAFT FLEET

RESULTS AND RECOMMENDATIONS

PART 4: Flight Billings and Approval

Only state agencies are allowed to pay for state flights to comply with Federal Aviation Regulations, but we found instances of non-state entities paying for flights on state planes. In addition, the process to schedule and approve a state flight is inconsistent statewide, and in many cases, non-existent.

1. State Flights Funded by Non-State Entities
--

Our review indicated four non-state entities have paid the state for the use of state planes, which violates Federal Aviation Regulations. These entities were the Missouri Future Farmers of America (FFA), Missouri Bar Association, the Hawthorne Foundation, and a legislative lobbyist.

The four plane-operating agencies all fly under Part 91 of the federal regulations, which regulates corporate aviation and aviation operations using a common treasury, such as Missouri's state treasury. Flight units operating under Part 91 cannot charge entities, passengers, or even "quasi"-governmental entities for a flight, according to a regional counsel for the Federal Aviation Administration. The state can charge flight costs to state agencies within the common treasury. A state agency representative has to sign a flight manifest to ensure the flight is "in accordance with Part 91 . . . and is for the sole purpose of conducting official business for the State of Missouri." However, beyond the flight manifest, OA did not have a specific policy requiring compliance with Part 91.

State agencies have circumvented this federal regulation by scheduling flights for these entities, and then having the entity pay the state for the flight costs. The non-state entities reimburse the state agency that paid for the flight or pay OA Flight Operations directly for the flight. Examples of these flights include:

The Missouri Future Farmers of America paid \$6,607 to the state for flights scheduled through the Department of Elementary and Secondary Education (DESE) for six flights on state planes from January 1999 to January 2002. In addition, the FFA paid \$4,400 to the state for a January 2001 charter flight scheduled through DESE. The FFA is a separate non-profit organization and is not considered part of the state of Missouri. Regarding one of these flights, DESE officials explained:

"Annually, the National chapter of FFA comes to Missouri and we organize regional meetings so the folks can visit with the local regional FFA chapters. The plane was used so that the National folks can get to as many regional meetings as possible during the time they have allotted to

visit Missouri. These are student seminars where approximately 2,000 FFA kids attend. The only folks on the plane are FFA folks and college FFA chapter national officers. No DESE staff is included on the plane and the FFA pays for the trip. No state funds are used to pay this bill."

The Missouri Bar Association paid \$2,527 to the state for a flight scheduled through the Supreme Court to fly the Chief Justice and his wife to Branson to attend the July 2002 Board of Governors meeting of the Missouri Bar Association. The Missouri Bar Association is an organization representing the lawyers of Missouri, and all lawyers who practice in Missouri are required to belong to it.

The Hawthorn Foundation paid \$731 to the state for a flight scheduled through the Department of Economic Development to fly the Governor and four staff members to St. Louis to attend a Hawthorn Foundation Board Meeting. Hawthorn paid for the flight due to scheduling conflicts with the Governor. The Hawthorne Foundation is a nonprofit, nonpartisan, tax-exempt organization formed to assist Missouri's public and private economic development efforts.

A Legislative lobbyist paid \$178 to the state for his share of an \$888 flight to Cape Girardeau scheduled through the Senate. The lobbyist flew with four state senators to attend the funeral of a former senator in February 2000.

CONCLUSIONS: State officials allowed non-state entities to use state planes and pay for state flights, which violates Part 91 of the Federal Aviation Regulations. In addition, no statewide policy exists to ensure compliance with these federal regulations.

WE RECOMMEND the Office of Administration discontinue allowing non-state entities to pay for state flights and develop a policy to ensure compliance with Federal Aviation Regulations Part 91.

AUDITEE'S RESPONSE

OA's Response: As a matter of policy and in accordance with FAR Part 91, we do not allow non-state agencies to pay OA for flights. To the extent this may have happened in the past, we will redouble efforts to communicate this policy prohibition to state agencies scheduling flights. We will develop a statewide policy requiring all state flight operations to comply with appropriate federal regulations.

2. State Plane Use Approval

The four plane-operating agencies do not have a uniform method for approving state flights and no statewide policy exists requiring supervisory approval of state plane flights. As a result, each agency or elected official creates their own approval practices.

State travel regulations only require approval for all out-of-state travel, including out-of-state flights on state-owned aircraft.

The four plane-operating agencies handled flight approval very differently, with OA Flight Operations not requiring any flight approval to schedule an aircraft. These requirements are:

OA did not require passengers to provide proof of approval to schedule their planes. Any person identifying themselves as a state employee could schedule a flight on a state plane through OA. OA pilots required all passengers to present state identification before boarding the aircraft if the OA officials did not already know the passengers. OA only required state employees to verify, through signing a waiver, that the flight is for state business and the names listed on the manifest are correct.

Conservation required employees to have approval of a division administrator. All upper management employees are not required to have approval.

MoDOT required approval by a business unit director for employees to fly on its aircraft.

Highway Patrol did not require any approval by its employees for routine flights (troop meetings and other law enforcement meetings), but does require approval on non-routine flights by employees on its aircraft. Patrol flight requests include a section for "flight approved."

Without an overall statewide approval policy, other state agencies, which do not operate planes but use planes, have each created their own policy. In contacting the 28 agencies flying on state planes from January 1999 to December 2001, approximately 18% (5 of 28) did not have procedures for approving in-state flights, but more than 82% (23 of 28) did have procedures for approving out-of-state flights. Overall, less than 18% of agencies have a specific policy regarding state aircraft use.

CONCLUSIONS: No uniform statewide policy exists for employees to seek and document supervisory approval for their flight requests.

WE RECOMMEND the Governor, through the Office of Administration, develop statewide policies and procedures for proper documentation of supervisory approval of state flights.

AUDITEE'S RESPONSE

OA's Response: OA agrees that all flights should be properly approved by the requesting agency. We will institute appropriate and reasonable policies to that effect.

Conservation's Response: *The Department will continue to require employees to obtain approval in advance from division administrators for all flights.*

APPENDIX

APPENDIX

Flights and Flight Hours for State Leaders

This appendix indicates the number of flights and the number of flight hours by calendar year for statewide elected officials and directors of state departments.

State Position	Number of Flights and Flight Hours							
	1999		2000		2001		Total	
	Flights	Hours	Flights	Hours	Flights	Hours	Flights	Hours
<u>Statewide Elected Officials</u>								
Governor	87	109	97	123	117	177	301	409
Lt. Governor	7	5	7	14	9	24	23	43
Secretary of State	11	18	16	32	7	18	34	68
State Auditor	3	3	2	5	0	0	5	8
State Treasurer	29	50	10	13	5	12	44	75
Attorney General	62	115	76	110	52	86	190	311
<u>Cabinet Department Directors</u>								
Administration*	5	5	4	5	3	7	12	17
Agriculture	5	12	7	12	14	29	26	53
Conservation*	37	63	49	73	36	62	122	198
Corrections	1	2	3	5	1	1	5	8
Economic Development	31	57	19	25	29	47	79	129
Education	21	34	9	21	2	4	32	59
Health	0	0	1	2	4	13	5	15
Higher Education	4	5	0	0	2	3	6	8
Highway Patrol*	51	43	49	87	48	85	148	215
Insurance	0	0	0	0	1	2	1	2
Labor Industrial Relations	0	0	0	0	0	0	0	0
Mental Health	1	3	8	16	0	0	9	19
Natural Resources	0	0	0	0	0	0	0	0
Public Safety	2	3	7	11	7	11	16	25
Revenue	0	0	2	2	0	0	2	2
Social Services	0	0	2	4	3	5	5	9
Transportation*	83	132	60	94	55	92	198	318

Source: SAO analysis of OA, Conservation, MoDOT and Highway Patrol flight data

* Indicates plane-operating agencies



**OSAGE AMBULANCE DISTRICT
YEAR ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-27
March 25, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2003

The following problems were discovered as a result of an audit conducted by our office of the Osage Ambulance District.

Actions taken by the board chairman during his current term of office appear to indicate that nepotism may have been committed. The May 18, 2002, meeting minutes indicate the chairman voted to approve the salaries of all district employees, including the recording secretary (his son) and the billing clerk (his daughter-in-law). The minutes of the July 23, 2002, board meeting indicate the board chairman presented the question of retaining his son as the district's recording secretary, and all six members of the board, including the chairman voted in favor. However, the minutes of the subsequent meeting held on August 27, 2002, indicate the chairman withdrew his vote for the recording secretary position.

The board approves purchases from businesses owned by related parties, which may represent potential conflicts of interest. Some board members either own businesses or have family members associated with businesses that are vendors of the district. The board minutes do not show any indication that the related board members abstain when approving expenditures to related-party businesses. Since July 1, 2001, the district spent \$988 on ambulance supplies and maintenance from a business owned by a board member and \$879 on insurance from an agency for which a board member's wife is employed.

The district did not adequately document plans for the new building project costing approximately \$600,000. No minutes were maintained for meetings held by the district building committee, and the district did not prepare comprehensive cost estimates for the project. An appraisal was not obtained for the land purchased for the building site, and plans for financing the project costs were not documented.

The district does not have a formal bidding policy. Bids were either not solicited or bid documentation was not retained for some purchases, including a used ambulance (\$8,000), ambulance repairs (\$2,000) and radio purchase/installation (\$2,500). In addition, the board has not established procedures to ensure its review and approval of disbursements is done on a timely basis and receipt of goods or services is not always indicated on invoices prior to payment.

The district did not solicit proposals for engineering services as required by state law. The district selected an engineer for the construction of the new headquarters building without soliciting proposals from other firms. The district has paid the engineer approximately \$56,000 for services.

(over)

YELLOW SHEET

Some district expenditures do not appear to be a prudent use of taxpayer money. These include \$3,680 for employee incentive payments, \$100 for flowers, \$50 for an employee service award, and \$438 for the annual Christmas banquet for district officials and employees.

Deposits are not made on a timely basis. The billing clerk's and recording secretary's duties are not adequately segregated and there are no independent reviews of the billing clerk's or recording secretary's accounting records. Improvement is needed in controls over the petty cash fund. The billing clerk was not bonded as required by state law and the district does not maintain complete records to account for all district fixed assets.

The district's budgets do not include some information required by state law. The budgets do not include a budget message, beginning available resources, estimated ending available resources, and prior years' actual revenues and expenditures. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool.

District bylaws and state law require annual audits of the district's accounting records; however, the district has not obtained an audit since the year ended June 30, 1999. In addition, financial statements are not submitted annually to the State Auditor's office as required by state law.

The board does not keep minutes of closed meetings, and the minutes of open meetings do not indicate the specific reasons for closing the meetings. In addition, the district has not adopted formal policies for public access to district records.

Also included in the audit are recommendations related to payroll, personnel matters, and bylaws.

All reports are available on our website: www.auditor.state.mo.us

OSAGE AMBULANCE DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Directors
Osage Ambulance District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Osage Ambulance District. The scope of our audit of the district included, but was not necessarily limited to, the year ended June 30, 2002. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the district.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Osage Ambulance District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

October 23, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer , CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Christina Brown

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

OSAGE AMBULANCE DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Nepotism and Related-Party Transactions

Actions taken by the board chairman during his current term of office appear to indicate that nepotism may have been committed. In addition, the board approves purchases from businesses owned by related parties, which may represent potential conflicts of interest. Our review noted the following:

- A. The minutes of the July 23, 2002, board meeting indicate the board chairman presented the question of retaining his son as the district's recording secretary, and all six members of the board, including the chairman, voted in favor. However, the minutes of the subsequent meeting held on August 27, 2002, indicate the chairman withdrew his vote for the recording secretary position. In addition, the May 18, 2002, meeting minutes indicate the chairman voted to approve the salaries of all district employees, including the recording secretary (his son) and the billing clerk (his daughter-in-law). During his previous term of office, the minutes of the July 11, 2000, meeting indicate the board chairman voted in favor of the appointment of his son as recording secretary.

Article VII, Section 6, of the Missouri Constitution provides that any public official who names or appoints to public office or employment any relative within the fourth degree shall forfeit his office.

- B. Some board members either own businesses or have family members associated with businesses that are vendors of the district. The board minutes do not show any indication that the related board members abstain when approving expenditures to related-party businesses. Since July 1, 2001, the district has spent \$988 on ambulance supplies and maintenance from a business owned by a board member and \$879 on insurance from an agency for which a board member's wife is employed.

Section 105.454, RSMo 2000, prohibits an employee or official, serving in an executive or administrative capacity of any political subdivision, or the spouse of the employee or official, from selling, renting, or leasing any property, to the district for more than \$500 per transaction or \$1,500 per year unless the transaction is made by competitive bidding and the lowest bid is accepted. To help prevent actual conflicts of interest or the appearance of conflict of interest, the board should solicit bids for purchases from board members' and related parties' businesses as required by law, and the board should ensure that applicable expenditures are approved in a way in which board members are not approving payments to related parties.

Because of the serious consequences which result by hiring or appointing a relative, the board should ensure its members abstain from any decision to hire a relative and ensure that action is fully documented in the board minutes. Board members who have an ownership or management interest in companies or who are related to individuals who have interests in companies which transact business with the district should also abstain from any related decisions. In addition, the board should consider establishing policies, including a code of conduct for district officials, which address these types of situations.

WE RECOMMEND the Board of Directors ensure board members abstain from voting when a relative's employment or appointment is involved, and when approving expenditures to related parties. Purchases from companies owned by district officials or employees or their spouses should be made by competitive bidding as required by state law. Such matters should be completely documented so the public has assurance that no district official or employee has acted improperly. The board should also consider adopting a code of conduct for officials and employees.

AUDITEE'S RESPONSE

While there is some difference of opinion within the board, the majority of the current members agree with the audit findings relative to the nepotism issue. While ignorance is certainly not a defense, the lack of knowledge of the Missouri law by board members contributed to the illegal activity.

The board, aware of the potential problems and appearances of related party transactions, has tried to eliminate such conflicts. However, because of the size of the community and the uniqueness of the districts operations, interaction with such parties has not always been avoidable. As recommended, the board will re-examine the previously utilized practices, and improve the documentation of such actions to assure there is no impropriety.

2.	New Building Project
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In 1999, the district formed a committee, consisting of three board members, to develop plans for construction of a new ambulance base; however, it appears the district has not performed adequate planning for the project or sufficiently documented actions taken. Although district officials indicated the building committee held several meetings to discuss plans, no minutes were prepared for the meetings. The district has not prepared comprehensive formal plans or cost estimates for the project. Based on expenses that have already been incurred and the contracts that have been awarded, it appears the project will cost approximately \$600,000 and be finished in early 2003.

Per conversations with some board members, the district viewed about 8-10 different site locations; however, these visits were not documented. The district purchased a piece of property for \$40,000 in October 2001 on which to locate the new base. The district did not obtain an appraisal on the property. Previously, the district had obtained appraisals on two sites with existing buildings that had been considered for purchase in June 1999

and February 2001. The district did not document all the properties that were considered, the reasons for selecting the property purchased, or the reasons for deciding to construct a new building verses converting an existing building into the base.

On January 8, 2002, the board approved the building committee to create plans for construction of the new building, including bid specifications, and present the final plans to the board for approval. On February 12, 2002, upon public questioning of some issues regarding the new building, the board decided to obtain an engineer for the project, and on February 23, 2002, the board selected an engineer without obtaining proposals from other engineers. The contract with the engineer was amended to include required on-site building inspections.

Bids for site grading were due to be opened at a board meeting held on April 25, 2002; however, minutes were not maintained for this meeting. Although the district provided documentation of two bids received and the lower of the two bids was selected, the bid opening and selection process was not documented by the district.

District officials indicate that no overall plans have been prepared of the total project costs or how the project will be paid. The district intends to pay for the project in part with surplus funds that have been held in certificates of deposit, and obtain some type of financing to cover the remainder of the project costs; however, the district has not documented its intentions. The district's cash balance at June 30, 2002, was \$489,754, and with total project costs expected to be around \$600,000, it appears the district's operating reserves will be significantly reduced when the project is completed.

These events indicate a lack of planning for this project and overall inadequate documentation to support actions taken and reasons for making certain decisions. Good business practices require that adequate planning be performed and public input be obtained prior to approving a significant capital improvement project such as this. The various plans should have included building needs and designs, total estimated costs, and proposed financing arrangements. Adequate planning for major capital expenditures is necessary to ensure the project is financially feasible and supported by the taxpaying citizens, and to help prevent potential problems or misunderstandings during completion of the project.

WE RECOMMEND the Board of Directors thoroughly review the current building project and document plans for completion of the project, including necessary financing arrangements. The board should ensure adequate planning is performed and documented and public input is obtained prior to undertaking future capital expenditure projects. All actions taken and decisions made should be fully documented during all phases of future projects. In addition, independent appraisals should be obtained prior to all real property purchases.

AUDITEE'S RESPONSE

The need for improved facilities for the efficient and future operations of the district cannot be disputed. However, in retrospect, better disclosure and communication with taxpaying citizens could have resulted in better understanding of the intended objectives, and possibly reduced cost. The state's prevailing wage laws upwardly impacted the original costs, however that did not eliminate the need as stated previously. The additional funding requirements were reviewed and financing, though not formalized, had been discussed and agreed to in principle. Improved communications with taxpayers could have eliminated the ill-founded perception that the project and the district were lacking financial integrity. As of this date, funding has been secured through the local bank, and discussed in open session. The recommendations regarding the building project are duly noted and agreed with.

3. Accounting Controls and Procedures
--

- A. Deposits are not made on a timely basis. Monies are received and are input into the computer system by the billing clerk and the board treasurer makes bank deposits. The board has not adopted a policy on frequency of deposits, and the billing clerk indicated she notifies the board treasurer when a significant amount of receipts is on hand. During a cash count conducted on September 12, 2002, the billing clerk had approximately \$3,841 in checks on hand, some which were dated as early as August 28, 2002, and were subsequently deposited on September 17, 2002.

In addition, receipts are not reconciled to deposits. This could be accomplished by printing a receipt report from the computer system and reconciling recorded receipts, including the composition of receipts (i.e., cash, checks, money orders) to bank deposits.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100. Reconciliation of receipts to bank deposits is necessary to ensure all monies are deposited and to detect errors and omissions on a timely basis.

- B. The billing clerk's and recording secretary's duties are not adequately segregated. The billing clerk inputs billing information into the computer system, generates and mails bills, receives and records all the payments, records credit adjustments made by Medicare/Medicaid, and tracks patient billings. The recording secretary prepares the monthly disbursements, payroll, bank reconciliations, and financial statements for the board. There are no independent reviews of the billing clerk's or recording secretary's accounting records.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by

segregating the duties of receipting monies from that of preparing bills, recording payments and following up on delinquent accounts. In addition, the duties of preparing disbursements and reconciling the bank account should be segregated. If a proper segregation of duties cannot be achieved, at a minimum, there should be independent reviews of reconciliations between recorded receipts and deposits and the bank reconciliations, and independent reviews and approval of credit adjustments and patient account balances.

- C. The district's petty cash fund is not maintained at a constant predetermined balance and no independent reviews of the records are performed. During fiscal year 2002, district receipts totaling \$83 were withheld from deposits and added to the petty cash fund, while district checks to replenish the fund totaled \$225.

Petty cash funds should be maintained on an imprest basis, meaning the fund should be maintained at a constant predetermined balance, and the cash on hand plus the total of all paid invoices should always equal the predetermined balance. The fund should be reimbursed only by district checks equal to the amount of paid invoices, and other district receipts should not be added to the fund. Periodically, the fund should be counted and reconciled to the imprest balance by an independent person to ensure the funds are being accounted for properly, to detect any errors, and to help prevent these monies from being misused.

- D. The billing clerk was not bonded. Section 190.075, RSMo 2000, requires all officials and employees who handle district money to be bonded. Failure to properly bond all persons with access to assets exposes the district to risk of loss.
- E. The district does not maintain complete records to account for all district fixed assets. The only fixed assets which are inventoried are located in each ambulance owned by the district. Each work crew performs an inventory of the supplies and equipment kept in each ambulance prior to each shift change. Inventory records are not maintained for other district property, such as office furniture and equipment, radios, cell phones, and pagers.

Complete and accurate property records are necessary to secure better internal control over district property, provide a basis for determining proper insurance coverage, and provide assurance to the public that assets purchased with district monies are being utilized by the ambulance district. Physical inventories are necessary to ensure the property records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Prenumbered tags, when affixed to property items, allow for identification of property in the records and may deter the potential for personal use of district assets.

WE RECOMMEND the Board of Directors:

- A. Ensure all receipts are deposited intact daily or when accumulated receipts exceed \$100. In addition, recorded receipts should be reconciled to the bank deposits.
- B. Adequately segregate accounting and bookkeeping duties. If proper segregation of duties cannot be achieved, procedures for documented independent reviews of both the billing clerk's and recording secretary's accounting records should be implemented.
- C. Maintain the petty cash fund on an imprest basis and establish procedures for periodic independent reviews and reconciliations of the cash balance and paid invoices to the established petty cash balance. In addition, replenishments to the fund should be made only by district checks equal to the amount of paid invoices.
- D. Obtain bond coverage for all employees who handle district money as required by state law.
- E. Establish inventory records for all fixed assets and require annual physical inventories of all assets. Additions to the property records should be reconciled to purchases annually, and prenumbered inventory tags that label each item as "Property of Osage Ambulance District" should be attached to all fixed assets.

AUDITEE'S RESPONSE

The accounting activities and procedures observed by the auditors office were susceptible to errors and inaccuracies and are no longer in place. The board further agrees that the recommendations outlined are not only valid, but represent sound accounting and business practice. In order to ensure that the procedures and practices are continued, an outside accounting firm has been hired to review the financial records, practices, and procedures on a regular basis.

4. Expenditures

- A. The district does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. Bids were either not solicited or bid documentation was not retained for some purchases. For example, bids were not solicited for a used ambulance (\$8,000), and price quotes were apparently solicited but not retained for ambulance repairs (\$2,000) and radio purchase/installation (\$2,500).

Formal bidding procedures for major purchases provide a framework for economical management of district resources and help ensure the district receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the district's

business. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- B. The district did not solicit proposals for engineering services as required by state law. The district selected an engineer for the construction of the new headquarters building without soliciting proposals from other firms. The district has paid the engineer approximately \$56,000 for services.

Sections 8.285 through 8.291, RSMo 2000, provide that when obtaining engineering services for any capital improvement project, at least three highly qualified firms should be considered. The firms should be evaluated based on specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located.

- C. The following district expenditures do not appear to be prudent uses of public funds:

- 1. The district has adopted what is called an employee incentive policy which provides additional pay to eligible employees in December. In December 2001, the district paid \$3,680 in employee incentives to 14 employees. These payments are based on previous hours worked, employee length of service, and the employees have to be employed with the district in December to qualify for the payment. Anyone employed a majority of the year but not employed in December is not eligible for this benefit. Therefore, it is unclear how these "incentive" payments are not additional compensation for services previously rendered, or bonuses.

The board should review the employee incentive payments to ensure all employees are treated equitably and to ensure employees do not receive additional compensation for services that have already been performed and paid for.

- 2. During the year ended June 30, 2002, the district paid approximately \$100 for funeral floral arrangements for relatives of district employees and board members, \$50 for a gift certificate for an employee service award, and \$438 for the annual Christmas banquet for district officials and employees.

In addition, the district provides cable TV at the ambulance base for employees who are on 24-hour call. The district pays \$47 per month which includes five premium movie channels. The district should review

its cable TV service and determine whether it is prudent or necessary to provide any or part of the service to its employees.

The district's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The above expenses do not appear to represent a necessary and prudent use of public funds.

- D. The board has not established procedures to ensure its review and approval of disbursements is done on a timely basis. Disbursements are normally reviewed and approved by the board at the monthly meetings upon preparation of expense and payroll reports by the recording secretary. However, the expense reports were not always prepared on a timely basis. For example, an expense report for March 10 through June 30, 2002, was approved by the board on July 6, 2002, and a payroll report for April through June 2002 was approved in August 2002. Board approval of expense and payroll reports should be performed monthly to help ensure the validity and propriety of all disbursements.
- E. Receipt of goods or services is not always indicated on invoices prior to payment. To help ensure goods or services were actually received by the district, all invoices should be reviewed prior to payment and initialed by applicable supervisors indicating receipt of goods or services.

WE RECOMMEND the Board of Directors:

- A. Establish formal bidding policies and procedures, including documentation requirements regarding the bids or quotes received and justifications for the bid selected, and ensure bids are solicited for all significant purchases.
- B. Solicit proposals for engineering services as required by state law.
- C. Ensure all expenditures of district monies are a prudent use of public funds and ensure bonuses are not paid to employees.
- D. Ensure expense and payroll reports are prepared and approved by the board on a monthly basis.
- E. Require documentation of receipt of goods or services on all invoices prior to payment.

AUDITEE'S RESPONSE

While a formal bidding policy is not in place, one has been proposed and is in the process of being re-written. Agreeing that a bidding policy would provide some framework for purchasing, it may not always be possible. For example, in the case of the used ambulance, because of the limited availability of good used vehicles in this industry, requesting bids does not make sense. As for the selected engineering firm for the new building, we should have done a better job.

Part C is critical of the board's practices regarding employee relations. The board is dedicated to providing the best emergency care to the taxpayers of the district. In our opinion, that requires recruiting and retaining the best personnel. When competing for the top people in this industry, we are no different than any other "business". We must provide a basis for effective recruitment and retention. Our legal counsel has reviewed our practices for employee recognition, incentives, and benefits offered. We feel the implication that we have acted imprudently in this area is incorrect.

The points about disbursements and receipt of goods are well taken and our new accounting practices address these issues. The recommendations outlined are appreciated.

AUDITOR'S COMMENT

Unlike a "business," governmental entities control taxpayer money and need to spend the money prudently.

5. Meetings and Bylaws

- A. The board regularly conducts closed meetings. Minutes are not prepared to document the matters discussed in closed meetings. In addition, while the meeting agendas indicate the reasons the board may go into closed session, the minutes of open meetings do not indicate the specific reasons for closing the meetings.

Section 610.021, RSMo 2000, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and certain personnel issues. Section 610.022, RSMo 2000, requires a closed meeting, record, or vote be held only for the specific reasons announced publicly at an open session. This law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

Without the preparation of closed minutes, there is less evidence that the provisions of the Sunshine Law, Chapter 610, RSMo 2000, regarding closed meetings have been followed.

- B. The board does not have a formal policy regarding public access to district records. A formal policy regarding access to records would establish guidelines for the board to make records available to the public. This policy should establish a contact person, an address for mailing such requests, and the cost for providing access to and copies of public records.

Section 610.023, RSMo 2000, lists requirements for making district records available to the public. Section 610.026, RSMo 2000, allows the city to charge

fees for copying public records, not to exceed the city's actual cost of document search and duplication.

- C. District bylaws have not been updated since 1995 and some bylaws do not appear to comply with state law. For example, the bylaws do not adequately document district election policies and procedures. Although noncompliance with state law regarding board elections was not noted, the bylaws do not include some required election procedures and provisions. The bylaws do not state when newly-elected board members take office, while current board policy requires new board members to take office in July following the election in April. In addition, the bylaws have a provision which allows special board meetings to be held without public notice, which does not comply with the Missouri Sunshine Law.

Section 190.055, RSMo 2000, requires the district to adopt bylaws to govern board elections, meetings, and rules for transacting district business. To increase the usefulness of the bylaws as a management tool for establishing district policies and procedures, the bylaws should be updated on a regular basis and all bylaws should comply with applicable laws and regulations.

WE RECOMMEND the Board of Directors:

- A. Prepare minutes for closed meetings and ensure the reasons for closing the meetings are documented in the open board minutes as required by law.
- B. Establish formal written policies and procedures regarding public access to district records and establish fees for record search and duplication in accordance with state law.
- C. Update district bylaws on a timely basis. In addition, the board should perform a review of its bylaws to ensure all bylaws comply with applicable laws and regulations.

AUDITEE'S RESPONSE

Three members of the board were given the task of rewriting the bylaws in September 2002. The initial goal was to have them completed by January 2003. Due to a variety of circumstances, that target date was missed, however the board is still committed to updating the bylaws and the recommendations made in the auditor's report, including the recommendations regarding closed meetings and public access to records, will be reviewed as part of that process.

6. Budgets and Financial Reporting

- A. The district's budgets do not include some information required by state law. The budgets do not include a budget message and do not include actual or estimated revenues and expenditures for the two preceding years. The budgets do not

include beginning available resources and estimated ending available resources. Additionally, the budget for the fiscal year beginning July 1, 2001, was not approved by the board until October 2, 2001.

Section 67.010, RSMo 2000, requires the district to prepare annual budgets with specific information. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A complete budget should include appropriate revenue and expenditure estimates by classification, and include beginning available resources and estimated ending available resources for all funds. The budget should also include a budget message and actual or estimated information for the preceding two years. Section 67.030, RSMo 2000, requires the board to adopt and approve budgets prior to the beginning of the applicable fiscal year.

- B. District bylaws and Section 190.075, RSMo 2000, require annual audits of the district's accounting records; however, the district has not obtained an audit since the year ended June 30, 1999. In addition, financial statements are not submitted annually to the State Auditor's office as required by Section 105.145, RSMo 2000. The most recent financial statement was filed on March 28, 2002, which was the audited financial statements for the year ended June 30, 1999.

Besides being required by state law, annual audits would better enable the district to ensure the proper handling of the financial resources of the district, determine the propriety and accuracy of its financial transactions, and ensure the revenues of the district are adequate to meet the expenses of providing ambulance services.

WE RECOMMEND the Board of Directors:

- A. Prepare budgets prior to the beginning of the fiscal year with the information required by state law.
- B. Obtain annual audits and submit annual financial reports to the State Auditor as required by state law.

AUDITEE'S RESPONSE

The board has been utilizing a budget on a year-to-year basis. We have not however shown those budgets side by side over an extended period. The annual audit will be performed by the accounting firm that is currently reviewing our past performance and new procedures. The recommendations included with the auditor's report will be beneficial to the board and our accounting firm.

7.**Payroll and Personnel Matters**

- A. The district's former billing clerk was paid hourly wages for file management. She is also a volunteer first responder to aid in emergency situations. First responders do not get paid by the district for their services. We performed a comparison in October 2002 of district emergency call logs and her timesheets. Based on this review, it appears she responded to emergencies at times when she was being paid for file management. When this concern was brought to the attention of district officials, the district's response was that this matter was investigated and resolved. In January 2003, we again reviewed copies of the former billing clerk's timesheets, and it appears that her timesheets for September 19 and 23, 2002, were altered subsequent to the review we performed in October 2002.

The district should review this matter and adopt policies and procedures applicable to employees who also serve as volunteer first responders.

- B. Employees prepare timesheets twice a month; however, the timesheets are not always signed by the employees and do not always include documentation of supervisory review and approval. To help ensure the validity of payroll expenditures, timesheets should be signed by employees, reviewed by applicable supervisors, and contain documentation of supervisory review such as the supervisors' initials and date reviewed.
- C. While the district allows employees to make long-distance calls from district telephones and requires the employees to reimburse the district, a formal policy has not been established or approved by the board, and controls over employee telephone usage should be improved.

Each employee is assigned a code which is necessary to make long distance calls from a designated staff telephone line. However, these codes are not kept confidential and it appears some employees use the district office telephone, which can be accessed without a code. In addition, the recording secretary adopted a policy in which employee reimbursement was not required when the employee's monthly long distance charges were \$3 or less; however, this policy has not been approved by the board.

To ensure proper controls are established, the board should adopt formal policies and procedures regarding employee telephone usage. These policies and procedures should help ensure district funds are not used inappropriately and allow for timely detection of unauthorized use of district telephones.

WE RECOMMEND the Board of Directors:

- A. Review the circumstances regarding the former billing clerk's timesheets and first responder calls, and adopt policies and procedures regarding employees who also serve as volunteer first responders.
- B. Ensure timesheets are signed by the employee who prepares them, reviewed by applicable supervisors, and include documentation of supervisory review.
- C. Adopt formal policies and procedures regarding employees' use of district telephones.

AUDITEE'S RESPONSE

The board's initial investigation of the discrepancy in the former billing clerk's time sheets revealed approximately one-half hour of overpayment had been made. After discovering the mistake, the district treasurer deducted that amount from subsequent payroll. Since the district no longer employs that person, the board has decided to close the matter. Rather than dwell on what exactly happened, we have chosen to focus on policies and procedures to prevent that situation or opportunity from happening again. The policies regarding the compilation of time sheets and the use of district telephones have been changed to reflect a more defined direction for district employees to follow.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

OSAGE AMBULANCE DISTRICT HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Osage Ambulance District, with ambulances based in Linn, Missouri, includes most of Osage County and a small part of Western Gasconade County. The district was incorporated in 1974 to provide ambulance service to district residents. District revenues primarily consist of property taxes, service fees, and Medicare/Medicaid reimbursements.

The district's operations are governed by a six-member Board of Directors. The six board members are elected for three-year terms, one from each six election districts, with two being elected each year. The chairman is elected by the board members, presides over the board, and votes on all matters. The elected and appointed officials at June 30, 2002, were:

Elected Officials	Term Expires	Compensation Paid for the Year Ended June 30, 2002	Amount of Bond
Carl Kixmiller, Chairman	July 2004	\$ 0	\$ 1,000
Carl Zeilman, Vice Chairman (1)	July 2002	0	1,000
Annabel Parkhurst, Secretary	July 2004	0	1,000
Glynn Dennis, Treasurer	July 2003	0	10,000
Mark Schaefer, Member (2)	July 2002	0	1,000
Donny Haslag, Member	July 2003	0	1,000
<hr/>			
Other Principal Officials			
Randy Kixmiller, Recording Secretary (3)		3,000	1,000
Michelle Kixmiller, Billing Clerk (4)		2,600	0
Kerry Montgomery, EMS Supervisor (5)		500	0

- (1) John Kehoe was elected to the board and took office in July 2002. He served as Vice Chairman until December 2002 when he was elected Chairman and Glynn Dennis was elected Vice Chairman.
- (2) Dr. David Scott was elected to the board and took office in July 2002. He was elected Board Secretary and Annabel Parkhurst was elected Board Treasurer in July 2002.
- (3) Resigned in November 2002 and the position is currently vacant.
- (4) Became Billing Clerk in February 2002. Resigned in November 2002 and the position is currently vacant.
- (5) Colet Davis served as both EMS Supervisor and Billing Clerk. She was replaced as Billing Clerk in February 2002. She resigned as EMS Supervisor in March 2002 and received compensation totaling \$6,214 for the year ended June 30, 2002. Kerry Montgomery was appointed EMS Supervisor in May 2002.

On June 30, 2002, the district employed 5 full-time and 9 part-time employees.

Assessed valuations and tax rates for 2001 were as follows:

ASSESSED VALUATION

Real estate	\$ 62,444,925
Personal property	<u>32,620,883</u>
Total	\$ <u>95,065,808</u>

TAX RATES PER \$100 ASSESSED VALUATION

	Rate
General revenue	<u>\$.29</u>

A summary of the district's financial activity for the year ended June 30, 2002, is presented on the next page:

OSAGE AMBULANCE DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2002

RECEIPTS	
Property taxes	\$ 271,608
Service fees	118,641
Other	410
Interest	20,227
Total Receipts	<u>410,886</u>
DISBURSEMENTS:	
Advertising	914
Insurance:	
General policy	7,935
Worker's compensation	5,699
Maintenance and purchases:	
Ambulance	20,392
Building	104,513
Equipment	19,601
Office	1,457
Miscellaneous	1,340
Rent and lease payments	10,950
Salaries	170,462
Services:	
Audit	3,000
Dispatch	17,502
Election	2,458
Legal	590
Medical Director	500
Supplies:	
Fuel	3,887
Medical	12,612
Other	5,262
Training	1,746
Travel	81
Utilities and telephone	10,083
Total Disbursements	<u>400,984</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,902
CASH, JULY 1, 2001	<u>479,852</u>
CASH, JUNE 30, 2002	<u><u>\$ 489,754</u></u>



**PIKE TOWNSHIP
STODDARD COUNTY, MISSOURI
YEAR ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-26
March 25, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2003

The following problems were discovered as a result of an audit conducted by our office of the Pike Township, Stoddard County, Missouri.

- It appears the township trustee, as ex officio treasurer, and other township officials were overpaid in 2001. The board should review these situations and ensure the excess amounts paid to the township trustee and the board are recovered. In addition, the township board has not determined whether the township collector is an employee or is self-employed. In March 2001, the township reimbursed the Township Collector \$622 for her federal self-employment tax for 2000.
- The township board does not prepare and adopt annual budgets in compliance with state law. In addition, the township board did not publish annual financial statements and inventory listings as required by state law.
- Board minutes are prepared by the township clerk; however, they are not generally signed by the township clerk and board president. The board minutes did not generally include sufficient detail of matters discussed and actions taken at the board meetings. The minutes did not document the public hearings on proposed tax levies and did not always contain information required by statute. In addition, the township does not have a formal policy regarding public access to township records.
- The township does not have formal written bidding policies and procedures. State law required bids on any purchase greater than \$4,500. In addition, some payments to the road foreman appeared to be questionable and supporting documentation for some gravel purchases was not adequate. Also, the township does not have a formal written policy for installing culverts and township residents may have received culverts at special township prices and avoided paying sales tax.

The audit also includes recommendations related to personnel policies, procedures, and records, road maintenance, and fixed assets.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

PIKE TOWNSHIP
STODDARD COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Directors
Pike Township
Stoddard County, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit Pike Township, Stoddard County, Missouri. The scope of our audit of the township included, but was not necessarily limited to, the year ended December 31, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the township.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the township's management and was not subjected to the procedures applied in the audit of the township.

The accompanying Management Advisory Report presents our findings arising from our audit of Pike Township, Stoddard County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 10, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Katherine Cardenas, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

PIKE TOWNSHIP
STODDARD COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Township Officials' Compensation and Bond Coverage
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It appears the township trustee, as ex officio treasurer, and other township officials were overpaid in 2001. In addition, the township board has not determined whether the township collector is an employee or is self-employed. Also, bond coverage for township officials was not adequate.

- A. The township trustee, as ex officio treasurer, did not properly calculate her commission in 2001, and as a result, it appears she was overpaid \$597. Section 65.230(2), RSMo 2000, provides for the township trustee to be compensated two percent on the first \$1,000 and one percent on all amounts above \$1,000 for receiving and disbursing all monies as ex officio treasurer. From January to May, 2001, the township trustee received two percent commission on each check less than \$1,000 and one percent on each check greater than \$1,000. According to the township trustee, her understanding was that her commission should be calculated using two percent for any amount below \$1,000; however, in June 2001, she started taking only one percent after attending a seminar in which a consultant discussed the appropriate compensation for an ex officio treasurer.

The board should review this situation and ensure the amount of excess commission paid to the township trustee is recovered.

- B. It appears some township officials were overpaid for attending board meetings in 2001, as follows:

<u>Name of Official</u>	<u>Overpayment Amount</u>
D. Jane Bollinger	\$ 235
Alan DeJournett	235
Charles Jordan	235
Gaynell Fowler	235

Section 65.230(1), RSMo 2000 provides that the township board and clerk are to receive up to \$25 per day for the first meeting each month and up to \$10 for each meeting thereafter during the month.

For several years, the township's policy was to pay the board members and the clerk \$50 per meeting. In April 2001, the board changed this policy to \$25 per meeting for the first meeting and \$10 per meeting for each meeting thereafter during the month. According to township officials, the board changed its policy

after they attended a seminar in which a consultant discussed the appropriate compensation for board members.

The township board should review this situation and ensure the amounts overpaid to these officials are recovered.

In addition, the board should ensure any future compensation paid to township officials is in accordance with state law.

- C. The township board has not determined whether the township collector is an employee or is self-employed. In March 2001, the township reimbursed the Township Collector \$622 for her federal self-employment tax for 2000. Township records indicate that she was not reimbursed for her federal tax in the earlier or subsequent year.

If the township collector is determined to be an employee, the township needs to properly report commissions, withhold payroll taxes, and pay the employer's share of social security in accordance with state and federal law. However, if the township collector is determined to be self-employed, then the township should refrain from paying her self-employment tax.

- D. Bond coverage for township officials was not adequate during 2001.

- The township trustee, as ex officio treasurer, is bonded for \$10,000. However, Section 65.460, RSMo 2000, requires the township trustee and ex officio treasurer to be bonded in an amount equal to one-half the largest amount on deposit during the year preceding election or appointment. A scan of the bank statements for all township bank accounts for 2000 indicated balances over \$200,000.
- The members of the township board are not bonded; however, they are authorized to sign checks.

The township trustee should obtain bond coverage in accordance with state law. In addition, the failure to properly bond individuals who have check signing authority exposes the township to risk of loss.

WE RECOMMEND the Township Board:

- A&B. Review the situations and ensure the excess commissions paid to the township trustee and the excess compensation paid to township officials are recovered. In addition, the board should ensure any future compensation paid to township officials complies with state law.
- C. Contact their tax advisor and determine if the township collector is an employee or is self-employed.

- D. Ensure the township trustee is bonded in accordance with state law. In addition, the board should consider obtaining adequate bond coverage for other individuals who are authorized check signers.

AUDITEE'S RESPONSE

- A&B. We partially agree with this recommendation. The board decided to forgive these debts since no one on the board realized they were not complying with state law.*
- C. We agree with this recommendation. We consulted the township's attorney and consider the collector to be self-employed.*
- D. We agree with this recommendation. We plan to get adequate bonding for everyone authorized to sign checks.*

2. Budgeting and Financial Reporting

Annual budgets are not prepared and adopted. In addition, the township board does not publish its annual financial statements.

- A. The township board does not prepare and adopt annual budgets in compliance with state law. According to the township trustee, the budget for the year ended December 31, 2002 was the first budget prepared by the board; however, this budget did not contain all required information. The budget only included separate schedules of three prior years' actual revenues and expenditures. In addition, the board did not formally approve the budget.

Section 67.010, RSMo 2000, requires each political subdivision to prepare an annual budget, and Sections 67.010 to 67.080, RSMo 2000, set specific guidelines for the format, approval, and amendments of the annual operating budget. A complete budget should include a budget message, actual (or estimated for the years not yet ended) revenues and expenditures for the preceding two budget years, and the beginning and estimated ending available resources.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for township operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. It will also assist in setting tax levies and informing the public about township operations and current finances. In addition, indication of approval of the budget should be documented in the official minutes of the board.

- B. The township board does not publish annual financial statements and inventory listings as required by state law. Section 231.280, RSMo 2000, requires the

township to publish annual financial statements and inventory listings in any newspaper of general circulation within the township which is published in the county. Publication of annual financial statements would allow residents to be better informed as to the township's financial activity and condition.

Published financial statements containing the beginning cash balance, actual receipts by source for the year, actual expenditures by major category for the year, and the ending cash balance would provide a more complete picture of the township's financial situation. In addition, an inventory of property should be included, as required by state law.

WE RECOMMEND the Township Board:

- A. Ensure complete and accurate budgets are prepared annually. The board should ensure actual expenditures do not exceed budgeted amounts and periodically compare actual revenues and expenditures with budgeted amounts to monitor township finances. In addition the board's approval of the budget should be documented.
- B. Ensure annual financial statements and inventory listings are published in accordance with state law.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation. We will implement the recommendation.*
- B. *We agree with this recommendation. The 2002 financial statements and inventory listing were published in a local paper.*

3.

Board Meetings and Records

Board minutes are not signed by the township clerk and board president. In addition, formal written minutes are not prepared for closed meetings, and the board has not established a formal written policy regarding public access to township records. Also, significant discussions and decisions are not adequately documented in the minutes.

- A. Board minutes are prepared by the township clerk; however, they are not generally signed by the clerk. In addition, the president of the board does not sign the minutes. Section 65.310, RSMo 2000, requires the board president to sign all orders and official acts.

The board minutes should be signed by the township clerk as preparer and by the board president to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

- B. Formal written minutes are not prepared for closed meetings. Although minutes for closed meetings are not specifically required by law, minutes constitute the record of proceedings of the Township Board. Formal written minutes for closed meetings result in a better record of township transactions, proceedings and decisions. In addition, such minutes provide evidence that any discussions or business conducted in closed meetings pertains to matters authorized by the Sunshine Law, Chapter 610, RSMo.
- C. The township does not have a formal policy regarding public access to township records. A formal policy would establish guidelines for the township to make the records available to the public. This policy should establish a person to contact, provide an address to mail requests for access to records, and establish a cost to provide copies of public records. Section 610.023, RSMo 2000, lists requirements for making township records available to the public.
- D. The board minutes did not generally include sufficient detail of matters discussed and actions taken at the board meetings. There were several instances when the board decided to take bids for the purchase of road and bridge equipment, but the bids were never discussed or documented in subsequent minutes. Also, the minutes did not document the public hearings on proposed tax levies. In addition, the minutes of the board meetings did not always contain information required by statute. When the minutes indicated a motion was made, the minutes did not always indicate the number of votes taken for and against and if the motion passed.

Complete and accurate minutes provide an official record of board actions and decisions. In addition, Section 610.020, RSMo 2000, requires the minutes to include a record of votes taken.

WE RECOMMEND the Township Board:

- A. Ensure the township clerk and board president sign the minutes to attest to their completeness and accuracy.
- B. Ensure minutes are prepared for all closed meetings.
- C. Establish formal written policies and procedures regarding public access to township records.
- D. Ensure all significant discussions and actions taken are documented in the minutes.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation. We will implement the recommendation.*
- B. *We agree with this recommendation. We have already started preparing minutes for closed meetings.*
- C. *We agree with this recommendation. We will establish a formal written policy with regard to public access to township records.*
- D. *We agree with this recommendation. We are currently doing this.*

4. Expenditures

The township does not have a formal bidding policy. In addition, some payments to the road foreman appear questionable; supporting documentation for some gravel purchases was not adequate; and operating costs are not properly allocated to restricted funds. Also, payroll vouchers do not always include sufficient detail information. Finally, the township does not have a formal written policy for installing culverts and township residents may have received culverts at special township prices and avoided paying sales tax.

- A. The township does not have formal written bidding policies and procedures. As a result, the decision whether to solicit bids for a particular purchase is made on an item by item basis. In addition, we noted several instances when the township purchased gravel from a higher bidder, but did not document reasons for selecting other than low bidder. Bids were not solicited or bid documentation was not retained for the following purchases:

Pickup truck	\$ 14,500
Fuel	5,057
Property insurance	5,360
Liability insurance	5,955
Gravel	7,311

Although these purchases represent one payment for the item, the township may spend more than these amounts for fuel, gravel, and insurance on an annual basis.

Formal bidding procedures for major purchases provide a framework for economical management of township resources and help ensure the township receives fair value by contracting with the lowest and best bidders. In addition, Section 50.660, RSMo 2000, requires bids on any purchase greater than \$4,500. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the township's business. Not only can bids be obtained by telephone quotation, but bids can also be obtained by written quotation, by sealed bid, or by

advertised sealed bid. Various approaches are appropriate, based on the dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and the reasons for selecting the winning bid.

B. Some payments to the road foreman appear questionable:

- The road foreman was paid \$5,363 during the year ended December 31, 2000, for the rental of his dozer; however, the rental of the dozer was not competitively bid. The invoices indicate the township paid for over 97 hours of work at a rate of \$55 an hour. Without competitive bidding, this situation has an appearance of a conflict of interest. Also, the township did not report the dozer rental to the Internal Revenue Service (IRS) by issuing Form 1099-Miscellaneous. The Internal Revenue Code requires payments of \$600 or more for rents and services be reported to the federal government on Forms 1099-Miscellaneous.
- The township board approved some reimbursements to the road foreman without supporting documentation, such as an invoice or paid receipt. The road foreman was reimbursed for the purchases of a truck seat, in December 1998, and a cell phone, in May 2001, totaling \$115 and \$200, respectively. Adequate supporting documentation is necessary to ensure the purchases represent a valid expense of the township.
- The township reimbursed the road foreman for both mileage and gasoline when he used his personal vehicle on township business. Reimbursements, totaling \$350, for mileage/gasoline were paid during the two years ended December 31, 2001. The purpose of a mileage reimbursement is to reimburse for use of the personal vehicle which includes gasoline. Therefore, it appears reimbursing for both mileage and gasoline is not appropriate.

C. The township board approved payments for gravel, totaling approximately \$1,700, without adequate supporting documentation, such as an itemized invoice from the vendor. For some payments, the documentation consisted of a piece of paper completed by the road foreman's wife indicating the number of loads and the price. For other payments, no documentation was available to support the payment.

All expenditures should be supported by paid receipts and/or vendor-provided invoices to ensure the obligations were actually incurred and the disbursements represent appropriate use of public funds. In addition, the board should ensure adequate documentation is available prior to approval of the payment.

D. The township is not properly allocating costs to its restricted funds (Road and Bridge Fund and Johnson Grass Fund). For example, the township pays all of its

fuel purchases from the Johnson Grass Fund. Section 263.265, RSMo 2000, requires the Johnson grass tax monies be used for the expenses of controlling and eradicating Johnson grass on county roads and rights-of-way. While a portion of the fuel costs could be allocated to the fund, a larger portion would be more appropriately allocated to the Road and Bridge Fund. Other costs that could be charged to the Johnson Grass Fund include employees' salaries for time spent on weed control and chemicals used in the weed control process.

Since the Johnson grass and road and bridge tax revenues are restricted for specific purposes by state law, it is essential that the township properly allocate expenses to these funds. The township should maintain the documentation necessary to allocate expenses to the appropriate funds. According to the trustee and ex-officio treasurer, she was told to charge expenses this way when she took office.

- E. The Township Trustee's payroll vouchers are not adequate. Her payroll vouchers do not clearly identify amounts for fees, compensation for meetings, and mileage reimbursement, along with the withholdings. The trustee's payroll vouchers basically consisted of a list of numbers on a sheet of paper.

Complete documentation on the payroll voucher of the payments made to the Township Trustee would prevent errors from going undetected. For example, in August 2001, the Township Trustee erroneously included a mileage reimbursement to herself as compensation on the payroll register. While the amount reported was not significant, it would be less likely to occur if amounts were clearly identified on the payroll vouchers.

- F. The township does not have a formal written policy for installing culverts for township residents. In addition, the township purchases the culvert(s) and bills the residents for the cost of the culvert(s). By purchasing the culvert(s) in this manner, the township resident may have received them at special township prices and avoided paying sales tax.

According to board members, the board sells culverts to township residents who request them. This is usually done when the township is doing work on a township road adjacent to a resident's property because it helps maintain the township roads. The township sold culverts, totaling approximately \$1,600, to residents during the three years ended December 31, 2002.

The township should not allow such expenditures to be incurred using its sales tax-exempt status. Doing so violates the terms of the township's sales tax exemption letter. In addition, a formal written policy for installing culverts would help ensure all township residents are treated equitably. This policy should be communicated to township residents.

WE RECOMMEND the Township Board:

- A. Establish formal bidding policies and procedures, including documentation requirements, regarding the bids or quotes received and justification for the bid selected. In addition, bids should be obtained for all purchases greater than \$4,500.
- B. Ensure goods and services provided by township employees are competitively bid, and avoid actual or apparent conflicts of interest. In addition, Forms 1099-Miscellaneous should be prepared and submitted to the IRS, as required. Also, the board should ensure reimbursement payments to employees are supported by adequate documentation and should discontinue the practice of reimbursing employees for both mileage and gasoline for the use of personal vehicles.
- C. Ensure adequate supporting documentation is obtained prior to board approval and is retained for all expenditures.
- D. Ensure all expenditures are properly allocated to the restricted funds and the allocations are supported by adequate documentation.
- E. Ensure the payroll vouchers clearly identify the various payments to township officials, including withholdings.
- F. Refrain from purchasing items for individuals which results in the payment of sales tax being avoided. In addition, the township should prepare a written policy regarding the installing of culverts and ensure this policy is communicated to township residents.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation. We have always tried to get bids, but the bids have not always been in writing.*
- B. *We agree with this recommendation. We checked around and renting the dozer from the road foreman was the least costly to the township. We just failed to document what we did.*
- C. *We agree with this recommendation. We always try to make sure there is supporting documentation for all expenditures.*
- D&F. *We agree with these recommendations. We plan to implement the recommendations.*
- E. *We agree with this recommendation. We are currently doing this.*

5.**Personnel Policies, Procedures, and Records**

A comprehensive written personnel policy has not been prepared, nor is there a policy regarding the employment and supervision of related parties. In addition, adequate time records are not prepared and leave records are not maintained.

- A. The township has not prepared a formal written personnel policy to address issues such as vacation and sick leave, overtime and compensatory time, regular work hours, hiring and firing procedures, use of township vehicles, and mileage reimbursement.

In addition, the board does not have a policy regarding the employment and supervision of related parties. In May 1997, the board hired the road foreman's son-in-law to work for the road and bridge department. The road foreman supervised his son-in-law during his employment with the township from May 1997 to May 2001. Employees should not be supervised by a closely related family member. This type of relationship should be avoided to ensure all employees are treated equitably and fairly.

A comprehensive written personnel policy manual would provide guidance and control to ensure equitable treatment among employees, and the avoidance of misunderstandings.

- B. Employees do not prepare time sheets. Payroll checks are prepared from a document the road foreman's wife prepares for each employee indicating the number of hours worked each day for the pay period. This document is prepared from information maintained by the road foreman regarding hours worked by each employee. In addition, this document is not signed by the employee or the road foreman.

Time sheets are necessary to document hours actually worked, substantiate payroll expenditures, and provide the board with a method to monitor hours worked. The board should require all employees to prepare detailed time sheets of actual time worked and leave taken. The time sheets should be approved by the township board, and filed with the township's payroll records.

- C. Records are not maintained for leave earned and/or taken. According to the township trustee, the township's informal policy provides that employees earn one week vacation after twelve months of employment and up to two weeks vacation after twenty-five years of employment. In addition, vacation must be used in the year earned and does not accrue. Accurate and properly maintained leave records are necessary to provide assurance that leave policies are being followed.

WE RECOMMEND the Township Board:

- A. Prepare and maintain a written personnel policy manual to provide documentation of the board's procedures and policies for township employees. In addition, the board should establish a written related party policy which restricts related employees from directly supervising each other.
- B. Require township employees to complete time sheets which reflect actual time worked and leave taken. The records should be prepared by employees, approved by the township board, and filed with the township's payroll records.
- C. Maintain leave records in a manner that provides a complete record of the amount of leave earned, taken, and any accumulated balances.

AUDITEE'S RESPONSE

A&C. We agree with these recommendations. We will implement the recommendations.

B. We agree with this recommendation. We will make an effort to implement the recommendation.

6. Road Maintenance

The township does not prepare a maintenance plan for township roads and does not have a current agreement with Stoddard County for County Aid Road Trust (CART) monies. In addition, the township does not maintain records to support the amount of property tax monies collected or spent on roads within city limits to ensure compliance with state law.

- A. A formal maintenance plan for township roads is not prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of roads to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, the board should consider holding a public hearing to obtain input from township residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of roads throughout the year.

- B. The township does not have a current written agreement with Stoddard County for CART monies received from the county. The last annual agreement was dated

March 1997. The township received CART funds totaling approximately \$154,000 during the year ended December 31, 2001.

Article IV, Section 30(a) of the Missouri Constitution and Section 231.441, RSMo, require the monies be used for the construction, reconstruction, and maintenance and repair of roads, bridges and highways. A written agreement with the county would help ensure the monies are expended for road-related purposes in accordance with constitutional and statutory provisions and that both parties are aware of their duties and responsibilities for the CART monies.

- C. The township does not maintain records of the amount of property tax monies collected or spent in cities in the township. Section 65.295, RSMo 2000, states that a township may not expend more than one-fourth of the tax revenue generated from property within a city on the roads within the city.

Without documentation of the tax revenue generated from property within a city or of monies spent on roads within a city, there is little assurance the township has complied with state law.

WE RECOMMEND the Township Board:

- A. Prepare and document a maintenance plan at the beginning of the calendar year and periodically update the plan throughout the year, as needed. In addition, the board should review the progress made in the repair and maintenance of roads to make appropriate decisions on future projects.
- B. Obtain a written annual agreement with Stoddard County for the CART monies.
- C. Consult with its legal advisor on how to comply with this state law.

AUDITEE'S RESPONSE

- A. *We disagree with this recommendation. We try to grade every road in the township, but work on the worst road first.*
- B. *We agree with this recommendation. We will do this.*
- C. *We agree with this recommendation. We have been complying with the state law. We just did not maintain records.*

The township does not maintain adequate fixed asset records. In addition, maintenance records, fuel usage logs, and mileage logs are not maintained for township vehicles and heavy equipment.

- A. The township does not maintain adequate records to account for fixed assets owned by the township, as required by state law. Section 231.280, RSMo 2000, provides that a complete inventory of all tools, road machinery and other property belonging to the township be maintained. Although the township maintains a list of fixed assets, the list is not complete. In addition, the fixed assets have not been tagged or otherwise identified as property of the township, an annual physical inventory is not performed, and fixed asset additions are not accounted for as they occur.

Fixed asset records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the asset including name, make and model number, asset identification number, cost, acquisition date, the physical location of the asset, and the date and method of disposition of the asset when disposed of. In addition, the township should conduct annual physical inventories, and property purchases should be reconciled to property additions on a periodic basis.

Inventories are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete items. Asset identification numbers allow for identification of the property in the records and limit the potential for personal use of township assets.

In addition to showing compliance with state law, adequate fixed asset records are necessary to secure better internal controls and safeguard township assets which are susceptible to loss, theft, or misuse, and provide a basis for determining proper insurance coverage required on township property.

- B. The township does not prepare or maintain maintenance records, fuel usage logs, or mileage logs for its vehicles and heavy equipment.
- Maintenance records should include oil changes, any repairs or other work done to the vehicles/equipment, parts purchased, the date the work was done, and the odometer/meter reading. Comprehensive maintenance records on each vehicle/equipment should be maintained and periodically reviewed to ensure that preventive maintenance procedures are performed.

Maintenance and repair records would help the township to anticipate the need and probable timing of major repairs. Such information would help

the township in making budgetary decisions and in deciding when to dispose of a particular vehicle or item of equipment.

- A fuel usage log should include date of fuel purchases, number of gallons purchased, the vehicle, odometer readings, gallons pumped, and a computation of miles per gallon. In addition, a periodic reconciliation of gallons pumped and gallons on hand to actual fuel purchases, along with an analysis of hours of operation, should be performed to ensure all usage is recorded and appears reasonable.
- Mileage logs should include the beginning and ending odometer readings, destination, and purpose of each trip. These logs are necessary to document the appropriate use of the vehicles and are useful in evaluating fuel costs. The logs should be reviewed by the township board to help ensure vehicles are used for township business and are being properly utilized. In addition, the logs should be reviewed in conjunction with the fuel and maintenance records.

WE RECOMMEND the Township Board:

- A. Ensure fixed asset records are maintained which include all pertinent information for each asset, such as description, cost, acquisition date, identification number, location, and the subsequent disposition. The township should also tag, number, or otherwise identify all applicable township property and conduct annual physical inventories. In addition, the physical inventories should be reconciled to the detailed fixed asset records, and property purchases should be reconciled to property additions on a periodic bases.
- B. Require maintenance records and fuel usage and mileage logs be maintained for township vehicles and heavy equipment. In addition, the township board should periodically review the records and logs for completeness and reasonableness.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation. We will endeavor to keep better inventory records.*
- B. *We agree with this recommendation. We will try to do the best we can to implement the recommendation.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

PIKE TOWNSHIP
STODDARD COUNTY
HISTORY AND ORGANIZATION

Pike Township is one of seven townships in Stoddard County and is located in the northeast region of that county. Stoddard County elected a township organization in 1868. There are approximately 143 miles of roads maintained by the township. The population of the township in 2000 was 3,747.

The township's elected Board of Directors (governing body) consists of the township trustee (board member), who serves as the ex officio treasurer, and two members of the township board. One of these two board members is appointed by the board as president. Other officers are the township clerk and the township collector. All officers are elected biennially and take office in April following the election.

Officers at December 31, 2001 were as follows:

	Term Expires	Actual Compensation For the Year Ended December 31, 2001	Amount of Bond
Gaynell Fowler, Trustee and Ex Officio Treasurer (1)	April 2003	\$ 3,940	\$ 10,000
Anson Knoderer, President (2)	April 2003	191	
Charles Jordan, Member	April 2003	670	
Edna Scheible, Collector	April 2003	11,041	297,635
D. Jane Bollinger, Clerk	April 2003	705	

(1) Compensation includes \$705 for meetings, \$3,235 for fees.

(2) Alan DeJournett resigned in August 2001 and Anson Knoderer was appointed on August 16, 2001 to serve the remainder of the term.

In addition to the elected officials, the township has 4 full-time employees.

Assessed valuation and tax rate information for 2001 were as follows:

	<u>2001</u>
ASSESSED VALUATION	
Real estate	\$ 24,872,903
Personal Property	<u>14,516,496</u>
Total	<u>\$ 39,389,399</u>

TAX RATES PER \$100 OF ASSESSED VALUATION

General	\$	.09
Road and bridge		.23
Johnson grass		.04

A summary of financial activity of the Pike Township (excluding the Township Collector's account) for the year ended December 31, 2001 is presented below:

	General Fund	Road and Bridge Fund	Johnson Grass Fund	Total
RECEIPTS:				
Property taxes	30,475	73,991	12,850	117,316
Railroad and utility taxes	3,957	7,860	1,367	13,184
Intergovernmental				
BRO projects	0	2,148	0	2,148
CART	0	153,778	0	153,778
Interest income	469	4,349	211	5,029
Miscellaneous	201	1,503	0	1,704
Total Receipts	35,102	243,629	14,428	293,159
DISBURSEMENTS:				
Salaries	6,274	68,070	0	74,344
Payroll withholdings	18,961	1,638	0	20,599
Utilities	3,464	0	0	3,464
Road maintenance	0	18,438	0	18,438
Supplies	0	86,303	791	87,094
Insurance	18,130	22,241	0	40,371
Fuel	0	0	12,790	12,790
Miscellaneous	5,286	3,648	0	8,934
Total Disbursements	52,115	200,338	13,581	266,034
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,013)	43,291	847	27,125
CASH BALANCE, JANUARY 1,	21,095	68,631	6,840	96,566
CASH BALANCE, DECEMBER 31,	4,082	111,922	7,687	123,691

* * * * *



DEPARTMENT OF SOCIAL SERVICES
FOSTER CARE PROGRAM

**From The Office Of State Auditor
Claire McCaskill**

*Better management of the foster care program
is needed to ensure children are safe.*

Report No. 2003-25
March 18, 2003
www.auditor.state.mo.us

PERFORMANCE AUDIT

**DEPARTMENT OF SOCIAL SERVICES
FOSTER CARE PROGRAM**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Steve Renne, Acting Director
Department of Social Services
and
Denise Cross, Director
Division of Family Services
Jefferson City, MO 65102

The State Auditor's Office audited the Department of Social Services, Division of Family Services (division), Children's Services Foster Care Program. This report focuses on child safety issues.

The objectives of this audit were to review the state's foster care program to determine whether:

- (1) Children in division custody are safe, located, and handled according to key provisions of federal and state laws, state rules and departmental policies.
- (2) Foster parents are qualified with an acceptable, non-criminal, non-violent background; adequately trained; and receive appropriate support from the division.
- (3) Social workers are appropriately performing the duties required with the foster children assigned to them, which include: placement, case planning, individual child monitoring and proper documentation of all case activities, conditions, and progress.

We concluded the division serves as a safe haven for children who are abused or neglected by their parents or other caregivers, but improvements should be made to better manage the foster care program to increase child safety.

We conducted our audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	James Helton, CPA
In-Charge Auditor:	Christina Davis
Audit Staff:	Kelly Davis
	Terri Crader
	Thomas Franklin
	Susan Fifer
	Joyce Medlock
	Kelly Petree

RESULTS AND RECOMMENDATIONS

The Safety and Well-Being of Foster Children Needs Management Attention

Audit tests disclosed at-risk children could receive better care from the Division of Family Services (division). The foster care system provides a safe haven for children at risk in their own homes until the risk can be eliminated or until division officials place the child in a safe home. To maintain a safe haven, improvements in managing the foster care program are needed. Case reviews disclosed division personnel did not:

- Make required in-home visits to foster children.
- Effectively conduct family support team meetings.
- Effectively follow up and ensure runaway children received enough attention.
- Start termination of parental rights proceedings timely.
- Place children in available foster homes.
- Ensure foster parents received no more foster children than allowed by policy.
- Use additional available systems and methods to check foster parent backgrounds.
- Take action to locate all the state's foster children even after other states did; but instead, relied on a substitute method using a family support team concept which did not accomplish this purpose.
- Consistently take advantage of concurrent planning.

Division officials attributed some causes for these conditions to inadequate cooperation and coordination with organizations outside the division's control, particularly the court system. As a result, some children remained in foster care too long, and some children were not removed from homes.

Adoption and Safe Families Act

The federal Adoption and Safe Families Act (the act), Public Law 105-89 was enacted November 1997 and all states subsequently passed conforming legislation. Key provisions of the act include promoting adoption and other permanency options by the following requirements:

- Hold permanency hearings for children no later than 12 months after they enter foster care (6 months earlier than the prior law).
- Track new children entering care so termination of parental rights (termination) proceedings will be initiated for children in foster care for 15 of the most recent 22 months, unless certain case exceptions apply.
- Initiate termination proceedings for additional circumstances including: an abandoned infant; or a parent who committed murder, voluntary manslaughter, or aggravated assault of another of his/her children. In certain case situations, exceptions are allowed.

The act also awards states a \$4,000-per-child incentive for each foster care child adopted over the previous year adoption baseline. For example, if the adoption baseline is set at 200 and the

division places 202 in adoption, the state would receive an \$8,000 incentive for 2 children. The incentive funds are to be used for child welfare services. The division has received \$1.2 million in incentives since the Act was implemented. *(See Appendix II, page 25, for more discussion of the Act, implementing state statutes, and incentive payments.)*

Federal and state laws, state regulations, and division policies assign many duties and responsibilities to the division and its social workers. The timing for accomplishing many of these duties is critical either for protecting the child or to follow mandated laws, rules, and policies. Some division operations in heavily populated areas can allow more caseload specialization, such as dedicating a social worker to alternative or foster care cases, while other workers handle a variety of case types. Most social workers have a large caseload requiring many and significant demands on multiple cases needing completion at the same time. Regardless of location and caseload, the social workers have an extensive range of critical responsibilities necessary to protect at-risk children. Failure to perform certain tasks or making the wrong decision can have potentially tragic results.

Worker duties related to alternative care cases include, but are not limited to:

- Obtaining, monitoring and supporting suitable alternative care placement.
- Facilitating needed child and family treatment.
- Monitoring and coordinating natural parent progress towards reunification.
- Facilitating family support team meetings (team).

Team members include: the social worker, social worker's supervisor, natural parents, children (if age appropriate), juvenile officer, Guardian Ad Litem and/or Court Appointed Special Advocate, parents' attorneys, family helper/advocate (friend, neighbor, relative, clergy, etc.), placement provider, currently involved treatment providers and school personnel.

(Appendix III page 36, gives some historical perspective to the foster care program.)

Foster care as a safe haven

Approximately 12,000 children were in foster care as of December 31, 2002, and the foster care system served about 19,000 children during fiscal year 2002. Over the past 5 years the division has served approximately 1.1 percent of the state's child population and 0.3 percent of the state's total population. These children came into the system through court orders, and programs of division of youth services and the Department of Mental Health.

Table 1.1 shows the increase in the number of children in care for the last 5 years.

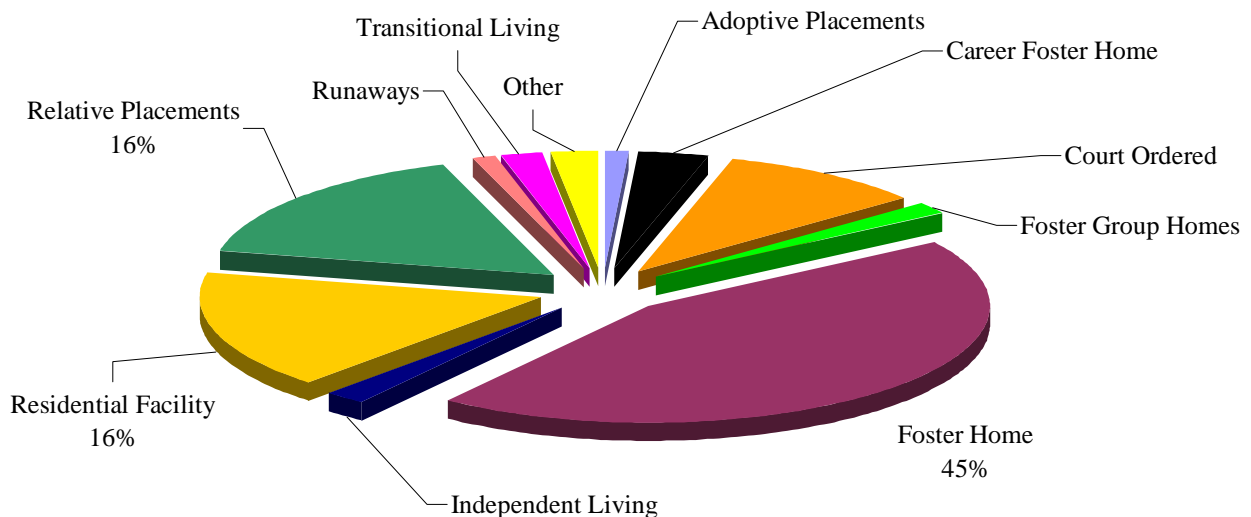
Table 1.1: Number of Foster Care Children

Year	Children Served	Percent Increase
1997	15,715	NA
1998	16,535	5
1999	17,239	4
2000	18,020	4
2001	18,622	3
2002	19,495	5

Source: Division of Family Services annual reports

The juvenile court system, upon the recommendation of the division or others, can order a child into foster care due to abuse, neglect or other safety factors. Several types of alternative placements are available for the child including: "traditional" foster homes, relatives' homes, and residential facilities. With the child safe in an out-of-home placement, plans can be made to find a permanent, safe home for the child. The team develops a plan for each child regarding placement, reunification and adoption decisions. Parents with children in state custody must take steps to eliminate the risk for the children and follow the team's plan. Failure to do so could result in termination of parental rights. Figure 1.1 shows the placement types for the 12,000 foster children as of December 31, 2002.

Figure 1.1 Placement Location of Children in Foster Care



Source: Analysis of division records

While the majority of foster children are placed in foster homes (45 percent), the next most common placements include relatives' foster homes (16 percent) and residential facilities (16 percent). The actual number of children with relative placements is 24 percent, because relative placements make up 77 percent of the court ordered placement types.

Multiple state accounts and federal grants fund the state's foster care programs. The division has multiple programs organized, located, and operated from one or two locations in each county and these staff may work on several different programs. As a result, the amounts budgeted specifically for the foster care category do not comprehensively reflect the funding amounts and sources used to operate the foster care program. The state's 2002 fiscal year foster care budget expenditures totaled over \$52.1 million, but this total did not include more than \$50.3 million spent for adoption and guardianship subsidies and \$20.3 million spent for children's treatment services.

Child deaths rarely occur in foster care and are often preceded by hotline calls

Our review of child fatality statistics showed very few children die in foster care due to abuse or neglect. Table 1.2 shows 147 child abuse and neglect fatalities from 1998 to 2002 with 5 involving foster care children. On average, 70 percent of these cases had calls made to the Child Abuse Hotline or had other contact prior to the child's death.

Table 1.2: Comparison of Child Fatalities and Prior Contacts

Child Fatalities				
Year	Total	Cases with Prior Contacts		Fatalities In Foster Care
		Number	Percent	
1998	25	13	52	0 ³
1999	25	17	68	2
2000	22	13	59	0
2001 ¹	54	41	76	2
2002 ²	21	19	90	1
Total	147	103	70	5

Source: Missouri Child Fatality Review Program Statistics

¹ After 2000, fatality statistics are higher because the data was collected differently--Total fatalities were based on more information than that contained on death certificates.

² Represents statistics received as of January 28, 2003. Not all entities have reported.

³ For 1998, Review Program Statistics inconsistently show no deaths in foster care but one death by a foster parent

The following examples show the relationship between prior contacts and child abuse and neglect fatalities in this 5-year time period:

- Jackson County - 20 of the 27 child abuse fatalities had 95 prior contacts, ranging from 1 to 15 contacts per household.
- St. Louis County and the city of St. Louis - 35 of the 48 child abuse fatalities had 119 contacts, ranging from 1 to 11 contacts per household.

Most fatal child abuse cases had prior DFS contacts

The prior contacts could have concerned the child or other members of the household and the division may not have substantiated the complaint raised.

Table 1.3 shows a breakdown by the abuse perpetrator and demonstrates natural parents and paramours¹ caused more child abuse deaths than foster parents.

Table 1.3: Child Abuse Fatalities by Perpetrator

Year	Total Fatalities	Death Caused By			
		Relative ¹	Child Care Worker	Foster Parent ²	Unknown
1998	25	19	1	1	4
1999	25	17	1	0	7
2000	22	19	0	0	3
2001	54	28	2	2	22
2002	21	9	1	1	10
Total	147	92	5	4	46

Source: Missouri Child Fatality Review Program Statistics

¹

Indicates parent, step parent, parent paramour, or other relative

²

For 1998, Review Program Statistics inconsistently show no deaths in foster care but one death by a foster parent

The above statistics confirm the need for a foster care system to provide a safe haven. Notwithstanding the merits of foster care, the audit determined improvements could be made in managing the foster care program.

Foster children did not receive required oversight visits

Audit tests of local office case files (*see Appendix I, page 22, for further details*) showed social workers only made the required twice-a-month, in-home visits in 4 of 170 cases. Division workers did not visit 14 children within 6 months of our review date and 3 children in over 1 year from our review date. Another 24 children had no record of any in-home visits by division workers. Only 26 percent of the cases reviewed had a visit within 30 days of our review. We measured the time between the last documented visit and our case file review date. Table 1.4 shows the results of our review.

Table 1.4: Days Since Last Documented In-home Visit

Days	Number of Cases	Percent
0-30	45	26.5
31-90	62	36.5
91-180	22	12.9
181-360	14	8.2
361+	3	1.8
No Visits ¹	24	14.1
Total	170	100

Source: Audit analysis of individual case files

¹There were no documented visits in the case file for the child/children

¹ A paramour is defined as one who takes the place, without possessing the rights, of a husband or wife.

Of the three cases with the largest time span between visits, one child had not been visited since December 2001, and one was placed with a relative in Texas. Neither Missouri nor Texas officials visited the child for 3 years until their guardianship was finalized.

Home visits are necessary as a quality control, even if the worker has seen the child in other circumstances such as supervising a natural parent visit or a school visit. Routine visits to the foster home ensure the home meets state standards and help assess a child's progress towards adjusting to the new living arrangement. During these visits, division officials observe the home's condition and meet with the foster parents and foster child. The visits also confirm the child is present in the home. Because of the pressure of many duties, some workers inappropriately replaced home visits with these other contact situations. Because case files often had incomplete documentation, it was not always possible to determine when the worker had seen the child in such other circumstances.

A second test of 170 cases regarding foster child contact measured the time between the two most recent home visits documented in the case file. For example, in one case, 12 months passed between visits, with the most recent visit occurring within 30 days of our review. Results of this second test showed:

- 29 cases had 4-6 months between visits
- 13 cases had 6-12 months between visits
- 1 case had more than a year between visits
- 6 cases had only 1 prior visit in the year before the last visit
- 3 cases had only 2 prior visits in the year before the last visit

Children in residential facilities and/or service counties are not usually visited as frequently as others due to insufficient resources and inconsistencies in following policies. Our review of case files showed the number of visits to children in residential facilities varied. One county's supervisors said limited resources prevented visits from workers in either the home county or the residential facility county. Division officials stated while children in residential facilities may be considered less at risk than others, they may be less likely to succeed in their placement without visits from interested parties.

Our review disclosed division staff do not have a clear understanding of who is responsible for visiting children placed in counties outside their home counties. For example, an infant from one county (home county) had been placed in a foster home in another county (service county) for approximately 9 months, but the service county worker did not realize she needed to visit the child until our review.

Discrepancies were found in documentation of visits

Audit tests of local office case files included reviewing file documentation of home visits, and confirming those visits with foster parents. We noted the following discrepancies:

- One file falsely recorded a home visit which never occurred and was changed after we reviewed it. In investigating this problem, division officials said the social worker was trying to correct mistakes in her documentation of events.
- For 31 of 61 (51 percent) applicable files tested, the dates of visits recorded in the case file narrative did not match visit dates cited on travel reimbursement statements for the same visit. Poor documentation caused doubt as to whether visits took place; however, no improprieties were noted.

Audit tests showed 45 of 176 (26 percent) files reviewed at local offices did not adequately document the home visits in the case narrative. For example:

- The narrative would only state "HV held" as the description of the home visit in the case file, but did not adequately discuss the child's current progress.
- Records of visits to foster children placed outside their home county were incomplete. Workers from the service county are supposed to visit the children, but either did not send the visit documentation to the home county as required or did not make the visits.
- Records of visits were incomplete due to significant delays in updating case records. These delays also do not allow for timely file reviews by division supervisors.

Statewide inventory of children in foster care

After a highly publicized missing child case in Florida, the division did not search for all children in state custody as other states did. Division management stated their system of family support team meetings was sufficient to ensure the children were safe. The team is responsible for monitoring the foster child's and biological parent's progress and assessing needed services. According to policy and as clarified by division management, these teams are required to meet within 72 hours of the child entering foster care. Subsequent meetings should occur at 30, 60, 90 days and every 6 months, or more often if needed, throughout the child's tenure in foster care.

Our audit tests of local office case files disclosed division officials cannot rely only on these team meetings to account for all foster children. Team meetings did not occur as often as required and often did not include all required parties or the foster child. For 124 of 187 (66 percent) applicable files tested, the family support team meetings were not held in timeframes set by policy. Division personnel said difficulties in coordinating meetings with all the team members resulted in meetings not occurring.

Team meetings
do not assure
child safety

The assessment of the foster child's well-being cannot be complete without the presence of all the appropriate team members. In fact, division policy states the minimum accepted participants for team meetings are the parents (or other member if parent is not involved), placement provider, child (if age appropriate), and social worker.

Amid rising concerns over team meetings, we decided late in the audit to focus on the teams during our Greene County visit. Of the 40 foster children files reviewed in Greene County, 3 did not contain the form documenting the meetings, 6 only noted the worker and the supervisor present at the meeting, and 10 did not have a completed signature page (the signature page documents meeting attendees and their agreement or disagreement with the plan).

Our review of 185 case files in selected counties disclosed documentation intended to show identification of attendees at these team meetings was not complete 32 percent (59 of 185) of the time, which made it impossible to determine who attended and whether each agreed or disagreed with the decisions. Audit tests also showed in 14 of 73 (19 percent) applicable cases tested, the age appropriate foster child did not attend the family support team meetings, as required. As a result, the team meeting could not effectively be considered a tool for face-to-face attestation of the location of the child without the child present.

Reviews of procedures at local division offices showed no central process existed to determine the number and location of foster children. A suggested centralized control would be a tracking system organized by child which could show the child's name, date in custody, assignment (foster home, residential facility, etc.), date out of custody, and pertinent telephone numbers and addresses. Such a system, maintained in the local office, would represent a critical management control, could be maintained perpetually, kept current, and better assure a known location for each foster child.

We advised division management in October 2002 we may recommend the need for a foster child inventory as accomplished by Florida and other states in our report. Shortly after this briefing, division management officials directed all area offices to find and certify face-to-face contact with all foster children. The division provided only limited guidance and an inventory form, which caused various offices to approach the search differently. For example, some took photographs (by court approval or suggestion) and others simply documented the visits on the provided forms. Based on results submitted, 142 foster children still had not been seen as of January 24, 2003. The status of these children according to the division is shown in Table 1.5.

Table 1.5: Children Not Accounted For

Status	Number
Runaways	109
Out of State	27
In-State Service County	2
In College	4
Total	142

Source: Analysis of division records

The division officials continue to work on finding the children noted above and as of February 18, 2003, they documented seeing the two children in in-state service counties, and all but 7 of the 27 located out of state. Even though the division's inventory study showed no missing children, division personnel failed to correct problems encountered in the study. During the search, one local office found a small child had not been visited for a year. However, officials still did not start regular visits with the child until we questioned the situation. The search also

brought to light several children incorrectly coded as runaways in the division's computerized tracking system, but again, these problems went uncorrected until we questioned the inaccuracies.

Although the division provided the statistics as a result of the face-to-face reviews, they were inaccurate. Focusing only on the runaway statistics we identified the following errors:

- One child was counted by both the home and service county.
- One child was counted as a runaway when the case had been closed over a year ago.
- One child had been a runaway since April 2002, but did not show up on the division's list as a runaway.

Most of the errors were due to the division's computer system not being updated in a timely manner to accurately reflect the child's current status. There was also confusion on whether the child should be counted by the home or service county.

Runaway foster children are not consistently managed by social workers

As of October 2002, division personnel classified 167 children as runaways; most were teenagers (97 percent). A review of 34 case files from 137 runaways included in the 5 sites we examined disclosed a sporadic effort by social workers to find runaways. Some social workers spent time and effort trying to locate the child while others (9 of 34 applicable, or 26 percent) waited for them to return on their own or be brought back into custody by law enforcement. In addition, social workers stated some runaways regularly call in to report to the social worker but refuse to say where they are. For example:

- One child contacts her worker every couple of months to tell her she is okay. The worker has also checked division income maintenance and Missouri State Highway Patrol records and three other states for records on the child's location.
- A worker has occasional contact with the child, attempted to visit possible locations of the child when she took over the case, and has contact numbers for the child.
- One child has been to the social worker's office several times since listed as a runaway and has been in the hospital twice. Each time the worker attempts to place the child, however, the child refuses the places the worker has available.

Social workers did not follow-up with the foster family in 16 of the 34 applicable (47 percent) cases to understand why the youth fled.

In addition, some social workers had the opportunity to help return the runaways to state custody but took various actions. For example, older foster children are paid to attend an Independent Living Class as preparation for life after foster care and some children attended the classes while on runaway status. In one of these runaway cases, division personnel said a social worker called

the police to take a child into custody; while in other cases, workers allowed the child to attend the class and leave.

Parental rights are not terminated timely

Audit tests of local office case files showed the division does not always initiate termination action on a timely basis. According to federal law, the division is required to begin terminating parental rights if the child has been in division custody 15 of the last 22 months. This law and concurrent planning are intended to help avoid children remaining in the foster care system and more promptly find the child a permanent home.

Under concurrent planning, division workers continue to help the natural parents try to preserve the family unit and reunite the family. At the same time, workers also try to avoid future delays to parental rights termination and the adoption process (if it becomes necessary). For example, concurrent planning allows the team to begin finding the best prospective adoptive parents for the child. Then, if the natural parents do not make the necessary behavior changes, termination and adoption can proceed promptly to the best advantage of the child. A child's safety is intended to be the first consideration in this process.

For the 18,600 children in alternative care during fiscal year 2001, 880 had parental rights terminated before fiscal year 2001, and 561 terminations were completed during fiscal year 2001. The average length of time in care was 24.6 months which exceeded the time allotted in the Adoption and Safe Families Act.

Parental rights terminations were not initiated for 76 of 144 (53 percent) test cases for children who had been in care for 15 of the last 22 consecutive months. For 30 of the 76 (39 percent) cases without timely initiation of termination, the required compelling reason for not terminating was not documented in the file as required. Although there are hurdles to the timely initiation of termination, such as varying judicial circuit's termination filing requirements, the division should increase the timeliness of terminations to provide permanency for children.

Our case reviews confirmed division officials had valid reasons for requesting the juvenile court to terminate parental rights when they did. In the remaining 68 of 144 (47 percent) applicable cases reviewed, termination was initiated appropriately. In these cases, the parents either failed to follow the family support team plan to regain custody, or the parents' voluntarily terminated their rights.

Examples of failing to comply with the team plan included failing to: participate in a required substance abuse treatment program, or prevent the child from being exposed to known sex offenders or others having a history of offenses against the child.

More could be done to place children in foster homes

Numerous trained and licensed foster parents/homes are available, but the division failed to assign them children for care. The division maintains a record of available foster parents, along with a listing of the type of children the foster parents were willing to accept in their home. Steps were recently taken to update these records. The division mailed a survey to 4,500 foster parents asking for updates on information such as their address and child preferences. They received about a 50 percent response rate and are planning on resending the survey to non-responders soon. The survey responses were sent to the county offices to update the system or work with the family on any preferences requiring license changes. Division officials have not yet compiled or analyzed the responses. After several discussions, division management said they are going to go through the responses again to identify those who no longer wish to be in the system.

Foster homes are available for children

Foster parents' desires vary from accepting most any child available to accepting only a child or children they may want to adopt. As a result, there is not always a direct correlation between available foster homes and children needing placement. Division officials said hard-to-place children (those who are older or with severe medical, emotional, or behavioral problems) were the primary reason for having vacant foster homes.

Cases reviewed in local division offices identified the number of foster homes and foster child placement activity within those locations. Table 1.6 shows that 16 percent of the available foster homes are not used.

Table 1.6: Foster Home Placement Activity

County	Number			Percent Without Placements
	Foster Homes	Without Placements	Over ¹ Capacity	
Audrain	49	18	0	37
Boone	182	51	2	28
Greene	386	71	2	18
Jackson	1,006	160	7	16
Jasper	281	45	1	16
Miller	22	9	2	41
City of St. Louis	1,123	150	9	13
St. Louis County	904	137	1	15
Total	3,953	641	24	16

Source: Audit analysis of division records

¹Represents homes with more foster children than policy allows or more children with significant behavior problems than policy allows

In Miller County, 41 percent of the foster homes do not have placements. This situation is compounded by the two foster homes housing more children than policy allows. Seven of the eight locations in our tests had homes with no placements at the same time they had homes with more children than policy allows. (See Appendix II, page 25, for more detail on placement policies.)

To gain a better understanding of these statistics, we interviewed foster parents who did not have placements. We wanted to determine if these foster parents chose to not accept foster children and if it was not at their request, why the foster parent did not receive placements. The interviews included questions concerning the foster parents' desires for placement, types of placements (infants, toddlers, teenagers, special needs children), availability for placement, and experience with the division in obtaining placement. Table 1.7 shows a summary of foster parents' desires for placement and the division's actions.

Table 1.7: Interviews With Foster Parents

Location	Contacted	<u>Placement Desired</u>		Currently Have Placements¹
		Yes	No	
Statewide	79	32	31	16
Greene County	28	8	16	4
Miller County	4	1	3	0
Total	111	41	50	20

Source: Phone interviews with foster parents with no placements

¹ Subsequent placements, relative placements, or from other agencies

As the table shows, foster parents wanted placements but did not receive them. This analysis included randomly chosen homes statewide, homes in counties having high percentages of children placed outside the county, or having several overloaded foster homes. Table 1.8 shows the number of children placed outside of their home county for the five largest counties visited.

Table 1.8: Children Not Placed in their Home County

County	Number of Foster Children	Number Placed Outside County	Percent Placed Outside County
Greene	862	271	31.4
Jackson	1,211	26	2.2
Jasper	639	56	8.8
St. Louis City	2,014	187	9.3
St. Louis County	1,396	72	5.2

Source: Audit analysis of division records

Keeping the children in their home county can help with reunification efforts and cause less trauma. Children may be placed outside their home county due to placement in residential facilities or relative homes, or due to ineffective use of available foster homes. Our interviews also indicated 21 of 41 (51 percent) foster parents who wanted placements were willing to take children up to age 18, contrary to an age barrier cited by the division.

The child's behavior level and the qualifications of the foster parents to handle these behaviors must also be considered when placing children. Examples of foster parents not receiving placements include:

- A foster family completed foster care training and received their license. When they did not receive a placement for some time, they called the division to determine why. Division personnel told them the file had been lost.
- A foster family completed the training and the local division office denied them a license. The family appealed to the Administrative Hearing Section and the Hearing Officer granted the appeal and ordered the license issued. The division issued the license, but the local office made no placements because they did not agree with the decision. However, when we visited this county 6 months after the license was issued county staff had started the process of placing children in this home in a respite capacity (temporary relief for other foster parents).
- One foster family reported the division has not contacted them for placements within the last year. They have called the division, but still have not received placements.

We followed up with the division on nine foster families that told us they did not know why they were not given placements. The results follow:

- Division personnel did not know that three families wanted foster children.
- One family had a history of taking placements and then telling the division to remove the child.
- A prospective foster family did not return division voice mail about a placement.
- Three families placed too many restrictions on types of children they would take, thus it was hard to find a placement.
- One family recently received a placement.

The above examples indicate division personnel missed the opportunity to nurture and manage the foster family inventory. The foster families' concern is they did not know their status. Division personnel either did not know they existed, or would not disclose why they were not getting placements. The social workers may or may not have been justified in their actions judging by the examples on the list above. Failure to return a voice mail should prompt follow-up by the social worker. Not knowing the families want children should not occur if the inventory of prospective foster parents is managed properly.

At least 12 of the 111 foster parents we interviewed who had no placements indicated they did not wish to remain on the list of eligible foster parents:

- After dealing with the division, one foster family said they would never enter the foster care program again. Their complaints included: the quality of service, concerns which were never addressed, and being treated as incompetent people.

- A foster family reported they had problems with a county office and wanted nothing to do with the program. They stated they turned in their resignation in January 2002, however, they were still on the division's list of active foster parents as of November 30, 2002.
- A foster family said their license will be up for renewal in April, but they are not renewing because they were not treated as team members and did not see the teamwork discussed in division training programs.

Some foster parent's comments were positive and supportive of the division and the social workers and the quality of the job they do. Examples included the following:

- "We are very pleased with the worker assigned to us."
- "Our case manager is wonderful."
- "Workers are doing the best they can and more money to hire more workers would help."

Another foster parent told us she understands the extremely difficult decisions faced by the workers and knows that no matter which way the custody decision goes someone is absolutely convinced the decision is totally wrong and is very angry.

The division needs to pay attention to prospective foster parents' desires and capabilities

The process to become a foster parent is complex and involves detailed and lengthy home studies requiring substantial personal information that is requested and evaluated. The required training consists of 9 weeks of 3-hour sessions. It also may be necessary to wait a period of time before a training session begins. The long process should be helpful in "weeding out" those who may be undesirable to the division, as well as letting the family determine whether they wish to continue the process. The following are some examples of issues that went unresolved during the process leading to foster parents obtaining licenses who are unable or unwilling to receive placements:

- Division officials told one family on the day they signed the license they could not continue to operate their in-home day care and also have foster children. Because they operate the daycare as a business, they have not and do not plan to accept foster children.
- A foster family reported having told the division they wanted 2 foster children. However, the caseworker determined their home was large enough for 6 children and licensed them for 6 against their wishes. They were called a year ago to accept a 5-member sibling group, but didn't feel they could handle this number. They still have no foster children.
- One foster parent said the division will not place children in her home even though her cancer is in remission. Before she and her husband started training classes, she informed the division about her medical condition and provided a referral from her doctor. Since licensing them, the division has not given them placements due to her medical condition.

She said it would have been more appropriate for the division to say she would not receive placements before she completed the training and licensing process.

One of the reasons foster families are offered placements they did not prefer is the need to find a place for these children quickly once removed from their homes. Acquiring these children in the state system places pressure on social workers to place them immediately, which starts a cycle of telephoning and coaxing foster parents. While the need may exist, the action of making these offers has to be balanced with the potential of discouraging the foster parents from accepting any placements. For example, one foster parent said she was repeatedly contacted to take more children when she already had as many as she thought she could handle. Each time this happened, she had to deal with guilt feelings because she refused the placement. Another parent reported a worker told her if she would not take another child, the child would be left in his home and could be injured or killed.

Invalid telephone numbers

We used the division's computer system to identify telephone numbers for foster parents we wanted to contact to determine why they had not received foster child placements. A total of 74 of 173 (43 percent) telephone numbers were incorrect. We attempted to obtain valid numbers for those 74 licensed foster parents using Internet searches and by calling local division offices, but only found 28 valid numbers. These invalid numbers coupled with only a 50 percent response rate to questionnaires the division sent to foster parents indicates the division is not effectively managing licensed foster parents. Since these foster parents are licensed and already approved, they could be available to take child placements. Incorrect phone numbers also prevented us from contacting a few foster parents who actually had children in their homes.

Foster parent background checks can be improved and expanded

As part of our file review at local offices, we noted that 15 of 44 (34 percent) applicable tested foster parent files did not contain current (within the last 2 years) criminal and child abuse and neglect record checks. Checks of these records must be made on a regular basis to help ensure the safety of children in care. Foster parents are to be re-licensed every 2 years and background checks should be obtained before the license is renewed.

State law and division policies require prospective foster parents undergo and pass background checks, which include a limited check for criminal convictions and child abuse and neglect histories. However, the division does not routinely require a finger print check or checks made for possible out-of-state criminal records. In addition, the division does not search available Missouri Circuit Court records for potential problem indicators such as orders of protection issued against the prospective foster parent or foster parent needing to be re-licensed. These court records are not identified in the current background checks and could indicate a foster parent has a history of family violence or is unable to control his or her behavior.

The Office of State Courts Administrator (administrator) and the Missouri court system has been converting various circuit court records from manual to an electronic Justice Information System containing files available to authorized authorities on a statewide basis. The conversion has been

ongoing over the last few years and not all courts' records have been converted or made available. However, the administrator has the capability to match prospective foster parents to the existing available court records to identify potential problems. This resource has not been used by the division in background checks, and could have been helpful in identifying potential problems with a foster parent in a recent highly publicized child death case.

Audit tests of this resource consisted of matching licensed foster parents to the currently available computerized court records, producing valuable information for use in screening prospective foster parents. The match showed two active foster parents who have had Orders of Protection against them with one parent having two orders against him. These orders could be a cause of concern for children in their care, and the division was notified.

Conclusions

Management of at-risk children in the care of the division is complex and requires a delicate balance of risk in returning children to their biological parents or finding alternative permanent homes. Multiple disciplines are involved in the decision-making including courts, social workers, juvenile officers, psychologists, foster families, biological families and the children at risk. Cooperation and coordination between these disciplines is critical to achieving consensus on what is best for the child.

Our audit identified program improvements for the division in managing and placing at-risk children in state custody. However, the division is only one of many players in the management process and the responsibility of making the right decision is a joint burden. It is critical the division take the lead in ensuring all the right players are in the process to ensure, as much as possible, the right decision can be made. Implementation of our recommendations will help the local offices, social workers and senior managers in some aspects of this management process.

Recommendations

We recommend the Director, Department of Social Services:

- 1.1 Ensure social workers make foster child home visits frequently enough to ensure the children are safe and are progressing appropriately in their adjustment to their foster home setting. If workers are unable to comply with the required twice monthly visit schedule, management should take proper steps to ensure gaps between visits are kept to a minimum.
- 1.2 Ensure social workers assume their responsibilities for visits for children placed in their counties from other counties and make appropriate reports back to the home counties. In addition, management should ensure workers adequately document details of the child's progress found during each home visit.
- 1.3 Develop and establish a centralized tracking process for use at all local offices. The process should be designed to continuously identify and track the status and location of each child brought into state custody.

- 1.4 Reassess the results of the division's statewide inventory to ensure all problems or inconsistencies identified are corrected, and take steps to improve the timeliness of system updates to accurately show the current status of each child.
- 1.5 Improve the process of arranging and scheduling team meetings to achieve better attendance and documentation. One method could include establishing focus groups of the primary stakeholders to obtain appropriate input.
- 1.6 Ensure local offices follow consistent policy when dealing with foster children who have run away from foster homes. The policy to be followed should include giving appropriate considerations to the child's continuing safety, reasons for leaving the assigned foster home, and reporting a runaway child for custody apprehension.
- 1.7 Where appropriate, take steps to ensure local offices increase the timeliness for requesting termination of parental rights and where not appropriate, ensure the case records document the required compelling reason for not requesting termination. In addition, greater emphasis should be given to concurrent planning to ensure the stage is properly set for beginning the termination process in a timely fashion if it becomes necessary.
- 1.8 Ensure unused licensed foster parents are given the opportunity to be brought into the program, given opportunities to foster children, treated and respected as a critical part of the foster care team, and where possible given children to foster in the child's home county.
- 1.9 Contact all licensed foster parents without current placements and determine their desire to continue in the program and if so, the type of children they would accept.
- 1.10 Establish and perpetually maintain a current and accurate list of foster parents who desire participation in the foster care program.
- 1.11 Maintain a register of inactive foster parents for review when licenses are up for renewal and use to determine if licenses should be renewed.
- 1.12 Ensure proper emphasis is given to maintaining accurate and up-to-date telephone contact information for all licensed foster parents. If the automated and manual systems currently used are not adequate, a better process should be identified and established.
- 1.13 Augment the foster parent background checking process by adding a step to review circuit court records for indications of possible problems as identified by having orders of protection recorded against the foster parent.

Department of Social Services Comments:

Your efforts to look at the foster care program as operated by the Missouri Department of Social Services; Division of Family Services and your recommendations will be a valuable tool to help continuously improve the program's management and services to children and families in need.

*I appreciate your conclusion that the division's **foster care program is a safe haven** for abused and neglected children. It is reassuring to see that the department and division's goals for children are similar to yours – safety of children, permanent, stable homes for children and quality service for children, their families and foster parents.*

Safety of children is, first and foremost, the priority goal for the division. The main job of the division is to assess the child's immediate safety in his/her environment. Staff investigating an allegation of abuse/neglect completes a safety assessment and evaluate necessary action given the evidence found. Our "Safety" performance measure data reflects improved timeliness of initial contact with child when a report is made, reoccurrence rate of children with probable cause child abuse/neglect reports below the federal benchmark, and rate of children with abuse/neglect in foster care below the federal benchmark.

Permanent, stable homes for children are the second goal. Research shows that children do best when they are in a safe and permanent home. The division is required by state and federal law to provide "reasonable efforts" to prevent out-of-home care if the safety of the child can be maintained. The division provides a variety of services based on the unique needs of each family to prevent removal from the home. If the circumstances indicate immediate danger to the child, social workers refer the family to the juvenile/family court for a decision on removal from the home.

Our "Permanent and Stable" performance measure data reflects 65.6% of Missouri children returning home within 12 months, improvement in the percentage of children adopted in less than 24 months, improvement needed in the percentage of children in care and custody less than 12 months with no more than two placements, a decline in the number of months children are in division custody; Missouri is at the national average on percentage of placements with relatives, and 12th in the nation on the time between termination of parental rights and finalization.

Quality Service is the third goal. While the division has made great progress in researching national best practices and establishing policy based on research, often above federal requirements, the resources in Missouri to fully implement and practice quality measures are sorely lacking. Staffing ratios in Missouri are below the National Accreditation Standards and have fallen in recent years due to reductions in federal block grant funding. The division has implemented innovative programs for foster families including; respite care to give foster parents an occasional break and professional parenting training. Yet, resources to more fully support foster families are extremely limited. Compared to other states, foster parent reimbursement rates are the second lowest in the nation.

The department and the division will fully analyze all of your recommendations and those of the Governor, legislators, and Chief Justice, and will work with our partners in the child welfare foster care system to make improvements. As your audit concludes “Management of at-risk children in the care of the division is complex and requires a delicate balance of returning children to their biological parents or finding alternative permanent homes. Multiple disciplines are involved in the decision-making including courts, social workers, juvenile officers, psychologists, foster families, biological families and children at risk. Cooperation and coordination between these disciplines is critical to achieving consensus on what is best for the child.” We are committed to leading the charge for improvements.

(See Appendix IV, page 37, for performance measures data supplied by the Department of Social Services.)

OBJECTIVE, SCOPE AND METHODOLOGY

Objectives

The Department of Social Services, Division of Family Services, Children's Services is responsible for the management and operation of the state's foster care program.

The objectives of the audit were to review the state's foster care program to determine whether:

- (1) Children in division custody are safe, located, and handled according to key provisions of federal and state laws, state rules and departmental policies.
- (2) Foster parents are qualified with an acceptable, non-criminal, non-violent background; adequately trained; and receive appropriate support from the division.
- (3) Social workers are appropriately performing the duties required for all foster children assigned to their caseload; including placement, required case planning, monitoring of each child, and properly documenting all case activities, conditions, and progress.

Audit Scope

Audit fieldwork started during February 2002 and continued through February 2003. Most of the cases reviewed were active during calendar year 2002 and were selected to provide a reasonable cross section representative of the variety of foster care cases handled by the division. The audit staff:

- Reviewed applicable state and federal laws and regulations, division policies and procedures, and division training programs.
- Interviewed area and local employees, supervisors, and other local, area and state level administrative officials.
- Reviewed case files of foster children, biological parents, foster parents, and participated in home visits with division social workers.
- Discussed the foster care program with concerned private individuals, foster parents, various interested public organizations, representatives of private social services providers, and biological parents.
- Reviewed available division records of the number of foster children in state custody over several years and related issues including length of time each child was maintained in state custody, number returned to their biological family, number of times taken into state custody, number of cases involving termination of parental rights and adoption.

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- Obtained information from other state foster care programs for comparative purposes.

Audit Methodology

Each year the division handles a staggering volume of situations where it is necessary, with the advise and consent of the juvenile courts to take thousands of children into state custody. During state fiscal year 2002, about 19,000 children were handled by the foster care program and 12,000 were in state custody at December 31, 2002.

To support staff familiarization and validate planned case testing procedures, the staff reviewed files in two counties before testing in the targeted locations. Therefore the majority of the results of case files tested at local offices are based only on results at 5 key locations: city of St. Louis, St. Louis County, Jackson County, Greene County and Jasper County.

Case file reviews are necessary to fairly determine whether division workers and supervisors have performed the required procedures in compliance with laws, policies, and procedures. We selected 288 cases from over 12,000 alternative care cases from seven counties and one city and made on-site reviews. We also selected 88 of 8,500 case files pertaining to foster parents. Cases were selected to provide some where the child had been in state custody over 5 years and others where custody was for shorter time periods. A similar process was used in selecting foster parent files for review. Case testing criteria was selected from key requirements such as frequency of worker visits in the foster home, timing and participants of family support team meetings, and termination of parental rights. Because not all criteria apply to all cases and not all cases are at the same custodial stage, the number of test items varied from case to case.

Often it was not possible to determine the actual test universe applicable to each case. It was impractical, for example, to identify how many home visits the workers should have made in all the cases we reviewed or in all the cases the division handled because the children move in and out of the system. In addition, while we selected a specific child's individual case for testing, information for that child's siblings was often included and what applied to the child often also applied to the siblings. Only the specific child's information was counted and shown as the testing results. Care was taken to ensure our conclusions were based on case testing results and to show in our report the number of problems found as well as the number of applicable cases tested. The number of case files reviewed and the counties/city involved are listed in Table I.1

Table I.1: Breakdown of File Reviews

County	<u>Number of Files Reviewed For:</u>	
	Foster Child	Foster Parent
Boone	26	10
Audrain	7	14
St. Louis	45	6
Jasper	34	12
Jackson	49	13
Greene	50	12
Miller	27	4
Dent	1	0
City of St. Louis	49	17
Total Files Reviewed	288	88

Source: Cases selected for review

It must be understood that some issues and circumstances cannot be reduced to relatively simple yes or no criteria. The general guidance is that a child's safety is the key concern. If it was easy to tell when a child would be injured by his parents, it would be easy for the division and the juvenile court to know when to remove the child from the home. There is no rule book that clearly spells out in all circumstances just when a child's risk is high enough to justify his or her removal. Similarly, it was necessary for audit staff to make judgments of the circumstances described in the cases to determine, for example, that the decision to postpone requesting termination of parental rights was appropriately based on a compelling reason for the delay.

STATUTES AND REGULATIONS

The State of Missouri's foster care program operated by the Department of Social Services, Division of Family Services, Children's Services¹ is based on federal and state laws and related state regulations.

ADOPTION AND SAFE FAMILIES ACT

The federal Adoption and Safe Families Act (the act), Public Law 105-89 was enacted November 1997 and all states subsequently passed conforming legislation. The act amended the 1980 Adoption Assistance and Child Welfare Act.

The act was intended to enhance children's safety by:

- Specifying that a child's health and safety must be paramount when decisions are made about the initial removal of a child from his or her home, the return home, and the care a child receives while in foster care or in an adoptive family.
- Clarifying that there is nothing in federal law requiring that a child remain in or be returned to an unsafe home. Federal law requires that state child welfare agencies make reasonable efforts to prevent the unnecessary placement of children in foster care and to reunify children in foster care with their families.

The act was seen as necessary to move children who had been lingering in foster care without permanent placement plans into permanent homes. It was believed clearing the state systems of these cases would enable the child welfare system to better respond to new children entering care so they and their families could get the help they need so prompt permanency decisions could be made.

Key provisions of the act include promoting adoption and other permanency options by:

- Establishing expedited timelines for determining whether children entering foster care can be moved into permanent homes promptly. Options include their own family homes, adoptive homes or other planned permanent living arrangements. Two new timelines were established. First, permanency hearings must be held for children no later than 12 months after they enter foster care (6 months earlier than under prior law). Second, state agencies must track new children entering care so that termination of parental rights (termination) proceedings will be initiated for children who have been under the

¹ On December 17, 2002, the governor announced a reorganization of the Department of Social Services to increase the focus on child protection and streamline all functions dealing with child welfare into a new Children's Services Division within the Department of Social Services. The reorganization process is anticipated to be completed by June 30, 2003. By executive order, the governor also established an ombudsman position in the Office of Administration to independently investigate complaints and to monitor the delivery of children's services within the Department of Social Services.

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responsibility of the state for 15 out of the most recent 22 months, unless certain case exceptions apply.

- Requiring that termination of parental rights proceedings be initiated in additional circumstances, including when a child is an abandoned infant, or in cases where a parent has committed murder, voluntary manslaughter, or aggravated assault of another of his/her children. In certain case situations exceptions are allowed.
- Offering adoption incentive payments for states that increase their adoptions of foster children over a base year. States that increase the number of adoptions of foster children in a given fiscal year over a base year receive an incentive payment² for each child adopted above the base year number.

Table II.1 below shows the number of adoptions that were finalized from foster care in Missouri and the amount of incentive payments that were awarded for the increased number of adoptions in fiscal years 1998, 1999, and 2000.

Table II.1: Adoption Incentives Awarded to Missouri

Fiscal Year	1998	1999	2000	2001	Total Award
Previous Yr. Baseline	557	616	817	1205	
Current Yr. Adoptions	616	817	1,205	¹	
Increase In Adoptions	59	201	388	NA	
Bonus Award ²	\$110,999	\$430,364	\$665,819	None ¹	\$1,207,182

Source: U.S. Department of Health and Human Services (HHS) website

¹ Current adoptions were unavailable from the HHS website, however the site indicated no incentive was earned for year 2001.

² The annual incentives were awarded on a pro rata basis because the total amounts for all states exceeded the appropriation.

There are numerous provisions in federal laws that must be complied with as the states seek to respond to the ever growing problems of child abuse and neglect and the related need to remove children from homes of their biological parents for child safety reasons. State laws and regulations generally seek to parallel the federal requirements. Similarly, Children's Services has developed extensive operating policies and procedures to help guide social workers and supervisors in complying with those requirements while handling their assigned case load of children.

² To encourage states to not allow children to remain endlessly in foster care when they cannot safely be returned to their homes, the act provides for an incentive to a state only for adoptions that represent an increase over the number of adoptions achieved in an established base period in that state. For example, if 220 adoptions is the base level, and 222 children are adopted in a specific fiscal year, the state will receive incentive payments for only two children. The incentives are \$4,000 for each foster child adopted above the base and an additional \$2,000 (\$6,000 total) if the child has special needs and is eligible for the federal Adoption Assistance program. (Originally a capped amount of \$20 million was set aside for these incentives, that amount was increased to \$43 million only for FY 2000). The act requires states to use incentive funds for child welfare services, including post adoption services.

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Definitions

"Child" any individual under 18 years of age, or in the custody of the division.

"Child Placing Agency" any person, other than the parents, who places the child outside the home of the child's parents or guardian, or advertises or holds himself forth as performing such services, except attorney, physician, or clergyman of the parents.

"Foster Home" a private residence of one or more family members providing 24-hour care to one or more but less than seven children who are unattended by parent or guardian and who are unrelated to either foster parent by blood, marriage, or adoption.

"Guardian" the person designated by a court of competent jurisdiction as the "guardian of the person of a minor" or "guardian of the person and conservator of the estate of a minor."

"License" the document issued by the division in accordance with the applicable provisions of Sections 210.481 to 210.536, RSMo 2000, to a foster home, residential care facility, or child placing agency to operate its program in accordance with the applicable provisions of Sections 210.481 to 210.536, RSMo 2000, and rules issued pursuant thereto.

"Related" any of the following by blood, marriage, or adoption: parent, grandparent, brother, sister, half-brother, half-sister, stepparent, stepbrother, stepsister, uncle, aunt, or first cousin.

"Residential Care Facility" a facility providing 24-hour care in a group setting to children who are unrelated to the person operating the facility and who are unattended by a parent or guardian.

STATE

Section 207.020, RSMo 2000, lists certain powers of the division including (in subsection 17) accepting for social services and care homeless, dependant or neglected children in all counties where legal custody is vested in the division by the juvenile court. The division typically is required to conduct an investigation of the child's background circumstance and provide a report to the court prior to the legal custody being assigned. The purpose of the background review is to determine appropriate services needed and a treatment plan for the child, and is to include consultation with the juvenile officer and others who are knowledgeable of the child or programs or services appropriate to the needs of the child and shall be completed within 30 days.

Numerous sections of the *Missouri Revised Statutes* Title XII, chapter 210 covering Child Protection and Reformation and chapter 211 covering Juvenile Courts apply to and govern the state's handling of children and the foster care programs. In addition, Domestic Relations, Title XXX, and chapter 453 cover adoption and foster care.

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Similarly, numerous sections of the *Code of State Regulations*, Title 13, Division 40, chapters 30 through 73 cover many aspects relating to child care issues ranging from permanency planning for children to licensing of child placing agencies.

While all the statutes and regulations (along with the department's children's services policies) are important to the appropriate handling of the foster care program, certain statute sections and issues are particularly relevant to our review.

CHILD PROTECTION STATUTES

Section 210.486, RSMo 2000, prohibits any person to operate a foster home or residential care facility without having a license issued by the division or, in some instances, the Department of Health and Senior Services. An investigation is required of the person and an examination of the physical facility is required before the license is issued and the license period is not to exceed 2 years.

Section 210.586, RSMo 2000, requires the division to establish a grievance procedure available to licensees under Sections 210.481 to 210.536, RSMo 2000 and to inform all licensees of those procedures in writing. In addition, Section 210.551, RSMo 2000, requires a procedure allowing foster parents to appeal adverse decisions made by the division affecting their rights.

Section 210.537, RSMo 2000, requires the division to cooperate with and help promote foster parent associations in each county and to provide the associations data, information, and guidelines on the obligations, responsibilities, and opportunities of foster parenting.

Section 210.543, RSMo 2000, requires the division to train and license a separate category of foster parents who are able to provide special care and supervision to foster children who have special needs because of a history of sexual abuse, serious physical abuse, or severe chronic neglect. It also requires additional specialized training for those foster parents and provides higher payment incentives for training to be provided by the division.

Section 210.565, RSMo 2000, requires certain relatives including grandparents who request it be given preference and first consideration whenever a child is placed in a foster home. A relative is defined as a person related to another by blood or affinity within the third degree. The preference is to apply only where the **court** [*emphasis added*] finds that placement with such relatives is in the best interest of the child considering all circumstances.

Sections 210.710, through 210.730, RSMo 2000, require juvenile court involvement in decisions regarding custody of children and typically require written reports be made to the court for review every 6 months during the custody. The court is to review the reports of children continuing in foster care and is to consider whether the child is to be continued in custody. In addition, within 12 months of the initial custody (annually thereafter) the court is to hold a permanency hearing to determine in accordance with the best interests of the child whether the child should be continued in foster care, returned to a parent or guardian, or whether proceedings

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should be instituted by the juvenile officer or the division to terminate parental rights to legally free the child for adoption.

Further, under Section 210.730, RSMo 2000, in the case of children continued in foster care the court is to review the status of the child at least once every 6 months. The percentage of children who are in foster care in excess of 24 months is not to exceed 30 percent in any fiscal year.

Section 210.760, RSMo 2000, requires the division to provide full medical information and history to the foster parents when placing a child with them; give a minimum of 5 days notice before removing a child and provide the foster parent with a written statement of the reasons for removing a child; and arrange for a pre-placement visit of the child, except in emergencies. The division is also to work with the natural parent, using available services, in an effort to return the child to his natural home, if at all possible, or to place the child in a permanent adoptive setting.

Section 210.761, RSMo 2000, specifies that any foster parent that has provided foster care to a child at any time in a 2-year period prior to any hearing concerning the child's case shall be allowed to testify, however, the court may limit the testimony to evidence the court finds relevant and material.

JUVENILE COURTS STATUTES

Section 211.011, RSMo 2000, notes the purpose of chapter 211 is to facilitate the care, protection, and discipline of children who come within the jurisdiction of the court. The court's involvement with each juvenile is to be focused on the child's welfare as well as the best interest of the state.

Section 211.031, RSMo 2000, specifies the juvenile court is to have jurisdiction in several areas including adoption of a person, or the commitment of a child under the age of 18 to the guardianship of the division.

Section 211.101, RSMo 2000, provides for the juvenile court to order a child under the age of 18 be taken into immediate protective custody when it is required for his welfare.

Section 211.171, RSMo 2000, requires the current foster parents, or pre-adoptive parent or relative currently providing care for the child, to be provided notice of, and an opportunity to be heard in, any permanency or other review hearing to be held with respect to the child.

Section 211.177, RSMo 2000, provides for a grandparent to have a right to intervene in any proceeding in which the custody of a grandchild is in issue, unless the juvenile judge decides after considering a motion to intervene by the grandparent that such intervention is against the best interest of the child. The right of a grandparent to intervene pursuant to the provisions of this section may terminate upon the adoption of the child except where the child is adopted by a stepparent, another grandparent or other blood relative.

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Section 211.183, RSMo 2000, requires the court, when hearing proceedings regarding the removal of a child from his or her home, to include a determination of whether the division of family services has made reasonable efforts to prevent or eliminate the need for removal of the child and, after removal, to make it possible for the child to return home.

Section 211.211, RSMo 2000, specifies that parties to a juvenile case are entitled to representation by counsel in all proceedings and calls for appointment of counsel for both the child and the child's custodian when appropriate. Both the child and parent can be represented by the same counsel except when the court believes a conflict of interest exists.

Section 211.444, RSMo 2000, provides for the juvenile court, upon petition from the juvenile officer, or under a petition for adoption filed under provisions of chapter 453 to terminate the rights of a parent to a child if the court finds that such termination is in the best interests of the child and the parent has consented in writing to the termination of his or her parental rights.

Section 211.447, RSMo 2000, provides numerous conditions and situations appropriate to be considered grounds for filing a petition for termination of parental rights with the juvenile court. Among others, examples include a court of competent jurisdiction has determined a child is an abandoned infant, or has determined the parent has committed the murder of another of his/her children.

Section 211.462, RSMo 2000, provides for the appointment of a guardian ad litem in all actions to terminate parental rights, if one has not previously been appointed under Section 210.160, RSMo 2000. The guardian ad litem is intended to be the legal representative, protect the rights of, and advocate for the child in termination proceedings. Among other duties, the guardian ad litem is to ascertain the child's wishes, feelings, attachments, and attitudes and to protect the child's rights and interests.

In addition, this section provides the parent or guardian of the person of the child shall be notified of the right to have legal counsel, and if they request counsel and are financially unable to employ counsel, counsel shall be appointed by the court. Also, when the parent is a minor or incompetent, the court shall appoint a guardian ad litem to represent that parent. The parent's legal counsel is to protect the rights, interest and welfare of a minor or incompetent parent.

Section 211.464, RSMo 2000, specifies that the juvenile court is to provide foster parents, relatives, or other person the opportunity to present evidence for the consideration of the court in the termination proceedings.

ADOPTION AND FOSTER CARE STATUTES

Section 453.005, RSMo Cumulative Supp. 2002, specifies that provisions of Sections 453.005 to 453.400, RSMo 2000 and Cumulative Supp. 2002, shall be construed so as to promote the best interests and welfare of the child in recognition of the entitlement of the child to a permanent and stable home.

In addition the division and all persons involved in the adoptive placement of children shall provide for the diligent recruitment of potential adoptive homes that reflect the ethnic and racial diversity of children in the state for whom adoptive homes are needed. However, placement of a child in an adoptive home may not be delayed or denied on the basis of race, color or national origin.

Section 453.011, RSMo 2000, calls for the court to expedite the trial proceedings and notes it is the intent of the general assembly that the permanency of the placement of a child who is the subject of a termination of parental rights proceeding or an adoption proceeding not be delayed any longer than is absolutely necessary consistent with the rights of all parties. The rights of the child to permanency at the earliest possible date must be given priority over all other civil litigation other than the division's child protection cases.

Section 453.026, RSMo 2000, requires as early as is practical the person placing the child for adoption shall furnish to the court, the guardian ad litem, and the prospective adoptive parent a written report regarding the child.

Also, the division shall promulgate rules and regulations regarding all written information that shall be furnished to the court, the guardian ad litem and the prospective adoptive parent.

Section 453.030, RSMo Cumulative Supp. 2002, specifies that court approval of adoption is required and the approval or denial by the court shall be based on the court's opinion of what is best for the welfare of the person being considered for adoption. In addition, the section covers several other aspects of adoption requirements and also requires the written consent of any person to be adopted who is age 14 or older.

Section 453.065, RSMo 2000, defines types of adoption subsidies available for a child in the custody of the division who has various needs for medical, dental, educational, or other related healthcare and services.

Section 453.070, RSMo Cumulative Supp. 2002, prevents a court from granting a decree for the adoption of a child under 18 years of age until a full investigation, which includes an assessment of the adoptive parents, an appropriate post placement assessment and a summary of written reports as provided for in Section 453.026, RSMo 2000, and any other pertinent information relevant to whether the child is suitable for adoption by the petitioner and whether the petitioner is suitable as a parent for the child, has been made. The report is also to include a statement to the effect that the child has been considered as a potential adoption subsidy recipient.

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The investigation is to be made, as directed by the court, either by the division, a juvenile court officer, a licensed child-placement agency, or other suitable person appointed by the court. An exception to the investigation and reporting requirement is provided.

This section also provides when any adult person or persons over the age of 18, who, as foster parent or parents, have cared for a foster child continuously for a period of nine months or more and bonding has occurred, may apply for the placement of such child with them for the purpose of adoption if the child is eligible for adoption. The agency and court shall give preference and first consideration for adoptive placements to foster parents. However, the final determination of the propriety of the adoption of such foster child shall be within the sole discretion of the court.

Section 453.072, RSMo Cumulative Supp. 2002, provides any subsidies available to adoptive parents pursuant to Sections 453.073 and 453.074, RSMo Cumulative Supp. 2002, shall also be available to a qualified relative of a child who is granted legal guardianship of the child in the same manner as such subsidies are available for adoptive parents. As used in this section "relative" means any grandparent, aunt, uncle, adult sibling of the child or adult first cousin of the child.

Section 453.073, RSMo Cumulative Supp. 2002, authorizes the division to grant a subsidy to a child in one of the forms of allotment defined in Section 453.065, RSMo 2000. Determination of the amount of monetary need is to be made by the division at the time of placement, if practicable. However, the subsidy amount is not to exceed the expenses of foster care and medical care for foster children paid under the homeless, dependent and neglected foster care program. A written agreement is to be entered into by the division and the parents setting forth the particulars of the subsidy, including the time period for which the subsidy is granted.

Section 453.074, RSMo 2000, lists the duties of the division in the administration of the subsidy program. The duties include notification of the adoption petitioners of the availability of a child subsidy, providing them with the related rules and eligibility and so on. This section also requires the division to comply with all federal laws relating to adoption subsidies in order to maintain the state's eligibility for federal funds.

Section 453.101, RSMo 2000, specifies that in the event that the juvenile court does not grant the adoption, the court may order that a guardian be appointed under the provisions of chapter 475, RSMo 2000, to provide long-term care for the child. The order appointing the guardian shall specify the powers and duties of the guardian and the period of time the guardianship shall remain in effect with mandatory review by the court as provided in chapter 475, RSMo 2000.

Section 453.110, RSMo 2000, prohibits any person, agency, organization or institution from the surrender of custody of a minor child, or transfer of the custody of such a child to another, and no person, agency, organization or institution is to take possession or charge of a minor child so transferred, without first having filed a petition before the circuit court sitting as a juvenile court,

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praying that such surrender or transfer may be made, and having obtained such an order from such court approving or ordering transfer of custody. This section provides guidance on the required actions in the event such a transfer was made without obtaining court approval of the transfer of custody.

Section 453.153, RSMo 2000, requires the director of the department of social services to develop and implement a program to work through local churches to find adoptive placements for minority and hard to place children. The program is known as "Missouri, One Church-One Child" program.

Section 453.325, RSMo 2000, requires the division to establish the "Grandparents as Foster Parents Program" subject to available appropriations and itemizes several key factors to be involved, including the financial support of and providing foster parent training for participating grandparents.

CODE OF STATE REGULATIONS

13 CSR 40-30.010 requires the establishment of a case plan for every child in the custody of the division, describes the expected requirements, contents, and allowed time limits.

13 CSR 40-30.020 establishes fees rates and maximum amounts for attorneys and guardians ad litem who provide services in termination of parental rights cases. Legal representation is to be provided to financially eligible persons involved in permanency issues for the foster child.

13 CSR 40-34.012 establishes the criteria for reimbursements to foster parents and residential care facilities for the cost of foster care provided. This section also sets the maximum rates for child foster care as \$139¹ for a child age 0 to 5 years, \$170¹ for ages 6 to 12 years and \$187¹ for ages 13 and over. For reimbursement of care beyond the rates specified, prior authorization from the division is required.

13 CSR 40-32.060 requires the division to determine the ability of parents to support a child who must be placed in foster care and then recommend to the juvenile court that the parents be ordered to support or partially support the cost of foster care.

13 CSR 40-36.001 describes the grievance procedure for a foster/relative/adoptive parent when s/he disagrees with any decision made by the division involving the management of a particular foster/adoptive child. The aggrieved parent must notify the division county office in writing or verbally within ten days of the disputed decision. This section also requires the division to establish an Alternative Care Review Board to provide a further review over child management decisions which cannot be resolved at the division office level.

¹ Actual room and board rates shown by current division budgetary documents are as follows: 0-5 years, \$227; 6-12 years \$277; and 13 and over \$307.

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13 CSR 40-38.010 & .020 define adoption services and sets criteria for provision of adoption services by the division.

13 CSR 40-50.010 addresses the definition, approval, and payment of adoptive homes that receive placement of the child they intend to adopt prior to custody being ordered by the juvenile court.

13 CSR 40-59.020 specifically defines terms used in completing criminal and child abuse/neglect criminal records checks for foster, adoptive, and relative care providers.

13 CSR 40-59.030 establishes procedures for the submission, investigation, and evaluation of criminal and child abuse/neglect records for persons making application or re-application for licensure, approval, or certification as foster, adoptive, or relative care providers for the division.

13 CSR 40-59.050 establishes procedures for release of information pertaining to the nature and disposition of child abuse reports, neglect report(s), or both, for employees and volunteers who are frequently present in child care facilities when children are present.

13 CSR 40-60.010 explains the division's responsibility for licensing foster homes, defines terms used, gives procedures for approval, denial, or revocation of a license. A foster home license is to be issued for not more than 2 years, subject to renewal on expiration.

13 CSR 40-60.020 limits the ages and number of children to be kept in a foster home and the allowed exceptions. The maximum number of children is not allowed to exceed six, including the foster parents' children, and not more than two children under age 2 and no more than four preschool children unless necessary to accommodate a sibling group. Exceptions are made for foster sibling groups and a minor mother and child family groups.

13 CSR 40-60.030 explains who can qualify to be a foster parent and gives the health requirements, and standards of living required. Foster parent applicants are not to receive a license when both are under age 21. Foster parents are expected to be of reputable character, meet certain medical requirements, complete specified foster parent training, and submit to an appropriate home study.

13 CSR 40-60.040 explains foster home physical structure requirements, sleeping arrangements, and fire and safety requirements. The structure of the home must be adequate to provide for the health and safety of all occupants and be large enough to comfortably accommodate the foster family and the foster children in their care.

13 CSR 40-60.050 describes the quality of care to be provided by foster parents and lists the division's expectations in several areas; including education, moral and religious training, discipline, recreation, and supervision. It also describes several responsibilities of the foster parents to the division, the child, and the child's legal custodian.

APPENDIX II

13 CSR 40-60.060 requires that with the assistance of the division, foster parents are to keep records on children placed in their care. The required record contents are listed.

13 CSR 40-72.010 this rule serves to support Section 210.246, RSMo 2000, that makes it unlawful for any person to establish or operate a residential care facility without having in full force a written license granted by the division. This rule establishes the numerous requirements a group home must meet in order to qualify for and maintain a license. Group homes are small residential programs caring for 12 or less children.

HISTORICAL PERSPECTIVE

We have observed the problems of child abuse and neglect and the related foster care problems for many years. In addition, we have spent a total of more than 2 audit years reviewing in detail division operations in the foster care program and the audit of child abuse and neglect reporting and response system (Audit Report No. 2000-132).

The problems of child abuse and neglect and the resulting foster children has been gaining greater public and political attention in the United States. Based on numerous media accounts, all too often recognition of the growing problem came as a result of the deaths of children. The direction of systems changes often depended upon whether the death was at the hand of a natural parent or a foster parent. When the death was caused by a natural parent both national and state level changes were demanded to ensure children be removed from the home more promptly and when it was caused by a foster parent, it was demanded the removals not be so hasty. Whatever the direction of the change, front line social workers were given ever greater responsibilities and caseloads. Available funding at the state level has typically not been adequate to support the number of professional social workers needed and salaries have not been adequate to effectively compete in the job market. These factors, along with often extreme worker stress levels have long resulted in high worker turnover rates and significant training challenges for the states.

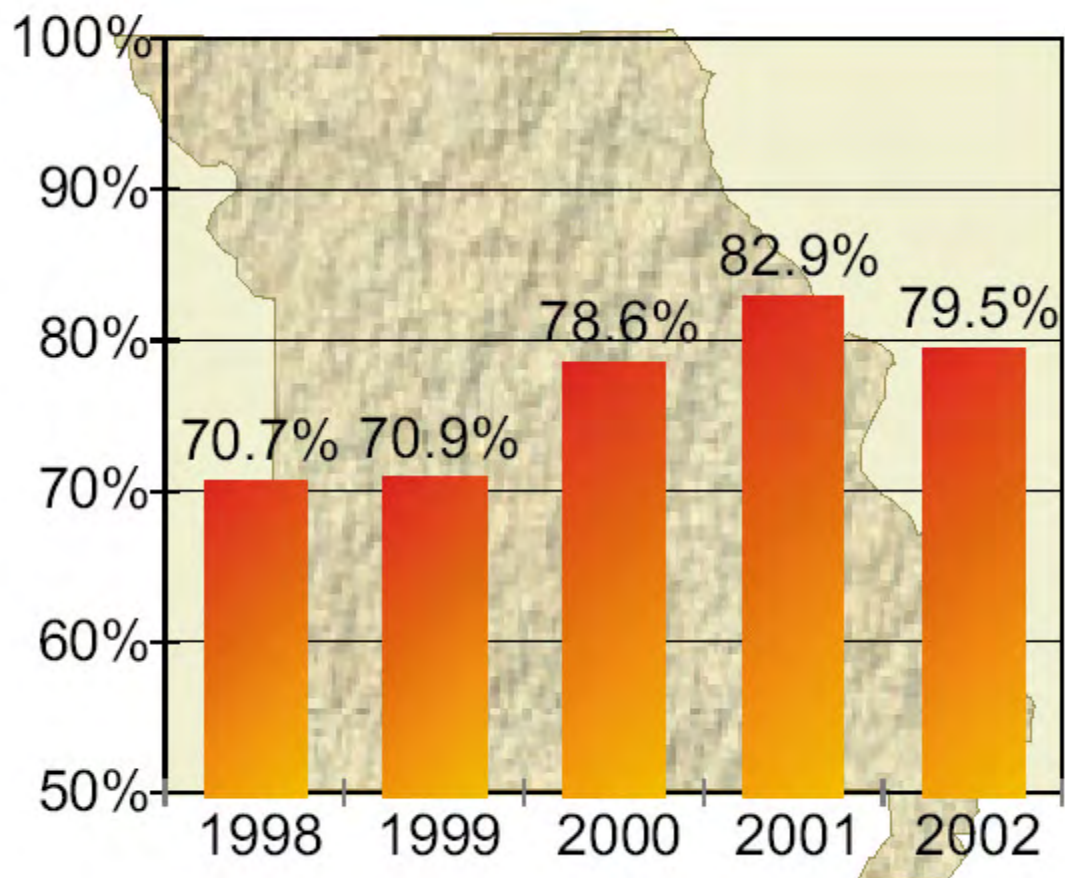
More recently public and political attention has again been focused on various states having problems with children lost within the child welfare system and by more tragic deaths of children both in and outside state custody. Parent drug and substance abuse has significantly impacted the already substantial problems child protection systems must deal with. Though we did not attempt to track the number of related instances, numerous cases reviewed showed the ultimate cause children were taken into custody related to drug behaviors of their parents. Examples included cooking methamphetamine with one or more child present, serious chronic neglect, and law enforcement raids on drug houses where children were found present.

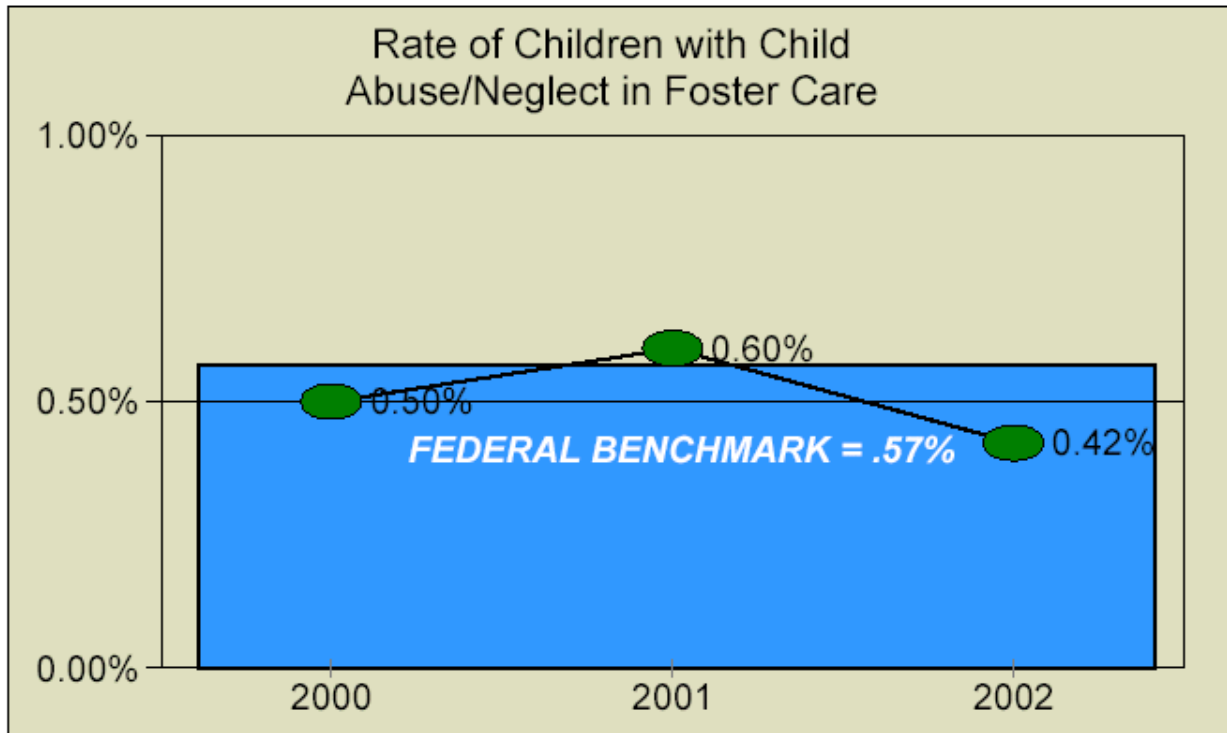
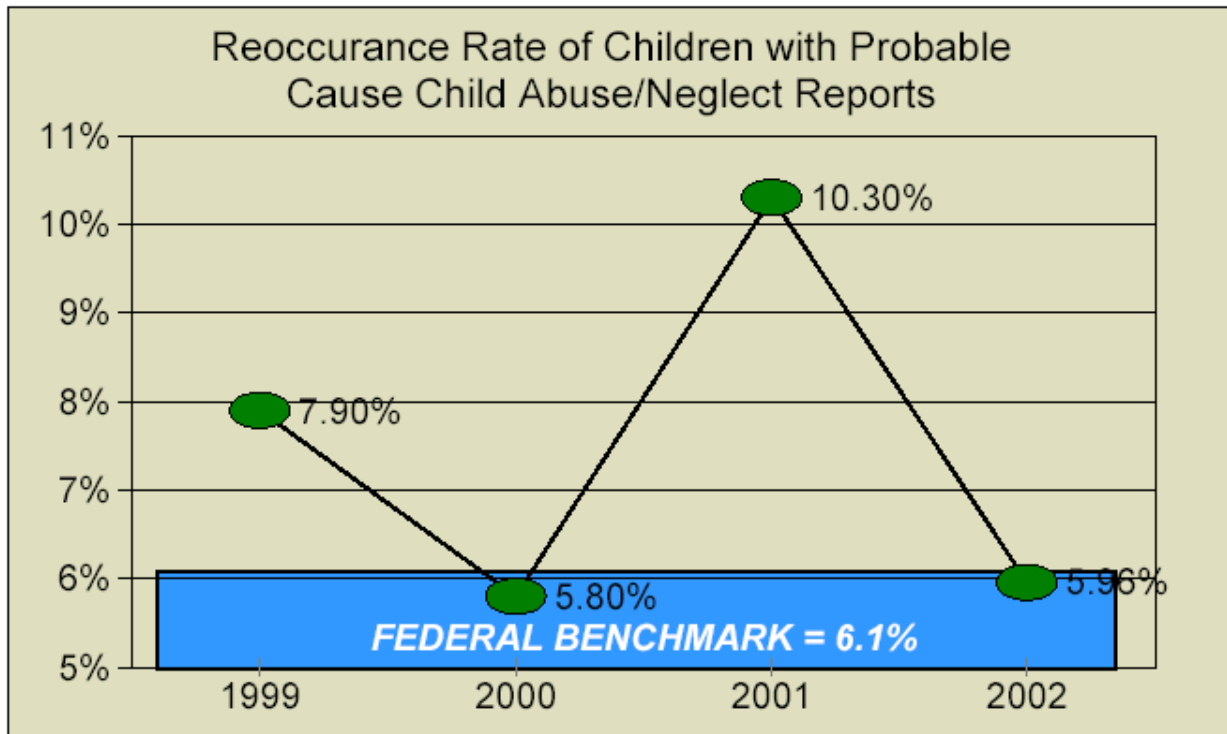
Far too often children end up severely injured and emotionally damaged before they come to the attention of the system or before enough evidence is developed to remove them from their tormentors. Discussions with foster parents and child counselors revealed a high incidence of children suffering from serious psychological trauma. Many of the children in foster care were said to be afflicted with conditions such as post traumatic stress, reactive attachment disorder, and fetal alcohol syndrome.

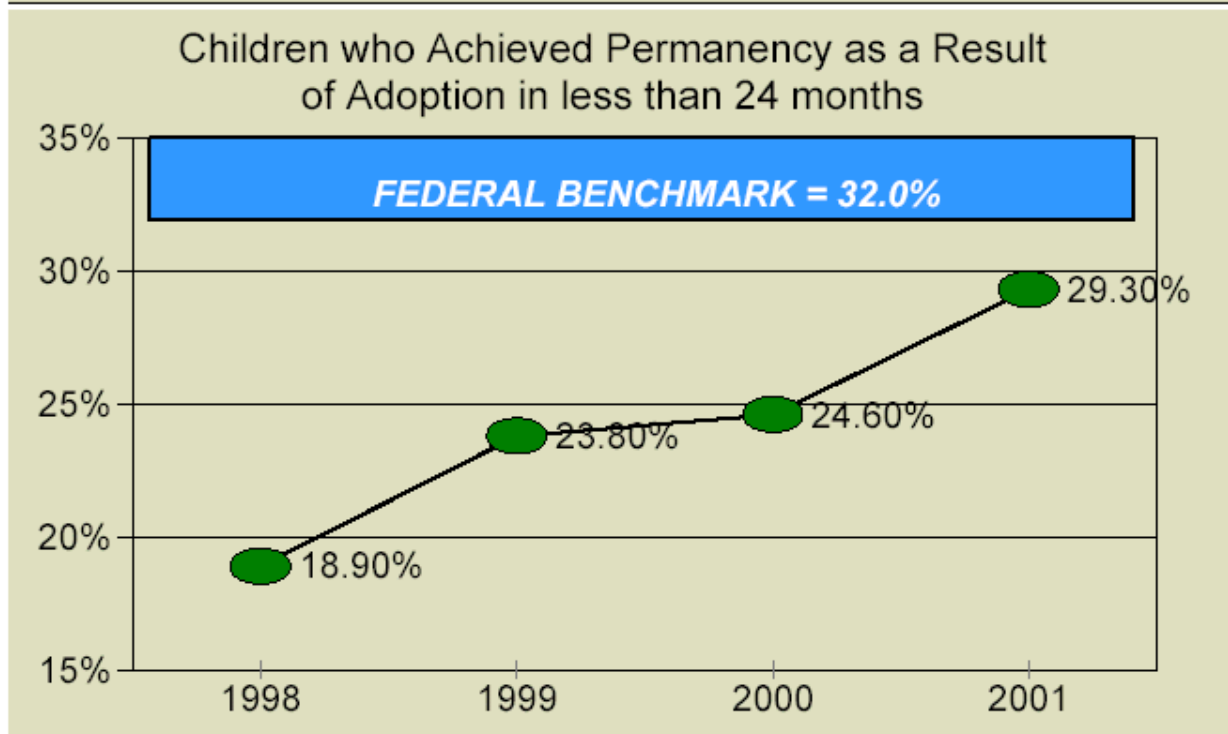
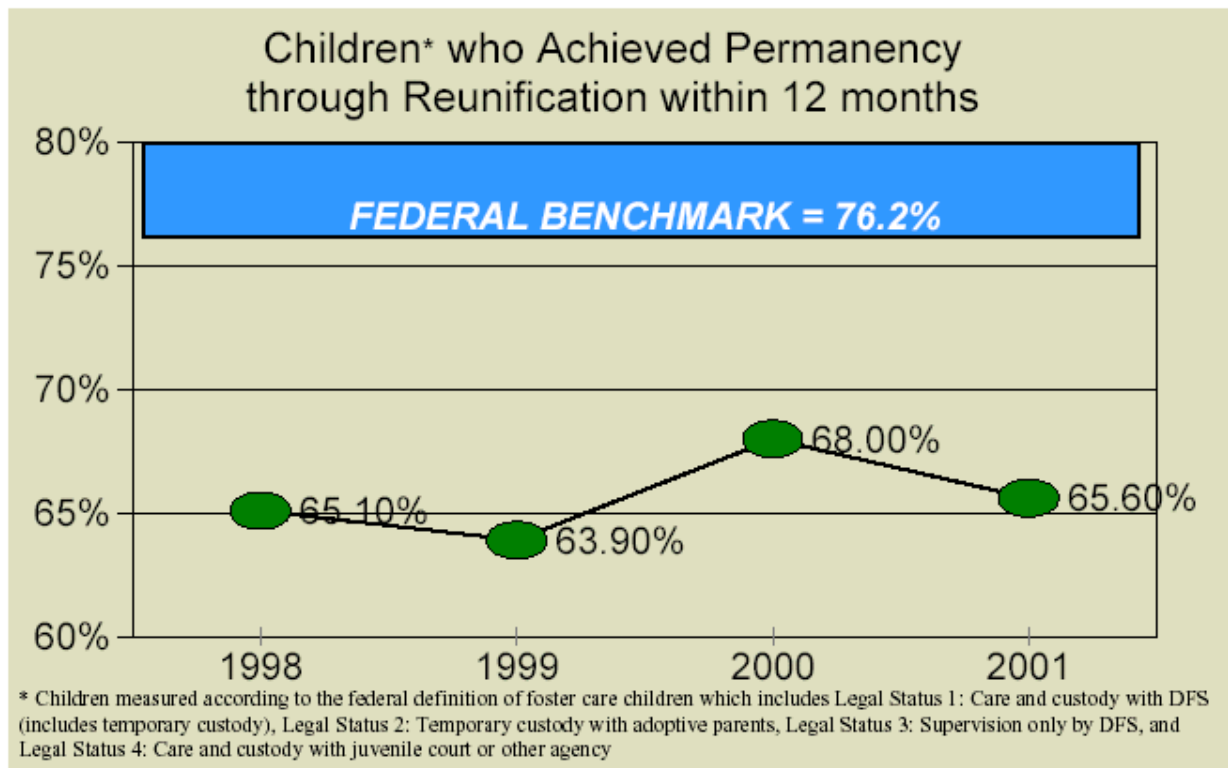
The numbers of children entering the system continues to grow and too many children need help and must end up in the foster care system. Discussions with foster parents and others suggests that many of these children must also receive special education services and are later seen in the justice and prison systems. When they become parents, it is not unusual for them to have their own children taken away for some of the same behaviors they were subjected to.

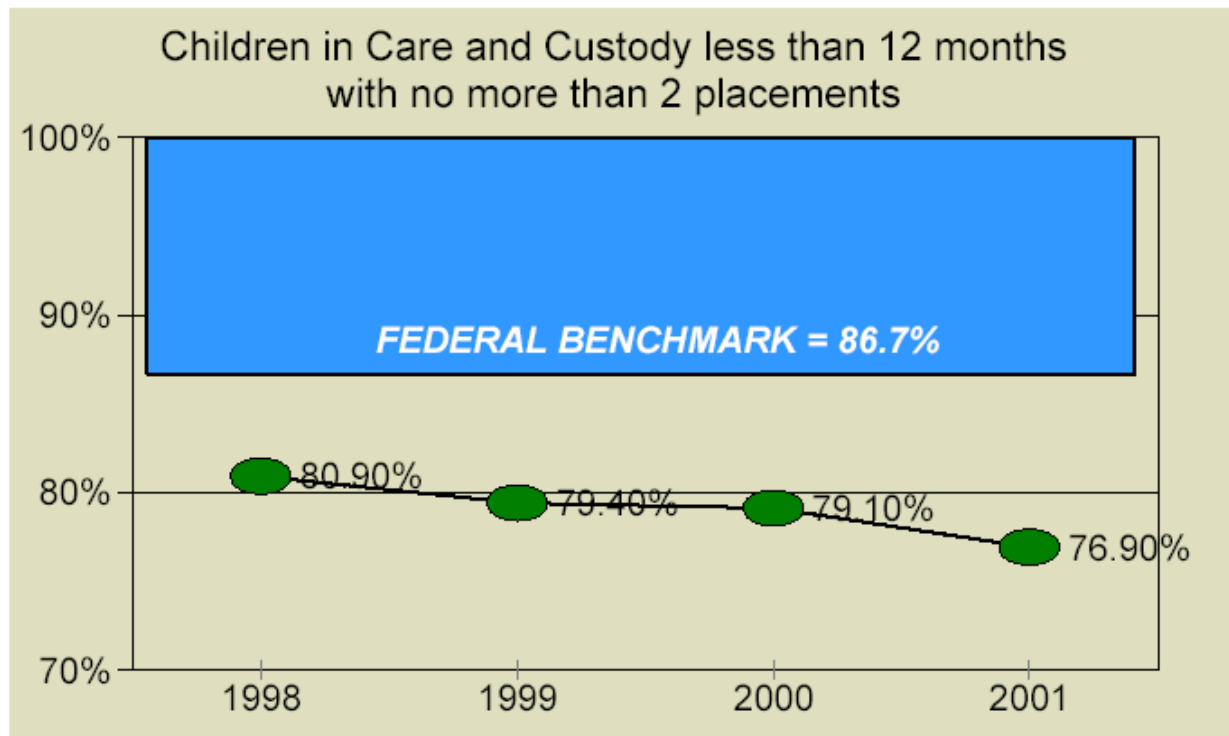
DEPARTMENT OF SOCIAL SERVICES PROVIDED PERFORMANCE STATISTICS

Timeliness of Initial Child Contact Percent Under 24 Hours

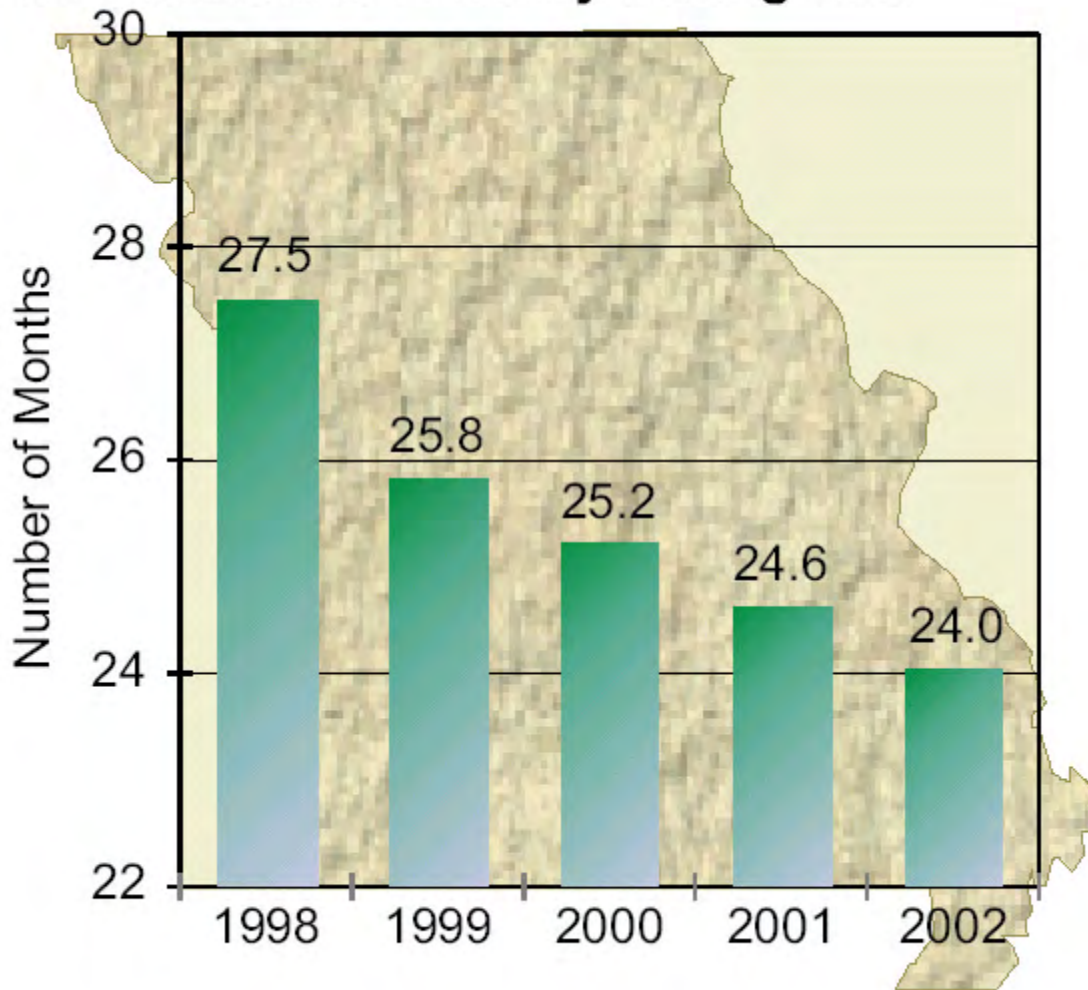




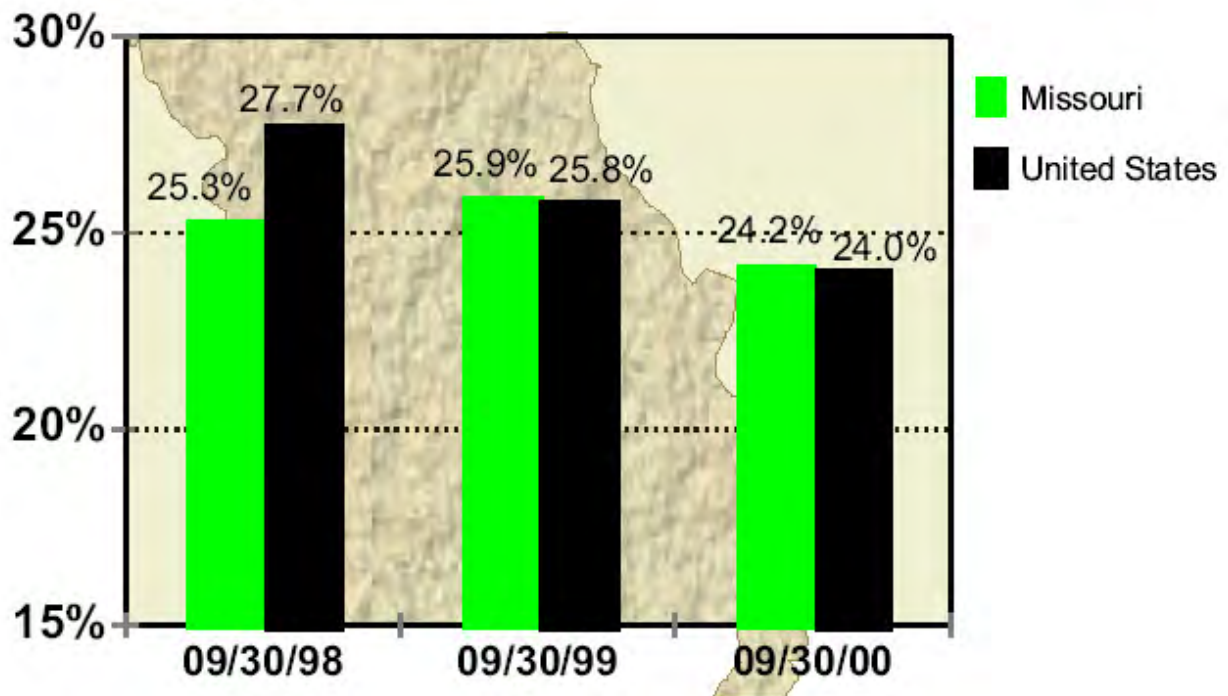




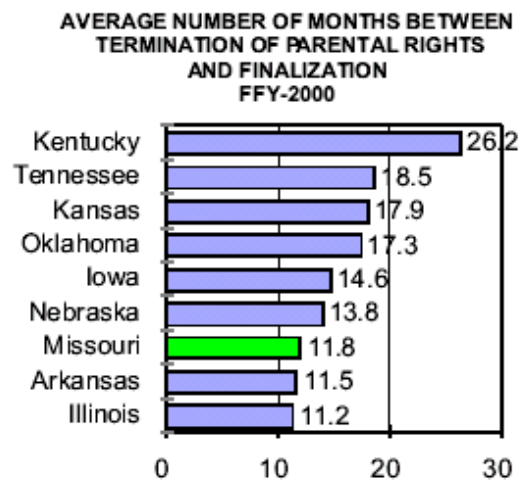
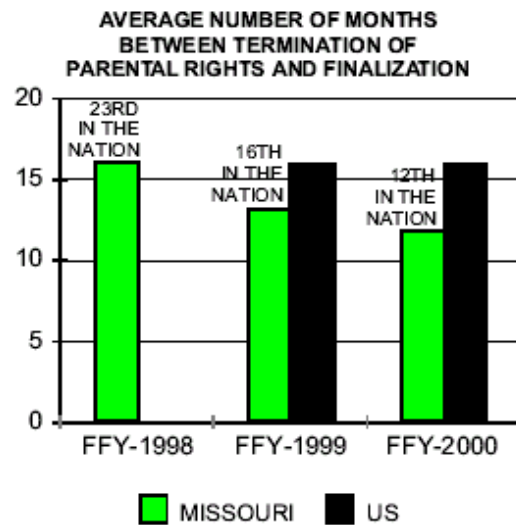
Length of Stay in Foster Care for Children in Custody During Year



**Percent of Out of Home Placements with a Relative
Missouri and United States Comparison
1998 to 2000**

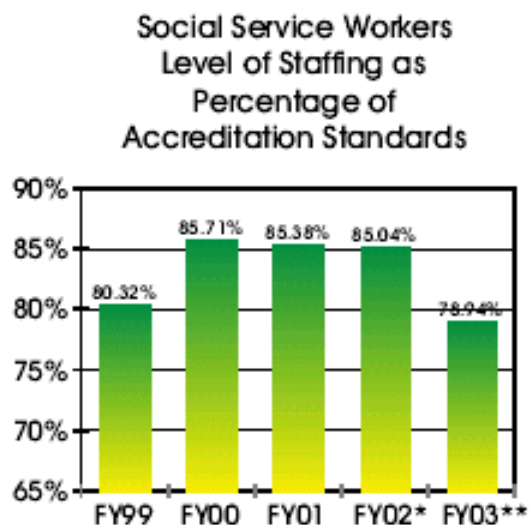


Child Welfare Productivity

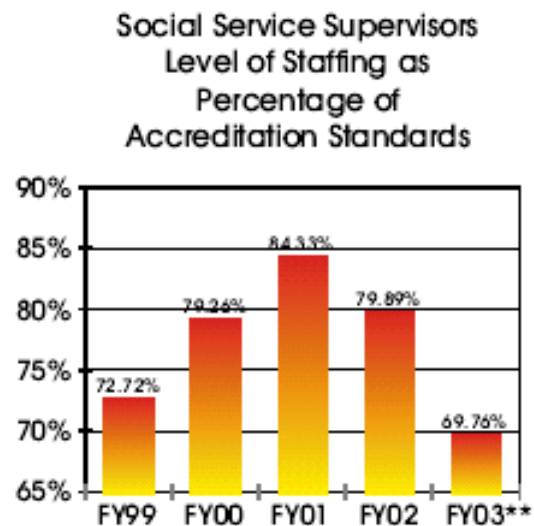


Social Work

Level of Staff as a Percentage of Accreditation Standards



Fiscal Year	Actual SSWs	Accreditation Standards	% Staffed	Contract Staff	% Staffed After Contract
FY99	1,332.00	1,646	80.32%	0	80.32%
FY00	1,359.03	1,586	85.71%	0	85.71%
FY01	1,386.68	1,695	81.83%	60	85.38%
FY02*	1,480.80	1,836	80.68%	80	85.04%
FY03**	1,384.42	1,831	75.60%	61	78.94%



Fiscal Year	Actual Social Service Supervisors	Need Based on Accreditation Standards	% Staffed
FY99	171.00	235	72.72%
FY00	180.00	227	79.26%
FY01	204.00	242	84.33%
FY02	209.00	262	79.89%
FY03**	183.00	262	69.76%

*By the beginning of FY02, the Department of Social Services (DSS) was successfully filling Social Worker positions that had been difficult to fill when funded in FY00 and FY01. In FY02 Missouri's Social Services Block Grant federal funding used to support SSWs and other staff decreased, and the General Assembly did not fund a request to replace the lost federal funds with General Revenue. DSS was able to manage the federal funding loss in FY02 by maintaining staff vacancies in other areas. The FY03 budget was reduced to account for the decrease in federal funding.

**FY03 numbers are budgeted positions. Other years are actual staffed positions.

Department of Social Services
February 2003



**CITY OF MARYLAND HEIGHTS
YEAR ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-24
March 12, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2003

The following problems were discovered as a result of an audit conducted by our office of the City of Maryland Heights, Missouri.

There is no documentation to support the determination of the purchase price of land bought for a park on Parkwood Lane. The city purchased the property for approximately \$240,000, while an appraisal performed for the city in February 2001 indicated the property value was \$180,000. In addition, there is no documentation to support the City Council's approval of the purchase price of the property.

The method of accounting for revenues and expenditures relating to parks and recreation is more complex than necessary. Accounting for all parks and recreation activities in the Parks Fund would more easily show compliance with restrictions regarding the use of the sales tax monies.

The city allocates construction management costs based on estimated rather than actual time spent on projects. For the year ended December 31, 2001, the city transferred \$538,904, to the General Fund for reimbursement of construction management costs. To ensure funds are used only for their restricted purpose, a more accurate allocation of the costs should be made based on actual time spent on each project.

City personnel are not ensuring invoice details agree to contracts. One contract for condemnation services did not contain any rates while invoices for engineering and telecommunications audit services contained rates other than those set by contract.

The City Council authorized a change order in 2000 for sewer repairs, increasing the original contract from \$42,500 to \$100,000, without requiring personnel to re-bid the services.

The city spent approximately \$13,000, for food and gifts at three annual appreciation dinners for city employees, members of city boards and commissions, and reserve officers. The city also often provides food at training sessions and other city meetings. Additionally, numerous credit card statements were paid without adequate supporting documentation of purchases during 2002 and 2001. Supporting documentation, could not be provided for 15 percent of credit card purchases reviewed, totaling \$1,239.

YELLOW SHEET

It is unclear how the criteria listed in the Request for Proposals (RFP) for audit services related to the criteria used to evaluate the audit firms, and city personnel did not maintain documentation to support the allocation of points to each firm. In addition, the city did not receive audits in compliance with their RFP.

Detailed minutes of closed meetings were not kept and minutes of committee and board meetings were not complete and maintained by the City Clerk.

All reports are available on our website: www.auditor.state.mo.us

CITY OF MARYLAND HEIGHTS, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the City Council
City of Maryland Heights, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Maryland Heights, Missouri. The city had engaged KPMG, LLP, Certified Public Accountants, to audit the city of Maryland Heights, Missouri, for the year ended December 31, 2001. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city of Maryland Heights' management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Maryland Heights, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

November 8, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Douglas E. Brewer
Audit Staff:	Carl E. Zilch, Jr.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF MARYLAND HEIGHTS, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Parks and Stormwater Funds
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There was no documentation to support how the city arrived at the purchase price of land bought for a park or the City Council's approval of the purchase price. The method of accounting for revenues and expenditures relating to parks and recreation is more complex than necessary. In addition, the city allocates construction management costs based upon estimated, rather than actual, time personnel spend on specific projects.

In November 1995, voters approved a ½ cent sales tax to establish, administer, and maintain parks and stormwater facilities. The city deposits one-half of the sales tax collections in each of the separate parks and stormwater special revenue funds. During our review of these funds, we noted the following:

A. In February 2002, property was purchased on Parkwood Lane for the development of a neighborhood park.

- 1) There is no documentation to support the determination of the purchase price of this property. The city purchased the property for approximately \$240,000, while an appraisal performed for the city in February 2001 indicated the property value was \$180,000. In addition, the city paid a company approximately \$4,000 in connection with this purchase, for property acquisition services including negotiating the property's purchase price. However, no documentation was available to explain how the purchase price was determined or negotiated.

While a property's purchase price may exceed the appraised value, it is necessary to maintain supporting documentation of any negotiations so that residents can be assured tax monies were spent prudently.

- 2) There is no documentation to support the City Council's approval of the purchase price of the property. The City Council passed an ordinance in September 2001 authorizing the City Administrator to enter into a purchase agreement with the property owner; however, the ordinance did not include an approved purchase price.

It is important that ordinances involving property acquisition include the property's purchase price to clearly indicate the City Council is well informed of all purchasing details prior to its approval.

B. The method of accounting for revenues and expenditures relating to parks and recreation is more complex than necessary. Both the General Fund and the Parks

Fund are used to account for parks and recreation activities. The General Fund is used to account for facility user fees collected and administration and maintenance costs. The Parks Fund is used to account for the park's 50 percent share of the sales tax receipts and any capital improvement costs and debt payments.

The amount to be paid from the General Fund is limited to the amount of park costs paid from the fund prior to the inception of the sales tax. Sales tax monies are transferred from the Parks Fund to the General Fund to cover any remaining costs. For the year ended December 31, 2001, \$942,257 was transferred from the Parks Fund to the General Fund.

While the city's method of accounting for parks and recreation revenues and expenditures does not violate any law or accounting principle, accounting for all parks and recreation activities in the Parks Fund would provide a more clear and concise summary of overall activities. In addition, accounting for all parks and recreation activities in the Parks Fund would more easily show compliance with restrictions regarding the use of the sales tax monies.

- C. The city allocates the cost of the construction management office among various funds of the city based on estimated rather than actual time spent on projects. During 2001, the city began managing its own construction contracts rather than relying on an outside company to provide these services. The construction management office within the Public Works Department is responsible for inspecting, contracting, bidding, reviewing, and completing other related duties for stormwater and capital improvement projects. Transfers of construction management costs are made from the various capital improvement and special revenue funds to the General Fund based on the estimated time that the employees will spend on the various funds' projects instead of the actual time spent on the projects. For the year ended December 31, 2001, the city transferred \$538,904, to the General Fund for reimbursement of construction management costs.

To ensure funds are used only for their restricted purpose, a more accurate allocation of the costs should be made based on actual time spent on each project. Construction management personnel should keep detailed records of the actual time spent on each project so that management can accurately allocate the costs to the various funds.

WE RECOMMEND the City Council:

- A.1. Ensure adequate documentation exists to support the determination of the purchase price when property is acquired.
2. Ensure ordinances approving the purchase of property include all applicable details, such as purchase price.

- B. Consider accounting for all parks and recreation activities in the special revenue Parks Fund.
- C. Allocate construction management costs to city funds based on actual time spent on projects.

AUDITEE'S RESPONSE

- A. *The City's practice has always been to ensure documentation before the expenditure of funds. The State Auditor has noted a possible exception. The City will review practices to determine if any further action is needed to prevent this from reoccurring.*
- B. *The City has considered alternate means of accounting for the parks and recreation activities including this recommendation. We feel the current practice more appropriately communicates to the residents the full cost of services by placing these expenditures in the General Fund.*
- C. *The City will consider this suggestion.*

2.	Contracts
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City personnel are not ensuring invoice details agree to contracts. One contract reviewed did not contain any rates while some invoices contained rates other than those set by contract. Also, the City Council approved a change order which significantly changed the total of one contract without requiring the service to be re-bid.

- A. City personnel indicated they do not compare the invoiced rates on projects to the rates stated in the contracts prior to approving the invoices for payments. Rather, their review includes ensuring the overall contract amount is not exceeded. We noted the following concerns:
 - 1) As a part of the Millwell Connection Project, the city entered into a contract and paid \$62,609 for professional services relating to condemnation proceedings. The contract did not include the billable rates or the total estimated cost. Specific contract terms including billable rates and total contract amounts are necessary to ensure control over city expenditures and the project budget.
 - 2) City personnel did not ensure the invoiced rates agreed to the rates stated in the engineering firm's proposal and contract. Invoices indicated the rate of a Senior Engineer to be \$123 per hour, while the proposal showed rates of \$85 and \$130. The city paid this firm approximately \$272,487, relating to the Millwell Connection Project.

- 3) Invoices from a firm providing telecommunications company audit services did not contain adequate detail. For example, a contract for the period of July 2001 through December 2002, indicated the firm would bill the city \$150 per hour for the partner and \$65 per hour for support personnel. However, an invoice from June 2002, included services billed at a rate of \$95 per hour. The invoice did not indicate who performed these services. The city paid this firm approximately \$68,800, during the year ended December 31, 2001, and \$44,211 from January through October 2002.

City personnel should ensure the city only pays rates which are determined in proposals and established in contracts. In addition, invoices should contain sufficient detail to indicate the services received. Failing to perform detailed reviews of invoice terms increases the risk of the city being overcharged or not receiving the appropriate services.

- B. The City Council authorized a change order, increasing an original contract by 135 percent, without requiring personnel to re-bid the services. The city selected a firm, through a formal bidding process, to perform sewer repairs for the city's new lateral sewer repair program in 2000. Approximately four months after the program began, the city issued a change order increasing the firm's contract from \$42,500 to \$100,000. City personnel stated the increase was needed because the number of claims and repairs were underestimated for the new program.

When change orders materially change the amount of the original contract, the city should re-bid the services to ensure the city receives the best price for the services.

WE RECOMMEND the City Council:

- A. Require reviews of invoice details to ensure rates agree to those established in firms' proposals and contracts and that invoices contain sufficient detail to determine the services received.
- B. Ensure services are re-bid when a change order would materially change the amount of the original contract.

AUDITEE'S RESPONSE

- A. *The City agrees.*
- B. *The City will consider this suggestion.*

3.**Expenditures**

The city spent approximately \$13,000, for food and gifts at three annual appreciation dinners. The city also purchases food to be served at some city meetings. This does not appear to be a prudent use of public funds. In addition, there was no supporting documentation for 15 percent of the credit card purchases reviewed.

A. The city holds three separate annual appreciation dinners for city employees, members serving on city boards and commissions, and reserve officers. Spouses or guests are also invited to each of the dinners. During the year ended December 31, 2001, the city spent approximately \$13,000, on these three events:

- 1) The total cost of the appreciation dinner for city employees and guests was \$6,062 including \$622 for a beer and soda bar.
- 2) The cost of the appreciation dinner for members of city boards and commissions and their guests totaled \$5,449 including \$881 for a beer, wine, and soda bar.
- 3) The picnic held for reserve officers and their guests totaled \$1,553. The city purchased \$413 in food and \$1,140 in gift certificates for the officers.

In addition, the city often provides food at training sessions and other city meetings. Because the costs of providing food are charged to the budgets of the applicable city departments and are not separately identified, the city was unable to provide the total amount of food purchased for the year ended December 31, 2001. The city does not have a policy outlining the limits and circumstances for providing food for training or other city meetings.

The costs of the annual dinners and the frequency of serving food at training sessions and meetings appear excessive. They do not appear to be a prudent use of public funds.

B. Numerous credit card statements were paid without adequate supporting documentation of purchases during 2002 and 2001. Supporting documentation, such as original invoices, could not be provided for 10 of 68 (15 percent) credit card purchases reviewed, totaling \$2,139. These purchases were from an airline company, a drug store, a home decorating store, restaurants, various organizations, and a computer vendor.

The city's formal written policy does not require the submission of original invoices for credit card purchases. All expenditures should be supported by paid receipt slips or vendor-provided invoices. Without such documentation, it is unclear whether these purchases are valid and necessary city expenditures.

WE RECOMMEND the City Council:

- A. Ensure all city expenditures are a prudent use of public funds. At a minimum, the city should develop a policy outlining limits and circumstances for providing food.
- B. Ensure city personnel submit supporting documentation for all credit card purchases. In addition, the city's credit card policy should be updated to include this requirement.

AUDITEE'S RESPONSE

- A. *All expenditures are subject to the City Council's judgment of whether or not they are a prudent use of taxpayer funds. The State Auditor's Office should not substitute its judgment in place of those of the duly elected local authority.*

Further, these forms of expressing appreciation to volunteers and employees are appropriate and effective and do not violate state law or published rules.

- B. *The recommendation restates current City practice. When an exception exists (i.e., when no supporting documentation can be located), a responsible person specifically approves the expenditure before payment is made.*

4. Professional Audit Services

It was unclear how the criteria listed in the Request for Proposals (RFP) for audit services related to the criteria used to evaluate the audit firms, and city personnel did not maintain documentation to support the allocation of points to each firm. In addition, the city did not receive audits in compliance with their RFP.

The city formally selected an auditing firm in December 2000 to provide auditing services for a three-year period. Six firms submitted audit proposals varying in cost from \$33,000 to \$66,000. The city selected the firm with the highest bid of \$66,000 and has contracted for audit services with this same firm for approximately 15 years.

- A. Personnel within the city's finance department evaluate the firms' proposals. The Director of Finance submits a recommendation to the Finance Committee which then presents the recommendation to the City Council. During our review of the selection process, we noted the following:
 - 1) It was unclear how the criteria listed in the RFP related to the criteria used to evaluate the firms. Based on the evaluation forms, the criteria used to evaluate the firms included experience (60 points), price (30 points) and reputation (10 points). The RFP listed several additional criteria such as independence and license to practice but did not include reputation.

- 2) There is a lack of documentation to support how points were allocated to various firms during the evaluation process. We noted the firm with the lowest cost was given no points for experience; however, the firm's proposal indicated it had governmental auditing experience. In another example, city personnel allocated 15 points to one firm and 10 points to another firm for "governmental experience", but there was no documentation to explain how this conclusion was reached.

The city's RFP should list the same criteria as the criteria that will be used to evaluate each firm. Any differences can be misleading to firms and affect the firms' responses to the city's RFP. Furthermore, documenting the determination of point values for each firm helps support the recommendation made by city personnel.

- B. The city did not receive audits in compliance with their RFP. The RFP stated the audit was to be conducted in accordance with *Government Auditing Standards* and was to include a report on compliance and on internal control over financial reporting. However, this report was not included in the audits for 2000 or 2001, and the auditor's letters did not state the audits were conducted in accordance with *Government Auditing Standards*. It appears the city may have paid for more than they received.

City personnel indicated the audit firm was not required to perform the audit in compliance with *Government Auditing Standards* because the city did not meet the threshold for a single audit. However, the RFP clearly required a separate report on compliance and internal control over financial reporting, regardless of the need for a single audit. Furthermore, the firms were required to state prices for a single audit separately.

In addition, if such an audit is not a requirement, the city should make this clear in the RFP. Other firms may have indicated a lower price in their proposal if they had known this was not a requirement.

WE RECOMMEND the City Council:

- A. Ensure the detailed criteria used to evaluate firms are clearly documented in the RFP. In addition, we recommend the City Council ensure the determination of points is clearly documented.
- B. Ensure the city receives audits in compliance with the requirements of their RFP.

AUDITEE'S RESPONSE

The City's practice, which was modeled after the Government Finance Officers Association (GFOA) recommended practice for procuring audit services, resulted in a sound decision. We will take the State Auditor's comments under advisement.

AUDITOR COMMENT

We are not questioning the GFOA's criteria; however, we are concerned with the city's documentation of the selection process.

5. Meeting Minutes

The City Clerk maintains official minutes for City Council meetings. In addition, numerous secretaries and other individuals maintain minutes for six City Council committees and thirteen city boards and commissions. Detailed minutes of closed meetings were not kept and minutes of committee and board meetings were not complete and maintained by the City Clerk.

- A. Minutes do not contain a summarization of the discussions held in closed City Council meetings. Section 610.020, RSMo 2000, allows the City Council to close meetings to the extent the meetings relate to specified subjects, including litigation, real estate transactions, and personnel issues.

Although closed minutes are not specifically required by law, minutes constitute the record of proceedings of the Council and help ensure the provisions of the Sunshine Law, Chapter 610, RSMo 2000, have been followed.

- B. Committee and board minutes were not complete and were not maintained by the City Clerk, the official custodian of records. Signatures of the secretary or other preparer were not included in some minutes and some minutes were composed of agendas and attachments but did not include a summarization of meeting discussions.

Complete and accurate minutes provide an official record of board and committee actions. In addition, Section 610.020, RSMo, requires minutes be taken and include the date, time, place, members present, members absent, and a record of votes taken. Furthermore, minutes should be signed to provide an independent attestation that the minutes are an accurate record of the matters discussed and actions taken during the meetings.

WE RECOMMEND the City Council:

- A. Consider maintaining a summarization of discussions held in closed meetings to better document the Council's activities.

- B. Ensure adequate minutes are taken of all committee and board meetings and that all minutes are signed. In addition, the City Council should ensure copies of these minutes are maintained by the City Clerk.

AUDITEE'S RESPONSE

- A. *The City's current practice complies with state law. The City will continue to rely on the advice of its legal counsel to assure compliance with state law.*
- B. *The City agrees and will reevaluate our current practice and make changes as appropriate.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF MARYLAND HEIGHTS, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Maryland Heights is located in St. Louis County. The city was incorporated in 1985 as a third-class city. The population of the city in 2000 was 25,756.

The city government consists of a mayor and an eight-member City Council. The members are elected for two-year terms. The Mayor is elected for a four-year term, presides over the City Council, and votes only in the case of a tie. The Mayor, City Council, and other principal officials at December 31, 2001, were:

Elected Officials	Term Expires	Compensation Paid for the Year Ended December 31, 2001	Amount of Bond
Michael O'Brien, Mayor (1)	April 2002	\$ 12,000	\$ 100,000
Richard Goldberg, Councilman	April 2003	6,000	0
John Pellet, Councilman (2)	April 2002	2,000	0
G. Michael Moeller, Councilman (3)	April 2003	6,000	0
Judith Barnett, Councilman	April 2002	6,000	0
Mark Mierkowski, Councilman	April 2003	4,250	0
Daniel Johnson, Councilman	April 2002	6,000	0
Danny Fitzgerald, Councilman	April 2003	4,250	0
Norman Rhea, Councilman	April 2002	6,000	0
 Other Principal Officials			
Carol Turner, City Clerk (4)		56,053	0
Mark Levin, City Administrator		124,483	0
David Watson, Director of Finance		80,046	500,000
Thomas O'Connor, Chief of Police		81,724	0
Howard Paperner, City Attorney		(5)	

- (1) G. Michael Moeller was elected mayor in April 2002.
- (2) John Pellet passed away in May 2001. Kenneth Gold was appointed to this position in September 2001 and then was elected to the position in April 2002.
- (3) Elected mayor in April 2002. Edwin Dirck was appointed to this position in April 2002.
- (4) Retired in July 2002, and was replaced by Marcia Hayden.
- (5) The city contracts with the City Attorney's law firm for legal services. Total payments to the contractor for legal services totaled \$115,538.

On December 31, 2001, the city employed approximately 185 full-time and 43 part-time employees.

Assessed valuations for 2001 were as follows:

ASSESSED VALUATION

Real estate	\$ 590,576,990
Personal property	240,470,478
Railroad and Utility	<u>9,110,775</u>
Total	\$ <u>840,158,243</u>

The city has no property tax. The following sales tax rates are per \$1 of retail sales:

	<u>Rate</u>	<u>Expiration Date</u>
Special Revenue Parks and Stormwater	\$ 0.05000	none

In addition, the city receives gambling taxes from a riverboat casino. The city allocated the gambling taxes in 2001 as follows:

<u>Fund</u>	<u>Allocation Percentage</u>
Capital Improvements	53
Maryland Heights/Earth City Expressway	30
General	12
Reserve	5



**TWENTY-SECOND JUDICIAL CIRCUIT
ST. LOUIS CITY, MISSOURI
CIRCUIT CLERK'S OFFICE**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-23
March 11, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2003

After repeatedly not correcting problems noted in prior audits, the St. Louis City Circuit Clerk's Office has implemented or partly implemented 90 percent of the previous recommendations.

This audit follows up on the 51 recommendations from our April 2000 report and focuses on the Circuit Clerk's Office records for the year ended June 30, 2002. Of the previous 51 recommendations, the office has implemented 32 (63 percent), partially implemented 14 (27 percent), and not implemented 5 (10 percent).

This report covers the recommendations not implemented and notes the progress on the partially implemented actions. In all cases, the Circuit Clerk agreed with the recommendations. The following highlights the continued concerns.

Open Items

The Circuit Clerk's Office has two main cash handling divisions - civil and criminal, each with two separate bank accounts. Account I represents monies received for cases filed before January 1, 1999, and account II represents monies received for cases filed after January 1, 1999.

At June 30, 2002, the open items list indicated the court was holding over \$9.7 million in deposits for the civil account I. However, the accuracy of the case balances on the open items lists for the civil accounts is in doubt due to various problems regarding the computer system. This has delayed the disbursement of these monies.

Our prior audit revealed numerous differences between the computer system and the manual case files. The Circuit Clerk's Office personnel have investigated these differences, identified the causes, and corrected the problem or adjusted their procedures to ensure similar differences do not occur in cases filed after January 1, 1999. However, the personnel have concluded that they need to manually agree the case file information to the computer system for all cases filed prior to January 1, 1999, before they can disburse these funds. Because the office has limited financial resources and personnel to devote to resolving the differences and disbursing the monies being held, it is estimated that it will take many years for the office to disburse the monies held in civil account I. The audit also noted the office is holding partial payments of court costs collected on criminal cases prior to January 1999.

(over)

YELLOW SHEET

Old, inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on personnel resources. Failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and city of the use of those monies.

The State Auditor has again recommended the Circuit Clerk disburse monies on old cases in a more timely manner. If additional amounts are owed on old cases and it appears unlikely these amounts will be collected, a court order should be obtained to write off the balances due on the cases.

The open items listing for the civil accounts (accounts I and II) does not reconcile to the account balance. The open items listing totaled approximately \$10,482,000 as of June 30, 2002. The reconciled account balances at June 30, 2000, were approximately \$9,812,000 indicating a shortage of approximately \$669,000.

The monthly open items listing has not been reconciled to the garnishment account balance since September 2001. The open items listings at June 30, 2002, exceeds the garnishment account balance by \$38,448.

A complete criminal open items listing was not maintained prior to January 1, 1999. At June 30, 2002, the criminal account balances totaled approximately \$2,661,000 which exceeded the open items listing by approximately \$1,246,000. This difference will be decreased once court personnel are able to identify the open items from prior to January 1999.

There continues to be a need for the Circuit Clerk's Office to maintain and periodically reconcile open-items listings to the balances in the various accounts. Any unidentified or unclaimed monies should be disposed of in accordance with state law.

Outstanding Checks

At June 30, 2002, the Circuit Clerk's Office had approximately \$461,000 in outstanding checks that had been held for a considerable amount of time without adequate follow up to dispose of the checks. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks.

Accrued Costs Receivable

Individual accrued court costs receivable balances are maintained on the civil computer system for each case; however, a receivables list is not maintained to summarize total amounts due from plaintiffs, defendants, and the city. An accrued cost listing would allow the Circuit Clerk to more easily review the amounts owed to the court and take appropriate steps to follow up on initial billings to ensure all amounts owed are collected on a timely basis.

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TWENTY-SECOND JUDICIAL CIRCUIT
ST. LOUIS CITY, MISSOURI
CIRCUIT CLERK'S OFFICE

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge and Court en banc
And
Honorable Mariano V. Favazza, Esq., Circuit Clerk
Twenty-Second Judicial Circuit
St. Louis, MO 63103

We have audited the Twenty-Second Judicial Circuit, Circuit Clerk's Office (office). The scope of this audit included, but was not necessarily limited to, the year ended June 30, 2002. The objective of this audit was to follow-up on the status of recommendations made in Report No. 2000-28: Twenty-Second Judicial Circuit, Circuit Clerk Fund for the period of six months ended December 31, 1998, and the year ended June 30, 1998; and Report No. 99-39: Special Review of the Twenty-Second Judicial Circuit, Circuit Criminal Division - Finance Department - Cash Bond Deposits.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the office records we deemed necessary, made inquiries of office employees, and examined other documents as deemed appropriate for the audit.

As part of our audit, we assessed the office's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation.

Our audit was limited to the specific matter described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the procedures applied in the audit of the office.

The accompanying Management Advisory Report presents our findings arising from our audit of the Twenty-Second Judicial Circuit, Circuit Clerk's Office.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

November 1, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Alice M. Fast, CPA
Audit Staff:	Monique Williams, CPA
	Kate Petschonek

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

TWENTY-SECOND JUDICIAL CIRCUIT
ST. LOUIS CITY, MISSOURI
CIRCUIT CLERK'S OFFICE
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Open Items
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The Circuit Clerk's Office has several accounts with monies held for inactive cases and incomplete and inaccurate open items listings. The two main cash handling divisions - civil and criminal, each have two separate bank accounts. Account I represents monies received for cases filed before January 1, 1999, and account II represents monies received for cases filed after January 1, 1999. In addition, the office has a garnishment account.

A.1. At June 30, 2002, the open items list indicated the court was holding \$9,767,000 in deposits for the civil account I. These deposits were either insufficient to cover all court costs charged in the case, the defendant had not paid the costs as ordered or the case had not been closed. However, the accuracy of the case balances on the open items lists for the civil accounts is in doubt due to various problems regarding the computer system. This has delayed the disbursement of these monies.

The civil financial records are maintained on an old computer system that was implemented in the 1980's. Our prior audit revealed numerous differences between the computer system and the manual case files. These differences included fees shown on the open items list that had been disbursed, individual open items not agreeing from the listing to the financial records, negative balances on the listing, and some types of fees that were not included on the open items listing when they should have been. Circuit Clerk's Office personnel have investigated these differences, identified the causes, and corrected the problem or adjusted their procedures to ensure similar differences do not occur in cases filed after January 1, 1999. However, the personnel have concluded that they need to manually agree the case file information to the computer system for all cases filed prior to January 1, 1999, before they can disburse these funds.

The office has limited financial resources and personnel to devote solely to investigating the open items listings of the civil accounts. They currently have one contract employee who is investigating the open items listing and prorating and disbursing all funds on disposed cases. According to court personnel, this employee can examine approximately 50 cases in a day. At this rate, working 115 hours a month, it will take this employee approximately 16.5 years to examine and dispose of all the items on the civil accounts open items listing. Between June 30, 2000 and October 31, 2002, these efforts have resulted in a reduction of the total open items of approximately \$238,000.

2. The office is holding partial payments of court costs collected on criminal cases prior to January 1999. Prior to that date, partial payments were not applied or prorated to court costs until a significant portion of the amount due was collected. Court personnel are currently reviewing partial payments received prior to January 1, 1999, and entering the correct open items information into the new criminal cashier system so a complete and accurate open items listing can be generated and partial payments can be prorated and disbursed.

Old, inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on personnel resources. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and city of the use of those monies. Sections 447.500 through 447.595, RSMo 2000 (which relate to unclaimed property), should be used to disburse any unidentified or unclaimed monies. In addition, if additional amounts are owed on old cases and it appears unlikely these amounts will be collected, a court order should be obtained to write off the balances due on the cases.

B.1. The open items listing for the civil accounts (accounts I and II) does not reconcile to the account balance. The open-items (liabilities) listing totaled approximately \$10,482,000 as of June 30, 2002, and included approximately 141,000 cases. The reconciled account balances at June 30, 2002, were approximately \$9,812,000 indicating a shortage of approximately \$669,000. As noted above, the accuracy of the open items listing is in doubt.

2. The monthly open-items listing has not been reconciled to the garnishment account balance since September 2001. Open items at September 30, 2001, were approximately \$150,200, which exceeded the balance in the account at that date by approximately \$82,500. Court personnel had monitored this difference from May to September 2001, on a daily basis, and the difference remained consistent. The cause of the difference had not been completely identified by court personnel; however, a portion of the difference is caused by limitations in the computer system. The computer system does not allow voided and re-issued checks to be entered so manual records were maintained by previous bookkeepers to track adjustments. All of these manual records have not been located and the completeness of those records is questionable.

The open items listing at June 30, 2002, exceeds the garnishment account balance by \$38,448. This difference, however, does not include various adjustments that must be taken into consideration in reconciling the amounts. In addition, we noted 38 items, totaling approximately \$4,200, on the June 30, 2002 listing were more than a year old. Garnishment receipts are to be disbursed within ten days according to local court rules. The office should investigate and disburse these items. If the payees cannot be located, the amounts should be disposed of in accordance with Sections 447.500 through 447.595, RSMo 2000, as applicable.

3. A complete criminal open items listing was not maintained prior to January 1, 1999. A spreadsheet was used to track open items from January 1999 to January 2002. A new computer system was implemented in January 2002, which tracks financial transactions, including open items. At June 30, 2002, the criminal account balances totaled approximately \$2,661,000 which exceeded the open items listing by approximately \$1,246,000. This difference will be decreased once court personnel are able to identify the open items from prior to January 1999. In addition, approximately \$107,000 in adjustments for voided checks and "stop payment" checks have been accounted for in the criminal "miscellaneous" liability account and have been held since 1995. These adjustments will increase the open items listing once they are identified. A review should be made of all open bonds to determine if the bonds have been forfeited and monies paid over to the city treasury as provided by Section 479.210, RSMo 2000. Bonds which have not been forfeited and remain unclaimed for one year or more, should be turned over to the state's Unclaimed Property Division as required by Section 447.595, RSMo 2000.

A periodic listing of open-items, along with a reconciliation to the account balances, are essential tools in ensuring that all records are in balance and that sufficient assets exist to cover the liabilities. To help prevent possible misappropriations of funds and to ensure that liabilities are ultimately distributed to the proper parties, an accurate and updated listing of all liabilities should be maintained and reconciled to the cash balance.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the Circuit Clerk :

- A. Disburse monies on old cases in a more timely manner and identify those cases which contain uncollectible court costs and obtain a court order to close those cases.
- B. Maintain and periodically reconcile open-items listings to the balances in the accounts. Old garnishment receipts and unclaimed bonds should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

- A.1. *We agree to disburse monies on old cases in a more timely manner and obtain a court order on the cases with uncollectible court costs. The office has reasonably concluded that the office's open items records prior to 1999 are not reliable to be used without further verification prior to disbursing based solely on the data contained in the open item records. The office bases its conclusion on the findings of the prior audit and our own observations. In that audit, the open items records (pre 1999) indicated that the office held more money than what the office actually had on deposit. The difference was in excess of several hundreds of thousands of dollars. As such, the office thinks that certain reasonable measures need to be taken prior to disbursing monies. In the past*

eighteen (18) months the office has begun to focus more on the work entailed in this process. During that period the office has disbursed over \$394,000. Our experience has demonstrated that this process as it is currently being conducted is time intensive. The office recognizes the need for faster results.

The office plans to meet the goal of speeding up the process without abandoning the necessary safeguards against errors through the use of automation. The Finance Department is developing a set of criteria that it thinks will properly tax and disperse court costs. Once the set of criteria is established, the office will have its vendor create software which will apply that set of criteria to old closed files. Files which do not meet the criteria will then be sorted out and will be processed by the labor/time intensive method currently being used. Once the software has been developed, it and the set of criteria will be tested in a test mode to determine that the software is performing as planned and that the set of criteria is properly identifying funds which can be validly disbursed. We anticipate that we will be testing this software in the next three months, and anticipate its implementation for live use in the next six months. We hope that this plan will result in a significant increase in the number of old cases being taxed in a day.

Our goal is to review the progress of this project every six months to evaluate the continuing feasibility of accurately disbursing the open-items monies to the appropriate parties. In anticipation of our success, the office transferred \$500,000 of the open-items funds to an account from which the office will disburse funds to the appropriate parties. We will continue to evaluate the need to transfer additional funds from the investment accounts to the disbursement accounts to cover future disbursements caused by the success of our plan of action .

- A.2. We agree. The Bookkeeping Department is currently working on creating an open-items listing via an Excel spreadsheet for all cases initiated between January 1, 1997 through December 31, 1998. This is a time intensive process because a staff person has to enter the receipt information from the one-write receipt ledger (McBee) and the check issued information on the spreadsheet. After this project is completed, we will enter the identified open items into the new Criminal Cashier System.*

We will repeat the same process with 1996 and prior years until we are unable to identify anyone else for whom we are holding monies. At that time we will disburse those funds pursuant to statute.

Our goal is to have this fully implemented within eighteen months.

- B. We agree. We will establish procedures for reconciling our current open-items listings to the balances in the bank accounts. Then, we will start the process of identifying why there are differences between the two records.*

The State Treasurer's Office has been assisting us in identifying whether the monies we hold are unclaimed.

Our goal is to have this fully implemented within eighteen months.

2. Accounting Controls and Procedures
--

A. At June 30, 2002, the Circuit Clerk's Office had approximately \$461,000 in outstanding checks that had been held for a considerable amount of time without adequate follow up to dispose of the checks. In addition to the accounts discussed in MAR 1, the office has two child support accounts. Account I contains monies received prior to the conversion to the Missouri Automated Child Support System (MACSS) in September 1998, and account II contains monies received after the conversion date. The following accounts have outstanding checks held in excess of one year.

- 1) The child support account II contains outstanding checks totaling approximately \$39,000 that have been outstanding for more than one year. Some of these outstanding checks date as far back as 1998. The Circuit Clerk's Office does not have an outstanding checklist for the child support account I. The account balance of approximately \$214,000 is believed by court personnel to represent outstanding checks issued prior to the implementation of MACSS.
- 2) The civil account I includes approximately \$68,000 from checks that have been outstanding for more than one year. Some of these outstanding checks date as far back as 1997. The civil account II includes approximately \$22,000 from old outstanding checks.
- 3) The garnishment account includes approximately \$38,000 from old outstanding checks. Some of these outstanding checks date as far back as 1997.
- 4) The criminal account I includes approximately \$600 from old outstanding checks. The criminal account II includes approximately \$7,200 from old outstanding checks.
- 5) The office has an additional account with a balance of approximately \$5,400. An outstanding checklist is not maintained for this account. Court personnel believe the balance is made up of outstanding checks from criminal cases voided during the term of the previous circuit court clerk.

Follow-up was made on the civil, garnishment and criminal accounts by letter in March and October 2001 to determine the status of these checks. The follow-up

logs indicate several letters were returned undeliverable. In addition, the Circuit Clerk has an internet site listing those individuals with outstanding child support checks. Personnel indicated they have received several responses due to the internet site.

These old outstanding checks create additional and unnecessary record-keeping responsibilities. Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If the payees cannot be located, the amounts should be disposed of in accordance with Sections 447.500 through 447.595, RSMo 2000, as applicable.

- B. Individual accrued court costs receivable balances are maintained on the civil computer system for each case; however, a receivables list is not maintained to summarize total amounts due from plaintiffs, defendants, and the city. A receivables list is not part of the regular computer reports, and special programming is needed to generate a receivable list or the court personnel can run a query of the financial system to generate an estimated receivables list. Office personnel have done limited test work on the receivables queries and they are unsure of the accuracy of the listings. In addition, the system still has cases dating back to the 1980's with accrued costs. A control account would assist the office in ensuring the accrued court cost records remain intact and in verifying the postings of collections and amounts due. A listing of accrued cost receivable balances should be reconciled periodically to the control account. An accrued cost listing would allow the Circuit Clerk to more easily review the amounts owed to the court and take appropriate steps to follow up on initial billings to ensure all amounts owed are collected on a timely basis.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the Circuit Clerk:

- A. Reissue old outstanding checks to any payees who can be located. If the payees cannot be located, the monies should be disposed of through the applicable statutory provisions. In addition, the clerk should develop procedures to periodically follow up on outstanding checks so the checks can be disbursed in a timely manner.
- B. Maintain a listing of and periodically follow up on accrued costs.

AUDITEE'S RESPONSE

- A. *We agree. We are currently in the process of voiding the old outstanding checks on the various bank accounts. After this process is completed, we will start disbursing the unclaimed monies to the State Treasurer's Office.*

In addition, we will continue the process of sending out letters to payees with checks outstanding more than six months. We will reissue checks to those individuals who respond to the letters. After we have exhausted all reasonable means of locating the payees, we will disburse the unclaimed monies to the State Treasurer's Office. We will establish written procedures on following up on outstanding checks.

Our goal is to have this fully implemented within 6 months.

- B. We agree that a listing of accrued costs should be maintained and periodic follow up should be performed. We will work with the software system's designers to create a computerized report of accrued costs. In addition, we will establish a formal policy on collecting unpaid court costs and writing off uncollectible costs.*

Our goal is to have this fully implemented within 1 year.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

TWENTY-SECOND JUDICIAL CIRCUIT
ST. LOUIS CITY, MISSOURI
CIRCUIT CLERK'S OFFICE
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Twenty-Second Judicial Circuit, Circuit Clerk's Office on findings in the Management Advisory Report (MAR) of our prior audit report issued for the Circuit Clerk Fund for the six months ended December 31, 1998 and year ended June 30, 1998; and our prior special review report of the Circuit Criminal Division - Finance Department - Cash Bond Deposits.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the Circuit should consider implementing those recommendations.

TWENTY-SECOND JUDICIAL CIRCUIT
ST. LOUIS CITY, MISSOURI
CIRCUIT CLERK FUND
SIX MONTHS ENDED DECEMBER 31, 1998
AND YEAR ENDED JUNE 30, 1998

1. Criminal Division - Cashier's Office

- A.1. The door to the safe was frequently left open and the cashier's supervisor and assistant finance manager were not always in the room to watch over the safe contents.
- 2. The numerical sequence of prenumbered receipt slips was not accounted for properly. Cashiers also frequently changed information entered on receipt slips through the use of "white-out", carbon paper, or other means.
- 3. Differences between the daily one-write pages and deposit totals were not adequately documented or explained in the accounting records. In addition, the cashier supervisor frequently changed the payment information entered on receipt slips from cash to money order and vice-versa.
- 4. Receipts were not always deposited in a timely manner.
- B.1. Accounting duties and issuing and canceling warrants were not adequately segregated and there was no independent reconciliation between the general ledger accounts and totals recorded on the cash control records, one-write receipt ledgers, and disbursement vouchers.
- 2. The duties of entering case payment information and issuing and canceling warrants were not adequately segregated.

3. Payments recorded on the Regional Justice Information System (REJIS) were not reconciled to payments recorded in the one-write receipt ledgers.
- C. A reconciliation between the bank statement and the general ledger and cash control records was not performed and differences between the bank statement and transactions recorded in the cash control records and general ledger were not investigated or reconciled. In addition, numerous errors were made by the bookkeeper when posting receipts and disbursements to the various accounting records. Also, some check sequences and voided check sequences were never recorded in the disbursement journal or transfer journal.
- D.1. Approximately \$107,757 in unidentified monies had been held for the past several years. In addition, the general ledger liability account balances were not periodically reconciled with the cash balance. At December 31, 1998, total liabilities exceeded the cash balance by \$42,643.
2. An open-items listing associated with collected partial payments held in trust was not prepared and was not reconciled to the cash balance.
 3. The bond open-items listing at December 31, 1998, included numerous old bonds, some which had been held over fifteen years.

Recommendation:

The Circuit Clerk:

- A.1. Ensure the Criminal Division's safe remains locked at all times.
 2. Ensure the numerical sequence of all receipt slips issued is accounted for properly. In addition, void and retain incorrectly written receipt slips and thoroughly document any changes to the receipt records.
 3. Ensure a documented reconciliation of receipts slips issued to monies deposited is performed by someone independent of cash receiving or recording functions. All differences should be investigated in a timely manner and their resolution documented.
 4. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- B. Provide for adequate segregation of duties and ensure that independent reconciliations and reviews of accounting records are performed. In addition, ensure the receipt slip number and amount paid is included for all receipts recorded into the computer and receipts recorded on REJIS are reconciled to receipts recorded in the one-write receipt ledgers.

- C. Prepare complete and accurate bank reconciliations. In addition, ensure transactions recorded in various accounting records agree with information recorded in source documents (such as the one-write ledger and check reports).
- D. Prepare and maintain a separate open-items listing for each general ledger account and reconcile balances to bank and book balances. In addition, all monies currently held in the old checking account should be identified and properly disbursed, if possible. Unclaimed bonds should be disposed of in accordance with state law. Any monies that cannot be identified should be disbursed to the State Treasurer's Unclaimed Property Section in accordance with state law.

Status:

A-C. Implemented.

- D. Partially implemented. The office has made progress in ensuring that open items since January 1999 have been properly recorded; however, the office is still researching the status of old cases filed before January 1999 and adding these amounts to the records as they are verified. See MAR finding number 1.

2. Costs for Criminal Cases

- A. A listing of accrued costs and restitution owed to the court was not maintained by the Circuit Clerk and monitoring procedures related to accrued costs were not adequate.
- B. Fees and fines collected by the Circuit Clerk were not remitted in a timely manner.
- C.1. The Criminal Division had not submitted criminal cost billings for the court costs to the state on a timely basis.
 - 2. When transmitting criminal cost bill reimbursements to the city, the Circuit Clerk did not provide the information necessary for the city to allocate and disburse the monies to the appropriate parties.
 - 3. The Criminal Division sent a criminal cost bill to the St. Louis City Comptroller's Office when a defendant was sentenced to St. Louis City's medium security institution (MSI). However, the court never received any reimbursement from the city.
- D. The Criminal Division did not collect crime victims' compensation (CVC) judgments from defendants assigned to MSI.
- E. The court had no set procedures as to which costs would be paid first when disbursing partial payments and the amount paid was not prorated among the various costs. The court did not periodically review misdemeanor case files with accrued costs to determine uncollectibility.

Recommendation:

The Circuit Clerk:

- A. Maintain a complete listing of accrued costs and restitution and establish procedures to routinely follow-up and pursue timely collection.
- B. Ensure all fees and fines collected are remitted monthly in accordance with state law. In addition, verify and disburse all monies collected in prior periods due to the state, city, and Board of Education.
- C.1. Submit criminal cost billings to the state on a timely basis.
- 2. Provide St. Louis City with the information necessary to allow the Treasurer and Comptroller to allocate and disburse criminal cost reimbursements received from the state. In addition, the Circuit Clerk's Office should identify similar fees from prior years and ensure those additional amounts are properly disbursed. Ensure remittances from the State of Missouri for reimbursement of court costs are turned over to the city treasurer upon receipt.
- 3. Develop a system to monitor criminal costs billed to the city, including all past billings, and work with the city to ensure those criminal costs are disbursed to the appropriate parties, including the state.
- D. Establish procedures to ensure the collection of CVC judgments due from defendants sentenced to MSI and disburse these funds as required by state law.
- E. Prorate any partial payments received among the various costs. In addition, identify those cases which contain uncollectible additional court costs and obtain a court order to close those cases.

Status:

- A. Partially implemented. The new criminal computer will print an accrued cost listing for cases entered into the system after January 2002. In addition, defendants from current cases are required to pay court costs immediately following their court appearance. Defendants making partial payments are required to appear in court on a monthly basis to make their payments. A warrant is issued for a defendant's arrest if payment is not received on time. As time and personnel resources allow, the office is reviewing the old manual records and entering partial payments into the computer so these monies can be disbursed and the office can obtain an accurate listing of monies due to them. Although not repeated in the current MAR, the recommendation remains as stated above.

B. Partially implemented. The office disburses fees semimonthly. They are investigating the old bank accounts and manual records to determine if there are additional fees due to the state, city, and Board of Education. Although not repeated in the current MAR, the recommendation remains as stated above.

C.1

&3. Implemented.

C.2. Partially implemented. A receipt coding form is sent with each payment to the city to provide the Treasurer and Comptroller with the necessary information to allocate and disburse the monies. The office has disbursed all monies properly that they have identified to date. They are investigating the old bank accounts and manual records to determine if there are additional fees due to the city. Although not repeated in the current MAR, the recommendation remains as stated above.

D. Not implemented. Although not repeated in the current MAR, the recommendation remains as stated above.

E. Partially implemented. Partial payments are applied automatically by the computer system according to a court cost hierarchy. The office is still attempting to identify partial payments received prior to the Clerk's administration so these funds can be disbursed also. See MAR finding number 1.

3. Child Support Department

A.1. Child support monies were not always recorded to the cash control records on a timely basis and reconciled to batch totals.

2. We noted 34 of 63 deposits made in September and October 1998 were not timely and daily deposit reports often did not include all batches entered for the day.

3. The Child Support Department did not always agree deposit report totals to monies on hand for deposit.

B. Bank reconciliations had not been prepared on a timely basis.

C.1. The duties of receiving, recording, depositing and disbursing monies were not always adequately segregated and adequate reconciliations of receipt information to deposits were not performed.

2. Three people in the Child Support Department had access to back out receipts; however, no supervisory review of back outs was conducted.

3. Updates made on the computer for payees were not properly reviewed. The same employees entering payments on the system could make changes to the payee's name or address on the computer. Disbursements were automatically made to the payee named on the computer.

4. There was no supervisory review of demand checks issued, and supporting documentation for the checks was not retained in the case files.
- D.1. The open-items balance generated by Missouri Automated Child Support System (MACSS) was not reconciled to the cash balance on a periodic basis. At December 31, 1998, the system cash balance exceeded the open-items balance by approximately \$281,000.
2. The department did not periodically review listings of held payments to ensure that monies held in the account were being distributed when due.
3. An open-items listing for the Parent Locator and Dissolution accounts was not prepared on a regular basis. In addition, at December 31, 1998, old outstanding checks totaling \$91,784 had remained in the Parent Locator bank account in excess of one year.
- E. Adjustments totaling \$32,890 were made to the November 1998 bank reconciliation for checks that were issued with the same identification numbers and were cashed twice by the recipients. The office could not provide a list of check numbers, payees, amounts or case numbers of the items that cleared the bank twice. In addition, other adjustments were made on the November 1998 bank reconciliation for checks and deposits clearing the bank at amounts different than recorded on the books, as well as other miscellaneous bank credits and debits. These adjustments totaled approximately \$66,000. The court had not been scanning their bank statements and following up on these adjustments monthly.
- F. The Child Support Department did not maintain manual records of control totals for voids, back out receipts, deposits, or checks printed to verify with the computer reports generated by the system. We also noted various reports were not printed on a monthly basis.
- G. The non IV-D record-keeping fee was transmitted to the city without the information necessary for the city to allocate and disburse these monies to the appropriate fund.

Recommendation:

The Circuit Clerk:

- A.1. Post all receipts to cash control records on a timely basis and reconcile the composition of receipts to bank deposits. In addition, reconcile monthly system receipt totals with totals of receipts posted and unreconciled batches.
2. Deposit receipts intact daily or when accumulated receipts exceed \$100, and establish procedures to account for all batch numbers assigned.

3. Require someone independent of cash receipting or recording functions to reconcile monies on hand for deposit with reported deposit totals and validated deposit slips.
- B. Prepare monthly bank reconciliations on a timely basis.
- C. Adequately segregate duties or ensure independent, documented reviews of the records are performed. In addition, ensure documentation supporting changes to the system is retained in the case files.
- D. Prepare listings of liabilities and reconcile to the cash balances on a monthly basis. Any differences should be investigated and explained on the reconciliations. The court should also review the listing of held checks on a periodic basis and ensure payments are being distributed when due, and attempt to notify those individuals with payments being held for non-current addresses. Procedures to routinely follow up and reissue any old outstanding checks should be adopted. If the payees cannot be located, the monies should be disposed of through the applicable statutory provisions.
- E. Identify instances of duplicate checks clearing the bank, and establish procedures to recoup any monies lost. In addition, procedures should be established to monitor checks and ensure duplicate checks are not issued. The court should also review the monthly bank statements in a timely manner, investigating differences between bank amounts and book amounts, and miscellaneous credits and debits, and ensure follow up actions are taken timely.
- F. Ensure all monthly reports are printed the first day of every month. In addition, manual records of control totals for voids, back out receipts, deposits and checks printed should be maintained and reconciled monthly with the computer reports to ensure the accuracy of the information.
- G. Provide St. Louis City with the information necessary to allow the Treasurer and Comptroller to allocate the non IV-D record-keeping fee.

Status:

A&C. These recommendations no longer apply to the Office. Processing of child support payments has been turned over to the state's Family Support Payment Center.

B, E

F&G. Implemented.

D. Partially implemented. The bookkeeping department reconciles the open items listing to the MACSS account balance monthly. The Circuit Court is no longer responsible for held checks, since the payment process was transferred. An internet site was created to list those individuals with old outstanding checks. See MAR finding number 2.

4. Computer Operations and Controls

- A. Passwords which restrict employee access to MACSS computer files were not kept confidential. In addition, several of the department's employees had access to system features which were not necessary to perform their regular job duties.
- B. Access to certain programs and data files were not adequately restricted on the REJIS system. One employee usually logged onto the computer in the morning and did not log off the computer so other employees could then make changes to computer information without having to log on themselves.
- C. Change reports, which reflect changes to financial records and court minutes, were not generated.

Recommendations:

The Circuit Clerk:

- A&B. Ensure unique passwords are assigned to each employee, passwords remain confidential, and the passwords are used to restrict access to specific computer programs and data files to authorized individuals.
- C. Consider generating periodic change reports. In addition, the Circuit Clerk should ensure that the change reports are received by the proper personnel and all changes are promptly reviewed and any unusual items are investigated.

Status:

A&B. Implemented.

- C. Partially implemented. Change reports are not being printed at this time; however, reports to gain security access are being printed and reviewed by each supervisor. Correction forms are also used to request changes to the financial records. This is approved and posted by the Bookkeeping Supervisor. Although not repeated in the current MAR, the recommendation remains as stated above.

5. Missing Records

Various accounting records maintained by the Child Support Department and records prepared by the Criminal Division were missing.

Recommendation:

The Circuit Clerk ensure all records of the Circuit Court are properly retained and available for review.

Status:

Implemented.

6. Civil Division

- A.1. The balance shown on the open-items listing for many cases included the Court Automation, Family Court, Law Library, and Courthouse Restoration fees even though they had already been disbursed and we noted other cases where the balance shown on the open-items listing was incorrect because modifications had been made to the balance. The open-items listing also included many cases filed by the City Collector, even though these court costs were manually taxed and disbursed monthly.
2. The court's open-items listing did not include cash bonds, registry deposits and guardian ad litem costs.
3. The open-items listings were not reconciled to the Circuit Clerk's applicable cash and investment balances on a periodic basis.
- B. We noted the following problems when comparing the information in the manual case files to the computer financial information:
 - * The computer indicated law library, courthouse restoration, and court automation fees had been disbursed twice or that these fees had not been disbursed, when it was the court's policy to disburse these monies monthly and the manual case files rarely indicated whether the amounts had been disbursed.
 - * Some cases had negative balances on the computer when the court was actually holding monies for these cases.
 - * The computer indicated monies were still being held for many cases filed by the City Collector, although it was the court's procedure to disburse these monies the same month they were collected and the manual case files did not indicate whether the amounts had been disbursed.
 - * Documentation was not always retained in the manual case file or on the computer to indicate the reasons for the modifications.
 - * Bills were not always sent to all the responsible parties who owed court costs.
 - * Instances were noted where the balance on the computer did not agree to the case balance on the open-items listing.

The court did not have a complete history of the financial transactions for each case. The computer contained some of the information and the manual case files contained other information. A supervisory review was not conducted to ensure that the computer information and manual case file agreed.

- C.1. The cashier drawers could be locked, unlocked, and opened with a key allowing the cashiers access to their drawers without ringing in a transaction.
- 2. A printout of the "non-posted" transactions was not periodically run.
- 3. The name of the person making the payment was not always entered into the computer.
- 4. The mail log was not reconciled to the receipts entered for the day and the duties of receiving and recording mail receipts were not adequately segregated.
- D. Several types of court fees had not been distributed to the appropriate funds on a timely basis.
- E. At December 30, 1998, old outstanding checks totaling approximately \$17,000 remained in the Cashier's Refund Account in excess of one year and \$557 in reconciling items that were incorrectly deducted from the bank account also remained in the account.
- F.1. The correction forms were not prenumbered.
- 2. When correcting items on the computer system, documentation was not maintained in the case file nor on the computer system to document the reason for the change.
- G.1. The Finance Department could not locate sixteen selected checks, nine of which had been indicated as void on the court's records.
- 2. Checks were not voided on the computer system in a timely manner.
- H. There was no supervisory review of the disbursements prepared by the Assistant Finance Manager.

Recommendation:

The Circuit Clerk:

- A. Periodically prepare an open-items listing and ensure all balances listed are actually open items and that the listing does not include fees that have already been disbursed. The court should also maintain a record of monies held for cash bonds, registry deposits and guardian ad litem costs. The open-items listings should be periodically reconciled to the balance of applicable civil monies held.

- B. Record in the manual case file the date, amount, and transaction number for monies collected, and the date, amount, and check number of disbursements. In addition, a final financial summary from the computer should be included in the manual case file and should be reconciled to information in the case file. All minute entries should also be included in the case file to properly reflect the current status of the case.
- C.1. Allow access to the cash drawers only when a transaction is rung into the computer and money is collected.
 - 2. Periodically run a printout of non-posted cashiers' transactions and ensure someone independent accounts for the numerical sequence of transaction numbers.
 - 3. Require the cashiers to enter the name of the person making the payment for each receipt entry on the computer.
 - 4. Segregate the duties of receiving and recording the mail receipts. In addition, the mail log should be reconciled to the receipt records daily.
- D. Disburse all court fees monthly to the city and state as required by state law.
- E. Reissue old outstanding checks to any payees who can be located. If the payees cannot be located, the monies should be disposed of through the applicable statutory provisions. The Circuit Clerk should consult with the State Treasurer's Office regarding the proper disposition of unclaimed funds. In addition, procedures to routinely follow up and reissue any old outstanding checks should be adopted. In addition, the Finance Department should review the bank statements monthly and investigate and resolve any reconciling items in a timely manner.
- F.1. Issue prenumbered correction forms and account for the numerical sequence.
 - 2. Maintain supporting documentation for all changes to the computer system and ensure periodic independent review of these changes.
- G.1. Issue stop payment orders, attempt to locate, and void these missing checks. All voided checks should be properly defaced and retained.
 - 2. Ensure returned checks are voided on the computer system in a timely manner.
- H. Perform an independent review to ensure the disbursements appear proper.

Status:

- A. Partially implemented. Currently, the office is researching the status of the outstanding items on the old cases and the open items listing does not agree to the cash balance. See MAR finding number 1.

B. Partially implemented. The Civil Taxing Department records the monies collected for each case and the court costs assessed on the inside back cover of the case file. A copy of the minute entries is also maintained in the case files, although a final financial summary is not. The disbursement information including the check number and date are not in the case file; however, it is maintained in the computer system. Although not repeated in the current MAR, the recommendation remains as stated above.

C.1. Not implemented. Although not repeated in the current MAR, the recommendation remains as stated above.

C.2-4,

D,

F-H. Implemented.

E. Partially implemented. The office issued letters to attempt to disburse the monies. See MAR finding number 2.

7. Costs for Civil Cases

A. The court was holding over \$8.5 million at June 2, 1999, on cases that had already been finalized and the court was holding \$523,460 at June 30, 1999, on cases that were finalized between August 1, 1998 and May 30, 1999.

B.1. The Circuit Clerk did not adequately pursue the collection of accrued court costs.

2. A receivables list was not maintained from July 1997 to December 1998, to summarize total amounts due to the court.

C. Many of the funds held on deposit in the civil account were for old cases which contain deposits insufficient to cover all court costs charged in the case.

Recommendation:

The Circuit Clerk:

A. Consider either using the plaintiff's initial deposit to pay out court costs assessed against the defendant on all cases or refund the plaintiff's initial deposit when the costs are assessed against the defendant.

B. Maintain a listing of, and periodically follow up on, accrued costs. In addition, the court should send out second billings on costs that remain unpaid after a certain period of time.

- C. Identify those cases which contain uncollectible additional court costs and obtain a court order to close those cases by paying out monies in accordance with legal provisions or opinions.

Status:

- A. Partially implemented. The office has an individual who is examining these old cases and applying the deposits. The open items listing has been reduced approximately \$238,000 since June 30, 2000. See MAR finding number 1.
- B. Partially implemented. A listing of accrued costs is not maintained; however, a query report is run to follow up on cases needing to have costs applied. Second billings are sent to the responsible party. See MAR finding number 2.
- C. Not implemented. See MAR finding number 1.

8. Certified Copies Department

- A. The Certified Copies Department did not account for the numerical sequence of prenumbered request forms used as receipt slips and a reconciliation between request forms returned by the Cashier's Office and request forms on file with the Certified Copies Department was not performed.
- B. The Certified Copies Department did not transmit monies received in the mail to the Cashier's Office on a timely basis.
- C. The Certified Copies Department did not always indicate why a request for copies was not charged.
- D. Checks and money orders received through the mail were not restrictively endorsed immediately upon receipt.

Recommendation:

The Circuit Clerk:

- A. Require someone independent of handling the copy receipts to periodically account for the numerical sequence of the request forms and reconcile payments shown on the request forms to payments entered for copies in the Cashier's Office.
- B. Transmit receipts intact daily or when accumulated receipts exceed \$100.
- C. Require appropriate information and the reasons for not charging for copies be documented on all request forms as applicable.

- D. Restrictively endorse checks and money orders immediately upon receipt and prepare a list of mail receipts when the mail is opened. In addition, someone independent should reconcile the mail listings to monies transmitted.

Status:

A&B. Implemented.

- C. Not implemented. Although not repeated in the current MAR, the recommendation remains as stated above.
- D. Partially implemented. All checks are restrictively endorsed immediately upon receipt; however, a mail log is not being prepared. Although not repeated in the current MAR, the recommendation remains as stated above.

9. Garnishment Office

- A. Disbursements were not made immediately after the ten-day holding period as established by "local order" Rule No. 82.3.1.
- B. Monthly open-items listings were prepared by the Garnishment Office; however, the listings were not reconciled to the bank account balance. The total identified open items at December 31, 1998, exceeded the balance in the bank account at that date by approximately \$73,300.
- C. At December 31, 1998, old outstanding checks totaling \$5,828 had remained in the garnishment bank account in excess of one year.

Recommendation:

The Circuit Clerk:

- A. Disburse monies immediately after the ten-day holding period according to local orders. The court should consider reconstructing case files that cannot be found so disbursements can be made in a more timely manner.
- B. Investigate and resolve differences between the monthly open-items listings and the balances in the bank account. The open-items listings should be reconciled to the balance in the bank account on a monthly basis.
- C. Reissue old outstanding checks to any payees who can be located. If the payees cannot be located, the monies should be disposed of through the applicable statutory provisions. In addition, procedures to routinely follow up and reissue any old outstanding checks should be adopted.

Status:

- A. Implemented.
- B. Not implemented. See MAR finding number 1.
- C. Partially implemented. Two attempts have been made by the office to locate payees and the number of outstanding checks has been reduced by these efforts. See MAR finding number 2.

10. Special Interest Account

Bids were not always solicited for major purchases nor was bid documentation always retained.

Recommendation:

The Circuit Clerk solicit bids for all major purchases and retain appropriate documentation of these bids. In situations where bids cannot be taken, the reasons for not taking bids should be documented and retained.

Status:

Implemented.

11. Juvenile Office

Accounting duties were not adequately segregated. One court clerk prepared the court cost bills, received monies, and recorded receipts. Further, there was no documented independent review of accrued cost files.

Recommendation:

The Circuit Clerk adequately segregate the duties of billing, collecting and recording court cost payments. At a minimum, there should be a documented supervisory review of the various supporting records.

Status:

Implemented.

SPECIAL REVIEW OF THE CIRCUIT CRIMINAL DIVISION -
FINANCE DEPARTMENT - CASH BOND DEPOSITS

1. Missing Funds

Fifteen cash payments for bonds posted between December 20, 1997 and November 21, 1998, were altered and, therefore, portions of the cash bond payments received, totaling \$9,300, were not properly recorded and deposited.

In April 1999, the employment of the cashier/bookkeeper responsible for collecting some cash bond payments and recording all cash bond activity was terminated.

Recommendation:

The Circuit Clerk work with law enforcement officials regarding restitution of the missing monies and any criminal prosecution considered necessary.

Status:

Implemented. Restitution was collected in full from the employee responsible.

2. Accounting Controls and Procedures

- A. The Finance Department personnel could not locate open-items listings prepared prior to December 31, 1998. In addition, the bond open-items listings did not reconcile to the balance in the bond account. The total identified open items at December 31, 1998, exceeded the balance in the general ledger bond account at that date by \$638,112.
- B. The duties of receiving and recording cash bond monies collected by the Finance Department were not adequately segregated. The former Bookkeeper performed both of these duties, as well as processing and recording bond disbursements. No one independent of the process reconciled bond receipts recorded in the one-write receipt ledger with amounts recorded in other bond records.

Recommendation:

The Circuit Clerk:

- A. Investigate and resolve differences between the open-items listings and the balances in the general ledger bond account. Any identified shortage should be investigated and resolved. All bond receipts and disbursements should be properly recorded to the bond ledger, and accurate open-items listings should be prepared periodically and reconciled to the balance in the general ledger bond account.
- B. Provide for an adequate level of segregation of duties between receiving, recording, and depositing monies collected by the Criminal Finance Department. In addition, the Circuit Clerk should provide for a documented review of accounting records by an independent person.

Status

- A. Not implemented. See MAR finding number 1.
- B. Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

TWENTY-SECOND JUDICIAL CIRCUIT
ST. LOUIS CITY, MISSOURI
CIRCUIT CLERK'S OFFICE
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Twenty-Second Judicial Circuit includes only St. Louis City. The circuit consists of twenty-four circuit judges, one of whom serves as presiding judge, seven associate circuit judges, five commissioners, and one deputy commissioner.

In addition to the judges, the personnel of the Twenty-Second Judicial Circuit, St. Louis City, Missouri includes the Circuit Clerk, twenty-six court reporters, a court administrator, a jury supervisor, a juvenile officer, and approximately 480 other court employees. Approximately 160 of these employees work under the supervision of the Circuit Clerk.

The Circuit Clerk is elected for a four-year term. The Circuit Clerk's Office plans, assigns, coordinates, and supervises the operation and administration of the circuit court presided over by the circuit judges. Duties of the Circuit Clerk include: docketing, clerical tasks, documentation of court matters, accounting and recording, receipting and disbursing funds through the circuit and associate circuit divisions, and administering the operations of the court.

Operating Costs

Most operating expenses of the Circuit Clerk's office are paid by St. Louis City, with the balance of expenses paid with interest money earned on court deposits. The salaries of the Circuit Clerk and permanent Circuit Clerk personnel are paid by the State of Missouri.

Caseload and Time Standards Statistics

Caseload statistics of the filings and dispositions as provided by the State Court Administrator's Missouri Judicial Reports, are as follows:

Type of Case	Year Ended June 30,			
	2001		2000	
	Filings	Dispositions	Filings	Dispositions
Civil	32,101	32,809	31,887	29,546
Criminal	13,037	11,209	13,665	12,507
Juvenile	6,480	6,522	5,596	5,394
Probate	1,422	1,010	1,047	1,030
Total	53,040	51,550	52,195	48,477

Compliance by the Twenty-Second Judicial Circuit, St. Louis City, Missouri, with time standards for disposition of certain types of cases, provided by the State Court Administrator's Missouri Judicial Report for fiscal year 2001, is as follows:

Type of Case	Time Standard	Twenty-Second Judicial Circuit St. Louis City, Missouri		State Total
Circuit Civil	90% in 18 months	76 %		78 %
	98% in 24 months	85		87
Domestic Relations	90% in 8 months	81		81
	98% in 12 months	89		89
Associate Civil	90% in 6 months	89		85
	98% in 12 months	97		96
Circuit Felony	90% in 8 months	79		85
	98% in 12 months	92		92
Associate Criminal	90% in 4 months	78		77
	98% in 6 months	87		88

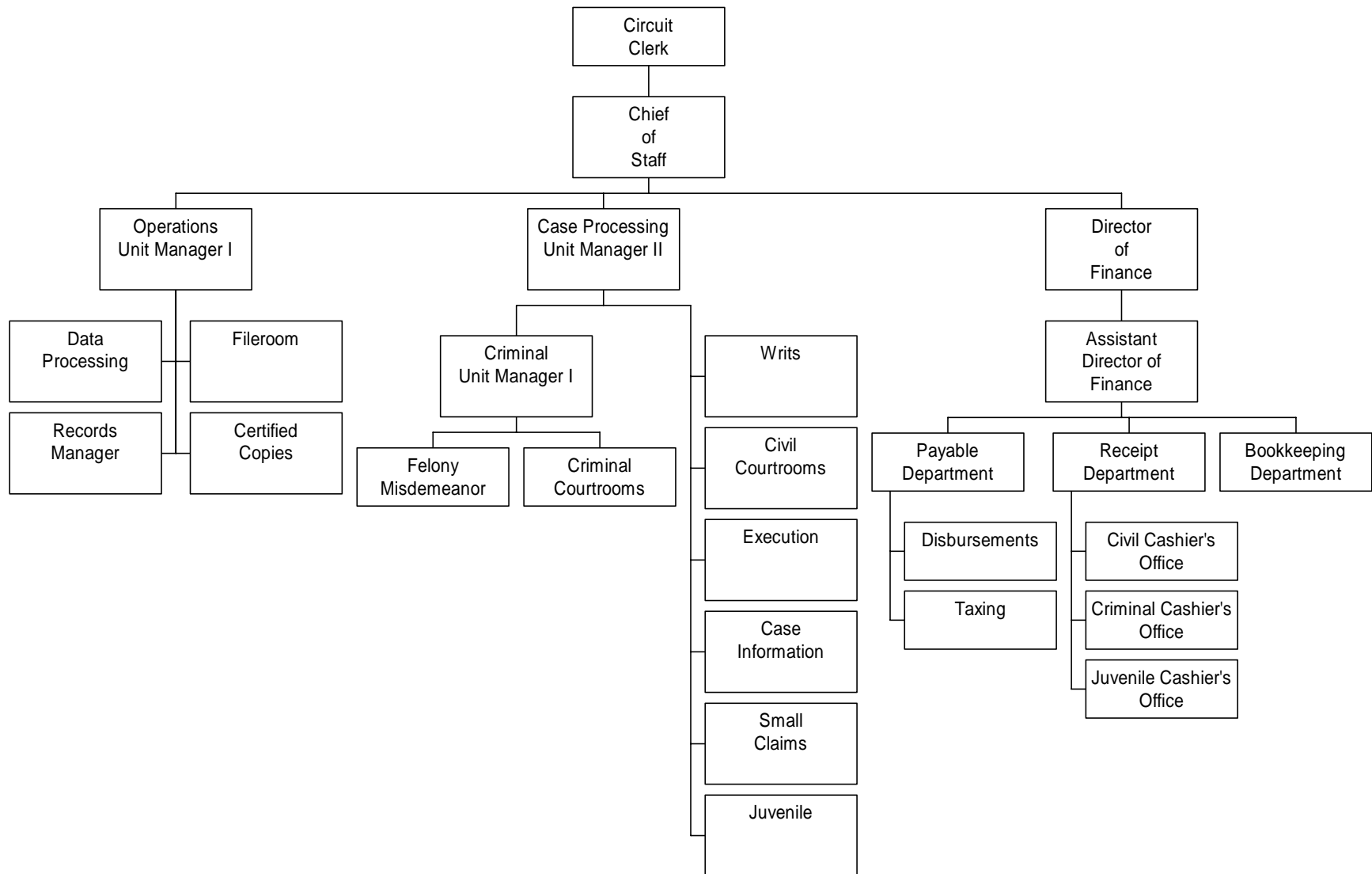
Personnel

On June 30, 2002, key personnel in the office of the Circuit Clerk were:

Circuit Clerk, Mariano V. Favazza
 Chief of Staff, Kathy Gamache
 Director of Finance, Ken Steinkamp
 Assistant Director of Finance, Melvin Kindle

An organization chart follows:

TWENTY-SECOND JUDICIAL CIRCUIT
ST. LOUIS CITY, MISSOURI
CIRCUIT CLERK'S OFFICE
ORGANIZATION CHART
JUNE 30, 2002





**DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE ADJUTANT GENERAL**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-22
March 5, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Public Safety, Office of the Adjutant General.

The Office of the Adjutant General (OAG) currently operates 63 individual armories located in various cities and towns statewide. The costs to operate and maintain these armories are paid from federal and state funds. The OAG's long-range plans currently estimate armory repair, maintenance, and capital improvement costs will total approximately \$33 million over the next eight years. The OAG rated 17 (or 26 percent) of the armories in the worst category for their condition. Some armories exist within close proximity and some operate with a low ratio of actual to authorized troop strength. The audit recommends the OAG determine whether any armories should be closed for economical reasons.

State law established the National Guard Member Scholarships Program. This program allows any active member of the Missouri National Guard to receive tuition assistance while attending an approved public or private institution. State funding will pay 100 percent tuition assistance to those eligible guardsmen who enlisted prior to April 1, 2001, and 50 percent tuition assistance to those enlisting after April 1, 2001. Expenditures for tuition have risen from \$573,982 in fiscal year 2000 to over \$2 million in fiscal year 2002. We noted the OAG maintains no formal system to track the total amount of assistance paid to each guardsman and has not established an accounts receivable control account nor detailed listings to account for amounts owed due to noncompliance with program requirements. A total of \$258,354 was owed to the state for recoupment of tuition assistance as of November 2002.

The OAG has 189 cellular telephones, with most assigned to specific individuals and some reserved for pool usage. Cellular phone charges have risen from approximately \$79,500 during fiscal year 2000 to over \$187,000 during fiscal year 2002. The audit noted that some of the OAG's cellular phones were not enrolled in the most cost-effective plan.

The OAG does not reimburse the state's General Revenue Fund for monies used for salary costs of civilian employees working in its cafeteria. Further, these costs are not included in calculating food prices for the cafeteria. As a result, the state's General Revenue Fund is subsidizing operations of the OAG's cafeteria. An OAG official indicated total cafeteria salary and benefit costs paid from the General Revenue Fund amounted to \$227,804 and \$220,950 in fiscal years 2002 and 2001, respectively.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE ADJUTANT GENERAL

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Charles R. Jackson, Director
Department of Public Safety
and
Brigadier General Dennis Shull, Adjutant General
Office of the Adjutant General
Jefferson City, MO 65102

We have audited the Department of Public Safety, Office of the Adjutant General. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review the efficiency and effectiveness of certain management practices.
2. Review certain financial activity and related procedures and examine compliance with certain statutes.
3. Review certain other internal control procedures and management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed written policies, financial records, and other pertinent documents, and interviewed various personnel of the Office of the Adjutant General.

As part of our audit, we assessed the agency's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the agency's management and was not subjected to the procedures applied in the audit of the Office of the Adjutant General.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Public Safety, Office of the Adjutant General.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

October 4, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Dan Vandersteen, CPA
Audit Staff:	Liang Xu
	Mary Johnson

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE ADJUTANT GENERAL
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.

Armories

The Office of the Adjutant General (OAG) currently operates 63 individual armories located in various cities and towns statewide. The costs to operate and maintain these armories are paid from federal and state funds. Since many armories are aging and have high operating and capital improvement costs and some armories are located in close proximity to one another and serve similar functions, it appears the issue of consolidation and/or closure of some armories should be considered by the OAG.

Armories are costly to maintain and often require frequent repair, maintenance, and capital improvements. This may be due in part to the existence of several older facilities. Fifteen armories were built in 1945 or before. The OAG's long-range plans currently estimate armory repair, maintenance, and capital improvement costs to total approximately \$33 million over the next eight years. Annual installation status reports are conducted and each armory is given an overall rating. Currently, 17 (or 26 percent) of the armories are rated in the worst (red) category for their condition. Facilities with overall ratings in this category are planned to incur repair, maintenance, and capital improvement costs averaging over \$550,000 per armory over the next eight years. Many of these are aged facilities and thus, might require above average costs to maintain.

According to OAG personnel, the issue of closing armories has previously been considered and some armories were identified for possible closure, however, no documentation of the study or its recommendations for armory closures was kept by the OAG. Additionally, pairs or more of armories exist within close proximity to one another. Some of these armories also have a low troop strength and/or a low ratio of actual troop strength to authorized troop strength. As of the end of October, 2002, there existed 8 (13 percent) armories with troop strength at or below 75 percent of authorized levels, including one armory at only 32 percent of authorized troop strength and another at 17 percent. OAG personnel also informed us that some nearby armories already combine forces on drill weekends, with activities occurring the first day at one armory and at the other armory the ensuing day. This may indicate a potential for closing one of the armories.

There may be opportunities for the OAG to realize cost savings and increased economy and efficiency through the closure of some armories. The OAG should investigate and determine the feasibility of reducing the number of armories operating within the state.

WE RECOMMEND the OAG conduct a feasibility study to determine whether any armories should be closed for economical reasons.

AUDITEE'S RESPONSE

The OAG agrees in concept that a potential may exist for financial savings by consolidating occupancy of some facilities and closing other marginal facilities. In the past, political sensitivities have not allowed closure options to be seriously considered. In view of the current state financial challenges, such solutions may now be more feasible. Any decision must be in harmony with the requirements of National Guard Bureau Regulation (NGR) 10-1 that establishes the requirements for federal recognition of Army National Guard units receiving federal support. Failure to adhere to the requirements of NGR 10-1 will jeopardize federal basing of those National Guard units in the State of Missouri. The Adjutant General has tasked the Chief of Staff, Missouri Army National Guard, to conduct a feasibility study resulting in a decision briefing. If the decision briefing results in recommendations of armory closures or consolidations, the issue will be brought to the Military Council for consideration. The Military Council serves as the advisory board to the Adjutant General and the Governor in accordance with the provisions of Section 41.220, Missouri Revised Statutes. A final recommendation would be referred to the Governor as the Commander in Chief of the Missouri Military Forces.

2. National Guard Member Scholarships Program
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Section 173.239, RSMo 2000, establishes the National Guard Member Scholarships Program. Any active member of the Missouri National Guard can receive tuition assistance while attending an approved public or private institution. State funding will pay 100 percent tuition assistance to those eligible guardsmen who enlisted prior to April 1, 2001, and 50 percent tuition assistance to those enlisting after April 1, 2001. The law establishes criteria for eligibility, student performance, funding limitations, and default and repayment of assistance. Expenditures for tuition have risen from \$573,982 in state fiscal year 2000 to over \$2 million in state fiscal year 2002. OAG personnel indicated that approximately 900 individuals were receiving assistance for the Fall 2002 semester. The results of our audit indicate a need to better manage and monitor educational assistance payments.

- A. The OAG lacks a formal automated tracking system to monitor compliance with various aspects of state law and to account for amounts in default.
- State law limits the number of semesters or quarters for which a guardsman is eligible for tuition assistance. Currently, OAG personnel must rely on having a participants' latest college transcript on file to determine compliance with this provision.

State law requires a guardsman to remain a member of the Missouri National Guard for three years following the last semester for which tuition assistance was received or repay the total amount of educational assistance received. Currently, OAG personnel must manually research individual files to determine compliance with this provision and establish the amount of the accounts receivable. This results in untimely and erroneous billings. We noted

three of fourteen accounts tested (21 percent) were not billed until one to five months subsequent to default.

- The OAG maintains no formal system to track the total amount of assistance paid to guardsman. Instead, OAG personnel merely place copies of assistance checks in the files of individual guardsmen. The lack of a system to record and track total assistance payments has resulted in errors when calculating the accounts receivable resulting when guardsmen default. We noted four of fourteen accounts tested (29 percent) had errors in calculating the amount of the receivable. In addition, OAG personnel brought to our attention six more accounts, totaling \$4,465, where errors were made in calculating the amount of receivable. This resulted in these amounts not originally being billed.
- The OAG has not established an accounts receivable control account nor detailed listings to account for amounts owed. Instead, OAG personnel must refer to individual files containing copies of billing letters and documentation of amounts received. We noted a total of \$258,354 was owed to the state for recoupment of tuition assistance at the end of November, 2002.

The OAG should develop a formal automated tracking system to monitor compliance with various aspects of state law and to account for amounts in default.

- B. Duties related to accounts receivable are not adequately segregated. Currently, the same individual prepares billings, receives payments, and maintains the accounting records. In addition, management does not perform regular reviews of the accounts to ensure they are being maintained properly. Without proper segregation of duties and adequate supervision of the tuition assistance program, problems and errors may go undetected and the risk of misappropriation of assets is increased.

WE RECOMMEND the OAG:

- A. Develop a formal automated system to monitor compliance with various aspects of state law and to account for amounts in default.
- B. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

- A. *At the suggestion of the auditor, we have added data fields to our database to capture the number of semesters and semester hours of tuition assistance provided to each soldier. Under the state statute an individual is eligible to receive up to 10 semesters, 15 quarters, or the equivalent. The purpose of the transcript is not to determine compliance with the number of semesters as the auditor suggests, but to determine compliance with*

the required 2.5 cumulative grade point average (GPA) to ensure the individual remains a qualified applicant for assistance. In addition to ensuring the GPA is maintained, it is used as our check to ensure that when the individual signed up for 15 hours at the beginning of a semester and we paid the school for 15 hours, that the soldier in fact completed 15 hours and did not drop a class or classes before the end of the semester. By using the transcript in the manner described, we are able to recoup from the next semester any amounts over paid by us for the previous semester class or classes that the soldier may have dropped without notifying National Guard of Missouri – Director of Personnel, Plans - Incentives (NGMO-DPP-I). This could be accomplished without going into a complete recoup process using the Attorney General's office.

The individual responsible for the past recoup actions audited no longer works in the NGMO-DPP-I office. Since July 1, 2002, NGMO-DPP-I has reorganized and re-delegated responsibilities internally. The Account Clerk II and the Education Services Officer perform the functions involved in recouping monies due the state since July 1, 2002. This allows for two internal reviews on billing amounts and one external review with all associated documentation by the Attorney General's Office. The time delay in 1 to 5 months subsequent to the default date is a matter outside of the NGMO-DPP-I office's ability to correct. The discharge orders are given to NGMO-DPP-I on a daily basis, however the effective date of discharge may be as many as 6 months before the actual date of the order. In addition, if NGMO-DPP-I receives the discharge order during the beginning of a semester, the priority is to provide payment support to our active soldiers.

There are no statutory requirements to develop or maintain a cumulative total of assistance provided to an individual and to do such is merely an additional administrative burden on this office. As stated above, since July 1, 2002, new measures have been implemented to alleviate the errors.

This office has established a database to track accounts receivable of all individuals who are in default. We also reconcile with the Attorney General's Office on cases turned over to them for collection. In addition NGMO-DPP-I receives a monthly accounts receivable report from the State Fiscal Office which we balance against each month.

We have in the past 6 months implemented several new and amended procedures that track the areas that the auditor had identified. Prior to July 1, 2002, the Education Services Officer handled all recouping actions. This individual had no computer skills and at best had limited knowledge of accounting methods. Although we have implemented new tracking procedures and methods, we still have several steps left to go. At this point the single largest hurdle we must clear is one of personnel. The sheer volume of work that passes through the Education Services Office each semester is huge. This office went from processing 61 applications the first year to processing over 1,600 each year. The budget has grown from \$37,000 the first year to over \$2,000,000 annually. Recouping of tuition assistance has grown from \$12,762 during Fiscal Year 2001 (FY-01) to \$83,936 during FY-02. Since the beginning of FY-03 on July 1, 2002, this office has collected \$77,724 in only 7 months. Our scholarship budget has increased

over 50 times what it was during the first year and the number of applications has increased over 25 times. With this in mind we believe we are doing an outstanding job with the number of personnel we have to administrator the program. We are seeking additional assistance through a part-time or full-time employee. If it is found to be impossible to add manning to the NGMO-DPP-I office, it may be necessary to task other directorate personnel to assist on an as-needed basis to provide separation of duties. Current state budget shortfalls are delaying the added assistance.

- B. With budget and personnel constraints it is currently impossible for NGMO-DPP-I to properly segregate the duties and perform the reviews as the auditor suggests. A desk audit has been requested to elevate the Account Clerk II position to an Accountant I. This would facilitate adding personnel under that position to segregate duties and deal with the workload volume. Additional manning support is being considered as discussed in the paragraph above.*

3.

Cellular Phones

The OAG could realize cost savings by strengthening its current cellular phone policy and by taking steps to ensure full compliance with that policy. Currently, the OAG has 189 cellular telephones, with most assigned to specific individuals and some reserved for pool usage. Cellular phone charges have risen from approximately \$79,500 during fiscal year 2000 to over \$187,000 during fiscal year 2002. These costs are paid from state and federal funds.

The OAG may be paying too much for cell phone charges since some individuals are assigned to inappropriate cellular phone plans. This occurs because the OAG's current policy includes no guidance regarding how to determine which pay plan to assign to individuals upon issuance of a phone. In addition, phone usage is not adequately monitored. While the OAG's policy does require cellular phone plans to be reviewed periodically to identify and switch to plans that meet needs at the lowest cost, the procedure by which plans are reviewed is not always effective. Monitoring of the plans is left to the individual supervisors of cellular phone users and it appears these supervisors are not required to identify and justify the existence of users in inappropriate plans. Thus, the supervisors do not always initiate changes in plans, where appropriate.

We reviewed individual cellular phone bills, usages, and plans for the months of May and June 2002 and noted numerous examples of individual users set up in inappropriate plans. The following table illustrates some of these examples:

Example	Monthly Fees	Monthly Free Peak Minutes	May 2002 Charges	Total Minutes Used May 2002	June 2002 Charges	Total Minutes Used June 2002
1	\$24	150	\$164	464	\$196	502
2	24	150	338	845	369	908
3	24	150	128	387	323	823
4	40	400	40	27	40	36
5	40	400	610	1,972	836	2,594
6	40	400	231	942	653	2,109
7	56	600	483	1,804	232	1,093
8	56	600	166	913	225	1,082
9	85	900	85	11	85	181
10	85	900	85	31	85	74

While there were other examples of individuals set up with inappropriate phone plans, it should also be noted that we did observe occasions where supervisors initiated appropriate changes to users' cellular phone plans based upon a monthly review of billings. However, it is possible that not all supervisors are properly considering the variety of phone plans available when reviewing monthly bills. Accordingly, they do not always appear to be initiating appropriate phone plan changes for their users.

The OAG should expand its current policy to periodically require supervisors of cellular phone users or another independent party to formally justify cellular phone users to remain in plans that do not seem appropriate or to simply initiate changes into more appropriate plans. In addition, the OAG should review its current and historical levels of cellular phone use for business-related purposes along with the types of employee positions that require cellular phones and develop a standard for matching employees and their positions to cellular phone plans. Implementing such procedures should result in cost savings to the state.

WE RECOMMEND the OAG expand its current policies and procedures to ensure the most cost-effective cellular telephone plans for business-related purposes are selected based on actual usage by OAG personnel.

AUDITEE'S RESPONSE

From July 8, 2002, through February 4, 2003, 79 cell phones have been disconnected. The total recurring cost per month for these 79 cell phones was \$3,680. In the next two months, 47 more cell phones will be disconnected or removed from our account due to Recruiting assuming the payment from 100% federal funds. The total recurring cost per month for these 47 phones is

\$2,764. Rate plans continue to be reviewed and changed as needed. Supervisors have been directed to review and approve cellular phone billings.

4. Cafeteria Operations

The OAG does not reimburse the state's General Revenue Fund for appropriations used for salary costs of civilian employees working in its cafeteria. Further, these costs are not included in calculating food prices for the cafeteria. As a result, the state's General Revenue Fund is subsidizing operations of the OAG's cafeteria. Since cafeteria sales proceeds are deposited into the National Guard Training Site Fund, the OAG should reimburse the General Revenue Fund for the salary costs or pay salary costs directly from the National Guard Training Site Fund. An OAG official indicated total cafeteria salary and benefit costs paid from the General Revenue Fund amounted to \$227,804 and \$220,950 in fiscal years 2002 and 2001, respectively.

This subsidy of the cafeteria operations by the state's General Revenue Fund appears to be, in effect, a grant of public monies or property to a private person, association, or corporation as prohibited by Article III, Section 38(a) of the Missouri Constitution. For the OAG to repay the state's General Revenue Fund for the cost of civilian employees, an average retail price increase of about 85 percent would be necessary. For example, the price of the special of the day would need to rise from \$2 to \$3.70, a hamburger from \$1 to \$1.85, and a breakfast sandwich from \$1.50 to \$2.78.

To correct this situation, the OAG should adjust cafeteria food prices to include salary costs and either pay cafeteria salaries directly out of the National Guard Training Site Fund or periodically reimburse the state's General Revenue Fund from the National Guard Training Site Fund for the costs of salaries paid.

WE RECOMMEND the OAG adjust cafeteria food prices to reflect the costs of employee salaries and ensure the state's General Revenue Fund is not subsidizing cafeteria operations.

AUDITEE'S RESPONSE

Concur with the recommendation of the state audit. The cafeteria of the OAG was established to provide food service support for members of the Missouri National Guard attending training at the Ike Skelton Training Site (ISTS), members of the Army and Air National Guard of other states, and State and Federal employees other than the OAG attending training or conducting meetings at the ISTS. The operation of the cafeteria also enabled the workforce of the OAG to have a readily accessible and safer environment to obtain meals. The operation of the cafeteria is essential to the ISTS operation due to the unique security requirements of the installation which would result in unacceptable time loss for people departing for lunch. Return through the security control point at lunch would back traffic up and create an extreme safety hazard at the railroad tracks. Under the current flexible tour work schedule employees have a 2½-hour window afternoon. A noon meal break must be concentrated for customer service and continuity

of operations. Prior to the state audit, the costs of the operation of the cafeteria were considered in the establishment of prices for food items. These costs were food item costs, food service supplies, trash collection, pest control, uniform cleaning, equipment replacement, equipment repair, and inmate labor costs. The prices were reviewed periodically and changed to reflect changes in food item costs, the charge back of utilities (gas, electric, and water), and court rulings necessitating the collection and payment of state sales tax. After discussion with the state auditors, the cost of the employees have been factored in and the prices established for each food item has been changed to reflect the cost of these employees. A price increase of 67% was implemented on January 13, 2003, after we calculated the new cost for each item and the projected revenue these changes will generate. This process will be reviewed on an annual basis to determine if the cafeteria remains self-sufficient. In addition, legislative action will be initiated to allow the Training Site Fund account to have the capability of paying for personal service. Currently the Training Site Fund has the authority to pay for expense and equipment items, but not personal service costs.

5. Fixed Asset Inventory Audits
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Audits performed by the OAG's internal auditors contain several suggestions for improvement. We reviewed these audit reports and performed limited procedures in the area of fixed asset inventories and consequently, support the recommendations contained in the reports issued by the OAG's internal auditor.

The OAG internal auditor conducted fieldwork at twenty-four armories and training sites and the Youth Challenge program at Camp Clark. Some of the conditions noted as a result of this fieldwork are as follows:

- Changes to the fixed asset inventory records were not reported or completed on a timely basis or were not reported at all. As a result, the property books were not accurate or up-to-date.
- Property tags were not being applied or had worn off. In addition, the fixed asset inventory listing did not always contain sufficient detail.
- Duties were not adequately segregated regarding the control and counting of annual inventory. Personnel responsible for control, additions, and deletions of fixed asset inventory items were also responsible for conducting the annual inventory. As a result, errors could remain undetected and the risk of theft is increased.

Recommendations contained in the internal auditors' reports should be implemented by the OAG to improve the accounting records, strengthen controls, and reduce the risk of loss or theft for fixed asset inventories.

WE RECOMMEND the OAG implement recommendations contained in the internal audit reports dealing with fixed asset inventories.

AUDITEE'S RESPONSE

Concur with the following comments: The fixed assets of the OAG are being identified with either property tags or tags identifying items as State Property. The property section of the National Guard of Missouri State Resources Support Office(NGMO-SRS) is currently staffed by one individual which results in a severe backlog of work even though other members of the Section give assistance. Property numbers or tags are placed on items when received by NGMO-SRS (Property Section). Currently this office can only control items that have been purchased or that are coordinated with the purchasing office. Items purchased by other programs and not coordinated with this office can only be identified by physically inventorying these items when an inventory is scheduled for that area. In some cases property tags or numbers are removed or fall off the equipment resulting in items having no tags, even though they have been assigned and are on file in the old database system. In the past, several previous property individuals have updated the database program. This process allowed different descriptions, nomenclature, etc., to be entered. When the old program was developed no standard item descriptions were included in the design. The new program purchased by the NGMO-SRS will eliminate this problem, as standard nomenclature will be loaded in the program. Improvement in this area is currently being identified and will be discussed later.

The NGMO-SRS office is not doing a 100% physical hands on inventory. The NGMO-SRS sends out hand receipts to be inventoried by units and programs on a monthly schedule. Signed copies are not placed in the property file until both this office and the hand receipt holder's copy agree. This procedure can be on going until actions are completed, thus resulting in signed copies of inventories being older than one year. In addition, the NGMO-SRS tries to accomplish unannounced inventory of selected hand receipts on an annual basis. The Missouri NGR 735-1, dated January 1, 2000, was placed on the National Guard Web-Site and was available to all units and programs. The NGMO-SRS office will send a hard copy or email to units that require.

A SAM II workflow process change has been requested to have NGMO-SRS in the approval process when other programs of the Missouri National Guard purchase equipment. This workflow process will only route through the NGMO-SRS office when items are purchased utilizing object codes that identify items as equipment. These object codes are those approved and identified by SAM II for identifying equipment. This will enable NGMO-SRS to know when programs other than what is purchased through the State Support Office require tagging. In addition, when the Telecommunications and Facilities programs initiate purchase orders, a requirement to NGMO-SRS as the "Ship To" address has been implemented. This will allow NGMO-SRS to have the opportunity to tag equipment prior to being delivered to these sections.

A new fixed asset management program has been purchased, received, and is undergoing installation by the Information Management Division of the Office of the Adjutant General. The program was modified to reflect our needs and includes the old database program information that is used to track items. This program has the capability of receiving fixed asset downloads from SAM II thus allowing this office to do exception screenings and to take corrective action. The new program will have bar-coding capability and can be networked to other programs. Barcode printers, barcode scanners, and laptop computers are also a part of this program. This will allow NGMO-SRS to scan barcodes, make changes, and print hand receipts immediately

upon completion of inventories. The implementation of this new system will require a 100% physical hands-on inventory of all equipment to ensure accurate accountability between the state SAM II system and the fixed asset program.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE ADJUTANT GENERAL
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The governor is the commander in chief of the Missouri National Guard, and the adjutant general serves as the governor's chief of staff and administrative head of the military establishment. National Guard forces, as a result of a dual relationship, serve under the governor and, also, train to the standards prescribed by Congress, and report through the active military chain of command to the president when troops function in a federal status. The Office of the Adjutant General supervises all matters pertaining to administration, training, discipline, and mobilization of the Army and Air National Guard of Missouri.

Among state agencies, operation of the National Guard is under a unique joint federal/state relationship. Appropriations from the General Assembly pay for a portion the operation and maintenance of state armories. Some personnel of the adjutant general's office are state-paid employees.

As the military force available to the governor, the National Guard may be called on in times of emergency, when conditions threatening public health, safety, or welfare are beyond the ability of local governments to respond. When National Guard units are called to duty under those conditions, salary and operational expenses are covered by state funds appropriated to the Office of the Governor.

When performing monthly training and during annual training periods, salary and operational costs of National Guard units are paid through congressional appropriations to the Department of Defense. Federal funds also pay for the equipping of National Guard units and members, and units and individuals must meet standards identical to those of the regular forces. Numerous federally-paid civilian employees, military technicians, and active duty service members work alongside the office's state employees.

In addition to military duties, the adjutant general oversees the operation of the State Emergency Management Agency (SEMA) and the Office of Air Search and Rescue.

The Office of the Adjutant General is a constitutional office, called for by Article III, Section 46 of the Constitution of the State of Missouri. The majority of the statutory references of the office are found in Chapter 41, RSMo 2000. The office was assigned to the Department of Public Safety by specific transfer agreement under provisions of the Omnibus State Reorganization Act of 1974.

As of June 30, 2002, excluding SEMA, the office is authorized 474 full-time and 26 part-time state employees of which 253 were primarily paid from federal funds appropriated to the state. The Adjutant General during the audit period was Brigadier General Dennis Shull.

APPENDIX A

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE ADJUTANT GENERAL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND						
Unprogrammed requirements for facilities statewide	\$ 0	0	0	38,049	38,049	0
Administrative support of Federal Projects	128,095	119,864	8,231 *	244,757	116,662	128,095 *
Design, project management, and construction inspection of Federal projects	172,082	127,467	44,615 *	197,011	24,929	172,082 *
Design, renovation, construction, and improvements at armories in Jackson, Sikeston, and Independence						
Site erosion repair	321	0	321 *	50,067	49,746	321 *
Renovate armory	260,606	260,606	0	301,921	41,315	260,606 *
Renovate armory	228,833	9,734	219,099 *	241,819	12,986	228,833 *
Correction of life safety code deficiencies at armories statewide	100,430	53,316	47,114 *	192,250	91,820	100,430 *
An asbestos abatement survey at armories statewide	0	0	0	63,255	62,445	810
Missouri Military Forces field support -						
Fuel and Utilities	1,382,651	841,171	541,480	1,334,651	1,294,611	40,040
Personal Service	994,846	818,821	176,025	927,691	810,062	117,629
Expense and Equipment	349,475	204,291	145,184	351,712	300,423	51,289
Design and construction of a new armory in Sedalia	396,252	268,712	127,540 *	483,553	87,301	396,252 *
Design, construction, renovations and improvements to the cafeteria at the Skelton training site	0	0	0	65,050	62,268	2,782
Missouri Military Forces Administration -						
Personal Service	1,945,167	1,586,894	358,273	1,930,802	1,771,721	159,081
Expense and Equipment	286,147	155,645	130,502	316,653	247,357	69,296
Drug Expense and Equipment	90,000	36,818	53,182	100,239	39,303	60,936
Operational maintenance and repairs for state and federally owned facilities	0	0	0	399,881	309,872	90,009
Challenge Youth Program -						
Personal Service	606,831	570,321	36,510	528,677	505,594	23,083
Expense and Equipment	543,442	435,184	108,258	472,003	357,843	114,160
A Multi-Use Facility on the MO State Fairgrounds for the Department of Agriculture and the Adjutant General-Missouri National Guard	1,031,760	169,854	861,906 *	0	0	0
National Guard Tuition Assistance Program pursuant to Section 73.239, RSMo	200,000	90,803	109,197	200,000	193,209	6,791
Maintenance, repairs, replacements, and improvements to roofing systems at the Missouri State Highway Patrol and Adjutant General - Missouri National Guard facilities statewide	0	0	0	47,455	6,588	40,867
Design and construction of a new armory at Macon	0	0	0	495,678	449,240	46,438
Design, project management and construction inspection of federal projects for the Adjutant General - Missouri National Guard	0	0	0	99,085	45,153	53,932
Office of Air Search and Rescue - Expense and Equipment	44,247	17,619	26,628	47,692	33,578	14,114
Troupers Training School -						
Personal Service	150,700	126,556	24,144	149,203	144,684	4,519
Expense and Equipment	20,831	0	20,831	20,831	5,374	15,457
Missouri Military Forces contract services -						
Personal Service	569,208	502,424	66,784	564,878	491,804	73,074
Expense and Equipment	475,912	374,525	101,387	475,912	461,417	14,495
Design and construction of an organizational maintenance shop at Camp Crowder	82,387	19,250	63,137 *	92,086	9,699	82,387 *
Administrative support of Federal Projects	200,000	23,193	176,807 *	0	0	0
Design, Project Management & Construction Inspection of federal projects for the Adjutant General - Missouri National Guard	200,000	14,346	185,654 *	0	0	0
Design and construction of a new armory in Maryville	1,757,698	387,651	1,370,047 *	0	0	0
Total General Revenue Fund	12,217,921	7,215,065	5,002,856	10,432,861	8,065,053	2,367,808

APPENDIX A

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE ADJUTANT GENERAL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
FACILITIES MAINTENANCE RESERVE FUND						
Statewide assessment, abatement, removal, remediation, and management of hazardous materials and pollutants	12	0	12	224	212	12
For repairs, replacements, and improvements at armory facilities in Kansas City, Carthage, Clinton, Lamar, Sedalia, St. Joseph, Chillicothe, Neosho, Pierce City, Lexington, Springfield, Jefferson City, Lebanon, Hannibal, Salem, Perryville, Kirksville, Mexico, Farmington, Rolla, Portageville, Warrenton, West Plains, St. Clair, Kennett, and Jefferson Barracks						
Roof replacement masonry wall	189,736	162,451	27,285 *	537,210	347,474	189,736 *
Exterior masonry wall	230,444	30,870	199,574 *	244,800	14,356	230,444 *
Drainage waterproof	262,126	8,500	253,626 *	271,530	9,404	262,126 *
Roof replacement	221,773	136,126	85,647 *	228,571	6,798	221,773 *
Exterior repairs	88,710	67,083	21,627 *	250,319	161,609	88,710 *
Roof replacement	29,302	23,610	5,692 *	111,155	81,853	29,302 *
Roof repairs	109,725	53,674	56,051 *	269,638	159,913	109,725 *
Replace door, external and HVAC renovation	395,497	229,430	166,067 *	398,200	2,703	395,497 *
Structural repairs	82,132	19,284	62,848 *	165,464	83,332	82,132 *
HVAC renovation and boiler	97,280	0	97,280 *	115,668	18,388	97,280 *
Roof replacement	55,547	0	55,547 *	155,634	100,087	55,547 *
Roof replacement	75,805	26,799	49,006 *	441,353	365,548	75,805 *
Exterior masonry wall	213,700	25,547	188,153 *	213,700	0	213,700 *
Exterior masonry wall	240,500	24,254	216,246 *	240,500	0	240,500 *
Roof windows floor	636,661	357,619	279,042 *	771,035	134,374	636,661 *
HVAC renovation	96,900	12,183	84,717 *	96,900	0	96,900 *
Replace roof repair mason wall	791,342	113,809	677,533 *	798,099	6,757	791,342 *
Plumbing renovation roof replacement	85,826	85,826	0	182,908	97,082	85,826 *
Repair roof walls floors	135,301	27,963	107,338 *	235,727	100,426	135,301 *
Pavement repairs	10,498	10,498	0	13,558	3,060	10,498 *
Window replacement	114,100	0	114,100 *	114,100	0	114,100 *
Exterior masonry wall	22,963	22,963	0	140,674	117,711	22,963 *
Structural exterior repair	116,691	59,820	56,871 *	121,707	5,016	116,691 *
Structural repairs roofs	2,106	0	2,106 *	309,282	307,176	2,106 *
Replace roof waterproof	385,875	334,766	51,109 *	403,900	18,025	385,875 *
Driveway and parking lot repairs	17,056	0	17,056 *	111,100	94,044	17,056 *
Plumbing system renovations	180,300	2,776	177,524 *	180,300	0	180,300 *
Operational maintenance and repairs for state and federally owned facilities	399,881	399,821	60	0	0	0
Repairs, replacements, and improvements at national guard facilities statewide						
Adjutant General life safety code	218,729	8,610	210,119 *	0	0	0
Albany floor	57,953	0	57,953 *	0	0	0
Anderson masonry wall	162,684	0	162,684 *	0	0	0
Cape Girardeau windows	112,647	0	112,647 *	0	0	0
Caruthersville floor	60,084	0	60,084 *	0	0	0
Caruthersville repair	93,803	3,597	90,206 *	0	0	0
Charleston plumbing	190,177	5,062	185,115 *	0	0	0
Charleston wall repair	96,285	0	96,285 *	0	0	0
Clinton windows	49,394	0	49,394 *	0	0	0
DeSoto parking lot	98,883	2,013	96,870 *	0	0	0
Doniphan exterior wall	159,044	1,843	157,201 *	0	0	0
Doniphan floor	74,568	0	74,568 *	0	0	0
Farmington asphalt	77,421	0	77,421 *	0	0	0
Fulton windows	112,546	0	112,546 *	0	0	0
Hannibal parking lot	97,641	0	97,641 *	0	0	0
Harrisonville roof	160,483	2,663	157,820 *	0	0	0

APPENDIX A

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE ADJUTANT GENERAL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
Ike Skelton USPFO roof	315,653	0	315,653 *	0	0	0
Independence renovate	255,674	0	255,674 *	0	0	0
Jackson roof	143,964	0	143,964 *	0	0	0
Jackson windows	111,521	0	111,521 *	0	0	0
Jefferson City roof	144,925	0	144,925 *	0	0	0
Kirksville HVAC	96,865	1,971	94,894 *	0	0	0
Lamar HVAC	142,196	9,532	132,664 *	0	0	0
Mexico windows	51,730	0	51,730 *	0	0	0
Moberly windows	88,240	0	88,240 *	0	0	0
Perryville asphalt	137,159	0	137,159 *	0	0	0
Richmond roof	161,204	20,647	140,557 *	0	0	0
Richmond windows	50,427	0	50,427 *	0	0	0
Rolla windows	76,167	35,685	40,482 *	0	0	0
Sikeston renovate	865,453	165,906	699,547 *	0	0	0
Springfield HVAC	53,571	0	53,571 *	0	0	0
Springfield roof	861,121	23,537	837,584 *	0	0	0
Warrensburg roof	293,538	18,702	274,836 *	0	0	0
Total Facilities Maintenance Reserve Fund	10,959,539	2,535,440	8,424,099	7,123,256	2,235,348	4,887,908
ADJUTANT GENERAL-FEDERAL FUND						
Federal real property operations and maintenance and minor construction programs at non-armory facilities	1,529,620	748,495	781,125 *	3,058,794	126,300	2,932,494 *
Federal real property operations and maintenance and minor construction programs at non-armory facilities	0	0	0	1,589,106	0	1,589,106
Federal real property operations and maintenance and minor construction programs at non-armory facilities	3,256,982	92,655	3,164,327 *	0	0	0
Federal environmental compliance program at non-armory facilities	1,695,644	431,167	1,264,477 *	1,722,000	26,356	1,695,644 *
Federal environmental compliance program at non-armory facilities	0	0	0	111,591	15,207	96,384
Federal environmental compliance program at non-armory facilities	0	0	0	404,480	93,030	311,450
Federal environmental compliance program at non-armory facilities	1,750,000	9,380	1,740,620 *	0	0	0
Design and construction of a new armory in Sedalia	3,849,865	953,186	2,896,679 *	3,947,988	98,123	3,849,865 *
Challenge Youth Program -						
Personal service	877,555	824,007	53,548	944,470	929,269	15,201
Expense and equipment	847,852	665,191	182,661	919,291	645,310	273,981
Payment of real property leases, real property lease purchases, related services, utilities, and systems furniture, and structural modifications	2,026,036	569,098	1,456,938 *	660,354	428,137	232,217
Design and construction of a new armory at Macon	0	0	0	1,216,083	887,271	328,812
Troupers training school - personal service	371,449	69,532	301,917	369,244	11,948	357,296
Design and construction of an organizational maintenance shop at Camp Crowder	47,947	3,235	44,712 *	1,372,280	1,324,333	47,947 *
Planning and design of the Maryville armory/ community center	0	0	0	692,445	154,049	538,396
Design and construction of a new armory in Maryville	6,775,200	978,133	5,797,067 *	0	0	0
Missouri Military Forces Contract Services -						
Personal service	6,492,085	5,395,314	1,096,771	6,062,291	5,299,658	762,633
Expense and equipment	8,950,000	7,993,412	956,588	7,250,000	6,580,441	669,559
Refunds	100,000	73,599	26,401	200,000	150,671	49,329
Total Adjutant General-Federal Fund	38,570,235	18,806,404	19,763,831	30,520,417	16,770,102	13,750,314

APPENDIX A

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE ADJUTANT GENERAL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
MISSOURI NATIONAL GUARD TRAINING SITE FUND						
Training site operating costs	364,800	302,716	62,084	317,800	300,736	17,064
Total Missouri National Guard Training Site Fund	364,800	302,716	62,084	317,800	300,736	17,064
VETERANS' COMMISSION CAPITAL IMPROVEMENT TRUST FUND						
World War II veterans' recognition program	3,000,000	627,994	2,372,006 *	0	0	0
Total Veterans' Commission Capital Improvement Trust Fund	3,000,000	627,994	2,372,006	0	0	0
ADJUTANT GENERAL REVOLVING FUND						
Fuel and utility expenses at armories from armory rental fees	60,000	48,577	11,423	200,000	182,488	17,512
Total Adjutant General Revolving Fund	60,000	48,577	11,423	200,000	182,488	17,512
NATIONAL GUARD TRUST FUND						
Military Honors Program Pursuant to Section 41.958, RSMo- Personal service	1,031,810	610,952	420,858	1,022,696	790,299	232,397
Expense and equipment	1,219,325	620,942	598,383	1,219,325	554,723	664,602
National guard tuition assistance program pursuant to Section 173.239, RSMo	2,262,400	2,022,360	240,040	2,007,717	1,613,283	394,434
Total National Guard Trust Fund	4,513,535	3,254,254	1,259,281	4,249,738	2,958,305	1,291,433
Total All Funds	\$ 69,686,030	32,790,450	36,895,580	52,844,072	30,512,032	22,332,040

* Biennial appropriations set up in the current fiscal year are re-appropriations to the next fiscal year. After the fiscal year-end processing has been completed, the unexpended appropriation balance for a biennial appropriation is established in the new fiscal year. Therefore, there is no lapsed balance for biennial appropriation at the end of the first year.

APPENDIX A

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE ADJUTANT GENERAL
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
MISSOURI NATIONAL GUARD TRAINING SITE FUND						
Training site operating costs	364,800	302,716	62,084	317,800	300,736	17,064
Total Missouri National Guard Training Site Fund	364,800	302,716	62,084	317,800	300,736	17,064
VETERANS' COMMISSION CAPITAL IMPROVEMENT TRUST FUND						
World War II veterans' recognition program	3,000,000	627,994	2,372,006	0	0	0
Total Veterans' Commission Capital Improvement Trust Fund	3,000,000	627,994	2,372,006	0	0	0
ADJUTANT GENERAL REVOLVING FUND						
Fuel and utility expenses at armories from armory rental fees	60,000	48,577	11,423	200,000	182,488	17,512
Total Adjutant General Revolving Fund	60,000	48,577	11,423	200,000	182,488	17,512
NATIONAL GUARD TRUST FUND						
Military Honors Program Pursuant to Section 41.958, RSMo-						
Personal service	1,031,810	610,952	420,858	1,022,696	790,299	232,397
Expense and equipment	1,219,325	620,942	598,383	1,219,325	554,723	664,602
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Total National Guard Trust Fund	4,513,535	3,254,254	1,259,281	4,249,738	2,958,305	1,291,433
Total All Funds	\$ 69,686,030	32,790,450	36,895,580	52,844,072	30,512,032	22,332,040

* Biennial appropriations set up in the current fiscal year are re-appropriations to the next fiscal year. After the fiscal year-end processing has been completed, the unexpended appropriation balance for a biennial appropriation is established in the new fiscal year. Therefore, there is no lapsed balance for biennial appropriation at the end of the first year.

Appendix B

DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE ADJUTANT GENERAL
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

Year Ended June 30,				
2002		2001		
Expenditures From	Expenditures From	Expenditures From	Expenditures From	
Adjutant General	Department-Wide	Adjutant General	Department-Wide	
Appropriations	Appropriations for the	Appropriations	Appropriations for the	
	Adjutant General		Adjutant General	
Salaries and wages	\$ 10,504,821	0	10,755,040	0
Travel	171,234	0	203,337	0
Fuel and utilities	3,072,691	0	3,345,964	0
Supplies	2,000,244	0	1,849,753	0
Professional development	70,864	0	29,873	0
Communication services and supplies	1,590,556	0	1,037,075	0
Services:				
Professional	3,372,444	4,398	2,901,582	7,661
Housekeeping and janitorial	403,975	0	485,471	0
Maintenance and repair	779,853	0	461,952	0
Equipment:				
Computer	168,170	0	46,885	0
Motorized	75,088	0	52,595	0
Office	40,780	0	26,743	0
Other	644,239	0	556,630	0
Property and improvements	6,781,382	36,185	6,075,537	932,744
Building lease payments	569,486	0	482,679	0
Equipment rental and leases	58,569	0	3,420	0
Miscellaneous expenses	297,593	0	240,333	0
Refunds	75,298	0	150,671	0
Program distributions	2,113,163	0	1,806,492	0
Total Expenditures	\$ 32,790,450	40,583	30,512,032	940,405

* * * * *



**MISSOURI GAMING COMMISSION
THREE YEARS ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-21
March 4, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2003

The following problems were discovered as a result of an audit conducted by our office of the Missouri Gaming Commission.

The Missouri Gaming Commission (MGC) holds monthly commission meetings in a variety of locations. A review of employee expense reports determined that several employees of the MGC travel to the meeting locations the day before the actual meeting. Those MGC staff traveling the day before a commission meeting incur hotel and meal costs that appear to be unnecessary. The hotel and meal costs incurred the day before the meeting totaled \$33,163. The MGC indicated that staff travels the day before a commission meeting for various reasons including: avoiding an early departure on the day of the meeting, having other MGC business in the area, and needing to set-up for the commission meetings.

Three invoices reviewed, totaling \$13,117, were paid without adequate supporting documentation. These three invoices were for training, covert operations, and for Missouri-owned horse racing expenditures. The invoices did not include support for covert operation expenditures or adequate documentation for whom training was provided. In addition, the horse racing invoice did not have adequate documentation to support the use of the money. Additionally, documentation for expenditures totaling \$71,369 was not available indicating approval prior to the purchase of goods or services. Adequate documentation is necessary to ensure the propriety of these expenditures.

The MGC did not solicit written bids for the following expenses:

- \$9,075 for lodging for Simulated Excursion/Commission Meeting.
- \$6,897 for lodging for Basic Gaming Training.
- \$5,376 for costs associated with an Investigation/Commission Meeting.

Salaries and benefits associated with six Highway Patrol officers and a compliance auditor who worked a simulated excursion for one of the gaming facility licensees were not billed. The officers and auditor failed to indicate the time worked on the simulated excursion on their timesheets, which are used to prepare the monthly billings. The gaming facility licensee was undercharged approximately \$4,500 for the six officers and \$1,000 for the compliance auditor.

Several gaming facility licensees had not been audited in accordance with the MGC's objective to have an audit every two years. We noted that three gaming facility licensees have not been audited by the MGC in over three and a half years, and one gaming facility licensee has never received an audit since opening in June 2000. Additionally, the MGC does not review in a timely manner the corrective actions taken by the gaming facility licensees in response to internal control variations or deviations noted in the independent certified public accountant's quarterly audits.

Other concerns were noted regarding fixed assets, and during our visits to various gaming facilities.

YELLOW SHEET

All reports are available on our website: www.auditor.state.mo.us

MISSOURI GAMING COMMISSION

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MISSOURI GAMING COMMISSION

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor
and
Missouri Gaming Commission
and
Kevin P. Mullally, Executive Director
Missouri Gaming Commission
Jefferson City, MO 65102

We have audited the accompanying special-purpose financial statements of the various funds of the Missouri Gaming Commission as of and for the years ended June 30, 2002, 2001, and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the commission's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash and investments of the Gaming Commission Fund, Gaming Commission Bingo Fund, and Missouri Breeders Fund, and the appropriations and expenditures of the various funds of the Missouri Gaming Commission. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of the various funds of the Missouri Gaming Commission.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Gaming Commission Fund, Gaming Commission Bingo Fund, and Missouri Breeders Fund, and the appropriations and expenditures of the various funds of the Missouri Gaming Commission as of and for the years ended June 30, 2002, 2001, and 2000, in conformity with the comprehensive bases of accounting discussed in Note 1, which are bases of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 27, 2002, on our consideration of the commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the commission's management and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

August 27, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattel, CPA
In-Charge Auditor:	Terrie Laswell, CPA
Audit Staff:	Tsetsegsaikhan Chadraabal Christy Marsh



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
and
Missouri Gaming Commission
and
Kevin P. Mullally, Executive Director
Missouri Gaming Commission
Jefferson City, MO 65102

We have audited the special-purpose financial statements of the Missouri Gaming Commission as of and for the years ended June 30, 2002, 2001, and 2000, and have issued our report thereon dated August 27, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of the Missouri Gaming Commission are free of material misstatement, we performed tests of the commission's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of the Missouri Gaming Commission, we considered the commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of the Missouri Gaming Commission and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 27, 2002 (fieldwork completion date)

Financial Statements

Exhibit A-1

MISSOURI GAMING COMMISSION
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
 YEAR ENDED JUNE 30, 2002

	Gaming Commission Fund	Gaming Commission Bingo Fund	Missouri Breeders Fund	Total (Memorandum Only)
RECEIPTS				
Admissions	\$ 48,607,526	0	0	48,607,526
Licenses, Penalties, and Fees	1,890,568	0	0	1,890,568
Reimbursement Payments	7,037,467	0	0	7,037,467
Interest	211,013	0	2,932	213,945
Other	9,358	0	0	9,358
Total Receipts	57,755,932	0	2,932	57,758,864
DISBURSEMENTS	13,596,846	0	0	13,596,846
RECEIPTS OVER (UNDER) DISBURSEMENTS	44,159,086	0	2,932	44,162,018
OTHER FINANCING (USES)				
Appropriations exercised by other state agencies	(1,994,579)	0	(39)	(1,994,618)
Transfers to Gaming Commission Fund	0	(2,537)	0	(2,537)
Transfers to Veterans' Commission Capital Improvement Trust Fund	(3,000,000)	0	0	(3,000,000)
Transfers to Missouri National Guard Trust Fund	(3,000,000)	0	0	(3,000,000)
Transfers to Missouri College Guarantee Fund	(4,500,000)	0	0	(4,500,000)
Transfers to Early Childhood Development Education and Care Fund	(31,746,595)	0	0	(31,746,595)
Transfers to Compulsive Gamblers Fund	(398,074)	0	0	(398,074)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(480,162)	(2,537)	2,893	(479,806)
CASH AND INVESTMENTS, JULY 1	4,690,850	2,537	78,342	4,771,729
CASH AND INVESTMENTS, JUNE 30	\$ 4,210,688	0	81,235	4,291,923

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

MISSOURI GAMING COMMISSION
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2001

	Gaming Commission Fund	Gaming Commission Bingo Fund	Missouri Breeders Fund	Total (Memorandum Only)
RECEIPTS				
Admissions	\$ 46,984,700	0	0	46,984,700
Licenses, Penalties, and Fees	1,878,060	11,225	0	1,889,285
Reimbursement Payments	6,261,393	0	0	6,261,393
Interest	463,549	1,220	4,583	469,352
Other	39,737	0	0	39,737
Total Receipts	55,627,439	12,445	4,583	55,644,467
DISBURSEMENTS	13,526,416	26,048	3,000	13,555,464
RECEIPTS OVER (UNDER) DISBURSEMENTS	42,101,023	(13,603)	1,583	69,199,931
OTHER FINANCING (USES)				
Appropriations exercised by other state agencies	(1,660,835)	(1,254)	(55)	(1,662,144)
Transfers to Veterans' Commission Capital Improvement Trust Fund	(3,000,000)	0	0	(3,000,000)
Transfers to Missouri National Guard Trust Fund	(3,000,000)	0	0	(3,000,000)
Transfers to Missouri College Guarantee Fund	(6,000,000)	0	0	(6,000,000)
Transfers to Early Childhood Development Education and Care Fund	(30,538,114)	0	0	(30,538,114)
Transfers to Compulsive Gamblers Fund	(46,612)	0	0	(46,612)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(2,144,538)	(14,857)	1,528	24,953,061
CASH AND INVESTMENTS, JULY 1	6,835,388	17,394	76,814	6,929,596
CASH AND INVESTMENTS, JUNE 30	\$ 4,690,850	2,537	78,342	31,882,657

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-3

MISSOURI GAMING COMMISSION
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2000

	Gaming Commission Fund	Gaming Commission Bingo Fund	Missouri Breeders Fund	Total (Memorandum Only)
RECEIPTS				
Admissions	\$ 49,206,860	0	0	49,206,860
Licenses, Penalties, and Fees	2,203,684	71,890	0	2,275,574
Reimbursement Payments	6,514,748	0	0	6,514,748
Interest	900,887	7,365	4,175	912,427
Other	2,930	0	0	2,930
Total Receipts	58,829,109	79,255	4,175	58,912,539
DISBURSEMENTS				
	12,552,838	63,553	1,500	12,617,891
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	46,276,271	15,702	2,675	46,294,648
OTHER FINANCING (USES)				
Appropriations and transfers exercised by other state agencies	(2,419,315)	(88,112)	(99)	(2,507,526)
Transfers to Veterans' Commission Capital Improvement Trust Fund	(3,000,000)	0	0	(3,000,000)
Transfers to Missouri National Guard Trust Fund	(3,000,000)	0	0	(3,000,000)
Transfers to Missouri College Guarantee Fund	(4,500,000)	0	0	(4,500,000)
Transfers to Early Childhood Development Education and Care Fund	(34,417,893)	0	0	(34,417,893)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER (USES)				
	(1,060,937)	(72,410)	2,576	(1,130,771)
CASH AND INVESTMENTS, JULY 1				
	7,896,325	89,804	74,238	8,060,367
CASH AND INVESTMENTS, JUNE 30				
	\$ 6,835,388	17,394	76,814	6,929,596

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

MISSOURI GAMING COMMISSION
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2002			2001			2000		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
COMPULSIVE GAMBLER FUND									
Gaming Equipment & Expense	\$ 40,000	34,080	5,920	0	0	0	0	0	0
Total Compulsive Gambler Fund	40,000	34,080	5,920	0	0	0	0	0	0
GAMING COMMISSION BINGO FUND									
Gaming & Bingo	0	0	0	84,500	19,767	64,733	100,000	69,398	30,602
Total Gaming Commission Bingo Fund	0	0	0	84,500	19,767	64,733	100,000	69,398	30,602
GAMING COMMISSION FUND									
Gaming Commission-Highway Patrol	2,968,728	2,217,119	751,609	2,436,347	2,234,730	201,617	2,688,884	1,867,763	821,121
Gaming Commission-Personal Service	2,782,330	2,031,619	750,711	2,024,485	1,949,529	74,956	2,253,002	1,523,478	729,524
Gaming Commission - Equipment & Expense	186,398	185,500	898	411,862	285,201	126,661	435,882	344,285	91,597
Gaming Commission Refunds	100,000	0	100,000	100,000	1,030	98,970	100,000	0	100,000
Gaming & Bingo Personal Service	10,825,279	8,158,142	2,667,137	10,421,779	7,844,171	2,577,608	10,415,338	7,533,710	2,881,628
Gaming & Bingo Equipment & Expense	2,415,568	1,392,459	1,023,109	2,294,417	1,315,003	979,414	2,157,963	1,722,530	435,433
Gaming Commission Lease and Building Expenses	815,413	378,551	436,862	359,682	359,100	582	359,682	295,271	64,411
Total Gaming Commission Fund	17,124,988	12,146,271	4,978,717	15,612,225	11,754,034	3,858,191	15,721,867	11,419,274	4,302,593
MISSOURI BREEDERS FUND	\$								
Horse Racing Breeders	5,000	0	5,000	5,000	3,000	2,000	5,000	1,500	3,500
Total Missouri Breeders Fund	5,000	0	5,000	5,000	3,000	2,000	5,000	1,500	3,500
Total All Funds	17,169,988	12,180,351	4,989,637	15,701,725	11,776,801	3,924,924	15,826,867	11,490,172	4,336,695

The accompanying Notes to the Financial Statements are an integral part of this statement.

* Biennial appropriation

Supplementary Data

Schedule 1

MISSOURI GAMING COMMISSION
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,		
	2002	2001	2000
Personal service	\$ 10,189,761	9,793,700	9,057,188
Refunds	0	1,030	0
Travel and vehicle expense	245,236	223,560	257,306
Supplies and maintenance expense	185,590	138,463	140,905
Office and specific use equipment	115,811	57,914	132,398
Physical plant expenses	493,770	438,980	435,608
Data processing expense and equipment	416,396	453,443	473,221
Professional services	336,654	351,291	625,325
Other expenses	197,133	318,420	368,221
Total Expenditures	\$ 12,180,351	11,776,801	11,490,172

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 2

MISSOURI GAMING COMMISSION
COMPARATIVE STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

BALANCE, JUNE 30, 1999	\$ 1,211,623
Additions	280,396
Disposition	(87,091)
Adjustments	<u>1,473</u>
BALANCE, JUNE 30, 2000	1,406,401
Additions	138,813
Disposition	(78,044)
Adjustments	<u>(358,642)</u>
BALANCE, JUNE 30, 2001	1,108,528
Additions	179,725
Disposition	(99,479)
Adjustments	<u>33,051</u>
BALANCE, JUNE 30, 2002	<u><u>1,221,825</u></u>

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 3

MISSOURI GAMING COMMISSION
COMPARATIVE STATEMENT OF GAMING RECEIPTS AND DISTRIBUTIONS

Receipts	Years Ended June 30,								
	2002	2001	2000	1999	1998	1997	1996	1995	1994
Gaming Proceeds	\$ 241,351,381	208,682,466	198,285,123	178,610,232	160,025,256	129,610,752	106,494,309	61,909,052	1,032,479
Admissions	97,216,405	93,982,487	98,264,155	81,388,018	79,027,303	63,817,399	44,597,666	25,183,325	539,234
Bingo Taxes	3,187,204	3,514,132	3,849,044	3,927,639	4,008,145	4,314,178	4,400,745	5,995,866	N/A
Licenses, Penalties, and Fees	1,890,568	1,889,283	2,275,574	2,727,100	2,992,421	3,316,721	2,727,271	2,625,582	2,784,617
Reimbursement Payments	7,037,588	6,261,394	6,514,748	7,787,748	5,978,844	5,456,038	4,302,031	1,853,126	0
Interest	559,328	1,121,941	1,585,079	3,187,691	3,071,046	2,173,975	1,305,050	570,596	30,751
Other	(826)	30,360	80,326	4,515	517,382	468,946	336,678	944,569	3,003,648
Total	<u>\$ 351,241,648</u>	<u>315,482,063</u>	<u>310,854,049</u>	<u>277,632,943</u>	<u>255,620,397</u>	<u>209,158,009</u>	<u>164,163,750</u>	<u>99,082,116</u>	<u>7,390,729</u>
Distributions									
Gaming Commission Fund	57,753,859	55,624,606	58,831,722	53,640,474	51,396,659	42,747,410	30,441,783	18,139,642	6,088,272
Gaming Proceeds for Education Fund	217,216,243	187,814,219	178,456,611	160,749,209	144,022,730	116,649,677	95,844,878	55,718,147	929,232
Home Dock Cities	72,861,360	68,113,742	69,178,029	58,733,523	55,699,780	45,014,350	33,065,885	18,831,919	373,225
Gaming Commission Bingo Fund	N/A	12,446	79,256	93,223	113,077	127,261	127,026	138,704	N/A
Bingo Proceeds for Education Fund	3,407,255	3,912,467	4,304,256	4,412,395	4,384,175	4,615,579	4,684,178	6,253,704	N/A
Missouri Breeder's Fund	2,931	4,583	4,175	4,119	3,976	3,732	N/A	N/A	N/A
Total	<u>\$ 351,241,648</u>	<u>315,482,063</u>	<u>310,854,049</u>	<u>277,632,943</u>	<u>255,620,397</u>	<u>209,158,009</u>	<u>164,163,750</u>	<u>99,082,116</u>	<u>7,390,729</u>

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

MISSOURI GAMING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present only selected data for each fund of the Missouri Gaming Commission.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Gaming Commission Fund, Gaming Commission Bingo Fund, and Missouri Breeders Fund. Appropriations from these funds are expended by or for the commission and other state agencies (See Note 3) for restricted purposes.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related funds but are used only to account for and control the commission's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the commission and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, present amounts when they are received or disbursed.

The Statement of Appropriations and Expenditures, Exhibit B, is presented on the state's legal budgetary basis of accounting. For the year ended June 30, 2000, expenditures include amounts payable or encumbered at June 30 and paid during the lapse period, which ended August 31. The authority to expend appropriations ended with the close of the lapse period. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, both before and after June 30, 2000, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the two-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The commission administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

Gaming Commission Fund: As provided by Section 313.835, RSMo 2000, this fund receives license fees, penalties, administrative fees, reimbursements for services provided, and admission fees authorized under Sections 313.800 to 313.850, RSMo 2000. Appropriations from this fund authorize disbursements for administrative costs incurred by the Missouri Gaming Commission. In addition, appropriations of up to \$500,000 per year may be used to provide matching funds to cities and counties that have demonstrated a need for funding community neighborhood organization programs for the homeless and to deter gang-related violence and crimes. Beginning July 1, 2001, as provided by Section 313.835, RSMo 2000, appropriations up to one cent of the admission fee are being transferred to the Compulsive Gamblers Fund as provided in Section 313.820, RSMo 2000.

Gaming Commission Bingo Fund: As provided by Section 313.008, RSMo 2000, this fund receives license fees, penalties, and administrative fees authorized under Section 313.005 to 313.085, RSMo 2000. Appropriations from this fund authorize disbursement for administrative costs incurred by the Missouri Gaming Commission relating to the regulation of bingo operations. In addition, all unobligated funds in the gaming commission bingo fund on August 28, 2000, shall be transferred to the Gaming Commission Fund and the Gaming Commission Bingo Fund shall be abolished on June 30, 2001.

Missouri Breeders Fund: As provided by Section 313.720, RSMo 2000, this fund receives registration fees, gifts or bequests, and such funds as the General Assembly authorized under Section 313.720. Appropriations from this fund authorize disbursements for administrative costs incurred by the Missouri Gaming Commission and incentives for breeders and owners of Missouri bred horses.

D. Employee Fringe Benefits

Missouri State Highway Patrol employees assigned to the Missouri Gaming Commission and paid from the Gaming Commission Fund are covered by the Highway Employee's and Highway Patrol Retirement System (HEHPRS) (a noncontributory plan) and the social security system and may participate in the Missouri Highway and Transportation Department and Missouri State Highway Patrol's medical benefit and life insurance plan and the state's deferred compensation and cafeteria plans. All other commission employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a monthly state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least one year. Fringe benefits related to salaries of Highway Patrol employees at the Gaming Commission are appropriated and thus are presented in the financial statement at Exhibit B.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount. Fringe benefits related to salaries other than Highway Patrol employees at the Gaming Commission are not appropriated and thus are not presented in the financial statement at Exhibit B.

2. Cash and Investments

The balances of the Gaming Commission Fund, Gaming Commission Bingo Fund, and Missouri Breeders Fund are pooled with other state funds and invested by the state treasurer.

3. Appropriations Exercised by Other State Agencies

Various state agencies receive direct appropriations and transfers from the Gaming Commission Fund, Gaming Commission Bingo Fund, and Missouri Breeders Fund to pay costs incurred for the purposes of those funds. The agencies receiving and using these appropriations and transfers were the: Attorney General's Office, the Department of Public Safety-Missouri State Highway Patrol, the State Auditor's Office, the Department of Social Services-Division of Youth Services, the Department of Revenue, and the Office of Administration.

4. Transfers of Gaming Commission Fund Remaining Net Proceeds

Prior to fiscal year 1999, the remaining net proceeds in the Gaming Commission Fund were transferred to the Veterans' Commission Capital Improvement Trust Fund, except that the first \$500,000 of these proceeds were appropriated to the Department of Social Services, Division of Youth Services, to provide matching funds to cities and counties that had demonstrated a need for funding community neighborhood organization programs for the homeless and to deter gang-related violence and crimes.

Beginning with fiscal year 1999, the remaining net proceeds of \$3,000,000 are transferred each to the Veterans' Commission Capital Improvement Trust Fund, Missouri National Guard Trust Fund, and Missouri College Guarantee Fund. In addition, \$500,000 is appropriated to the Department of Social Services, Division of Youth Services, to provide matching funds to cities and counties that have demonstrated a need for funding community neighborhood organization programs for the homeless and to deter gang-related violence and crimes. After these transfers and appropriation, any remaining net proceeds, subject to appropriation, are transferred to the Early Childhood Development Education and Care Fund, except for \$1,500,000, which is transferred annually, subject to appropriation, to the Missouri College Guarantee Fund when the remaining net proceeds reaches \$27,000,000.

Beginning with fiscal year 2002, a portion of the admission fee, not to exceed one cent was appropriated to the Compulsive Gamblers Fund as provided in Section 313.820.

The transfer made to the Missouri College Guarantee Fund in fiscal year 2001 included \$1,500,000 of remaining net proceeds collected during fiscal year 2000 and the transfer made in fiscal year 2000 included \$1,500,000 of remaining net proceeds collected during fiscal year 1999. These transfers were pursuant to the laws applicable to fiscal year 2000 and 1999 collections.

The transfers presented in the financial statements were made pursuant to the provisions in Section 313.835, RSMo 2000.

5. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit B as follows:

Year Ended June 30, 2002			
	Gaming Commission Fund	Gaming Commission Bingo Fund	Missouri Breeders Fund
DISBURSEMENTS PER EXHIBIT A	\$ 13,596,846	0	0
Fringe benefits	(1,448,280)	0	0
Lapse period expenditures:			
2002	0	0	0
2001	0	0	0
Accounts payable, June 30:			
2002	303	0	0
2001	(2,598)	0	0
EXPENDITURES PER EXHIBIT B	\$ 12,146,271	0	0

Year Ended June 30, 2001			
	Gaming Commission Fund	Gaming Commission Bingo Fund	Missouri Breeders Fund
DISBURSEMENTS PER EXHIBIT A	\$ 13,526,416	26,048	3,000
Fringe benefits	(1,300,565)	0	0
Lapse period expenditures:			
2001	0	0	0
2000	(400,290)	(6,202)	0
Accounts payable, June 30:			
2001	2,598	0	0
2000	(74,125)	(79)	0
EXPENDITURES PER EXHIBIT B	\$ 11,754,034	19,767	3,000

Year Ended June 30, 2000			
	Gaming Commission Fund	Gaming Commission Bingo Fund	Missouri Breeders Fund
DISBURSEMENTS PER EXHIBIT A	\$ 12,552,838	63,553	1,500
Fringe benefits	(1,134,603)	0	0
Lapse period expenditures:			
2000	400,290	6,202	0
1999	(471,129)	(436)	0
Accounts payable, June 30:			
2000	74,125	79	0
1999	(2,247)	0	0
EXPENDITURES PER EXHIBIT B	\$ 11,419,274	69,398	1,500

Notes to the Supplementary Data:

6. General Fixed Assets

General fixed assets, which are recorded as expenditures when acquired, are capitalized at cost in the General Fixed Assets Account Group and were not depreciated in fiscal years 2001 and 2000. Beginning in fiscal year 2002, fixed assets were depreciated using the straight-line method over the assets useful life. The commission's general fixed assets are equipment and furniture.

7. Distributions

Distributions represent distributions of receipts for the fiscal year, a portion of which is disbursed after the end of the fiscal year.

8. Reconciliation of Gaming Commission Fund Receipts to Distributions to the Gaming Commission Fund

Receipts on Exhibit A reconcile to distributions on Schedule 3 as follows:

	<u>Year Ended June 30,</u>		
	<u>2002</u>	<u>2001</u>	<u>2000</u>
GAMING COMMISSION FUND RECEIPTS			
PER EXHIBIT A	\$ 57,755,932	55,627,439	58,829,109
Interest Receivable, June 30:			
2002	85		
2001	(2,158)	2,158	
2000		(4,991)	4,991
1999			(2,378)
DISTRIBUTIONS TO THE GAMING COMMISSION			
FUND PER SCHEDULE 3	\$ <u>57,753,859</u>	<u>55,624,606</u>	<u>58,831,722</u>

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

**MISSOURI GAMING COMMISSION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS**

We have audited the special-purpose financial statements of the Missouri Gaming Commission as of and for the years ended June 30, 2002, 2001, and 2000 and have issued our report thereon dated August 27, 2002.

The following Management Advisory Report presents our findings arising from our audit of the commission's special-purpose financial statements. During our audit, we also identified certain management practices which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered all-inclusive of areas needing improvement.

1.	Commission Meetings
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Our review of the expenses associated with the commission meetings held outside of the Jefferson City area noted some hotel and meal costs that appeared to be unnecessary. The Missouri Gaming Commission (MGC) holds monthly commission meetings. The location of the meetings varies depending on the issues that will be addressed. Since the meetings are open to the public, the MGC attempts to have the meetings in a location that will accommodate the public. For example, if a licensee is due to be relicensed and a presentation will be made by those associated with the licensee, the meeting will be held near the licensee's location. The meetings last approximately three to four hours, depending on the issues the board addresses, and usually start at 9 or 10 AM.

A review of employee expense reports determined that several employees of the MGC travel to the meeting locations the day before the actual meeting. Those MGC staff traveling the day before a commission meeting incur hotel and meal costs that appear to be unnecessary. We scheduled the expenses incurred the day before each of the out-of-town commission meetings for fiscal years 2002, 2001 and 2000 and noted the following:

	Fiscal Year 2002	Fiscal Year 2001	Fiscal Year 2000	Totals
No. of Out-of Town Meetings	9	4	9	
No. of Meetings Starting at 9AM	4	2	7	
No. of Meetings Starting at 10 AM	5	1	2	
No. of Meetings Starting at 3 PM	0	1	0	
Range of Employees Traveling the Day Before	7 to 23	5 to 15	7 to 14	
Range for the Hotel Cost	\$55 to \$97	\$64 to \$85	\$74 to \$95	
Total Hotel Cost Incurred Day Before Meeting	\$12,125	\$3,531	\$11,409	\$27,065
Total Food Cost Incurred Day Before Meeting	\$ 2,197	\$ 766	\$ 3,135	\$ 6,098
Total Cost Incurred the Day Before a Meeting	\$14,322	\$4,297	\$14,544	\$33,163

As noted above, the hotel and meal costs incurred the day before the meeting totaled \$33,163. The MGC indicated that staff travels the day before a commission meeting for various reasons.

Some of the reasons given were:

- To avoid an early departure on the day of the meeting.
- Staff have other MGC business in the area.
- Staff needed to set-up for the commission meetings.

Since the meetings usually do not start until 9 or 10 AM and usually do not last all day these costs do not appear necessary. To eliminate any unnecessary costs and ensure the efficient use of staff time and gaming resources, the commission should discontinue the practice of allowing employees to travel to commission meetings the day before the actual event, unless such travel is necessary to conduct other MGC business.

The food costs noted above include \$1,342 for three dinner receptions. We noted during fiscal year 2000 that three dinner receptions were held the night before a commission meeting. These receptions were held at the Country Club of Missouri in Columbia, MO, the Hereford House in Kansas City, MO, and the Missouri Athletic Club in St. Louis, MO. The MGC indicated the dinner receptions were held for the following reasons:

- To welcome a new commission member to the board.
- To honor out-going commission members.
- To discuss gaming issues and concerns.

Regular commission meetings were held the following day. Since the purposes of the receptions could have been a part of the commission meetings, the costs associated with the dinner receptions do not appear necessary.

WE RECOMMEND the MGC discontinue holding dinner receptions and allowing employees to travel to commission meetings the day before the actual meeting, unless such travel is necessary to conduct other MGC business.

AUDITEE'S RESPONSE

MGC concurs with the State Auditor's Office (SAO) on the general business principle that MGC employees should only travel to commission meetings the day before the actual meeting when it is necessary for commission business. MGC agrees that it would be a poor business practice for an employee to travel the night before a commission meeting unless there is a valid business purpose.

Approximately 40 percent of the commission's employees are located outside of the Jefferson City office. Furthermore, 89 percent of the revenue from riverboat gambling is generated from Kansas City and St. Louis, the two most common locations for commission meetings away from Jefferson City. Thus, it should be readily apparent that central office staff is regularly required to conduct business in these locations. It is only logical that MGC staff would choose to cluster such necessary business around commission meetings that are held in these locations in order to accommodate the public and for simple efficiency.

In order to demonstrate compliance with this policy, MGC will augment its written travel policies to require that those traveling to commission meetings the day before the meeting to document their business purpose.

Over the course of three years, the commission had three dinners involving groups of between thirteen to twenty people. Each of these dinner meetings had a valid business purpose and more importantly, each was in full compliance with MGC's and the State of Missouri's travel regulations. No special accommodations were necessary and meal expenses per individual were no more than if the employees had gone out to dinner on their own. MGC does not believe these dinner meetings were unreasonable. However, in the future MGC agrees to fully document the necessity and business purpose of any such meeting to satisfy the SAO's concerns.

2. Fixed Assets

Improvements are needed in the MGC's fixed asset records and procedures. At June 30, 2002, the MGC had approximately \$1.2 million in general fixed assets.

- A. Reconciliations between the annual physical inventory and the fixed assets records are not performed. The fiscal year 2001 physical inventory was performed in May 2001 and not reconciled to the fixed asset records. In addition, a physical inventory was not performed in fiscal year 2002 as required by the Code of State Regulations at 15 CSR 40-2.031.

Performing reconciliations between the physical inventory and the detailed fixed assets records would provide assurance that fixed asset items purchased and disposed of are properly recorded in the property records and controlled. In addition, annual physical inventories are necessary to establish proper accountability over fixed assets.

- B. The MGC's fixed asset records are not complete or accurate. The following areas of concern were noted:

1. The MGC did not record fixed asset additions or dispositions on the fixed asset records in a timely manner. We noted one instance where several items were disposed of on January 25, 2002, and not properly removed from the fixed asset records until we brought this to MGC's attention. In addition, we noted seven of twenty-seven assets (24 percent) observed which were not recorded in the fixed asset records. Five of the seven assets were computers totaling \$16,215 that were purchased in March 2000 and June 2001.

The failure to properly record and reconcile property items reduces the control and accountability over fixed assets and increases the potential for loss, theft, or misuse of assets.

2. The MGC's fixed asset records were not always accurate as to the asset's description, physical location, or individual assignment. We noted that forty-two of the ninety-four assets (45 percent) tested had problems with either the asset's description, the location, or the individual assignment. In addition, we noted one instance where an asset on the fixed asset listing could not be located. The MGC indicated that the item was surplus; however, no documentation could be provided to support this statement.

Accurate fixed asset records are necessary to properly safeguard assets. The Code of State Regulations, 15 CSR 40-2.031, requires state agencies to maintain adequate fixed asset records that include identification number; description of the item including name; acquisition cost; date of acquisition; estimated useful life at date of acquisition; physical location; and method and date of disposition for each fixed asset.

- C. Several fixed assets are not properly tagged. The Code of State Regulations, at 15 CSR 40-2.031, requires each fixed asset item to be identified by a sequential number system including a numbered tag. Property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as department property.
- D. Fixed asset duties are not adequately segregated. The same two individuals perform the physical inventory and maintain the records of fixed assets. To provide internal controls and to adequately safeguard assets from theft or misuse, the physical inventory should be performed by an individual independent of the custodial and record keeping functions.

WE RECOMMEND the MGC:

- A. Conduct an annual physical inventory of the general fixed assets and reconcile the physical inventory to the fixed asset records. Documentation of the physical inventory should be retained to show compliance with state regulations.
- B.1. Ensure fixed asset additions and deletions are recorded to the fixed asset records in a timely manner and periodically reconcile fixed asset additions and deletions to records of purchases and disposals.
2. Ensure accurate fixed asset records are maintained.
- C. Ensure all fixed assets are properly tagged or identified as MGC property in accordance with state regulations.
- D. Ensure an individual independent of the record keeping function performs the physical inventory.

AUDITEE'S RESPONSE

- A. *MGC concurs with the recommendation. A physical inventory will be conducted annually.*
- B.1. *Procedures are in place to timely document and tag inventory as it is received. In addition, asset disposal procedures have now been implemented to more closely supervise, document, and record inventory as it is sent to the Division of Surplus Property.*
- B.2. *MGC concurs with the recommendation. The account clerk will update the fixed asset records as the physical inventory documentation is reconciled with the fixed asset records.*
- C. *MGC implemented procedures during fiscal year 2002 to document and tag inventory in a timely manner as it is received.*
- D. *MGC will ensure that the person(s) responsible for maintaining the fixed asset records will not perform the physical inventory.*

3.	Expenditures
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- A. In three of sixty invoices reviewed, totaling \$13,117, invoices were paid without adequate supporting documentation. These three invoices were for training, covert operations, and for Missouri-owned horse racing expenditures. The invoices did not include support for covert operation expenditures or adequate documentation for whom training was provided. In addition, the horse racing invoice did not have adequate documentation to support the use of the money. Adequate documentation is necessary to ensure the propriety of these expenditures.

- B. In three of ten invoices reviewed, written bids were not solicited by the MGC. The MGC did not solicit written bids for the following expenses:

Lodging for Simulated Excursion/Commission Meeting	\$ 9,075
Lodging for Basic Gaming Training	6,897
Costs associated with	
Investigation/Commission Meeting	5,376

Section 34.040, RSMo 2000, requires all purchases in excess of \$3,000 to be competitively bid.

Formal bidding procedures for major purchases provides a framework for economical management of the MGC resources and helps ensure the MGC receives fair value by contracting with the lowest and best bidders. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in the state's business. Written documentation of bids should always

be retained as evidence to demonstrate the MGC's compliance with the state's competitive bidding requirements.

- C. In eighteen of sixty invoices reviewed, invoices were paid without documentation of prior approval. Documentation for expenditures totaling \$71,369 was not available indicating approval prior to the purchase of goods or services. For example, the MGC purchased surveillance system equipment totaling \$19,108 and a Black Jack gaming table and high back gaming chairs totaling \$2,050 for the gaming room in which prior approval was not documented.

Failure to document purchase approval prior to initiating purchases of goods or services limits the commission's ability to monitor, control, and track expenditures.

WE RECOMMEND the MGC:

- A. Require adequate documentation for all expenditures.
- B. Solicit written bids for all purchases in accordance with state law.
- C. Ensure prior approval is documented prior to purchases of goods and services.

AUDITEE'S RESPONSE

- A. *MGC agrees that proper documentation is required for payment of expenditures. The invoices mentioned in this finding did have documentation to support their payments, however, in the future we will ensure that more "adequate" documentation is provided.*
- B. *MGC solicits bids when making purchases, as required by law. The invoices mentioned were for lodging for large groups and phone calls were made to solicit rates. However, staff did not adequately document the calls in writing. MGC has already initiated steps to ensure that solicitation is documented in writing for all future lodging for large groups.*
- C. *MGC agrees. Prior approval was given for the purchases mentioned, however, it was verbal and not written. MGC will ensure that prior approval is in writing for all future purchases.*

The MGC does not properly bill the gaming facility licensees for the full costs of services provided. The MGC bills the licensees monthly for the reimbursement of costs incurred. The gaming facility licensees are required by 11 CSR 45-7.145 to reimburse the MGC on a monthly basis for the full cost of services provided for the supervision or regulation of the licensees. For example, the members of the Missouri State Highway Patrol perform duties as Gaming Commission Agents by acting as enforcement officers on the gaming facilities. The MGC bills the gaming facility licensees for the full costs of the salaries, fringe benefits, meals, communication costs, mileage, and other applicable expenses incurred. Our review of the MGC billings to the gaming facility licensees noted the following areas where improvements are needed:

- Salary and benefits associated with six Highway Patrol officers and a compliance auditor who worked a simulated excursion for one of the gaming facility licensees were not properly billed. The officers and auditor failed to indicate the time worked on the simulated excursion on their activity record (timesheet), which is used to prepare the monthly billings. The gaming facility licensee was undercharged approximately \$4,500 for the six officers and \$1,000 for the compliance auditor. The \$4,500 was improperly billed to various other gaming facility licensees where the six Highway Patrol officers normally perform their enforcement duties; thus, the state was reimbursed for the officer's salary and benefits. However, the state was not reimbursed for the compliance auditor's salary and benefits.
- The salary of one Highway Patrol officer was incorrectly charged to a gaming facility licensee. The officer's salary was charged to the gaming facility licensee at an old rate, resulting in an undercharge of approximately \$400.
- We also noted some minor costs related to meals and pagers that were not billed.

To ensure all cost incurred for services provided to the gaming facility licensees are reimbursed, the MGC should review the policies and procedures that caused the gaming facility licensees to be undercharged.

WE RECOMMEND the MGC ensure the licensees are properly billed for all costs associated with services provided. In addition, the MGC should ensure the applicable licensees are billed for any unpaid amounts.

AUDITEE'S RESPONSE

MGC agrees and the adjustments have been made and properly billed.

As part of our review of the MGC, we visited four of the gaming facilities to review operations and procedures. A review of the gaming device (slot machines) inventory listing was performed along with testing the computer chips in several slot machines. Our review noted the following areas in need of improvement:

- While testing the computer chips in the slot machines, we noted several computer chips that were not on the MGC's approved computer chip listing. These computer chips had been revoked by the MGC for various reasons. One facility operator had computer chips that had been revoked on January 29, 2002, by the MGC and should have been replaced by March 15, 2002. These revoked chips were replaced in June 2002, after we brought this to the MGC's attention. Another facility operator had computer chips that had been revoked on November 26, 2001, and should have been replaced by December 26, 2001. These revoked chips were not replaced until July 9, 2002, more than six months after they were required to be removed.

The MGC indicated that it is the facility operator's responsibility to replace revoked computer chips in the time allowed. In addition, the MGC stated that they perform spot checks at each of the facility operations to ensure the facilities are in compliance. We determined there had been no spot checks performed by the MGC since January 2002 and very few done in the months prior to January 2002. As regulators of the facility operations in the state of Missouri, it is the MGC's responsibility to ensure the facility operations are in compliance with the MGC regulations.

- At one of the facilities visited, we noted several of the slot machines had loose tokens inside the slot machines. According to the facility operator's internal control system (ICS) requirements and the MGC's Minimum Internal Control Standards (MICS) Section E-27, loose tokens are to be removed from the slot machines (swept) at least once a month. Our review of the facility operator's slot machine sweep documentation noted that several of the slot machines tested had not been swept as required. The failure to properly sweep the machines as required could result in incorrect reporting and the late payment of gaming revenues to the state.

WE RECOMMEND the MGC ensure all facility operations are in compliance with MGC regulations. In addition, the MGC should investigate and correct the problems that allowed the facilities to operate with revoked computer chips and the failure to sweep the slot machines as required.

AUDITEE'S RESPONSE

While the MGC agrees with the factual basis for this finding, it is not in total agreement with the Auditor's emphasis relative to the significance of this issue. MGC's response to the two concerns raised in this finding are as follows.

MGC has devised a rather sophisticated internet based system that, if used properly, should preclude the presence of revoked software in the devices currently in play in Missouri, to a great extent. There are in excess of 17,000 legal slot devices in play within Missouri, each relying on a computer chip to regulate its play. This number is deceiving as these devices are changed, reconfigured or modified on a very regular basis in response to consumer preferences and demand. MGC has established a website listing the current version of all approved software as well as listing all revoked software. There are numerous recalls of software placed on this website by manufacturers and testing laboratories on a regular basis. It is incumbent that casinos in Missouri download this information on a regular basis and respond to advisories or revocations as indicated in the website entry. It is equally incumbent that MGC, as a regulator, monitor this process. During the past year MGC added a second Electronic Gaming Device (EGD) technician to assist in verifying this process among many other responsibilities. As a matter of fact, the bulk of the responsibility for monitoring this process belongs to MGC boat agents. MGC is significantly understaffed in boat agents and must rely on self reporting and monitoring to insure that revoked software is detected and removed. MGC's reliance on this technological approach to this problem is not perfect but is necessary in the present fiscal climate. MGC intends to diligently pursue its responsibility in monitoring this issue, however; just as traffic officers will never preclude all traffic violations from occurring, MGC will never be able to preclude all violations of rules and regulations in this area.

Slot machines are very sophisticated devices on the top end and quite the opposite on the bottom side. Chutes to divert the flow of tokens into a bucket or hopper may be fabricated from cardboard, plastic or metal. The placement of the bucket under the chute must be rather precise or tokens will miss the container. MGC requires the devices to be swept on a monthly basis to ensure that tokens are properly accounted for and taxed. On any given day, if you open enough of these devices, you will find loose tokens in the bottom, which is why we have the sweep rule. MGC efforts to monitor this process are hindered by the same manpower considerations mentioned above. MGC fully intends to continue monitoring this concern and respond appropriately when an unacceptable amount of tokens is discovered.

6.

Compliance Audits

The MGC compliance audit section is responsible for monitoring the gaming facility operators to ensure the casinos are operating in accordance with the Minimum Internal Controls Standards (MICS), Code of State Regulations (CSRs), policy statement (PS) issues, and the casino's written Internal Control System (ICS). Our review noted the following areas in need of improvement:

- A. One of the objectives of the MGC's compliance audit section is to perform audits of the gaming facility licensees once every two years. The MGC compliance audit section consists of two audit teams, facility auditors, an audit manager, and a gaming enforcement manager. The audit teams perform the audits of the licensees once every two years based upon audit program procedures developed by the MGC. These audit program procedures were established by the MGC to ensure compliance with the Minimum Internal Control Standards (MICS) and 11

CSR 45 Missouri Gaming Commission Regulations. The facility auditors perform audits that focus on specialized projects, assist enforcement officers with enforcement issues, and assist the audit teams during the audit of the gaming facility licensees.

We reviewed all fifteen gaming facility licensees in operation during fiscal years 2002, 2001, and 2000 and noted that several of the gaming facility licensees had not been audited in accordance with the MGC's objective to have an audit every two years. We noted that three gaming facility licensees have not been audited by the MGC in over three and a half years. However, the MGC in fiscal year 2002 did start an audit of all three gaming facility licensees. In addition, one gaming facility licensee has never received an audit since opening in June 2000.

To ensure the licensees are adhering to the MGC's regulations, the MGC should perform audits of the licensees once every two years.

- B. The MGC does not review in a timely manner the corrective actions taken by the gaming facility licensees in response to MICS variations or deviations noted in the independent certified public accountant's quarterly audits. The MGC's regulation 11 CSR 45-8.060 requires each gaming facility licensee to be audited quarterly by an independent certified public accountant. These audits are required to include information regarding any variations or deviations from the commission approved MICS. The MICS were established by the MGC to ensure procedures are adequate for the handling of the high volume of cash by gaming facility operators and to ensure adjusted gross receipts are properly recorded.

We reviewed the independent certified public accountant's quarterly audit reports for the gaming facility licensees in operation during the fiscal years 2002, 2001, and 2000. We noted many of these reports contained numerous findings listing variations or deviations from the MICS, many of which were repeated in subsequent quarterly audit reports. For example, during the review of one gaming facility licensee we noted that the December 31, 2001 quarterly audit report contained 35 findings with 15 of those findings repeated in the subsequent quarterly audit report ending March 31, 2002. As of June 30, 2002, the MGC had not followed-up on the findings noted in these quarterly audit reports.

To ensure the licensees are adhering to the MICS established by the MGC, the MGC should follow up on the variations or deviations noted in the independent certified public accountant quarterly audit reports in a timely manner.

WE RECOMMEND the MGC:

- A. Perform audits of the gaming facility licensees once every two years.
- B. Perform and document follow up procedures for the minimum internal control standards variations or deviations noted in the independent certified public accountant quarterly audit reports of gaming facility licensees in a timely manner to ensure corrective actions are taken.

AUDITEE'S RESPONSE

A&B. MGC agrees with the factual basis for this finding. MGC is currently experiencing a tremendous turnover in its audit staff and have assigned auditors to assist in the investigation of sophisticated internal thefts on casino properties, thus reducing their availability for traditional audit responsibilities. One such investigation during this period resulted in the recovery of over \$400,000 in taxes owed to the state. The observations and recommendations made in this finding will be given every consideration as we work to maximize the use of MGC's limited and highly transient staff.

This report is intended for the information and use of the management of the Missouri Gaming Commission and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

MISSOURI GAMING COMMISSION
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Missouri Gaming Commission (MGC) on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended June 30, 1999.

The prior recommendations, which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the commission should consider implementing those recommendations.

1. Auditing and Monitoring Procedures

- A. The MGC did not adequately monitor the admissions information on the Daily Tax Remittals resulting in a \$109,474 overpayment of admission taxes for a gaming boat operator.
- B. The MGC did not properly monitor Daily Tax Remittals to ensure gaming boat operators applied credit adjustments of \$40,191 for gaming taxes after the gaming boat operator incurred a negative adjusted gross receipts (AGR) on a gaming day.
- C. Credit claim forms are not processed on a timely basis. As of September 9, 1999 approximately 100 credit claims forms totaling \$507,000 from various gaming boat operators were held by the MGC.
- D.1. The MGC did not require one licensee to have a quarterly minimum internal control standards (MICS) audit.
- D.2. The MGC's compliance auditors could not provide documentation that adequate follow up audit procedures were performed to ensure corrective action was taken by licensees in response to (MICS) variations or deviations noted in the independent certified public accountant audits.

Recommendation:

The MGC:

- A. Properly monitor admissions information to ensure admission taxes paid are reasonable.
- B. Properly monitor negative AGR to ensure gaming boat operators are adjusting a subsequent day's AGR for the negative AGR amount to prevent overpayment of gaming taxes and to help avoid the credit claim form process.
- C. Process credit claim forms on a timely basis. In addition, we recommend the MGC work with the Attorney General's office to resolve credit claims forms in a timely manner.

D.1. Ensure all licensees have a quarterly MICS audit.

2. Require its compliance auditors to perform and document follow up procedures for the minimum internal control standards variations or deviations noted in the independent certified public accountant audit reports of licensees to ensure corrective actions are taken.

Status:

A,B,
C&

D.1. Implemented.

D.2. Not implemented. See MAR finding number 6.

2. License Billings

Billings were not prepared and sent on a timely basis for several different types of licenses. The numerical sequence of licenses could not be verified.

Recommendation:

The MGC:

- A. Ensure billings for all types of licenses are prepared and sent on a timely basis.
- B. Ensure the completeness of the Missouri Occupational Licensing Enforcement System and the Bingo Organization licensing database by accounting for the numerical sequence of license numbers issued and maintain documentation of voided and missing license numbers.

Status:

- A. Partially implemented. We noted two instances out of twenty-one licenses reviewed in which licensees were not billed in a timely manner. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented.

3. Supplier Licensing

- A. The MGC does not reconcile payments made by suppliers to the applicant's database system. The MGC did not bill a supplier for licensing renewal in the amount of \$5,000.
- B. Investigations for supplier licenses are not completed on a timely basis.

Recommendation:

The MGC:

- A. Perform a reconciliation of payments received from suppliers to payments posted to the supplier database to ensure suppliers have paid their appropriate fees.
- B. Complete license investigations on the nine temporary suppliers and ensure future supplier investigations are completed on a timely basis.

Status:

Implemented.

4. Boat Visits

- A. The MGC incorrectly placed a property tag on a removable portion of the slot machine.
- B. Serial numbers and property tag numbers on the gaming device inventory listing were inaccurate.
- C. One slot machine was not properly sealed with evidence tape, as required by 11 CSR 45-5.210(J).

Recommendation:

The MGC:

- A. Require the MGC property tag be placed on a part of the slot machine that is not removable.
- B. Ensure serial numbers and property tag numbers are accurately included on the gaming device inventory listings.
- C. Ensure the motherboard is properly sealed into the slot machines.

Status:

Implemented.

5. \$500 Loss Limit

The statutes as currently written do not define what constitutes a \$500 loss. Because of this lack of guidance or clarity in the law, the MGC has chosen to enforce a \$500 buy in limit. Allowing patrons to bring tokens and chips onto a gambling excursion appears to be a violation of the \$500 loss or buy in limit.

Recommendation:

The MGC discontinue the practice of allowing individuals to enter a gaming excursion with tokens or chips from previous gaming excursions to improve enforcement of the \$500 loss limit. In addition, we recommend the MGC request the legislature provide additional guidance regarding how the \$500 loss limit should be interpreted and enforced.

Status:

Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

MISSOURI GAMING COMMISSION HISTORY, ORGANIZATION, AND STATISITCAL INFORMATION

The Missouri Gaming Commission was established in 1993 by the Eighty-Seventh General Assembly, as specified by Chapter 313, RSMo.

Section 313.822, RSMo 2000, provides that a tax be imposed on the adjusted gross receipts (the gross receipts from licensed gambling games and devices less the winnings paid to wagerers) at the rate of twenty percent. This section allows the home dock city or county to receive ten percent of the adjusted gross receipts tax and the remainder to be deposited in the state treasury to the credit of the "Gaming Proceeds for Education Fund." Furthermore, Article III, Section 39(d) of the Missouri Constitution requires all state revenues derived from gaming activities be appropriated solely for public institutions of elementary, secondary, and higher education.

Section 313.820, RSMo 2000, provides that an excursion boat licensee shall pay to the commission an admission fee of two dollars for each person embarking on an excursion with a ticket of admission. One dollar shall be paid to the home dock city and county while the other dollar, per Section 313.835, RSMo 2000, shall be deposited in the state treasury to the credit of the "Gaming Commission Fund." This fund is for the purpose of funding the administrative costs of the commission relating to excursion gambling boat operations, subject to appropriation. This fund also includes revenues received by the commission for license fees, administrative fees, and reimbursement by any excursion gambling boat operations for services provided by the commission.

The commission performs all duties and has all powers and responsibilities conferred and imposed upon it relating to the licensing and regulation of excursion gambling boats and the lawful operation of the game of bingo under Chapter 313, RSMo 2000. Effective August 28, 1996, the Missouri Gaming Commission became responsible for regulating horse racing under Chapter 313, RSMo 2000. Within the commission there is a Division of Gaming and a Division of Bingo. The Executive Director of the Missouri Gaming Commission is hired by the commission. Mr. Mel Fisher served as the Executive Director of the Missouri Gaming Commission from August 26, 1998 until his retirement in December 2000. Upon Mr. Fisher's retirement, Kevin Mullally began serving as the Acting Executive Director until being named Executive Director on February 21, 2001.

The Missouri Gaming Commission consists of five members appointed by the governor, with the advice and consent of the Senate. Terms of members are for three years on a staggered basis. No person shall serve as a member more than six years. The chairman is appointed by the governor.

At June 30, 2002, members of the Missouri Gaming Commission were: *

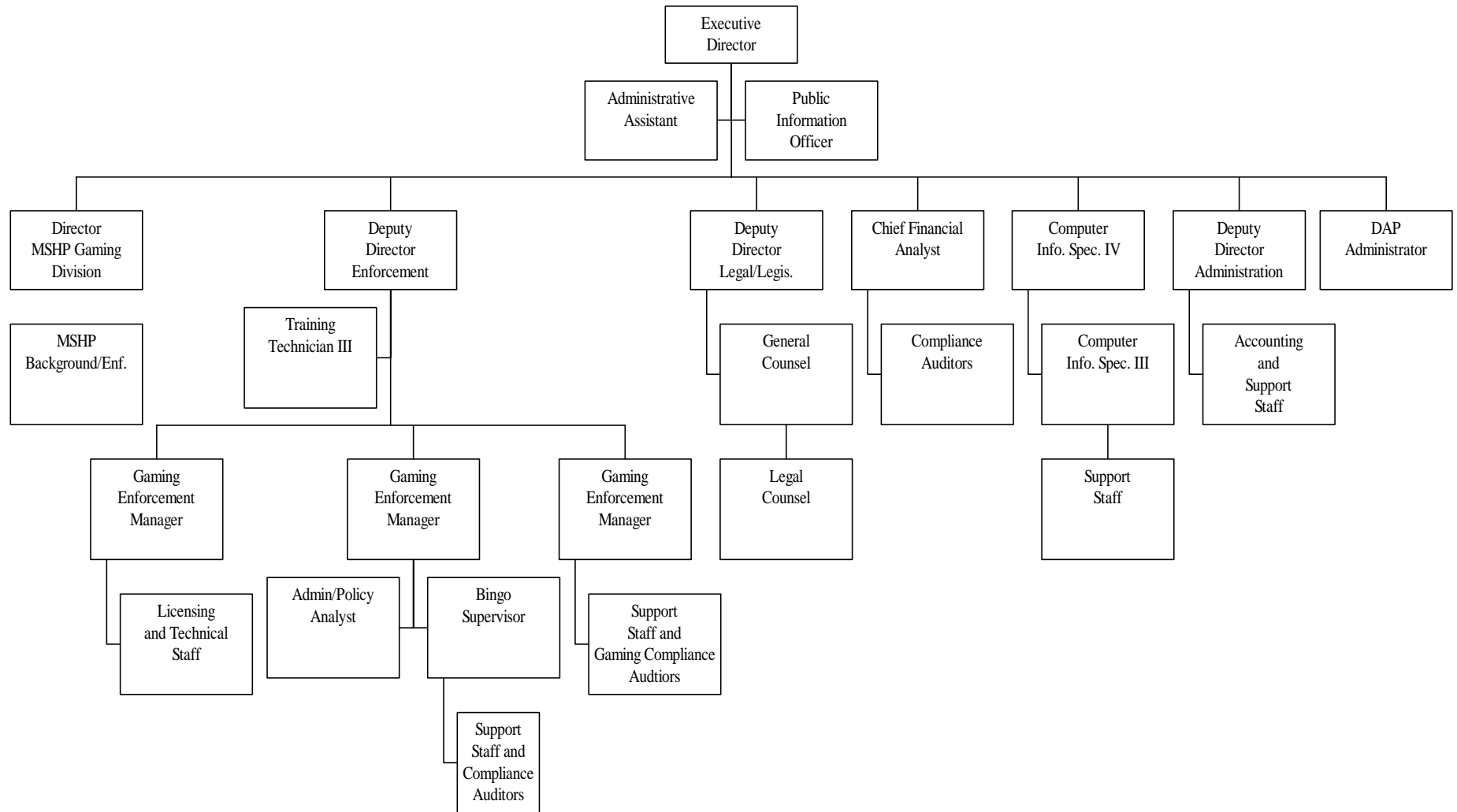
	<u>Term Expires</u>
Robert Smith	April 2002**
Lynne Nikolaisen	April 2002**
Muriel Battle	April 2002**
J. Joe Adorjan	April 2003

* At June 30, 2002 there were only four members of the Missouri Gaming Commission and none of these members had been appointed Chairman of the Commission.

**Members serve until replaced or reappointed, regardless of term date.

At June 30, 2002, the Missouri Gaming Commission had 92 employees and 91 Missouri State Highway Patrol employees who are assigned to the commission and paid from the Gaming Commission Fund. An organization chart follows.

MISSOURI GAMING COMMISSION
 ORGANIZATION CHART
 JUNE 30, 2002



* * * * *



**COMPLIANCE WITH
CLOSED MEETING AND CLOSED SESSION
PROVISIONS OF THE SUNSHINE LAW**

**From The Office Of State Auditor
Claire McCaskill**

Public bodies did not fully document compliance with the closed meeting/session provisions of the Sunshine Law and did not timely respond to requests for public records.

**Report No. 2003-20
March 3, 2003
www.auditor.state.mo.us**

PERFORMANCE AUDIT

**COMPLIANCE WITH CLOSED MEETING AND
CLOSED SESSION PROVISIONS OF THE SUNSHINE LAW**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Governor Bob Holden
and
Agency Directors, Board Members and Commissioners
and
Members of the General Assembly

The State Auditor performed an audit of public bodies' compliance with Sections 610.020, 610.021, 610.022, and 610.023, RSMo 2000, of the Missouri Sunshine Law (Sunshine Law). Specifically, our objectives were to determine if public bodies (1) posted notices of meetings at least 24 hours before meetings were held, (2) recorded and retained minutes of open and closed meetings, (3) held closed meetings and sessions to discuss only authorized topics, and (4) entered into their minutes the votes and specific topics discussed in closed meetings and sessions. We also analyzed how timely public bodies responded to our requests for public records.

The Sunshine Law requires members of public bodies demonstrate compliance with the provision of Sections 610.020, 610.021, 610.022, and 610.023, RSMo 2000. Our review showed a substantial number of public bodies within our sample could not demonstrate compliance. We could not determine if 70 public bodies posted public meeting notices at least 24 hours before the announced meetings because the notices did not include the date and time of posting. Analyses of minutes provided by 152 public bodies showed 38 (25 percent) did not identify the topics to be discussed during closed meetings/sessions and/or did not record the members' votes to go into closed meetings/sessions.

Finally, public bodies were not timely in responding to our requests for public information. It took an average of 31 days with a range of 1 to 171 days to respond. Fifty-seven of 356 public bodies did not respond until they had received a follow-up letter or telephone call or both. The Sunshine Law requires a response to public information requests within 3 business days.

We conducted the audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	John B. Mollet, CISA
In-Charge Auditor:	Benjamin Douglas Deborah J. Yost
Audit Staff:	George M. Atkinson Michelle J. Holland Tania Williams Amanda Greer Nicole Griffith

RESULTS AND RECOMMENDATIONS

1. Public Bodies Need to Better Document Compliance with the Sunshine Law's Closed Meeting and Closed Session Provisions

Auditors reviewed practices of 152 public bodies holding closed meetings/sessions in 2001 and found general compliance with some Sunshine Law provisions, but were unable to determine compliance with other provisions:

- 114 public bodies properly identified and documented in open meeting minutes the permissible topics to discuss in closed sessions and recorded votes to go into closed sessions.
- 83 public bodies either did not include the date and time public meeting notices were posted or retain these notices, making it impossible to demonstrate if they complied with posting requirements.
- At least 38 public bodies did not keep records of closed sessions to prove compliance with other aspects of the law, while 6 public bodies discussed topics in closed sessions, which should have been addressed in an open meeting.

Discussions with public body officials disclosed they were not aware of the provisions of the law. In addition, state law does not require public bodies to record minutes of closed meetings/sessions, which would help prove compliance. State law puts the burden of persuasion on public bodies to demonstrate compliance with all Sunshine Law provisions.¹ Public bodies and members can be fined up to \$500 if they purposely violate the Sunshine Law.

Sunshine Law allows public bodies to hold closed meetings and closed sessions during open meetings

A public body is permitted to close meetings, records, and votes when they relate to certain allowed topics which include:²

- Privileged communications between a public body and its attorney
- Leasing, purchase or sale of real estate by a public body
- Discussions regarding personnel including, hiring, firing, disciplining and promoting
- Scholastic probations, expulsion or graduation of identifiable individuals

A public body must state and document the permissible topics to be discussed in a closed meeting/session and record the vote of each member. A closed meeting has no portion open to

¹ Section 610.027(2), RSMo 2000

² Section 610.021(1)(2)(3) and (6), RSMo 2000

the public and is preceded by a public notice announcing the closed meeting. A public body closes a session in an open meeting by vote and can discuss 1 or more of the 18 items allowed under the Sunshine Law.³

Notices for open and closed meetings must be posted at least 24 hours in advance of the meeting unless the public body can show "good cause" for not meeting this timeframe. If 24-hour notice is not possible, the "good cause" shall be stated in the meeting minutes. The meeting notice must note an open or closed session and include the time, date and place of the meeting. Attached to the notices is to be a tentative agenda "reasonably" advising the public on meeting discussion topics.⁴

Most public bodies complied with the closed meeting notification and vote recording provisions

The minutes provided by 114 of 152 public bodies showed they identified the topics planned for discussion during closed meetings/sessions and recorded the members' votes. The remaining 38 (25 percent) public bodies did not identify the topics planned for discussion during closed meetings/sessions and/or did not record the members' votes to close a meeting. Members of 19 public bodies' interviewed stated they were either not aware of the requirement to record a specific topic in the open minutes, or believed they were not required to record the topic in the minutes if it had been cited on the tentative agenda for the meeting. *(See Appendix III, page 13, for a summary of compliance issues for the 152 public bodies).*

38 public bodies
did not state topic
and/or record
vote

The Attorney General's office recognized the Sunshine Law's language in Section 610.022.1, RSMo 2000, may be confusing and can result in misinterpretation. As a result, the Attorney General's office supported a proposal to have the confusing language removed by Senate Bill 709; however, the bill did not pass during the 2002 legislative session.

Twelve public bodies used a general statement in their meeting notices and minutes to cover all possible exceptions to open meetings, and did not specify the particular exception to be discussed in the closed session. Although the Sunshine Law does not specifically address general statements, such statements miss the law's intent to require a specific, cited reason.

Notices posted by public bodies did not document compliance with the 24-hour rule

Meeting notices were received from 139 of the 152 public bodies that had closed meetings/sessions. Auditors found 70 public bodies (50 percent) did not include the date and time of posting on all public meeting notices to prove the notice was posted at least 24 hours before the meeting as required by law. An additional 13 public bodies did not retain meeting notices, and also could not prove when notices were posted. The Sunshine Law does not specifically state public meeting notices must include the posting date and time. However, the Sunshine Law requires the public body and its members demonstrate compliance with all law

³ Section 610.021, RSMo 2000

⁴ Section 610.020, RSMo 2000

provisions, including the 24-hour posting requirement. Unless a notice includes the posting date and time (if the notice is posted less than 2 days before the meeting), a public body cannot clearly demonstrate compliance with the 24-hour rule. An Attorney General's office official suggested the notice should include the posting date and time.

Public bodies should document discussions held during closed meetings and sessions

The Sunshine Law does not specifically require public bodies to keep minutes for closed meetings or sessions. The Attorney General's Sunshine Law booklet recommends public bodies document discussions during closed session to demonstrate, if necessary, the discussions were limited to the topics announced for the closed session. Audit tests showed at least 38 of 152 public bodies did not record minutes of closed meetings/sessions. Analysis of closed minutes showed 6 public bodies included the following notes in their minutes about topics not exempt under the Sunshine Law for discussion in a closed meeting/session:

Attorney General
suggests
keeping minutes

- Membership dues in a rotary club for a director
- Holiday gifts for staff members
- Reimbursements for employee uniforms
- Naming a building after a benefactor
- Location of next public meeting
- Recreational permit sanctions and revocations
- Use of department facilities
- Insurance premium changes
- Training on effective letter writing

The Sunshine Law states "public governmental bodies shall not discuss any business in a closed meeting, record, or vote which does not directly relate to the specific reason announced to justify the closed meeting or vote."⁵ Officials from these public bodies stated they would take action to prevent reoccurrence.

The Sunshine Law requires certain decisions made during closed meetings/sessions related to legal, real estate, and personnel actions to be made public within specified timeframes. For example, a public body that exercises the power of eminent domain in closed session must publicly announce the vote immediately following the action. Also, any vote on final decisions to hire, fire, promote, or discipline employees must be made public with the record of how each member voted within 72 hours of the closed meeting/session.⁶ Public bodies would be in a better position to prove compliance with these provisions if they maintained minutes of closed meetings/sessions.

⁵ Section 610.022(3), RSMo 2000

⁶ Section 610.021(1)(2) and (3), RSMo 2000

Conclusion

Public bodies have not consistently demonstrated compliance with the Sunshine Law's provisions related to holding closed meetings and sessions. Part of the lack of demonstration can be attributed to unclear provisions in the law. But the law clearly provides once a party seeks judicial enforcement, the public body must prove compliance with the law's provisions. Public bodies and members can be subject to civil fines up to \$500 if they purposely violate the Sunshine Law. Accordingly, it is important for public bodies to ensure they can demonstrate compliance with all provisions of the law.

Recommendations

We recommend the General Assembly revise the Sunshine Law to require:

- 1.1 Notices posted for public meetings include the date and time the notice is posted.
- 1.2 Public bodies record minutes to document discussions held during closed meetings and sessions.

2. Problems Still Exist with Obtaining Access to Public Records

The State Auditor reported in 1999 and 2001 over 40 percent of public bodies audited did not respond timely and/or properly to public information requests, as required by the Sunshine Law.⁷ The 356 entities answering audit request letters during this audit averaged 31 days to respond with a range of 1 to 171 days. The Sunshine Law requires entities to respond to each public records request by the third business day following receipt of the request.⁸ Auditors contacted entities 3 ways to obtain the 356 responses (1) an initial letter, (2) a follow-up letter and (3) follow-up telephone calls to the public bodies not responding to the second letter. Twenty public bodies stated they did not receive our initial requests for public records. However, 14 of these public bodies responded to our second request, which was mailed to the same public custodian and address. Random audit tests also showed public bodies did not fully comply with requests for public records. Public bodies and members that do not timely and/or fully respond to requests for public records can be found in non-compliance with the Sunshine Law and subject to fines.

Sunshine Law requires public bodies to respond to requests for public records

According to the Sunshine Law, except as otherwise provided by law, all public records shall be open to the public for inspection and copying. The Sunshine Law states:

"Each request for access to a public record shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request is received by the custodian of records of a public governmental body. If access to the public record is not granted immediately, the custodian shall give a detailed explanation of the cause for further delay and the place and earliest time and date that the record will be available for inspection. This period for document production may exceed three business days for reasonable cause."⁹

A public body or members who have been found to purposely violate the Sunshine Law can be subject to fines not to exceed \$500.

Previous audits showed public bodies frequently ignored requests for public records

Audit tests conducted during our 1999 and 2001 Sunshine Law audits identified over 40 percent of public bodies did not comply with the Sunshine Law provisions related to access to public records. The 1999 audit reported 102 of 214 (48 percent) political subdivisions (eg. counties, cities, and school districts) either did not respond or denied requests for public records. The 2001 audit reported 86 of 194 (44 percent) state agencies, boards, and commissions, either did not respond, responded untimely, or improperly denied requests for public records.

⁷*Audit of Compliance with Sunshine Law Requirements* (Report No. 99-104, November 6, 1999), and *Compliance with Sunshine Law Requirements State Agencies, Boards and Commissions* (Report No. 2001-33, April 17, 2001)

⁸ Section 610.023.3, RSMo 2000

⁹ Section 610.023, RSMo 2000

Official request for public records sent to over 300 public bodies

Auditors sent letters on official letterhead to 319 public bodies including (1) 247 political subdivisions from a universe of 3,470 political subdivisions, (2) 53 boards or commissions from a universe of 246, and (3) 19 state departments and agencies. The letters requested the following public information concerning public meetings held during calendar year 2001:

- The number of closed meetings/sessions
- The date, time, and place of each closed meeting/session, and copies of the posted notices
- For each closed session, the number of board members and copies of minutes indicating the votes to enter closed session

The letters also requested the public bodies disclose if closed meetings or sessions were not held during calendar year 2001.

The 319 public bodies sent 356 responses because some state departments sent multiple responses. Auditors measured timelines by calculating the days between postmark dates for the request letters and the responses.

Public bodies did not respond timely

Auditors used two request letters and follow-up telephone calls to obtain all the responses. Table 2.1 shows the number of responses for each type of request and the average response times.

Table 2.1: Days to Respond

Response Description	Number of Responses	Days to Respond	
		Average	Range
First Request	299	15	1-90
Second Request	23	111	81-133
Phone Contact	34	125	56-171 ¹
All requests	356	31	1-171

¹Two public bodies claimed they responded in July 2002 to our first request.

Source: SAO analysis of responses

Telephone discussions disclosed 20 officials stated they did not receive our first letter and 6 of the 20 also stated they did not receive the second letter although none of these letters were returned by the U.S. Postal Service as undeliverable. Eleven officials stated they did not respond to our first and/or second request, because they did not hold any closed meetings/sessions and assumed they did not have to respond. Some officials stated they were still working on the requests and others stated they had responded to the first request. (See Appendix IV, page 18, for a listing of the response times for each public body contacted.)

Many second request letters were answered late

Our requests required many public bodies to provide substantial documentation, and the Sunshine Law allows the period for document production to exceed 3 business days for reasonable cause. Eighty-seven public bodies took more than 4 weeks to respond. Of these public bodies, 61 responded they did not hold any closed meetings or sessions.

Ten public bodies did not provide complete information

Auditors visited 58 public bodies to verify their response of not holding any closed meetings or sessions in 2001. Ten of the 58 public bodies actually held closed meetings or sessions, which should have been reported. Officials stated they overlooked the records, or assumed the records request was only for "special" closed meetings, not executive meetings.

Conclusion

Unless otherwise provided by law, records of public bodies are to be open and available to the public for inspection and copying. The Sunshine Law requires action on each public records request within the end of 3 business days following the date the request is received by a public body's records custodian. Two previous audits and this audit show a substantial number of public bodies have not complied with this provision of the Sunshine Law.

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

Our objectives were to determine if during calendar year 2001 public bodies (1) posted notices of meetings at least 24 hours before meetings were held, (2) recorded and retained minutes of open and closed meetings, (3) held closed meetings and sessions to discuss only authorized topics, and (4) entered into their minutes the votes and specific topics discussed in closed meetings and sessions. Our objectives also included determining how timely public bodies responded to our requests for public records.

Scope and Methodology

Auditors mailed request letters in postmarked envelopes to 319 public bodies which included (1) a sample of 247 political subdivisions selected from a universe of 3,470, (2) a sample of 53 boards or commissions from a universe of 246, and (3) 19 state departments and agencies. The date of receipt was determined using the postmark date of the letter minus 1 day. This method was used to adjust for any responses that were mailed after the business day was over.

A second request was sent to 57 entities that did not respond to the initial mailing and 34 still did not respond. These entities finally responded to telephone calls made to determine why they did not respond to the first and second request letters.

In addition to reviewing the response documentation, auditors selected a sample of 58 public bodies that responded they held no closed meetings or sessions in calendar year 2001; and visited those entities to verify that they were in compliance with the Sunshine Law.

Auditors reviewed Sections 610.020, 610.021, 610.022, and 610.023, RSMo 2000, of the Sunshine Law, and the Office of the Attorney General's Sunshine Law booklet. Staff of the Attorney General's office were also contacted to discuss and clarify sections of these statutes.

Table I.1 lists the number and types of public bodies contacted, and the number of responses received.

Table I.1: Types of Public Bodies Contacted

Public Bodies	Initial Request	Responses Received
State Departments and Agencies	19	56 ¹
Boards/Commissions	53	53
Ambulance Districts	9	9
Cities	50	50
College	1	1
Counties	12	12
Drainage Districts	3	3
Fire Protection Districts	21	21
Hospital Districts	2	2
Levee Districts	5	5
Library Districts	13	13
Light District	1	1
Nursing Home Districts	4	4
Public Water Supply Districts	11	11
School Districts	33	33
Sewer Districts	3	3
Soil & Water Conservation Districts	9	9
Special Business Districts	2	2
Special Road Districts	18	18
Townships	22	22
Villages	27	27
Watershed District	<u>1</u>	<u>1</u>
Total	<u>319</u>	<u>356</u>

¹Five departments and agencies responded with multiple responses

Source: SAO Analysis

BACKGROUND

Missouri's commitment to openness in government is stated in Chapter 610, RSMo 2000. Referred to as the Sunshine Law, the intent of the law is to ensure that public governmental bodies conduct their business in a manner that is open to public scrutiny. Public meetings, including meetings conducted by telephone or other electronic means, are to be held at reasonably convenient times and must be accessible to the public. Meetings should be held in facilities that are accessible to persons with disabilities.

Public governmental bodies are defined as legislative, administrative or other governmental entities created by the constitution or statutes of the state of Missouri, or by order or ordinance of any political subdivision or district as well as judicial entities when operating in an administrative capacity. Such governmental bodies include state agencies and officials; governing bodies of institutions of higher education; and any department of any political subdivision of the state, county or municipal government, school district, or special-purpose district.

Section 610.021, RSMo 2000, defines the following reasons that a governmental agency or political subdivision may close a meeting to the public:

Privileged communications between a governmental body and its attorney or confidential communications with its auditor.

Discussions of identifiable persons which relate to hiring, firing, disciplining, promoting, mental health, physical health, scholastic probation, expulsion, graduation, welfare, personnel records, performance ratings, employment applications, or abuse/wrongdoing hot line records.

Discussions of business information such as leasing, purchase, or sale of real estate; negotiations with employee groups; testing and examination materials for students; specifications for competitive bidding, sealed bids and related documents; records which relate to scientific innovations, software codes and related documentation; or certain aspects of a municipal electric utility during restructuring.

Discussions of issues related to the state militia or National Guard or of records which are protected from disclosure by law.

Section 610.022, RSMo 2000, requires a majority vote to close a meeting and requires sufficient public notice of the time, date, place, and reason for the closed meeting. No governmental body is ever required to close a meeting for any reason.

SUMMARY OF COMPLIANCE WITH CLOSED MEETING PROVISIONS

The following public bodies complied with closed meeting provisions for meetings held in 2001:

- Advisory Commission for Clinical Perfusionists
- Armstrong Fire Protection District
- Bolivar R-I School District
- Callaway County Ambulance District
- City of Canton
- City of Cassville
- City of De Soto
- City of Edmundson
- City of Fair Grove
- City of Fulton
- City of Jasper
- City of Kidder
- City of Kimberling City
- City of Leeton
- City of Milan
- City of Pineville
- City of Purdin
- City of St. Mary
- City of Sikeston
- City of Truesdale
- City of Versailles
- Clay County
- Commission on Human Rights
- Consolidated Public Water Supply District No. 1 Linn County
- Dam and Reservoir Safety Council
- Department of Elementary and Secondary Education
- Department of Health and Senior Services
- Dixon R-I School District
- East Newton County R-VI School District
- Highway and Transportation Commission
- Johnson County
- Kansas City Board of Police Commissioners
- Kelso C-7 School District
- Kingdom City
- Laclede County Soil & Water Conservation District
- Lincoln Township, Nodaway County
- Meadville R-IV School District
- Nixa R-II School District

APPENDIX III

- Northwest Missouri State University Board of Regents
- Osage R-II School District
- Public Water Supply District No. 2 of Lincoln County
- Public Water Supply District No. 1 of Putnam County
- Rolling Hills Consolidated Library
- Riverside-Quindaro Bend Levee District
- St. Louis County Soil & Water Conservation District
- Southeast Missouri State University Board of Regents
- State Emergency Management Agency
- State Fair Commission
- State Lottery Commission
- Tarkio R-I School District
- Tourism Commission
- Truman State University Board of Governors
- University of Missouri Board of Curators
- Well Installation Board
- Worth County

Table III.1 lists the closed meeting compliance errors identified for the other public bodies reviewed during the audit.

Table III.1: Compliance Errors with Closed Meeting Provisions

Public Body	Compliance			Not Recorded in	
	Issues With Meeting Notices			Open Minutes	
	Not 24 Hours	No Date and Time	Not Retained	Vote	Topic
State Departments and Agencies ¹					
Administrative Hearing Commission		X			
Air Pollution Control Program		X			
Higher Education		X			
Highway Patrol		X			
Land Reclamation Commission		X			
Personnel Advisory Board		X			
Public Entity Risk Management Fund		X			
Public Safety, Director's Office		X			X
Revenue		X			
Division of State Parks					X
Boards, Commissions, Committees, Councils, and Foundations					
Agricultural & Small Business Development Authority		X			

APPENDIX III

Public Body	Compliance Issues With Meeting Notices			Not Recorded in Open Minutes	
	Not 24 Hours	No Date and Time	Not Retained	Vote	Topic
Central Missouri State University Board of Governors		X			
Clean Water Commission			X		
Conservation Commission		X			
Credit Union Commission ²		X			
Gaming Commission		X			
Hazardous Waste Program		X			X
Housing Development Commission		X			
Lincoln University Board of Curators		X			
Mental Health Commission ²		X			
Public Service Commission		X			
Soil & Water Districts Commission		X			
Southwest Missouri State University Board of Governors		X			
State Milk Board				X	X
State Tax Commission			X		
Veterans Commission		X			
Ambulance Districts					
Clark County	X				
Galitan Community		X			
Valle		X			
Cities					
Black Jack ²		X			
Campbell		X			
Cleveland					X
Dearborn		X			
El Dorado Springs		X			
Elsberry	X			X	
Eureka		X			
Excelsior Springs				X	X
Forest City			X		
Garden City	X				
Gilman City		X	X		
Holcomb		X			X
Hollister		X			
Howardville			X	X	X
Knob Noster		X			
La Plata ²		X			

APPENDIX III

Public Body	Compliance Issues With Meeting Notices			Not Recorded in Open Minutes	
	Not 24 Hours	No Date and Time	Not Retained	Vote	Topic
Linn Creek					X
Maysville		X			X
Moberly		X			
New Franklin				X	
Ozark		X			X
Pleasant Hill		X			X
Richmond					X
Seligman					X
Waynesville ²		X			
Counties					
Barry		X	X		
Jasper		X			
St. Genevieve			X	X	
Warren		X			
Fire Protection Districts					
Eolia Community				X	
Mid-County			X		
Western Cass			X		X
Libraries					
Cape Girardeau County Library					X
Cape Girardeau Public Library		X		X	
Howard County Library		X			
Maplewood Public Library		X			
Texas County Library District		X		X	
School Districts					
Adair County R-I		X		X	X
Arcadia Valley R-II		X			
Bakersfield R-IV		X			X
Fulton Public No. 58	X			X	X
Grain Valley R-V		X			
Green Ridge R-VIII		X		X	X
Hayti R-II		X			X
Kirbyville R-VI		X		X	X
La Monte R-IV		X	X		
Laclede County R-I		X			
Licking R-VIII		X			

APPENDIX III

Public Body	Compliance Issues With Meeting Notices			Not Recorded in Open Minutes	
	Not 24 Hours	No Date and Time	Not Retained	Vote	Topic
Missouri City No. 56		X			X
Mount Vernon R-V		X			
Northeast Nodaway County R-V		X			X
Northeast Randolph County R-IV		X			
Osage County R-III					X
Richards R-V		X			X
Richwoods R-VII ²		X			
Sikeston R-VI		X			
Southwest Livingston County R-I *		X			
St. Charles County R-V		X			
Sweet Springs R-VII		X			
Taneyville R-II		X			
Soil & Water Conservation District					
Grundy County			X	X	X
St. Genevieve County		X		X	
Other					
Jefferson College		X			
Harrison County Hospital District				X	
Tri County Nursing Home District				X	X
Locust Central Special Business District			X		X
Lebanon Special Road District No.1 of Laclede County		X			
Village of Leasburg					X
Total	4	70	13	17	30

¹Five departments and agencies sent multiple responses.

²Most meeting notices did not include a date and time.

Source: SAO Analysis

* Error--See letter attached to end of report.

RESPONSE TIME FOR PUBLIC BODIES**Table IV.1: Response Time**

State Departments and Agencies	Days to Reply¹⁰
Department of Natural Resources	
Unmarked Human Burial Consultation Committee	2
Land Reclamation Commission	5
Soil And Water Conservation Program	5
Southwest Regional Office	6
Environmental Services Program	12
Land Survey Advisory Committee	13
Well Installation Board	13
Air Pollution Control Program	14
Division of State Parks	14
Division of Environmental Quality	14
Outreach Assistance Center	19
Small Business Compliance Advisory Committee	19
Interim Management Team	27
Office of State Courts Administrator	4
Department of Agriculture	
Division of Plant Industries	5
Division of Animal Health	6
Division of Grain Inspection and Warehousing	11
State Fair Commission	18
Division of Market Development	22
Department of Conservation	5
Office of Administration	
Personnel Advisory Board	7
Administrative Hearing Commission	28
Children's Trust Fund	28
Division of Accounting	28
Division of Budget and Planning	28
Division of Design and Construction	28
Division of Facilities Management	28
Division of Information Services	28
Public Entity Risk Management Fund	28
Division of Purchasing and Materials Management	28

¹⁰"Days to reply" is based on the days between postmark dates for our request letters and the responses. The statute requires responses within 3 business days of receipt of the request. The "days to reply" in this table reflect the calendar days between the postmarks and does not necessarily mean an entity's response did not comply with the statute. Entities with a low number of days to reply could be in compliance with the statute.

APPENDIX IV

State Departments and Agencies	Days to Reply
Department of Insurance	7
Department of Mental Health	7
Department of Higher Education	11
Office of the Secretary of State	12
Department of Health and Senior Services ¹	13
Environmental Public Health	13
Department of Labor and Industrial Relations	
Division of Employment Security	13
Division of Labor Standards	13
Division of Workers' Compensation	13
Governor's Council on Disability	13
State Board of Mediation	13
Department of Transportation	14
Department of Social Services	22
Department of Elementary and Secondary Education	25
Department of Public Safety	
Adjutant General	26
Capitol Police	26
Director's Office	26
Highway Safety	26
Liquor Control	26
Highway Patrol	26
State Emergency Management Agency	26
Water Patrol	26
Department of Economic Development	27
Department of Revenue	40
Department of Corrections	82
Office of the State Treasurer	123

¹One department-wide response was received along with a separate response from one unit.

Boards, Commissions, Committees, Councils, and Foundations	Days to Reply
Central Missouri State University Board of Governors	1
Northwest Missouri State University Board of Regents	1
State Tax Commission	4
Department of Conservation Commission	5
Governor's Commission on Driving While Intoxicated	5
Lincoln University Board of Curators	5
Housing Development Commission	5
Tourism Commission	5
Veterans Commission	5

APPENDIX IV

Boards, Commissions, Committees, Councils, and Foundations	Days to Reply
Oil and Gas Council	5
Advisory Commission for Clinical Perfusionists	6
Safe Drinking Water Commission	6
Sentencing Commission	6
Soil and Water Districts Commission	6
Solid Waste Management Program Advisory Board	6
State Lottery Commission	6
Mental Health Commission	7
Commission on Human Rights	7
Office of Information Technology Board	7
Southwest Missouri State University Board of Governors	7
Truman State University Board of Governors	7
University of Missouri Board of Curators	7
Fire and Safety Advisory Board	8
Credit Union Commission	11
Advisory Committee on Lead Poisoning	12
Women's Council	12
Dam and Reservoir Safety Council	13
Gaming Commission	13
Labor and Industrial Relations Commission	14
Highway and Transportation Commission	14
Clean Water Commission	15
Agricultural & Small Business Development Authority	18
Ethanol and Other Renewable Fuel Sources Commission	18
State Milk Board	18
Child Abuse and Neglect Review Board	19
Advisory Council on Historic Preservation	19
Barriers to Affordable Housing	20
State Board of Health	21
Southeast Missouri State University Board of Regents	21
State Banking Board	25
State Board of Education	25
Hazardous Waste Management Commission	27
Low-Level Radioactive Waste Compact Advisory Commission	29
Kansas City Board of Police Commissioners	32
State Employees' Deferred Compensation Commission	48
Workers' Compensation Determination Review Board	81
Board of Probation and Parole	82
Minority Business Advocacy Commission	82
Board of Fund Commissioners	83
Public Service Commission	83
The Hawthorn Foundation	83

APPENDIX IV

Boards, Commissions, Committees, Councils, and Foundations	Days to Reply
Investment Trust Board of Trustees	102
Division of Youth Services Advisory Board	103

Political Subdivisions	Days to Reply
<hr/> Ambulance Districts <hr/>	
Callaway County	1
Clark County	3
Gerald	3
West Carter County	9
Galitan Community	14
Knox County	15
Dunklin County	17
Valle	42
Dade County	119
<hr/> Cities <hr/>	
Hume	1
Kimberling City	1
Knob Noster	1
New Franklin	1
Pleasant Hill	1
Campbell	2
Cassville	2
El Dorado Springs	2
Excelsior Springs	2
Holcomb	2
Iberia	2
Leeton	2
Platte Woods	2
Richmond	2
Cleveland	3
Fair Grove	3
Fulton	3
Maysville	3
Seligman	3
St. Mary	3
Truesdale	3
Hollister	4
Canton	8
Kidder	8

APPENDIX IV

Political Subdivisions	Days to Reply
Ozark	8
Waynesville	8
La Plata	9
Versailles	9
De Soto	10
Gilman City	10
Moberly	10
Dearborn	14
Eureka	22
Purdin	22
Forest City	31
Avondale	44
Milan	50
Edmundson	51
Linn Creek	55
Howardville	56
Rock Hill	56
Black Jack	77
Pineville	90
Sikeston	127
Woodson Terrace	134
Birch Tree	136
Elsberry	137
Franklin	137
Jasper	144
Garden City	171
Counties	
Barry	1
Worth	1
Lawrence	2
Pike	2
Johnson	3
Warren	3
Jasper	8
St. Francois	9
Ozark	16
Reynolds	29
Clay	39
St. Genevieve	128

APPENDIX IV

Political Subdivisions	Days to Reply
Drainage Districts	
Tri-County	4
Platte County No. 1	14
Consolidated No. 3 Pemiscot County	57
Fire Protection Districts	
Mendon	1
Tuscumbia	1
Smithville Area	3
Canton R-V	7
Gilman City	7
Jameson	7
Doe Run	8
Duenweg	8
Weatherby Lake	8
Eolia Community	13
Armstrong	21
Marthasville	21
Southwest Camden County	27
Northeast Cass County	28
Gower	48
Western Cass County	82
Bellflower Volunteer	122
Dearborn	125
Lake Contrary	134
Fillmore	135
Mid-County	162
Hospital Districts	
Harrison County	2
Sullivan County Memorial	10
Levee Districts	
North Kansas City	1
Riverside-Quindaro Bend	27
Farmers Drainage & Levee	39
West Glasgow	39
No. 1 Jasper County	126

APPENDIX IV

Political Subdivisions	Days to Reply
Libraries	
Crawford County Library District	2
Howard County Library	2
Ozark Regional Library	2
St. Genevieve County Library	2
Warren County Library District	2
Cape Girardeau County Library	3
Cape Girardeau Public Library	3
Texas County Library District	9
Rolling Hills Consolidated Library	13
Steele Public Library	15
Maplewood Public Library	17
Poplar Bluff Public Library	21
Higginsville Public Library	123
Nursing Home Districts	
Dade County	1
Tri County	2
Webster County	4
Putnam County Care Center	9
Public Water Supply Districts	
No. 1 Stone County	1
Consolidated No. 1 Linn County	2
No. 7 Jefferson County	2
No. 1 Putnam County	2
No. 1 Phelps County	3
No. 2 Lincoln County	8
No. 2 Clinton County	8
No. 2 St. Francois County	10
No. 2 Stoddard County	42
No. 3 Caldwell County	98
No. 1 Reynolds County	113
School Districts	
East Newton County R-VI	1
Nixa R-II	1
Northeast Nodaway County R-V	1
Osage County R-III	1
Hayti R-II	2
Laclede County R-I	2
Meadville R-IV	3

APPENDIX IV

Political Subdivisions	Days to Reply
Kelso C-7	4
Kirbyville R-VI	4
Arcadia Valley R-II	8
Bakersfield R-IV	8
Dixon R-I	8
Adair County R-I	9
Bolivar R-I	9
Canton R-V	9
La Monte R-IV	9
Fulton Public No. 58	10
School of the Osage R-II	10
Grain Valley R-V	11
Mt. Vernon R-V	11
Licking R-VIII	14
Richwoods R-VII	14
Taneyville R-II	16
Sikeston R-VI	17
Northeast Randolph County R-IV	18
Sweet Springs R-VII	22
Southwest Livingston County R-I	31
Tarkio R-I	51
Altenburg No. 48	56
St. Charles County R-V	114
Missouri City No. 56	123
Richards R-V	140
Green Ridge R-VIII	151
<hr/> Sewer Districts <hr/>	
Beauty View	9
Benton County No. 1	37
Lynn Haven - St. Louis County	113
<hr/> Soil & Water Conservation Districts <hr/>	
St. Clair County	1
Jefferson County	2
St. Louis County	2
Bollinger County	4
Pulaski County	8
Laclede County	9
St. Charles County	21
St. Genevieve County	24
Grundy County	25

APPENDIX IV

Political Subdivisions	Days to Reply
Special Business Districts	
Locust Central	21
Baden Market Center	142
Special Road Districts	
Moberly, Randolph County	1
Clinton Country Club	2
Liberty No. 5, Clay County	2
Butterfield, Barry County	4
Freistatt, Lawrence County	4
Dudley, Stoddard County	10
Cornland, Bates County	14
Road District No.1, Iron County	14
Seymour, Webster County	15
Centralia, Boone County	22
Mountain Grove	22
Shell Knob No. 9, Barry County	34
Kaiser, Miller County	113
Blue Mound, Polk County	135
Lebanon No.1, Laclede County	135
Madison, Cedar County	135
Mountain No. 22	137
Garrison, Christian County	141
Townships	
Marion, Mercer County	1
Bowling Green, Chariton County	2
Chillicothe, Livingston County	2
Prairie, Bates County	2
Sherman, Harrison County	2
Unity Village	3
Keytesville, Chariton County	8
White Oak, Henry County	8
Jefferson, Nodaway County	16
Lincoln, Nodaway County	19
Milford, Barton County	22
Smith, Dade County	24
Wayland, Chariton County	24
Homer, Bates County	27
Henry, Vernon County	77
Chariton, Chariton County	113

APPENDIX IV

Political Subdivisions	Days to Reply
Holcomb, Dunklin County	114
Walnut, Bates County	118
Grant, Nodaway County	128
Union, Sullivan County	137
Washington, Harrison County	137
Butler, Harrison County	141
Villages	
Shoal Creek Estates	1
Leasburg	2
Plato	2
Kingdom City	3
St. Cloud	4
Rhineland	7
Deerfield	8
Clyde	9
Benton City	11
Hartsburg	11
Rushville	14
Caledonia	15
Miramiguoa Park	15
Rensselaer	15
Rea	16
Prathersville	22
Butterfield	29
Cairo	30
Watson	56
Cosby	79
Blue Eye	119
Catron	133
Glen Echo Park	135
Olean	135
South Lineville	135
Tina	136
Climax Springs	137
Other Entities	
Jefferson College	15
Hancock Street Light District, St Louis	12
Big Creek-Hurricane Creek Watershed District	136

Source: SAO Analysis



CLAIRE C. McCASKILL
Missouri State Auditor

March 4, 2003

Danny L. Lynn, Superintendent
Livingston County R-1 School District
Ludlow, MO

Dear Mr. Lynn

Our March 3, 2003 audit report, "Compliance With Closed Meeting and Closed Session Provisions of the Sunshine Law", incorrectly identified on page 17 that the Southwest Livingston County R-1 School District meeting notices did not include a date and time. I apologize for any adverse publicity this error has caused your school district.

Sincerely,

/s/ John Mollet

John Mollet
Audit Manager



COMPILATION OF 2002 CRIMINAL ACTIVITY FORFEITURE ACT SEIZURES

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-19
February 28, 2003
www.auditor.state.mo.us**



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2003

As required by state law we compiled the 2002 Criminal Activity Forfeiture Act (CAFA) seizure reports submitted to the State Auditor by prosecuting attorneys and the Attorney General. This compilation was limited to the presentation of information submitted.

The State Auditor received a total of 110 (95%) of the 116 CAFA seizure reports, 97 of which were received prior to the January 31, 2003 deadline, from prosecuting attorneys and the Attorney General for property seized in calendar year 2002 as required by section 513.607, RSMo. Supp. 2002. The implementation of Senate Bill 5 and 21 effective in 2001 significantly increased the compliance percentage of CAFA seizure reports submitted. Prior to that legislation, CAFA seizure reports were submitted only to the Department of Public Safety and there was no penalty provision for failure to comply with the reporting requirements.

After receiving information from jurisdictions across the state, there is reason for some concern. Even though more jurisdictions actually filed reports with the State Auditor, some failed to report how they disposed of their seized property.

A comparison of 2002 to 2001 report filings show the number of reported seizures increased by 2% and the dollar value of seizures reported increased by 40%. While it appears a slight decrease in the percentage of forfeitures remitted to the state occurred; a significant increase occurred in the percentage of forfeitures transferred to a federal agency.

To accomplish our objectives, we compiled all seizure information submitted to the State Auditor for calendar year 2002 and reviewed the compiled information previously submitted for calendar year 2001 so that a comparison would be available.

A letter dated December 31, 2002 was mailed to prosecuting attorneys and the Attorney General, notifying them of the deadline for submission of the CAFA seizure and forfeiture reports. This letter listed the information that should be included in their report according to Section 513.607 RSMo. Supp. 2002, and that the report should be submitted to both the State Auditor and to the Director of the Department of Public Safety. The letter also indicated that if there were no seizures, a report was still needed indicating that information.

Due to the February 28, 2003 statutory deadline to submit this report, only seizure reports received by February 25, 2003 are included in the compilation.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

COMPILATION OF 2002 CRIMINAL ACTIVITY FORFEITURE ACT SEIZURES

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
Jefferson City, MO 65102

As required by Section 513.607, RSMo Supp. 2002, we have compiled the 2002 Criminal Activity Forfeiture Act (CAFA) seizure reports submitted to the State Auditor by prosecuting attorneys and the Attorney General. A compilation is limited to presenting information that is submitted. We have not audited the reports submitted and, accordingly, do not express an opinion or any other form of assurance on them. The primary objectives of this compilation are to:

- (1) Identify those officials who submitted 2002 CAFA seizure reports to the State Auditor.
- (2) Summarize and evaluate the 2002 CAFA seizure information reported.

Section 513.607, RSMo Supp. 2002, requires prosecuting attorneys and the Attorney General to report CAFA seizures for the previous calendar year annually, by January 31, to both the Director of the Department of Public Safety and the State Auditor. We received 84% of the CAFA seizure reports, by the required due date of January 31, 2003.

Claire McCaskill
State Auditor

February 25, 2003

The following staff participated in the preparation of this report:

Director:	Thomas J. Kremer, CPA
In-Charge Auditor:	Becky Webb
Audit Staff:	Nicki E. Russell, CPA
	T. Chadraabal

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

The State Auditor's report number 99-97 titled *Review of Forfeited Property* identified weaknesses in the state's Criminal Activity Forfeiture Act (CAFA) law. Subsequently, revisions to the state's CAFA law (Section 513.600 to 513.653 RSMo 1994) were addressed.

Revisions to the CAFA law by Senate Bills 5 and 21 effective in 2001, required the prosecuting attorneys and the Attorney General to whom seizures were reported to submit a copy of the seizure report to the State Auditor at the time the report is submitted to the Director of the Department of Public Safety (DPS). The legislation added the requirement for the State Auditor to make an annual report compiling the data received regarding the seizures. A penalty provision for intentional or knowing failure to comply with any reporting requirements was also included.

Other revisions in the CAFA by Senate Bills 5 and 21 included more restrictions on transfers of seized property by state or local agency to any federal agency. These restrictions were not reviewed, as they are not within the scope of our report.

Compliance with Submitting Criminal Activity Forfeiture Act (CAFA) Seizures Reports

The State Auditor received a total of 110 (95%) of the 116 CAFA seizure reports, 97 of which were received prior to the January 31, 2003 deadline, from prosecuting attorneys and the Attorney General for property seized in calendar year 2002 as required by section 513.607, RSMo Supp. 2002. Table 1.1 lists the total number of CAFA seizure reports submitted to the State Auditor for 2002 and 2001.

Table 1.1: Summary of CAFA Seizure Reports Submitted By Date

Reporting Status	2002 Seizures		2001 Seizures*	
By January 31	97	84%	83	72%
After January 31	13	11%	30	26%
Total Reported	110	95%	113	98%
Failed to Report	6	5%	3	4%
Total Reports Required	116	100%	116	100%

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

* Includes 9 CAFA seizure reports submitted by prosecuting attorneys to the State Auditor after the 2001 report was issued. Only Dent, Lewis, and Pike county prosecuting attorneys failed to submit a 2001 CAFA seizure report to the State Auditor.

Prosecutors that Failed to Report 2002 CAFA Seizures or Submitted Report Late

Table 1.2 lists the prosecuting attorneys that either submitted the 2002 CAFA seizure report after January 31, 2003 or failed to report a 2002 CAFA seizure report at all. Section 513.607.10 states intentional or knowing failure to comply with any reporting requirement shall be a class A misdemeanor, punishable by a fine of up to one thousand dollars.

Table 1.2: Summary of Prosecuting Attorneys that Failed to Report 2002 CAFA Seizures or Submitted 2002 CAFA Seizure Reports Late

Prosecuting Attorney	Failed to Report	Submitted Late
Andrew		X
Atchison	X	
Bates		X
Camden	X	
Cape Girardeau	X	
Christian		X
Cole		X
Dallas		X
Knox		X
McDonald		X
Morgan		X
Osage		X
Pemiscot		X
Reynolds	X	
Scott		X
Texas		X
Vernon	X	
Wayne	X	
St. Louis City		X
Totals	6	13

Source: Review of CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

Disposition of the Seizures Reported

The disposition of the CAFA seizures reported was obtained from the reports submitted by the prosecuting attorneys and the Attorney General. Not all the seizure reports included the estimated value of the property seized and not all the reports included the disposition of the seizures reported. The compilation includes only the information reported by the prosecuting attorneys and the Attorney General. Table 1.3 lists the dollar value of the disposition of seizures reported by the prosecuting attorneys and the Attorney General.

Table 1.3: Summary of Required Information Reported

Reported Disposition	2002 Seizures		2001 Seizures	
Pending	\$2,156,288	42%	\$1,559,080	43%
Returned	1,038,313	20%	1,100,845	30%
Transferred to Federal Agency	1,320,523	26%	498,373	14%
Transferred to State	231,255	5%	225,921	6%
Disposition Not Reported	349,143	7%	268,754	7%
Other	1,802	0%	300	0%
Total	\$5,097,324	100%	\$3,653,273	100%

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

See Appendixes II for a listing of the 2002 CAFA seizures disposition reported by each prosecuting attorney and the Attorney General.

Compliance with Reporting the Required Information

Section 513.607.8, RSMo Supp. 2002, requires the prosecuting attorneys and the Attorney General to report the following information: date, time, and place of the seizure, the property seized, the estimated value of the property seized, the criminal charges filed, and the disposition of the seizure, forfeiture, and criminal actions. Table 1.4 lists the required information for the CAFA seizure reports received and the number of cases that reported each required item. Some reports did not include all of the required information; therefore our compilation includes only the information reported.

Table 1.4: Summary of Required Information Reported

Required Information	2002 Seizures		2001 Seizures	
Date	2,292	99%	2,254	99%
Time	2,022	88%	1,551	68%
Place of Seizure	2,289	99%	2,254	99%
Property Seized	2,292	99%	2,232	98%
Est. Value of Property Seized *	882	38%	914	41%
Person(s) Property Seized From	2,252	98%	2,252	99%
Criminal Charges Filed	1,462	64%	500	22%
Disposition of Seizure	2,261	98%	1,924	85%
Disposition of Criminal Actions	2,126	93%	1,773	78%
Total Cases Reported	2,293	100%	2,255	100%

Source: CAFA seizure reports submitted by prosecuting attorneys and the Attorney General

* The count of the estimated value in 2001 was revised after the 2001 report was issued. St. Louis City had provided a value for all cases submitted however, for all property seized other than currency, the estimated value was listed as \$0.00. The revised count reflects only the cases that had provided an estimated dollar value greater than \$0.00.

See Appendix I for a listing of the number of 2002 CAFA seizure cases that contained the required information reported for each prosecuting attorney and the Attorney General.

OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The primary objectives of this compilation are to: (1) identify those officials who submitted 2002 CAFA seizure reports to the State Auditor and (2) summarize and evaluate the 2002 CAFA seizure information reported.

Scope and Methodology

To accomplish our objectives we:

- Reviewed the compiled seizure information submitted to the State Auditor for calendar year 2001 for comparison purposes only.
- Mailed a letter to prosecuting attorneys and to the Attorney General, dated December 31, 2002, notifying them of the deadline for submission of the CAFA seizure and forfeiture reports.
- Compiled all seizure information submitted to the State Auditor for calendar year 2002.
- Identified the reports that were submitted on a timely basis.
- Identified the reports that did not contain the required information.
- Compiled the dollar value of the disposition of all seizures reported.
- Contacted the Missouri Department of Public Safety to identify the 2002 CAFA seizure reports submitted to both the State Auditor and to the Director of the Missouri Department of Public Safety or to one office.
- Contacted the prosecuting attorneys who did not submit a CAFA seizure report to the State Auditor.
- Compiled only seizure reports received by February 25, 2003, due to the February 28, 2003 statutory deadline for the State Auditor to submit this report.

Limitations

The data presented in the appendixes was compiled from information submitted by the various prosecuting attorneys and the Attorney General and were not verified by us via additional audit procedures. In analyzing these appendixes, some disparity may result due to the different methods used by the various prosecuting attorneys and the Attorney General of presenting essentially the same information.

APPENDIXES

2002 CAFA Seizure Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Adair	\$ 1,500	1,500					
Andrew	0						
Atchison	DNF						
Attorney General	0						
Audrain	385				385		
Barry	0						
Barton	0						
Bates	0						
Benton	6,166	6,166					
Bollinger	0						
Boone	24,399	21,051	3,348				
Buchanan	41,956	31,614		371	9,971		
Butler	11,334			11,334			
Caldwell	0						
Callaway	0						
Camden	DNF						
Cape Girardeau	DNF						
Carroll	0						
Carter	0						
Cass	8,871	8,871					
Cedar	28,000	8,000	20,000				
Chariton	9,000	9,000					
Christian	0						
Clark	0						
Clay	39,778	28,107	11,671				
Clinton	7,480	7,480					
Cole	18,613	1,777	16,836				
Cooper	14,451	2,566	795		10,598		492
Crawford	10,930	2,580	4,600		3,750		
Dade	810						810
Dallas	0						
Daviess	0						
Dekalb	0						
Dent	0						
Douglas	18,406					18,406	
Dunklin	4,500					4,500	
Franklin	30,902	30,902					
Gasconade	24,766				24,766		
Gentry	0						
Greene	90,787	14,568		64,170		12,049	
Grundy	1,700		1,700				
Harrison	0						
Henry	3,301	801	2,500				
Hickory	0						
Holt	0						
Howard	0						
Howell	41,906	39,405				2,501	
Iron	0						
Jackson	866,389	339,623	94,876	265,759	79,641	86,490	
Jasper	17,392	17,392					
Jefferson	65,482	65,482					
Johnson	60,560	60,560					
Knox	441	441					
Laclede	25,953	8,550	17,403				

2002 CAFA Seizure Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Lafayette	25,552	25,552					
Lawrence	161,457	71,457	90,000				
Lewis	0						
Lincoln	35,854	35,140			714		
Linn	8,729				8,729		
Livingston	0						
Macon	7,500	7,500					
Madison	0						
Maries	4,900	4,900					
Marion	0						
McDonald	0						
Mercer	0						
Miller	0						
Mississippi	5,069			5,069			
Moniteau	0						
Monroe	0						
Montgomery	2,190	2,190					
Morgan	0						
New Madrid	149,102	144,402		4,700			
Newton	7,609	5,265			2,344		
Nodaway	0						
Oregon	33,273	31,802	1,471				
Osage	0						
Ozark	37,000	37,000					
Pemiscot	2,700	2,700					
Perry	0						
Pettis	30,500	30,000					500
Phelps	998,244	38,634		911,120		48,490	
Pike	2,713	1,463			1,250		
Platte	89,829	17,599			72,230		
Polk County	0						
Pulaski	0						
Putnam	0						
Ralls	0						
Randolph	3,099	3,099					
Ray	0						
Reynolds	DNF						
Ripley	0						
Saline	3,142				1,435	1,707	
Schuyler	0						
Scotland	9,695	9,695					
Scott	32,166	8,206	9,000	14,960			
Shannon	0						
Shelby	0						
St. Charles	206,645	206,645					
St. Clair	0						
St. Francois	5,437	2,737	2,700				
St. Louis City	864,716	228,659	636,057				
St. Louis	495,640	319,960	121,026	43,040	11,614		
Ste. Genevieve	3,871	2,871			1,000		
Stoddard	0						
Stone	21,948	21,948					
Sullivan	0						
Taney	6,606	5,996	610				

2002 CAFA Seizure Disposition Reported

Reporting Entity	Est. Value of all Cases Reported	Disposition of Property					
		Pending	Returned	Transferred to Federal Agency	Transferred to State	Not Reported	Other
Texas	0						
Vernon	DNF						
Warren	7,909	1,781	3,300		2,828		
Washington	176,313	176,313					
Wayne	DNF						
Webster	175,000					175,000	
Worth	0						
Wright	6,758	6,338	420				
Total	\$ 5,097,324	2,156,288	1,038,313	1,320,523	231,255	349,143	1,802

DNF - Did not file a 2002 CAFA seizure report with the State Auditor's Office

Other - Paid to child support enforcement, local law enforcement agency, or was destroyed

This Appendix compiles only the information reported to the State Auditor by prosecuting attorneys and the Attorney General. Not all seizure reports included an estimated value of the property seized and not all the reports included the disposition of all seizures reported.

2002 CAFA Seizures Required Information Reported

Reporting Entity	Number Of Cases Reported	Est. value of all Cases Reported	Number of Cases that Reported Required Information								
						Est. value	Person(s)	Criminal	Disposition		
			Date	Time	Place of Seizure	Property Seized	of Property Seized	Property Seized From	Charges Filed	Seizure	Criminal Actions
Adair	1	\$ 1,500	1		1		1		1	1	
Andrew	0										
Atchison	DNF										
Attorney General	0	0									
Audrain	1	385	1		1		1		1	1	1
Barry	0	0									
Barton	0	0									
Bates	0										
Benton	2	6,166	2	2	2		2		2	2	
Bollinger	0	0									
Boone	11	24,399	11		11		11		11	11	11
Buchanan	18	41,956	18		18		18		18	18	17
Butler	4	11,334	4	1	4		4		4		
Caldwell	0	0									
Callaway	0	0									
Camden	DNF										
Cape Girardeau	DNF										
Carroll	0	0									
Carter	0	0									
Cass	5	8,871	5	5	5		5		5	4	5
Cedar	2	28,000	2	2	2		2		2	2	2
Chariton	3	9,000	3	3	3		3		3		3
Christian	0	0									
Clark	0	0									
Clay	9	39,778	9	9	9		9		9	9	2
Clinton	2	7,480	2	2	2		2		2	2	2
Cole	4	18,613	4		4		4		4	4	4
Cooper	8	14,451	8	8	8		8		8	8	2
Crawford	4	10,930	4	4	4		4		4	4	4
Dade	1	810	1	1	1		1		1	1	8
Dallas	0	0									
Daviess	0	0									
Dekalb	0	0									
Dent	0	0									
Douglas	1	18,406					1		1		
Dunklin	1	4,500	1		1		1		1		
Franklin	34	30,902	34	20	34		34		34	12	4
Gasconade	1	24,766	1		1		1		1	1	1
Gentry	0	0									
Greene	8	90,787	8	8	8		8		8		7
Grundy	1	1,700	1	1	1		1		1	1	1
Harrison	0	0									
Henry	5	3,301	5	5	5		5		5	5	34
Hickory	0	0									
Holt	0	0									
Howard	0	0									
Howell	3	41,906	3	3	3		3		3	3	1
Iron	0	0									
Jackson	127	866,389	127	126	127		126		127	117	6
Jasper	10	17,392	10		10		10		10	10	1
Jefferson	25	65,482	25		25		25		25	8	5
Johnson	2	60,560	2	2	2		2		2	2	2
Knox	1	441	1	1	1		1		1	1	126
Laclede	12	25,953	12	12	12		12		12	12	10

2002 CAFA Seizures Required Information Reported

Reporting Entity	Number Of Cases Reported	Est. value of all Cases Reported	Number of Cases that Reported Required Information									
					Place of Seizure	Property Seized	Est. value of Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition		
			Date	Time						Seizure	Criminal Actions	
Lafayette	3	25,552	3	3	3	3	3	3	3	25	3	
Lawrence	5	161,457	5	1	5	5	5	5	5	2	5	
Lewis	0	0										
Lincoln	2	35,854	2	1	1	2	2	2	2	1	1	
Linn	1	8,729	1	1	1	1	1	1	1	12	1	
Livingston	0	0										
Macon	1	7,500	1	1	1	1	1	1	1	3	1	
Madison	0	0										
Maries	1	4,900	1		1	1	1	1	1	5	1	
Marion	0	0										
McDonald	0	0										
Mercer	0	0										
Miller	0	0										
Mississippi	1	5,069	1	1	1	1	1	1	1	2	1	
Moniteau	0	0										
Monroe	0	0										
Montgomery	1	2,190	1	1	1	1	1	1	1	1	1	
Morgan	0	0										
New Madrid	7	149,102	7	7	7	7	7	7	7	1	7	
Newton	2	7,609	2		2	2	2	2			2	
Nodaway	0	0										
Oregon	3	33,273	3	1	3	3	3	3	3	1	3	
Osage	0	0										
Ozark	2	37,000	2		2	2	1	2	2	1	1	
Pemiscot	1	2,700	1		1	1	1	1	1	1		
Perry	0	0										
Pettis	2	30,500	2		2	2	2	2	2	1	2	
Phelps	A 10	998,244	10	10	10	10	9	10	5	7	10	
Pike	5	2,713	5		5	5	5	5	4	2	5	
Platte	7	89,829	7	6	7	7	7	7	6	3	7	
Polk County	0	0										
Pulaski	0	0										
Putnam	0	0										
Ralls	0	0										
Randolph	4	3,099	4	2	4	4	3	4	3	2	4	
Ray	0	0										
Reynolds	DNF											
Ripley	0	0										
Saline	3	3,142	3	3	3	3	3	3	3	2	3	
Schuyler	0	0										
Scotland	1	9,695	1	1	1	1	1	1	1	10	1	
Scott	4	32,166	4		4	4	4	4	4	5	4	
Shannon	0	0										
Shelby	0	0										
St. Charles	2	206,645	2	1	2	2	2	2	2	7	2	
St. Clair	0	0										
St. Francois	4	5,437	4		4	4	4	4	3	4	3	
St. Louis City	1,749	864,716	1,749	1,613	1,747	1,749	356	1,708	1,069	1,749	1,749	
St. Louis	134	495,640	134	134	134	134	134	134	65	3	111	
Ste. Genevieve	4	3,871	4	1	4	4	2	4	4	1	4	
Stoddard	0	0										
Stone	4	21,948	4	1	4	4	4	4	4	4	4	
Sullivan	0	0										
Taney	4	6,606	4		4	4	4	4			4	

2002 CAFA Seizures Required Information Reported

Reporting Entity	Number Of Cases Reported	Est. value of all Cases Reported	Number of Cases that Reported Required Information								
					Place of Seizure	Property Seized	Est. value of Property Seized	Person(s) Property Seized From	Criminal Charges Filed	Disposition	
			Date	Time						Seizure	Criminal Actions
Texas	0	0									
Vernon	DNF										
Warren	6	7,909	6	6	6	6	6	6	6	2	6
Washington	2	176,313	2	2	2	2	2	2	2	4	2
Wayne	DNF										
Webster	2	175,000	2		2	2	2	2	2	134	2
Worth	0	0									
Wright	10	6,758	10	10	10	10	5	10	10	4	10
Total	2,293	\$ 5,097,324	2,292	2,022	2,289	2,292	882	2,252	1,462	2,261	2,126

DNF - Did not file a 2002 CAFA seizure report with the State Auditor's Office

A - Phelps County Prosecuting Attorney indicated 1 of the 10 seizures as U.S. Currency Unknown Amount.

This Appendix compiles the total number of 2002 CAFA seizure cases, the total estimated value of all cases reported, and the number of cases that reported the required information for each county prosecuting attorney, the city of St. Louis and the Attorney General.

December 31, 2002

TO: Prosecuting Attorneys

RE: Annual Seizure Report due **January 31, 2003**

Purpose...

This letter is a reminder of the upcoming deadline for the submission of annual seizure and forfeiture reports.

Responsibility of the State Auditor...

Under Section 513.607.9, RSMo, of the Criminal Activity Forfeiture Act (CAFA), the State Auditor has the responsibility to compile and issue an annual report of the data received from law enforcement, prosecuting attorneys and the Attorney General. The report is considered an open record.

Responsibility of the Prosecuting Attorney and Attorney General...

Under Section 513.607.8, RSMo, of CAFA, the prosecuting attorneys or Attorney General to whom seizures are reported shall report annually to the State Auditor and to the Director of Public Safety by January 31, information on all reported seizures for the previous calendar year. This report shall include the following information:

- date, time and place of the seizure, the property seized, the estimated value of the property seized, the person(s) from whom the property was seized, the criminal charges filed, and the disposition of the seizure, forfeiture and criminal actions.

Procedures...

Please use the enclosed form to report the seizures that were reported to your office by local law enforcement personnel. This form has been updated since last year to accommodate more seizures per page. If you would like the enclosed form in an excel spreadsheet, please call or e-mail our office at moaudit@mail.state.mo.us. Indicate the total number of seizures, even if the number is zero, that were reported to your office and the dollar value of the seized property. Make copies of the enclosed form to accommodate the number of seizures reported to your office and mail a copy to each of the following:

State Auditor of Missouri
PO Box 869
Jefferson City, MO 65102

Department of Public Safety
PO Box 749
Jefferson City, MO 65102

Questions or Suggestions...

Thank you for your immediate attention to this matter. If you have any suggestions to make this process more efficient, please direct them to Becky Webb.

Sincerely,

CLAIRE McCASKILL
STATE AUDITOR

Thomas J. Kremer, CPA
Director of Audits

Chapter 513
Executions and Exemptions
Section 513.607

Effective August 28, 2002

**Property subject to forfeiture--procedure--report required, when, contents--
annual state auditor's report, contents--violations, penalty.**

513.607. 8. The prosecuting attorney or attorney general to whom the seizure is reported shall report annually by January thirty-first for the previous calendar year all seizures. Such report shall include the date, time, and place of seizure, the property seized, the estimated value of the property seized, the person or persons from whom the property was seized, the criminal charges filed, and the disposition of the seizure, forfeiture and criminal actions. The report shall be made to the director of the Missouri department of public safety and shall be considered an open record. The prosecuting attorney or attorney general shall submit a copy of the report to the state auditor at the time the report is made to the director of the department of public safety.

9. The state auditor shall make an annual report compiling the data received from law enforcement, prosecuting attorneys and the attorney general, and shall submit the report regarding seizures for the previous calendar year to the general assembly annually by February twenty-eighth.

10. Intentional or knowing failure to comply with any reporting requirement contained in this section shall be a class A misdemeanor, punishable by a fine of up to one thousand dollars.



**CITY OF LA GRANGE, MISSOURI
YEAR ENDED APRIL 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-18
February 25, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2003

The following problems were discovered as a result of an audit conducted by our office of the City of La Grange, Missouri.

- The city needs to improve its accountability over gaming monies. A fund has not been formally established to account for and budget gaming monies, and a long-range plan has not established for the future use of these funds. In addition, the city did not adequately monitor the agreements with Mark Twain Casino, LLC.
- Significant weaknesses were identified in the city's budgeting, planning, and financial reporting. The city's budgets were not prepared in accordance with state law; actual expenditures exceeded budgeted amounts in the General Fund; and the monthly financial reports were not complete and/or accurate.
- The city needs to improve its banking and investment policies and procedures. In addition, the duties of cash custody and record keeping are not adequately segregated; monies received are not deposited intact or on a timely basis; and a monthly reconciliation of the bank balances to the accounting records is not performed.
- There was no evidence on how some subjects discussed allowed for a closed meeting. Also, minutes are not signed and the city does not have a formal policy regarding public access to city records.
- The city's procurement policies and procedures need to be improved. In addition, the city gave subsidies to various entities, and it is unclear if the services provided by the entities represent a governmental purpose.
- The city has made little tangible progress regarding the upgrading and/or replacement of its sewer system. In addition, water and sewer rates have not been reviewed since 1990. The city's audited financial statements show an operating loss of approximately \$54,000 in the Water and Sewer Funds for the year ended April 30, 2002.

The audit also includes recommendations related to accounting controls, council records, the police department, real estate transactions, property records, and the city charter.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

CITY OF LA GRANGE, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Board of Councilmen
City of La Grange, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of La Grange, Missouri. The city had engaged Wade Stables P.C., Certified Public Accountants (CPAs), to audit the city for the year ended April 30, 2002. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended April 30, 2002. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of La Grange, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 16, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Lonnie Breeding III, CPA
Audit Staff:	Chad Hampton

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF LA GRANGE
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Gaming Revenues and Expenditures
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The city needs to improve its accountability over gaming monies. A fund has not been formally established to account for and budget gaming monies, and a long-range plan has not been established for the future use of these funds. In addition, the city did not adequately monitor the agreements with Mark Twain Casino, LLC. (Mark Twain).

In May 1995, the city entered into an agreement with Mark Twain for the operation of a casino. The agreement was subsequently amended several times to extend the agreement until Mark Twain obtained a license from the state Gaming Commission and the casino opened. Certain clauses of the agreement such as the beautification and minimum rent were also amended. The casino opened in July 2001.

The CPA prepares the city's annual financial statements for the Gaming Fund and creates the actual and budget amounts for the fund from the city's accounting records. The following identifies the actual sources and uses of gaming funds from October 1995 thru April 2002, and the cash balance as of April 30, 2002:

Sources	
Gaming receipts	\$ 1,117,000
Franchise fees	450,000
Sale of land	100,000
Minimum rent	<u>30,000</u>
Total	<u><u>1,697,000</u></u>
Uses	
General operations (including police and fire)	584,000
Construction of fire and maintenance buildings	193,000
Donation to La Grange Revitalization Organization	50,000
Payment to Lewis County	25,000
Payment for a new city hall building	25,000
Transfer to Water Fund	25,000
Transfer to Sewer Fund	<u>15,000</u>
Total	<u><u>917,000</u></u>
Balance	
Certificates of Deposit	450,000
Money market account	187,000
Non-interest checking account	<u>143,000</u>
Total	\$ <u><u>780,000</u></u>

Gaming receipts are generated from a 2% tax on gross revenues of the casino plus \$1 per person admission fee. Mark Twain pays these monies to the Department of Revenue, who in turn transmits the receipts to the city.

Franchise fees represent direct payments from Mark Twain to the city for the gaming facility. In addition, \$50,000 of the \$450,000 received was a direct payment by Mark Twain to the La Grange Revitalization Organization (LRO) on behalf of the city. According to the agreement, the city will receive additional franchise fees, totaling \$550,000 by 2006.

Numerous tracts of land were sold to Mark Twain during 1999 and 2000.

Minimum rent represents annual payments, of \$10,000 each, from Mark Twain paid before the casino opened and when the franchise fee was not paid.

Our concerns regarding the gaming monies include:

- A. The city has not formally established a fund to account for and budget gaming monies. As a result, gaming revenues and related expenditures are not accounted for in a consistent manner and expenditures of gaming monies cannot be readily identified. Generally, gaming receipts are recorded in the General Fund as a miscellaneous item and/or as a separate revenue source, while franchise fees are recorded in the city's books in either the advancement account or in the General Fund. In addition, gaming monies invested in certificates of deposit are recorded in the investment account. Although the advancement and investment accounts are recorded in the city's accounting ledger, neither account balance is recorded in a fund.

To improve internal control over gaming monies, the city should formally establish a fund to account for all gaming receipts and disbursements. In addition, the city should prepare an annual budget for the fund. A well planned budget can serve as a useful management tool by establishing specific costs and revenue expectations for city operations and provides a means to effectively monitor actual costs and revenues.

- B. The city has not developed a formal written long-range plan for the use of its gaming monies. As noted above, the city has almost \$800,000 cash on-hand and will receive additional franchise fees totaling \$550,000 by 2006. In addition, monthly gaming receipts averaged approximately \$124,000 during fiscal year 2002. The city needs to ensure such substantial revenues are used cost-effectively.

Adequate long-range planning will help ensure critical needs of the city are identified, priorities are established, and the best use of the gaming funds. After a long-range plan is developed, it should be reviewed annually and modified as

necessary to meet the changing needs of the city. Critical needs identified by long-range planning should be identified clearly in the city budgets.

C. It appears the city did not adequately monitor the agreements with Mark Twain. The original agreement was amended many times since the original agreement was signed in May 1995. We noted the following:

- The city's minutes did not include sufficient documentation that the amendments were properly discussed and/or approved by the city council. It is imperative that all significant business conducted by the city council be documented in the minutes.
- City personnel were not always aware of the terms and conditions of the amendments, and could not readily identify if and/or when monies were due to the city. For example, the city was to receive five annual payments of \$50,000 under the beautification clause; however, this money was not received. Upon further review, we noted that the November 2000 amendment revised this clause to these payments being contingent upon the amount of gaming monies received annually by the city. Apparently, this change was not recognized by city personnel until our review of the amendments. Failure to monitor the contracts terms and conditions could result in lost revenues.
- The city's file for the agreements/amendments was not complete. We noted the November 2000 amendment was not included in the file; however, the city subsequently received a copy of the amendment from Mark Twain's attorney. In addition, another amendment was not signed by all parties and many of the amendments were copies instead of the original. A complete and accurate contract file is necessary to help ensure that all terms and conditions of agreements are adequately monitored.

WE RECOMMEND the City Council:

- A. Formally establish a fund for gaming monies. In addition, an annual budget should be prepared for the fund.
- B. Develop a long-term plan for the use of gaming monies. The plan should be reviewed annually and modified as necessary to meet the changing needs of the city.
- C. Ensure the terms and conditions of the agreements with Mark Twain are adequately monitored. The amendments should be reviewed and approved by the city council and the original signed copies should be retained.

AUDITEE'S RESPONSE

- A. *We agree with the recommendation. A plan has been implemented.*
- B. *We agree with the recommendation. A plan has been implemented and will be addressed more fully in the next budget year.*
- C. *We agree with the recommendation. The Mayor is currently working with the city and casino attorneys to compile one contract with all amendments included and to present the final document to the Council for approval.*

2. Budgeting, Planning, and Financial Reporting
--

Significant weaknesses were identified in the city's budgeting, planning, and financial reporting. The city's budgets were not prepared in accordance with state law; actual disbursements exceeded budgeted amounts in the General Fund; and the monthly financial reports were not complete and/or accurate. In addition, the city's financial statements were not published for the year ended April 30, 2002, and an annual maintenance plan for city streets has not been prepared since fiscal year 1999. Finally, the city's computer software package does not appear to meet the city's needs.

- A. Budgets are not prepared in accordance with state law. The budgets for fiscal years 2002 and 2001 did not include a budget message, actual (or estimated for the years not yet ended) receipts and disbursements for the two preceding budget years, or the beginning and estimated ending available resources. The budgets showed only the budgeted receipts and disbursements for the preceding two years. Other significant budget deficiencies include:
 - The city did not budget for the construction of a fire station and maintenance shed. The cost of these two facilities totaled approximately \$193,000.
 - The disbursements from gaming funds were not identified with an amount; but, listed "as needed".
 - Improvements to the new city hall building including office furniture and equipment, estimated to cost between \$40,000 and \$60,000, were misclassified as office supplies.
 - The Law Enforcement Training fees were not accounted for separately as required by Section 590.140, RSMo 2000.
 - Monies in a fund moved from and/or to investments (savings and money market accounts and certificates of deposit) were misclassified as transfers in/out.

The failure to accurately budget all disbursements contributed to the overspending in the General Fund as noted below. In addition, misclassification results in receipts and disbursements not being properly identified. Also, Section 67.010, RSMo 2000, requires the preparation of an annual budget which should present a complete financial plan for the ensuing budget year and sets specific guidelines for the format of the annual operating budget.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual disbursements. A complete budget should include separate receipt and disbursement estimations, and include the beginning available resources and a reasonable estimate of ending available resources. The budget should also include a budget summary and comparisons of actual receipts and disbursements for the two preceding years.

- B. Actual disbursements exceeded budgeted amounts in the General Fund by approximately \$70,000 and \$2,500 for the years ended April 30, 2002 and 2001, respectively. Section 67.040, RSMo 2000, requires political subdivisions to keep disbursements within amounts budgeted. If there are valid reasons which necessitate excess disbursements, a resolution should be adopted by the governing body setting forth the amounts of the budget increase and the facts and reasons for such.
- C. The monthly financial report presented to the council is not complete and is not always accurate.
- A budget to actual statement for each fund is not prepared. In addition, transfers between funds are not identified, but are included in receipts and disbursements. Also, investments are reported separately and are not included in the fund balance.
 - Reported receipts, disbursements, and cash balances do not always agree to the accounting records. This occurs because the monthly financial report is manually prepared from the computerized accounting ledger and the report and ledger is not reconciled. In addition, some of the reports contained addition and subtraction errors.

A complete and accurate financial report is necessary to make informed decisions and provides a basis for monitoring financial activity.

- D. The city's financial statements were not published for the year ended April 30, 2002. Section 34 of the city's Charter requires that "a full and complete statement of all monies received and expended" be published each year. The city should publish the financial statements required by its charter.

- E. An annual maintenance plan for city streets has not been prepared since fiscal year 1999. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials to be needed, and other relevant information. The plan should be included in the budget message and be approved by the council. In addition, a public hearing should be held to obtain input from city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair, maintenance, and construction of streets throughout the year.

- F. The city's computer software package does not provide adequate information for management purposes and is cumbersome. We noted the following concerns:

- The computer system operates on a calendar year; whereas, the city's year-end is April 30. Thus, at calendar year-end all information must be reentered to account for the last four months of the city's year. This results in additional time and effort by city personnel and increases the likelihood of data entry errors.
- The system cannot provide any historical data or comparative type reports.
- The system cannot be queried for information, such as vendor reports and monthly transaction reports by fund or line item.

A good computer system provides the necessary framework for an effective reporting system for management purposes and helps facilitate the budgeting process.

WE RECOMMEND the City Council:

- A. Prepare budgets that contain all information as required by state law and ensure budgets are complete and accurate.
- B. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended.
- C. Ensure financial reports are complete, accurate, and provide sufficient information to monitor financial activity.
- D. Ensure the city's financial statements are published in accordance with the city charter.

- E. Prepare an annual road maintenance plan as a part of the budget.
- F. Consider obtaining software which can provide historical and comparative information and which supports the city's fiscal year-end.

AUDITEE'S RESPONSE

- A. *We agree with the recommendation. A plan is currently being implemented to establish budget to actual reporting.*
- B. *We agree with the recommendation. A plan is implemented with the City Administrator and Finance Chairman reviewing budget reports monthly.*
- C. *We agree with the recommendation. This has been implemented.*
- D. *We agree with the recommendation. This will be implemented.*
- E. *We agree with the recommendation. The City Administrator has implemented.*
- F. *We agree with the recommendation. The City was already seeking bids for new software and computers.*

3. Accounting Controls, Policies, and Procedures

The city needs to improve its banking and investment policies and procedures. In addition, the duties of cash custody and record keeping are not adequately segregated; monies received are not deposited intact or on a timely basis; a monthly reconciliation of the bank balances to the accounting records is not performed; and invoices/supporting documentation are not always adequately reviewed before checks are signed. Also, the petty cash fund is not operated on an imprest basis.

- A. Banking services are not bid and a written agreement with the city's depository bank is not prepared. In addition, the number of banking accounts appears excessive, and a written policy to document procedures for investing excess funds has not been adopted. Also, an investment ledger is not maintained.
 - 1. The city has not solicited bids for its banking services nor entered into a written agreement with its depository bank. The city has maintained its checking, saving, and money market accounts with the same bank for a number of years and recently started purchasing certificate of deposits (CD) from another bank. To ensure the quality of banking services and ensure interest earnings received are maximized, the city should procure its banking services through a competitive bid process. In addition, the city should enter into a written agreement with its depository bank.

All such agreements should require that deposits in excess of Federal Depository Insurance Corporation (FDIC) limits be secured by bank assets pledged to the city. In addition, the bank service agreements provisions should include, but not be limited to, any bank fees for check printing, checking account services, and interest rate for invested funds. A written depository agreement helps the city and bank understand and comply with the requirements of any banking arrangement.

2. The number of bank accounts appear excessive. In addition, the city maintains substantial funds in the non-interest bearing general account.

As of April 30, 2002, the city's cash balance of approximately \$1 million was in two saving accounts, four non-interest bearing checking accounts, seven money market accounts, and ten CDs. The non-interest bearing general account balance was over \$245,000 and has had an average daily balance in excess of \$150,000 since September 2001. Using the average rate of return on the city's money market accounts of approximately 1.5 percent, it appears the city could have earned an additional \$1,500 in interest for the period September 2001 to April 30, 2002.

It appears the bank accounts could be consolidated to help simplify the city's records and reduce the number of accounts that must be monitored and controlled. In addition, the failure to have funds in interest-bearing accounts results in the loss of revenues. To maximize interest earnings, all funds should be placed in interest-bearing accounts.

3. The city has not adopted a written policy to document its procedures for investing excess funds. Excess funds are invested in saving accounts, money markets and CDs. The balance of these accounts totaled over \$700,000 as of April 30, 2002.

Monies should be maintained in the highest yielding investment legally possible, while still considering the liquidity needs of the city and security of the funds. The city should establish policies and procedures for the appropriate type of investments that meets its needs.

4. The city does not have an adequate investment ledger to monitor CD investments and money market and savings accounts. Only the interest earned, receipts, and disbursements are recorded for each investment. An investment ledger should include certificate and/or account number, interest rate, date of purchase and maturity, as applicable, interest earned amounts, institution with whom the investment is made, and the fund to which the investment applies.

Complete, organized investment records are necessary to provide accurate and timely financial information upon which effective management

decisions may be based. Furthermore, without such records, accountability over the city's assets and related revenues is weakened.

- B. The duties of cash custody and record keeping are not adequately segregated. The City Clerk also serves as the City Collector, City Treasurer, and Court Clerk. Her duties include receiving and depositing monies, preparing and co-signing checks, posting receipts and disbursements to the ledger and preparing monthly financial reports. The Deputy City Clerk is primarily responsible for preparing deposits and bank reconciliations for all accounts, except the court, and posting utility receipts. She can also co-sign checks. In addition, both the City Clerk and Deputy City Clerk prepare invoices for payment.

Neither the city council nor other personnel independent of the cash custody and record keeping functions provide adequate supervision or review of the work performed by the City Clerk and/or Deputy City Clerk. Segregation of duties is necessary for proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties to the extent possible. If proper segregation of duties is not feasible, timely supervisory or independent review of work performed and investigation into unusual items and variances is necessary. In addition, the City Clerk and Deputy City Clerk should not be allowed to co-sign checks.

- C. No documentation is available to support the method of allocation of wage expenses to the city's funds. In addition, fringe benefits (health insurance and retirement) and the employer's share of payroll taxes are paid from the General Fund.
1. Each of the city's employees are paid from one or more of the city's funds (water, sewer, street, and/or general); however, no documentation is maintained to identify the number of hours worked by these employees related to the specific fund(s). According to city personnel, employees are placed on the payroll of a designated fund(s) based on the work activities it is believed the employee will be involved in. The proper allocation of expense is necessary to ensure costs are paid from the fund(s) that receive the benefit.
 2. Although payroll checks are charged to designated fund(s), the employer's share of payroll taxes and fringe benefits are paid from the General Fund. Apparently, the funds for streets, water, and sewer do not have sufficient monies for operations and are being subsidized by the General Fund. As a result, there is no clear picture of the actual operating costs of these funds.

The funds of the city are established as separate accounting entities to account for specific activities of the city. Reflecting expenses in the proper fund is necessary to accurately determine the results of operations and/or specific activities; thus, enabling the city to establish the level of taxation and/or user charges necessary to meet operating costs.

D. Monies received are not deposited intact or on a timely basis and are not always recorded timely. We noted the following problems:

1. Receipts are not deposited intact and cannot be readily reconciled to the daily receipt listing. The city maintains a bank account for water and sewer fees and another account for solid waste fees. However, since customers generally pay these fees with one check, the daily receipts are split between the two bank accounts by depositing coin and currency in one account and checks in the other account.
2. Receipts are not deposited on a timely basis. A cash count on June 20, 2002, disclosed cash and checks on hand totaling \$1,915, which represented four days of receipts. Additionally, the city made only seven deposits in June 2002.
3. Receipts are not always recorded timely. It appears this occurs when the clerks are busy and fail to record the receipt(s) when received. Thus, monies are sometimes held and not deposited until identified. Recording receipts when received and reconciling receipts to deposits would help ensure monies are accounted for properly.
4. The city allows employees and the public to cash personal checks out of the daily receipts. This practice reduces the accountability for monies received.

To adequately safeguard receipts and reduce the risk of loss, theft or misuse of funds, all deposits should be made intact daily or when accumulated receipts exceed \$100, and all receipts should be recorded when received. The recorded receipts should be reconciled to the composition of deposits. In addition, personal checks should not be cashed from daily receipts.

E. A monthly reconciliation of all bank balances to the accounting records is not performed. According to the City Clerk, only the general account check register is reconciled to the bank statement, and this reconciliation does not include agreeing the bank balance to the accounting records. In addition, the reconciliation is not retained.

All bank accounts, including investment accounts, should be reconciled to the accounting records. A proper reconciliation helps ensure receipts and

disbursements are properly handled and recorded, and that bank and book errors will be detected and corrected in a timely manner.

- F. Invoices and/or supporting documentation are not always adequately reviewed before checks are signed. While the city clerk may review invoices and/or supporting documentation, the city council generally does not review invoices and/or supporting documentation before approving the payments.

A review of the invoice and/or supporting documentation should be performed to substantiate the validity, propriety, and reasonableness of the disbursements before the checks are signed.

- G. The petty cash fund is not operated on a imprest basis because miscellaneous revenues, such as copy fees, are placed into the fund; therefore, a specific balance is not maintained. Employee travel and meal expenses are sometimes reimbursed from petty cash; thus, these expenses are not approved by the city council. Finally, the fund is not reviewed by a person independent of the accounting process.

The petty cash fund should be operated on an imprest basis, meaning that cash and the invoices should always total the established balance, and checks issued to replenish the fund should equal the amount of invoices. In addition, miscellaneous receipts should not be placed in the petty cash fund and the reimbursement of employee expenses should not be made from the fund. Periodically, the funds should be counted and reconciled to the imprest balance by an independent person to ensure the funds are being accounted for properly, to detect errors, and to prevent these monies from being misused.

WE RECOMMEND the City Council:

- A.1. Seek competitive bids for its banking services on a periodic basis, and enter into a written agreement with the depository bank.
2. Consider consolidating the city's bank accounts and maintain all funds to the extent possible in interest-bearing accounts.
3. Adopt a written investment policy for excess funds.
4. Maintain a complete investment ledger.
- B. Provide for an adequate segregation of duties to the greatest extent possible, and require the city administrator to perform independent reviews of the accounting records. In addition, the city administrator and a member of the city council should co-sign checks.

- C. Develop and implement a reasonable method for allocating payroll and fringe benefits between the city's funds. In addition, payroll taxes and fringe benefits should be paid from the applicable fund(s).
- D. Require all receipts be deposited intact daily or when accumulated receipts exceed \$100. All receipts should be recorded on the receipt listing when received and deposits reconciled to the receipt listing. In addition, the practice of cashing personal checks from daily receipts should be discontinued.
- E. Require all bank accounts be reconciled to the accounting records on a monthly basis. In addition, the documentation of the reconciliation should be retained.
- F. Ensure invoices and/or supporting documentation are reviewed/approved before checks are signed.
- G. Establish an imprest amount for the petty cash fund and ensure the fund is periodically counted and reconciled to the imprest balance by an independent person.

AUDITEE'S RESPONSE

- A.1. *We disagree with the recommendation. LaGrange is a very small city with only one financial institution located within our city limits. We believe going outside our city limits for daily banking purposes would not be cost effective. The City has implemented moving some investments six miles away. We would like to support our home town bank.*
- 2. *We agree with the recommendation. This has been implemented.*
- 3. *We agree with the recommendation. This is to be pursued further by the City Administrator and Finance Committee.*
- 4. *We agree with the recommendation. This has been implemented.*
- B&C. *We agree with the recommendation. Steps have already been taken to implement.*
- D-G. *We agree with the recommendation. This has been implemented.*

4.	Council Meetings and Records
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There was no evidence on how some subjects discussed allowed for a closed meeting. In addition, minutes are not signed and do not always adequately document all business conducted. Also, the city does not have a formal policy regarding public access to city records.

- A. The city showed no evidence on how the following subjects would allow for a closed meeting: discussions on budget revisions, monthly financial reports, investments, and bids received. Usually, the city indicated that the discussion of personnel issues was the justification for closed meetings.

Section 610.021, RSMo 2000, allows the council to close meetings to the extent the meetings relate to certain specified subjects including litigation, real estate transactions, bid specifications and sealed bids, personnel matters and confidential or privileged communications with auditors. In addition, public governmental bodies should not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

The council should close meetings only for the specific topics allowed by state law and ensure the discussion is restricted to the specified topic(s).

- B. Council minutes prepared by the City Clerk and approved by the council are not signed. The minutes should be signed by the City Clerk as preparer and by the Mayor to provide attestation that the minutes are a correct record of the matters discussed and actions taken during the city council meetings.
- C. Minutes do not adequately document all business conducted during the council meetings. For example, the minutes do not generally include all bids received, the reason for sole source procurements, or the basis for awarding bids to other than the lowest bidder. Also, the minutes did not include sufficient detail regarding the discussions surrounding the purchase of a new city hall building.

Minutes serve as the only official permanent record of decisions made by the council. Therefore, it is necessary that the minutes be prepared to clearly document all business conducted.

- D. The city does not have a formal policy regarding public access to city records. A formal policy would establish guidelines for the city to make the records available to the public. This policy should establish a person to contact, provide an address to mail such requests, and establish a cost for providing copies of public records.

Section 610.023, RSMo 2000, lists requirements for making city records available to the public. Section 610.026, RSMo 2000, allows the city to charge fees for copying public records, not to exceed the city's actual cost of document search and duplication.

WE RECOMMEND the City Council:

- A. Ensure that only items allowed by state law are discussed in closed meetings. In addition, ensure minutes state the specific reasons for going into a closed meeting and that only the items specified are discussed in the closed meeting.

- B. Require the City Clerk and Mayor to sign the council minutes to attest to their accuracy and completeness.
- C. Ensure minutes clearly document all business conducted.
- D. Develop written policies regarding procedures to obtain public access to, or copies of, public city records.

AUDITEE'S RESPONSE

- A. *We agree with the recommendation. This is to be implemented in future meetings and new sunshine law books have been provided to the full Council.*
- B&C. *We agree with the recommendation. Implemented.*
- D. *We agree with the recommendation. Steps are currently being taken by the City Administrator to ensure a written policy is completed and approved by Council resolution.*

5.	Expenditures
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The city's procurement policies and procedures need to be improved. In addition, the city gave subsidies to various entities, and it is unclear if the services provided by the entities represent a governmental purpose. Also, some expenditures did not appear to be a necessary and prudent use of public funds.

- A. The city did not always solicit bids in accordance with its purchasing policy. The purchasing policy requires bids to be solicited for all purchases over \$1,500 (except in the case of an emergency). Although the city did solicit bids for some purchases, bids were either not solicited or bid documentation was not retained for the following:

Item	Amount
Motor grader	\$ 35,600
Thermo imaging camera	14,665
Police radio base station	9,735
Street oil	4,671
Asphalt	3,238
Police car radios	1,725

The city amended its purchasing policy in August 2002 to require bids on all purchases in excess of \$5,000.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair

value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the city's business. Complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- B. The city's procurement and expenditure approval policies and procedures need to be improved. There are no guidelines for the purchase and/or approval for goods and services less than \$5,000. For examples, the city has not identified which city personnel are authorized to make/approve purchases or whether a specific number of quotes should be obtained.

Adopting a procurement policy for purchases less than \$5,000 would improve purchasing efficiency, establish controls over small purchases, and identify the level of approval needed.

- C. Various concerns were noted regarding the procurement and contracting of professional services.

- 1. The city did not solicit proposals for its engineering services. The city paid one firm approximately \$12,000 for engineering services for the two years ended April 30, 2002.

The city should solicit proposals for engineering services. Sections 8.289 and 8.291, RSMo 2000, provide that when obtaining engineering services, at least three highly qualified firms should be considered. These firms should be evaluated based upon specified criteria and qualifications for the type of service required as well as the fees being charged.

- 2. According to city officials, the city has not solicited proposals for various professional services such as audit, legal, and insurance for many years. In addition, a written agreement is not prepared for legal services.

The annual cost of property and liability insurance, legal services and auditing services was approximately \$19,000, \$13,000, and \$2,700, respectively, for the year ended April 30, 2002.

Soliciting proposals for professional services helps provide a range of possible choices and allows the city to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost. In addition, written agreements should be obtained for professional services.

- D. The city gave subsidies to various not-for-profit organizations and Lewis County; however, the specific services to be provided were generally not defined through a written agreement. In addition, it is unclear if some of the services represent a governmental purpose.

1. A clause in the September 2000 amended agreement between the city and Mark Twain allowed Mark Twain to donate \$50,000 to the LRO on the city's behalf for city beautification purposes. The city received no documentation from the LRO regarding how these monies were spent.
2. In October 2001, the city entered into a written agreement to pay \$15,000 to a non-for-profit youth center. The youth center was to provide various educational programs and other activities to the youths of the city. However, the agreement did not quantify the service to be provided for the subsidy paid. In addition, as of August 2002, the city has not requested a report detailing the use of the monies.
3. In January 2002, the city gave Lewis County \$25,000 and a 1995 Crown Victoria valued at \$4,000 because the county requested funding for increased law enforcement efforts resulting from the casino operations. Although the city has requested the county to furnish a quarterly report regarding how these funds were used; the city has not received a report from Lewis County, as of August 2002.
4. The city also donated \$1,200 and \$400 in fiscal year 2002 and 2001, respectively, to various organizations such as the La Grange Lion's Club, La Grange Chamber of Commerce, a youth center, and a basketball tournament.

The Missouri Constitution prohibits the use of public money or property to benefit any private individual, associations, or corporations except as provided in the constitution. Without a written agreement that clearly indicates the governmental purpose being provided by these entities, these uses could be considered to be a violation of the constitution. Written agreements are necessary to quantify the services to be performed and the compensation to be paid for the services, provide a means for the city to monitor compliance with the contract terms, and protect the city in the event of a dispute over the terms of the agreement. In addition, Section 432.070, RSMo 2000, requires all contracts to be in writing.

- E. The city routinely purchases turkeys and hams for city employees and volunteer firemen at Christmas. Also, until 2001, council members received turkeys and hams. For the year ended April 30, 2002, the city spent approximately \$600 for these items.

These disbursements do not appear to be a necessary and prudent use of public funds.

WE RECOMMEND: the City Council:

- A. Ensure bids are solicited for purchases in accordance with the city's purchasing policy. In addition, complete bid documentation should be retained.
- B. Establish formal procurement and expenditure approval procedures for purchases less than \$5,000.
- C. Ensure proposals are solicited for professional services, including engineering services. The best proposal should be selected based upon cost, experience, type of service to be provided, and any other relevant information. In addition, a written agreement should be prepared.
- D. Ensure subsidies to other entities provide a governmental benefit to the city and do not violate state law or the state constitution. Written agreements should be prepared which specifically address the services to be provided and compensation to be paid. In addition, procedures should be developed to adequately monitor the terms of the agreement.
- E. Ensure expenditures are limited to those necessary to operate the city. The City Council should refrain from expending city monies in a manner that primarily benefits individuals.

AUDITEE'S RESPONSE

A-D. We agree with the recommendation. Implemented.

E. We agree with the recommendation. This will be implemented.

6. Police Department

The city should periodically evaluate the operations and related costs of the police department. In addition, adequate records are not maintained for traffic tickets and seized property.

- A. The city has not reevaluated the number of officers and related expenses since the casino opened. During the two years ended April 30, 2002, the city increased the number of officers (to nine from three) and their related expenses because of anticipated law enforcement needs due to the Mark Twain Casino opening in July 2001. According to city officials, the state Gaming Commission verbally indicated that approximately ten officers would be needed when the casino opened. The cost of operating the police department was approximately \$297,000, \$189,000, and \$117,000 in fiscal years 2002, 2001, and 2000 respectively.

The city should develop performance goals and measures for its police department. Performance goals/measures help assess accountability, and they are a useful management tool for analyzing future personnel needs and the associated costs. In addition, a periodic evaluation of the operations and related costs of the police department would help ensure the city receives adequate law enforcement, while ensuring resources are allocated to provide the greatest benefit to the city.

- B. The police department does not maintain a log to account for the tickets assigned to and issued by police officers. Without a proper accounting of the assignment and issuance of tickets and the ultimate disposition of tickets, the police department and the municipal court cannot be assured that all tickets are properly handled and submitted to the court for processing.
- C. The police department's log of seized property is not adequate. Seized property items are not always tagged to identify the property to a specific case and the inventory listing does not appear to be complete. Some items located in the evidence room were not included on the inventory listing and the disposition of items was not always documented.

Adequate seized property records are necessary to deter and identify loss, misuse, or theft of such items. An inventory record should include information such as date of seizure, description, persons involved, current location of the property, case name and number, and date and method of release or disposition of the property. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

WE RECOMMEND the City Council:

- A. Reevaluate the operations and related costs of the police department on a periodic basis and ensure staffing levels are appropriate.
- B. Require the police department to maintain adequate records to account for the assignment, issuance and ultimate disposition of all tickets assigned to the police officers.
- C. Require the police department to maintain a complete inventory record of all seized property including information such as a description, persons involved, current location, case number, and disposition of such property. In addition, perform periodic inventories of seized property.

AUDITEE'S RESPONSE

A-C. *We agree with the recommendation. Implemented.*

7.**Real Estate Transactions**

The city purchased and sold several parcels of real estate without obtaining formal written appraisals. However, city officials indicated that the city generally reviewed several properties before purchasing real estate. Our review noted the following transactions:

- The city purchased a building from the LRO, in April 2002 for \$143,000, to serve as a new city hall.
- The city purchased approximately three acres for \$25,000 in April 1999 to build a maintenance shed and fire station.
- The city sold several parcels of land to the Mark Twain for \$100,000 in 1999 and 2000.

Good business practices require that major real estate transactions be formally and independently appraised to ensure fair value is given or received for properties. In addition, a formal review or cost study should be performed and documented at the time of purchase to support the city's decision making process.

WE RECOMMEND the City Council obtain independent written appraisals on all real estate transactions. In addition, the city should ensure a formal review or cost study is prepared and documented for all significant purchases.

AUDITEE'S RESPONSE

We agree with the recommendation.

8.**Water and Sewer System**

The city has made little tangible progress regarding the upgrading and/or replacement of its sewer system. In addition, water and sewer rates have not been reviewed since 1990. The city's audited financial statements show an operating loss of approximately \$54,000 in the Water and Sewer Funds for the year ended April 30, 2002.

- A. The city has spent a considerable amount of time and money discussing and studying the problems of its sewer system; however, little tangible progress toward a solution has been made. For several years, the Missouri Department of Natural Resources (DNR) has identified problems with the city's sewage treatment plant and that agency has concluded the treatment plant needs to be upgraded or replaced. The city has paid approximately \$7,000 for two engineering studies regarding the sewer system in recent years.

In September and December 2001, the DNR conducted an inspection of the treatment plant and reported effluent violations (the level of contaminants in the water discharged from the system). The inspections reported the plant was over 30 years old and may be nearing the end of its useful life and there were some indications that the plant may have reached its treatment capacity. In addition, DNR officials indicated the city may have to meet even more stringent wastewater limits than are currently required.

According to DNR personnel, the city needs to make a decision soon. Once a decision is made, it could take several years to go through the DNR's review process and to build and get a new system operational. The DNR has suggested tentative timeframes for the city to submit preplans and a construction plan. The city needs to continue to work with the DNR regarding the upgrading and/or replacement of the sewer system.

- B. The city has not performed a formal review of the adequacy of the water and sewer rates since 1990. The city's audited financial statements show an operating loss of approximately \$54,000 and \$31,000 in the Water and Sewer Funds for the years ended April 30, 2002 and 2001, respectively.

Water and sewer fees are user charges which should cover the costs of providing the related service and maintaining the system, but the rates should not be set at a level which results in excessive fund balances. The city should perform a detailed review of its water and sewer costs, including depreciation, and establish rates to cover the total costs of operations.

WE RECOMMEND the City Council:

- A. Continue to work with the DNR regarding the upgrading and/or replacement of the sewer system.
- B. Review water and sewer rates periodically to ensure sufficient revenues are generated to adequately maintain the systems.

AUDITEE'S RESPONSE

- A. *We agree with the recommendation. Steps are being taken to continue working with DNR.*
- B. *We disagree with the recommendation. The Council does not want to increase cost to the citizens. Plans are being implemented to subsidize both the water and sewer with revenues received from the gaming facility.*

9.**Property Records**

The city does not maintain complete records to account for all property owned by the city. In addition, two laptop computers are missing. Also, mileage logs are not maintained for city vehicles.

- A. Although the city maintains a list of property for insurance purposes, the list is not complete. In addition, the property is not tagged for specific identification; an annual physical inventory of the property is not performed; and property acquisitions are not accounted for as they occur.

Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the asset including name, make and model number, asset identification number, cost, acquisition date, the physical location of the asset, and the date and method of disposition of the asset when disposed of. In addition, the city should conduct annual physical inventories, and property purchases should be reconciled to property additions on a periodic basis.

Inventories are necessary to ensure the property records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete items. Asset identification numbers allow for identification of the property in the records and limit the potential for personal use of city assets.

Adequate property records are necessary to secure better internal controls and safeguard city assets which are susceptible to loss, theft, or misuse, and provide a basis for determining proper insurance coverage required on city property.

- B. Two laptop computers purchased in May 2001 by the police department from the State Agency for Surplus Property (SASP) could not be located. According to city officials, these computers were taken by former police officers for their personal use. Items purchased from SASP should be used for city purposes and not converted to personal use.
- C. Control over the usage of vehicles is not adequate. The city owns over 10 vehicles, but does not maintain mileage/usage logs for any of these vehicles. Mileage and/or usage logs are necessary to document the appropriate use of the vehicles and are useful in evaluating fuel costs.

The logs should document beginning and ending odometer readings, destination, and purpose of each trip. These logs should be reviewed by city management to help ensure vehicles are used for city business, are being properly utilized, and help identify any vehicles that should be replaced. In addition, the logs should be reviewed in conjunction with gasoline and other maintenance charges.

WE RECOMMEND the City Council:

- A. Ensure property records are maintained which include all pertinent information for each asset such as description, cost, acquisition date, identification number, location, and subsequent disposition. The city should also properly tag, number or otherwise identify all applicable city property and conduct annual physical inventories. In addition, the physical inventories should be reconciled to the detailed property records, and property purchases should be reconciled to property additions on a periodic basis.
- B. Ensure items purchased from SASP are used only for the benefit of the city and not converted to personal use.
- C. Require complete and accurate mileage/use logs be maintained for each city vehicle. Management should periodically review the logs for completeness and reasonableness.

AUDITEE'S RESPONSE

A-C. *We agree with the recommendation. Implemented.*

10. City Charter

Some provisions in the city's Charter appear outdated and need to be revised to reflect current city operations and/or state law. The City of La Grange was incorporated in 1853 as a special charter city under Chapter 81, RSMo. The Charter defines the scope of authority for the city and was last amended in February 1872. Some Charter provisions which appear outdated include:

- The qualification that a citizen must be twenty-one years old in order to vote in city elections. Section 115.133, RSMo 2000, provides that a resident of the state of Missouri may vote in any election after his or her eighteenth birthday.
- The imposition of a poll tax, not to exceed a \$1 on males between the age of twenty-one and fifty. This appears to be an antiquated tax.
- The election of a City Recorder (municipal judge), City Attorney, and City Marshal. Currently, municipal court cases are heard by the Lewis County Associate Circuit Judge; the city attorney is an appointed position; and the city marshal is an honorary position with law enforcement duties performed by the police department.
- The appointment of a Street Commissioner, Assessor, and Auditor. Currently, a council member acts as the street commissioner; the County Assessor handles city assessments; and Certified Public Accountants audit the city's financial records.

- The power to require able bodied male inhabitants, between eighteen and fifty years, to work two days a year on city streets. This provision appears obsolete.
- The Charter does not provide for the office of City Administrator. This appointed position was created by ordinance in October 2001. The city administrator acts as the chief administrative assistant to the mayor and city council and is the purchasing agent, budget officer and personnel officer for the city.

Since the Charter represents the authority to govern the city and its residents, it is important that the charter is maintained in an up-to-date manner. Section 81.013, RSMo 2000, allows the charter to be amended by a majority vote of the citizens.

WE RECOMMEND the City Council consider amending the charter to reflect current city operations and state law.

AUDITEE'S RESPONSE

The Council does not necessarily disagree with this recommendation, but believe it is unnecessary to make any changes.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF LA GRANGE, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of La Grange is located in Lewis County. The city was incorporated in 1853 as a special charter city. The population of the city in 2000 was 1000.

The city government consists of a mayor and a six-member city council board. The members are elected for two-year terms, one from each of the three wards each year. The mayor is elected for a two-year term, presides over the city council board, and votes only in the case of a tie. The Mayor, City Council , and other principal officials at April 30, 2002, were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Compensation Paid for the Year Ended April 30, 2002</u>
Harold Ludwig, Mayor	May, 2003	\$ 1,200
Steve Griesbaum, Councilman	May, 2002	400
Sam Henderson, Councilman	May, 2003	400
Ronald Powers, Councilman	May, 2003	400
Tim Rossiter, Councilman	May, 2002	400
John Stiffey, Councilman	May, 2003	400
Elaine White, Councilwoman (1)	May, 2002	200
 Delbert Murphy, City Marshal (2)	 May, 2003	 0
<u>Other Principal Officials</u>		
Vacant, City Administrator (3)		0
Patty Spindler, City Clerk/Collector/Court Clerk (4)		25,937
Kenneth Powers, Street Supervisor		27,739
Jimmy Vaughn, Water/Sewer Supervisor		25,443
Larry Penn, Chief of Police (5)		21,990
Brad Davis, Cemetery Director		1,000
Russell Kruse, City/Prosecuting Attorney (6)		13,425

The amounts presented for the Mayor and the City Council represent annual compensation for attending meetings.

- (1) Roger Sherwood resigned in November 2001 and Elaine White was elected in a special election.
- (2) Honorary position.
- (3) Drew Bontrager was hired in June 2002 to this newly created position at an annual salary of \$40,000.
- (4) No salary for City Collector's position. The Court Clerk's salary, totaling \$469, is included in the amount above.
- (5) Replaced Mike Baker in September 2001.

(6) Receives \$90 per hour for his services. This amount also includes reimbursed expenses.

On April 30, 2002, the city employed nineteen full-time employees.

Assessed valuations and tax rates for 2001 were as follows:

ASSESSED VALUATION

Real estate	\$ 4,169,039
Personal property	3,743,632
Total	<u>\$ 7,912,671</u>

	<u>Rate</u>
General	\$.49
Street	.27
Cemetery	.13

The city also has the following sales tax; the rate is per \$1 of retail sales:

	<u>Rate</u>	<u>Expiration Date</u>
General	\$.01	None

* * * * *



**DEPARTMENT OF CONSERVATION
TWO YEARS ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-17
February 20, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Conservation.

Competitive bids were not solicited by the Missouri Conservation Commission Employees' Benefits Plan Board of Trustees for a three-year consulting services contract with a total cost of \$210,000. Department of Conservation (DOC) officials indicated that bids were not solicited because of personal experiences with the contracted company by one of the commission members. DOC officials responded that they agree bids are important and competitive bids were solicited in September 2002 for the plan's consulting services contract.

According to the DOC's records, the department paid approximately \$271,000 and \$256,000 in food costs during fiscal years 2002 and 2001, respectively. These food purchases do not include amounts reimbursed to employees through expense accounts. Some of these expenditures do not appear to be prudent uses of public monies and are not necessary to accomplish the mission of the department. During our review we noted:

- The DOC incurred costs of approximately \$46 per person to provide meals for 70 guests at a book signing at the Missouri Botanical Gardens.
- The DOC holds an annual luncheon for retirees of the department and their spouses for the purpose of updating information regarding insurance, benefits, and other topics. The DOC spent approximately \$4,100 and \$3,700 for this function in fiscal years 2002 and 2001, respectively.
- The DOC paid approximately \$2,900 for the December 2000 employee Christmas luncheon for Central Office staff. The costs of the 2001 employee Christmas social were paid by department employees.
- The DOC held an Open Lands Initiative meeting during fiscal year 2001 for area farmers, which included a meal with a total cost of approximately \$1,300.
- Some expenditures reviewed lacked adequate supporting documentation, such as lists of attendees and documentation of the business purpose of justification for providing the meal.

In fiscal year 2003, the department adopted a new policy regarding department provided food expenditures.

(over)

YELLOW SHEET

The audit also questioned costs associated with an Instructor Training Course held by the DOC at a resort at the Lake of the Ozarks. This course included 19 staff members domiciled in Jefferson City. Meals and lodging totaled approximately \$19,700 for the five-day training. Of this amount, approximately \$4,200 was related to lodging and evening meal costs for the Jefferson City staff that were in attendance and for twenty supervisors and directors who attended an evening meal but did not incur any lodging costs. This amount does not include mileage costs to Osage Beach from Jefferson City. Bidding consideration was only given to locations in Osage Beach.

Several DOC employees attended an eight-day conference in St. Louis, incurring lodging costs totaling approximately \$30,800. According to the billing statement from the hotel, individual billings varied widely; however, detailed invoices for each individual were not maintained.

The DOC expended approximately \$60,000 during the two years ended June 30, 2002, on items classified as recognition awards, including volunteer service awards and service pins and plaques for department employees. Additionally, the department spent approximately \$25,000 in fiscal year 2001 for exercise equipment.

DOC policy allows employees to use department owned boats and motors for personal use at no cost when such use does not interfere with department business needs for those boats. This practice conflicts with general department policy that specifies that state-owned property is to be used for business purposes only. Additionally, it appears unreasonable to allow assets purchased with taxpayer monies to personally benefit employees of the department.

The DOC maintains a fleet of approximately 1,300 on-road vehicles. While the DOC does create cost reports for each vehicle, vehicle usage logs are not maintained.

Other concerns were noted regarding the lack of a formal disaster recovery plan for the department's computer systems and the department's funeral leave policy.

All reports are available on our website: www.auditor.state.mo.us

DEPARTMENT OF CONSERVATION

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DEPARTMENT OF CONSERVATION

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor
and
Conservation Commission
and
John Hoskins, Director
Department of Conservation
Jefferson City, MO 65102

We have audited the accompanying special-purpose financial statements of the Conservation Commission Fund of the Department of Conservation as of and for the years ended June 30, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the department's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, other financing uses, and changes in cash and investments and the appropriations and expenditures of the Conservation Commission Fund of the Department of Conservation and are not intended to be a complete presentation of the financial position and results of operations of the Conservation Commission Fund of the department.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, other financing uses, and changes in cash and investments and the appropriations and expenditures of the Conservation Commission

Fund of the Department of Conservation as of and for the years ended June 30, 2002 and 2001, in conformity with the comprehensive bases of accounting discussed in Note 1, which are bases of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 17, 2002, on our consideration of the department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for the purpose of additional analysis and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

An integral part of the department's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



Claire McCaskill
State Auditor

September 17, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Marty Beck
Audit Staff:	Mark Rodabaugh
	Marty Carter



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor
and
Conservation Commission
and
John Hoskins, Director
Department of Conservation
Jefferson City, MO 65102

We have audited the special-purpose financial statements of the Department of Conservation as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated September 17, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of the Department of Conservation are free of material misstatement, we performed tests of the department's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of the Department of Conservation, we considered the department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of the Department of Conservation and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 17, 2002 (fieldwork completion date)

Financial Statements

Exhibit A

DEPARTMENT OF CONSERVATION
 CONSERVATION COMMISSION FUND
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING
 USES, AND CHANGES IN CASH AND INVESTMENTS

	Year Ended June 30,	
	2002	2001
RECEIPTS		
Sales and use tax	\$ 90,545,178	88,085,276
Permit sales	28,916,832	28,533,848
Sales, rentals, and leases	8,582,570	7,552,499
Federal reimbursements	14,563,424	12,456,843
Interest	913,468	1,863,801
Donations, refunds, and miscellaneous	3,302,026	3,436,648
Total Receipts	146,823,498	141,928,915
DISBURSEMENTS		
Personal service	61,231,019	60,919,826
Employee fringe benefits	17,169,658	18,017,903
Operations	43,883,409	49,325,701
Capital improvements and acquisitions	16,257,854	22,702,378
Total Disbursements	138,541,940	150,965,808
RECEIPTS OVER (UNDER) DISBURSEMENTS BEFORE OTHER FINANCING USES	8,281,558	(9,036,893)
OTHER FINANCING USES		
Appropriations exercised by other state agencies	(1,005,821)	(1,614,169)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER USES	7,275,737	(10,651,062)
CASH AND INVESTMENTS, JULY 1	17,082,777	27,733,839
CASH AND INVESTMENTS, JUNE 30	\$ 24,358,514	17,082,777

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DEPARTMENT OF CONSERVATION
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

		Year Ended June 30,					
		2002			2001		
		Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
CONSERVATION COMMISSION FUND							
Conservation Programs	\$	125,071,345	109,881,220	15,190,125	121,748,965	110,625,250	11,123,715
Statewide Repairs and Improvements		0	0	0	25,489,255	22,691,692	2,797,563
Construction		50,000,000	16,464,672	33,535,328 *	0	0	0
Total Conservation Commission Fund	\$	175,071,345	126,345,892	48,725,453	147,238,220	133,316,942	13,921,278

* Biennial appropriations set up in the current fiscal year are re-appropriations to the next fiscal year.

Supplementary Data

Schedule 1

MISSOURI DEPARTMENT OF CONSERVATION
COMPARATIVE SCHEDULE OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,		
	2002	2001	2000
Salaries and wages	\$ 62,090,931	61,277,297	56,483,375
Benefits	4,834,207	4,535,245	3,766,831
Travel, in-state	1,979,578	2,020,610	2,222,901
Travel, out-of-state	260,114	299,624	280,576
Fuel and utilities	1,213,529	1,226,810	1,042,694
Supplies	11,561,115	11,844,685	11,087,640
Professional development	595,772	630,093	582,206
Communication service and supplies	1,369,444	1,221,456	1,157,150
Services:			
Health	0	154,201	130,871
Business	0	5,911,663	3,533,856
Professional	9,061,061	2,086,642	5,671,844
Housekeeping and janitorial	609,988	546,333	457,305
Maintenance and repair	1,466,927	0	0
Equipment maintenance and repair	0	835,135	583,507
Transportation maintenance and repair	0	810,180	992,899
Equipment:			
Computer	2,040,269	3,062,729	2,034,146
Educational	0	56,523	39,577
Electronic and photographic	0	686,296	670,304
Medical and Laboratory	0	20,364	38,973
Motorized	4,205,280	6,080,519	10,304,572
Office	170,729	555,781	549,331
Other	1,394,150	0	0
Specific use	0	968,637	915,453
Stationary	0	94,339	129,356
Property and improvements	15,892,428	22,233,739	23,920,976
Debt Service	0	0	78,035
Building lease payments	718,075	708,827	643,563
Equipment rental and leases	557,240	0	0
Equipment lease payments	0	386,826	308,028
Building and equipment rentals	0	0	47,999
Miscellaneous expenses	2,776,968	1,695,996	2,081,271
Refunds	183,224	96,668	104,036
Program distributions	3,364,864	3,269,723	2,542,950
Total Expenditures	\$ <u>126,345,892</u>	<u>133,316,942</u>	<u>132,402,224</u>

Note: Certain classifications of expenditures changed during the three-year period, which may affect the comparability of the amounts.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Schedule 2

DEPARTMENT OF CONSERVATION
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
TWO YEARS ENDED JUNE 30, 2002

	<u>Equipment</u>	<u>Buildings</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Total General Fixed Assets</u>
BALANCE, July 1, 2000	\$ 72,728,823	53,975,172	292,064,079	22,369,454	441,137,528
Adjustments	0	0	(833,142) ⁽¹⁾	0	(833,142)
Additions	10,113,429	6,928,214	3,037,356	891,121	20,970,120
Dispositions	<u>13,756,737</u>	<u>166,990</u>	<u>9,950</u>	<u>6,650,121</u>	<u>20,583,798</u>
BALANCE, June 30, 2001	69,085,515	60,736,396	294,258,343	16,610,454	440,690,708
Adjustments	0	0	(150,300) ⁽²⁾	(2,808,504) ⁽³⁾	(2,958,804)
Additions	6,190,340	5,029,522	3,603,382	2,930,825	17,754,069
Dispositions	<u>5,989,785</u>	<u>186,237</u>	<u>50,594</u>	<u>4,885,822</u>	<u>11,112,438</u>
BALANCE, June 30, 2002	<u>\$ 69,286,070</u>	<u>65,579,681</u>	<u>297,660,831</u>	<u>11,846,953</u>	<u>444,373,535</u>

(1) Adjustment for interest capitalized in previous years.

(2) Land value adjusted from the issuance of an easement.

(3) Adjustment to remove infrastructure originally recorded as construction in process.

The accompanying Notes to the Supplementary Data are an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

DEPARTMENT OF CONSERVATION
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present only selected data for the Conservation Commission Fund of the Department of Conservation.

Receipts, disbursements, other financing uses, and changes in cash and investments are presented in Exhibit A for the Conservation Commission Fund. Appropriations from this fund are expended by or for the department for restricted purposes.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related fund but are used only to account for and control the department's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the department and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Receipts, Disbursements, Other Financing Uses, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, presents amounts when they are received or disbursed.

The Statement of Appropriations and Expenditures, Exhibit B, is presented on the state's legal budgetary basis of accounting. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the two-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those

principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The department administers transactions in the Conservation Commission Fund. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

This fund controls the monies collected and expended by the department within the restrictions imposed by the Missouri Constitution, Article IV, Section 43(b). Appropriations are made from this fund by the General Assembly to control, manage, restore, conserve, and regulate birds, fish, game, forestry, and wildlife resources of the state and to administer the related laws.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in health and optional life insurance plans provided by the department, and the state's cafeteria and deferred compensation and deferred compensation incentive plans. Effective January 1, 2000, the Conservation Commission established the Conservation Employees' Benefits Trust Fund to provide health and life insurance plans for the department. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a monthly state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least one year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement and long-term disability benefits); social security and medicare taxes; basic life insurance; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statement at Exhibit A are primarily the transfers and payments from the Conservation Commission Fund for costs related to salaries and insurance paid from that fund. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statement at Exhibit B.

2. Cash and Investments

The balance of the Conservation Commission Fund is pooled with other state funds and invested by the state treasurer.

Trust account monies are combined with regular monies to make up the total balance available in the Conservation Commission Fund. At June 30, 2002 and 2001, trust accounts totaled \$1,111,200 and \$1,295,630 respectively, and represented donated funds restricted for development, maintenance, and/or purchase of land.

3. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit B as follows:

		Conservation Commission Fund	
		Year Ended June 30,	
		2002	2001
DISBURSEMENTS PER EXHIBIT A	\$	138,541,940	150,965,808
Employee fringe benefits		(12,187,402)	(12,046,048)
Unidentified difference		(26,064)	(1,628,722)
Payroll timing adjustments:			
2002		2,393,970	0
2001		(2,376,552)	2,376,552
Payroll and lapse period adjustments:			
2000		0	(6,350,648)
EXPENDITURES PER EXHIBIT B	\$	126,345,892	133,316,942

4. Appropriations Exercised by Other State Agencies

The Missouri General Assembly makes certain appropriations from the Conservation Commission Fund for personal services, expense and equipment, and programs administered by other state agencies. Expenditures charged to these appropriations and transfers from the fund for associated fringe benefits during the fiscal years 2002 and 2001 were:

		Year Ended June 30,	
		2002	2001
Office of Administration			
Insurance and legal expense	\$	292,434	974,779
Worker's compensation		58,497	40,881
Unemployment insurance		111,444	64,101
Office of State Auditor		38,460	39,920
Department of Revenue		504,986	494,488
Total	\$	1,005,821	1,614,169

Note to the Supplementary Data:

5. General Fixed Assets

- A. The investment in general fixed assets at June 30, 2002 and 2001, was from the following funds:

		June 30,	
		2002	2001
Conservation Commission Fund	\$	443,470,168	439,761,100
General Revenue Fund-State		903,367	929,608
Total	\$	444,373,535	440,690,708

- B. Except as noted, general fixed assets, which are recorded as expenditures when acquired, are capitalized at cost in the General Fixed Assets Account Group. Properties obtained through donation are capitalized at appraised value. Beginning in fiscal year 2002, the department began depreciating general fixed assets in accordance with the State of Missouri's reporting requirements under GASB 34. General fixed assets are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized along with other general fixed assets. Also not capitalized are certain improvements including hatchery pools, wetland development, and other expenditures to prepare land purchased for its intended use.

Accumulated depreciation on equipment and buildings at June 30, 2002, was \$53,492,275 and \$26,385,473 respectively.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report-
State Auditor's Findings

DEPARTMENT OF CONSERVATION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of the Department of Conservation (DOC) as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated September 17, 2002.

The following Management Advisory Report presents our findings arising from our audit of the department's special-purpose financial statements. During our audit, we also identified certain management practices which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered all-inclusive of areas needing improvement.

1.	Food Costs
-----------	-------------------

The department should make an effort to reduce expenditures for food costs and redirect these resources to conservation activities. According to the department's records, the department paid approximately \$271,000 and \$256,000 in food costs during fiscal years 2002 and 2001, respectively. These food purchases represent amounts billed to the department from various food service providers and do not include amounts reimbursed to employees through expense accounts; however, some of these expenditures would have been reimbursable to employees on travel status.

During our review of food expenditures we noted the following:

- Some expenditures reviewed lacked adequate supporting documentation, such as lists of attendees and documentation of the business purpose or justification for providing the meal. Failure to require adequate supporting documentation reduces the ability to monitor the validity and necessity of expenditures.
- The DOC incurred costs of approximately \$46 per person to provide meals for 70 guests at a book signing at the Missouri Botanical Gardens. The Missouri Botanical Gardens determined the guest list for the event.
- The DOC holds an annual luncheon for retirees of the department and their spouses for the purpose of updating information regarding insurance, benefits, and other topics. The DOC spent approximately \$4,100 and \$3,700 for this function for fiscal years 2002 and 2001, respectively.
- The DOC paid approximately \$2,900 for the December 2000 employee Christmas luncheon for Central Office staff. The 2001 employee Christmas social was funded from the canteen fund and included carry in dishes from employees.

- The DOC held an Open Lands Initiative meeting during fiscal year 2001 for area farmers, which included a meal with a total cost to the DOC of approximately \$1,300. Supporting documentation reflected that meals were provided to approximately 135 adults and 20 children. DOC personnel indicated the meal was provided as a marketing tool to encourage attendance. The DOC purchased approximately 50 more meals than needed for the event even after requiring participants to RSVP. The leftover food was consumed at a Private Lands Division meeting held two days later.
- During a January 2002 Commission meeting, dinner was provided at an approximate cost of \$28 per person. Meals were served to the Commissioners, seven other department employees, and three guests.
- Lunch was provided to six DOC employees and thirty-four teachers during a teachers workshop held in July 2001. The cost of this luncheon was approximately \$18 per person.

These expenditures do not appear to be prudent uses of public monies and are not necessary to accomplish the mission of the department. During the audit period, the department did not have a written policy regarding agency provided meal expenses at meetings and other departmental functions, including those held within the employees' official domiciles. A new policy was implemented during fiscal year 2003 regarding department provided food expenditures, although we were unable to determine the effect the new policy will have on expenditures such as those noted above.

WE RECOMMEND the department maintain adequate supporting documentation for food expenditures and ensure expenditures are reasonable and necessary to the mission of the department.

AUDITEE'S RESPONSE

A new policy covering agency provided food was initiated in fiscal year 2003 that clearly establishes guidelines for providing meals in conjunction with meetings. The department will continue to ensure that all expenditures for meals are for a specific business purpose and reasonable and necessary in amount.

2.

Expenditures

- A. The DOC held an Instructor Training Course at a resort at the Lake of the Ozarks. This course included 19 staff members domiciled in Jefferson City. Meals and lodging totaled approximately \$19,700 for the five-day training. Of this amount, approximately \$4,200 was related to lodging and evening meal costs for the Jefferson City staff that were in attendance and for twenty supervisors and directors who attended an evening meal but did not incur any lodging costs. This

amount does not include mileage costs to Osage Beach from Jefferson City. Bidding consideration was only given to locations in Osage Beach.

According to DOC officials, this training requires that all attendees remain at the location because of the length and intensity of the training. However, the agenda for this training did not indicate any activities outside the hours of 8 AM to 5 PM on any of the days. Had this training been held in Jefferson City, expenditures for lodging, mileage, and some, if not all, meals would not have been incurred for Jefferson City staff.

- B. Competitive bids were not solicited by the Missouri Conservation Commission Employees' Benefits Plan Board of Trustees for a three-year consulting services contract with a total cost of \$210,000. DOC officials indicated that bids were not solicited because of personal experience with the contracted company by one of the commission members. The Employees' Benefits Plan was established by the Conservation Commission and the Trustees to provide benefits to employees and retirees of the DOC. The Employees' Benefits Trust Fund is funded by the Conservation Commission Fund and member contributions.

Section 34.040, RSMo 2000, requires all purchases in excess of \$3,000 to be competitively bid. Formal, competitive bidding procedures for major purchases provides a framework for economical management of the DOC resources and helps ensure the DOC receives fair value by contracting with the lowest and best bidders. Competitive bidding also ensures all interested parties are given an equal opportunity to participate in the state's business.

- C. Adequate supporting documentation was not maintained for lodging costs associated with attendance at a National Fisheries conference in St. Louis. Several DOC employees attended this eight-day conference in St. Louis, incurring lodging costs totaling approximately \$30,800. According to the billing statement from the hotel, individual billings varied widely for each individual; however, detailed invoices for each individual were not maintained.

All disbursements should be supported by vendor-provided invoices. Such documentation is necessary to ensure the purchase is a proper and reasonable expenditure of public monies.

- D. The DOC expended approximately \$60,000 during the two years ended June 30, 2002, on items classified as recognition awards. Expenditures charged to this classification include volunteer service awards and service pins and plaques for department employees, with costs for individual items exceeding \$100 in some cases. We noted one expenditure of approximately \$10,000 for service pins. Although the Office of Administration regulations allow for the purchase of

recognition awards, total costs incurred by the DOC for these items appears unreasonable. While we recognize there may be some benefit to employee moral through service awards, the DOC should evaluate whether the benefits justify the cost.

- E. The DOC spent approximately \$25,000 in fiscal year 2001 for exercise equipment. This equipment is located in a building on the grounds of the Central Office in Jefferson City. DOC officials indicated that the purchase was made as a part of the department's Wellness Program for employees. Additionally, they indicated that the equipment is used for the department's training academy for protection agents.

While the health and well being of employees is important, this does not appear to be a reasonable and prudent use of state monies. This expenditure appears to benefit only a limited number of DOC employees and does not appear necessary to support the mission of the department.

WE RECOMMEND the department:

- A. Review expenditures for future training sessions and ensure the costs are reasonable and necessary.
- B. Ensure the Board of Trustees obtains competitive bids for goods and services.
- C. Maintain adequate supporting documentation for expenditures.
- D. Reevaluate expenditures for recognition awards.
- E. Reevaluate expenditures for exercise equipment.

AUDITEE'S RESPONSE

- A. *This professional career development training is unique in nature and requires participants, within teams, to work in the evenings to prepare for the next day's training. Even though the evening time was not specifically listed on the agenda, it is an integral part of the success of this training. The cost is reasonable when compared to similar training offered by professional training organizations.*
- B. *The finding is for funds expended from fiduciary funds for which Chapter 34 does not apply. We do agree that bids are important, thus competitive bids were solicited in September 2002 for the Conservation Employees' Benefits Plan Trust Fund consulting services contract.*
- C. *The department will continue to maintain documentation for all expenditures in accordance with the Office of Administration's established rules and regulations.*

- D. *Employee recognition consists of honoring employees with a lapel pin beginning with the completion of 10 years of service. Employees are subsequently recognized for each 5 years of additional service with some employees completing 40-45 years of service. In addition, upon retirement employees receive an engraved plaque in honor of their career. These recognitions contribute to employee pride within the organization and help to account for the department's low employee turnover. The department receives tens of thousands of hours of volunteer service statewide annually from Hunter Education Instructors, Nature Center Volunteers, and 2000 Stream Teams. These volunteers annually perform essential duties that include training 30,000 hunter education students; litter and trash clean-up of thousands of sites; and thousands of hours of outdoor education and interpretation service. All volunteers serve without compensation and in turn are recognized with very nominal awards for the hours contributed.*
- E. *The department constantly monitors the health and wellness of its employees in an effort to control the rising cost of health care. Substantial savings in medical expenses are possible by encouraging employees to participate in a physical fitness program.*

3. Personal Use of State Property
--

DOC policy allows employees to use department owned boats and motors for personal use at no cost when such use does not interfere with department business needs for those boats. However, general department policies and guidelines specify that state-owned property is to be used for business purposes only. The department has numerous boats which are used for ongoing operations of the department and for public rentals at various areas throughout the state.

This practice exposes the department and the State of Missouri to unnecessary potential liability and conflicts with general department policy. Additionally, it appears unreasonable to allow assets purchased with taxpayer monies to personally benefit employees of the department.

WE RECOMMEND the department discontinue the policy that allows employees the use of department owned boats for personal use.

AUDITEE'S RESPONSE

We do not concur with the recommendation. Employees will continue to be encouraged to spend off-duty time on the streams and lakes of the state to enhance their appreciation of the resources that the department safeguards. In addition, they would be expected to report any personal observations of activity or conditions causing damage to the resource.

4.**Vehicle Logs**

Vehicle usage logs are not maintained for department vehicles. The DOC maintains a fleet of approximately 1,300 on-road vehicles. These vehicles are assigned throughout the department and at various locations throughout the state. The DOC does create cost reports for each vehicle but those reports do not indicate the specific use of the vehicles.

Vehicle usage logs documenting information regarding use should be maintained for all vehicles and periodically reviewed to ensure vehicles are properly used for business purposes. In addition, the Office of Administration's (OA) Guidelines, Policy SP-4 provides that, "Vehicle usage logs must be maintained for each state vehicle and include the following information: name of driver, date(s) used, beginning and ending odometer readings, destination and purpose of use."

The department should establish standard and consistent documentation for recording vehicle usage throughout the department.

WE RECOMMEND the department maintain mileage logs for all on-road department vehicles as required by OA policy. These logs should be periodically reviewed for propriety.

AUDITEE'S RESPONSE

All department vehicles by Commission policy must be used strictly for official department business. The use of department vehicles is controlled through the normal supervisory chain of command.

5.**Disaster Recovery Plan**

The DOC does not maintain a formal written disaster recovery plan to be used in the event of a fire or some other type of disaster. The department relies heavily on mainframe computer systems for various department applications. Significant interruption in the systems' operations could slow or stop specific functions resulting in confusion and delays.

A formal disaster recovery plan should specify recovery actions required to reestablish critical computer operations. In the case of a disaster, such documentation can reduce confusion and provide a framework for the uninterrupted continuance of operations. Once a disaster recovery plan has been developed and approved, it should be periodically tested and reviewed.

WE RECOMMEND the department develop a formal written disaster recovery plan which is periodically tested and reevaluated.

AUDITEE'S RESPONSE

The department will determine the need to formalize its disaster recovery plan based on the new technology favoring local area network applications rather than the traditional mainframe applications.

6. Funeral Leave Policy

DOC policy allows supervisors to authorize paid time off and travel expenses for employees to attend funerals for department staff and their immediate families. Department personnel indicated this does not occur frequently; however, the DOC does not track the costs of this benefit and therefore cannot determine the overall expense to the department.

Expenditures of this nature are personal in nature, do not appear to be a reasonable and prudent use of public monies, and do not appear necessary to accomplish the mission of the department. In addition, Section 36.350, RSMo 2000, provides that state regulations shall contain provisions for various types of leave and that such regulations shall apply to all state agencies. The Code of State Regulations at 1CSR 20-5.020, provides for absences due to bereavement for certain members of state employees' families and that other absences due to the death of loved ones shall be charged to annual leave. However, there is no authorization to allow paid time off and travel expenses for employees to attend funerals for department staff and their immediate families.

WE RECOMMEND the department review the reasonableness and necessity of this policy.

AUDITEE'S RESPONSE

The department continues to believe that this expression of compassion shown to fellow employees during the loss of a family member is a valuable support to a co-worker. In addition, supervisors approve all requests for this type of leave and closely monitor its use to ensure no abuse occurs.

7. Oversight of Land Acquisition, Capital Improvements, and Related Programs

A separate audit was performed to review the DOC's oversight of land acquisitions and related projects and programs. This separate audit report (report number 2002-108) was issued October 3, 2002, and concluded department officials need to improve (1) budget planning efforts, (2) oversight over private organizations, and (3) the strategic planning process. Recommendations concerning these issues were included in that report and are not repeated in this report.

This report is intended for the information of the management of the Department of Conservation and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

DEPARTMENT OF CONSERVATION
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Conservation on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 2000. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the department should consider implementing those recommendations.

1. Credit Union Lease Agreement

The lease agreement between the department and the Conservation Employees' Credit Union may violate federal and state laws. The department entered into an agreement to lease land to the credit union for an annual fee of one dollar. The credit union constructed a new office building on the land. DOC personnel indicated the land was purchased with license fees.

Recommendation:

The department discuss and resolve this situation with the appropriate federal agency. In addition, the department should request an Attorney General's opinion to determine whether the credit union lease agreement violates state laws.

Status:

Not implemented. In response to this recommendation, the DOC had indicated that the department's legal counsel reviewed the agreement and determined that the department was in compliance with state and federal regulations. They further stated that this employee benefit was an allowable expenditure for conservation purposes. The DOC's position has not changed. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Vehicle Utilization

Vehicles purchased by the department were not placed in service on a timely basis.

Recommendation:

The department place vehicles in service on a timely basis.

Status:

Partially implemented. The department has made improvement with placing vehicles in service on a timely basis; however, some delays were still noted. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Food Costs

The department lacked a comprehensive policy regarding agency provided meal expenses at meetings and other departmental functions, including those held within the employees' official domiciles.

Recommendation:

The department develop a comprehensive policy regarding food purchases, particularly in the employees' official domiciles, in an effort to control and reduce expenditures in this area.

Status:

Implemented. Effective September 2002, a policy on food expenditures was implemented; however, we were unable to determine the effect the policy will have. See MAR finding number 1 for related comments.

4. Special Investigation Account Controls

Requests to replenish the special investigation checking account were not made on a timely basis, and as a result, monies were not deposited in time to pay credit card statements by the due date.

Recommendation:

The department establish procedures to pay the balance due on credit card statements on a timely basis.

Status:

Implemented.

5. Information System Access Controls

The department had not developed criteria for determining who was allowed to access SAM II, the purpose and level of the access, and who determined and granted the access. In addition, there were no policies for documenting and reporting management authorization of new access, changes to existing access, or removal of access when an employee terminated or transferred.

Recommendation:

The department develop security standards to document the criteria to be followed for granting, maintaining, and monitoring access to SAM II.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and Statistical Information

DEPARTMENT OF CONSERVATION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Department of Conservation is constitutionally created pursuant to Article IV, Sections 40(a) and 46. The general functions of the department are to control, manage, restore, conserve, and regulate all bird, fish, game, forestry, and wildlife resources of the state. At June 30, 2002, the department owned 774,040 acres of land in the state.

The department is headed by a four-member bipartisan commission, appointed by the Governor with the advice and consent of the Senate. They serve without compensation for staggered six-year terms. The commission members at June 30, 2002, were:

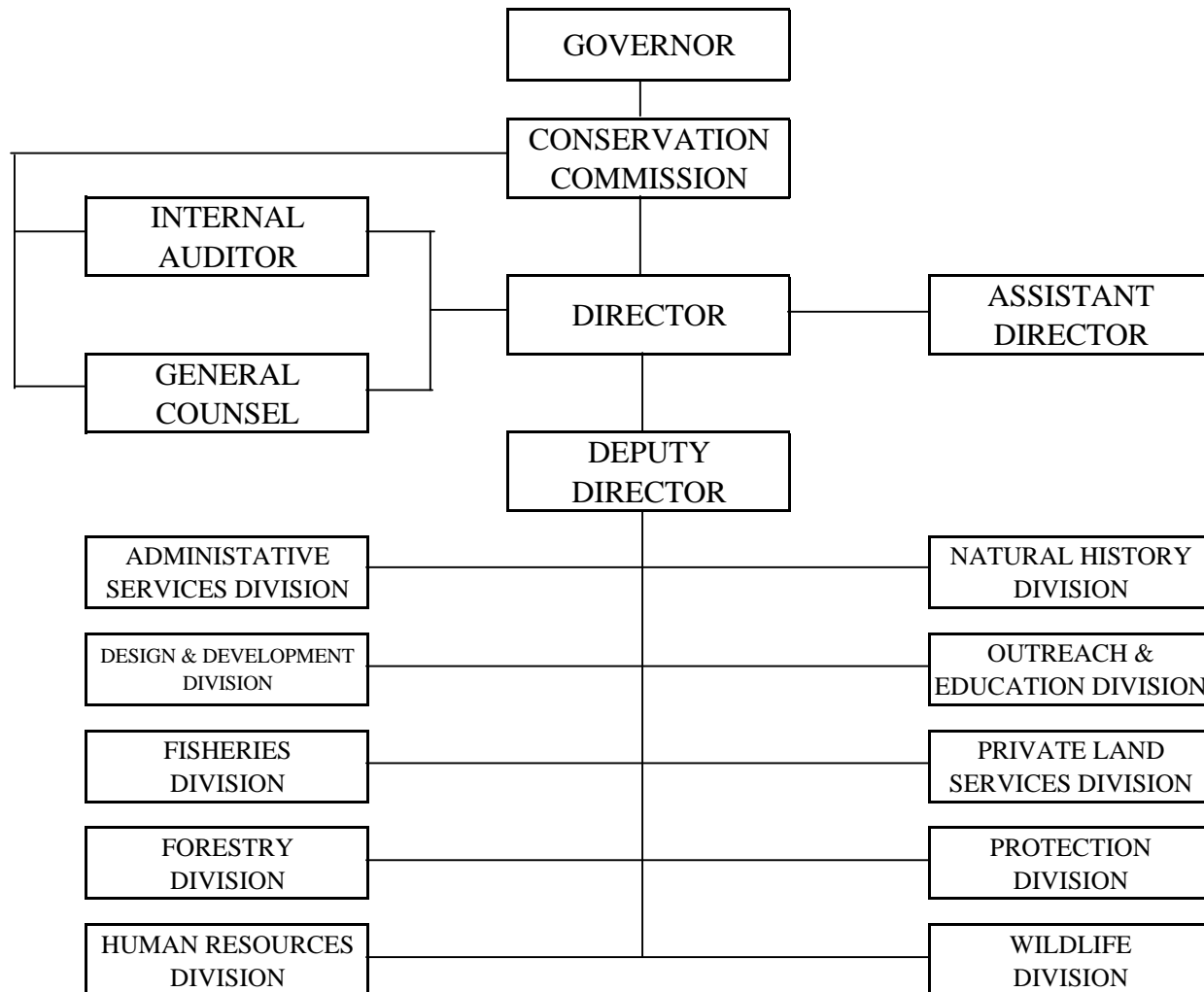
<u>Commissioner</u>	<u>Term Expires</u>
Stephen Bradford	July 1, 2007
Anita B. Gorman	July 1, 2005
Cynthia Metcalfe	July 1, 2007
Howard L. Wood	July 1, 2003

The commission appoints a director who serves as the administrative officer of the Department of Conservation. The director appoints other employees and is assisted by a deputy director with programs carried out by the divisions of fisheries, wildlife, forestry, protection design and development, outreach and education, administrative services, private land services, natural history, and human resources. An assistant director provides leadership for special projects and initiatives as assigned by the director: notably legislative liaison, partnerships with other entities, etc.

Jerry Conley was appointed Director on January 1, 1997, and retired from this position effective June 30, 2002. John Hoskins was appointed Director effective July 1, 2002. At June 30, 2002, the department employed approximately 1,540 full-time and 440 part-time individuals.

An organization chart follows.

DEPARTMENT OF CONSERVATION
ORGANIZATION CHART
JUNE 30, 2002



* * * * *



**DEPARTMENT OF REVENUE
INFORMATION RESOURCE SECURITY MANAGEMENT**

**From The Office Of State Auditor
Claire McCaskill**

*Tighter security controls need to be in place to
reduce the existing risk of unauthorized access
to department resources.*

**Report No. 2003-16
February 20, 2003
www.auditor.state.mo.us**

PERFORMANCE AUDIT

**DEPARTMENT OF REVENUE
INFORMATION RESOURCE SECURITY MANAGEMENT**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Carol Russell Fischer, Director
Department of Revenue
Jefferson City, MO 65102

The State Auditor's Office audited the Department of Revenue's information resource security controls. The objective of this audit was to evaluate whether department officials have established adequate security controls to ensure the integrity, confidentiality, and availability of data and information.

We concluded department officials need to develop and approve a department-wide security framework and plan covering all major facilities and operations. They also need to implement procedures to assess the effectiveness of operational security controls and properly train all personnel with an ongoing security awareness program.

We conducted the audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	Jon Halwes, CPA, CGFM
Information Systems Audit Manager:	Jeff Thelen, CPA
In-Charge Auditor:	Tara Shah, CPA
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	Lori Melton, CPA

RESULTS AND RECOMMENDATIONS

1. Controls Over System Access are Weak or Missing

The Department of Revenue (department), which collects taxes and administers drivers' licenses and motor vehicle records, needs to better address system access control management policies and practices. These practices protect the integrity, confidentiality, and availability of data and information, which are at risk from unauthorized use, modification, or disclosure. Current department practices do not:

- Use fully compatible user access management and administration tools.
- Control the number of individuals who can administer access rights to the system applications.
- Have standards for creating, controlling, and monitoring computer access.
- Ensure live production data is adequately protected.
- Properly manage user identifications (IDs).
- Ensure the integrity of staff in highly sensitive positions.

Background

The department has three divisions (Motor Vehicle and Drivers Licensing [motor vehicle], Taxation and Collection [tax], and Administration). Each of these divisions has an administrator of technology services who reports to his/her respective division director. The department also has a chief information officer who handles department-wide issues and works with all the divisions. In September 2001, department officials hired a security coordinator who is assigned department-wide responsibility for internal controls and security policies and procedures. In addition, the State Data Center operates as a data processing and mainframe service provider to the department.

Information resource security access controls provide reasonable assurance that data are protected against unauthorized use, modification, disclosure, loss, or impairment. The purpose of controlling access to data and information is to ensure (1) users have only the access needed to perform their duties, (2) access to very sensitive resources is limited to a few individuals, and (3) employees are restricted from performing incompatible functions or functions beyond their responsibility.

In August 2001, a department official drafted an information security policies and standards document. In October 2002, this document was taken to the department's Information Security Committee. Approval is expected in 2003. In July 2002, department officials approved a separate department-wide policy covering user ID and password security; however, the information in the policy is very general. The policy also outlines the responsibilities of the chief information officer and the Information Security Committee.

Draft security
policies and
standards
prepared

In 1999, the department officials paid International Business Machine (IBM) Global Services about \$160,000 to assess the department's security controls. This assessment was designed to

help the department identify potential vulnerabilities in the configuration and management of selected systems, as well as recommend strategies for an effective security program. At least half of the issues in this report were noted in the IBM report, but department efforts have been slow to correct these weaknesses.

See Appendix II, page 21, for key terms and definitions used in the report.

Criteria used to evaluate the department

Currently, no state guidelines exist to establish the need or specific parameters for information resource security controls or security program planning. However, the State Data Center has established a customer procedures manual, which outlines specific policies for state agencies as customers.

In addition, there are federal, national and international standards related to information resource security controls and security program planning. For our review, we used accepted standards from the following sources:

- National Institute of Standards and Technology
- Information Systems Audit and Control Association
- American Institute of Certified Public Accountants
- U.S. General Accounting Office
- Canadian Institute of Chartered Accountants

System access management tools present problems

The department uses two separate ID management systems to administer mainframe access. The two management systems do not interface correctly, which results in many discrepancies in user ID status. These discrepancies place the department at risk of allowing inappropriate access to system resources.

Approximately 2 years ago, the department developed an access management system for administering mainframe access. Prior to the development of the department's system, system administrators could use only the state's mainframe management system to process transactions for user ID mainframe access. The department designed its system as a user-friendly tool for system administrators and to supplement the state's system. Table 1.1 identifies the number of system administrators using the two user ID management tools.

Table 1.1: Management System Administrators

User ID Management System	Number of System Administrators
Department System	20
Statewide System	13
Both Systems	<u>9</u>
Total System Administrators	<u>42</u>

Source: Department system data

Access changes in the department's system will automatically update information in the statewide system, but access changes using the statewide system do not update in the department's system. For example, if one of the 13 administrators, who only uses the statewide system, revokes or resets a user ID, that change will not be reflected in the department's system. The department's system is the primary system used to administer mainframe access. System administrators rely on the status of user IDs in the department's system to monitor user access. As a result of the system interface weakness, we identified:

- 311 active department system IDs that were inactive in the statewide system
- 130 active statewide system IDs that were inactive in the department system

Such discrepancies could result in unknown inappropriate access to system resources.

Access management to computer systems needs improvement

The department has some procedures in place regarding granting access to mainframe applications. The majority of these access procedures are established by each division and are not documented. Department staff told us many of the procedures followed are based on system administrator preferences. Department officials further explained the lack of formalized department-wide security procedures is due to division officials creating their own security procedures and methodologies in the autonomous environment the department operates in.

System and Application Administrators

As indicated in Table 1.1, there are 42 system administrators. The department has granted four of the system administrators global system rights, which allow them to establish initial access for users, assign user access, and modify and remove access. The other 38 system administrators have the authority to assign and reset user IDs, but cannot assign initial access. Department officials were not aware of the number of employees with system administrator rights prior to our analysis. In addition, officials are not reviewing the necessity of privileged account assignments or ensuring supervisors periodically review the administrators' work. Accepted standards state the number of privileged accounts should be reasonable and based upon the size of the environment.

Number of
administrators
needs
evaluation

When an employee has a user ID established and assigned to specific applications, separate application administrators assign rights to the user ID allowing the user to perform specific actions within the application. We compared the number of users for whom division application administrators were responsible. Per Table 1.2, the ratio of application administrator accounts to users is much higher for motor vehicle division applications compared to tax division applications. Department officials could not explain why there are 33 motor vehicle application administrator accounts.

Table 1.2: Comparison of Application Administrators

Application	Administrator Accounts	Application Users	Ratio
All Tax Applications	2	900	1:450
Missouri Titles and Registration	22	800	1:36
Missouri Drivers License	11	200	1:18

Source: Department system data and department personnel

To determine the reasonable number of system and application administrator accounts, department officials should answer the following questions:

- What are the authorized procedures for assigning the administrator privilege?
- Were the administrators' rights which currently exist properly authorized?
- Why does a staff member need the administrator privilege?
- Does the need for such privileges still remain?
- How often does this need arise?
- Can the administrators' needs be handled by restricting their privileges?

Such an assessment will allow department officials to limit the number of privileged accounts to the minimum necessary to manage system and application security.

Formal standards for establishing user access are needed

The department has not established documented policies or standards to provide control over the configuration of user IDs and user groups. When a user's ID is established, there are no formal standards for the system administrator to follow in establishing access. As of August 2002, there were 5,058 active user IDs and 354 user groups. System administrators manage user groups as a convenience for assigning rights to users with similar job duties. However, the user group definitions have not been fully documented. Therefore, department officials cannot ensure the users are being assigned to the appropriate groups. The department also has approximately 1,180 datasets where information is stored and access is restricted. Again, department officials have not documented the information associated with each of these datasets. By not establishing standards controlling the establishment of user and group profiles and defining groups

and datasets, data owners are at risk of being unable to ensure that user access rights are commensurate with user's job responsibilities.

Access rights need to be properly approved

Procedures are not in place to consistently ensure mainframe access is properly approved, which may cause employees and contractors to have unnecessary access to data. For 7 of 13 (54 percent) new employees tested, the department had no documentation of the access request or the employee's supervisor did not approve the access request. Also, access authorization documentation could not be located for all four contractors tested. Motor vehicle system administrators require supervisors requesting access to submit an access request worksheet either by hardcopy or by email. However, those documents are not retained once access is granted. Supervisors in the other two divisions use an electronic request application for approving access, but there are no standard procedures for using the application. Department personnel have not developed procedures nor trained the users on how to properly use the application.

Accepted standards state access needs should be approved by an appropriate senior manager and directly communicated in writing before access is granted. Those approved authorizations should be maintained on file. The following criteria should be defined when granting a user access to a computer system:

- Who is allowed to access or use the component.
- The purpose of the allowed access.
- The duration for which access or use will be granted.
- The type of access permitted.
- Whether the use of the access will be reported and monitored.
- Any other requirements to be applied.

The department is not adequately protecting production data

Computer programmers have access to production data. Supervisors told us the programmers may have to perform special operations from time to time that only they have the rights to do. However, accepted standards state senior management should implement a division of roles and responsibilities to limit the possibility of a single individual subverting a critical process. A segregation of duties should be maintained between functions including data entry and systems development and maintenance. If more complex operations need special rights, those rights can be assigned when necessary and the business function staff could be trained to perform such operations.

Outside contractors' access needs better management

A process is not in place to allow department officials to readily identify all third-party contractors who have access to department system resources and facilities. A centralized list of outside contractors doing business with the department is not maintained. Therefore, there is less assurance only active contractors have appropriate authorized

access to the department's mainframe system and facilities. Accepted standards state management should ensure all third-party contractors' services are properly identified. In addition, since outside contractors are users of the department's data and resources, the same security controls should apply to them as all other employees who have system and facility access.

Access rights not periodically evaluated

The department's mainframe system administration fails to ensure user access rights are appropriate. The department lacks a policy requiring supervisors to periodically reassess employees' access to department information system resources and data. Accepted standards require management to review and confirm access rights periodically to ensure access rights remain commensurate with user job responsibilities. Such reviews also reduce the risk of errors, fraud, misuse or unauthorized alteration.

82 former employees had active user IDs

At August 2002, auditors noted the following problems in the department's mainframe access that would have been identified through periodic reviews of user accounts.

- Eighty-two former employees had active user IDs. Two of these user IDs were for system administrators.
- Six user IDs assigned to contractors were still active, but had not been accessed since November 2000. These contractors are no longer working on mainframe projects for the department.
- At least 14 employees had more than one active user ID. Four of these employees had transferred divisions within the department and the access from the prior division had not been removed. Department personnel stated an employee should not be assigned more than one active user ID.
- Two of the three employees reviewed in detail had more mainframe access than was necessary for their job responsibility. For example, one clerk in the Division of Administration who had supply ordering responsibility also had rights to some motor vehicle and tax applications. She could not perform any function in these applications. The rights may have been left over from a recycled ID.

In addition to not reviewing access rights, the department's system administrators do not monitor dormant user IDs. At August 2002, 48 percent (2,074 of 4,364) of all active user IDs, which had been used at least once, had not been accessed for 180 days or more. Table 1.3 shows the inactivity timeframe for the user IDs that have not been used for 90 days or more.

48 percent of active user IDs not accessed for 180 days or more

Table 1.3: Dormant User IDs

Dormant Period	Number of System IDs
90 days or more	2,137
180 days or more	2,074
1 year or more	1,991
2 years or more	1,793
4 years or more	1,658
8 years or more	161

Source: Department system data

Accepted standards and the department's draft security policies and standards require management to ensure dormant accounts are removed from the system. Periodically monitoring and removing dormant system accounts can reduce the risk of unauthorized access to the department's data.

User IDs need to be properly managed

Department officials are not following State Data Center procedures, accepted password standards, user identification standards, and the department's draft security policies and standards by allowing users to share user IDs and associated passwords and by maintaining user IDs that have not been uniquely assigned to department employees. Changes to users' accounts, data modifications, and the execution of batch processing jobs cannot be readily tracked to the user who performed the function. These situations increase the risk of unauthorized modifications and changes to data, information and user accounts. Department system administrators stated they prefer using shared IDs in some instances because they are easier to administer. Unassigned user IDs are maintained to provide employees with user IDs when needed.

Department data and information are subject to an increased risk of unauthorized loss and use because certain passwords are shared and not appropriately protected. Division of Administration Information Technology Bureau personnel maintain seven user IDs and passwords for shared IDs in four files on the mainframe. The user IDs and passwords are not encrypted but rather are in a readable format and are being shared by all group members. When employees need to access an information resource that requires use of one of these shared IDs and passwords, they read the shared password file to obtain the access information needed. Three of the four password files contained more than one user ID and password. The global system administrator user ID and password is located in two of these shared password files. In addition, eight employees who are not supposed to be acting in the capacity as a system administrator have access to one of the datasets with the global system administrator user ID and password. For example, if an employee had access to one file for one ID and password, he/she would also have access to all other IDs and passwords in that file. The security of a password system is dependent upon keeping passwords secret. Allowing users to share user IDs and passwords for administrative convenience threatens the confidentiality and integrity of the department's data and information.

Not all user IDs maintained by the department are uniquely identifiable using the assigned user name. User IDs provide a method of maintaining accountability, a key to any computer security program. The department maintains over 1,500 mainframe system IDs that have not been assigned to users and 1,612 active shared IDs. This lack of accountability can have an adverse impact on the confidentiality and integrity of data and poses a security risk to the department's information resources.

Unassigned IDs
create risk

Department system administrators manage the majority of these 1,500 unassigned IDs in “pools.” They created the pools of IDs for the convenience of having pre-established user IDs assigned with basic rights. In addition, the revoked user IDs of terminated employees are returned to the pool, but the access rights associated with the user IDs are not removed before placing the IDs in the pool. By pre-establishing system accounts with basic access rights and leaving rights with other revoked user IDs, department information resources are susceptible to inappropriate use. These IDs may be easily activated and used inappropriately, allowing unauthorized access to system resources. State Data Center procedures and accepted standards require that unique user IDs must be assigned to individual users. All user IDs created should have an associated request and approval that is appropriate for the department’s information resources. In addition, user IDs for terminated employees should not be reused but should be revoked or deleted to prevent assigning inappropriate access, which is possible when recycling user IDs.

Background screenings should be re-performed for sensitive job positions

Department officials risk not being able to detect unacceptable employee actions because background screenings are not performed on current employees. Background investigations, which include a Highway Patrol criminal background check, are only performed on applicants being offered a job with the department. Background screenings help determine whether an individual is suitable for a given position. However, similar screenings are not performed when an employee transfers to another position within the department. The new position could be one that a new background screening might find unsuitable for the employee. In addition, accepted standards suggest periodic background reinvestigations should be performed at least once every 5 years, consistent with the sensitivity of the position. However, department officials have not assigned different levels of sensitivity to job positions and have not performed reinvestigations.

Conclusion

Significant weaknesses exist within the department's system access controls. Department officials rely on not fully compatible user ID management systems and have not established effective computer security controls over system administrator and user IDs. Some of these weaknesses are addressed in the department's draft information security policies and standards, which may be finalized in 2003. Poor access management controls may cause users to have access not commensurate with their job function and unauthorized access to department system resources.

Recommendations

We recommend the Director, Department of Revenue:

- 1.1 Evaluate the usage of the mainframe user ID management systems and implement procedures to eliminate the discrepancies between the systems.
- 1.2 Evaluate the number of system and application administrators that control access to department data and information system resources. In addition, establish procedures for supervisors to periodically review system and application administrator activity.
- 1.3 Establish department-wide controls over the configuration of user and group profiles to ensure that access rights for users are commensurate with users' job responsibilities.
- 1.4 Document and define datasets and ensure only appropriate users have access.
- 1.5 Ensure policies, procedures, and standards are documented and followed in granting access to data and information system components.
- 1.6 Ensure the functions of critical processes including that of data entry and systems development and maintenance are properly segregated.
- 1.7 Ensure a list of contractors with access to department resources and the access given is maintained.
- 1.8 Ensure supervisors perform documented periodic reviews of user access levels to determine if they remain appropriate.
- 1.9 Establish policies, procedures, and standards which document the criteria to be followed in closing user accounts and removing access to data and information system resources. These procedures should include policies on monitoring and removing inactive user accounts.
- 1.10 Establish user groups for users with similar job functions and access rights and discontinue the use of shared IDs and passwords.
- 1.11 Remove all unassigned user IDs established and formalize procedures to create new IDs upon authorized request.
- 1.12 Ensure background reinvestigations are performed periodically for applicable employees.

Department of Revenue Responses

- 1.1 *The department agrees that the usage of mainframe user ID management systems should be re-evaluated. The department will re-evaluate the mainframe user ID management systems and review our procedure to ensure that any discrepancies are eliminated. Any procedural changes will be reviewed and approved by the Information Security Committee (ISC) and implemented throughout the department.*
- 1.2 *The department agrees that the number of system and application administrators needs to be re-evaluated. Additionally, the department agrees that a procedure needs to be established to formalize the periodic review of system and application administrator activity. The department will review the number of system and application administrators, as well as the periodic review of system and application administrator activity as a function of the ISC. Appropriate procedures will be reviewed and approved by the ISC and implemented throughout the department.*
- 1.3 *The department agrees that access rights for users must be commensurate with users' job responsibilities. Appropriate controls will be reviewed and approved by the ISC and implemented throughout the department.*
- 1.4 *The department agrees that additional documentation and definition of datasets is required to ensure that appropriate access is provided to users. The department will create the needed documentation and definitions for the datasets.*
- 1.5 *The department agrees that a standard procedure must be enforced to ensure that appropriate access is granted to data and information. A working group is currently preparing a draft standard procedure for the request and granting of access to data and information. The draft standard procedure will be reviewed, and, if appropriate, approved by the ISC and implemented throughout the department. The draft standard procedure currently under development will be reviewed at the ISC April 2003 quarterly meeting.*
- 1.6 *The department agrees that proper segregation of duties of critical processes is desired. The department will review the duties of personnel associated with data entry, system development, and system maintenance to ensure proper segregation of duties to the extent possible.*
- 1.7 *The department agrees that a centralized list of contractors with access to department resources must be maintained. The ISC has approved and forwarded to the Executive Leadership Team for review and approval, a procedure for the Human Resource Services bureau to begin tracking and monitoring contractors with access to department resources.*
- 1.8 *The department agrees that periodic reviews of user access must be completed. The department will develop a standard procedure for the periodic review by supervisors to ensure that the appropriate level of system access exists for department personnel. The*

draft standard procedure will be reviewed and approved by the ISC, then implemented throughout the department.

- 1.9 The department agrees that policies and standard procedures must be documented for the removal and review of system access. A working group is currently developing a draft standard procedure. The draft standard procedure will be reviewed and approved by the ISC, then implemented throughout the department.*
- 1.10 The department will review its procedures regarding the use of user IDs and passwords and take this recommendation under advisement.*
- 1.11 The department agrees that procedures for the establishment of new user IDs should be formalized and documented. A working group is currently preparing a draft standard procedure for the creation of new user IDs and granting of access to data and information. The draft standard procedure will be reviewed, and if appropriate, approved by the ISC and implemented throughout the department.*
- 1.12 The department and the Office of Administration will explore the feasibility of conducting reinvestigations for applicable employees.*

2. The Department Lacks a Computer Security Management Program

A primary reason for the department's access control weaknesses is the lack of a department-wide computer security management program to ensure computer security receives adequate attention. An effective program would include (1) guidance and procedures for assessing risks, (2) establishing appropriate policies and related controls, (3) raising awareness of risks and mitigating controls, and (4) evaluating the effectiveness of established controls.

Computer security framework needed

Although department divisions have developed security procedures, no formal department-wide security policy existed before July 2002. That limited policy, which is discussed on page 2, does not cover all necessary issues. According to accepted standards, an organization should have a written, up-to-date security policy covering all major facilities and operations agency-wide. Organization policies and procedures should create a framework, giving specific attention to information technology, fostering a positive control environment, and addressing such aspects as:

- Security planning
- Risk management
- Review of security controls
- Life-cycle management
- Authorization for processing
- Personnel
- Physical and environmental aspects
- Computer support and operations
- Contingency planning
- Documentation, training and responses to incidents
- Access controls
- Audit trails

From the framework, the organization's management should develop more detailed guidance or standards that describe an approach for implementing policy. The department's Information Security Committee is currently evaluating a more detailed policies and standards document, which should be finalized in 2003.

Department officials are not currently requiring two specific items essential to security planning (1) classifying data and information into security levels and (2) assigning ownership of the data and information. Data is generally classified into four levels (public, internal, confidential, and classified). State Data Center procedures and accepted standards require data and information classification levels to be established and defined. Data owners should then use the classification levels to identify the security level of their data and the system administrators should follow the access rules for the class type. In addition, department officials have not established any procedures for assigning an owner to data and defining the responsibilities of data owners. The draft security policies and standards address these weaknesses.

The department needs an ongoing computer security awareness and training program

Department officials do not train personnel on an ongoing basis regarding computer security and their role in ensuring appropriate use of department resources. The department's employees play a crucial role in ensuring the security of computer systems and information resources. According to accepted standards, education, training and awareness are all necessary to successfully implement any computer security program. In addition, State Data Center procedures require departments to implement a data security awareness program. Security awareness, training, and education enhance security by improving awareness of the need to protect system resources. Additionally, training develops skills and knowledge so computer users can perform their jobs more securely and build in-depth knowledge. Until recently, the department's computer security training only consisted of a short briefing to new employees on security and control awareness when discussing department usage policies. In August 2002, employees received department-wide confidentiality training which department officials intend to repeat regularly.

Effectiveness of security controls has not been assessed

The department has not implemented processes or procedures for assessing the effectiveness of the current informal security policies. The draft policies and standards which may be finalized in 2003 do not address assessment of policies. Without such an assessment process, there is less assurance the security measures are effective and functioning properly. Accepted standards state periodic self-assessments and independent reviews should be performed to confirm compliance with established policies, procedures, and standards.

The Federal Chief Information Officers Council (council) in conjunction with the National Institute of Standards and Technology issued a framework for federal agencies to assess the effectiveness of their computer security programs. The document states adequate security of information and the systems that process it are a fundamental management responsibility. Moreover, management must understand the current status of an organization's security program and controls to make informed judgments that appropriately mitigate risks to an acceptable level. The council's framework security requirements are not new, but are abstracted directly from long-standing requirements found in generally accepted guidance on computer security and privacy. Additionally, the control objectives presented in the framework are generic and can be applied to any organization in the private and public sector.

Standards
for security are
available

The computer security assessment framework identifies five levels of computer security program effectiveness, with five being the highest level of security effectiveness. The council stated each federal agency should be at Level 4 striving to get to Level 5. The department's computer security program does not meet the criteria for any of the levels of the framework. According to the council, a Level 1 security program consists of a formally documented program that establishes a continuing, agency-wide cycle of assessing risk; implements effective security policies including training; and promotes monitoring for program effectiveness. As discussed in this report, the department has not developed a formally documented computer security program that contains the elements suggested by the council. The National Institute of Standards and

Technology has issued a self-assessment guide that includes an extensive questionnaire containing several computer security control objectives, which we did not test. This guide is designed for use by those responsible for security at the management, system and organization levels and is electronically available at <http://csrc.nist.gov>.

Access and security violations are not sufficiently monitored

Department officials have not taken sufficient steps to ensure system security controls are functioning properly. The first step in establishing effective security is developing procedures for logging appropriate security-related events, monitoring specific access, and investigating apparent security violations. Currently, the security administrator receives a weekly report of department-wide mainframe violations for trend analysis and is working on a way to distribute this detail out to appropriate personnel for review. The department has not documented any of these processes. When potential violations are brought to the attention of appropriate officials, procedures are in place to investigate and take necessary action; however, department officials do not routinely review computer system reports, which identify what changes have been made to critical functions, such as computer system security values. Accordingly, unauthorized changes to critical security controls could go undetected. In addition, employee access activity to confidential data is not monitored to detect failed attempts or unusual patterns of successful access to such information. Routinely monitoring the access activities of employees can help identify significant problems and deter employees from inappropriate and unauthorized activities.

A security monitoring program should include (1) identifying sensitive system files, programs, and data files on computer systems and networks, (2) using the audit trail capabilities of security software to document both failed and successful access to these resources, (3) defining normal patterns of access activity, (4) analyzing audit trail information to identify and report on access patterns that differ significantly from defined normal patterns, (5) investigating potential security violations, and (6) taking appropriate action to discipline perpetrators, repair damage, and remedy the control weaknesses that allowed improper access to occur.

Termination policies and procedures need to be enforced

Department procedures may not ensure terminated employees have properly had their access to information system resources and department facilities removed. While department administrative policies require an exit checklist to be completed for all terminated employees, 17 of 28 (61 percent) employees tested did not have a completed employee exit checklist on file. One of these employees still had an active user ID at August 2002. The other IDs had been revoked or reassigned to other employees, but the date this change occurred could not be readily provided by department officials. Department staff stated exit checklists are not completed for dismissed employees or those who die during employment. This checklist guides the supervisor and the human resources personnel through important termination procedures that include:

- Deleting computer identification (including mainframe access and network access)
- Obtaining the employee's identification badge
- Obtaining door and vehicle keys

- Obtaining state credit card
- Obtaining telephone credit card
- Removing employee's name from after-hours access lists, etc.

Without properly completing the exit checklist, it is possible terminated employees may still have access to resources and facilities. Department officials stated the policy regarding the completion of exit checklists will now be enforced for all employees.

Conclusion

The department lacks complete computer security policies and procedures and has limited or no processes for performing effective periodic control assessments or for monitoring and detecting security violations. Department staff do not always follow exit procedures for terminating employees leaving potential unauthorized access to department resources and facilities. In addition, an effective security awareness and training program is not in place. Policies and procedures being evaluated by department officials will address several of these issues.

Recommendations

We recommend the Director, Department of Revenue:

- 2.1 Complete design, development, and approval of a department-wide security framework and security plan. The security framework should be designed to document and ensure consistent implementation of effective and consistent security practices for all divisions and personnel. Ensure the plan includes:
 - A data and information classification framework scheme and guidelines for classifying all data and information in terms of criticality and sensitivity, which is determined by a formal and explicit decision by the data owner.
 - A structure for formally appointing data and information resource owners and for defining their roles and responsibilities, which includes making decisions about classification and access rights.
- 2.2 Implement an ongoing security awareness program to ensure all personnel and end-users are aware of appropriate, department-wide security policies and standards and are informed of their individual responsibilities relative to ensuring a secure processing environment.
- 2.3 Establish policies and procedures for assessing the effectiveness of operational security controls. Consider using the National Institute of Standards and Technology computer security self-assessment guide to evaluate this effectiveness and make improvements where needed.

- 2.4 Develop and document department-wide policies and procedures for (1) logging system access, (2) monitoring access and security violations, and (3) reporting to ensure the proper functioning of controls in the department security framework.
- 2.5 Ensure employee termination policies and procedures are enforced.

Department of Revenue Responses

- 2.1 *The department agrees that a comprehensive information security plan must be developed and approved. The Information Security Manager is working with department personnel, groups, and committees to develop the necessary elements of the department's information security plan.*
- 2.2 *The department agrees that implementation of a security awareness program is necessary. Currently, a comprehensive security awareness program is under development by the Information Security Manager. Portions of the program have been implemented. During 2002, every employee of the department participated in a "Confidentiality and Open Records Request" training course. Additional work is underway to provide additional awareness, education, and training to all employees of the department.*
- 2.3 *The department agrees that assessment of the effectiveness of operational security controls is vital to the long-term success of any security framework, plan, or program. The department has taken steps to obtain the professional services of outside experts in the assessment of security controls. Additionally, the department will consider different tools, resources, and personnel to assist with an objective assessment of the department's security controls. A comprehensive statewide standard for the assessment of security controls would be beneficial to all state agencies.*
- 2.4 *The department agrees that policies and procedures designed to log, monitor, and report system access and violations are necessary to ensure the adequacy of our information security program. The ISC will review and approve appropriate policies and procedures to ensure adequate controls exist.*
- 2.5 *On September 27, 2002, a memorandum was sent to all supervisory and management staff with a copy of the department's revised "Exit Checklist" form. Supervisory and management staff were notified that this form is required to be completed for all departing employees, including dismissals, retirees, resignations, and temporary employees.*

3. Physical Security Controls are Not Adequate

Computer and other information resource facilities are at risk of being accessed by unauthorized employees and visitors. Unauthorized access can occur because the department does not adequately enforce rules for granting, controlling, and monitoring physical access. Physical access controls are important for protecting the department's computer facilities and resources from damage, theft, and sabotage and are vital to safeguarding the department's critical data and confidential information.

Physical security controls in place do not restrict computer resource access to authorized individuals. Responsibilities for physical security and protection have not been formally assigned or documented, as accepted standards require. During the audit, we noted department visitors are not always properly controlled and physical access to facilities is not always effectively monitored. For rooms open to visitors, department policy requires the use of a sign-in log; however, visitors were not always required to sign the logs. In addition, one room, which receives visitors, does not maintain a log.

Responsibility not formally assigned
--

Tools available to monitor employee access are not used effectively. Human resource personnel have a database of all employees and their badge type that identifies each employee's physical access rights within department facilities. However, terminated employees are not removed from the database. As a result, there is no current employee listing to sufficiently monitor physical access. Furthermore, the department does not maintain a list of temporary badges that have been issued. Temporary badges may be issued to contractors, department employees that forgot their badges, or visitors. Without recording when a temporary badge has been issued and to whom it was issued, the department cannot identify all individuals who have access to the department facilities and if that access remains necessary and appropriate. In addition, officials do not review the list of employee badges or a list of keys assigned to department employees to ensure access granted remains appropriate.

Conclusion

Due to a lack of discipline towards physical security at department facilities, visitors are not always properly controlled. In addition, the physical access rights of current employees are not monitored periodically. Without enforcement of the existing physical access policies and implementing a periodic review of authorized access, resources are not adequately protected.

Recommendations

We recommend the Director, Department of Revenue:

- 3.1 Ensure the responsibilities for physical security and protection are clearly defined, documented, and enforced.
- 3.2 Ensure policies for identifying and monitoring visitors to department facilities are enforced.

- 3.3 Maintain accurate reports of individuals with physical access to the department's facilities and regularly review those reports to ensure that current employees have appropriate access.

Department of Revenue Responses

- 3.1 *The department agrees that the responsibility for physical security and protection must be clearly defined, documented, and enforced. Currently the responsibility for physical security is informally shared by several different functional groups, all of which are represented in the ISC. The department will work to more clearly define, document, and enforce the responsibility for physical security. The department has identified many desired physical security improvements; however, current lack of funding prevents the department from pursuing implementation.*
- 3.2 *The department agrees that the existing policy regarding monitoring visitors must be enforced. The department will take appropriate action to ensure that employees are aware of the existing policy and that persons assigned to work a reception area are trained on this procedure.*
- 3.3 *The department agrees accurate reports of physical access to department facilities should be maintained and reviewed. A draft procedure is under development and will be reviewed by the ISC at the January 2003 meeting. The procedure will provide for centralized reporting of all employees' physical access to department facilities. The procedure includes the periodic review by managers to ensure that current employees have appropriate physical access to department facilities.*

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

The objective of this audit was to evaluate whether department officials have established adequate security controls to ensure the integrity, confidentiality, and availability of data and information.

Scope and Methodology

Auditors conducted fieldwork during May through September 2002. The audit included:

- Review of applicable federal, national, and international standards related to information resource and physical security controls.
- Discussion with department personnel involved in information resource and physical security controls.
- Review of department records related to information resources and physical access to department facilities and resources.
- Analysis of user ID information for access to the mainframe system.
- Observation of the department's adherence to physical security policies.
- Evaluation of management controls pertinent to information resource security.

The audit reviewed the department's practices and procedures for information resource and physical security controls except for activities that are the responsibility of the State Data Center. Therefore, our audit did not review the security controls of the State Data Center related to the department. Because the objective of our review was to assess the overall effectiveness of the department's security and access controls, we did not fully evaluate all computer controls and we did not perform any penetration testing. System access audit work was concentrated on the mainframe system.

During the audit, we provided department officials with specific detail on security concerns noted for their immediate consideration.

DEFINITION OF TERMS

Some key terms and definitions accepted by the organizations noted on page 3 that have developed national and international standards for computer security include:

Access Control: Controls designed to protect computer resources from unauthorized modification, loss, or disclosure. Access controls include both physical access controls, which limit access to facilities and associated hardware, and logical controls, which prevent or detect unauthorized access to sensitive data and programs that are stored or transmitted electronically.

Application: Any of a class of "programs" or "software," which causes a computer to perform some useful function such as data entry, update or query.

Dataset: A data file or collection of interrelated data. The term is used in a mainframe environment, whereas file is used almost everywhere else.

Encryption: The transformation of data from the original, plaintext format to a difficult-to-interpret format as a mechanism for protecting its confidentiality, integrity, and authenticity.

Framework: An outline of the issues that need to be addressed in a comprehensive department-wide computer security plan. Provides background and rationale for information technology security, evaluation, certification and system accreditation. It is intended to be used at management level.

Information Resource: All computer-related activities involving any device capable of receiving, storing, managing, or transmitting electronic data including, but not limited to, mainframes, servers, personal computers, and network environments. Additionally, it is the procedures, equipment, facilities, software, and data that are designed, built, operated, and maintained to create, collect, record, process, store, retrieve, display, and transmit information.

Mainframe: A multi-user computer designed to meet the computing needs of a large organization.

Physical Security Controls: Controls such as locks, guards, badges, alarms, and similar measures (used alone or in combination) that help to safeguard computer facilities and resources from intentional or unintentional loss or impairment by limiting access to the buildings and rooms where they are housed.

Production data: The data that supports an agency's operational information processing activities. It is maintained in the production environment as opposed to the test environment.

Production environment: The system environment where the agency performs its operational information processing activities.

APPENDIX II

Profile: Data that describes the nature and extent of system access for a user, a group of users, or one or more computer resources.

Security Administrator: The person(s) responsible for managing the security for computer facilities, computer systems and/or data that is stored on computer systems or transmitted via computer networks.

System Administrator: The person(s) responsible for administering use of a multi-user computer system, communications system, or both.

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**CITY OF FOREST CITY, MISSOURI
YEAR ENDED DECEMBER, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-15
February 19, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2003

The following problems were discovered as a result of an audit conducted by our office of the City of Forest City, Missouri.

The city did not retain vendor invoices or supporting documentation for some expenditures. The city does not have a formal bidding policy and did not enter into written contracts for some services including sewer work and legal services. Procedures have not been established to ensure restricted revenues are expended only for their intended purpose and expenditures are properly allocated among the various funds benefiting from the expenditure. Additionally, the board minutes only make a general reference that invoices are approved for payment and timesheets are not always prepared or reviewed properly.

Several revenue bond covenants pertaining to sewer improvements are not being met. The Debt Service Reserve Account and the Depreciation and Replacement Account are both under funded by approximately \$6,325. In addition, the city does not have an annual audit performed of sewer operations, which is required by the bond covenants.

The Board of Aldermen has not followed the adopted ordinances regarding delinquent sewer bills and service disconnections, nor does the city perform monthly reconciliations of total billings, payments received, and delinquent amounts for sewer services.

The City Clerk is responsible for all record keeping duties of the city and the Mayor indicated there are no reviews of the City Clerk's work. Receipt slips are not issued for some monies received, receipts were not always deposited intact daily, and checks are sometimes signed in advance by the Mayor.

The city has not established a complete financial accounting system. Property tax records and procedures are not adequate to account for and collect delinquent amounts due to the city.

Board minutes are signed by the City Clerk but not the Mayor and do not always include sufficient detail of matters discussed and actions taken. Improvement is needed in the organization of the city's ordinances.

Several current and former board members were compensated for performing services for the city in 2000 and 1999.

Also included in the audit are recommendations related to budgets and financial reporting, fixed assets, and a street maintenance plan.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEETS

CITY OF FOREST CITY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Alderman
City of Forest City

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Forest City, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Forest City, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 2, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Julie Vollmer

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF FOREST CITY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Expenditures

- A. Vendor invoices or other supporting documentation were not retained for some expenditures. The city was unable to provide documentation for nine of the twenty expenditures we chose to review, including approximately \$860 for what appeared to be contract labor and approximately \$170 to the mayor and former city clerk.

All expenditures should be supported by paid receipts or vendor invoices to ensure the obligation was actually incurred and the expenditures represent appropriate uses of public funds.

- B. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids or proposals for a particular purchase is made on an item-by-item basis. Bids or proposals were either not solicited or bid documentation was not retained in several instances. Bids were not solicited for a rotary mower (\$2,754) and proposals were not solicited for sewer services (\$3,096) and legal services (\$1,892). In addition, the city did not always document the reason for not accepting the low bid.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. Bids/proposals can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids/proposals received and reasons noted why the bid/proposal was selected.

- C. The city did not enter into written contracts for some services including sewer work (\$3,096) and legal services (\$1,892).

Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing. The city should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

- D. Procedures have not been established to ensure restricted revenues are expended only for their intended purpose and expenditures are properly allocated among the various funds benefiting from the expenditure. In 2001, the city received approximately \$3,180 for property taxes from the street debt service levy, but only \$755 was deposited to the Street Debt Service Fund. The city failed to transfer the remaining \$2,425 in tax revenues from the General Revenue Fund to the Street Debt Service Fund. In addition, expenses related to General Fund activities were paid from the Street Fund, including labor for park maintenance totaling approximately \$400.

The funds of the city are established as separate accounting entities to account for specific activities of the city. Reflecting revenues and expenses in the proper fund is also necessary to accurately determine the results of operations of specific activities, thus, enabling the city to establish the level of taxation and/or user charges necessary to meet all operating costs. In addition, generally accepted accounting principles and various legal restrictions require revenues and expenses associated with specific activities be reflected in the fund established to account for those activities.

- E. The board minutes only make a general reference that invoices are approved for payment. The invoices are not signed or initialed by an alderman to indicate approval and a detailed list of the approved invoices is not included with the official minutes. In addition, some invoices are paid by the City Clerk and Mayor prior to being approved by the board.

To adequately document the board's review and approval of all expenditures, a complete and detailed listing of bills should be prepared, signed or initialed by the alderman to denote their approval, and retained with the official minutes. In addition, supporting documentation should be reviewed by the Board of Alderman before payment is made to ensure all expenditures represent valid operating costs of the city.

- F. Timesheets are not prepared by some of the employees and no supervisory review is noted on the timesheets. During the year 2001, the city did not require a former City Clerk or the sewer superintendent to prepare timesheets. The timesheets turned in by the current City Clerk did not have documentation of supervisory review noted on them. Adequate control over payroll expenditures requires documentation, such as properly completed timesheets signed by employees and approved by supervisors, to provide evidence that the appropriate amount of time is worked each month.

WE RECOMMEND the Board of Aldermen:

- A. Require adequate supporting documentation for all expenditures.
- B. Establish formal bidding policies and procedures, including documentation requirements regarding the bids or quotes received and justification for the bid selected. Periodically seek proposals or competitively bid for services, such as legal and sewer services, and enter into written agreements.
- C. Enter into current contracts with all entities or individuals providing services.
- D. Transfer \$2,425 from the General Fund to the Street Debt Service Fund and ensure restricted revenues are expended for their specified purpose.
- E. Adequately document the approval of expenditures by including a listing of all approved expenditures in the board minutes. In addition, review and approve the expenditure of city funds prior to the expenditures being made.
- F. Ensure timesheets are prepared, maintained, and signed by a supervisor.

AUDITEE'S RESPONSE

- A,E,
&F. *We agree and have already implemented these recommendations.*
- B. *We agree and will develop a formal bidding policy by March 2003.*
- C. *We agree and will begin doing this immediately.*
- D. *We will resolve the payable to the Street Debt Service Fund in 2003 by making a portion of the street bond payment from the General Revenue Fund. In the future, we will ensure restricted revenues are expended for their specified purpose.*

2. Sewer System

The city operates a sewerage system that provides service to approximately 145 customers. The city issued a revenue bond in 1995 for sewer improvements. Our review of the city's sewer accounts and procedures revealed the following concerns:

- A. Several revenue bond covenants are not being met. The revenue bond covenants require the city to make monthly transfers of approximately \$121 to a Debt Service Reserve Account (called the Debt Service Fund by the city) and a Depreciation and Replacement Account. While the city has established these funds as required and are currently making the required transfers, the Debt Service Reserve Account and the Depreciation and Replacement Account are both

under funded by approximately \$6,325, per the requirements of the bond. At least part of this problem was caused by the city transferring \$4,500 from each of these accounts to the Sewer Fund in 2000. The board was unable to provide any justification for why these transfers were made and it appears these monies are due to the Debt Service Reserve Account and the Depreciation and Replacement Account.

We also noted that while the reserve accounts are significantly under funded, the city is currently paying more than the required principal and interest payments on the bonds. The city should consider using these additional monies to fully fund the reserve and depreciation and replacement funds before making additional principal payments. Revenue bond covenants also require the city to have an annual audit performed of sewer operations; however, the city has not had this annual audit performed.

The failure of the city to comply with the revenue bond covenants could allow the bondholders to take legal action to force compliance or immediate payment of all outstanding bonds.

- B. The Board of Aldermen has not followed the adopted ordinances regarding delinquent sewer bills and service disconnections. Several customers, including some Aldermen and the Mayor, have occasionally paid their bills after the due date and did not always have the \$15 penalty added. We also noted instances where customers, including officials, did not pay their bill within 30 days and were not disconnected or charged the reconnection fee. Finally, when the city did charge a reconnection fee, the amount charged was only \$25 instead of the \$75 reconnection fee set by city ordinance.

City ordinance provides that a late charge of \$15 be added to any bill not paid by ten days after the billing date. It also provides that any customer who fails to pay thirty days after the billing date will be disconnected. Service will not be reconnected until all past bills are paid in full, along with a \$75 reconnection fee.

To reduce delinquencies, ensure delinquent accounts are properly handled and ensure equitable treatment of utility customers, the city should enforce the utility ordinances and ensure delinquent penalties and disconnect fees are charged in a consistent manner and for the amounts set in the ordinance.

- C. The city does not perform monthly reconciliations of total billings, payments received, and delinquent amounts for sewer services. At our request, the city performed this reconciliation for November 2001; however, the calculated ending accounts receivable balance was approximately \$200 more than the actual ending accounts receivable balance. The city was unable to identify a reason for this difference.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliation should be retained to support conclusions and any corrections made and to facilitate independent review.

WE RECOMMEND the Board of Aldermen:

- A. Ensure compliance with the applicable bond covenants and repay \$4,500 from the Sewer Fund to both of the required reserve accounts.
- B. Ensure delinquent penalties and disconnect fees are charged consistently and in accordance with city ordinances.
- C. Perform monthly reconciliations of the amounts billed to amounts collected and delinquent accounts.

AUDITEE'S RESPONSE

- A. *We agree and will ensure compliance with the bond covenants in the future. We will develop a plan by March 2003 to fully fund the required reserve accounts.*
- B. *We agree and have revised the ordinance relating to sewer service and are now ensuring the ordinance is followed.*
- C. *We agree and are now attempting these reconciliations monthly.*

3. Accounting Controls and Procedures
--

- A. The City Clerk is responsible for all record keeping duties of the city, including duties which would normally be performed by a City Treasurer and a City Collector. These duties include receiving and depositing monies, preparing invoices for payment, signing checks, performing bank reconciliations, and preparing financial reports. No personnel independent of the cash custody and the record-keeping functions provide adequate supervision or review of the work performed by the City Clerk. The Mayor indicated there are no reviews of the City Clerk's work.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time would be incompatible. Holding two or three of these offices does not allow the separation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties to the extent possible. In addition, the board should require someone independent of the cash custody and record keeping functions to perform periodic reconciliations of receipts to deposits and checks issued to disbursement records, and review bank statements and bank reconciliations. Furthermore, this review of records should be documented.

- B. Receipt slips are not issued for some monies received by the city. The city is unable to account for the numerical sequence of all receipt slips issued because the receipt slips used do not have duplicate copies. To adequately account for all receipts, prenumbered duplicate receipt slips should be issued for all monies received, and the numerical sequence of receipt slips accounted for properly.
- C. Receipts were not deposited intact on a timely basis. From February 15 to March 21, 2001, only one deposit was made in the sewer checking account for \$2,314. We noted that some of these monies had been on hand for twenty days. In addition, we noted a check was received on September 15, 2001 that was not deposited until November 21, 2001; however, two deposits were made during this time period.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

- D. The city has not established a complete financial accounting system. The City Clerk did not maintain a fund ledger for all funds showing the beginning balances, monthly revenues by source and expenditures by type, and ending balances. The only records available from the city were some receipt slips, incomplete fund ledgers, and bank statements.

Fund ledgers and summary reports showing revenue sources and expenditure types should be prepared for each fund on a monthly basis and should be used for comparison to budgeted amounts and overall review of city operations. Complete, organized, and timely accounting records are necessary to provide accurate and timely financial information to city officials upon which effective management decisions may be made.

- E. Checks require two signatures; however, checks are sometimes signed in advance by the Mayor. The Mayor, the City Clerk, and two of the Alderman can sign checks issued on the city's bank accounts. In addition, the Mayor and the other Alderman authorized to sign checks are not bonded.

Signing checks in advance does not allow for proper review of the documentation to support the disbursement and diminishes the control intended by dual signatures. To adequately safeguard assets, checks should not be signed until all

pertinent information is completed and supporting documentation for the disbursement is reviewed and approved by the Board of Alderman. Failure to bond all persons with access to assets exposes the city to risk of loss.

- F. Property tax records and procedures are not adequate to account for and collect delinquent amounts due to the city. These records were inaccurate due to all payments not being recorded in the current and delinquent tax books. While it appears receipt slips were issued for some tax payments made to the city in 2000 and 2001, paid property tax statements were not maintained. The current City Clerk found notes in the office indicating property tax payments were made, but some of those payments were not recorded in the tax books. The County Collector started collecting the city's property taxes in 2001.

To facilitate monitoring of amounts due to the city, and to provide information to the Board of Alderman, an accurate and complete delinquent property tax record is necessary. Due to the lack of property tax records, the city has less assurance that their delinquent tax records are accurate. With over \$24,000 in property taxes due to the city annually, the board needs to have better accountability over these monies.

WE RECOMMEND the Board of Aldermen:

- A. Consider appointing separate individuals to the positions of City Clerk, City Treasurer, and City Collector and provide for adequate segregation of duties. If this is not possible, an independent review of the related records and activity should be performed periodically.
- B. Require prenumbered duplicate receipt slips to be issued for all monies received and ensure the numerical sequence of receipt slips is accounted for properly.
- C. Ensure all receipts are deposited intact daily or when accumulated receipts exceed \$100.
- D. Ensure that a complete financial accounting system is established including summaries documenting monthly revenue sources and expenditure types. This information should be used to monitor city and utility operations.
- E. Discontinue the practice of signing checks in advance and obtain bond coverage for all persons with access to city assets.
- F. Determine the actual amount of delinquent property taxes and pursue collection.

AUDITEE'S RESPONSE

- A. *We agree and effective January 2003 we will develop procedures to adequately oversee the work performed by the City Clerk.*

- B, C, & E. We agree and have already implemented these recommendations.*
- D. We agree and will develop an accounting system by August 2003.*
- F. We are currently reviewing our prior years property tax records and pursuing collection, if applicable. We have already collected approximately \$3,500 of delinquent property taxes.*

4. Meeting Minutes and Ordinances
--

- A. Board minutes are prepared and signed by the City Clerk; however, they are not signed by the Mayor. The board minutes should be signed by the Mayor upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.
- B. Board minutes did not always include sufficient detail of matters discussed and actions taken. For example, in some instances the minutes indicated a board member abstained from voting on hiring a worker, but which board member abstained was not documented. We also noted several instances where a record of votes taken was not recorded in the minutes.

Section 610.020, RSMo 2000, requires minutes of meetings be taken and retained by all governmental bodies and to include the date, time, place, members present, members absent, and a record of votes taken. Complete and accurate minutes of the board's meetings are necessary to retain a record of the business conducted and to provide an official record of board actions and decisions.

- C. Improvement is needed in the organization of the city's ordinances. The city's ordinances have not been codified since the late 1960's, thus hindering the city's ability to locate specific ordinances. There were several ordinances missing from the official ordinance book. For example, the sewerage system revenue bond ordinance and several ordinances which we had noted in the minutes as being approved were not in the ordinance book. In addition, the board has not adopted ordinances regarding such items as the tax rate levy, a formal description of duties of city officials, compensation of city officials, and the term of the City Clerk.

Since the ordinances represent legislation passed by the Board of Aldermen to govern the city and its residents, it is important that the city's ordinances be maintained in a complete, well-organized, and up-to-date manner to give the taxpayers information on how the city is to be governed.

WE RECOMMEND the Board of Aldermen:

- A. Ensure board minutes are properly signed to attest to their accuracy.
- B. Ensure all significant discussions, actions taken, and information required by state law are included in the minutes.
- C. Ensure a complete and up-to-date set of codified ordinances is maintained. This would include passing new ordinances where appropriate and required.

AUDITEE'S RESPONSE

- A. *We agree and have already implemented this recommendation.*
- B. *We will ensure our minutes include more detail in the future.*
- C. *We have already solicited proposals for updating our ordinance book and plan to have the process complete by January 2004.*

5. Conflict of Interest

Several current and former board members were compensated for performing services for the city in 2000 and 1999. One board member received \$285 for street maintenance services and \$162 for mowing services in 2000. Two other board members were also paid for services provided to the city, such as \$282 for pumping water from the lagoon and \$126 for labor.

Section 105.458, RSMo 2000, states "no member of any legislative or governing body of any political subdivision of the state shall: (1) Perform any service for such political subdivision or any agency of the political subdivision for any consideration other than the compensation provided for the performance of his official duties". The Board should consider seeking help from their legal counsel in establishing city policies regarding these types of payments.

WE RECOMMEND the Board of Alderman comply with state statutes relating to the compensation of city officials and consider establishing a city policy addressing this issue.

AUDITEE'S RESPONSE

We agree and have discontinued these types of payments to board members. When we update the ordinances next year we will develop a policy to address this issue.

- A. The city has not prepared annual budgets for the past several years. Section 67.010, RSMo 2000, requires the preparation of an annual budget which presents a complete financial plan for the ensuing year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for each area of city operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations by fund, and include the beginning available resources and reasonable estimates of ending available resources. The budget should also include a budget message and comparisons of actual or estimated revenues and expenditures for the two preceding fiscal years.

- B. The city has not published semi-annual financial statements as required by state law. Section 79.160, RSMo 2000, requires the Board of Aldermen to prepare and publish semi-annual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six-month period. In addition, Section 79.165, RSMo 2000, states the city cannot legally disburse funds until the financial statement is published.
- C. The 2001 annual financial report submitted by the city to the State Auditor's office was inaccurate and incomplete. Due to the city not establishing an adequate financial system (see MAR 3.D. above), the reported receipts and disbursements were inaccurate. In addition, the reported cash balances did not include the monies held in savings accounts. The board should ensure the annual financial reports required pursuant to Section 105.145, RSMo 2000, accurately and completely reflect the financial activity and balances of the various city funds.

WE RECOMMEND the Board of Alderman:

- A. Prepare annual budgets in accordance with state law and make periodic comparisons between budgeted and actual revenues and expenditures.
- B. Publish semi-annual financial statements as required by state law.
- C. Ensure the annual financial reports prepared and submitted accurately and completely reflect the financial activity and balances of the various city funds as required by state law.

AUDITEE'S RESPONSE

- A. *We agree and have already prepared a budget for 2003.*
- B. *We agree and will begin publishing semi-annual financial statements in 2003.*
- C. *We agree and will ensure the 2002 financial report is complete and accurate.*

7. Fixed Asset Records

The city has not prepared and maintained permanent, detailed property records for general fixed assets, including the cost of land, buildings, equipment, and furniture owned by the city. In addition, the city has not prepared and maintained permanent, detailed property records for the sewer system. Also, annual physical inventories are not performed and additions to the fixed asset records are not reconciled to purchases.

Property records for general fixed assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. To develop appropriate records and procedures for general fixed assets and the fixed assets of the sewer system, the city needs to undertake a comprehensive review of all property owned by the city. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all fixed asset transactions, reconcile those purchases to additions, and periodically perform physical inventories and compare to the detailed records.

WE RECOMMEND the Board of Aldermen maintain property records for general fixed assets and the fixed assets of the sewer system that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed and fixed asset additions should be reconciled to purchases.

AUDITEE'S RESPONSE

We agree and are currently preparing a listing of and tagging fixed assets.

8. Street Maintenance Plan

A formal maintenance plan for city streets has not been prepared. A maintenance plan should be prepared in conjunction with the annual budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be referred to in

the budget message and be approved by the board. In addition, a public hearing should be held to obtain input for the plan from city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Aldermen prepare a formal maintenance plan for city streets at the beginning of the fiscal year and periodically update the plan throughout the fiscal year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

We agree and will attempt to prepare a formal maintenance plan for city streets by March 2003.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF FOREST CITY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Forest City is located in Holt County. The city was incorporated in 1857 as a fourth-class city. The population of the city in 2000 was 338.

The city government consists of a mayor and four-member board of aldermen. The members are elected for two-year terms. The mayor is elected for a two-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other principal officials at December 31, 2001, were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Compensation Paid for the Year Ended December 31, 2001</u>	<u>Amount of Bond</u>
Kenneth L. Plummer, Mayor (1)	April 2002	\$ 1,200	\$ 40,000
John R. Acton, Alderman	April 2003	300	0
Steve Hughes, Alderman (1)	April 2002	275	0
Terry Kavanagh, Alderman (2)	April 2003	175	0
Cheryl Knapp, Alderwoman (3)	April 2002	150	0
 <u>Other Principal Officials</u>			
Sherri Hollis, City Clerk (4)		3,497	70,000
Jean Maneke, City Attorney		1,892	0

- (1) Re-elected in April 2002.
- (2) Resigned in August 2002 and was replaced by Richard Verbick.
- (3) Replaced Russell Slusher by appointment in July 2001. She was elected in April 2002.
- (4) Replaced Carla S. Acton in July 2001. Corey Howell replaced her in April 2002.

On December 31, 2001, the city employed one full-time and one part-time employee.

Assessed valuations and tax rates for 2001 were as follows:

ASSESSED VALUATION

Real estate	\$ 1,361,180
Personal property	654,445
Total	<u>\$ 2,015,625</u>

TAX RATES PER \$100 ASSESSED VALUATION

	<u>Rate</u>
General Fund	\$.8933
Debt service	.3200

The city has the following sales tax; the rate is per \$1 of retail sales:

	<u>Rate</u>	<u>Expiration Date</u>
General	\$.01	None

A summary of the city's financial activity for the year ended December 31, 2001, is presented on the next page:

	General Fund	Street Fund	Street Debt Service Fund	Sewer Fund	Sewer Debt Service Fund	Sewer Depreciation and Replacement Fund	Cemetery Fund	Total
RECEIPTS:								
Sales taxes	\$ 4,704	0	0	0	0	0	0	4,704
Property taxes	11,300	0	755	0	0	0	0	12,055
Franchise taxes	18,574	0	0	0	0	0	0	18,574
Gas and motor vehicle taxes	0	25,489	0	0	0	0	0	25,489
Surtax	1,159	0	0	0	0	0	0	1,159
Permits and licenses	400	0	0	0	0	0	0	400
Sewer fees	0	0	0	28,364	0	0	0	28,364
Interest	743	1,491	134	865	84	84	3,949	7,350
Rentals	535	0	0	0	0	0	0	535
Other	5,055	0	0	0	0	0	0	5,055
Transfers in	2,906	4,704	0	0	1,450	1,450	0	10,510
Total Receipts	45,376	31,684	889	29,229	1,534	1,534	3,949	114,195
DISBURSEMENTS:								
Salaries and fringe benefits	20,374	3,185	0	6,062	0	0	0	29,621
Supplies	3,845	849	0	982	0	0	0	5,676
Insurance	1,813	0	0	0	0	0	88	1,901
Utilities	8,881	4,387	0	834	0	0	0	14,102
Equipment purchases and repairs	269	4,501	0	0	0	0	0	4,770
Bond payments	2,906	1,326	0	18,000	0	0	0	22,232
Street repair	0	59,912	0	0	0	0	0	59,912
Sewer management fees	0	0	0	1,994	0	0	0	1,994
Mowing	1,625	0	0	0	0	0	3,250	4,875
Advertisements	420	39	0	0	0	0	14	473
Tax	1,531	0	0	0	0	0	0	1,531
Council	2,200	0	0	0	0	0	0	2,200
Legal services	1,836	56	0	0	0	0	0	1,892
Other	6,558	0	0	69	0	0	15	6,642
Transfers out	4,704	0	2,906	2,900	0	0	0	10,510
Total Disbursements	56,962	74,255	2,906	30,841	0	0	3,367	168,331
Receipts Over (under) Disbursements	(11,586)	(42,571)	(2,017)	(1,612)	1,534	1,534	582	(54,136)
Cash Balance, January 1	36,651	66,453	4,978	32,537	1,929	1,929	2,689	147,168
Cash Balance, December 31	\$ 25,065	23,882	2,961	30,925	3,463	3,463	3,271	93,032



**FIFTH JUDICIAL CIRCUIT
CITY OF ST. JOSEPH, MISSOURI
MUNICIPAL DIVISION**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-14
February 14, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2003

The following audit report presents our findings and recommendations for the Fifth Judicial Circuit, City of St. Joseph, Missouri - Municipal Division. During our audit, we identified accounting records, controls, and certain management practices which we believe could be improved.

The court does not regularly print out a listing of accrued costs and does not always take appropriate action when a case is past due or when a defendant fails to appear in court. At our request, the court generated a receivables listing of adjudicated cases, which totaled approximately \$300,000. The court was unable to provide a listing of cases where the defendant failed to appear in court.

Access to the computer system is not adequately restricted and a formal contingency plan has not been developed.

The municipal division has not implemented adequate procedures to follow up on cash bonds held for more than one year. As of June 30, 2002, the balance of the municipal division's bond account included bond receipts totaling approximately \$18,500, which had been held in excess of one year. The court indicated that many of the defendants whose bond has been held for over one year have failed to appear in court, yet no cash bonds were forfeited during the audit period. Additionally, the municipal division does not follow up on surety bonds posted by defendants who fail to make the required court appearances.

During our cash counts, approximately 90 checks and money orders, totaling approximately \$6,000, were on hand. Some of the checks had been received over six weeks prior to the date of our counts. These checks and money orders had not been transmitted or restrictively endorsed. In addition, a log is maintained of all monies received through the mail; however, this log is not reconciled to receipt slips issued or to the transmittals made to the city.

Conviction reports produced by the system were sometimes incomplete or inaccurate. These conviction reports are used to notify the Department of Revenue of points violations.

Neither the police department nor the municipal division adequately accounts for the numerical sequence of traffic tickets and their ultimate disposition.

All reports are available on our website: www.auditor.state.mo.us

SHEET
MOTLEY
YELLOW

FIFTH JUDICIAL CIRCUIT
CITY OF ST. JOSEPH, MISSOURI
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge
Fifth Judicial Circuit
and
Municipal Judge
St. Joseph, MO 64501

We have audited certain operations of the city of St. Joseph Municipal Division of the Fifth Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the two fiscal years ended June 30, 2002. The objectives of this audit were to:

1. Determine the internal controls established over the financial transactions of the municipal division.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.
4. Follow up on action taken by the municipal division on the applicable finding in our prior audit report on the municipal divisions of the Fifth Judicial Circuit.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the municipal division.

As part of our audit, we assessed the controls of the municipal division to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our finding arising from our audit of the city of St. Joseph Municipal Division of the Fifth Judicial Circuit.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

November 14, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Tiffany Blew, CPA
Audit Staff:	Naima Ramlatchman

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

FIFTH JUDICIAL CIRCUIT
CITY OF ST. JOSEPH, MISSOURI
MUNICIPAL DIVISION
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

City of St. Joseph Municipal Division
--

- A. Procedures to monitor and collect accrued costs could be improved. The court does not regularly print out a listing of accrued costs and does not always take appropriate action when a case is past due or when a defendant fails to appear in court. At our request, the court generated a receivables listing of adjudicated cases, which totaled approximately \$300,000. The court was unable to provide a listing of cases where the defendant failed to appear in court. For cases which are adjudicated, the defendant is required to enter into a pay order agreement with the court. For 11 of 24 pay order agreements tested, we noted payments were past due and no warrant was issued for the defendant. In addition, of sixty traffic tickets tested, six defendants failed to appear and no warrant was issued.

Without the active and timely pursuit of accrued costs, revenues to the state and city could be lost. Payment agreements signed by the defendant formalizes the liability to the municipal division and could aid in the collection of the amounts owed. Proper and timely issuance of warrants for amounts due to the court helps to maximize court revenue along with providing equitable treatment for those citizens who are paying fines and court costs when due.

- B. Access to the computer system is not adequately restricted and a formal contingency plan has not been developed. Passwords are not kept confidential and user IDs and passwords are not deleted when an employee is suspended or terminated. We noted three former employees' passwords were still active as of November 2002. In addition, the court has not formally negotiated arrangements for use of backup facilities in the event of a disaster. Development of a contingency plan should include the plans for a variety of situations, such as both short-term and long-term plans for backup hardware, software, personnel, and power.

A unique password should be assigned to each user of the system and should be kept confidential in order to limit unauthorized access to computer files. Unique passwords help to restrict individuals' access to only those data files and programs they need to accomplish their job. User IDs and passwords should be deleted as soon as an employee is no longer employed by the court. This protects data from unauthorized access and helps to prevent intentional and unintentional modification, disclosure, or deletion of applicable information.

The major benefit of thorough contingency planning comes from the ability of the court to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the court. Because of the court's degree of reliance on the data processing function, the need for contingency planning is evident.

- C. The municipal division has not implemented adequate procedures to follow up on cash bonds held for more than one year. As of June 30, 2002, the balance of the municipal division's bond account included bond receipts, totaling approximately \$18,500, which have been held in excess of one year. The court indicated that many of the defendants whose bond has been held for over one year have failed to appear in court, yet no cash bonds were forfeited during the audit period. In addition, although no bonds have been deposited by the city finance department since March 1994, the city's bond escrow account had a balance of \$828 as of June 30, 2002.

An attempt should be made to determine the proper disposition of these bonds. A review should be made of any bonds posted by persons who failed to make the required court appearance to determine if the bonds should be forfeited and if monies should be paid over to the city treasury as provided by Section 479.210, RSMo 2000. For those bonds which cannot be forfeited and remain unclaimed, Section 447.595, RSMo 2000, requires cash bonds remaining unclaimed for one year after disposition of the case be turned over to the state's Unclaimed Property Section.

- D. The municipal division does not follow up on surety bonds posted by defendants who fail to make the required court appearances. Based upon discussions with court personnel, no surety bonds were forfeited during the audit period.

Section 374.770, RSMo 2000, provides for the court to declare a bond forfeiture after the bail bond agent has been given an opportunity to return the defendant to the court. If the court does not order bond forfeitures as provided by statute, the bond companies have no incentive for making sure defendants show up for court appearances.

- E. We noted the following problems related to accounting controls and procedures:

- 1. Court receipts are not transmitted intact on a timely basis, and checks and money orders are not restrictively endorsed immediately upon receipt. During our cash counts approximately 90 checks and money orders, totaling approximately \$6,000, were on hand. Some of the check had been received over six weeks prior to the date of our counts and there had been numerous other transmittals made during that time period. None of the 90 checks and money orders counted were restrictively endorsed. The clerk indicated these payments were being held because the court was waiting for the traffic ticket to be submitted by the prosecutor or because the staff

needed to pull the case file to apply the payment now that the ticket had been entered into the system. Checks and money orders received for the payment of fines and court costs are not restrictively endorsed until it is processed through the cash register, which cannot occur until the ticket has been entered into the system.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, transmittals should be made intact daily or when accumulated receipts exceeded \$100. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

2. While a log is maintained of all monies received through the mail, this log is not reconciled to receipt slips issued or to the transmittals made to the city. The court identified an instance where \$59.50 was received through the mail and logged, but only \$20 was applied to the case and transmitted. This was identified by the defendant when he saw in the newspaper that only \$20 was paid for his ticket and he notified the court of the mistake. The remaining \$39.50 has not been located.

By reconciling the mail log to the receipt slips issued and amounts transmitted to the city, the court will have better assurance that all monies received were properly posted and processed.

3. The court computer system produces a report of all voided receipts, but explanations of why a receipt slip was voided are not documented and reviewed by a supervisor. Valid reasons for voiding a receipt slip should be documented and reviewed by a supervisor for propriety.
4. Bond forms issued by the police department are not prenumbered. To adequately account for bonds and to ensure all bonds are turned over to the municipal division, prenumbered bond forms should be issued for cash bonds received by the police department and the numerical sequence should be accounted for properly.

- F. Conviction reports produced by the system were sometimes incomplete or inaccurate. These conviction reports are used to notify the Department of Revenue (DOR) of points violations. We noted two instances where a points violation was not included on the conviction report, yet the DOR indicated these individuals were reported to the DOR on a conviction report. In another instance, a defendant was not included on the conviction report, even though the offense was a points violation. The DOR had no record of points being assessed on that defendant for that violation. Once a conviction report is generated and sent to the DOR, no copy is kept by the court, nor are the reports reviewed for accuracy.

To ensure the conviction reports are accurate and complete, these reports should be retained and reviewed by the court clerk.

- G. Neither the police department nor municipal division adequately account for the numerical sequence of traffic tickets assigned to and issued by officers and their ultimate disposition. We selected a block of tickets from the log maintained by the police department and noted several tickets which were unaccounted for. In addition, we noted several gaps in the log where blocks of tickets were not recorded. The police department indicated these gaps were caused by officers resigning from the force and not turning in their ticket books, but this information is not documented on the log.

Without proper accounting for the numerical sequence and disposition of tickets, the police department and the municipal division cannot be assured that all tickets issued were properly submitted to the court for processing.

WE RECOMMEND the city of St. Joseph Municipal Division:

- A. Make a greater effort to pursue collection of accrued costs and ensure warrants are issued in a timely manner to those who fail to comply with the terms of a pay order or who fail to appear for court.
- B. Ensure passwords are not shared, remain confidential, and that user IDs and passwords are promptly deleted upon termination or resignation. In addition, develop a formal contingency plan for the courts computer system.
- C. Implement adequate procedures to follow up on cash bonds and dispose of them in accordance with state law.
- D. Ensure surety bonds are followed up in accordance with state statute. Implement procedures to forfeit surety bonds when appropriate.
- E.1. Transmit monies received intact daily or when accumulated receipts exceed \$100 and restrictively endorse all checks and money orders immediately upon receipt.
 - 2. Reconcile the mail log to the receipt slips issued and the amounts transmitted do the city.
 - 3. Maintain documentation for why receipt slips were voided.
 - 4. Request the police department issue prenumbered bond forms for all bond monies received and account for the numerical sequence.
- F. Ensure conviction reports are complete and accurate and reviewed by the court clerk prior to being submitted to the DOR.

- G. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets and summonses issued.

AUDITEE'S RESPONSE

The Municipal Judge responded:

The Municipal Court of St. Joseph is one of the largest municipal courts in the State of Missouri. We have one full time Judge plus substitute Judges along with six and one-half office personnel. We have gone through a computer software change and could not convert our data, therefore, approximately 70,000 cases had to be re-entered. As of August 2002, this task was completed. This was coupled with employee turn over, training and working several months with four office personnel. There was not time to adequately address certain tasks as we would have liked. As of November 2002, we have six and one-half office personnel and have made a transition to a different type of organization, and now are in a position to address all the necessary tasks and functions.

In regards to our regular state audit, Municipal Court is now in a position and has implemented several of the recommendations made by the State Auditors. Other recommendations will be implemented and in place by July 1, 2003.

The few recommendations that may take outside coordination and cooperation from other city departments will be addressed and discussed with the other City Departments involved. We will document all attempts to do so.

- A. *We agree with the findings and the recommendations have been implemented. Procedures are in place for defendants who fail to appear for arraignments and trials to be issued a warrant within 5 business days of the court date. With the new Court reorganization, the Court Clerk can now monitor defendant compliance more closely.*

As of the October 1998 audit, the municipal division's accounts receivable balance was \$681,827. Since April 2001, when the new Judge was elected, the Court, Court staff and City Prosecutor have followed the 1998 audit recommendation that defendants must justify reason for nonpayment of fine, issue warrants for willful failure to pay, and write off those balances which are deemed to be uncollectable after review and approval of the Municipal Court Judge. As a result of those efforts, the outstanding accounts receivable balance has been reduced by over \$380,000.

The data entry staff have also manually researched open files and issued 2,204 warrants since October 2002.

The Court Administrator will now be responsible for producing a monthly receivable listing and work with INCODE to develop more detailed reporting.

- B. *We agree with the findings regarding computer access and the recommendations have been implementd. With the reorganization of the Court, effective November 12, 2002, the Technology and Communication Services (TCS) Director and Court Administrator are now responsible for security and user passwords on the system. Employees access will now be terminated within five business days of their final day of work.*

User passwords are not shared. Cashiers log into system as Court1 or Court2, but have an additional unique password built in for data entry of cash receipts. Each cash receipt printout shows the cashier initials and the cashier must also initial the docket as they take payments. We are going to eliminate their ability to change fees.

The TCS Director will provide a contingency plan for backup facilities and/or equipment in the event of disaster to the Financial Services Director and Municipal Court Judge by July 1, 2003.

- C. *We agree with the findings and procedures have been implemented. The Court Administrator is now responsible for running a monthly bond report listing all cash bonds outstanding. Bond forfeiture hearings are scheduled for current cases if the defendant does not appear within 5 business days of the arraignment/trial. The Court Administrator and staff are currently working to reconcile the system balance with the Excel spreadsheet balance previously recorded by the Court Clerk. We plan to have the account totally reconciled by March 1, 2003.*

Those defendants with cash bonds posted but which cannot be forfeited and remain unclaimed will be forwarded to the State of Missouri Unclaimed Property Division within the required 1 year period of dismissal of the case. We intend to send all unclaimed cash bonds and funds to the State by July 1, 2003, or as required by law.

Research continues on bonds posted prior to March 1994. We have applied one of the five bonds, set up a forfeiture hearing of another, and are researching the remaining three. We will have this account closed by June 30, 2003.

- D. *We agree with the findings. Currently, there is no formal surety bond hearing procedure. However, very few of the bonds posted with this court are surety bonds. Therefore, we have focused our resources on the cash bond forfeitures and issuance of warrants. The Court Administrator and Court Clerk plan to have a formal procedure in place by July 1, 2003.*

- E.1. *Restrictively endorsing checks has been implemented. New procedures have been implemented to immediately restrictively endorse checks when received by mail. Mail is also being processed on a daily basis instead of every other day. A positive outcome of this has been only two insufficient funds checks written from November to December, 2002 compared to fourteen between July and October. Data entry of citations is also completed within five days of filing by City Prosecutor, which has greatly improved the ability to process mail receipts in a timely manner.*

2. *Reconciling the mail log to receipts slips has been implemented. The Court Administrator will randomly reconcile 20-25 receipts monthly for timeliness of posting and transmittal to the City.*
3. *We agree with these findings. Currently the only documentation available is the batch it appears in. Procedures are in place to copy each void receipt and document the circumstances under which it occurred. The Court Administrator plans to create a more formal report for this by July 1, 2003, and add the report to monthly reporting.*
4. *The Court Administrator will meet with the Police Department before June 30, 2003, to discuss the importance of prenumbering of bond forms.*
- F. *We believe we are in substantial compliance. This is a software reporting issue and we will investigate. The Court Clerk and Court Administrator will work together to insure the accuracy of this report by July 1, 2003.*
- G. *The Court Administrator will meet with the Police Department before June 30, 2003, to discuss the importance of accounting for all tickets issued. However, by state law, the Court is responsible for accounting for only those tickets actually filed by the City Prosecutor.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

FIFTH JUDICIAL CIRCUIT
CITY OF ST. JOSEPH, MISSOURI
MUNICIPAL DIVISION
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the city of St. Joseph Municipal Division on the applicable finding in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended 1997 and 1996 on the municipal divisions of the Fifth Judicial Circuit.

The prior recommendations which have not been implemented are repeated in the current MAR.

City of St. Joseph Municipal Division

- A. The method of payment of fines, costs, was not consistently noted on receipt slips and was not always accurately entered into the cash register. In addition, there was no independent comparison of the composition of receipt slips issued to the composition of bank deposits and transmittals to the city.
- B.1. The duties of receiving, recording, depositing, and reconciling bond receipts were not adequately segregated.
 - 2. Adequate procedures were not implemented to follow up on cash bonds that were held for more than one year. In addition, no cash bonds were forfeited during the audit period.
 - 3. The municipal division did not follow up on surety bonds posted by defendants who failed to make the required court appearances.
 - 4. Receipt slips were not issued for bonds received.
- C. A monthly listing of cases with balances due was not prepared.
- D. Some Law Enforcement Training (LET) fees were not assessed or collected in accordance with state law.

Recommendation

The city of St. Joseph Municipal Division:

- A. Properly indicate the method of payment on receipt slips and reconcile total cash, checks, and money orders received to bank deposits and transmittals to the city.
- B.1. Adequately segregate the duties of receiving, recording, and depositing bond monies. At a minimum, there should be a documented supervisory review of the reconciliation between receipts, deposits, and bank reconciliations.

2. Implement adequate procedures to follow up on cash bonds and dispose of them in accordance with state law.
 3. Implement adequate procedures to forfeit surety bonds when appropriate.
 4. Issue receipt slips for all bonds received.
- C. Prepare an accounts receivable listing on a monthly basis and use this listing to ensure appropriate action is taken on all cases with balances due to the municipal division. This listing should be reconciled periodically to pay orders.
- D. Assess LET fees as allowed by state law.

Status:

A.,
B.1,4
&D. Implemented.

B.2,3
&C. Not implemented. See MAR finding.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

FIFTH JUDICIAL CIRCUIT
CITY OF ST. JOSEPH, MISSOURI
MUNICIPAL DIVISION
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of St. Joseph Municipal Division is one of two municipal divisions within the Fifth Judicial Circuit, which consists of Buchanan and Andrew counties. The Honorable Patrick Robb serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo 2000, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of the municipal division are paid by the municipality.

Organization

The Court Clerk, assisted by two deputy court clerks and four other employees , is responsible for recording court transactions, as well as handling collections and disbursements. Fines and court costs are transmitted directly to the city finance department on a daily basis. The police department and the Court Clerk collect bond monies. The police department transmits bond monies on a daily basis to the Court Clerk. Bond monies are held in the court's bank account pending disposition. Some earlier collections of bond monies are also held in a city bank account. The municipal division also have a separate account for restitution that they collect for victims. The court also maintains a separate account for the Judicial Education Fund, which is used for training of court personnel.

Court is held Monday through Friday. There are two sessions on Mondays, Tuesdays, and Fridays, four sessions on Wednesdays, and three sessions on Thursdays, with an additional session every second Tuesday and every fourth Thursday.

A Violations Bureau (VB) has been established by court order to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge	John Boeh
Court Clerk	Lisa Morrow
Deputy Court Clerk - Date Processing	Patricia Kirkpatrick
Deputy Court Clerk-Violations Bureau	Sharon Hibbs (1)

(1) Retired 8/2/02; Billie Bartley promoted to Deputy Court Clerk for Violations Bureau

The municipal division also employs one part-time and three full-time employees to assist with transactions.

Financial and Caseload Information

	<u>Year Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
Receipts	\$907,800	\$697,744
Number of cases filed	20,222	16,779

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**CITY OF NIXA, MISSOURI
YEAR ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-13
February 11, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

February 2003

The following problems were discovered as a result of an audit conducted by our office of the City of Nixa, Missouri.

The City of Nixa paid incentive awards totaling \$91,225 to various city employees during the year ending December 31, 2001 including a \$25,000 payment to the City Administrator and payments totaling \$58,900 to seven street employees. Further, the city purchased gift certificates totaling \$3,070 during 2001 for employee birthdays and performance awards.

These incentive awards and gift certificates appear to represent additional compensation for services previously rendered in the form of bonuses and, as such, are in violation of the Missouri Constitution and are contrary to an Attorney General's Opinion. While a similar condition was also noted in our prior report, the city elected to disregard the prior recommendation.

The former City Administrator resigned in October 1999; however, payments totaling \$14,469 were subsequently made over a three month period by the city to the administrator. The city indicated these payments represented severance pay. The City Administrator's contract did not provide for severance pay upon resignation.

The city did not obtain bids or retain adequate bid documentation for the following expenditures incurred in 2001 including trash hauling services (\$400,742), fuel (\$59,416), and backhoe services (\$12,711).

The city solicited and received three bids for street materials in January 2000. The bid was awarded to a contractor that agreed to provide the specified paving, concrete work, and base rock outlined in the city's bid specifications at a cost of \$328,978 during 2000. The city's bid specifications also requested the contractor to renew the bid in 2001. The city spent over \$309,000 in 2000 and an additional \$590,000 in 2001 on street paving, concrete, and base rock. Even though the scope of the street work and material costs increased significantly in 2001, the city did not rebid these materials.

Requests for proposals were not solicited in 2001 for professional services including: engineering services totaling over \$93,000, electrical engineering services of approximately \$53,000 and \$9,825 to a CPA firm for their annual independent audit.

(over)

YELLOW MOTHS SHEET

Some city transactions do not appear to be a prudent and necessary use of public funds, including: paving the driveway of the former Mayor in 1999 at a cost of \$1,060 and paying \$4,000 to the Nixa Fire Protection District for the city's annual fireworks display during 2001.

Despite increased activity, the Parks Department has not established a measurement system to allow for the effective evaluation of various park activities. Also, in 2001, the Parks Department Superintendent routinely requested the City Clerk to make checks payable to cash and then would cash the checks to make purchases for the department. The Parks Department spent more than \$33,600 in cash on park activities, summer recreation, and special event items such as movies and meals. Due to inadequate documentation, it was difficult to determine the number of attendees at many of these activities to substantiate the costs incurred.

The Parks Department does not review daily collections and cash register tapes prior to transmitting the receipts to the city Finance Department. We noted the amount of receipts on the cash register tapes did not always reconcile to the amount transmitted to the city for deposit. For example on June 28, 2002, we noted apparent collections from one cash register totaling \$104 that were not transmitted to the city. This difference was not investigated, and possible missing funds went undetected due to the lack of oversight by the Parks Department. Despite these weaknesses and differences, the city responded that they would continue with their current procedures. It is disappointing and unclear why the city does not recognize the importance of implementing the necessary accounting controls in these cash receipt areas.

During the two years ending December 31, 2001, the City Clerk and the Parks Department Superintendent were paid approximately \$11,500 and \$16,900, respectively, for overtime. Approval of this overtime was not documented in accordance with the city policy.

Also included in the audit are recommendations related to other park procedures, credit cards, cellular phones, accounting procedures, budgets, personnel matters, city ordinances and board minutes, city vehicle mileage and usage logs, and the Municipal Court. Many of the findings in the audit were noted in our prior report; however, no actions were taken to implement the recommendations.

All reports are available on our website: www.auditor.state.mo.us

CITY OF NIXA, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Nixa, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Nixa, Missouri. The city had engaged Decker and DeGood, Certified Public Accountants (CPAs), to audit the city for the year ended December 31, 2001. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioner's concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meeting, written policies, financial records, and other pertinent documents and interviewed various personnel of the city.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention which would have been included in this report.

The accompany History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Nixa.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 18, 2002 (field work completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pam Crawford, CPA
In-Charge Auditor:	April McHaffie Lathrom, CPA
Audit Staff:	Curtis Gannon
	Jeff Hawkins

MANAGEMENT ADVISORY REPORT-
STATE AUDITOR'S FINDINGS

CITY OF NIXA, MISSOURI
MANAGEMENT ADVISORY REPORT

1.	Employee Compensation
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- A. The city paid incentive awards totaling \$91,225 to various city employees during the year ending December 31, 2001 including a \$25,000 payment to the City Administrator and payments totaling \$58,900 to seven street employees. Further, the city purchased gift certificates totaling \$3,070 during 2001 for employee birthdays and performance awards.

These incentive awards and gift certificates appear to represent additional compensation for services previously rendered in the form of bonuses and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and are contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

The city's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The above expenses do not appear to represent a necessary and prudent use of public funds.

While a similar condition was also noted in our prior report, the city has elected to disregard the prior recommendation and has increased the practice of paying bonuses.

- B. The former City Administrator resigned in October 1999; however, payments totaling \$14,469 were subsequently made over a three month period by the city to the administrator. The city did not document the reason for making these payments; however, the city indicated these payments represented severance pay. The City Administrator's contract did not provide for severance pay upon resignation.

These payments were not required by the employment contract and do not appear to be a necessary use of city funds. In addition, the board should consider the necessity of including these types of payments in future employment contracts.

- C. The city has an ordinance which sets the salary of the Municipal Judge, who is an elected official, at \$10,800 per year; however, he was only paid \$8,550 during the year ending December 31, 2001 based on invoices submitted by the Municipal Judge's law firm. The city pays this salary to the Municipal Judge's law firm and does not withhold payroll taxes or report this amount on W-2 forms. Because the Municipal Judge is an elected official and his compensation is classified as a

salary, it appears that his compensation should be subject to payroll taxes and reported on W-2 forms.

A similar condition was also noted in our prior report, and the city indicated the board would address this issue as soon as possible; however, no action was taken to implement the prior recommendation.

- D. In 1999, the city paid the current City Administrator a clothing allowance of \$1,000. The administrator was not required to submit invoices or an itemized expense report to support the allowance, nor was the allowance reported on his W-2 form.

IRS Regulations 1.62-2(h) and 31.3401(a)-4(b) specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments. Procedures have not been established to ensure that IRS regulations are followed. As a result, the city may be subject to penalties and/or fines for failure to report all taxable benefits.

WE RECOMMEND the Board of Alderman:

- A. Discontinue paying bonuses and providing performance awards and gift certificates to city employees.
- B. Consider the necessity of including severance payments in future employment contracts, and ensure all payments are a necessary use of city funds.
- C. Ensure the salary of the Municipal Judge is subject to payroll taxes and reported on W-2 forms.
- D. Ensure clothing allowances are included on employee W-2 forms in compliance with the IRS reporting requirements.

AUDITEE'S RESPONSE

The Board of Aldermen indicated:

- A. *The City has discontinued paying bonuses. The Board of Aldermen will determine adjustments to hourly wage during annual budget approval or as an amendment to the budget when additional assigned responsibilities exceed job title responsibilities that merit wage increases. The City's purchase of gift certificates shall discontinue. The City will continue to budget incentive awards as a management tool that will be used to award employees, when the manager can show and document that the employee's performance merits the award.*

- B. *The Board accepts the Auditor's recommendation and will consider the necessity of including severance payment in future contracts.*
- C. *The City Clerk has contacted the Municipal Judge and discussed this finding with him. As of the first of next year, we will either have a legal opinion showing how this practice can be continued, as is, under the IRS code or we will begin paying him monthly on the City's regular payroll.*
- D. *The Board will ensure that clothing allowances are included on employees' W-2 forms in compliance with IRS reporting requirements.*

2. Expenditures

- A. The city does not follow its formal bidding policy. The city's policy requires formal, written bids to be obtained for all purchases greater than \$5,000. Price quotations are required for expenditures between \$100 and \$5,000. While city employees indicated that in some instances bids were solicited through telephone quotes or other direct contacts with vendors, documentation showing vendors contacted, prices quoted, and reasons for selecting the successful vendor was not retained for some purchases. We noted the following concerns during our review:
- The city did not obtain bids or retain adequate bid documentation for the following expenditures incurred in 2001 including trash hauling services (\$400,742), fuel (\$59,416), backhoe services (\$12,711), video production services (\$3,284), and food for a coaches' banquet (\$1,391).
 - The city solicited and received three bids for street materials in January 2000. The bid was awarded to a contractor that agreed to provide the specified paving, concrete work, and base rock outlined in the city's bid specifications at a cost of \$328,978 during 2000. The city's bid specifications also requested the contractor to renew the bid in 2001. The city spent over \$309,000 in 2000 and an additional \$590,000 in 2001 on street paving, concrete, and base rock. Even though the scope of the street work and material costs increased significantly in 2001, the city did not rebid these materials. Also, a portion of the amount expended in 2001 included installation costs and materials which were not included in the original bid specifications.
 - The city paid \$22,017 in March 2002 to a local vendor for a new truck. The transaction was conducted by a salesperson who is the husband of the city employee responsible for procuring the bid. In addition, the bid accepted was not the lowest bid. Although city officials indicated the lowest bid was retracted by the vendor, there was no official

documentation from the vendor that this occurred. Also, there was not any discussion of the bid retraction in the board minutes. Due to the lack of documentation, this situation appears to represent a potential conflict of interest.

Competitive bidding helps ensure the city receives fair value by contracting with the lowest and best bidders. Bidding helps ensure all parties are given an equal opportunity to participate in the city's business. In addition, complete documentation should be maintained of all bids received. If the scope of a project changes substantially, consideration should be given to rebidding those parts of the project.

Also, if a bid other than the lowest is selected or bids are retracted, the reasons should be adequately documented. Further, discussions and decisions concerning transactions where a potential conflict of interest exists should be completely documented so that the public has assurance that no city official or employee has profited improperly.

A similar condition related to the procurement of fuel was also noted in our prior report, and the city indicated they would review the issue; however, no action was taken to implement the recommendation.

B. The city hires firms and individuals to perform various professional services. The city's purchasing policy provides detailed instructions and criteria for obtaining proposals and selecting firms or individuals to perform architectural and engineering services; however, the city does not always follow the policy. Also, the policy does not address other types of professional services. During our review, we noted requests for proposals were not solicited for the following professional services:

- The city used the same engineering firm for many construction projects. The city solicited proposals for some of the services provided by this firm; however, proposals were not obtained for engineering services totaling over \$93,000 during 2001. In addition, the city pays this firm a retainer of \$150 per month to answer any engineering questions. There were no written agreements for either of these services.
- The city does not have a written agreement with its electrical engineer and paid this engineering firm approximately \$53,000 in 2001. According to city officials, the city has utilized this firm for several years.
- The city paid \$9,825 to a firm for its annual independent audit for the year ending December 31, 2001. This firm has been used for several years and the city could not provide documentation of when proposals were last solicited for auditing services.

In addition, the city solicited proposals for architectural and engineering services for the city's community center and pool; however, the proposals accepted were not the lowest, and justification for selecting higher proposals was not documented.

Complete and detailed written policies and procedures for requesting professional services are necessary to provide guidance to employees and city officials. While professional services, such as attorneys, architects, accountants, and consultants, may not be subject to standard bidding procedures, the city should solicit proposals for professional services to the extent practical. Soliciting proposals and subjecting such services to a competitive selection process does not preclude the city from selecting the vendor or individual best suited to provide the service required. Such practices help provide a range of possible choices and allow the city to make a better-informed decision to ensure necessary services are obtained from the best-qualified vendor at the lowest and best cost. In addition, written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. In addition, complete documentation should be maintained of all proposals received. If a proposal other than the lowest is selected, the reasons should be adequately documented.

- C. City purchasing guidelines require all purchases up to \$5,000 to be approved by the applicable departmental supervisor, purchases from \$5,000 to \$10,000 to be approved by the City Administrator, and purchases greater than \$10,000 to be authorized by Board of Alderman. During our review of expenditures, we noted three purchases exceeding \$5,000 that were not authorized by the City Administrator and three purchases exceeding \$10,000 that were not approved by the Board of Alderman. For example, engineering services totaling \$9,039 were only approved by the departmental supervisor, and backhoe services totaling \$12,711 were only approved by the City Administrator.

All purchases should be approved in accordance with city policy.

- D. We noted some city transactions which do not appear to be a prudent and necessary use of public funds. These include:
- As part of one of the city's street improvement projects, the city paved the driveway of the former Mayor in 1999 at a cost of \$1,060; however, there was no documentation in the minutes that this was approved by the board. According to city officials, this was the most cost effective alternative for the street project.

The city's residents have placed a fiduciary trust in their city officials to expend public funds in a necessary and prudent manner. To avoid the appearance of conflicts of interest, all transactions and agreements with

city officials should be fully documented and approved by the Board of Aldermen.

A similar condition regarding conflict of interest was also noted in our prior report, and the city indicated the board would review the conflict of interest issue; however, no actions were taken to implement the prior recommendation.

- The city paid \$4,000 to the Nixa Fire Protection District for the city's annual fireworks display during 2001. The city did not obtain documentation from the fire district regarding the actual costs and benefits of the fireworks display. Additionally, this expense may not represent a necessary and prudent use of public funds.

If the annual expenditure for fireworks is determined to be a desirable, city-provided service, the city should obtain a written contractual agreement which specifies services to be provided and provides the city with a mechanism to evaluate and monitor such services.

- E. The city owns 52 vehicles and numerous pieces of heavy equipment, such as dump trucks, backhoes, loaders, and bucket trucks. Except for the police department vehicles, the city does not maintain daily mileage or usage logs for city vehicles and equipment.

Mileage or usage logs are necessary to support fuel and maintenance expenses and allow the city to evaluate the cost efficiency of each vehicle and piece of equipment. Logs should be maintained indicating the employee using the vehicle or equipment, the purpose and destination of the trip, and the beginning and ending odometer readings or hours used as applicable. These logs should be reviewed by applicable supervisors to help ensure there is no inappropriate personal use of the city's vehicles or equipment and verify the propriety of fuel billings and maintenance.

A similar condition was also noted in our prior report, and the city indicated the board would review the issue; however, no actions were taken to implement the prior recommendation.

WE RECOMMEND the Board of Alderman:

- A. Ensure bids are solicited for all applicable purchases in accordance with city policy. Documentation of the bidding process should be maintained in all cases. If the city feels that it is not practical to obtain bids on certain purchases, documentation explaining why bids were not obtained should be maintained. If substantial changes are made to the scope of a project, consideration should be given to rebidding those parts of the project. In addition, discussions and

decisions concerning transactions where a potential conflict of interest exists should be completely documented.

- B. Develop written policies and procedures for the selection and procurement of companies and individuals for various types of professional services. In addition, the city should solicit proposals for professional services to the extent practical and prepare written contracts to formalize these agreements.
- C. Ensure all expenditures are authorized in accordance with city policy.
- D. Ensure expenditures from city monies are a prudent use of public funds and are limited to those necessary to properly operate the city. In addition, avoid transactions that represent actual conflicts of interest or the appearance of conflicts of interest. Also, if the annual fireworks display is determined to be a necessary city expense, the city should obtain a written agreement.
- E. Require mileage or usage logs be maintained for all city vehicles and equipment, and require periodic reviews of the logs by applicable supervisors.

AUDITEE'S RESPONSE

The Board of Aldermen indicated:

- A. *The City commits to following its adopted purchasing policies. The City recognizes that there must exist at all times adequate documentation to track and confirm the reasons for decisions being made. The City's policy shall be revised to allow the City Administrator to award bids that exceed \$10,000 when the Board has approved the budget authorizing this expenditure and when the bid amount is less than or equal to the approved budget amount. There may be instances that deserve consideration of this methodology in the future, when it is apparent that due to economic situations prices may dramatically fluctuate. The City's policy will be revised to recognize this practice for commodities that are price sensitive. The City will do its utmost to assure that its personnel are protected from any potential conflict of interest, to the extent of completely removing the employee from the assigned responsibility of administering the bid process.*
- B. *The City recognizes the benefit of bid solicitation to determine cost savings. The City will initiate preparation and introduction of a revised policy to the Board for consideration to select and procure consultants and individuals for various types of professional services. In addition the City will solicit proposals for professional services to the extent possible and prepare written contracts to formalize these arrangements. Selection will be measured not only on cost savings but experience and quality of anticipated product.*
- C. *The City's policy shall be revised to allow the City Administrator to award bids after Board approval of the budgeted amount when the bid is equal to or less than the authorized amount.*

- D. *The City will formally obtain or provide documentation of all transactions.*
- E. *The City will initiate immediately the recording of mileage and use logs of all City vehicles and equipment. Each manager will be responsible for collection, compilation and periodic monitoring of these records to verify appropriate employee use of all vehicles and equipment.*

3. Park Procedures

- A. The Parks Department expends funds on various activities such as summer sports and recreation, abstinence education, and after school childcare programs, and only covers a portion of these costs from revenues generated from activity fees. Although the city intends to subsidize the parks programs, the city has not established a measurement system to periodically evaluate the results of the various park programs offered. Further, park activities have increased significantly over the last several years resulting in increased subsidies from the city's General Fund. For example, during the three years ending December 31, 2000, the General Fund transferred an annual average of \$240,000 to the Parks Department to subsidize park activities and the subsidy increased to \$275,000 during the year ending December 31, 2001. In 2002, park expenditures were budgeted to be \$1.4 million, while revenues generated from these activities were budgeted to be \$1 million requiring the city to transfer approximately \$435,000 to subsidize the Park Fund. Due to the increased activity and subsidies provided, it is essential the city monitor these activities. A measurement system would allow for the effective evaluation of parks department programs.
- B. In 2001, the Parks Department Superintendent routinely requested the City Clerk to make checks payable to cash and then would cash the checks to make purchases for the department. The Parks Department spent more than \$33,600 in cash on park activities, summer recreation, and special event items such as movies and meals. The only documentation for several of these expenditures were rediform receipt slips which did not contain the vendors' names. Further, due to inadequate documentation, it was difficult to determine the number of attendees at many of these activities to substantiate the costs incurred.

To help ensure the propriety of all park expenditures, all disbursements should be made by check whenever possible. If a petty cash fund is needed for small or emergency purchases, it should be maintained on an imprest basis and written guidelines should be adopted for the use of petty cash. In addition, an accurate listing of attendees should be maintained to substantiate the costs incurred.

A similar condition was also noted in our prior report, and the city indicated the board would attempt to find a better resolution to this issue; however, very little action was taken to implement the prior recommendation.

- C. The Parks Department processed approximately \$826,000 in receipts between January 1, 2002 and October 31, 2002. Department employees, many of which are seasonal employees, enter activity fees received into eight cash registers located at the community center, pool, and ball fields. Each cash register generates a detailed tape which shows the activity fees collected. The detailed tapes along with the monies received are transmitted to the Finance Department for deposit into the city's bank account.

The Parks Department does not review daily collections and cash register tapes prior to transmitting the receipts to the Finance Department. We noted the amount of receipts on the cash register tapes did not always reconcile to the amount transmitted to the city for deposit. In a few cases, hand written notations of the differences were made on the register tape; however, explanations for the differences were not documented. For example on June 28, 2002, we noted apparent collections from one cash register totaling \$104 that were not transmitted to the city. This difference was not investigated, and possible missing funds went undetected due to the lack of oversight by the Parks Department.

In addition, we noted instances where monies were withheld from official park receipts by the Parks Department Superintendent to purchase lunch for department employees.

To ensure proper accountability over official receipts and reduce the potential for loss, theft, or misuse of funds, monies received should be reconciled to cash register tapes and transmitted to the city intact. Any differences should be investigated and resolved.

- D. Registration and enrollment fees were not always consistently charged to participants of the various park activities in accordance with the department's written program booklet. In addition, although the Parks Department does not have a written policy for employee discounts, various city employees received discounts to various Parks Department events. Our review noted the following concerns:

- Parks Department employees were not always required to pay the established enrollment fees for their child's participation in the 2001 Summer It Up program. For example, we calculated the cost of participation for one employee's children to be approximately \$1,065 based on class enrollment information; however, this employee was only required to pay \$611. According to the Parks Department Superintendent, the amount paid by the employee was less than our calculation because

Parks Department employees were given a discount; however, this same discount was not given to other city employees. Further, other city employees were required to pay for a child's participation in advance of the activity while Parks Department employees were allowed to pay at the employee's discretion. For example, the Summer It Up program ended in August 2001, but the employee discussed above paid \$258 in December 2001, for her children's participation.

- In February 2001 the department sponsored a summer trip to a St. Louis Cardinals baseball game. The department purchased 48 tickets to the baseball game and only had 25 individuals that paid to participate in the event. The price to participate in the event was \$23 per person, and seven of the tickets were sold at a discounted rate of \$10. The Parks Department Superintendent indicated an additional four tickets were given to a Parks Department employee, and the remaining tickets were unused; however, the unused tickets were not retained.
- During our review of the spring 2002 little league registration, we noted some individuals, who registered after the required deadline, were required to pay a \$5 late registration fee while others were not. The Parks Department did not maintain documentation to support why some individuals were not charged the late fee.

To ensure registration and enrollment fees are collected, and participants and employees receive equitable treatment, fees should be collected in accordance with the established policies. Any exceptions should be documented and approved by a supervisor. In addition, unused tickets should be accounted for properly.

A similar condition was also noted in our prior report, and the city agreed that fee schedules should be followed; however, no action was taken to implement the prior recommendation.

- E. During our review of the Park's Department Abstinence Education program, we noted some expenditures which did not appear to be a prudent and necessary use of public funds. These include:

- The city paid \$12,918 to a firm for speaking engagements in 2001 for a professional abstinence education speaker who spoke at Nixa schools. In addition, the city did not solicit proposals for these services.
- The city paid \$5,502 for an abstinence education banquet held at the Big Cedar Lodge in Branson, Missouri. In addition to meeting equipment rental fees, 120 meals were provided at a cost of approximately \$42 per person for students graduating from the program, their parents, and parks

department employees involved with the program. Also, the city did not solicit bids for the banquet expense.

These expenditures appear to be an excessive use of public resources. The city should ensure funds are spent on items which are necessary to meet the critical needs of the city. In addition, if the expenditures are determined to be a desirable, city-provided service, the city should solicit proposals or bids in accordance with city policy.

WE RECOMMEND the Board of Alderman:

- A. Establish a measurement system to periodically evaluate the income and costs of various park activities.
- B. Ensure all disbursements for the Parks Department are made by check, and establish procedures to track attendees for the various park activities.
- C. Transmit all receipts intact daily. The Parks Department should reconcile cash register receipt tapes to the amount transmitted to the city for deposit and promptly investigate any differences.
- D. Ensure the Parks Department charges and collects registration and enrollment fees and any exceptions should be fully documented and approved by a supervisor. If necessary, a written policy should be developed to provide guidance for employee discounts. In addition, procedures should be developed to account for unused tickets.
- E. Ensure abstinence education funds are only spent on items which are necessary to meet the critical needs of the city. In addition, if the expenditures are determined to be a desirable, city-provided service, the city should solicit proposals or bids in accordance with city policy.

AUDITEE'S RESPONSE

The Board of Aldermen indicated:

- A. *In January of 2002, prior to the audit, procedures were put in place to address these issues. With the increased activities created by the construction of McCauley Park, these procedures were introduced during the summer of 2002 and will be fully implemented by the first of January 2003.*
- B. *In January of 2002, prior to the audit, all use of petty cash for programs was discontinued. Some vendors set up charge accounts for the activities and for those who do accommodate charge accounts, a credit card was obtained for program use only and*

possession of the card and charges to the card was controlled by the finance department only.

- C. The City will continue current process.*
- D. A formal written procedure for all charges and collection of registration and enrollment fees shall be followed. City employees are not eligible for fee waivers or discounts, except Safe Base employees' children. Any exception to this prohibition, whether employee or citizen, shall be documented by the Park Manager as to what constituted the exception and why and the City Administrator, or his appointee, will be informed on a weekly basis.*
- E. When administering grant awards, City personnel shall follow City purchasing policies and practices.*

AUDITOR'S COMMENTS

- C. It is disappointing and unclear why standard accounting practices can not be implemented for the handling of park funds. The Board has a fiduciary responsibility to ensure park funds are properly handled.

4. Credit Cards

The city has eight credit cards used primarily for city-related travel expenses. The city spent approximately \$14,000 on various expenses during the year ended December 31, 2001. Our review noted the following:

- Although, the city has adopted a formal policy on credit card usage, the policy does not define levels of purchase authorization or approval requirements for various purchases. In addition, the policy does not establish limits that may be charged by employees or establish requirements for submitting itemized receipts. For example, the City Clerk and the Parks Department Superintendent charged \$1,350 and \$930, respectively, for training and meeting registration fees during the year ending December 31, 2001 without obtaining prior authorization.
- Adequate supporting documentation was not always submitted or retained for charges totaling \$4,189 during the year ending December 31, 2001. For example, supporting documentation was not retained for airline tickets costing \$669, and in other instances, the only documentation available was a signed charge slip.
- Numerous meal expenses incurred within the city were charged to the city's credit cards. The purpose and need to incur meal expenses within the city limits were not regularly documented, and the city does not have a policy to address expenses incurred locally.

- Rental car expenses incurred by the Parks Department employees to attend training activities were also charged to the city's credit card. While the Parks Department Superintendent indicated she compared the cost of renting a car to the cost of paying personal mileage, documentation of this comparison was not retained. Further, the city paid \$222 for a car rental and fuel for 532 miles of travel. We calculated the cost of paying personal mileage to an employee for this trip to be \$165, resulting in \$57 that could have been saved by the city.

Complete and detailed written credit card policies and procedures are necessary to provide guidance to employees. Adequate supporting documentation should be retained for all credit card purchases and reconciled to credit card statements to ensure the propriety of the charges. Without adequate supporting documentation, the city cannot evaluate the necessity and reasonableness of credit card purchases. In addition, the city should review the need for reimbursing meal expenses incurred within the Nixa city limits. If the city determines that reimbursing local meal expenses is a necessary, business-related cost of the city, guidelines should be established defining those expenses eligible for reimbursement. Further, the city should review the practice of renting vehicles versus paying mileage to employees to evaluate the most cost effective practice.

WE RECOMMEND the Board of Alderman review and consider revising the city's policy regarding credit card usage. In addition, the board should ensure adequate supporting documentation is submitted for all credit card purchases and reconciled to credit card statements to ensure the propriety of the charges. Also, the board should determine if reimbursing local meal costs is necessary and if the practice of renting vehicles is cost effective.

AUDITEE'S RESPONSE

The Board of Aldermen indicated they will review and revise the City's credit card use policy. Such policy shall include levels of purchase authorization, approval requirements and establish limits that may be charged with submittal, in all instances, of an itemized receipt for the transaction. The policy shall include authorization for employees who attend meetings on behalf of the City to use assigned credit card with retention and submittal of all itemized receipts. The City will continue to evaluate the most cost effective way to handle travel for training; however, the City of Nixa shall not require its employees to use their own personal vehicle in the performance of their work related responsibilities if the employee objects to this request.

5.	Cellular Phones
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The city does not have a formal policy regarding cellular phone usage or guidelines to determine whether a cellular phone is needed or of benefit to the city. Monthly cellular phone expenses are approximately \$1,100 for the city's 36 cellular phones. Although cellular bills are reviewed by the City Administrator's assistant, our review of the cellular phone bills for one month noted a few calls which appeared to be personal in nature. For

example, during our review of the August 2002 cellular phone bill, we noted one employee that made nine out-of-state calls to family members. The city was not reimbursed for the cost of any personal calls noted. While the additional charges noted were not significant, it does not appear city funds should be used to pay for personal telephone usage.

While cellular phones can help increase employee productivity, they are also costly. A policy is needed to ensure that cellular phones are used only for business purposes. Such a policy should address which employees need a cellular phone, proper use of the phone, and a reimbursement policy if the board authorizes the phone to be used for personal purposes. Effective procedures should be implemented to monitor cellular phone usage and review invoices for propriety.

WE RECOMMEND the Board of Alderman develop a policy regarding the use of cellular phones including an assessment of which employees need a cellular phone and procedures to monitor their use.

AUDITEE'S RESPONSE

The Board of Aldermen indicated the City will prepare for adoption a formal cell phone policy. The City recognizes the benefits cellular phones provide with emphasis on business related activities; however, accessibility to family is also important to us. Long distance personal phone calls are to be prohibited.

6. Accounting Procedures

A. During our review of the city's delinquent accounts and meter deposits we noted the following concerns:

- Adequate efforts have not been made to pursue the collection of delinquent accounts. At December 31, 2001, the city had over \$176,000 in utility accounts receivable which have been delinquent for at least one year, with \$49,076 of this amount being deemed inactive and dating back at least to 1995. According to city officials, delinquent accounts are not routinely turned over to a collection agency.
- Meter deposits are not always reviewed in conjunction with a customer's final billing. Inactive meter deposits totaling \$20,320 at December 31, 2001 should be reviewed and applied to delinquent customer accounts or refunded as applicable.

To help maximize utility revenues, the city should develop adequate procedures for the handling of delinquent utility accounts. This should include a periodic review of delinquent accounts and appropriate action being taken to pursue amounts owed. In addition, the city should consider writing off those accounts

that are considered uncollectable, after proper review and approval. Also, inactive meter deposits should be reviewed and applied to delinquent customer accounts or refunded as applicable.

- B. The City Clerk and the Mayor are authorized to sign checks. The city's checking accounts require two signatures for all disbursements. The City Clerk has custody of a facsimile stamp of the Mayor's signature and uses the stamp to sign checks. In addition, neither checks nor a detailed listing of expenditures is reviewed by the Mayor or the board.

Allowing the City Clerk to use the facsimile stamp diminishes the control intended by multiple signatures. In addition, failure to compare checks issued and actual invoices to the expenditure reports results in a lack of internal controls over disbursements. To reduce the risk of unauthorized disbursements, the board should review a detailed listing of expenditures.

- C. The method of payments received (cash, check, money order, etc.) is not always recorded, and employees routinely cash personal checks from city receipts. In addition, checks and money orders are not always restrictively endorsed until the deposit is prepared.

To ensure receipts are accounted for properly and deposited intact, the method of payments received should be recorded on all receipt slips or receipt logs, the composition of recorded receipts should be reconciled to the composition of bank deposits, and personal checks should not be cashed with official city receipts. In addition, to reduce the potential for loss, theft, or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

A similar condition was also noted in our prior report, and the city indicated the board would review this issue; however, no action was taken to implement the prior recommendation.

- D. The Finance Department prepares monthly bank reconciliations; however, it has not established procedures to routinely follow up on outstanding checks. At December 31, 2001, city checks totaling \$9,647 had been outstanding for more than one year. Many of these checks had been outstanding for over five years.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, amounts should be paid out in accordance with applicable state laws.

- E. During 2001, the city transferred \$532,082 to the General Fund from the Water (\$164,559), Sewer (\$114,579), Electric (\$186,387) and Street (\$66,557) Funds to

cover salary and building lease expenditures paid from the General Fund. City officials indicated the salary costs were divided among the funds based upon percentages obtained from time studies performed approximately ten years ago. Building lease costs are allocated based on city hall floor space utilized by the utility and street departments; however, the city did not have documentation of the actual floor space utilized by each department.

It is essential the city properly allocate expenses to the various funds. This information is needed for the city to properly establish the user charges for its utilities. Furthermore, the uses of certain funds, such as the Street Fund, are limited by state law or city ordinance for specified purposes. Therefore, documentation of expense allocation is useful for both management and compliance purposes. Documentation should be retained to support the percentages used for allocating expenditures.

A similar condition was also noted in our prior report, and the city indicated the board would review this issue; however, no action was taken to implement the prior recommendation.

WE RECOMMEND the Board of Alderman:

- A. Ensure adequate procedures are established for the handling of delinquent utility accounts. This should include a periodic review of delinquent accounts and appropriate action being taken to pursue amounts owed. In addition, meter deposits should immediately be applied to customer accounts upon final billing.
- B. Discontinue the practice of allowing the City Clerk to use the facsimile signature stamp and require another board member to sign all checks. In addition, the board should compare checks issued to invoices and expenditure reports.
- C. Indicate the method of payment, reconcile the composition of receipts to the composition of deposits, and discontinue the practice of cashing personal checks from receipts. In addition, restrictively endorse checks and money orders immediately upon receipt.
- D. Investigate old outstanding checks and reissue them if the payees can be located. If the payees cannot be located, the monies should be disposed of in accordance with applicable state laws. Procedures to routinely investigate checks that remain outstanding over a specified period of time should be established.
- E. Ensure all expenditures allocated to the various funds are reasonable and are supported by adequate documentation.

AUDITEE'S RESPONSE

The Board of Aldermen indicated:

- A. *During 2001, the City initiated the process to apply the outstanding deposits to accounts of people who moved out owing more than they had in deposits to cover the bill. A billing was sent to them with the deposit applied, but the adjustment to segregate these deposits from current deposits in the general ledger had not been done; however, the separation was done on the computer accounting records. This has not been a priority and has been worked on as time permitted. The project was completed in October 2002.*
- B. *With the appropriate dual controls that are currently in place and practiced, the Mayor's stamp will no longer be used and Coralee Patrick is authorized to sign all checks except her own payroll check that will be signed by the Mayor or the Mayor Pro-tem.*
- C. *The City will continue to handle all deposits in the same manner as we have been doing.*
- D. *This task is in process and will be completed prior to 12-31-03, and if not completed it will be reported to the Board of Aldermen.*
- E. *The City will schedule a time study for 2003 and its findings shall establish 2004 Budget figures.*

7.	Payroll and Personnel Matters
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- A. The city's personnel policy requires any overtime worked to be scheduled and approved in advance by the employee's supervisor or designee. During the two years ending December 31, 2001, the City Clerk and the Parks Department Superintendent were paid approximately \$11,500 and \$16,900, respectively, for overtime. Approval of this overtime was not documented in accordance with the city policy.

The city should follow its overtime policy to ensure equitable treatment of all employees. Any exceptions to the policy should be approved by the Board of Aldermen.

- B. The city is not consistently following its vacation leave accumulation policy. The policy requires employee's to use vacation leave in the year earned or obtain approval from their supervisor to carry leave forward if leave is not taken. Some employees were allowed to carry unused vacation leave forward, and documentation of the approvals was not maintained. Also, some employees had negative vacation leave balances at December 31, 2001.

The city should follow its leave accumulation policy to ensure equitable treatment for all employees. In addition, to ensure employees receive leave benefits only as allowed by the city's policy, employees should not be allowed to carry negative

leave balances. Any exceptions to the policy should be approved by the Board of Aldermen.

- C. The city's personnel policy provides for reimbursement of tuition expenses. To qualify for reimbursement, the employee is required to obtain supervisory approval prior to registering for a class. The city does not retain documentation of the supervisory approval/disapproval for the tuition reimbursements.

To help ensure employees are treated fairly and equitably, the city should require documentation of tuition reimbursement approvals/disapprovals to be maintained.

WE RECOMMEND the Board of Alderman:

- A. Document approval for all overtime in accordance with the city's policy.
- B. Ensure the city's leave policy is consistently followed and discontinue the practice of allowing negative leave balances. In addition, any exceptions to the policy should be approved by the Board of Aldermen.
- C. Establish procedures to document the supervisory approval/disapproval for tuition reimbursements.

AUDITEE'S RESPONSE

The Board of Aldermen indicated:

- A. *The City will adopt a formal process for approval of overtime use and payment.*
- B. *The City will revise its leave policy to allow all employees to carryover vacation leave to the next year as long as the amount does not exceed the amount earned in one-year.*
- C. *A form to comply with this request will be prepared and used.*

8. Budgetary and Financial Reporting

- A. Historically, the city has amended its budget by formal resolution after year-end to ensure expenditures do not exceed the budget. Budget amendments are discussed by the board throughout the year; however, the city does not formally amend the budget until after the year-end. For example, the 2001 budget was amended by over \$3.4 million to reflect increased expenditures made during the year.

Section 67.040, RSMo 2000, allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons.

Section 67.080, RSMo 2000, provides that no expenditure of public monies shall be made unless it is authorized in the budget. The city should formally amend the budget before it incurs the expenditures.

- B. The city publishes semi-annual financial statements; however, the statements did not include the indebtedness of the city in accordance with Section 79.160, RSMo 2000. The city's published financial statements did not report over \$19 million in outstanding revenue bonds and \$1.7 million in capital lease obligations at December 31, 2001. To better inform the citizens of the city's financial position and to ensure compliance with state law, the published financial statements should include all significant indebtedness of the city.

Similar conditions were also noted in our prior report, and the city indicated the board would amend the budget prior to incurring expenditures and would take actions to correct the oversight related to items omitted from their financial statement; however, no action was taken to implement the prior recommendation.

WE RECOMMEND the Board of Alderman:

- A. Ensure budget amendments are made prior to incurring the actual expenditures and ensure the reasons for the amendments are documented as required by state law.
- B. Ensure the published financial statements include the indebtedness of the city as required by state law.

AUDITEE'S RESPONSE

The Board of Aldermen indicated:

- A. *The City will accompany all potential budget amendments with an ordinance that complies with statutory requirements. When a budget amendment occurs prior to introduction of an ordinance, an ordinance shall be submitted to the Board at their next regularly scheduled public meeting.*
- B. *The City will ensure that published financial statements include the indebtedness of the City as required by State law.*

9. City Ordinances and Board Minutes

- A. The city has not adopted ordinances establishing the salaries and terms of office of some city officials and employees, including the City Administrator, City Clerk, and Police Chief, as required by Section 79.270, RSMo 2000. To ensure compliance with state law and to avoid misunderstandings, the board should adopt

ordinances which specify the terms of office and compensation of all city officials and employees.

A similar condition was also noted in our prior report, and the city indicated the board would review this issue as soon as possible; however, no action was taken to implement the prior recommendation.

- B. Board minutes are prepared and signed by the City Clerk; however, they are not signed by the Mayor. The board minutes should be signed by the Mayor upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

A similar condition was also noted in our prior report, and the city indicated the board would request the Mayor sign the minutes; however, no action was taken to implement the prior recommendation.

- C. Decisions made in closed meetings were not always subsequently disclosed in open meeting minutes as required. For example, we noted salary increases and allowances being discussed and approved by the board in closed session, but were not disclosed in the board's open meeting minutes.

Section 610.021, RSMo 2000, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel issues; however, that statute requires certain matters discussed in closed meetings to be made public upon final disposition.

- D. According to city ordinance Article III, Section 2-55, "No person shall be sworn into office who shall at the time be in arrears for any unpaid city taxes or municipal user fees." In April 2001, Alderman Hayes was sworn in to office even though his February utility bill remained unpaid. While the delinquent charges noted were not significant, it does not appear the city properly enforced the ordinance.

- E. The city has not formally established a policy regarding access to city records. The City Clerk, who serves as the official custodian of city records, has established some informal guidelines for accessing the records; however, these rules have not been documented and officially adopted by the Board of Aldermen.

Section 610.023, RSMo 2000, indicates that each public governmental body is to appoint a custodian who is to be responsible for the maintenance of that body's records and establishes guidelines for making city records available to the public. To ensure compliance with state law, the city should adopt formal policies regarding the location of city records, the persons responsible for maintaining each record, and procedures for citizens to request access to public records and how the city will handle these requests. Written policies would establish

procedures for the residents to follow and the cost for the requested information. In addition, written policies would help avoid misunderstandings regarding the availability of public city records.

WE RECOMMEND the Board of Alderman:

- A. Establish by ordinance the salaries and pay rates of all officials and employees.
- B. Ensure board minutes are signed by the Mayor to attest to their accuracy.
- C. Ensure decisions reached in closed meetings are subsequently disclosed to the public as provided by state law.
- D. Ensure city ordinances are properly enforced.
- E. Develop written policies regarding procedures to obtain access to, or copies of, public city records.

AUDITEE'S RESPONSE

The Board of Aldermen indicated:

- A. *The City will establish by ordinance the salaries and pay rates of all officials and employees and establish by ordinance the appointment of the City Administrator, City Clerk and Police Chief, whose terms shall remain open until removed by a majority vote of the Board of Aldermen.*
- B. *The City will provide a signature line on the minutes for the mayor's signature.*
- C. *The City will ensure that decisions reached in closed meetings are subsequently disclosed to the public as provided by State law.*
- D. *The City will follow its adopted ordinance.*
- E. *The City will adopt a formal policy outlining the Auditor's concerns.*

10.

Municipal Court

- A. The court processed approximately \$185,000 in receipts during 2001. Our review noted the following concerns related to receipts:
 - 1. The method of payments received (cash, check, money order, etc.) is not always recorded. To ensure receipts are accounted for properly and deposited intact, the method of payments received should be recorded on

all receipt slips and the composition of receipt slips should be reconciled to the composition of bank deposits.

2. Fines and court costs are not deposited on a timely basis. Receipts were deposited approximately once or twice a week. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.
3. Receipts are not always deposited intact. The court routinely cashes bond refund checks. To ensure all receipts are accounted for properly, receipts should be deposited intact, applied to fines and court costs, and any applicable refunds should be made by check.

Similar conditions were also noted in our prior report, and the city indicated the board would review the issues with the municipal judge; however, no action was taken to implement the prior recommendations.

- B. The court allows defendants to make partial payments on fines and court costs. As a result, municipal division records indicate accounts receivable totaled approximately \$36,000 at July 31, 2001, and over \$26,000 of this balance represented cases over one year old. Some of these accounts had been outstanding for over ten years. The court should consider writing off any accounts receivables which are deemed to be uncollectable. All delinquent accounts should be reviewed and those which are deemed to be uncollectable should be written off after review and approval by the Municipal Judge.
- C. The municipal division has not implemented adequate procedures to follow up on bonds held for over one year. As of December 31, 2001, the municipal division was holding bond receipts totaling approximately \$3,800 which have been held in excess of one year.

An attempt should be made to determine the proper disposition of these monies. A review should be made of any bonds posted by persons who failed to make the required court appearance to determine if the bonds should be forfeited and monies paid over to the city treasury as provided by Section 479.210, RSMo 2000. For those bonds which relate to closed cases, Sections 447.500 through 447.595, RSMo 2000, which relate to unclaimed property, should be used to disburse these monies.

- D. The court prepares monthly bank reconciliations; however, it has not established procedures to routinely follow up on outstanding checks. At December 31, 2001, checks totaling \$1,547 had been outstanding more than one year. Some of these checks had been outstanding for over five years.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, amounts should be paid out in accordance with applicable state laws.

WE RECOMMEND the city of Nixa Municipal Division:

- A.1. Indicate the method of payment on all receipt slips issued and reconcile total cash, checks, and money orders received to bank deposits.
2. Deposit receipts daily or when accumulated receipts exceed \$100.
3. Deposit receipts intact and discontinue making refunds in cash.
- B. Review and assess amounts due to the court for collectibility. Uncollectable accounts receivable should be written off following review and approval by the Municipal Judge.
- C. Follow up on all bonds held for more than one year, and dispose of bonds in accordance with state law. In addition, procedures should be established to routinely follow up on cash bonds remaining on hand over a specified period of time.
- D. Investigate old outstanding checks and reissue them if the payees can be located. If the payees cannot be located, the monies should be disposed of in accordance with applicable state laws. In addition, procedures to routinely investigate checks that remain outstanding over a specified period of time should be established.

AUDITEE'S RESPONSE

The Board of Aldermen indicated:

A&B. The Court will continue its current procedures.

C. The Court will go through the outstanding bonds and if any are found that can be sent to the State Unclaimed Property, we will present them to the Judge for his authorization.

D. The Court has already started working the outstanding checks in the Court system. The very old checks total \$425 and there is probably another \$500 that we will recommend be sent to Unclaimed Property.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF NIXA, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Nixa is located in Christian County. The village was incorporated in 1946 as a fourth-class city. The population of the city in 2000 was 12,124.

The city government consists of a mayor and six-member board of alderman. The six board members are elected for two-year terms. The mayor is elected for two years and presides over the board of alderman and only votes in case of a tie. The Mayor, Board of Alderman, and other principal officials at December 31, 2001, were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Compensation Paid for the Year Ended December 31, 2001</u>	<u>Amount of Bond</u>
Jay Wasson, Mayor (1)	April, 2002	\$ 2,400	\$
Tom Maher, Alderman (2)	April, 2002	480	
Bill Ellis, Alderman	April, 2003	480	
Tracy Haist, Alderman	April, 2003	360	
Brian Hayes, Alderman	April, 2003	480	
Doug Marrs, Alderman (3)	April, 2002	480	
Steve Tallaksen, Alderman (4)	April, 2002	480	
 George M. Johnson, Municipal Judge	 April 2002	 8,550	
 <u>Other Principal Officials</u>			
Brian Bingle, City Administrator		91,037 (5)	90,000
Coralee Patrick, City Clerk		52,040	90,000
Patrick Sweeney, City Attorney and Prosecutor		42,017	
Bruce Belin, Police Chief		42,977	
Shawna Flannery, Parks Director		43,061	
Richard Hill, Water Quality Superintendent		44,906	
Pat Hall, Electric Superintendent		54,006	
John Patrick, Street Superintendent		59,779	

- (1) Doug Marrs was elected as Mayor in April 2002.
- (2) Replaced by Steve Faseler in April 2002.
- (3) Replaced by Tom Maher in April 2002.
- (4) Replaced by Randy Howerton in April 2002.
- (5) Includes \$3,025 for vehicle allowance.

Assessed valuations and tax rates for 2001 were as follows:

ASSESSED VALUATION

Real estate	\$	89,990,800
Personal Property		24,317,687
Railroad and utilities		<u>345,468</u>
Total	\$	<u><u>114,653,955</u></u>

TAX RATES PER \$100 ASSESSED VALUATION

General Fund	\$.3735
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The city does not levy taxes on personal property.

The city also has the following sales tax; the rate is per \$1 of retail sales:

	Rate	Expiration Date
General	\$ 0.010	None
Transportation	0.005	None

* * * * *



**FIFTEENTH JUDICIAL CIRCUIT
LAFAYETTE COUNTY, MISSOURI**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-12
February 10, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2003

The following audit report presents our findings and recommendations for the Fifteenth Judicial Circuit, Lafayette County, Missouri. During our audit, we identified accounting records, controls, and certain management practices which we believe could be improved.

Some criminal cost billings were not prepared by the Circuit Clerk on a timely basis, some were not prepared at all, and at least one was inaccurate. By not billing these costs as soon as it is allowable by law, the county, in some instances, is without revenue they are entitled to, for periods sometimes exceeding two years.

A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. All counter receipt slips are not recorded and reconciled with the receipt ledgers and receipt slips are not issued for copy monies nor is a receipt log kept.

Adequate records are not maintained to account for the individual traffic tickets issued and their ultimate disposition. Without proper accounting of the numerical sequence and ultimate disposition of traffic tickets, the Sheriff's department, Prosecuting Attorney's office, and Associate Circuit Division III cannot be assured that all tickets issued by the Sheriff's department are properly submitted to the court for processing.

An adequate system to account for all payments received by the Juvenile Office for transmittal to their offices has not been established. Additionally, a listing of accrued court costs and restitution owed is not maintained by the Juvenile Office and monitoring procedures related to accrued costs are not adequate.

Controls over law library procedures are in need of improvement and supervisory review of accounting records is not performed.

All reports are available on our website: www.auditor.state.mo.us

YELLOW MOTTS SHEET

FIFTEENTH JUDICIAL CIRCUIT
LAFAYETTE COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge and Court en banc
and
The Circuit Clerk of the
Fifteenth Judicial Circuit
Lafayette County, Missouri

We have audited certain operations of the Fifteenth Judicial Circuit, Lafayette County, Missouri. The Lafayette County Commission engaged Randall Fiene, Certified Public Accountant (CPA) to perform annual audits of the financial statements of Lafayette County, including the various divisions of the Fifteenth Judicial Circuit, Lafayette County, Missouri for the fiscal years ended December 31, 2001 and 2000. To minimize any duplication of effort, we reviewed the reports and substantiating working papers of the CPA firm.

The scope of this audit included, but was not necessarily limited to, the two fiscal years ended December 31, 2001. The objectives of this audit were to:

1. Determine the internal controls established over the financial transactions of the judicial circuit.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.
4. Follow up on action taken by the judicial circuit on findings in our prior audit report.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the judicial circuit.

As part of our audit, we assessed the controls of the judicial circuit to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the judicial circuit's management, the Office of State Courts Administrator, and Lafayette County and was not subjected to the procedures applied in the audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Fifteenth Judicial Circuit, Lafayette County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 8, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Kenneth W. Kuster, CPA
Audit Manager: Todd M. Schuler, CPA
In-Charge Auditor: Julie Vollmer
Audit Staff: Gek Mui Melinda Tan

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

FIFTEENTH JUDICIAL CIRCUIT
LAFAYETTE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Circuit Clerk's Accounting Controls and Procedures
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- A. Some criminal cost billings were not prepared on a timely basis, some were not prepared at all, and at least one was inaccurate. The Circuit Clerk prepares and submits billings for incarceration costs utilizing the Sheriff's certification of the number of days incarcerated. The revenue from these billings is paid to the county by the Circuit Clerk. Procedures for collecting incarceration costs for defendants where the court retained the option of granting probation after 120 days, pursuant to Section 559.115, RSMo 2000, is to not bill the state for those costs, but to have the probation officer enforce collection and payment to the county. Of the thirty cases reviewed, two cases resulted in lost revenue to the county of approximately \$1,280 because payment of the incarceration costs was not a condition of probation and the two-year time limit for billing the state has expired. Several other cases have surpassed the two-year time limit, with incarceration costs totaling several thousand dollars to the county, which have not been submitted to the state for reimbursement. The defendants in those cases are still on probation and are required to pay those costs before being released, but in many cases it takes years from the original sentencing before the costs are received by the county.

These practices do not appear beneficial to the county since reimbursement of the incarceration costs could be requested as soon as the certification is received from the Sheriff. We spoke with several other Circuit Clerk's in the state regarding their criminal cost billing procedures, and they all indicated they bill the state for incarceration costs as soon as the certification of days incarcerated is received from the Sheriff. They all indicated that if payment is received later from the defendant while they are on probation, they will send those payments to the state.

In addition, the number of days billed to the state on one reimbursement request was 30 days less than the actual days incarcerated, causing an under billing of \$675.

To ensure criminal cost reimbursements received by the county are maximized, all allowable costs should be billed to the state in a timely manner. Section 221.105, RSMo 2000, allows the state to reimburse certain court and incarceration costs for criminal cases when the state has been rendered liable. The state is rendered liable for criminal costs when a defendant is sentenced to imprisonment by the Department of Corrections. Section 33.120, RSMo 2000, requires all such bills to be submitted to the state's Office of Administration within two years of the date of judgment and sentence. By not billing these costs as soon as it is

allowable by law, the county, in some instances, is without revenue they are entitled to, for periods sometimes exceeding two years.

- B. A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. When such costs occur, the Circuit Clerk's office sends a statement to the appropriate party requesting payment. No additional follow-up action is taken.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected. Inadequate procedures for the collection of accrued court costs may result in lost revenues. In addition, Section 546.870, RSMo 2000, requires the clerk to issue executions on amounts not collected at the end of each term.

- C. The Circuit Clerk's office did not ensure that all counter receipt slips (issued upon request) are recorded and reconciled with the receipt ledgers which are used to record all monies received. During our review of the counter receipt slips issued, we noted the method of payment (cash, check, or money order) recorded on two counter receipt slips did not agree with the method of payment recorded in the receipt ledger. In addition, we noted instances where it appeared a counter receipt slip was not recorded in the receipt ledger on a timely basis, resulting in deposits not always being made timely.

To ensure receipts are deposited intact, counter receipt slips should be reconciled to the composition of the receipt ledger. All receipts should be recorded immediately in the receipt ledger and deposited on a timely basis to adequately safeguard receipts and reduce the risk of loss or misuse of funds.

- D. Receipt slips are not issued for copy monies and a receipt log is not kept of these monies. These monies are included with the change fund monies. When these monies have accumulated, they are then turned over to the County Treasurer.

To properly account for all receipts, prenumbered receipt slips should be issued or receipts should be recorded on a log immediately upon receipt. The method of payment received (cash, check, or money order) should be noted on the receipt slips or receipt log. To ensure all receipts are properly accounted for, receipt slips or receipt log amounts should be reconciled, including the composition of receipts, to amounts deposited.

WE RECOMMEND the Circuit Clerk:

- A. Ensure all criminal costs are accurately billed to the state on a timely basis.
- B. Maintain a listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

- C. Reconcile the composition of counter receipt slips to the composition of the receipt ledger. In addition, the Circuit Clerk should ensure all receipts are recorded immediately in the receipt ledger and deposited on a timely basis.
- D. Establish procedures to record and account for the copy monies.

AUDITEE'S RESPONSE

- A. *It is the Circuit Clerk's opinion and belief that during the time of this audit and in recent years prior thereto, criminal cost billings were being appropriately submitted to the state for incarceration costs on those individuals sentenced to serve a term in the Department of Corrections.*

Having procedures in place regarding the findings of indigency by those defendants requesting same, it was appropriate to submit criminal cost billings only on those defendants who were deemed indigent by Court order or by receiving a sentence without the privilege of a 120-day call back.

For those defendants being placed on probation, policy dictates that a condition of that probation always include the payment of court costs which are monitored by our local State Board of Probation and Parole. Policy indicates that failure to comply with this condition will result in an unfavorable report by the probation officer. Our Prosecuting Attorney who proceeds with filing an Application for Revocation then pursues this violation.

After much thought, discussion and research on the topic, all cases involving incarceration wherein a defendant is sentenced will be submitted to the state for cost reimbursement. Further, all cases involving a sentence in 2001 and 2002 wherein costs have not been paid in full will be submitted as well. We feel we are better capable of monitoring this activity with the aid of our new automated Judicial Information System as it enables proper reimbursement to the State when the defendant pays the costs as ordered.

Lastly, in response to a situation of under billing, we can only bill for those days that the Sheriff's office reports to us. It should be a given that mistakes will be made from time to time, none to intentionally deprive the county of any reimbursement.

- B. *Beginning January 1, 2003, a log will be created of all defendants receiving a sentence that shows the amount of costs owed. Another list will be created of those defendants sentenced within the last five years who still owe costs. These logs will be useful tools in monitoring any delinquencies so that additional statements can be issued or extra efforts can be made by the probation officers to collect the unpaid amounts.*
- C. *Reminders will be given to all staff of the importance of noting on the receipt the type of payment received.*

- D. *New procedures will be implemented in early 2003 resulting in the creation of an additional copy of counter receipt slips to accompany all cash receipts, including copy money, which will be posted daily rather than on an accumulative basis. As all receipts are prenumbered, this will be a minor change.*

2. Associate Circuit Division III's Procedures

Adequate records are not maintained to account for the individual traffic tickets issued and their ultimate disposition. Nine tickets we requested could not be located by Associate Circuit Division III, the Prosecuting Attorney's office or the Sheriff's department. In 2000, the Associate Circuit Court could not account for the numerical sequence of traffic tickets because the case log did not include the traffic ticket numbers. The Sheriff's department maintains a log of the tickets written by each deputy; however, the log can not be sorted by ticket number and we noted several sequences of tickets which were not accounted for fully.

Without proper accounting of the numerical sequence and ultimate disposition of traffic tickets, the Sheriff's department, Prosecuting Attorney's office, and Associate Circuit Division III cannot be assured that all tickets issued by the Sheriff's department are properly submitted to the court for processing. A log listing the ticket book, each ticket number, the date issued, offense, and the violator's name would enable the Sheriff's department, Prosecuting Attorney, and Associate Circuit Division III to ensure all tickets issued have been submitted to the court for processing, properly voided, or not prosecuted. In addition, a record should be maintained of the ultimate disposition of each ticket to ensure all documents have been accounted for properly.

WE RECOMMEND the Associate Circuit Division III work with the Sheriff's department and the Prosecuting Attorney's office to ensure records are maintained to account for the numerical sequence of all traffic tickets issued, as well as the ultimate disposition of tickets.

AUDITEE'S RESPONSE

We do not know if the JIS system used by the Court is capable of tracking traffic tickets in the manner suggested by the Auditors and we have no authority to compel the Sheriff or Prosecuting Attorney to maintain appropriate records of those tickets (which may or may not be filed with the Court), but we will, to the extent practical, work with those offices to implement this recommendation.

3. Juvenile Office's Accounting Controls and Procedures
--

- A. An adequate system to account for all payments received by the Juvenile Office for transmittal to other offices has not been established. The documentation of payments made to the Juvenile Office is currently maintained in individual case

files. The Juvenile Office has not established procedures to ensure all payments are accounted for in a readily accessible manner.

To ensure all payments made to the Juvenile Office are handled and accounted for properly, a log should be maintained showing each payment and its disposition. The log should contain information such as the payee, the amount of the money order, and the date and office where the monies were transmitted.

- B. A listing of accrued court costs and restitution owed is not maintained by the Juvenile Office and monitoring procedures related to accrued costs are not adequate. A complete and accurate listing of accrued costs would allow the Juvenile Office to more easily review the amounts due and to take appropriate steps to ensure amounts owed are collected. Inadequate procedures for the collection of accrued court costs may result in lost revenues.

WE RECOMMEND the Juvenile Office:

- A. Implement procedures to adequately account for payments.
- B. Maintain a listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

AUDITEE'S RESPONSE

- A. *We agree and have already implemented this recommendation.*
- B. *We are currently in the process of implementing a new accounting system. We will receive training by March 2003 and believe we can implement this recommendation at that time.*

4. Law Library Procedures

Controls over law library procedures are in need of improvement and supervisory review of accounting records is not performed. Approximately \$12,000 of law books and publications are purchased annually for the law library. Perpetual inventory records of law library materials are not maintained, annual physical inventories are not performed, and some books in the law library are not properly identified as county property. In addition, an issuance log is not maintained for law library materials checked out by attorneys. Furthermore, supervisory review of the accounting records is not performed. The law library custodian is responsible for preparing deposits, posting receipts to the check register, performing bank reconciliations, and preparing and signing checks.

A physical inventory should be performed annually and compared to perpetual inventory records. Properly identified books helps assure all books are included in the inventory records and identified as property of the law library. Proper inventory procedures

reduces the risk of loss, misuse, or theft of law library assets. To properly account for all law library materials, a properly documented issuance log should be maintained which includes the issuer's name, the name of the person checking out the materials, and the date and time of check out and check in of the materials.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. At a minimum, there should be a documented review made by an independent person of the books and records of the law library custodian.

WE RECOMMEND the Presiding Circuit Judge require the law library custodian to maintain perpetual inventory records, perform an annual physical inventory of all law library materials, and require all books to be properly identified as being property of the law library. In addition, a complete and properly documented law library materials issuance log should be maintained and supervisory review of accounting records should be performed.

AUDITEE'S RESPONSE

With regards to the inventory, that process has begun. With regards to identification of books, that has been performed by the current custodian since she took over and we will make an effort to identify books purchased in previous years as property of the law library. An accounting of law library funds will be provided annually and an independent person will make an annual physical inventory of law library materials. An issuance log will be difficult to maintain without a librarian, but we will consider options to address this concern.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

FIFTEENTH JUDICIAL CIRCUIT
LAFAYETTE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Fifteenth Judicial Circuit, Lafayette County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1995. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the judicial circuit should consider implementing those recommendations.

1. Child Support Account

Due to concerns noted in 1995 regarding the child support account, the Circuit Clerk requested assistance from the Office of State Courts Administrator (OSCA). The Circuit Clerk and the OSCA noted numerous errors and discrepancies. These apparent errors and discrepancies involved differences between recorded and deposited receipts and duplicate payments being made to custodial parents. The Circuit Clerk, along with the OSCA, attempted to resolve these errors and discrepancies, which may include recovery of some monies.

As a result of the problems noted above, the Circuit Clerk made several changes in accounting practices and procedures to ensure duties are properly segregated, and to ensure monies are adequately recorded, deposited, monitored, and disbursed.

Recommendation:

The Circuit Clerk ensure current practices and procedures are followed and continue to work with the OSCA to fully resolve all errors and discrepancies noted in the child support account.

Status:

Implemented.

2. Circuit Clerk's Accounting Controls - Fee Account

- A. Receipts were not deposited timely.
- B. Monthly listings of open items (liabilities) were not prepared and, consequently, open items were not reconciled with cash balances.

Recommendation:

The Circuit Clerk:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Prepare monthly listings of open items and reconcile the listings to the cash balance. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Implemented.

3. Child Support Delinquency Notices

Delinquency notices were not sent to absent parents for unpaid child support payments. Instead, the Circuit Clerk directed the custodial parents to the Missouri Division of Child Support Enforcement (DCSE) for enforcement against absent parents.

Recommendation:

The Circuit Clerk issue delinquent notices in accordance with state law.

Status:

Not implemented. Child support monies are now collected by the State of Missouri.

4. Sheriff's Accounting Controls and Procedures

The Sheriff of Lafayette County, in addition to being the chief law enforcement officer of the county, was responsible for collecting and disbursing fines and court cost for criminal and traffic cases assigned to the Associate Circuit Division. In the audit report of Lafayette County for the year ended December 31, 1995, the county's independent auditor made a series of recommendations for improving the accounting controls and procedures over monies collected by the Sheriff's office.

Recommendation:

The Associate Circuit Court work with the Sheriff's office to ensure the recommendations in the county's audit report are fully implemented.

Status:

Implemented. In January 1997, the Associate Circuit Court, instead of the Sheriff's office, started collecting and disbursing fines and court costs for criminal and traffic cases assigned to the Associate Circuit Court.

5. Law Library Fund

- A. Perpetual inventory records of the law library books and reference materials were not maintained.
- B. An annual physical inventory of the law library books and reference material was not performed.
- C. Some books in the law library were not properly identified as being the property of the Lafayette County Law Library.

Recommendation:

The Presiding Circuit Judge:

- A. Require perpetual inventory records be maintained.
- B. Require an annual physical inventory of all library materials be performed and compared to perpetual inventory records.
- C. Require all books be stamped "Property of Lafayette County Law Library".

Status:

- A, B,
&C. Not implemented. See MAR finding number 4.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

FIFTEENTH JUDICIAL CIRCUIT
LAFAYETTE COUNTY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Fifteenth Judicial Circuit consists of Lafayette County as well as Saline County.

The Fifteenth Judicial Circuit consists of one circuit judge and four associate circuit judges. The circuit judge hears cases throughout the circuit. He also serves as the presiding judge and, therefore is responsible for the administration of the circuit. Of the four associate judges, two are located in Lafayette County and preside over the Associate Circuit Court (Division III) and the Probate Division Court (Division II). The other two associate circuit judges are located in Saline County.

In addition to the judges, the Fifteenth Judicial Circuit, Lafayette County personnel include a circuit clerk, an associate division clerk, a probate division clerk, eleven deputy clerks, five deputy juvenile officers, a court reporter (who also serves Saline County), and a secretary (who also serves Saline County). The Juvenile Officer's home base is Lafayette County, but she also serves the residents of Saline County.

Circuit personnel located in Saline County are not included in the scope of this audit, but are reported on separately.

Operating Costs

The operating expenses for the circuit court, court reporter, and juvenile office, including the juvenile detention center are paid for by the two counties within the circuit, which is split equally between the counties except for the juvenile office in 2000. The 2000 juvenile office operating expenses were based on the population of the two counties. The salaries of all the court personnel and the juvenile office are paid by the state of Missouri.

Receipts

Receipts of the Fifteenth Judicial Circuit, Lafayette County, not including the Juvenile Division, were as follows:

	Year Ended December 31,	
	2001	2000
Court deposits, fees, bonds, and other \$	3,878,463	3,156,803
Child support	406,153	1,025,751
Interest income	15,766	14,860
Total	\$ 4,300,382	4,197,414

Caseload and Time Standards Statistics

From the Office of State Courts Administrator Missouri Judicial Reports, caseload statistics of the filings and dispositions of the Fifteenth Judicial Circuit, Lafayette County, were as follows:

	Year Ended June 30,			
	2001		2000	
	Filings	Dispositions	Filings	Dispositions
Civil	1,198	1,233	1,212	1,214
Criminal	11,410	11,854	14,139	12,379
Juvenile	81	69	84	99
Probate	115	97	96	104
Total	12,804	13,253	15,531	13,796

From the Office of State Courts Administrator Missouri Judicial Report for fiscal year 2001, statistics on the compliance of the Fifteenth Judicial Circuit, Lafayette County, with time standards for disposition of certain types of cases were as follows:

Personnel

Type of Case	Time Standard	Fifteenth Judicial Circuit Lafayette County, Missouri	State Total
Circuit Civil	90% in 18 months	80 %	78 %
	98% in 24 months	88	87
Domestic Relations	90% in 8 months	77	81
	98% in 12 months	85	89
Associate Civil	90% in 6 months	89	85
	98% in 12 months	96	96
Circuit Felony	90% in 8 months	82	85
	98% in 12 months	88	92
Associate Criminal	90% in 4 months	72	77
	98% in 6 months	82	88

At December 31, 2001, the judges, Circuit Clerk, and Juvenile Officer of the Fifteenth Judicial Circuit, Lafayette County, were as follows:

Dennis Rolf, Circuit Judge, Division I

John E. Frerking, Associate Circuit Judge, Division II - Probate Division

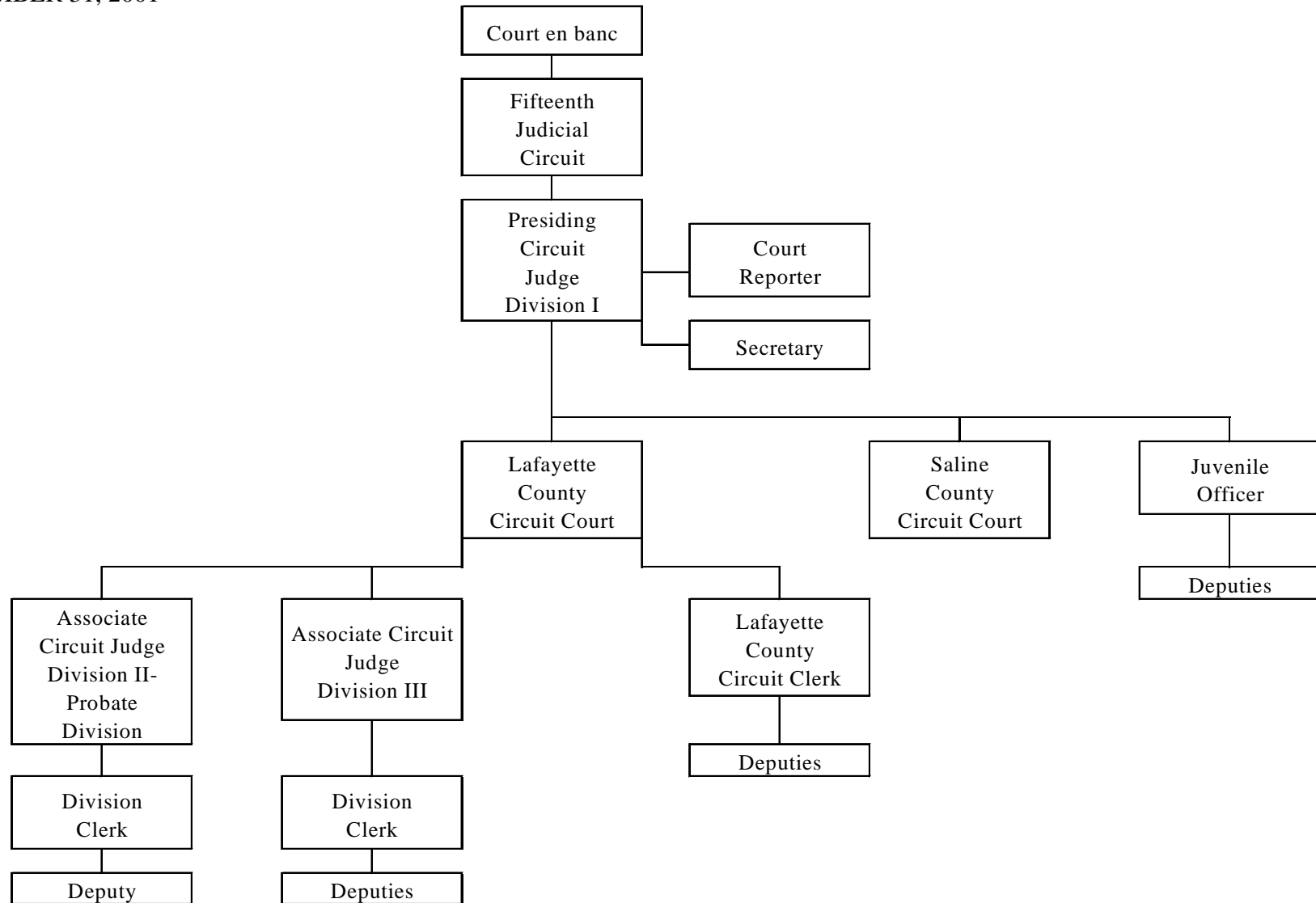
John G. Miller, Associate Circuit Judge, Division III

Deana Aversman, Circuit Clerk

Amy Meyers, Juvenile Officer

An organization chart follows:

FIFTEENTH JUDICIAL CIRCUIT
LAFAYETTE COUNTY, MISSOURI
ORGANIZATION CHART
DECEMBER 31, 2001





**REYNOLDS COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-11
February 6, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Reynolds, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Reynolds County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Formal budgets were not prepared for some county funds and disbursements were made in excess of approved budgets for various funds. Additionally, the county's annual published financial statements did not include the financial activity of some funds.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Reynolds County's Associate County Commissioners' salaries were each increased approximately \$7,110 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling \$14,220 for the two years ended December 31, 2000, should be repaid. In addition, one official was given a raise during their term of office without adequate documentation supporting the increase.

- Records of vacation leave, sick leave, and compensatory time balances are not centrally maintained. Some time sheets prepared are not indicating actual hours worked.

(over)

YELLOW SHEET

- Mileage reimbursements requests were not adequate. The county is overpaying its share of the juvenile office expenditures. Uniform allowances are not reported on the employees W-2 forms.
- Several weaknesses were identified in the offices of the Assessor, Prosecuting Attorney, and the Sheriff, including inadequate segregation of duties, inadequate receipting procedures, and receipts not deposited or transmitted on a timely basis.

The audit also includes some recommendations to restrict access to property tax programs and data files, develop a formal contingency plan, and to improve general fixed assets. In addition, recommendations were made to improve accounting controls and procedures of the Health Center, Senate Bill 40 Board, and the Senior Services Board.

All reports are available on our website: www.auditor.state.mo.us

REYNOLDS COUNTY, MISSOURI

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REYNOLDS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Reynolds County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Reynolds County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Reynolds County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Reynolds County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Reynolds County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended

December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 20, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Reynolds County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 20, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Rosemarie Edwards
Audit Staff:	Norma L. Payne
	Thomas Fox
	Andrea Filipcanova



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Reynolds County, Missouri

We have audited the special-purpose financial statements of various funds of Reynolds County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated September 20, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Reynolds County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Reynolds County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Reynolds County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 20, 2002(fieldwork completion date)

Financial Statements

Exhibit A-1

REYNOLDS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 80,054	770,104	733,603	116,555
Special Road and Bridge	140,228	1,016,267	986,243	170,252
Assessment	5,602	94,459	96,484	3,577
Law Enforcement Training	1,105	1,844	2,733	216
Prosecuting Attorney Training	199	560	651	108
Recorder's User Fees	23,519	4,991	0	28,510
Children's Trust	25	401	0	426
Sweetwater Cemetery Trust	4,425	333	206	4,552
Sheriff's Civil Fees	3,455	4,892	0	8,347
Senior Services Board	4,392	30,728	32,933	2,187
Health Center	70,907	247,884	253,466	65,325
Senate Bill 40 Board	38,443	103,390	96,872	44,961
Circuit Clerk Interest	843	159	440	562
Emergency Grant	0	19,352	19,352	0
Sound Recording	40	110	0	150
Associate Circuit Division Interest	1,986	185	440	1,731
Law Library	4	2,010	1,933	81
Sheriff's Calendar	192	782	782	192
Prosecuting Attorney Bad Check	0	778	114	664
Total	\$ 375,419	2,299,229	2,226,252	448,396

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

REYNOLDS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 71,291	688,292	679,529	80,054
Special Road and Bridge	122,878	938,490	921,140	140,228
Assessment	2,342	94,636	91,376	5,602
Law Enforcement Training	1,210	1,554	1,659	1,105
Prosecuting Attorney Training	91	333	225	199
Recorder's User Fees	19,946	4,118	545	23,519
Children's Trust	100	285	360	25
Sweetwater Cemetery Trust	4,410	226	211	4,425
Sheriff's Civil Fees	4,352	4,125	5,022	3,455
Senior Services Board	4,503	30,720	30,831	4,392
Health Center	60,864	231,493	221,450	70,907
Senate Bill 40 Board	26,215	102,776	90,548	38,443
Circuit Clerk Interest	335	518	10	843
Emergency Grant	0	18,125	18,125	0
Sound Recording	0	40	0	40
Associate Circuit Division Interest	1,858	340	212	1,986
Special Law Enforcement	5,579	43	5,622	0
Law Library	634	2,090	2,720	4
Sheriff's Calendar	0	866	674	192
Total	\$ 326,608	2,119,070	2,070,259	375,419

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

REYNOLDS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 2,181,651	2,295,659	114,008	2,132,014	2,097,609	(34,405)
DISBURSEMENTS	2,251,799	2,223,423	28,376	2,129,208	2,048,528	80,680
RECEIPTS OVER (UNDER) DISBURSEMENTS	(70,148)	72,236	142,384	2,806	49,081	46,275
CASH, JANUARY 1	368,804	375,223	6,419	321,294	324,116	2,822
CASH, DECEMBER 31	298,656	447,459	148,803	324,100	373,197	49,097
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	293,800	301,551	7,751	290,300	275,443	(14,857)
Sales taxes	0	11,398	11,398	0	0	0
Intergovernmental	279,496	268,850	(10,646)	185,239	223,857	38,618
Charges for services	110,400	115,520	5,120	113,430	110,210	(3,220)
Interest	9,700	12,130	2,430	11,812	8,143	(3,669)
Other	66,785	32,267	(34,518)	60,345	31,711	(28,634)
Transfers in	28,025	28,388	363	27,921	38,928	11,007
Total Receipts	788,206	770,104	(18,102)	689,047	688,292	(755)
DISBURSEMENTS						
County Commission	61,930	61,537	393	61,930	61,911	19
County Clerk	47,608	47,442	166	47,650	47,630	20
Elections	11,440	10,776	664	33,180	32,145	1,035
Buildings and grounds	27,806	35,114	(7,308)	27,806	26,873	933
Employee fringe benefits	39,434	39,679	(245)	36,984	34,516	2,468
County Treasurer	23,265	22,787	478	23,265	22,478	787
County Collector	53,800	50,677	3,123	53,800	51,648	2,152
Circuit Clerk	18,394	17,730	664	18,394	17,732	662
Associate Circuit Court	4,000	3,306	694	4,000	3,051	949
Associate Circuit (Probate)	600	1,955	(1,355)	600	588	12
Court administration	3,775	3,534	241	3,775	4,141	(366)
Public Administrator	19,890	19,848	42	4,990	4,562	428
Sheriff	291,595	277,644	13,951	219,593	233,221	(13,628)
Jail	11,050	8,745	2,305	11,050	11,397	(347)
Prosecuting Attorney	65,401	69,322	(3,921)	56,365	56,197	168
Juvenile Officer	10,868	11,243	(375)	14,784	15,420	(636)
County Coroner	8,700	8,814	(114)	4,300	4,334	(34)
Other	40,100	32,295	7,805	40,100	42,994	(2,894)
Transfers out	4,700	11,155	(6,455)	4,700	8,691	(3,991)
Emergency Fund	30,000	0	30,000	30,000	0	30,000
Total Disbursements	774,356	733,603	40,753	697,266	679,529	17,737
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,850	36,501	22,651	(8,219)	8,763	16,982
CASH, JANUARY 1	80,054	80,054	0	71,291	71,291	0
CASH, DECEMBER 31	93,904	116,555	22,651	63,072	80,054	16,982

Exhibit B

REYNOLDS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	167,500	162,354	(5,146)	165,000	189,547	24,547
Intergovernmental	677,825	748,037	70,212	715,000	711,311	(3,689)
Interest	11,500	10,093	(1,407)	8,500	9,860	1,360
Grader buy-back	0	77,500	77,500	0	0	0
Other	29,000	7,192	(21,808)	73,000	19,151	(53,849)
Transfers in	0	11,091	11,091	0	8,621	8,621
Total Receipts	885,825	1,016,267	130,442	961,500	938,490	(23,010)
DISBURSEMENTS						
Salaries	327,288	328,577	(1,289)	335,000	327,289	7,711
Employee fringe benefits	69,306	75,023	(5,717)	69,346	68,645	701
Supplies	147,289	106,841	40,448	126,800	117,871	8,929
Insurance	20,000	21,427	(1,427)	22,000	19,995	2,005
Road and bridge materials	106,123	124,783	(18,660)	105,800	103,933	1,867
Equipment repairs	30,000	22,486	7,514	30,000	15,752	14,248
Rentals	13,000	0	13,000	250	0	250
Equipment purchases	233,828	242,353	(8,525)	227,000	217,143	9,857
Construction, repair, and maintenance	0	15,803	(15,803)	12,500	3,000	9,500
Other	321	20,925	(20,604)	2,000	19,591	(17,591)
Transfers out	28,025	28,025	0	27,921	27,921	0
Total Disbursements	975,180	986,243	(11,063)	958,617	921,140	37,477
RECEIPTS OVER (UNDER) DISBURSEMENTS	(89,355)	30,024	119,379	2,883	17,350	14,467
CASH, JANUARY 1	140,228	140,228	0	122,878	122,878	0
CASH, DECEMBER 31	50,873	170,252	119,379	125,761	140,228	14,467
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	93,792	89,950	(3,842)	93,792	89,968	(3,824)
Interest	800	1,367	567	800	1,301	501
Other	6,000	3,142	(2,858)	6,000	3,367	(2,633)
Transfers in	15,594	0	(15,594)	15,594	0	(15,594)
Total Receipts	116,186	94,459	(21,727)	116,186	94,636	(21,550)
DISBURSEMENTS						
Assessor	115,033	96,484	18,549	115,033	91,376	23,657
Total Disbursements	115,033	96,484	18,549	115,033	91,376	23,657
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,153	(2,025)	(3,178)	1,153	3,260	2,107
CASH, JANUARY 1	5,602	5,602	0	2,342	2,342	0
CASH, DECEMBER 31	6,755	3,577	(3,178)	3,495	5,602	2,107
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	522	522	0	500	500
Charges for services	1,555	1,322	(233)	2,000	1,054	(946)
Total Receipts	1,555	1,844	289	2,000	1,554	(446)
DISBURSEMENTS						
Sheriff	1,500	2,733	(1,233)	1,500	1,659	(159)
Total Disbursements	1,500	2,733	(1,233)	1,500	1,659	(159)
RECEIPTS OVER (UNDER) DISBURSEMENTS	55	(889)	(944)	500	(105)	(605)
CASH, JANUARY 1	1,105	1,105	0	1,210	1,210	0
CASH, DECEMBER 31	1,160	216	(944)	1,710	1,105	(605)

Exhibit B

REYNOLDS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	300	496	196	500	263	(237)
Transfers In	0	64	64	0	70	70
Total Receipts	300	560	260	500	333	(167)
DISBURSEMENTS						
Prosecuting Attorney	520	651	(131)	450	225	225
Total Disbursements	520	651	(131)	450	225	225
RECEIPTS OVER (UNDER) DISBURSEMENTS	(220)	(91)	129	50	108	58
CASH, JANUARY 1	199	199	0	91	91	0
CASH, DECEMBER 31	(21)	108	129	141	199	58
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	2,800	3,698	898	4,232	3,036	(1,196)
Interest	900	1,293	393	0	1,082	1,082
Total Receipts	3,700	4,991	1,291	4,232	4,118	(114)
DISBURSEMENTS						
Recorder of Deeds	3,000	0	3,000	0	545	(545)
Total Disbursements	3,000	0	3,000	0	545	(545)
RECEIPTS OVER (UNDER) DISBURSEMENTS	700	4,991	4,291	4,232	3,573	(659)
CASH, JANUARY 1	23,519	23,519	0	19,946	19,946	0
CASH, DECEMBER 31	24,219	28,510	4,291	24,178	23,519	(659)
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for services	275	401	126	300	285	(15)
Total Receipts	275	401	126	300	285	(15)
DISBURSEMENTS						
Transfers out	0	0	0	350	360	(10)
Total Disbursements	0	0	0	350	360	(10)
RECEIPTS OVER (UNDER) DISBURSEMENTS	275	401	126	(50)	(75)	(25)
CASH, JANUARY 1	25	25	0	100	100	0
CASH, DECEMBER 31	300	426	126	50	25	(25)

Exhibit B

REYNOLDS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SWEETWATER CEMETERY TRUST FUND</u>						
RECEIPTS						
Interest	225	233	8	200	226	26
Other	0	100	100	0	0	0
Total Receipts	225	333	108	200	226	26
DISBURSEMENTS						
Maintenance	187	183	4	200	188	12
Transfers out	23	23	0	0	23	(23)
Total Disbursements	210	206	4	200	211	(11)
RECEIPTS OVER (UNDER) DISBURSEMENTS	15	127	112	0	15	15
CASH, JANUARY 1	4,425	4,425	0	4,410	4,410	0
CASH, DECEMBER 31	4,440	4,552	112	4,410	4,425	15
<u>SHERIFF'S CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	5,000	4,624	(376)	5,000	4,040	(960)
Interest	0	268	268	0	85	85
Total Receipts	5,000	4,892	(108)	5,000	4,125	(875)
DISBURSEMENTS						
Transfers out	6,500	0	6,500	4,352	5,022	(670)
Total Disbursements	6,500	0	6,500	4,352	5,022	(670)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	4,892	6,392	648	(897)	(1,545)
CASH, JANUARY 1	3,455	3,455	0	4,352	4,352	0
CASH, DECEMBER 31	1,955	8,347	6,392	5,000	3,455	(1,545)
<u>SENIOR SERVICES BOARD FUND</u>						
RECEIPTS						
Property taxes	29,523	30,288	765	29,000	30,288	1,288
Intergovernmental	0	86	86	0	41	41
Interest	400	354	(46)	400	391	(9)
Total Receipts	29,923	30,728	805	29,400	30,720	1,320
DISBURSEMENTS						
Services for Senior Citizens	32,600	32,600	0	30,440	30,499	(59)
Other	325	333	(8)	300	332	(32)
Total Disbursements	32,925	32,933	(8)	30,740	30,831	(91)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,002)	(2,205)	797	(1,340)	(111)	1,229
CASH, JANUARY 1	0	4,392	4,392	1,896	4,503	2,607
CASH, DECEMBER 31	(3,002)	2,187	5,189	556	4,392	3,836

Exhibit B

REYNOLDS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	95,000	101,044	6,044	93,000	101,047	8,047
Intergovernmental	95,580	135,048	39,468	93,800	121,550	27,750
Charges for services	4,200	4,137	(63)	5,000	3,716	(1,284)
Interest	3,200	3,752	552	3,000	3,185	185
Other	35,520	3,903	(31,617)	33,050	1,995	(31,055)
Total Receipts	233,500	247,884	14,384	227,850	231,493	3,643
DISBURSEMENTS						
Salaries	166,311	204,827	(38,516)	157,268	182,074	(24,806)
Office expenditures	16,100	20,630	(4,530)	17,609	16,771	838
Equipment	1,550	1,433	117	3,700	3,383	317
Mileage and training	6,500	7,061	(561)	6,617	6,365	252
Other	43,039	19,515	23,524	45,356	12,857	32,499
Total Disbursements	233,500	253,466	(19,966)	230,550	221,450	9,100
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(5,582)	(5,582)	(2,700)	10,043	12,743
CASH, JANUARY 1	70,907	70,907	0	60,864	60,864	0
CASH, DECEMBER 31	70,907	65,325	(5,582)	58,164	70,907	12,743
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	95,000	101,044	6,044	95,000	100,954	5,954
Intergovernmental	147	286	139	0	147	147
Interest	1,682	2,053	371	0	1,150	1,150
Other	0	7	7	0	525	525
Total Receipts	96,829	103,390	6,561	95,000	102,776	7,776
DISBURSEMENTS						
Sheltered Workshop	90,500	94,201	(3,701)	90,000	90,026	(26)
Other	0	2,671	(2,671)	0	522	(522)
Total Disbursements	90,500	96,872	(6,372)	90,000	90,548	(548)
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,329	6,518	189	5,000	12,228	7,228
CASH, JANUARY 1	38,402	38,443	41	26,000	26,215	215
CASH, DECEMBER 31	44,731	44,961	230	31,000	38,443	7,443
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	235	159	(76)	299	518	219
Total Receipts	235	159	(76)	299	518	219
DISBURSEMENTS						
Circuit Clerk	450	440	10	150	10	140
Total Disbursements	450	440	10	150	10	140
RECEIPTS OVER (UNDER) DISBURSEMENTS	(215)	(281)	(66)	149	508	359
CASH, JANUARY 1	843	843	0	335	335	0
CASH, DECEMBER 31	628	562	(66)	484	843	359

Exhibit B

REYNOLDS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EMERGENCY GRANT FUND</u>						
RECEIPTS						
Intergovernmental	18,125	19,352	1,227			
Total Receipts	18,125	19,352	1,227			
DISBURSEMENTS						
Whole Health Outreach	17,785	19,012	(1,227)			
Transfers out	340	340	0			
Total Disbursements	18,125	19,352	(1,227)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<u>SOUND RECORDING FUND</u>						
RECEIPTS						
Charges for services	40	110	70			
Total Receipts	40	110	70			
DISBURSEMENTS						
Sound Recording	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	40	110	70			
CASH, JANUARY 1	40	40	0			
CASH, DECEMBER 31	80	150	70			
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	1,727	185	(1,542)			
Total Receipts	1,727	185	(1,542)			
DISBURSEMENTS						
Associate Circuit Division	0	440	(440)			
Total Disbursements	0	440	(440)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,727	(255)	(1,982)			
CASH, JANUARY 1	0	1,986	1,986			
CASH, DECEMBER 31	1,727	1,731	4			
<u>SPECIAL LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Interest		500	43	(457)		
Total Receipts		500	43	(457)		
DISBURSEMENTS						
Transfers out		0	5,622	(5,622)		
Total Disbursements		0	5,622	(5,622)		
RECEIPTS OVER (UNDER) DISBURSEMENTS		500	(5,579)	(6,079)		
CASH, JANUARY 1		5,579	5,579	0		
CASH, DECEMBER 31	\$	6,079	0	(6,079)		

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

REYNOLDS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Reynolds County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Senior Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2001 and 2000
Sheriff's Calendar Fund	2001 and 2000
Prosecuting Attorney Bad Check Fund	2001
Emergency Grant Fund	2000
Sound Recording Fund	2000
Associate Circuit Division Interest Fund	2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2001 and 2000
Senior Services Board Fund	2001 and 2000
Senate Bill 40 Board Fund	2001 and 2000
Special Road and Bridge Fund	2001
Prosecuting Attorney Training Fund	2001
Health Center Fund	2001
Emergency Grant Fund	2001
Associate Circuit Division Interest Fund	2001
Recorder's User Fees Fund	2000
Children's Trust Fund	2000
Sweetwater Cemetery Trust Fund	2000
Sheriff's Civil Fees Fund	2000
Special Law Enforcement Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, deficit balances were budgeted in the Prosecuting Attorney Training Fund and the Senior Services Board Fund for the year ended December 31, 2001. However, the Senior Services Board Fund had sufficient cash available that was not reflected on the budget.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	2001 and 2000
Associate Circuit Division Interest Fund	2001 and 2000
Law Library Fund	2001 and 2000
Sheriff's Calendar Fund	2001 and 2000
Prosecuting Attorney Bad Check Fund	2001

Additionally, for the Senior Services Board Fund, the Health Center Fund, and the Senate Bill 40 Board Fund, the county's published financial statements for the years ended December 31, 2001 and 2000, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depository insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2001, \$590,023 was covered by federal depository insurance and \$1,070,743 was covered by collateral pledged by one bank and held by the safekeeping department of the pledging bank in the county's name.

Of the county's bank balance at December 31, 2000, \$612,972 was covered by federal depository insurance and \$678,917 was covered by collateral pledged by one bank and held by the safekeeping department of the pledging bank in the county's name.

The Health Center Board's, the Senate Bill 40 Board's, and the Senior Services Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for the Senate Bill 40 Board at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Schedule

REYNOLDS COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2001 AND 2000

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

REYNOLDS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Reynolds County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated September 20, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Reynolds County but does not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Computer Controls**

The county has a computer system which is utilized by the County Clerk, the County Assessor, and the County Collector. During our review of the internal controls over the system, we noted the following weaknesses:

- A. Access to the property tax programs and data files is not adequately restricted and changes to data are not routinely monitored.
 - 1) Passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords are effectively limiting access to the property tax data files and programs to only those individuals who need access for their job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.
 - 2) Security codes which allow different types of editing (i.e., read, write, delete, add, etc.) are not in place that limit access to the various data files and programs utilized by the County Assessor, County Collector, and County Clerk. Lack of security codes and procedures provides the potential for personnel to make undetected and unauthorized changes to information.
 - 3) After the County Assessor provides assessment values to the county, the County Collector makes additions and abatements to the property tax system based upon court orders prepared by the County Clerk. The system generates a report of changes, but this report is not periodically reviewed or compared to approved court orders. Comparisons of change report information to approved court orders would ensure only authorized changes were made to the property tax system and would allow for the timely detection and correction of errors.

Since access to various information is not adequately restricted, unauthorized changes could possibly be made to programs and/or data files without the changes being detected. For example, unauthorized changes could be made to assessed valuation amounts, payment of taxes, or the extension of taxes by officials or employees in offices other than the one specifically responsible for such duties.

To establish individual responsibility, and to preserve the integrity of computer programs and data files, access to information should be limited to only those individuals who need access for completion of job responsibilities. Additionally, all changes should be identified by user and change reports should be reviewed by the County Commission.

- B. The county does not have a formal emergency contingency plan for the computer system, and has not formally negotiated arrangements for backup facilities in the event of a disaster.

Contingency plans should include plans for a variety of situations, such as short- and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the county's degree of reliance on the data processing, the need for contingency planning is evident.

These conditions were noted in our four prior reports. Although the County Commission has responded in the previous reports that these issues will be discussed with the programmer and necessary changes made to implement the recommendations, no changes have been made to the computer system to implement these recommendations. It appears the County Commission is reluctant to make changes or to incur the costs associated with making changes to the computer system.

WE AGAIN RECOMMEND the County Commission ensure:

- A. Access to specific computer programs/data files is restricted to authorized individuals through a system of passwords and security codes. Passwords should be unique by individual and changed periodically. Additionally, procedures should be implemented to monitor changes made to the property tax system.
- B. A formal contingency plan for the county's computer system is developed.

AUDITEE'S RESPONSE

- A. *We have discussed these issues with the programmer and at this time we are unwilling to incur the costs associated with changing the computer system. The next time the computer system is upgraded, we will make these changes to the computer system. We will do a better job of monitoring the changes made to the property tax system.*
- B. *We will attempt to develop a formal contingency plan within the next year.*

2. Budgetary Practices

- A. Formal budgets were not prepared for various county funds for the years ended December 31, 2001 and 2000. The County Clerk indicated that these funds were

small and difficult to budget and some were new funds established after the budget document had been prepared.

Chapter 50, RSMo 2000, requires the preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission would be able to more effectively evaluate all county resources.

- B. The County Commission and other applicable officials did not have adequate procedures to monitor budgeted and actual expenditures. As a result, expenditures exceeded approved budgets in several county funds as follows:

Fund	Year Ended December 31,	
	2001	2000
Law Enforcement Training	1,233	160
Special Road and Bridge	11,062	N/A
Prosecuting Attorney Training	131	N/A
Emergency Grant	1,227	N/A
Associate Circuit Division Interest	440	N/A
Recorder's User Fees	N/A	545
Children's Trust	N/A	10
Sweetwater Cemetery Trust	N/A	11
Sheriff's Civil Fees	N/A	670
Special Law Enforcement	N/A	5,622

While budget to actual data is provided to the County Commission, the county's procedures and reports are not resulting in effective monitoring of various budgets. It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. Also, Section 50.622, RSMo 2000, provides counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- C. The annual published financial statements of the county did not include some of the financial activity of some county funds as required. The county's annual published financial statements did not indicate disbursements by vendor for some of the funds presented. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning

and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county and county boards should be included.

Conditions A and B were noted in our two prior reports.

WE RECOMMEND the County Commission:

- A. Ensure budgets for all county funds are obtained or prepared.
- B. Not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- C. Ensure complete financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE

- A. *We will try to budget all funds.*
- B. *We will do a better job of monitoring actual expenditures to ensure budgeted expenditures are not exceeded. Amended budgets will be prepared when needed.*
- C. *We will include more detail in the published financial statement for all funds.*

3. County Officials' Compensation
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- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute and according to the salary commission minutes, Reynolds County's Associate County Commissioners' salaries were each increased in 1999 approximately \$7,110 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,220 for the two years ended

December 31, 2000, should be repaid. The County Commission indicated it discussed this situation with the Prosecuting Attorney and he is working on a legal opinion regarding the collection of the salary overpayments.

- B. Salaries for elected county officials' are determined by the actions of the Salary Commission. During our review of elected official's salaries, we noted that one official received a salary increase during the third year of a four year term. This appears to violate Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. While the official indicated the increase in salary was due to an increase in the county's assessed valuation which caused the salary limit to increase, the salary commission meeting minutes included no documentation to support the increase or how the increase was calculated. Also, there was no documentation to indicate why the increase in assessed valuation only affected one official. In addition, a written opinion as to the legality of the action taken was not obtained from the county Prosecuting Attorney.

The County Commission should review this matter with the county Prosecuting Attorney to ensure the proper amounts were paid to the various officials and to ensure the actions of the salary commission were appropriate. Also, the County Commission should ensure all future salary commission decisions are thoroughly documented and all future officials' salaries are supported by actions of the salary commission.

WE RECOMMEND the County Commission:

- A. Review the Prosecuting Attorney's legal opinion and develop a plan for obtaining the repayment of the salary overpayments.
- B. Ensure salary commission minutes clearly document all decisions made and all future elected officials' salaries are supported by actions of the salary commission. In addition, written legal opinions should be obtained from the Prosecuting Attorney to support the decisions of the salary commission.

AUDITEE'S RESPONSE

- A. *We will take the Prosecuting Attorney's opinion under advisement and make a decision regarding the overpayments at that time.*
- B. *We will take the Prosecuting Attorney's opinion under advisement and make a decision regarding the overpayments at that time. We will ensure all pay increases are properly documented in the salary commission minutes.*

4. Personnel Policies and Procedures

During our review of payroll records we noted the following concerns:

- A. The County Clerk does not maintain detailed records of vacation leave, sick leave or compensatory time earned, taken, or accumulated. The County Clerk indicated leave records are to be maintained by each individual office but our review noted some offices are not maintaining these records.

Without centralized and complete leave records, the County Commission cannot ensure that employee's vacation leave, sick leave, and overtime records are accurate, that all employees are treated equitably, and that leave time used does not exceed leave time earned and accumulated. Centralized leave records also aid in determining final pay for employees leaving county employment.

- B. Time sheets prepared by employees of the Sheriff's department did not always indicate actual hours worked. Time sheets prepared usually indicate five eight hour days are worked each week; however, employees indicated the actual hours worked are often different than the hours recorded. No explanation was provided to indicate the reason why an incorrect procedure was being followed for time sheets.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. The time records should be prepared by the employee, approved by the applicable supervisor, and filed with the County Clerk.

WE RECOMMEND the County Commission:

- A. Ensure a balance of leave accumulated and taken for each employee is maintained by the County Clerk.
- B. Require all employees to complete time sheets which report actual hours worked. The records should be prepared by employees, approved by the applicable supervisor, and filed with the County Clerk.

AUDITEE'S RESPONSE

- A. *We agree that leave records needs to be maintained. We will work on ensuring these records are maintained in the next six months. We are considering purchasing software that includes payroll processing and also includes maintenance of leave records.*
- B. *We will discuss this issue with the Sheriff and request that time sheets document actual hours worked.*

5.**County Expenditures**

- A. Mileage reimbursement requests are not always adequate for claims submitted. For example, we noted one mileage reimbursement request totaling \$500 only indicated the number of miles driven during a day and did not indicate the purpose or destination of the trip. For another mileage reimbursement request totaling \$500, the purpose or destination information was too general and not adequately descriptive. For example, the destination was indicated as Centerville to Ellington area but the number of miles on the mileage reimbursement requests ranged from 68 to 188 miles. Also, the Sheriff's department employees are reimbursed for mileage incurred for transporting prisoners and for training. Generally, the county only received a voucher that indicated the total number of miles driven. We noted one voucher totaling \$121 which did not include the date, purpose, and location traveled to and from. Given the county spent \$39,000 on mileage reimbursements, more detailed documentation would provide better controls in this area.
- B. The County is overpaying its share of the juvenile office expenditures. The County pays a portion of juvenile office expenditures for the 42nd Judicial Circuit based upon a percentage determined by the population of the county in proportion to the entire judicial circuit, according to the most recent census. The Juvenile Officer did not update the billing percentage based on the new 2000 census data. During our review of juvenile office expenditures and billings, we noted Reynolds County is being billed at the 1990 census rate of 10.78% rather than the new 2000 census rate of 9.78%.
- C. Uniform allowances of \$50 are paid to the Sheriff's deputies and a uniform allowance of \$100 is paid to the Sheriff on a monthly basis. These allowances totaled approximately \$6,600 and \$6,000 for the years ended December 31, 2001 and 2000, respectively. The Sheriff and deputies are not required to submit invoices or an itemized expense report to support the allowance, nor are uniform allowances reported on W-2 forms.

Internal Revenue Service Regulations 1.62-2(h) and 31.3401(a)-4(b) specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments. Procedures have not been established to ensure IRS regulations are followed. As a result, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

WE RECOMMEND the County Commission:

- A. Require detailed mileage reimbursement requests be submitted by employees for

- mileage reimbursement. The mileage reimbursement request would include the date, purpose, location traveled to and from, and total miles traveled.
- B. Ensure the correct percentage is used to prorate future juvenile office expenditures. In addition, the County Commission should review prior expenses to determine amounts overpaid and pursue reimbursement of these expenses as appropriate.
 - C. Ensure that uniform allowances are included on employee W-2 forms in compliance with IRS reporting requirements.

AUDITEE'S RESPONSE

- A. *We will require mileage reimbursement requests to be submitted and sufficiently detailed.*
- B. *This has been corrected. We will review prior expenses to determine if this needs to be pursued.*
- C. *We are considering switching to an actual reimbursement basis. If we do not switch, the uniform allowances will be included on the employee's W-2 forms.*

6.	Fixed Assets
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The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories or inspections. Currently, the County Clerk maintains a manual inventory listing of fixed assets held by county officials; however, additions and deletions are not always recorded on the fixed asset records as they occur. In addition, the County Clerk does not periodically reconcile equipment purchases with additions to the fixed assets records. During our review of county expenditures, we noted a road grader purchased for \$163,922 was not recorded on the fixed assets listing. Additionally, two surveillance cameras purchased for the Sheriff's department costing \$4,695 were not recorded on the fixed asset listing. Reconciling equipment purchases to additions to the fixed assets records would help ensure all purchases have been added to the fixed asset records.

In addition, the county does not have formal procedures for disposing of county owned property. Written authorization is not obtained from the County Commission. Currently, when an item is no longer needed or useful, the officeholder or department head will dispose of the property or place the item in storage without getting written approval from the County Commission. As a result, the County Commission and the County Clerk are not always aware of the disposal of fixed assets and the fixed assets are not removed from the fixed asset records.

Adequate general fixed asset records are necessary to meet statutory requirements, secure

better internal control over county property, and provide a basis for determining proper insurance coverage for county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

AUDITEE'S RESPONSE

We will establish a written fixed asset policy.

7. Assessor's Accounting Controls and Procedures

The Assessor's office collects monies from the sale of plat books and maps. Monies received are transmitted periodically to the County Treasurer. During our review of the Assessor's accounting controls and procedures related to the handling of these monies, we noted the following concerns:

- A. Accounting duties for the Assessor's office are not adequately segregated. One employee is primarily responsible for receiving, recording, and transmitting monies to the County Treasurer. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. At a minimum, there should be a documented independent comparison of receipt slips issued to amounts transmitted to the County Treasurer.
- B. Receipt slips were not issued for some monies received. During our review of comparing the Assessor's receipt slip book and the account ledger, we noted one instance where a receipt slip was not written for a \$147 receipt. To ensure receipts are accounted for properly, prenumbered receipt slips should be issued for all monies received.

- C. The Assessor's office issues two-part prenumbered receipt slips when individuals receive plat books and/or maps whether or not the individuals pay at that time. The top copies of the receipt slips are issued to the individuals when they pick up the books or maps. Subsequently, the amount due along with all other amounts collected are recorded in the account ledger when the plat books or maps are sold. Receipts are recorded in the account ledger when the payment is collected.

The Assessor's office should issue receipt slips to individuals only when monies are received to ensure monies received are accounted for properly.

- D. Receipts are not transmitted to the County Treasurer on a timely basis. Transmittals to the County Treasurer are typically made only once a month and average over \$200. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer daily or when accumulated receipts exceed \$100.
- E. The Assessor allows his employees to cash personal checks from receipts. To ensure all receipts are accounted for and transmitted to the County Treasurer intact, personal checks should not be cashed with official receipts.

Conditions A, C, and D were noted in our prior report.

WE RECOMMEND the County Assessor:

- A. Adequately segregate duties among available employees and/or establish a documented periodic review of the accounting records by an independent person.
- B. Issue prenumbered receipt slips for all monies received.
- C. Ensure receipt slips are issued to individuals only when monies are received.
- D. Transmit all monies to the County Treasurer daily or when accumulated receipts exceed \$100.
- E. Discontinue the practice of cashing personal checks for employees.

AUDITEE'S RESPONSE

- A. *I will perform a monthly review of the accounting records to ensure cash/check compositions of receipts agree to cash/check composition of monies transmitted to the County Treasurer.*
- B. *I want prenumbered receipt slips to be issued for all monies received. This was just an oversight in not issuing a receipt slip for these monies.*
- C. *This has been implemented. An invoice system has been set up for accounts receivable so that receipt slips are only written when monies are received.*

- D. *Receipts will be transmitted to the County Treasurer when receipts exceed \$100.*
- E. *I will no longer allow personal checks to be cashed.*

8. Prosecuting Attorney's Accounting Controls and Procedures

The Prosecuting Attorney's office collects bad check monies and fees and restitution. The Prosecuting Attorney normally requires bad check offenders to remit two money orders or cashier's checks, one payable to the merchant for restitution and bank fees, and one payable to the County Treasurer for bad check fees. The restitution monies ordered by the court are deposited into a bank account. During our review of the Prosecuting Attorney's accounting controls and procedures related to the handling of these monies, we noted the following concerns:

- A. Prenumbered receipt slips are not issued for bad check monies received. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, prenumbered receipt slips should be issued for all monies received.
- B. Restitution receipts are not deposited on a timely basis. We noted \$151 in restitution monies received on August 3, 2001 was not deposited until September 24, 2001. The total deposit was \$616 and included all receipts from August 3 to September 24. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- C. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks has not been established. Currently, Reynolds County merchants complete an unnumbered complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. The complaint forms, and information regarding the handling of each case, is maintained in individual case files. The Prosecuting Attorney's office has not established procedures to ensure the disposition of bad checks has been accounted for.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned number, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including date payment was received and transmitted to the merchant or the criminal case in which charges were filed or other disposition.

WE RECOMMEND the Prosecuting Attorney:

- A. Issue prenumbered receipt slips for all monies received.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Implement procedures to adequately account for bad checks received, as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form or bad check received and a log to account for the numerical sequence and disposition of each bad check.

AUDITEE'S RESPONSE

- A. *This has been implemented.*
- B. *We have started making deposits more often and we will continue to try and deposit monies more frequently.*
- C. *A new log has been implemented which will allow for tracking of all bad checks received as well as the ultimate disposition.*

9. Sheriff's Accounting Controls and Procedures
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The Sheriff collects various criminal and civil fees, bonds, gun permit fees, phone commissions, and reimbursements for boarding and transporting prisoners.

- A. During our review, we noted the following concerns related to receipts:
 - 1. Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing and disbursing monies, and maintaining the accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.
 - 2. Receipts are not deposited intact on a timely basis. Receipts are deposited approximately twice a month and are not always deposited in the order received. Separate deposits are made for gun permit monies and for bonds as these monies are deposited separately from other receipts. Deposits made during the months reviewed were always over \$400.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse

of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

3. Procedures for following up on prisoner boarding and paper service billings were not adequate. The Sheriff's department maintains a monthly log by deputy of paper service billings and also maintains the original billing for board bills, but does not ensure that billings submitted have been collected. The Sheriff's department was unsure of costs due to them from other counties or the state.

- B. Formal bank reconciliations are not prepared on a monthly basis. As of August 2002, monthly bank reconciliations for the Sheriff's account had not been completed since December 1999. As a result of the lack of formal bank reconciliations, the Sheriff had \$302 in old outstanding checks that were over a year old. Of these old outstanding checks, \$270 pertain to a check written in December 1998. No documentation existed that indicated that the payees of these checks have been notified.

Monthly bank reconciliations are necessary to ensure accounting records are in agreement with bank records and to ensure sufficient cash is available to cover liabilities. Failure to prepare formal bank reconciliations in a timely manner increases the risk that errors or irregularities will not be detected on a timely basis. In addition, procedures should be adopted to routinely follow-up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

- C. The Sheriff's office was unable to locate bank statements and the check register for the year ended December 31, 2000. Retention of records is necessary to ensure the validity of transactions and provide an audit trail and account for all monies received. Section 109.270, RSMo 2000, provides that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

Conditions A1 and A2 were noted in our prior report.

WE RECOMMEND the Sheriff:

- A.1. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
2. Deposit receipts intact daily or when accumulated receipts exceed \$100.
3. Establish adequate procedures to monitor and collect accrued costs.
- B. Ensure formal bank reconciliations are prepared on a timely basis and attempt to

resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

C. Retain records in a secure location in accordance with state law.

AUDITEE'S RESPONSE

A.1. *I will review the accounting records on a monthly basis.*

2. *This has been implemented.*

3. *A log has been established to monitor and collect accrued costs. This will allow for knowing what bills have been sent and which bills have been paid.*

B. *Bank reconciliations are currently being performed. We will review the old outstanding checks and determine the proper disposition of those checks.*

C. *We attempted to locate the records and were unable to find them. We were able to obtain copies of the bank statements from the bank and these bank statements were used by the auditors in their audit. We intend to retain all records as necessary but somehow these records got lost. We will ensure all records are retained as appropriate.*

10.

Health Center

The Health Center does not have adequate procedures to monitor budgeted and actual expenditures. As a result, expenditures exceeded board approved budgets by \$19,966 for the year ended December 31, 2001. This was mainly due to increases in salaries for the environmental sanitarian and funding consultant. It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. Also, Section 50.622, RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional funds which could not be estimated when the budget was adopted and that the board shall follow the same procedures required for adoption of the annual budget to amend the budget.

This condition was noted in our two prior reports.

WE RECOMMEND the Health Center Board not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.

AUDITEE'S RESPONSE

We will compare actual expenditures to budgeted expenditures more frequently. We will determine based on this analysis and new information if it is necessary to file an amended budget to ensure actual expenditures do not exceed budgeted expenditures. If an amended budget is necessary, the budget will be amended and filed with the State Auditor's office.

11. Senate Bill 40 Board

In accordance with Section 205.971, RSMo 2000, the Senate Bill 40 Board provides funding from the proceeds of a property tax levy for goods and services to individuals whom are developmentally disabled. During our review, we noted the following concerns:

- A. The Senate Bill 40 Board does not have adequate procedures to monitor and ensure monies in their various bank accounts are sufficiently collateralized. The Senate Bill 40 Board deposits were under collateralized by \$23,615 during January 2001. This occurred due to a higher than normal year end cash balance and the receipt of property tax monies in January causing the balance to exceed FDIC coverage. Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave Senate Bill 40 Board funds unsecured and subject to loss in the event of a bank failure.
- B. The Senate Bill 40 Board does not have adequate procedures to monitor budgeted and actual expenditures. As a result, expenditures exceeded board approved budgets by \$6,372 and \$548 for the years ended December 31, 2001 and 2000, respectively. It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. Also, Section 50.622, RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional funds which could not be estimated when the budget was adopted and that the board shall follow the same procedures required for adoption of the annual budget to amend the budget.

Condition B was noted in our two prior reports.

WE RECOMMEND the Senate Bill 40 Board:

- A. Develop procedures to monitor and ensure adequate collateral securities are pledged

by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

- B. Not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.

AUDITEE'S RESPONSE

- A. *We will obtain collateral securities when necessary to ensure the Senate Bill 40 monies are adequately insured.*
- B. *We will monitor expenses more closely and amend the budget once we realize actual expenditures will exceed budgeted expenditures. An amended budget will be filed with the State Auditor's office.*

12. Senior Services Board

The Senior Services Board receives approximately \$30,000 annually from a property tax levy. The tax receipts are used to fund meals programs and transportation for senior citizens. During our review, we noted the following concerns:

- A. Checks issued on the senior services' bank account require signatures of both the senior service's treasurer and the board's chairperson; however, blank checks are sometimes signed in advance by the chairperson. Signing checks in advance does not allow for proper review of the documentation to support the disbursement and diminishes the control intended by dual signatures.

To adequately safeguard assets, checks should not be signed until all pertinent information is completed and supporting documentation for the disbursement is reviewed and approved by the board.

- B. The Senior Services Board does not have adequate procedures to monitor budgeted and actual expenditures. As a result, expenditures exceeded board approved budgets by \$8 and \$91 for the years ended December 31, 2001 and 2000, respectively. It was ruled in *State ex. rel. Strong v. Cribb*, 364 Mo 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. Also, Section 50.622 RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional

funds which could not be estimated when the budget was adopted and that the board shall follow the same procedures required for adoption of the annual budget to amend the budget.

- C. The approved budget did not adequately project the Senior Services Board's anticipated financial condition for either of the two years ended December 31, 2001. The beginning cash balance was not included in the budget for the year ended December 31, 2001 while an incorrect beginning cash balance was indicated in the budget for the year ended December 31, 2000. As a result, the anticipated financial condition was understated.

To be of maximum assistance to the board and to adequately inform the public, the budgets should accurately reflect the anticipated beginning cash balance, receipts, expenditures, and ending cash balance.

WE RECOMMEND the Senior Services Board:

- A. Discontinue the practice of signing checks in advance.
- B. Not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- C. Ensure that accurate beginning cash balances are included on budgets so that the budgets present a reasonable estimate of the board's financial plan and ending balances.

AUDITEE'S RESPONSE

- A. *This has been implemented.*
- B. *We will monitor expenditures more closely to ensure expenditures do not exceed budgeted expenditures amounts. If necessary, for expenditures to exceed the amounts budgeted, the budget will be amended and filed with the State Auditor's office.*
- C. *We will be more careful when budgeting to ensure the correct beginning cash amount is presented.*

This report is intended for the information of the management of Reynolds County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

REYNOLDS COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Reynolds County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Computer Controls

- A. Access to the property tax programs and data files was not adequately restricted and changes to data were not routinely monitored.
- B. The county had no formal contingency plan for the computer system, and had not formally negotiated arrangements for backup facilities in the event of a disaster.

Recommendation:

The County Commission ensure:

- A. Access to specific computer programs/data files is restricted to authorized individuals through a system of passwords and security codes. Passwords should be unique by individual and changed periodically. Additionally, procedures should be implemented to monitor changes made to the property tax system.
- B. A formal contingency plan for the county's computer system is developed.

Status:

Not implemented. See MAR finding number 1.

2. Budgetary Practices

- A. Formal budgets were not prepared for various county funds.
- B. Disbursements were issued in excess of approved budgeted expenditures.

Recommendation:

The County Commission:

- A. Ensure budgets are prepared or obtained for all county funds.
- B. Not authorize disbursements in excess of budgeted expenditures.

Status:

Not implemented. See MAR finding number 2.

3. Elected Officials' Bonds

Reynolds County did not appear to have adequate bond coverage for several elected officials.

Recommendation:

The County Commission require all elected officials to be bonded as required by statute.

Status:

Implemented.

4. Elected Official's Salary

The County Coroner did not file a training certificate for 1997 with the county, nor did he provide an exemption from the training as allowed by statute resulting in an salary overpayment of \$1,000.

Recommendation:

The County Commission require the County Coroner to provide certification that he completed applicable classroom training in 1997 or an exemption from training. If a training certification or an exemption cannot be provided, the County Commission should pursue reimbursement of \$1,000 from the County Coroner. In addition, the County Commission and County Clerk should require the County Coroner to provide certification of applicable classroom training before the \$1,000 training allowance is paid.

Status:

Partially implemented. The County Coroner provided the training certification for 2001 and 2000. However, the County Coroner did not provide a training certificate for 1997 and the County Commission did not pursue the \$1,000 reimbursement from the County Coroner for 1997. Although not repeated in the current report, our recommendation remains as stated above.

5. Assessor's Accounting Controls and Procedures

- A. Accounting duties for the Assessor's office were not adequately segregated.
- B. The Assessor's office issued two-part prenumbered receipt slips when individuals received plat books and/or maps whether or not the individuals paid at that time. Approximately \$700 was owed to the county for plat books.
- C. Receipts were not transmitted on a timely basis and checks were not restrictively endorsed until they were transmitted.
- D. The Assessor's office did not maintain inventory records accounting for plat books or maps.

Recommendation:

The County Assessor:

- A. Adequately segregate duties among available employees and/or establish a documented periodic review of the accounting records by an independent person.
- B. Ensure receipt slips are issued to individuals only when monies are received and maintain an accounts receivable ledger listing all individuals who owe the Assessor's office for plat books and maps.
- C. Restrictively endorse checks immediately upon receipt and ensure all receipts collected are transmitted to the County Treasurer in a timely manner.
- D. Maintain records of the number of plat books and maps sold, given away, or used by the county, and periodically reconcile the number of maps reported on the inventory to the number of plat books and maps on hand.

Status:

- A-C. Not implemented. See MAR finding number 7.
- D. Implemented.

6. County Clerk's Accounting Controls and Procedures

Prenumbered receipt slips were not issued for some monies received and other receipt slips issued did not always indicate the method of payment received. In addition, personal checks were occasionally cashed from cash collections.

Recommendation:

The County Clerk issue prenumbered receipt slips for all monies received, and indicate the method of payment on all receipt slips and reconcile the composition of receipt slips to the composition of the transmittals to the County Treasurer. In addition, the County Clerk's office should discontinue the practice of cashing personal checks.

Status:

Partially implemented. The County Clerk has discontinued the practice of cashing personal checks and does indicate the method of payment on all receipt slips. However, the County Clerk does not always issue prenumbered receipt slips for monies received or reconcile the composition of receipts slips to the composition of transmittals to the County Treasurer. Although not repeated in the current report, our recommendations remains as stated above.

7. Sheriff's Accounting Controls and Procedures

- A. Accounting, receipting, and disbursement duties were not adequately segregated.
- B. Receipts were not deposited on a timely basis.
- C. Personal checks were occasionally cashed from collections.

Recommendation:

The Sheriff:

- A. Ensure adequate segregation of accounting and receipting duties to the extent possible. At a minimum, the Sheriff should perform documented reviews of the work performed.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Reconcile the composition of receipt slips to the composition of the deposits. In addition, the Sheriff's office should discontinue the practice of cashing personal checks.

Status:

- A&B. Not implemented. See MAR finding number 9.
- C. Implemented.

8. Reynolds County Health Center

The Health Center approved expenditures in excess of budgeted amounts.

Recommendation:

The Health Center Board of Trustees not authorize disbursements in excess of budgeted expenditures.

Status:

Not implemented. See MAR finding number 10.

9. Reynolds County Senate Bill 40 Board

The Senate Bill 40 Board approved expenditures in excess of budgeted amounts.

Recommendation:

The Senate Bill 40 Board not authorize expenditures in excess of budgeted expenditures. If valid reasons necessitate additional expenditures, the original budget should be formally amended and reasons thoroughly documented. In addition, the board should better monitor contractual obligations and budgeted expenditures.

Status:

Not implemented. See MAR finding number 11.

10. Reynolds County Senior Services Board

Contracts to four area agencies to provide meals and transportation for senior citizens were not adequate.

Recommendation:

The Senior Services Board review and revise its contract forms and procedures to establish that all essential terms are fixed and in writing to assure accountability and fairness in administering public funds.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

REYNOLDS COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Reynolds was named after Governor Thomas Reynolds. Reynolds County is a county-organized, third-class county and is part of the Forty-Second Judicial Circuit. The county seat is Centerville.

Reynolds County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Reynolds County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 463,905	26	464,990	29
Sales taxes	11,398	1	0	0
Federal and state aid	1,016,887	57	935,168	57
Fees, interest, and other	294,181	16	226,624	14
Total	\$ 1,786,371	100	1,626,782	100

The following chart shows how Reynolds County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 357,835	21	358,960	22
Public safety	375,768	22	320,569	20
Highways and roads	986,243	57	921,140	58
Total	\$ 1,719,846	100	1,600,669	100

The county maintains approximately 61 county bridges and 563 miles of county roads.

The county's population was 6,106 in 1970 and 6,689 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	68.7	72.3	79.9	20.8	17.2
Personal property		22.0	24.2	9.9	7.1	2.0
Railroad and utilities		5.9	6.5	13.6	10.2	1.1
Total	\$	96.6	103.0	103.4	38.1	20.3

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Reynolds County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.2850	.3000
Special Road and Bridge Fund		.1600	.1600
Health Center Fund		.1000	.1000
Senate Bill 40 Board Fund		.1000	.1000
Senior Services Board		.0300	.0300

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28,	
		2002	2001
State of Missouri	\$	28,804	30,503
General Revenue Fund		304,167	332,305
Special Road and Bridge Fund		152,544	162,740
Assessment Fund		42,500	43,566
Health Center Fund		95,012	100,711
Senate Bill 40 Board Fund		94,927	100,619
Senior Services Board Fund		28,480	30,187
School districts		2,945,028	2,942,410
Library district		114,078	120,922
Ambulance district		114,024	120,821
Hospital district		106,421	150,698
Fire districts		13,224	12,561
Overplus Fund		5,789	8,640
Cities		365	470
County Clerk		525	573
County Employees' Retirement		16,813	16,066
Commissions and fees:			
General Revenue Fund		65,429	66,634
Total	\$	<u>4,128,130</u>	<u>4,240,426</u>

Percentages of current taxes collected were as follows:

		Year Ended February 28,	
		2002	2001
Real estate	94 %		95 %
Personal property	91		92
Railroad and utilities	100		100

Reynolds County also has the following sales taxes; rates are per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction
General	\$	.0050	None	50%

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Paul W. Wood, Presiding Commissioner	\$	18,810	18,810
John D. Warren, Associate Commissioner		18,810	0
Donald Barnes, Associate Commissioner		0	18,810
Wayne Henson, Associate Commissioner		18,810	18,810
Mike Harper, County Clerk		28,500	28,500
Robert A. Johnson, Prosecuting Attorney		33,750	33,750
Gary Barton, Sheriff		31,500	20,880
Elaine Albert, County Treasurer		21,090	21,090
Jeffrey N. McSpadden, County Coroner		8,250	3,850
Opal McNail, Public Administrator (1)		19,500	5,521
Judy Cook, County Collector, year ended February 28,	28,500	28,500	
Rick Parker, County Assessor (2), year ended August 31,		28,500	28,500
Sid Nickelson, County Surveyor (3)		0	0

- (1) In addition to fees received from probate cases, a salary of \$4,000 was received in 2000 and a salary of \$15,000 was received in 2001.
- (2) Includes \$900 annual compensation received from the state.
- (3) Compensation on a fee basis.

State-Paid Officials:

Randy L. Cowin, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
Edith R. Rutter, Associate Circuit Judge	96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	1	0
Circuit Clerk and Ex Officio Recorder of Deeds	1	1
County Clerk	2	0
Prosecuting Attorney (1)	2	0
Sheriff (2)	13	0
County Collector (1)	2	0
County Assessor	3	0
Associate/Probate Division	0	2
Road and Bridge	15	0
Health Center (3)	9	0
Total	<u>48</u>	<u>3</u>

- (1) Includes one part-time clerk.
- (2) Includes three part-time dispatchers.
- (3) Includes four part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Reynolds County's share of the Forty-Second Judicial Circuit's expenses is 9.78 percent.



**DIVISION OF FAMILY SERVICES OVERSIGHT OF
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES**

**From The Office Of State Auditor
Claire McCaskill**

Officials have successfully reduced the number of individuals receiving temporary assistance. Some improvements may enhance employment of recipients.

**Report No. 2003-10
January 28, 2003
www.auditor.state.mo.us**

PERFORMANCE AUDIT



Office of
Missouri State Auditor
Claire McCaskill

January 2003

Most citizens who applied for temporary state assistance in 1997 no longer seek assistance, partly due to state-run job-placement programs

About 97 percent of the 63,000 recipients who began receiving temporary assistance benefits from the state in 1997, no longer received these benefits as of January 2002. These recipients were part of a time-limited program (funded through federal and state dollars), which paid benefits for up to 60 months while also helping recipients transition into the workforce. Recipients were required to be working after receiving the first 24 months of benefits.

Missouri's efforts, run by the Division of Family Services, to move people off temporary assistance earned the state a \$10.8 million federal welfare-reform bonus in July 2002. Despite this bonus, the audit found case management improvements could increase the number of recipients leaving the program with jobs, rather than because their time limit ended.

About 40 percent of recipients in audit sample found jobs

Auditors reviewed files of 59 recipients receiving assistance in 1997 and found 23 obtained jobs. Of the remaining recipients, 21 left the program, 11 were still receiving assistance and 4 did not participate in the job-placement initiatives. (See page 4)

Improved case management could increase results

Auditors reviewed 179 assistance recipients, including 120 still receiving state assistance, to determine if the state properly handled these cases. Auditors found state officials did not refer 33 of these recipients to various job placement programs. Of these, state officials had no reason or overlooked referrals needed for 12 recipients. For 4 recipients with no referrals, recipients were employed, but in jobs not paying enough to keep them off assistance. (See page 5)

In reviewing 60 St. Louis recipients still receiving benefits, auditors found state case managers did not contact about 45 percent of the recipients within the 30- to 90-day timeframe required by program guidance. Time between contacts by state officials averaged 239 days for these St. Louis cases. (See page 7)

YELLOW SHEET

Benefits extended for 1,000 recipients before evaluating extension eligibility

In July 2002, the state extended benefits for 1,034 recipients beyond the program's 60-month limit before determining which recipients could receive an extension. Benefits can be extended for up to 20 percent of the recipients if recipients are receiving treatment for domestic violence, substance abuse, mental health problems or are in family crisis. (See page 9)

Reports are available on our web site: www.auditor.state.mo.us

**DIVISION OF FAMILY SERVICES OVERSIGHT OF TEMPORARY ASSISTANCE
FOR NEEDY FAMILIES**

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Steve Renne, Acting Director
Department of Social Services
and
Denise Cross, Director
Division of Family Services
Jefferson City, MO 65102

The State Auditor's Office audited the Division of Family Services' (division) efforts to reduce the number of welfare recipients receiving temporary assistance for needy families. The objectives of this audit were to determine (1) the extent temporary assistance recipients no longer receive assistance, (2) whether case management improvements are needed to help temporary assistance recipients obtain employment, (3) the extent temporary assistance benefits have been extended for recipients exceeding the 60-month lifetime benefit limit, and (4) whether improvements are needed in the management and oversight of the division's contractor.

We concluded division officials have been successful in reducing the number of welfare recipients receiving temporary assistance for needy families. Approximately 61,000 (97 percent) of the 63,000 recipients receiving temporary assistance as of July 1997 were no longer receiving the assistance as of January 2002. About 39 percent of sampled recipients found employment and the division removed 7 percent of sampled recipients from the program due to lack of participation. Improved case management could enhance employment opportunities for some recipients. Division officials should ensure (1) assistance programs are offered to temporary assistance recipients, (2) case managers maintain frequent contacts with temporary assistance recipients, and (3) required case documentation is prepared. We also found approximately 1,000 recipients have received extensions for temporary assistance whether entitled or not. The extension occurred because officials did not publish guidelines for extending temporary assistance until after the 5-year maximum benefit period expired.

Division officials also need to improve the management and oversight of the division's contractor to ensure actual costs are reported for services performed.

We conducted the audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA
Audit Manager:	Robert D. Spence, CGFM
Audit Manager:	David Holtmann, CPA
In-Charge Auditor:	Sharon A. Eagleburger
Audit Staff:	Jay D. Ross

RESULTS AND RECOMMENDATIONS

1. Number of Citizens Receiving Temporary Assistance Were Reduced Significantly, but More Could Be Done to Achieve Employment

Approximately 61,000 (97 percent) of the 63,000 recipients receiving temporary assistance for needy families (temporary assistance) as of July 1997 were no longer receiving the assistance as of January 2002. Based on a limited sample of 59 recipients from this universe, auditors determined the Division of Family Services¹ (the division) helped 39 percent of sampled recipients find employment. The division removed another 7 percent of sampled recipients from the temporary assistance program who were not participating in job-readiness programs. The audit disclosed improved case management could result in employing more recipients. The division could (1) ensure needed programs are offered to temporary assistance recipients, (2) make frequent contacts with temporary assistance recipients, and (3) prepare required case documentation. Additionally, because the division did not establish guidelines for extending temporary assistance after the 5-year maximum benefit period, approximately 1,000 recipients received extensions for their assistance whether they were entitled to them or not. These cases are currently under review by division personnel to determine if the benefits are justified.

Missouri's implementation of the law

The U.S. Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (the Act). The Act created temporary assistance block grants for states to financially help needy families transitioning from welfare to work. Temporary assistance funding is also intended to aid needy families with care for children in their own home and to reduce welfare dependency by promoting job preparation, work, and marriage. Funds may also be used to prevent non-marital pregnancies and encourage the formation and maintenance of two-parent families. The Act limits the number of months a family can receive temporary assistance to 60 months,² however, the Act permits states to extend benefits for up to 20 percent of the caseload past that time limit. In addition, the Act requires recipients to work after 2 years of receiving temporary assistance, with few exceptions.

In October 1997, the division entered into an interagency agreement with the Department of Economic Development - Division of Workforce Development (the contractor) to implement job preparation, job placement, and job development programs for temporary assistance applicants and recipients. Division personnel evaluate these applicants and recipients and determine if they are job ready and prepared for referral to contractor services. After receiving a referral, the contractor helps the applicant or recipient prepare resumes, identify job opportunities, and enroll in job search training workshops. The contractor's goal is to help the applicants/recipients obtain gainful employment. The division reimburses the contractor for services provided to recipients. The total contract amount was not to exceed \$11 million for services provided during the period October 1, 1997, through May 31, 2002. The contractor received \$10 million in reimbursements through August 14, 2002.

¹ The division is part of the Department of Social Services.

² As of July 1997, the Act limits the number of months to 60 whether or not they are consecutive months.

The division also refers temporary assistance recipients to other programs to help recipients find employment and become self-sufficient. Various available programs include welfare-to-work, adult basic education classes, vocational rehabilitation, parents fair share program, and different types of schooling. These programs offer a broad range of help to temporary assistance recipients.

Audit Methodology

Auditors determined the total number of temporary assistance recipients as of July 1997 (the date the division implemented the 60-month lifetime limitation on welfare recipients) and compared the total with the number of cases still open as of January 2002. In essence, the auditors focused on a specific set of recipients and their status over the maximum time limit for benefits. Auditors also reviewed three random samples totaling 179 cases of temporary assistance recipients to determine if:

- Division personnel provided needed programs to temporary assistance recipients to enhance job skills and overcome impediments to employment.
- Case managers frequently contacted temporary assistance recipients.
- Case files had been documented in accordance with division guidance.

Auditors reviewed the contractor's cost reports to determine the validity and reasonableness of costs charged to the division.

See the Appendix, page 13, for additional details on the methodology.

Most individuals have left the program

In July 1997, approximately 63,000 individuals received temporary assistance when the state implemented the federal law limiting these benefits to a 60-month timeframe. By January 2002, approximately 61,000, or 97 percent of these recipients had left the program. Our review of 59 sample cases showed the reasons recipients left the program. Table 1.1 depicts the status of sampled cases as of January 2002.

Table 1.1: Status of 1997 Sampled Cases

Status	Number	Percent
Recipient employed	23	39
Recipient did not cooperate	4	7
Recipient left the program ¹	21	35
Open cases	<u>11</u>	<u>19</u>
Total	<u>59</u>	<u>100</u>

¹ Includes 17 no longer qualified, 3 requested removal by recipient, and 1 who moved out of the state.

Source: Division case files.

These statistics show the division succeeded in reducing the recipients' temporary assistance needs. The division had direct control over the outcome of 38 of the 59 cases (23 recipients achieved employment, 4 recipients were removed from the program, and 11 recipients are still receiving temporary assistance). As a result of division action, 71 percent of the cases (23+4 ÷ 38) achieved successful outcomes for the division.

Missouri recognized for its efforts

The U.S. Department of Health and Human Services named the state as one of the 10 best states at moving welfare recipients into jobs. The recognition represents efforts for federal fiscal year 2000.³ As a result, the state received \$10.8 million in temporary assistance funding as a welfare-reform bonus in July 2002. According to a division official, the state must use these funds to provide temporary assistance grants and services to recipients.

State noted as
one of 10 best

Division data for federal fiscal year 2000 showed approximately 48 percent of recipients found employment which is somewhat similar to the sample results (39 percent) shown in Table 1.1. Division data differs from sample results because division data includes recipients finding employment who had not necessarily left temporary assistance rolls.

Results could be improved with better case management

Our review of case files disclosed division personnel had not always (1) offered needed programs to temporary assistance recipients, (2) frequently contacted temporary assistance recipients, and (3) prepared required case documentation.

Additional emphasis is needed on referrals to programs

Division personnel had not referred temporary assistance recipients to programs for 55 of 179⁴ cases reviewed. Discussions with case managers on those cases disclosed various reasons why referrals were not made as shown in Table 1.2.

³ The federal fiscal year begins October 1 and ends September 30.

⁴ Sampled cases included 59 cases from 63,000 cases in which recipients were receiving temporary assistance in July 1997, as well as 120 cases where recipients were still receiving benefits as of January 2002.

Table 1.2: Reasons for Lack of Referrals

Reason	Number
<u>Cases where referrals needed</u>	
Case managers claimed referrals were made but not documented	6
No reason or overlooked	12
Recipient employed - still receiving benefits	4
Recipient only received temporary assistance for a short period of time, or not continuously	2
Recipient had a transportation barrier	1
Recipient was exempt at different times and then did not want to participate or was employed.	7
Recipient did not want to cooperate or participate	<u>7</u>
Total needing referral	<u>39</u>
<u>Cases exempt</u>	
Exempt due to receiving Social Security Income	10
Exempt as a non-parent caretaker ¹ or for caring for handicapped child/parent	<u>6</u>
Total exempt from referral	<u>16</u>
Total cases reviewed	<u>55</u>

¹ A custodial caretaker cares for a child up to 12 months old or is a custodial care taker that is 60 years or older that cares for a child any age.

Source: Division cases sampled.

As shown above, referrals were not made and/or not documented for 39 (71 percent) of the 55 cases. For 6 of those cases, case managers stated they made referrals, but the case files did not have the referrals documented as required. For the remaining 33 cases, case managers had not made referrals in accordance with division guidance. Sixteen (29 percent) of the 55 cases involved recipients exempt from work requirements and therefore, the case managers were not required to make referrals

Division guidance states the goal of the temporary assistance program is for families to become independent of the need for cash assistance. In addition, the primary objective of the Act is to transition individuals from welfare to work. According to division personnel, temporary assistance recipients can be referred to programs when they are employed or receiving temporary assistance for short time periods. For the case involving a transportation barrier, the case manager assumed a referral could not be made and made no attempt to overcome the barrier. Division guidance allows case managers to suggest various alternatives to overcome transportation barriers including providing bus vouchers or up to \$5 a day to assist recipients with transportation barriers.

Contacts were not made as required

Our review of 120 cases, from a universe of 1,865 temporary assistance cases, open as of January 2002, disclosed case managers had not stayed in contact with recipients as required by division guidance. St. Louis city case managers service an average of 1,510 cases per year. Our review of 60 cases serviced by these case managers disclosed 27 cases with contacts not made within the 30- to 90-day timeframe. The average time between contacts for those cases was 239 days. Our review of an additional 60 cases⁵ from 6 other service areas in the state⁶ disclosed contacts occurred more frequently. However, 9 of the cases reviewed averaged 272 days between contacts. For the remaining 51 cases, contacts were made within 30 to 90 days. The reasons given by 25 St. Louis case managers for not contacting recipients are shown in Table 1.3.

Untimely
recipient
contacts

Table 1.3: Reasons for Not Contacting Recipients

Reason for Lack of Contact	Number of Managers	Days Since Last Contact
<u>Cases where contact needed</u>		
Case managers claimed they did not document their contacts	4	121 to 439
Case manager claimed recipient qualified for 12-month childbirth work requirement exemption; however, no documentation to support exemption	1	320
Case managers were uncertain or did not know why contact was not made	15	96 to 836
Case manager did not make contact because of heavy case load	1	167
Recipient had a prescription, but no physician's excuse documented	1	147
Recipient provided a 12-month childbirth exemption, however, recipient had requested exemption based on difficult pregnancy without physician's excuse	1	198
One case manager added contact information to case file after auditors requested case file	<u>1</u>	197
Total contact needed	<u>24</u>	
<u>Cases where contact not needed</u>		
Case manager provided 12-month childbirth exemption in accordance with division guidance	<u>1</u>	
Total no contact needed	<u>1</u>	
Total	<u>25</u>	

Source: Division case records and auditor discussion with case managers

⁵ The universe of open cases totaled 355 for the other service areas.

⁶ Excludes St. Louis city, which is discussed separately.

Division guidance states contact should be made every 30 days for recipients who are subject to a work requirement. However, some individuals may be temporarily exempt from the work requirement due to childcare barriers, transportation barriers, or caring for a disabled parent or child. The guidance requires case managers to reevaluate the circumstances for granting exemptions every 30 or 90 days depending on the circumstance. This policy would require a contact by the case manager. Division personnel stated case managers have been verbally instructed to contact uncooperative individuals every 90 days. Division guidance does not address contact requirements for recipients with medical exemptions, nor does it address contact requirements for recipients with childbirth exemptions.

Discussions with other service area case managers for seven of the nine cases where contact criteria had not been met, disclosed the following:

- Six case managers were uncertain or did not know why the contact was not made on a timely basis. Time between contacts ranged from 100 to 859 days.
- One case manager did not document the contact with the recipient. Records showed it had been 352 days since the recipient had been contacted.

Case documentation has not been adequate

Our review of 120 cases disclosed (1) a critical family information record (family record) had not been included in 48, or 40 percent, of the cases reviewed; (2) barriers to employment had not been included as part of the family record on 18, or 25 percent of cases containing a family record; and (3) a narrative documenting case activity and history had not been included on 12, or 10 percent of cases reviewed. The remaining 25 percent of the cases were adequately documented.

Division guidance states the family record is a screening tool which helps case managers determine the job readiness levels of temporary assistance recipients. The family record contains basic information concerning the individual's work and educational background, barriers to employment, supportive service needs, and goals. The family record may document the need for additional referrals and case management for the recipient to attain self-sufficiency. The requirement for the family record became effective in February 2000. Guidance states this record will be completed when individuals apply for temporary assistance benefits, at reinvestigation, or when interim contact for individuals receiving temporary assistance occurs, if the individual is not active with a benefit provider.

Case files did not
contain family
record

Of the 72 cases containing the family record, our review disclosed 18 instances where barriers to employment had not been documented on the family record. These barriers represent circumstances that may inhibit a recipient from immediately obtaining employment.

Division guidance requires a narrative as part of the case management file. The guidance states that a short concise record of oral and written information related to the participant, service providers, and central office should be documented on the case narrative.

Discussions with 41 case managers to determine reasons for not properly documenting case files disclosed:

- Twenty-five could not provide a reason.
- Thirteen did not document properly through oversight or lack of knowledge.
- Three could not get recipient cooperation.

Division personnel stated the family record is an assessment tool that helps identify the family history, recipient information, and potential barriers. In addition, for barriers identified, case managers can make referrals to the proper assistance programs. Division personnel also stated a narrative is required to aid a new case manager or supervisor in determining the assistance given to recipients by previous case managers. During our review of case files, we noted several instances of cases transferred to different case managers.

Benefits extended for over 1,000 recipients

At July 1, 2002, the division extended temporary assistance benefits for 1,034 recipients beyond the 60-month lifetime benefit period. Since these cases are still under review by division personnel, it is unknown how many of these recipients were entitled to receive these benefits.

Temporary assistance benefits for the initial group of recipients subject to the 60-month lifetime benefit limitation ended on June 30, 2002. The Act allows the extension of temporary assistance benefits beyond the 60-month limit. According to a division official, officials knew criteria had to be established to determine which recipients could be extended. However, division officials did not establish extension criteria until issuing a memo 3 days after expiration of the 60-month limitation period. The memo required a review of all cases to determine extension eligibility for certain conditions such as the recipient:

- Being treated for domestic violence.
- Being treated for substance abuse.
- Having mental health problems.
- Involved in family crisis.
- Waiting for review of circumstances by division personnel.

Benefits for recipients were extended pending the outcome of their case reviews. Since the division established the review procedure late, extended benefits may have gone to some unqualified recipients. The division would have identified the unqualified recipients before the end of the 60-month period had the procedure been put in place earlier.

The memo also states the family record and case history narrative are vital tools in helping division personnel determine whether to extend temporary assistance benefits. However, as

previously discussed, the family record had not been included in 40 percent of cases auditors reviewed and case history narratives had not been included in 10 percent of cases reviewed.

Conclusions

Although division officials have successfully reduced the number of individuals receiving temporary assistance, additional enhancements to case management could likely increase the number of recipients successfully transitioning to employment. Ensuring recipients are referred to programs that help overcome impediments to employment and/or increase job skills is critical to enhancing the employability of recipients. Timely contacts with recipients are also important because they provide recipients and case managers the opportunity to discuss recipient needs and ensure recipients meet work requirements. Officials developed a system to document critical family information and narrative highlighting case history, but case managers have not always used this system. As a result, new case managers reviewing a case transferred to them may not have critical information necessary to assess the recipient needs.

Recommendations

We recommend the Director, Department of Social Services:

- 1.1 Establish quality controls to require periodic reviews of cases to ensure referrals are made and recipients are contacted in a timely manner.
- 1.2 Ensure division personnel provide adequate case documentation.

Department of Social Services Responses

- 1.1 *Effective July 1, 2003, responsibility for work activities for TANF⁷ recipients will transfer to the Division of Workforce Development. We are working on an automated system to ensure referrals are made to the Division of Workforce Development. This system will be in place by July 1, 2003.*
- 1.2 *As responsibility for TANF work activities are transitioned to the Division of Workforce Development, the remaining Division of Family Services case management staff will be better able to focus on their other responsibilities.*

⁷ Temporary Assistance for Needy Families

2. Improved Administration and Oversight of Contract with Provider Is Needed

Although total contract costs for services were accurately reported, the contractor did not report itemized costs correctly. This situation has occurred because division and contractor personnel had not clearly communicated how to report expenses. As a result, division officials have not had accurate information on the contractor's monthly expenditures.

Reporting of actual expenses is needed

Since 1997, division officials have paid approximately \$10 million to the contractor to help temporary assistance recipients find employment. However, invoices submitted by the contractor to the division since December 2001, have not provided an accurate account of the contractor's monthly expenses.

The contract, in place from October 1, 2001, through May 31, 2002, lists the budgeted categories for the state funds used by the contractor. In addition, the contract requires the contractor bill the division monthly for services provided to recipients. Contractor personnel stated, until December 2001, they billed the division for actual expenditures and submitted a report showing detailed expenditures. In December 2001, contractor personnel stated division personnel requested invoices be prepared based on budgeted amounts and the report showing detailed expenditures no longer had to be submitted. As a result, contractor personnel no longer billed the division for actual costs incurred for budgeted items. With that change, contractor personnel stated budgeted items were billed based on budgeted amounts in lieu of actual expenditures. Therefore, contractor financial records showing actual expenditures for budgeted items do not agree with amounts billed to the division. As a result, the contractor could under/over spend budgeted areas without division personnel knowledge. For example, our review disclosed the contractor spent \$4,262 for travel in a month. However, the contractor submitted an invoice to the division showing it incurred \$2,500 in travel expenses. The following month the contractor spent \$1,751 for travel expenses and billed the division \$2,500. Our review of contractor records showed the total billed for the last contract year agreed with total actual expenditures incurred by the contractor. However, the contractor may have under/over spent some individual budget items.

Division contracting personnel responsible for the contract stated they were not aware there had been a change in the billing process. In addition, contracting personnel assumed the contractor no longer had the capability to provide a detailed report of expenditures. Division personnel only receive an invoice listing five budget categories and the amounts billed for those categories.

Conclusions

Due to a breakdown in communication between division and contractor personnel, actual expenditures incurred by the contractor stopped being reported on monthly invoices. As a result, division personnel cannot accurately establish budget category amounts from year to year on a continuing contract. Without adequate documentation of the expenditures incurred, the division cannot determine if the costs for services are proper.

Recommendations

We recommend the Director, Department of Social Services:

- 2.1 Clarify contract language to ensure contractor invoices reflect actual expenses incurred.

Department of Social Services Response

- 2.1 *With the transfer of responsibility for TANF work activities to the Division of Workforce Development, funding for this purpose will be directly appropriated to that Division. There will no longer be a need to clarify contract language.*

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

Our overall objective was to determine whether the Division of Family Services (the division) has been successful in reducing the number of individuals receiving temporary assistance for needy families (temporary assistance). Specific objectives included determining (1) the extent temporary assistance recipients no longer received assistance, (2) whether case management improvements are needed to help temporary assistance recipients obtain employment, (3) the extent temporary assistance benefits have been extended for recipients exceeding the 60-month lifetime benefit limit, and (4) whether improvements are needed in the management and oversight of the division's contractor.

Scope and Methodology

To determine whether substantial numbers of temporary assistance recipients had left the program, we determined the universe of temporary assistance recipients, as of July 1997—the date the division implemented the 60-month lifetime limitation on welfare recipients—and compared that universe with the universe of recipients that had received payments for 55 months, as of January 2002. To test the adequacy of actions taken by individual case managers, we selected three random samples totaling 179 cases from the universe of 62,965 recipients first subjected to the 60-month limitation.

- We reviewed a random sample of 59 open and closed cases receiving temporary assistance during that timeframe to determine the status of those cases and, if closed, why recipients had left the program.
- We used the same three samples to determine whether temporary assistance recipients had been referred to assistance programs.
- To determine the timeframe since the case manager had contacted the temporary assistance recipient and whether the case manager had properly documented the family information record and case history, we reviewed a sample of 120 cases—60 cases in the St. Louis service area and 60 cases serviced in other areas of the state. We selected the St. Louis service area because it is an urban area with a high concentration of temporary assistance recipients. We also reviewed division policies and procedures for these areas and discussed cases with case managers.

To determine whether improvements are needed in the oversight and management of the contractor that refers temporary assistance recipients to assistance programs, we reviewed contract provisions and procedures for determining the validity of costs incurred by the contractor and reported to the division.

APPENDIX

Auditors used division computer-generated data for informational purposes only and did not draw conclusions based on that data, therefore, we did not conduct any testing to validate the data.

We conducted our work between January and July 2002.



**OFFICE OF THE SECRETARY OF STATE
TWO YEARS ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-09
January 27, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2003

The following findings were noted as a result of an audit conducted by our office of the Office of Secretary of State.

The Office of Secretary of State does not adequately monitor expenditures made by subrecipients of the Institute of Museum and Library Services (IMLS) grants. The State Library (library) expended approximately \$5.5 million from the IMLS grants during the two years ended June 30, 2002. Although the grant agreement provides for expenditure documentation to be retained and provided to the library upon request, the library does not routinely require subrecipients to provide expenditure documentation, and therefore rarely reviews and evaluates expenditure documentation from subrecipients. As a result, the library has little assurance that federal monies are spent in accordance with federal requirements. In addition, the Office of Secretary of State did not always prepare and submit reports to the federal agencies in compliance with grant requirements.

The Corporations Section has not established adequate procedures to ensure the number of filings processed each day are properly reported and accounted for and that fees are remitted to the proper fund. During our review of transmittal sheets submitted on 40 different days, we noted 11 (28 percent) days where the aggregate filings and/or transmittal sheets were not correct due to mathematical errors. The Corporations Section should establish procedures to independently verify the number of daily filings processed and reported on the transmittal sheets and the aggregate total fees for the day.

The Office of Secretary of State did not prepare and submit an internal control plan to the Office of Administration (OA) by July 2001. These plans were requested following the implementation of the state's new accounting and financial reporting system. Originally, internal control plans were to be submitted to the OA by October 1999; however, the Office of Secretary of State was granted an extension to July 2001. According to management personnel, the internal control plan is currently in the preliminary draft stage. They indicated that the final plan cannot be developed until written internal control procedures have been established for the various divisions within the office; however, these written procedures are still in the process of being established. The failure to complete an internal control plan contributed to control weaknesses in various divisions.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

OFFICE OF SECRETARY OF STATE

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Honorable Matt Blunt, Secretary of State
Jefferson City, MO 65102

We have audited the accompanying special-purpose financial statements of the various funds of the Office of Secretary of State as of and for the years ended June 30, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash and investments of the Records Fund-Federal, National Endowment for the Humanities Save America's Treasures Grant Fund, General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, Library Networking Fund, Investor Education Fund, State Document Preservation Fund, Wolfner State Library Fund, and the Institution Gift Trust Fund; the receipts of the General Revenue Fund-State; and the appropriations and expenditures of the various funds of the Office of Secretary of State and are not intended to be a complete presentation of the financial position and results of operations of the various funds of the office.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Records Fund-Federal, National Endowment for the Humanities Save America's Treasures Grant Fund, General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, Library Networking Fund, Investor Education Fund, State Document Preservation Fund, Wolfner State Library Fund, and the Institution Gift Trust Fund; the receipts of the General Revenue Fund-State; and the appropriations and expenditures of the various funds of the Office of Secretary of State as of and for the years ended June 30, 2002 and 2001, in conformity with the comprehensive bases of accounting discussed in Note 1, which are bases of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 6, 2002, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

An integral part of the office's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



Claire McCaskill
State Auditor

September 6, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Charles R. Van Loo, CPA
Audit Staff:	Terese Summers, CPA
	Keriann E. Wright
	Gary A. Raines



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Matt Blunt, Secretary of State
Jefferson City, MO 65102

We have audited the special-purpose financial statements of the Secretary of State as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated September 6, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of the Office of Secretary of State are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of the Office of Secretary of State, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to

the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting which is described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of the Office of Secretary of State and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 6, 2002 (fieldwork completion date)

Financial Statements

Exhibit A-1

OFFICE OF SECRETARY OF STATE
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2002

	Records Fund - Federal	National Endowment for the Humanities Save America's Treasures Grant Fund	General Revenue Fund-Federal	Technology Trust Fund	Local Records Preservation Fund	Library Networking Fund	Investor Education Fund	State Document Preservation Fund	Wolfner State Library Fund	Institution Gift Trust Fund	Total (Memorandum Only)
RECEIPTS											
Federal grants	\$ 145,185	73,742	2,710,116	0	0	0	0	0	0	0	2,929,043
Fees	0	0	0	2,285,240	1,763,576	0	0	0	0	0	4,048,816
Taxes	0	0	0	0	0	431,569	0	0	0	0	431,569
Investment income	0	0	0	124,363	0	7,661	0	1,356	7,849	7,681	148,910
Donations	0	0	0	0	0	2,180	0	9,476	2,917	0	14,573
Consent orders	0	0	0	0	0	0	152,250	0	0	0	152,250
Refunds	0	0	0	0	24,638	0	0	0	0	0	24,638
Miscellaneous	0	0	4,051	3,308	10	0	2,220	0	0	0	9,589
Total Receipts	145,185	73,742	2,714,167	2,412,911	1,788,224	441,410	154,470	10,832	10,766	7,681	7,759,388
DISBURSEMENTS											
Personal service	0	0	402,444	72,588	861,879	0	0	20,897	0	102,229	1,460,037
Employee fringe benefits	0	0	137,916	23,037	293,988	0	0	6,802	0	36,975	498,718
Expense and equipment	0	0	106,797	2,236,155	354,058	0	0	0	0	109,925	2,806,935
Public assistance grants	145,185	73,742	2,038,957	0	0	0	0	0	0	0	2,257,884
Library networking	0	0	0	0	0	378,649	0	0	0	0	378,649
Local Records Grant Program	0	0	0	0	316,404	0	0	0	0	0	316,404
Total Disbursements	145,185	73,742	2,686,114	2,331,780	1,826,329	378,649	0	27,699	0	249,129	7,718,627
RECEIPTS OVER (UNDER)											
DISBURSEMENTS BEFORE OTHER											
FINANCING SOURCES AND USES	0	0	28,053	81,131	(38,105)	62,761	154,470	(16,867)	10,766	(241,448)	40,761
OTHER FINANCING SOURCES (USES)											
Operating transfers out	0	0	(82,777)	(32,146)	(127,174)	(3,315)	(211)	(49)	(3,447)	(19,579)	(268,698)
CASH AND INVESTMENTS, JULY 1	0	0	85,389	3,294,151	1,141,354	15,104	232,932	50,684	204,201	261,357	5,285,172
CASH AND INVESTMENTS, JUNE 30	0	0	30,665	3,343,136	976,075	74,550	387,191	33,768	211,520	330	5,057,235

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OFFICE OF SECRETARY OF STATE
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
 YEAR ENDED JUNE 30, 2001

	General Revenue Fund-Federal	Technology Trust Fund	Local Records Preservation Fund	Library Networking Fund	Investor Education Fund	State Document Preservation Fund	Wolfner State Library Fund	Institution Gift Trust Fund	Total (Memorandum Only)
RECEIPTS									
Federal grants	\$ 2,795,911	0	0	0	0	0	0	0	2,795,911
Fees	0	2,152,332	1,422,678	0	0	0	0	0	3,575,010
Taxes	0	0	0	865,677	0	0	0	0	865,677
Investment income	0	202,991	0	38,340	0	2,618	15,742	25,035	284,726
Gain on sale of investments	0	0	0	0	0	0	98,443	0	98,443
Donations	0	0	0	0	0	5,223	34,895	0	40,118
Consent orders	0	0	0	0	30,830	0	0	0	30,830
Refunds	0	0	31,806	0	0	0	0	0	31,806
Miscellaneous	19,103	3,520	0	0	2,520	0	0	120	25,263
Total Receipts	<u>2,815,014</u>	<u>2,358,843</u>	<u>1,454,484</u>	<u>904,017</u>	<u>33,350</u>	<u>7,841</u>	<u>149,080</u>	<u>25,155</u>	<u>7,747,784</u>
DISBURSEMENTS									
Personal service	348,800	8,830	792,556	0	0	0	0	107,690	1,257,876
Employee fringe benefits	116,673	2,426	250,029	0	0	0	0	36,749	405,877
Expense and equipment	153,494	2,160,645	331,792	0	0	0	9,809	88,688	2,744,428
Public assistance grants	2,169,447	0	0	0	0	0	0	0	2,169,447
Library networking	0	0	0	933,275	0	0	0	0	933,275
Local Records Grant Program	0	0	372,446	0	0	0	0	0	372,446
Trust service charges	0	0	0	0	0	0	5,221	0	5,221
Total Disbursements	<u>2,788,414</u>	<u>2,171,901</u>	<u>1,746,823</u>	<u>933,275</u>	<u>0</u>	<u>0</u>	<u>15,030</u>	<u>233,127</u>	<u>7,888,570</u>
RECEIPTS OVER (UNDER)									
DISBURSEMENTS BEFORE OTHER									
FINANCING SOURCES AND USES	26,600	186,942	(292,339)	(29,258)	33,350	7,841	134,050	(207,972)	(140,786)
OTHER FINANCING SOURCES (USES)									
Operating transfers out	0	(42,716)	(119,271)	0	(1,404)	(167)	(728,615)	(22,735)	(914,908)
CASH AND INVESTMENTS, JULY 1	<u>58,789</u>	<u>3,149,925</u>	<u>1,552,964</u>	<u>44,362</u>	<u>200,986</u>	<u>43,010</u>	<u>798,766</u>	<u>492,064</u>	<u>6,340,866</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 85,389</u>	<u>3,294,151</u>	<u>1,141,354</u>	<u>15,104</u>	<u>232,932</u>	<u>50,684</u>	<u>204,201</u>	<u>261,357</u>	<u>5,285,172</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OFFICE OF SECRETARY OF STATE
COMPARATIVE STATEMENT OF RECEIPTS
GENERAL REVENUE FUND-STATE

	Year Ended June 30,	
	2002	2001
Corporations	\$ 9,813,350	10,021,506
Securities	11,321,354	12,119,828
Uniform commercial code	1,201,476	779,579
Commissions	371,538	390,410
Administrative rules	38,500	41,649
Archives	45,677	76,503
Missouri state library	11,496	1,638
Miscellaneous	7,413	19,053
Total	\$ <u>22,810,804</u>	<u>23,450,166</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

OFFICE OF SECRETARY OF STATE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriation	Expenditures	Lapsed Balances **	Appropriation	Expenditures	Lapsed Balances
RECORDS FUND - FEDERAL						
Missouri Historical Records Advisory Board						
Program	\$ 300,000	145,185	154,815	300,000	0	300,000
Save America's Treasures	1	0	1	200,000	0	200,000
Total Records Fund - Federal	300,001	145,185	154,816	500,000	0	500,000
NATIONAL ENDOWMENT FOR THE HUMANITIES						
SAVE AMERICA'S TREASURES GRANT FUND						
Document Preservation Grant	174,999	73,742	101,257	0	0	0
Total National Endowment for the Humanities						
Save America's Treasures Grant Fund	174,999	73,742	101,257	0	0	0
GENERAL REVENUE FUND - FEDERAL						
Personal Service	504,057	402,444	101,613	500,718	345,302	155,416
Expense and Equipment	227,574	106,797	120,777	227,574	122,195	105,379
Allotments, grants and contributions from the						
Federal Government or from any sources						
may be deposited in the State Treasury for						
the use of the Missouri State Library	5,889,282	2,038,957	3,850,325	5,666,760	1,955,952	3,710,808
Total General Revenue Fund - Federal	6,620,913	2,548,198	4,072,715	6,395,052	2,423,449	3,971,603
TECHNOLOGY TRUST FUND						
Personal Service	77,900	72,588	5,312	77,480	8,830	68,650
Expense and Equipment	2,422,496	2,236,155	186,341	2,932,656	2,051,413	881,243
Total Technology Trust Fund	2,500,396	2,308,743	191,653	3,010,136	2,060,243	949,893
LOCAL RECORDS PRESERVATION FUND						
Payment of real property leases, related services,						
utilities, and systems furniture; and structural						
modifications for new FTE for rents						
consolidated to the Office of Administration -						
Expense and Equipment	497	240	257	240	240	0
Personal Service	899,969	861,879	38,090	894,247	786,735	107,512
Expense and Equipment	397,727	353,818	43,909	404,682	283,285	121,397
Local records preservation grants	316,405	316,404	1	600,000	370,788	229,212
Total Local Records Preservation Fund	1,614,598	1,532,341	82,257	1,899,169	1,441,048	458,121
LIBRARY NETWORKING FUND						
Library Network Grants	487,838	378,649	109,189	918,138	918,138	0
Total Library Networking Fund	487,838	378,649	109,189	918,138	918,138	0
STATE DOCUMENT PRESERVATION FUND						
Expense and Equipment	37,925	0	37,925	27,515	0	27,515
Personal Service	116,460	20,897	95,563	0	0	0
Total State Document Preservation Fund	154,385	20,897	133,488	27,515	0	27,515
WOLFNER STATE LIBRARY FUND						
Expense and Equipment	35,000	0	35,000	35,000	9,809	25,191
Total Wolfner State Library Fund	35,000	0	35,000	35,000	9,809	25,191
INSTITUTION GIFT TRUST FUND						
Personal Service	121,458	102,229	19,229	120,723	106,797	13,926
Expense and Equipment	163,464	109,925	53,539	163,464	70,777	92,687
Total Institution Gift Trust Fund	284,922	212,154	72,768	284,187	177,574	106,613

Exhibit C

OFFICE OF SECRETARY OF STATE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriation	Expenditures	Lapsed Balances **	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Personal Service	7,449,068	7,213,617	235,451	7,397,036	6,957,614	439,422
Expense and Equipment	3,656,781	3,134,251	522,530	4,182,945	3,951,290	231,655
Elections Public Notice	100,000	0	100,000	1,207,251	1,207,251	0
Refunds of securities, corporations, uniform commercial code and miscellaneous collections of the Secretary of State's Office	100,000	62,027	37,973	100,000	66,066	33,934
Remote Electronic Access for Libraries Program	3,325,000	2,424,847	900,153	3,325,000	3,325,000	0
Payment of real property leases, related services, utilities, and systems furniture; and structural modifications for new FTE for rents consolidated to the office of Administration - Expense and Equipment	372,048	184,057	187,991 *	184,007	76,782	107,225
Absentee Ballots	120,000	6,140	113,860	120,000	45,071	74,929
Remote Electronic Access for Libraries Program (reappropriated)	0	0	0	545,583	545,583	0
Costs related to library automation	966,191	297,325	668,866 *	336	335	1
Aid to Public Libraries	3,770,657	3,770,656	1	3,281,871	3,281,871	0
Funding the Remote Electronic Access Libraries Program	0	0	0	1,672	0	1,672
Literacy Investment for Tomorrow Program	69,450	56,949	12,501	69,450	69,450	0
Expense and Equipment Grant Match	107,754	61,424	46,330	0	0	0
Total General Revenue Fund - State	20,036,949	17,211,293	2,825,656	20,415,151	19,526,313	888,838
Total All Funds	\$ 32,210,001	24,431,202	7,778,799	33,484,348	26,556,574	6,927,774

* Biennial appropriations set up in fiscal year 2002 are re-appropriations to fiscal year 2003.

** Office officials indicated the lapsed balances included the following withholdings made at the Governor's request:

	Year Ended June 30, 2002
General Revenue Fund - State:	
Personal Service	\$ 200,000
Expense and Equipment	520,190
Elections Public Notice	100,000
Refunds	32,000
Remote Electronic Access for Libraries Program	900,152
Absentee Ballots	98,000
Literacy Investment for Tomorrow Program	12,501
Expense and Equipment Grant Match	19,396
Total	\$ 1,882,239
Library Networking Fund:	
Library Network Grants	\$ 56,269

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1

OFFICE OF SECRETARY OF STATE
COMPARATIVE SCHEDULE OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,		
	2002	2001	2000
Salaries and wages	\$ 8,673,653	8,205,279	7,460,354
Travel, in-state	189,269	156,399	164,934
Travel, out-of-state	45,668	75,185	92,054
Fuel and utilities	24,314	11,127	10,359
Supplies	1,031,431	939,732	841,721
Professional development	150,572	154,239	144,481
Communication service and supplies	438,716	315,424	271,370
Services:			
Health	0	0	75
Business	0	2,158,554	1,386,287
Professional	5,499,463	1,117,305	917,771
Housekeeping and janitorial	10,784	4,972	2,713
Maintenance and repair	854,607	0	0
Equipment maintenance and repair	0	785,897	294,167
Transportation maintenance and repair	0	2,194	3,380
Computer equipment	702,001	1,092,560	779,688
Motorized equipment	0	17,801	39,256
Office equipment	13,644	305,026	62,793
Other equipment	44,275	272,420	21,569
Property and improvements	223,235	132,071	151,850
Building lease payments	210,027	88,669	69,020
Equipment rental and leases	33,756	26,519	27,293
Miscellaneous expenses	52,169	35,135	163,196
Refunds	62,027	66,066	2,689,631
Program distributions	6,171,591	10,594,000	10,254,901
Total Expenditures	\$ 24,431,202	26,556,574	25,848,863

Note: Certain classifications of expenditures changed during the three-year period, which may affect the comparability of the amounts.

The accompanying Note to the Supplementary Data is an integral part of this statement.

Schedule 2

OFFICE OF SECRETARY OF STATE
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

	Furniture and Equipment	Motor Vehicles	Total General Fixed Assets
Balance, June 30, 2000	\$ 3,826,870	185,526	4,012,396
Additions	1,544,362	16,805	1,561,167
Dispositions	1,181,051	0	1,181,051
Balance, June 30, 2001	4,190,181	202,331	4,392,512
Additions	737,574	0	737,574
Dispositions	53,155	0	53,155
Balance, June 30, 2002	\$ 4,874,600	202,331	5,076,931

Fund of Acquisition	Balance June 30, 2002
General Revenue Fund-State	\$ 3,661,452
General Revenue Fund-Federal	40,140
Technology Trust Fund	1,192,068
Local Records Preservation Fund	127,866
Library Networking Fund	2,080
Wolfner State Library Fund	25,661
Institution Gift Trust Fund	27,664
Total All Funds	\$ 5,076,931

The accompanying Note to the Supplementary Data is an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

OFFICE OF SECRETARY OF STATE
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present only selected data for each fund of the Office of Secretary of State.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Records Fund-Federal, National Endowment for the Humanities Save America's Treasures Grant Fund, General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, Library Networking Fund, Investor Education Fund, State Document Preservation Fund, Wolfner State Library Fund, and the Institution Gift Trust Fund. Appropriations from these funds are expended by or for the office for restricted purposes.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Receipts are presented in Exhibit B for the General Revenue Fund-State. Receipts include monies the office collects during its normal activities and remits to the fund. These amounts are not necessarily related to appropriations.

Appropriations, presented in Exhibit C, are not separate accounting entities. They do not record the assets, liabilities, and equities of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, presents amounts when they are received or disbursed.

The Statement of Receipts, Exhibit B, also prepared on the cash basis of accounting, presents amounts when received.

The Statement of Appropriations and Expenditures, Exhibit C, is presented on the state's legal budgetary basis of accounting. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous biennial appropriations, for which the unexpended balances at June 30 of the first year of the two-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

Records Fund-Federal: The office administers several programs financed wholly or partially by federal monies maintained in the state treasury in the Office of Secretary of State's Records Federal Account. These federal funds may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize the disbursements of the office's federal funds. This fund was established by the Office of Administration during fiscal year 2001 and is used to handle federal funds administered by State Archives for document preservation grants to other entities.

National Endowment for the Humanities Save America's Treasures Grant Fund: The office administers a program financed wholly or partially by federal monies maintained in the state treasury in the Office of Secretary of State's National Endowment for the Humanities Save America's Treasures Federal Account. These federal funds may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize the disbursements of the office's federal funds. This fund was established by the Office of Administration during fiscal year 2002 and is used to handle federal funds administered by State Archives for the preservation of the St. Louis Circuit Clerk's court documents.

General Revenue Fund-Federal: The office administers several programs financed wholly or partially by federal monies maintained in the state treasury in the Office of

Secretary of State's Federal Account. These federal monies may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize disbursement of the office's federal monies.

Technology Trust Fund: This fund was established by Section 28.160, RSMo, to receive fees for certain services provided by the Secretary of State's Office. Expenditures are authorized by appropriation for the purposes of establishing, procuring, developing, modernizing and maintaining an electronic data processing system and programs for a centralized data base of all registered voters; library services; and services, equipment, and functions related to administrative rules, securities, corporations and business organizations, archives, Uniform Commercial Code and record services. The authority to collect certain fees expires December 31, 2009. At the end of an biennium, any amount in the fund in excess of \$5 million shall be transferred to the General Revenue Fund-State.

Local Records Preservation Fund: This fund was established by Section 59.319, RSMo, to receive user fees from document recordings in each county. Expenditures are authorized by appropriation for preservation of local records by the Secretary of State. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

Library Networking Fund: This fund was established by Section 182.812, RSMo, to consist of any gifts, contributions, grants or bequests received from federal, private or other sources. Expenditures are authorized by appropriation for library networks. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

Investor Education Fund: This fund was established by Section 409.407, RSMo, to receive collections from enforcement actions of the Secretary of State Securities Division. Expenditures are authorized by appropriation for investor education programs. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

State Document Preservation Fund: This fund was established by Section 109.005, RSMo, to receive monies from gifts, bequests, or contributions for the specific purpose of preserving legal, historical and genealogical materials and making them available to the public. Expenditures are authorized by appropriation for state document preservation. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

Wolfner State Library Fund: This fund was established by Section 181.150, RSMo, to account for donations restricted to improving library services to the blind and physically handicapped. In addition to donations, revenues consist of earning from fund investments. A portion of the Wolfner State Library Fund is invested with and managed by the Missouri Investment Trust.

Institution Gift Trust Fund: This fund was established by Section 33.563, RSMo, to receive collections from enforcement actions of the Secretary of State Securities Division. Expenditures are authorized by appropriation for investor education programs. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

General Revenue Fund-State: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the office, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a monthly state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least one year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibits A are the transfers from the General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, State Document Preservation Fund, and Institution Gift Trust Fund for costs related to salaries paid from those funds. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit C.

2. Cash and Investments

The balances of the Records Fund-Federal, National Endowment for the Humanities Save America's Treasures Grant Fund, General Revenue Fund-Federal, Technology Trust Fund, Local Records Preservation Fund, Library Networking Fund, Investor Education Fund, State Document Preservation Fund, Wolfner State Library Fund, and Institution Gift Trust Fund are pooled with other state funds and invested by the state treasurer. In addition, \$728,000 from the Wolfner State Library Fund is invested with the Missouri Investment Trust.

3. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit C as follows:

General Revenue Fund-Federal

		<u>Year Ended June 30.</u>	
		<u>2002</u>	<u>2001</u>
DISBURSEMENTS PER EXHIBIT A	\$	2,686,114	2,788,414
Employee fringe benefits		(137,916)	(116,673)
Lapse period expenditures:			
2000		0	(243,482)
Accounts payable:			
June 30, 2000		0	(4,810)
EXPENDITURES PER EXHIBIT C	\$	<u>2,548,198</u>	<u>2,423,449</u>

Technology Trust Fund

		<u>Year Ended June 30.</u>	
		<u>2002</u>	<u>2001</u>
DISBURSEMENTS PER EXHIBIT A	\$	2,331,780	2,171,901
Employee fringe benefits		(23,037)	(2,426)
Lapse period expenditures:			
2000		0	(92,431)
Accounts payable:			
June 30, 2000		0	(16,801)
EXPENDITURES PER EXHIBIT C	\$	<u>2,308,743</u>	<u>2,060,243</u>

Local Records Preservation Fund

		<u>Year Ended June 30.</u>	
		<u>2002</u>	<u>2001</u>
DISBURSEMENTS PER EXHIBIT A	\$	1,826,329	1,746,823
Employee fringe benefits		(293,988)	(250,029)
Lapse period expenditures:			
2000		0	(36,686)
Accounts payable:			
June 30, 2000		0	(19,060)
EXPENDITURES PER EXHIBIT C	\$	<u>1,532,341</u>	<u>1,441,048</u>

Library Networking Fund

	Year Ended June 30. 2001
DISBURSEMENTS PER EXHIBIT A	\$ 933,275
Lapse period expenditures: 2000	(15,137)
EXPENDITURES PER EXHIBIT C	\$ <u>918,138</u>

State Document Preservation Fund

	Year Ended June 30. 2002
DISBURSEMENTS PER EXHIBIT A	\$ 27,699
Employee fringe benefits	(6,802)
EXPENDITURES PER EXHIBIT C	\$ <u>20,897</u>

Wolfner State Library Fund

	Year Ended June 30. 2001
DISBURSEMENTS PER EXHIBIT A	\$ 15,030
Trust services charges withheld from investment earnings	(5,221)
EXPENDITURES PER EXHIBIT C	\$ <u>9,809</u>

Institution Gift Trust Fund

	Year Ended June 30.	
	2002	2001
DISBURSEMENTS PER EXHIBIT A	\$ 249,129	233,127
Employee fringe benefits	(36,975)	(36,749)
Lapse period expenditures: 2000	0	(14,179)
Accounts payable: June 30, 2000	0	(4,625)
EXPENDITURES PER EXHIBIT C	\$ <u>212,154</u>	<u>177,574</u>

4. Wolfner State Library Fund Transfer

The fiscal year 2001 operating transfer out includes \$728,000 invested with the Missouri Investment Trust. The Missouri Investment Trust was established by Section 30.953, RSMo 2000, to receive, hold, manage, invest and ultimately reconvey funds transferred to the investment trust pursuant to the terms of a trust agreement. According to the trust agreement between the Office of Secretary of State and the Missouri Investment Trust, the funds transferred along with any interest, income or other earning will be transferred to the Wolfner State Library Fund from the Missouri Investment Trust in January 2010.

5. Operating Transfers Out

The operating transfer out amounts include the applicable funds' proportional share of fiscal year 1999 refunds paid in fiscal year 2001 required by Article X, Section 18 of the Missouri Constitution. These refunds were:

Fund	Year Ended
	<u>June 30,</u>
	<u>2001</u>
Technology Trust Fund	\$ 30,088
Local Records Preservation Fund	23,275
Investor Education Fund	1,404
State Document Preservation Fund	167
Wolfner State Library Fund	615
Institution Gift Trust Fund	632

Note to the Supplementary Data:

6. General Fixed Assets

During fiscal year 2002, the Office of Secretary of State converted its fixed asset records to the Statewide Advantage for Missouri (SAM II) System. General fixed assets, which are recorded as expenditures when acquired, are capitalized at cost in the General Fixed Assets Account Group. Accumulated depreciation is recorded by reducing the investment in the General Fixed Assets Account Group. The office's general fixed assets consist of the following:

Furniture and Equipment: This category consists of all office-owned furniture and equipment items, including computer equipment. Equipment is recorded at original cost except for situations in which used equipment is traded in on the purchase of new equipment. In those situations, the recorded cost of the new equipment is the original cost less the trade-in book value. These items are depreciated on a straight-line basis over their estimated useful lives. Accumulated depreciation on furniture and equipment totaled approximately \$2.8 million at June 30, 2002.

Motor Vehicles: This category consists of all office-owned vehicles. Vehicles are recorded at original cost, less trade-in allowance when applicable, and are depreciated on a straight-line basis over a five year useful life. Accumulated depreciation on vehicles totaled approximately \$134,000 at June 30, 2002.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

OFFICE OF SECRETARY OF STATE
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of the Office of Secretary of State as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated September 6, 2002.

The following Management Advisory Report presents our findings arising from our audit of the office's special-purpose financial statements.

1.	Federal Grant Management
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The Office of Secretary of State does not adequately monitor expenditures made by subrecipients of the Institute of Museum and Library Services (IMLS) grants. In addition, the Office of Secretary of State did not always prepare and submit reports in compliance with grant requirements.

The State Library (library) expended approximately \$5.5 million from the IMLS grants during the two years ended June 30, 2002. The grants include provisions for statewide projects handled by the library and for funding to subrecipients for the improvement of their library services and operations. In addition, the Archives Division awarded subrecipients approximately \$145,000 for the preservation of their historical records and expended approximately \$73,000 for the restoration of documents at the city of St. Louis Circuit Court.

Our review of the office's management of these federal grants noted the following concerns:

- A. Since the library does not routinely require subrecipients to provide expenditure documentation, the library rarely reviews and evaluates expenditure documentation from subrecipients.

The grant agreements between the library and subrecipients provide that expenditure documentation be retained for at least 5 years (from the termination date of the grant period) and be provided to the library upon request. However, library personnel stated that they seldom request and review expenditure documentation.

As a result, the library has little assurance that federal monies are spent in accordance with federal requirements. In addition, Office of Management and Budget (OMB) Circular A-133 requires the grant recipient to monitor the subrecipient's activities to provide reasonable assurance that the subrecipient administers the federal awards in compliance with the federal requirements.

- B. The Office of Secretary of State did not always prepare and submit reports in compliance with grant requirements.
1. During the year ended June 30, 2002, the Archives Division only submitted one of four required reports for the grant related to the restoration of documents at the city of St. Louis Circuit Court. In addition, the one report submitted was not prepared until the division received a past due notice from the federal agency. According to division personnel, the other three reports were not filed because the grant funds were received late and there was no activity to report on. However, division personnel later concluded that at least the interim performance report should have been submitted, regardless whether or not funds had been received.
 2. The library has not submitted quarterly federal cash transaction reports since July 2001 for the IMLS grants. The grants require federal cash transaction reports be submitted within 30 days after each quarter. According to fiscal office personnel, these quarterly reports were prepared by a former accountant who retired, and no one was aware that these reports were required. The IMLS is requiring the Office of Secretary of State to prepare and submit the missing quarterly reports.

The failure to adequately monitor subrecipients' expenditures and to prepare and submit required reports could result in the withholding of grant funds, the suspension or termination of the grant, the repayment of grant funds, and/or the denial of future grant applications.

WE RECOMMEND the Office of Secretary of State:

- A. Develop policies and procedures to adequately monitor subrecipients' expenditures of IMLS grant monies to ensure the monies are spent in accordance with federal requirements.
- B. Ensure all required reports are prepared and submitted in accordance with grant requirements.

AUDITEE'S RESPONSE

- A. *We agree.*

Status: Completion by July 1, 2003

The State Library from its federal management documents will bring together those specifically pertaining to post-award grant management, combine those with our current internal grant management procedures, and develop a handbook of policies and procedures. Staff currently refer to these documents separately, but they are not

compiled in one handbook. The handbook will include appropriate references from Code of Federal Regulations 1180-1185, and OMB Circular A-133. The handbook will also describe procedures for onsite monitoring visits to grantees.

B. *We agree.*

Status: Implemented

In the transition of duties due to a retirement, this task was not passed along. All required federal cash transaction reports have been filed with IMLS, and all grant federal cash transaction report due dates are now scheduled on Fiscal Office Outlook calendars to assure that due dates are not missed.

All National Endowment for the Humanities financial grant reports and the interim performance report were completed during the audit. The financial reports have also been placed on Fiscal Office calendars to insure timely completion. Performance reports will be prepared as required in the grant by the Project Director.

2. Corporation Fees

The Corporations Section has not established adequate procedures to ensure the number of filings processed each day are properly reported and accounted for and that fees are remitted to the proper fund.

The fees charged by the Corporations Section are defined by state statute. The majority of the fees collected are remitted to the General Revenue Fund-State. However, five (\$5) dollars for each filing is remitted to the office's Technology Trust Fund. The amount of funds remitted to the Technology Trust Fund is contingent on the total filings being accurate.

However, neither the total number of filings documented on the individual transmittal sheets nor the aggregate number of filings are independently verified. Each division employee, who receives and processes fees, prepares a daily transmittal sheet which documents the type of fees received/processed and the total number of filings for their area. There are approximately thirty-five different areas, such as new corporations, amendments, mergers/rescissions, and fictitious names, for which transmittal sheets are prepared.

During our review of transmittal sheets submitted on 40 different days, we noted 11 (28 percent) days where the aggregate filings and/or transmittal sheets were not correct due to addition errors. For example, the total filings for one day was short 49 filings, while the total filings for another day included 30 extra filings. Overall, the division failed to account for a total of 88 filings. As a result, the Technology Trust Fund was underpaid \$440.

To help ensure that fees received are remitted to the proper fund, the Corporations Section should establish procedures to independently verify the number of daily filings processed and reported on the transmittal sheets and the aggregate total for the day.

WE RECOMMEND the Office of Secretary of State establish procedures which provide for an independent verification of the number of filings processed by the Corporations Section and which ensure fees received are remitted to the proper fund.

AUDITEE'S RESPONSE

We agree.

Status: Implemented

During the audit process and meeting with the auditors regarding their concerns for the accuracy in the technology fund transfers, the Corporations area implemented a process to double check transmittals and ensure the technology fees are accounted for and remitted to the proper fund accordingly.

Once the individual transmittal reports are completed and turned in, each is individually checked for accuracy by the account clerk.

The account clerk added to her daily spreadsheet a column to track and indicate the technology fund transactions per desk based on the individual transmittal reports. Once the number of transactions that would include a technology fee per desk is entered on the spreadsheet, they are double checked against the individual transmittal reports to verify for accuracy.

A spreadsheet is completed for each workday to track cash receipts including the number of technology fee transactions. The number of technology fee transactions are multiplied by five dollars to indicate to the fiscal department how much of the total deposit from the daily corporation deposit is to be transferred into the technology trust fund.

Based on the fee intake per type of transaction it is easily detected at a glance on the spreadsheet if the number indicated in the technology transaction fee column is inadequate or excessive.

3. Internal Control Plan and Control Weaknesses
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The Office of Secretary of State did not prepare and submit an internal control plan to the Office of Administration (OA), as required, and the failure to complete an internal control plan contributed to control weaknesses in various divisions.

- A. The Office of Secretary of State did not prepare and submit an internal control plan to the OA by July 2001. Following the implementation of the Statewide Advantage for Missouri (SAM II) system, state agencies were requested to submit

an internal control plan to the OA. The instructions for the preparation of an agency internal control plan were distributed to state agencies in April 1999. Originally, internal control plans were to be submitted to the OA by October 1999. However, due to complications and increased workload associated with the implementation of the SAM II system, the Office of Secretary of State was granted an extension to July 2001.

According to management personnel, the internal control plan is currently in the preliminary draft stage. They indicated that the final plan cannot be developed until written internal control procedures have been established for the various divisions within the office; however, these written procedures are still in the process of being established. The Office of Secretary of State should prepare and submit its internal control plan to the OA, as soon as possible.

B. The failure to complete an internal control plan contributed to control weaknesses in various divisions. We noted the following:

- There is a lack of segregation of duties in the majority of divisions. The duties of record keeping and custody of receipts are not always adequately segregated, and independent documented supervisory reviews are not always performed.
- One division does not deposit receipts on a timely basis. This division deposits receipts approximately once a month. From July to December 2001, the average monthly deposit totaled approximately \$4,400.
- Monthly reconciliations between revenue transmittals and SAM II reports are usually not prepared and/or properly documented in the majority of divisions.

To protect against possible loss, theft, or misuse of funds, internal controls should provide reasonable assurance through segregation of duties that all transactions are accounted for properly. If adequate segregation of duties cannot be achieved, there should be periodic independent supervisory reviews of records and reconciliations. Also, monies should be deposited intact daily or when accumulated receipts exceed \$100. In addition, to ensure all receipts are properly accounted for and recorded, procedures should be established for documented monthly reconciliations of receipts to SAM II reports.

WE RECOMMEND the Office of Secretary of State develop written internal control procedures for the various divisions. These procedures should ensure the duties of receiving, recording, depositing, and reconciling are adequately segregated; receipts are deposited on a daily basis or when accumulated receipts exceed \$100; and monthly reconciliations of receipts to SAM II reports are prepared and/or documented. In addition, the Office of Secretary of State should prepare and submit its internal control plan to the OA, as soon as possible.

AUDITEE'S RESPONSE

A. We agree.

Status: In Progress

The Office of the Secretary of State (SOS) has requested and received permission from the Office of Administration's SAM II Administrator to use the state contract for services with American Management Systems (AMS) to hire a consultant to assist with the documentation and development of an SOS Internal Control Plan and the documentation of SOS Financial Policies and Procedures.

The Internal Control Plan is in development and the use of a consultant to assist in the process should speed its completion and assure submission of the SOS Internal Control Plan to the Office of Administration prior to Fiscal Year end, unless the consulting firm has no staff available within this timeframe.

B. We agree.

Status: Implemented

The Internal Control procedures will be documented (in writing) during the compilation of the Internal Control Plan, with the assistance of the consulting firm, AMS.

Independent supervisory reviews are being performed where segregation of duties is not possible. Where possible, additional segregation of duties was implemented.

Deposits are being made on a timely basis in the division in which a problem was noted. The employee who took over the position responsible for deposits is making timely deposits.

Monthly reconciliations between the revenue transmittals and SAM II reports are being prepared and supervisory review has been implemented where lack of segregation of duties warrants.

This report is intended for the information and use of the management of the Office of Secretary of State and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

OFFICE OF SECRETARY OF STATE
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Office of Secretary of State on findings in the Management Advisory Report (MAR) of our prior audit report issued for the period July 1, 2000 to January 8, 2001 and the two years ended June 30, 2000.

1. Franchise Tax Delinquencies

The Office of Secretary of State did not administratively dissolve corporations for failure to pay franchise taxes for filing dates after January 1, 2000. The Office of Secretary of State and the Department of Revenue (DOR) had not agreed on policies and procedures regarding how notifications would be sent (e.g. electronic transfer of information), or how often notifications would be sent.

Recommendation:

The Office of Secretary of State establish policies and procedures with the DOR regarding the notification process for corporations that fail or refuse to pay franchise tax, and resume administratively dissolving corporations as appropriate.

Status:

Partially implemented. Although the Office of Secretary of State and the DOR have not established written policies and procedures regarding the notification process, the DOR sent notification of delinquent corporations to the Office of Secretary of State for fiscal year 2000. According to DOR personnel, notifications will be sent to the Office of Secretary of State following the August 15th extension deadline for future years.

2. Fixed Asset Records and Procedures

Fixed asset records and procedures were not adequate, and did not provide sufficient information to allow the fixed asset balances and transactions to be audited. The fixed asset records were not maintained in accordance with the Code of State Regulations (CSR).

Recommendation:

The Office of Secretary of State establish adequate general fixed asset records and procedures that comply with the CSR requirements and provide adequate controls and accountability.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OFFICE OF SECRETARY OF STATE HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

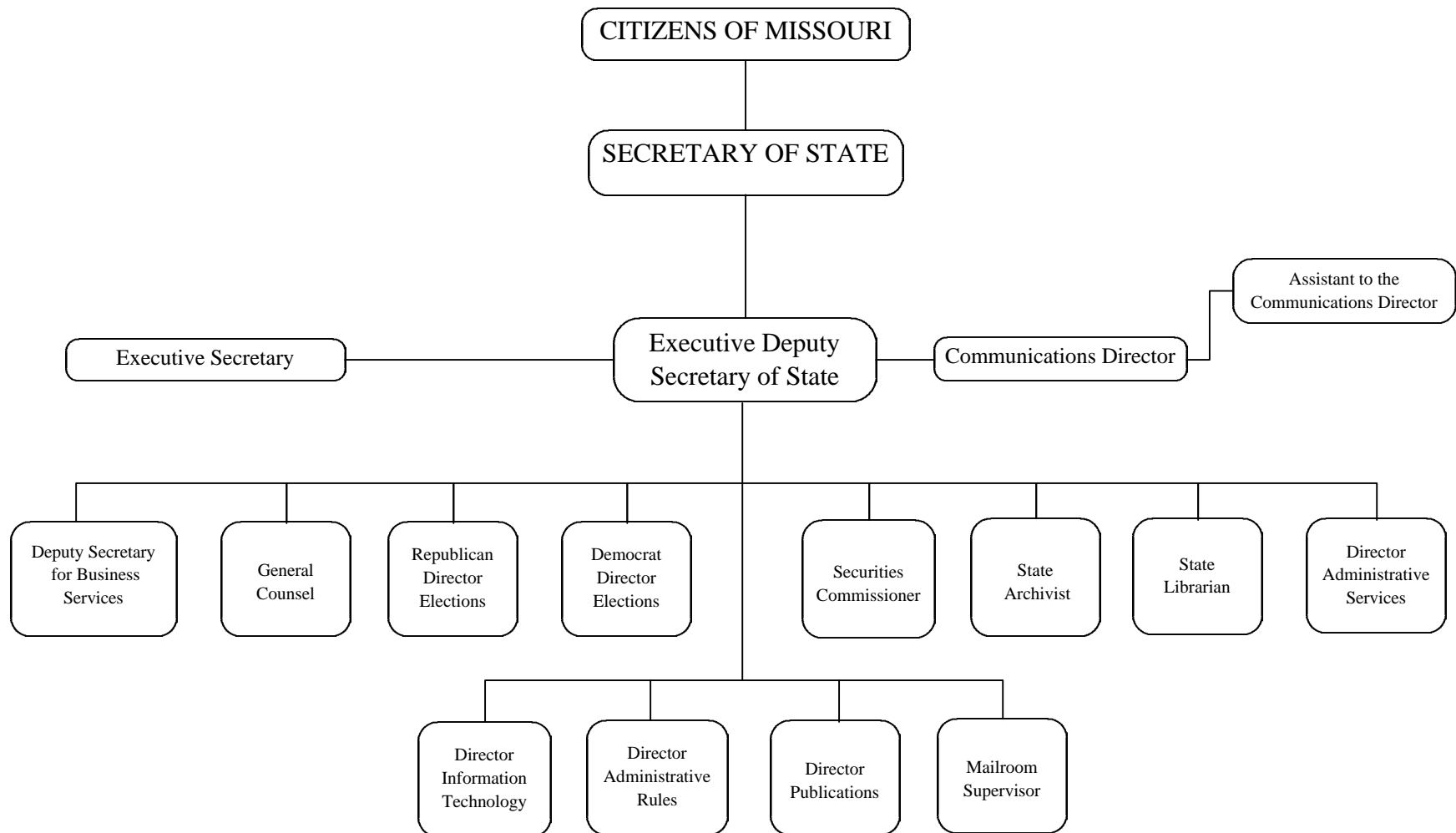
The Office of Secretary of State is an elective office as provided in the Missouri Constitution. Article IV, Section 14, established the duties of the Secretary of State: 1) to be custodian of the state seal, 2) to keep a register of the official acts of the governor, 3) to be custodian of records and documents, and 4) to perform such duties in relation to elections and corporations as provided by law.

To accommodate the responsibilities of record keeping, registration, and administration, the Secretary of State's office is currently divided into eight divisions – Executive Services, Elections, Securities, Business Services, Record Services, Legal Services, Administrative Services and Library Services. Some divisions are composed of separate sections which perform specific functions.

Matt Blunt was elected as the state's thirty-seventh Secretary of State on November 7, 2000. Mr. Blunt's term expires in January 2005.

As of June 30, 2002, the Office of Secretary of State employed approximately 275 full-time and 26 part-time employees. An organization chart follows:

OFFICE OF SECRETARY OF STATE
ORGANIZATION CHART
JUNE 30, 2002



* * * * *

**DEPARTMENT OF HEALTH AND SENIOR SERVICES'
MONITORING OF NURSING HOMES AND
HANDLING OF COMPLAINT INVESTIGATIONS**

DEPARTMENT OF HEALTH AND SENIOR SERVICES'
MONITORING OF NURSING HOMES AND
HANDLING OF COMPLAINT INVESTIGATIONS

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AUDITOR'S REPORT

McBRIDE, LOCK & ASSOCIATES

Honorable Bob Holden, Governor
and
Richard C. Dunn, Director
Department of Health and Senior Services
and
Ronald W. Cates, Chief Operating Officer
Department of Health and Senior Services
and
Jerry Simon, Deputy Director
Senior Services and Regulation
Jefferson City, MO 65102

We have audited the Department of Health and Senior Services' monitoring of nursing homes and handling of complaint investigations. The scope of this audit included, but was not necessarily limited to, the year ended June 30, 2002. The objectives of this audit were to:

1. Review and evaluate the department's compliance with certain statutory requirements regarding inspections of nursing homes and residential care facilities.
2. Review and evaluate the department's compliance with certain statutory requirements regarding investigation and processing of complaints.
3. Review certain management controls and practices to determine the propriety, efficiency and effectiveness of those controls and practices as they relate to the monitoring of nursing homes and complaint investigations.
4. Review follow-up action taken on findings presented in our prior report.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed applicable state and federal laws, interviewed personnel, and inspected relevant records and reports of the Department of Health and Senior Services and some nursing homes. We also received input from advocacy groups and concerned citizens who provided our office with additional information about various nursing homes and the Department of Health and Senior Services' practices.

As part of our audit, we assessed the Department of Health and Senior Services' management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History and Organization is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of the Department of Health and Senior Services' monitoring of nursing homes and handling of complaint investigations.

To avoid any perceived conflict of interest relating to this report or its scope, the State Auditor contracted with our firm to oversee the audit work performed by the State Auditor's professional audit staff. The accompanying Management Advisory Report presents the findings arising from our audit of the Department of Health and Senior Services' monitoring of nursing homes and handling of complaint investigations.

A handwritten signature in black ink that reads "McBride, Lock & Associates". The script is cursive and fluid.

McBride, Lock & Associates

September 12, 2002

EXECUTIVE SUMMARY

DEPARTMENT OF HEALTH AND SENIOR SERVICES'
MONITORING OF NURSING HOMES AND
HANDLING OF COMPLAINT INVESTIGATIONS
EXECUTIVE SUMMARY

This audit serves as a follow-up to a prior report released by the Missouri State Auditor on March 1, 2000. Our audit indicates progress was made in several areas. However, this audit noted other areas where corrective action was not achieved, as well as additional areas of concern.

Our review noted completed inspection files were sometimes submitted late to the Central Office and no system was in place to track the timing of inspection packet submissions. In addition, multiple systems are currently used to track and record the inspection and licensure processes. This has increased the occurrence of data entry errors and results in a duplication of effort. Approximately 80 percent of interim inspections conducted during state fiscal year 2002 cited no deficiencies. As a result, the department should consider whether a better use of existing staff resources would be to perform additional detailed inspections at "poor performing" facilities and/or whether these resources could better be utilized to evaluate inspector performance in a more timely manner.

On-site complaint investigation visits were not always initiated in a timely manner. In addition, information in the complaint database used to review timeliness was not always complete and accurate. The report also recommends the department continue to study the possibility of establishing a cost effective process for dissatisfied complainants to appeal the result of complaint investigations.

The Quality Assurance Unit was established in 2001 to review a sampling of completed inspections and complaint investigations to ensure they were conducted efficiently, consistently, and in accordance with applicable standards and regulation. However, the unit has performed only two reviews of complaint investigations and no facility inspections.

As noted in the previous audit, noncompliant facilities are not adequately sanctioned to encourage subsequent compliance, as many deficiencies are cited repeatedly at the same facility. The department continues to need more effective sanctioning tools to help bring problem facilities into compliance with state and federal standards, and to help ensure quality care is provided to the elderly on a consistent basis. The department has supported proposed legislative changes to streamline the process to fine facilities and enhance its sanctioning alternatives in recent legislative sessions. However, this legislation has not passed.

The department has no minimum staffing standard in place and does not track actual staff hours at nursing home facilities. As a result, the department cannot compare actual staffing information to estimated staffing needs to prevent understaffing and negative resident outcomes. The report also recommends the department improve contract monitoring activities related to the Quality Improvement Care Program for Missouri's Long-Term Care Facilities.

The department does not always obtain documentation that appropriate corrective action occurs when it identifies individuals listed on its Employee Disqualification Listing (EDL) that are illegally employed in a nursing home or in-home provider. In addition, our review noted inordinate delays from the time a complaint was filed to the time the individual was finally placed on the EDL.

One of seven regions has not investigated complaints and inspected nursing homes in a timely manner. The untimely performance of this region is at least partially attributable to a significantly greater workload and unfilled vacancies. In addition, the salaries paid social workers in Missouri are lower than those paid for similar positions in bordering states as well as the private sector. Compliance with the department's conflict of interest policy is not adequately documented, and inspectors are permitted to inspect facilities where they were previously employed.

MANAGEMENT ADVISORY REPORT –
AUDITOR’S FINDINGS

DEPARTMENT OF HEALTH AND SENIOR SERVICES'
MONITORING OF NURSING HOMES AND
HANDLING OF COMPLAINT INVESTIGATIONS
MANAGEMENT ADVISORY REPORT -
AUDITOR'S FINDINGS

1.	Inspections
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Under federal and state regulations, the Department of Health and Senior Services, Section for Long-Term Care Regulation (SLCR) is charged with the responsibility to conduct inspections on all licensed nursing homes and residential care facilities in the state. Currently there are 1,185 of these facilities operating in Missouri. Federal regulations require nursing homes that are certified to participate in the Medicare and Medicaid programs to be subjected to a federal inspection (also commonly referred to as a survey) at least once every fifteen months. State regulations require each licensed nursing home and residential care facility to be inspected at least twice annually. One of these required inspections is designated the “full” inspection and must determine whether the facility is in compliance with all state licensing and provision of care requirements except for those reviewed during an “interim” inspection. The “interim” inspection (also known as the second inspection) is the other state mandated inspection. This inspection is outcome oriented and focuses on the quality of care provided and compliance issues related to the following areas; surety bonds, nurse aides training, resident funds, operating policies, grievance system, licensed administration, and the Patient Self-Determination Act. Section 198.032, RSMo 2000, requires inspection reports to be centrally filed in a manner that facilitates rapid access and availability to the public for examination and copying.

Our review of the inspection process noted the following areas of concern:

- A. Inspection packets were not always submitted to the Central Office within the specified time frame. Our review of 60 completed inspection files noted 11 (18 percent) had been submitted late to the Central Office. In addition, the SLCR does not have a system in place to track the timing of inspection packet submissions.

Section III, Policy No. 316.20 of the Administrative Policy and Procedure manual of the SLCR, requires each region to submit inspection packets to the Central Office within 30 days of completion. To comply with departmental policy and to better facilitate access and availability to the public, inspection reports should be centrally filed in a timely manner. In addition, the SLCR should have a system in place to review for compliance with this policy. Such as system would allow the SLCR to review each region's performance, identify and avoid potential backlogs, and ensure the timely submission of all inspections.

- B. The SLCR uses multiple systems to track and record the inspection and licensure processes for licensed facilities. This has increased the occurrence of data entry errors and results in a duplication of effort.

These systems and databases are all used for different purposes by SLCR staff. The On-line Survey and Certification Reporting System tracks and records inspections conducted on federally funded facilities; the ASPEN system is used by inspectors to prepare statements of deficiencies related to noncompliance cited at each facility; a Scheduling and Tracking database is used by Regional Managers to plan upcoming inspections; and the Production System is used by the Licensure Unit to track facility license applications and fire safety, ownership, operator, and facility history information.

During our review of these systems, we noted examples of information that did not agree from one system to another (ie. facility names, inspection or revisit dates, federal tags cited). In addition, information maintained on one system was often duplicated on another system. One comprehensive system with report generating capability for all licensed facilities (state and federal) would promote consistency and efficiency. Such a system could be used to perform the functions the various systems currently are used for as well as tracking inspection packets as noted in A. above, and performing analytical analysis among the state's seven regions.

- C. Sections 198.022.3 and 198.526, RSMo 2000, state that inspections must be conducted at least two times each year in all facilities licensed by the SLCR. One of these inspections must be a full inspection while the second is generally an interim inspection. However, the interim inspection often does not provide an accurate assessment of a facility's performance, and is not an effective use of a surveyor's review time. Approximately 80 percent of interim inspections conducted during state fiscal year (SFY) 2002 cited no deficiencies. In addition, the average number of deficiencies cited in an interim inspection (0.5) was significantly less than the average for full inspections (5.4) for that year.

The SLCR should consider alternatives to the interim inspection process. A better use of existing staff resources would be to perform additional detailed inspections at "poor performing" facilities while rewarding "good" facilities with less frequent reviews. This would require legislative action to change the existing state law.

- D. In 1999, the General Assembly passed the legislation to establish the Missouri On-site Survey Evaluation Process (MOSEP). This legislation was designed to ensure uniformity of application of regulation standards in long-term care facilities throughout the state. Specifically, Section 198.527, RSMo 2000, requires the department to periodically evaluate its inspectors, and based on this evaluation, develop and implement additional training and knowledge standards.

The SLCR is not performing the required performance evaluations in a timely manner. Approximately 67 percent of SLCR employees had overdue performance evaluations. Region 3 had a delinquency rate of 100 percent, while region 6 a delinquency rate of 95 percent. All but two regions had delinquency rates above 50 percent.

Discussion with SLCR staff indicated that evaluations could not be completed more timely due to a lack of personnel and because the evaluation process had a lower priority than other responsibilities of the SLCR. Requests for funding to add four full time employees to perform the inspector evaluations have been denied by the Legislature for the state fiscal years ending June 30, 2003, 2002, and 2001. Since requests for additional staff resources have been denied, the department needs to consider other alternatives to comply with state law regarding staff evaluations. These alternatives include conducting an analysis to ensure current staff resources are being utilized as efficiently as possible and re-evaluating priorities.

- E. As noted in the prior audit, state inspectors tend to cite fewer deficiencies when federal inspectors are not present. The U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), conducts two types of federal oversight and support surveys (FOSS) to determine if the SLCR is complying with the federal inspection process. The first of these two is the observational inspection process where CMS inspectors accompany the SLCR inspectors during the actual onsite inspection, providing guidance and advice to help them improve their inspection techniques. The second is the comparative or look behind inspection process where a separate inspection is conducted within two months of the state survey's completion date and results of the two inspections are compared to identify additional training needs for SLCR inspectors.

We reviewed 17 FOSS inspections conducted in SFY 2002 and noted that the average number of deficiencies cited by the state inspectors (7) was significantly less than when federal inspectors were present (18). The table below displays the results of our review of the FOSS process:

Inspection Comparison

	<u>Comparative Inspection</u>	<u>Observational Inspection</u>	<u>Prior State Inspection</u>
Number of inspections reviewed	3	14	17
Total deficiencies cited during inspections	50	266	117
Average number of deficiencies	17	19	7
Percentage of inspections with more deficiencies than the prior state survey	100 %	79 %	N/A

In addition to the averages noted above, two observational inspections resulted in significant variances in the number of deficiencies cited. In the first example, 36 deficiencies were cited during the observational survey while state inspectors only cited 9 deficiencies in the prior inspection on the same facility. In the second example, 31 deficiencies were cited during the observational survey while only 4 deficiencies were cited during the prior state survey.

Several factors contribute to the large variances in deficiencies cited. For instance, federal observational inspections were conducted on average approximately 337 days after the prior state inspection when federal inspectors were not present. Significant changes could have occurred at a facility during the course of this timeframe. In addition, during comparative inspections federal inspectors select a different sample of residents for their review. Also, according to department personnel, federal inspectors tend to be more critical and often cite problems which are not regulatory violations.

We commend the SLCR for reviewing federal survey results and formulating additional training programs to address needs identified by federal inspectors. However, the increased number of deficiencies cited when CMS inspectors are available for guidance and advice still indicates a need for future training of state inspectors.

WE RECOMMEND the Department of Health and Senior Services:

- A. Ensure that completed inspections are submitted to the Central Office in a timely manner.
- B. Develop a single comprehensive inspection system to adequately and accurately track and record all inspection information of licensed facilities.
- C&D. Analyze the utilization of current staff resources and evaluate the benefits of interim inspections compared to additional inspections of poor performing facilities. Based on this analysis, the department should present options to the Legislature which include the additional amount, if any, of funding necessary to achieve all responsibilities, or reduce the responsibilities currently required by state law. Furthermore, the department should ensure staff evaluations are performed in accordance with state law.
- E. Continue to evaluate the results of the observational and comparative federal inspections to identify potential training needs for state inspectors.

AUDITEE'S RESPONSE

- A. *The SLCR agrees that inspection packets are not always submitted to Central Office files within 30 days from completion of the inspection process. The SLCR disagrees that this has caused any untimely responses to public request for information. Whenever requests for information are made in which the inspection packets are in the region, the region*

submits a copy of the packet to Central Office within seven working days. In November 2002, the SLCR began the process of entering inspections into the newly implemented Federal "Aspen Central Office" database. During SFY 2003, the SLCR will be developing management reports from the database that will be used to track the 30-day time requirement for inspection packets to be submitted to Central Office once the inspection process has been completed.

- B. As stated in A., in November 2002, the SLCR began the process of entering both federal surveys and state inspections into the federal "Aspen Central Office" database. In addition, by March 2003, all complaint investigations will also be entered into this system. The SLCR will be working with the Department of Health and Senior Services' (DHSS) Office of Information Systems (OIS) Unit to develop needed reports from the Aspen database, at which time other systems will be discontinued.*
- C. The Division of Health Standards and Licensure (DHSL) is currently in agreement that second inspections should only be required for "poor performing" facilities and will be seeking statutory changes to allow this to be implemented.*
- D. As previously notated by the auditors, additional funds and full time employees (FTEs) have been requested by the SLCR to ensure a continuous training process for field and central office survey staff. The request for additional funding and FTEs has been denied in the previous fiscal years (2001, 2002, and 2003). We agree that MOSEP could be a very useful education/training tool for our surveyors. However, the particular mandate associated with MOSEP (House Bill 316 and Senate Bill 326) was not funded. The SLCR does not currently have the FTEs that can be moved from regular licensure, survey and complaint functions to implement the MOSEP training program as an ongoing process. We will continue to request additional funding as well as FTEs from the legislature in order to incorporate MOSEP into our surveyors education/training program. Supervisory staff in each region conduct regular reviews of surveyors' performance and complete annual employee performance appraisals.*
- E. SLCR management staff are aware of the variance in the number of deficiencies cited by state inspectors whenever federal inspectors are present. As a result, the Field Operations Manager, Quality Assurance Manager and State Training Coordinator have been involved in reviewing these variances and have been working with each of the seven Regional Managers to develop training plans for each region. This process will continue, as well as increasing the reviews conducted by the Quality Assurance Unit to identify areas where training is needed.*

The SLCR and Home and Community Services (HCS) are responsible for recording, investigating, and reporting the results of complaints made to the elderly abuse hotline maintained by the Department of Health and Senior Service's, Central Registry Unit (CRU). For state fiscal year 2002, approximately 8,000 SLCR and 15,300 HCS complaints were received.

SLCR surveyors prioritize their complaints into one of four categories based on the severity of the complaint. Per SLCR policy, all complaint investigations are to be initiated by contacting the reporter, if known, within 24 hours. After discussion with the reporter and review of all applicable information, the surveyor will prioritize the complaint. Complaint descriptions as well as timeframes for conducting the initial on-site visit are as follows:

- **Priority A:** Actual harm - Conduct the on-site visit within 24 hours.
- **Priority B:** Potential for serious harm exists - Conduct the on-site visit within 10 working days.
- **Priority C:** Actual minimal harm occurred or the potential exists - Conduct the on-site visit within 30 calendar days.
- **Priority D:** No harm is reported or potentially exists but there is a potential for a regulatory violation - Conduct the on-site visit within 60 calendar days.

HCS complaints are categorized based on the severity of the complaint into one of three classifications by a CRU social worker. However, the HCS investigator can obtain supervisor approval to change this original classification.

While our review noted no concerns with the handling of HCS complaints, we did identify the following concerns regarding SLCR complaints:

- A. As noted in the prior audit, on-site complaint investigation visits are not always initiated in a timely manner as required by SLCR policy. In addition, information in the complaint database used to review this requirement was not always complete and accurate.

SLCR management reports summarize the timeliness of complaint investigation activity as follows:

SLCR Complaint Investigations

Complaint Type	Investigations	Untimely Investigations	Error Rate
A	414	None	n/a
B	4,238	398	9%
C	2,692	390	14%
D	583	11	2%

In addition, approximately 269, 380, and 99 (6, 14 and 17 percent respectively) of all priority B, C, and D complaints did not have the relevant date information entered into the database. There were also several examples of negative timeframes noted, making it appear that the investigation had been completed before a complaint was even received. These instances were caused by data entry errors.

Delayed initiation can make it more difficult to determine whether an incident or violation actually occurred. As a result, the SLCR should ensure complaint investigations are initiated timely. In addition, the SLCR should ensure that all relevant date information is complete and accurate.

- B. Our prior audit report noted complainants did not have a forum to appeal the result of a complaint investigation. In 1999, the General Assembly passed legislation requiring the SLCR to implement the Consumer Informal Dispute Resolution (CIDR) Pilot Project. The pilot project provided for face-to-face conferences between SLCR staff and complainants, residents, or their family members. The purpose of these meetings was to share information to satisfactorily resolve any concerns. This legislation also required the SLCR to report to the General Assembly on the effectiveness of the pilot project.

In its report to the General Assembly, the SLRC concluded the CIDR process showed merit and improved resident care. However, projected costs to implement this program statewide were estimated at over \$1 million annually. Due to the state's budget situation, the SLCR recommended any further action on this project be discontinued until such funding is readily available. The report discussed the possibility of requiring CIDRs on only significant or frequent violations. This alternative would reduce the estimated cost of the CIDR program.

WE AGAIN RECOMMEND the Department of Health and Senior Services:

- A. Section for Long-Term Care Regulation conduct on-site complaint investigations timely and maintain complete and accurate information regarding the dates of on-site complaint investigations.

- B. Study the possibility of establishing a more cost effective process for dissatisfied complainants to appeal the result of complaint investigations.

AUDITEE'S RESPONSE

- A. *The SLCR is aware that not all complaints are responded to within the timeframes specified in the SLCR policy. In October 2000, a Field Operations Manager position was created in order to directly monitor, supervise and direct the work performance in the regions. Since that time, steady improvement has been made as noted in your review. The SLCR would like to note that 100% of priority A complaints were initiated and completed timely.*

Due to the continued increase in the number of complaints received and the current difficulty in filling vacant positions due to poor salary benefits for surveyors, the SLCR anticipates continued problems in the timeliness of the completion of complaints in which little or no harm is alleged. Priority will be given to complaints alleging imminent danger or significant harm.

- B. *The SLCR currently notifies reporters of complaints made to the Elder Abuse and Neglect Hotline of the investigation findings. The SLCR also provides responses on both a regional and central office basis whenever a complainant is dissatisfied with the results of an investigation. Development of an adapted Consumer Informal Dispute Resolution (CIDR) process in the future will be dependent on receiving funding for the additional staff that would be required to implement such a program.*

3. Quality Assurance Unit

The SLCR, Quality Assurance Unit (QAU) was established in 2001. The unit manager supervises approximately four support staff. The main function of the unit is to review a sampling of completed inspections and complaint investigations to ensure they were conducted efficiently, consistently, and in accordance with applicable standards and regulation.

Since the unit's inception, the unit performed only two reviews of complaint investigations and no facility inspections. According to unit personnel, more reviews could not be performed because staff were assigned to complete other duties within the SLCR. During our review of selected inspections and complaint investigations, we noted instances where inspectors deviated from the SLCR's established policies. These deviations included not meeting established investigation and reporting timeframes as well as instances where adequate documentation was not provided to support all aspects of the inspection or complaint investigation. A fully operational and effective quality assurance function would likely have discovered and corrected these deviations.

To help ensure inspections and complaint investigations are properly and consistently completed, the QAU should perform reviews on inspections and complaint investigations.

WE RECOMMEND the Department of Health and Senior Services assign QAU personnel to perform regular reviews of facility inspections and complaint investigations.

AUDITEE'S RESPONSE

During SFY 2002, the Quality Assurance Unit also conducted approximately 50 cursory reviews of complaint investigations and surveys and reported problems noted directly to Regional Managers. In September 2002, the SLCR set the following goal for the Quality Assurance Unit to meet - reviews of 10% of surveys, 10% of full state inspections, 5% of second inspections, and 5% of complaint investigations statewide and by regions.

4. Repeat Deficiencies, Sanctions, and Corrective Action

The SLCR prepares a statement of deficiencies when a facility is found to be in violation of federal or state regulations during either the regular inspection process or a complaint investigation. Under federal requirements, each cited deficiency is designated a tag number from one of 190 categories or tags. A grid consisting of four levels and an alphabetic rating system is used to assign a score to each deficiency cited. One of four levels is assigned to reflect the severity of the problem and an alphabetic score ranging from A through L is assigned to reflect how many residents are affected. The scope and severity grid also acts as a guideline to the SLCR in determining how to penalize a noncompliant facility. There are three categories of remedies that may be imposed depending on the scope and severity score assigned to the deficiency and whether or not corrections are made at the time of a revisit. See the following chart for scope and severity placements and the allowable remedies:

SCOPE & SEVERITY GRID

Severity	Scope		
	Isolated	Pattern	Widespread
IMMEDIATE JEOPARDY	POC Required: Cat. 3 <i>Optional: Cat. 1</i> <i>Optional: Cat. 2</i>	POC Required: Cat. 3 <i>Optional: Cat. 1</i> <i>Optional: Cat. 3</i>	POC Required: Cat. 3 <i>Optional: Cat. 1</i> <i>Optional: Cat. 4</i>
Level 4	J	K	L
ACTUAL HARM	POC Required: Cat. 2 <i>Optional: Cat. 1</i>	POC Required: Cat. 2 <i>Optional: Cat. 1</i>	POC Required: Cat. 2 <i>Optional: Cat. 1</i> <i>Optional: Temp. Mgt.</i>
Level 3	G	H	I
NO ACTUAL HARM, POTENTIAL FOR MORE THAN MINIMAL HARM THAT IS NOT IMMEDIATE JEOPARDY	POC Required: Cat. 1 <i>Optional: Cat. 2</i>	POC Required: Cat. 1 <i>Optional: Cat. 2</i>	POC Required: Cat. 2 <i>Optional: Cat. 1</i>
Level 2	D	E	F
NO ACTUAL HARM, POTENTIAL FOR MINIMAL HARM	No POC No Remedies Commitment to Correct Not on HCFA - 2567	POC	POC
Level 1	A	B	C

Bold indicates: Substandard quality of care

<u>Remedy Category 1</u> Directed Plan of Correction: **State Monitor; and/or *Directed In-Service	<u>Remedy Category 2</u> **Denial of Payment for New Admissions *Denial of Payment for All Individuals Imposed by HCFA and/or \$50-3,000/day	<u>Remedy Category 3</u> *Temporary Management: Termination Optional: Civil Money Penalties \$3,050-10,000/day
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Source: Federal Register 11/10/94, p. 56183

The SLCR may recommend remedies be imposed by the U. S. Department of Health and Human Services, Centers of Medicare and Medicaid Services (CMS) when a facility is cited for a Level 2 deficiency or higher. However, repeat offenders cited at Level 2 are given an opportunity to correct the deficiency within three months of the last day of the on-site inspection. If substantial compliance is reached within the three months, the sanction is rescinded. If only part of the deficiency is corrected at the end of the three months, a denial of payment (DOP) for new admissions is imposed and an additional three months is granted to the facility to complete the correction process. If the facility has still not reached substantial compliance at the end of the six months, it is terminated from the Medicare and Medicaid programs. If deficiencies are corrected before the termination date and the facility is found to be in substantial compliance, it is allowed to continue participation in the Medicare/Medicaid programs. A facility cited for a Level 3 or higher deficiency during two consecutive inspections is labeled a "poor performing" facility and is not granted the opportunity to correct their deficiencies before a sanction is imposed.

The SLCR requested 44 DOPs and 43 civil monetary penalties (CMP) in state fiscal year (SFY) 2002, 73 DOPs and 18 CMPs in SFY 2001, and 66 DOPs and 39 CMPs in SFY 2000.

State regulations are also in place and corresponding deficiencies may be cited and remedies imposed. State tags are superseded by one of three scores to demonstrate its level of seriousness; Class I, Class II, or Class III. Class I deficiencies are the most severe while Class III's are the least serious. Some state regulations have multiple scores leaving it up to the surveyor's discretion to decide how to classify the cited deficiency.

State sanctions include issuance of a notice of noncompliance, consent agreements (including forced monitoring and loss of the ability to provide in-house nursing assistant training), voluntary closure, license denial, revocation or surrender, receiverships, and state CMPs. The remedy imposed is based on the severity of the deficiency. However, as under federal regulations, facilities are allowed an opportunity to correct lower level state deficiencies prior to the revisit and avoid the imposition of a potential remedy. State remedies imposed in SFYs 2002, 2001, and 2000, are as follows:

State Sanctions Imposed

	<u>SFY 2002</u>	<u>SFY 2001</u>	<u>SFY 2000</u>
Notice of Noncompliance	115	110	147
Consent Agreement	5	6	15
Voluntary Closure	0	0	0
License:			
Denial	7	3	7
Revocation	1	3	10
Surrender	3	1	1
Receiverships	1	0	2
Civil Monetary Penalty	0	0	1

Based on our review of repeat deficiencies, sanctions, and corrective actions we noted the following concerns:

- A. As noted in the previous audit, the SLCR has not been able to sanction some noncompliant facilities aggressively enough to encourage subsequent compliance, as many deficiencies are cited repeatedly at the same facility. In addition, the SLCR currently has neither a procedure in place nor the manpower to ensure continued compliance at historically "poor performing" facilities.

Per federal and state regulations, the SLCR is not required to monitor a facility's continued compliance with their Plan of Correction (POC) past a scheduled revisit inspection. This results in some facilities only making temporary fixes and then being cited for the same deficiencies in the next annual inspection. During our review, we selected 10 historically "poor performing" facilities to determine

whether repeat deficiencies occurred for seven commonly cited federal tags. Our analysis showed 20 deficiencies were repeated in the 2001-2002 inspections, including deficiencies relating to the proper treatment of pressure sores and the failure to provide sufficient nursing staff on a 24-hour basis. Therefore, the POC had failed to prevent the deficiency from recurring. In addition, only one of these facilities was sanctioned as a result of a repeat deficiency. The remaining facilities were not sanctioned because the scope and severity of the deficiency did not require a sanction.

- B. Section 198.067.3, RSMo 2000, allows the SLCR to seek CMP of up to \$10,000 per day if there was a violation of a Class I standard and the resident suffered serious physical injury or abuse of a sexual nature. However, in State of Missouri, Department of Social Services, Division of Aging v. Carroll Care Centers, Inc., 11 S.W. 3d 844 (MO. App. 2000) the Missouri Court of Appeals upheld a lower court decision effectively limiting the SLCR's ability to seek a CMP to only when the nursing home had failed to correct the cited deficiency by the time of re-inspection. Thus, regardless of the severity of the deficiency, the SLCR's claim for sanctions could not be authorized by the court. For example, the SLCR sought a state CMP totaling \$133,000 against a facility where four elderly women died of overheating in April 2001. However, this case was dismissed by the St. Louis County Circuit Court because the facility had fixed its cooling system by the time of re-inspection.

In addition, according to SLCR personnel, filing CMP cases in the circuit courts is an onerous process that requires significant commitment of staff resources. As a result of this and because facilities are given the opportunity to correct most deficiencies without being subjected to the state CMP sanction, the SLCR has utilized this remedy only once in the past three fiscal years.

The SLCR needs effective sanctioning tools to help bring problem facilities into compliance with state and federal standards, and to help ensure quality care is provided to the elderly. The SLCR has supported proposed legislative changes to streamline the CMP process and enhance its sanctioning alternatives in recent legislative sessions. However, this legislation has not passed.

WE RECOMMEND the Department of Health and Senior Services continue to identify methods, including proposing revisions to the state CMP process, to more effectively bring repeat and severe offenders and "poor performing" facilities into compliance.

AUDITEE'S RESPONSE

The DHSS will continue to propose revisions to state statutes that provide for more effective sanctions in bringing "poor performing" facilities into compliance, including changes to the CMP process.

- A. The SLCR has no minimum staffing standard in place and does not track actual staff hours at nursing home facilities. As a result, the SLCR cannot compare actual direct care staffing information to an estimated level of staffing needed to prevent understaffing and negative resident outcomes. Section 198.079, RSMo 2000, requires the SLCR to promulgate reasonable standards and regulations related to the number and qualifications of employed and contract personnel having responsibility for any service provided for residents. However, the current Code of State Regulations (CSR), 19 CSR 30-85.042 (37), only requires nursing homes to provide "sufficient staff" to meet the residents needs.

Currently, the SLCR reviews actual staffing levels if a complaint was received related to a staffing concern or the survey team knows from their "off-site" review that a facility has had certain negative resident outcomes that might be related to understaffing. The survey team will also review various quality indicators and the facility's prior history of non-compliance. These measures resulted in approximately 30 facilities being cited for understaffing during the first nine months of state fiscal year 2002. However, as noted in our prior audit and according to department personnel, some facilities have brought in staff from other business-related facilities during an inspection. This practice could temporarily hide or mask an understaffing problem, and may result in no staffing deficiency being cited and potential future negative resident outcomes.

As noted in our prior report, studies have shown a relationship between the number of staff hours and the quality of care at a nursing facility. The SLCR should compare actual direct care staffing information to a minimum nursing staffing requirement to help ensure quality care is provided to nursing home residents. In addition, the SLCR should also make actual direct care staffing information available to the public so better informed placement decisions can be made. The SLCR has the authority and responsibility to set reasonable staffing levels.

- B. Under the Quality Improvement Care Program for Missouri's Long-Term Care Facilities (QIPMo), the University of Missouri's Sinclair School of Nursing (UMSSN) performs various duties, including analyzing information related to facility staffing and maintaining a secured data set of Minimum Data Set (MDS) data. The MDS is analyzed to interpret quality of care and resident outcomes, among other things. The UMSSN also conducts facility visits providing training in these areas. The DHSS has contracted with the UMSSN for these services since 1999 with annual costs exceeding \$600,000; however, the activities and expenditures related to the QIPMo contract are not adequately documented.

Our review of contracts, progress reports, and invoices related to the contract concluded that the DHSS has not determined or evaluated whether the benefits

derived from the program exceeds the related costs. Progress reports often did not contain sufficient information for the DHSS to determine whether or when specific contract requirements were started or completed, and the costs associated with each requirement or individual facility visits. In addition, invoices requesting reimbursement were often sporadic and lacked sufficient detail. Only two invoices were received in SFY 2002, and the invoices received did not itemize expenses by activity and purpose.

In preparation to extend the SFY 2003 QIPMo contract, the DHSS noted similar concerns related to the program. As a result, changes were made to the current contract requiring quarterly and semi-annual performance reports as well as quarterly invoices. While these changes have been implemented to address the concerns noted above, the DHSS should continue to evaluate the QIPMo program to ensure effective use of state resources and contract compliance.

WE RECOMMEND the Department of Health and Senior Services:

- A. Establish reasonable minimum staffing standards for nursing facilities as required by state law and maintain a system which accumulates these facilities' actual direct care staffing hours. The actual staffing information should be made available to the public, and should be compared to the minimum requirements to predict and prevent negative resident outcomes.
- B. Improve monitoring activities related to the QIPMo project. These activities should include a thorough review of the cost effectiveness of the program, and ensuring progress reports and related invoices are adequately documented and reviewed.

AUDITEE'S RESPONSE

- A. *The DHSL and SLCR are currently reviewing studies completed on the effectiveness of the use of staffing ratios. Minimum staffing ratios, in order to be effective, must consider factors such as the acuity of the level of care of residents in a facility. As the acuity level of residents change, so may the need in the frequency and type of nursing services required. Currently, the SLCR evaluates adequacy of nursing staff based on care needs of residents in the facility and any negative outcomes. SLCR staff determines if the facility has sufficient numbers of staff with sufficient qualifications.*
- B. *The Division of Health Standards and Licensure agrees that in prior years monitoring activities of the QIPMo contract were inadequate. Consequently in FY 2003, the Division of Health Standards and Licensure has required progress reports be submitted quarterly that describe specific services, per contract, that were provided during that quarter. Invoices are submitted quarterly subsequent to the progress reports. The Division of Health Standards and Licensure will also be evaluating the cost effectiveness of the QIPMo Program.*

Various sections of state law require the Department of Health and Senior Services (DHSS) to maintain an Employee Disqualification Listing (EDL) which includes the names of persons who have been finally determined by the department, pursuant to Section 660.315, RSMo 2000, to have recklessly, knowingly, or purposely abused or neglected or to have misappropriated any property or funds of a nursing home resident or in-home services client. In most instances a complaint is made to the Central Registry Unit's hotline and then turned over to the SLCR or Home and Community Services (HCS) staff for investigation, depending on whether the complaint relates to a nursing home or in-home service provider, respectively.

Assuming the complaint was substantiated, the case is labeled for EDL referral and sent to the Central Office (CO) for processing. After the complaint file is reviewed and processed by CO staff, it is forwarded for legal review to determine whether individuals should be placed on the EDL and for what length of time. If the person to be added to the EDL challenges the allegation, he may file for a hearing with the DHSS. In addition, persons placed on the EDL following the hearing shall have the right to seek judicial review as provided under Chapter 536, RSMo.

DHSS is also responsible for ensuring that nursing homes and in-home providers do not employ individuals currently listed on the EDL. On a monthly basis, the SLCR conducts a match of persons listed on the EDL against quarterly Employment Security wage records. If individuals are found to be employed inappropriately, the DHSS requires the nursing home or in-home provider to immediately terminate their employment.

We noted the following concerns during the course of our audit:

- A. The SLCR's employment security match conducted in May 2002 identified 17 individuals listed on the EDL that were employed in a nursing home or in-home provider. The SLCR notified the applicable facilities of these instances. However, in eight instances the SLCR did not obtain documentation regarding corrective action taken by the facilities.

To ensure the safety of nursing home residents is not compromised, the SLCR should obtain documentation that appropriate corrective action has occurred.

- B. Our review of the 17 cases identified in the May 2002 EDL match also noted inordinate delays from the time a complaint was filed to the time the individual was placed on the EDL. These cases took an average of 155 days to be investigated and filed with the CO, another 195 days to be forwarded for legal review, and another 122 days before the individual was finally placed on the DHSS EDL. Nine of the 17 individuals identified in the match were placed on the EDL during fiscal year 2002. Eight of the nine remained employed in a nursing home or in-home capacity until the end of the EDL referral process. Included in

these eight cases was one case that took approximately 1,500 days and another that took 1,100 days from the receipt of the complaint to when the individual was finally placed on the EDL. These delays occurred due to the untimely processing of EDL referrals at several points in the process as detailed below:

- During the first four months of calendar year 2002 there was a sudden increase of EDL cases, including some dating as far back as 1998, forwarded from the SLCR's Compliance Unit for legal review. We reviewed the oldest 37 complaints that were initially received in calendar years 1998 and 1999. On average, these investigations were completed and sent to the CO within 164 days. In addition, it took CO staff an average of two years and six months to forward the complaints for legal review. SLCR personnel indicated that the backlog was caused by overburdened staff and an inadequate EDL case tracking system.

As of July 2002, one of these cases was recommended for EDL referral, one was recommended for referral to the State Board of Nursing, six were pending review, and 29 were not recommended for referral. Legal counsel stated the untimely processing of referrals hampers the integrity of the process and makes it more difficult to tie up any loose ends and locate witnesses again if needed. Finally, of the six cases still pending review, one of these individuals has remained working for an in-home services provider and another was employed at a nursing home until the fourth quarter of 2001.

- DHSS notifies individuals of its decision to place them on the EDL. These individuals have 30 days to appeal this decision, and Section 660.315, RSMo 2000, requires DHSS to set a hearing within 30 days. However, no timeframes have been established concerning when the hearing takes place or for when a final determination is made after the hearing. During our review of the 48 appeals received by the EDL hearings officer through September 10, 2002, we noted that the average number of days before an actual hearing was held was approximately 100 days. Approximately 40 more days, on average, were then incurred before a final determination was made and the case was closed.

The DHSS has recently implemented changes to improve the EDL referral process. These changes are as follows:

- Three additional staff were assigned the responsibility of processing EDL referrals.
- A database that tracks the date the EDL case was received by the CO, the date the case was referred for legal review, the current location of each case file, and the final determination of each EDL referral was established and implemented.

- A policy was drafted establishing required timeframes for certain phases of the EDL referral process, including a 10 day turn around from the end of investigation to receipt by the CO, and a 10 day limit for cases to be referred for legal review.
- Data entry responsibilities for the review process were improved.

The purpose of the EDL procedure is to protect residents in nursing facilities and those individuals requiring in-home services from disqualified caregivers. An untimely EDL referral process allows potentially inappropriate individuals to continue to have patient contact in nursing homes and when providing in-home services.

WE RECOMMEND the Department of Health and Senior Services:

- A. Ensure documentation is maintained to support corrective action was taken by facilities notified of disqualified employees.
- B. Ensure reasonable timeframes are set for all aspects of the EDL referral process and track referrals to ensure compliance with these timeliness standards.

AUDITEE'S RESPONSE

The SLCR does require facilities to provide documentation of the termination of an employee found to be on the Employee Disqualification List (EDL). If the documentation is not provided, the EDL Unit contacts the administrator of the facility and requests such documentation. In all instances, the SLCR verifies that the facility has terminated the employee, although the written documentation from the facility may have been misfiled. Appropriate filing of the documentation has been an issue in the past for the EDL Unit; however, corrective measures were implemented in January 2002 and since improvement has been noted. Prior to January 2002, the EDL Unit also was not processing all referrals in a timely manner. Corrective action was implemented and referrals are now being processed by the SLCR EDL Unit within 10 working days.

7.	Staffing, Salaries, and Conflict of Interest Disclosures
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- A. SLCR Region 7 (St. Louis, St. Charles, and Jefferson counties) has not investigated complaints and inspected nursing homes in a timely manner. The SLCR recently performed an analysis of state fiscal year 2002 staffing levels and workloads at each of its seven regions. This analysis indicated the following:

**Workload/Staff Ratio Comparison
Year Ended June 30, 2002**

	<u>Region 7</u>	<u>Statewide</u>
Beds per Full Time Employee (FTE)	649	481
Complaints per FTE	82	50
Number of Complaints Not Investigated Timely	426	799
Number of Complaints Not Submitted Timely	176	176
Number of Overdue Inspections	40	40
Number of Unfilled FTEs (ie. vacancies)	9	16
Number of FTEs authorized	34	162

As noted by the above analysis, the untimely performance of Region 7 is at least partially attributable to a significantly greater workload than other regions in the state, as well as unfilled vacancies. In attempts to decrease Region 7's workload, the SLCR moved one county in SFY 2001 and two more counties in SFY 2002 out of Region 7, to other regions in the state. However, due to an increase in the number of complaints statewide this did little to lessen Region 7's workload.

Adequate staffing levels must be available at all regions to ensure nursing home inspections and complaint investigations are efficiently and effectively handled through-out the state.

- B. As noted in the State Auditor's report *Audit of Child Abuse and Neglect Reporting and Response System*, released in December 2000, the salaries paid social workers in Missouri are lower than those paid for similar positions in bordering states as well as the private sector. The DHSS employs social workers in the Home & Community Services (HCS) and the Central Registry Unit (CRU). Similarly, salaries are also not competitive for the SLCR surveyors (inspectors) and nurses.

We contacted four states contiguous to Missouri and obtained salary information on positions similar to the Facility Surveyor (FS) I, II, and III (note that Facility Advisory Nurse salaries are very similar to those of the FSs). Our findings were compared to Missouri rates as of June 30, 2002, and are scheduled on the table below:

<u>State</u>	<u>Base Salary FS I</u>	<u>Base Salary FS II</u>	<u>Base Salary FS III</u>
Missouri	\$28,488	\$31,992	\$34,644
Arkansas	\$28,390	\$33,466	\$35,638
Oklahoma	\$29,474	\$32,403	\$35,419
Illinois	\$30,000	\$34,764	\$36,708
Kansas	\$35,048	\$40,560	\$44,761

In addition, our findings concerning social worker (SW) salaries as of June 30, 2002, are as follows:

State	Base Salary SW I	Base Salary SW II	Base Salary SW III
Missouri	\$22,248	\$24,456	\$25,440
Arkansas	\$23,433	\$24,931	\$28,289
Illinois	\$25,836	\$28,128	\$32,280
Kansas	\$26,000	\$28,704	\$33,197
Oklahoma	\$26,083	\$28,675	\$34,478

Lower salary levels contribute to problems the DHSS has experienced with filling vacancies, especially in its St. Louis region. Vacancies in the SLCR's Region 7 directly attributed to their inability to timely complete all required interim inspections and complaint investigations. A more competitive salary structure would help the DHSS to attract and retain employees.

- C. The DHSS has a department-wide conflict of interest policy. This policy promotes objectivity relating to the inspection and complaint investigation process. However, compliance with this policy is not adequately documented, and inspectors are permitted to inspect facilities where they were previously employed. According to department personnel, former facility employees are allowed to participate in inspections and complaint investigations at facilities where they were previously employed once two years have lapsed from their previous employment. Currently, the department relies on an employee's application form and verbal communications to determine their previous work history.

The DHSS should require employees to periodically prepare formal written conflict of interest statements to better ensure and document compliance with conflict of interest policy. In addition, the DHSS should re-examine its current practice of allowing former facility employees to participate in inspections of and complaint investigations at those facilities.

WE RECOMMEND the Department of Health and Senior Services:

- A. Consider various alternatives including shifting some of the workload, reallocating staff, and/or requesting additional surveyor positions to help ensure complaints are investigated and nursing homes are inspected in a timely manner.
- B. Seek increased funding for salaries for facility surveyors, facility advisory nurses, social workers, and supervisor positions.

- C. Require employees to periodically prepare written conflict of interest statements, and discontinue the practice of allowing employees to inspect or investigate complaints at facilities where they were formerly employed.

AUDITEE'S RESPONSE

Due to induction salaries for surveyors being non-competitive to equivalent private sector positions and similar positions in other states, the Missouri SLCR has experienced difficulty in recruiting and retaining qualified survey staff. This is most problematic in the St. Louis and Kansas City metropolitan areas. The SLCR has reassigned counties in those areas to other regions and also has sent survey teams on a routine basis from Central Office to assist with the survey and inspection workload. Due to the travel time and distance involved, it is not reasonable to send staff from other regions to assist with complaint investigations. The SLCR continues to review resources allocated, however, until the induction pay and salaries for surveyors are made competitive with the private sector and adjacent states, inadequate staffing will continue. The SLCR continues to enforce the DHSS conflict of interest policy and will discuss the auditor's recommended changes at the divisional level for recommending possible revisions.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

DEPARTMENT OF HEALTH AND SENIOR SERVICES'
MONITORING OF NURSING HOMES AND
HANDLING OF COMPLAINT INVESTIGATIONS
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, this section reports the auditor's follow-up on action taken by the Department of Social Services, Division of Aging (DA) and the Department of Health and Senior Services (DHSS), on findings in the Management Advisory Report (MAR) of the audit report issued by the Missouri State Auditor's Office, report number 2000-13, dated March 1, 2000. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the Department of Health and Senior Services should consider implementing those recommendations.

1. Inspections

- A. Inspection reports were not submitted to and/or were not entered into the centralized database maintained by the Central Office in a timely manner. As a result, the DA was unable to rely on the system to properly monitor and ensure facility inspections mandated by state law have been performed. In addition, reports that were not properly submitted to the Central Office were not readily accessible to the public as required by state law.
- B. The DA determined it had failed to conduct 53 full and 363 interim inspections that were required by state law during state fiscal year (SFY) 1999.
- C. The DA was unable to provide documentation that an inspection had been conducted at two facilities in SFY 1996 or at another facility in SFY 1997. In addition, the DA was unable to provide inspection reports to substantiate that 23 full and 68 interim inspections had been performed in SFYs 1996 through 1998.
- D. The DA rarely performed inspections other than those required by state law.
- E. Federal and state regulations required inspections to be unannounced and unpredictable; however, several examples were noted of the inspection order and/or inspection dates of facilities being very patterned.
- F. The DA had not studied readily available reports of deficiency patterns to identify areas where enforcement activities could be improved.
- G. DA inspectors cited more deficiencies when federal inspectors were present during inspections.

- H. Extensive revisions were made to two statement of deficiencies (SODs) without full or complete documentation. In another inspection, a DA official's review indicated that 3 additional deficiencies should have been cited.

Recommendation:

The Division of Aging:

- A-D. Develop and utilize a centralized inspection monitoring system to track inspections and then ensure completed inspections are submitted to the Central Office and entered into the system in a timely manner. We also recommend the DA perform all inspections as required by state law, and take the necessary steps which would allow the DA to perform additional inspections of poor performing facilities.
- E. Continue to develop and implement policies to reduce the predictability of inspections.
- F. Analyze the available reports of deficiency patterns to identify areas where enforcement may be weak or inconsistent and consider their impact upon the inspection process.
- G&H. Ensure inspectors are adequately trained and supervised, require the informal dispute resolution process to be followed when facilities dispute statements of deficiencies, ensure all deficiencies are adequately documented, and are accurately and properly reported, and develop procedures to ensure the reasons for changing draft SOD's are adequately documented.

Status:

- A. Partially implemented. The DHSS has developed and is utilizing a centralized inspection monitoring system to track inspections. Survey results are entered into this system by regional managers and then periodically reviewed by the Field Operations Manager at the Central Office. However, our current audit again noted instances where survey results were not submitted to Central Office in a timely manner. See MAR finding number 1.
- B. Partially implemented. Only one of seven regions was found to not be in compliance during state fiscal year 2002 as all full inspections and all but 40 interim inspections were conducted. See MAR finding number 7.
- C. Implemented.
- D. Not implemented. Additional inspections are not performed on a regular basis. The DHSS supported legislation to reward "good" facilities by only performing one annual inspection while performing more visits of "poor performing"

facilities. However, this legislation has failed each of the last three years. See MAR finding number 1.

- E. Partially implemented. Examples of patterned surveys were again noted during our current review. However, the department met federal requirements concerning unpredictable surveys (10 percent of surveys conducted on nights and weekends). Although not repeated in the current MAR, our recommendation remains as stated above.
- F. Partially implemented. Currently, the DHSS, Section for Long-term Care Regulation (SLCR) analyzes as many as four different databases. See MAR finding number 1.
- G. Partially implemented. The DHSS has developed training plans to increase the ability to properly identify deficiencies. However, recent results from federal inspections have identified additional potential training needs. See MAR finding number 1.
- H. Implemented. With the implementation of the principles of documentation, it appears there has been a focus on training concerning the documentation required for SODs. In addition, we noted no instances where a SOD was extensively changed or an informal dispute resolution conference (IDR) was not properly conducted.

2. Complaint Investigation Processing and Procedures

- A. The DA did not always initiate complaint investigations in a timely manner.
- B. As of May 10, 1999, there were 1,657 overdue complaints for which a completed summary report had not been submitted to the Central Office. In addition, the DA did not always send a letter to the resident's family or the reporter as required by state law.
- C. The "B" status was assigned when the allegation in the complaint was valid but corrective action had been taken by the time the DA could investigate, or a regulatory violation had occurred but the DA could not determine that the harm or serious violation was clearly the fault of the facility. B status complaints usually did not result in any punitive action against a facility. The DA assigned the "B" status for 23 percent of Abuse/Neglect complaints and for 17 percent of Class I complaints.
- D. No process existed for dissatisfied complainants to appeal the result of a complaint investigation.

Recommendation:

The Division of Aging:

- A&B. Ensure complaint investigations are initiated and completed timely, the results of those investigations are properly documented, and reports are submitted in a timely manner to help ensure appropriate enforcement actions are taken against facilities that are not in compliance with state and federal regulations. In addition, the DA should ensure required reports are available to the public, and the resident's next of kin or the reporter is notified of the results of all complaint investigations.
- C. Reexamine the policies related to enforcement actions when corrective action had been taken before the investigation was completed. In addition, the DA should consider stronger enforcement actions which may lead facilities to develop additional preventive measures.
- D. Study the merits of establishing a process for dissatisfied complainants to appeal the result of complaint investigations.

Status:

- A. Partially implemented. Improvement has been made in this area for high priority complaints during SFY 2002. However, lower priority complaints were still not initiated timely. See MAR finding number 2.
 - B. Partially implemented. For SFY 2002, only one region was not in compliance with the SLCR's provisions concerning timeliness. See MAR finding number 7.
 - C. Implemented. The prior "B" status no longer exists but does have equivalent statuses under new procedures. However, in SFY 2002, less than 6 percent of institutional complaints fell into this status.
 - D. Implemented. See MAR finding number 2 for a related concern.
3. Repeat Deficiencies, Sanctions, and Corrective Action
- A. The DA did not study sanctions to determine which were most effective in bringing facilities into compliance, did not verify that the state's Medicaid agency imposed the denial of payment sanction on facilities, and did not determine whether the denial of payment actually resulted in financial penalties on facilities. Also, the DA did not always consider a facility's history of past noncompliance when determining the sanction to be imposed.

- B. DA officials stated that their ability to effectively seek state civil monetary penalties (CMP) is hampered by the onerous process of filing cases in the circuit courts, which required a very significant commitment of staff resources.
- C. Many Plans of Correction (POCs) did not meet the DA's criteria for acceptance, several contained almost identical wording to the prior POC that had most recently failed, and it was questionable whether some of the POCs could reasonably be expected to prevent a repeat deficiency. In addition, the DA did not monitor facilities for compliance with POCs.

Recommendation:

The Division of Aging:

- A. Consider the facility's history of past noncompliance when selecting sanctions and study sanctions to determine those which are most effective in reducing noncompliance.
- B. Work with the legislature to modify the state CMP process so that it can be a more effective tool in bringing facilities into compliance.
- C. Ensure Plans of Correction fully meet the established criteria including methodologies for facilities to monitor their continued compliance with the POCs, and ensure the POCs adequately address any systemic deficient conditions. We also recommend the DA ensure all POCs can reasonably be expected to correct the deficiency and not accept POCs which have failed in the past. Further, the DA should develop procedures to continually monitor compliance with POC provisions for facilities with a history of repeat deficiencies.

Status:

- A&B. Partially implemented. The DHSS does consider a facility's past performance when selecting sanctions for noncompliance if allowed to under federal and state law. In addition, the SLCR studied the effectiveness of sanctions and other remedies and determined that each type has its own merits in certain situations. The DHSS sought legislative changes to allow the Department to more aggressively cite deficient facilities and make the state CMP process less onerous. However, this legislation has failed in each of the last three legislative sessions. See MAR finding number 4.
- C. Partially implemented. While the DHSS has made improvements in this area, we again noted examples of POCs that were insufficient in addressing repeat deficiencies. In addition, the DHSS does not monitor for continued compliance after the reinspection occurs. See MAR. finding number 4.

4. Staffing of Nursing Homes

- A. The DA contradicted the intent of state law when they rescinded the minimum nursing staff requirements in September 30, 1998.
- B.1. The Minimum Data Set (MDS) produced an estimate of the actual hours of nursing care that was necessary to provide adequate staffing to meet the needs of each nursing home's residents; however, the nursing homes were not able to access those estimates for use in scheduling the number and type of staff that should be sufficient to meet their needs.
- 2. The DA had not developed a system which accumulates the actual staff hours at each facility to identify homes that are operating significantly below appropriate staffing levels.
- C. The DA inspectors did not review facility staffing levels and compare them to any minimum standard or industry benchmark.
- D. The DA cited one facility for inadequate staffing but at a level too low to assess additional sanctions. In addition, the DA accepted a POC which did not adequately address the staffing shortage.

Recommendation:

The Division of Aging:

- A&B. Establish reasonable minimum staffing ratios as required by state law. In addition, the DA should take steps to develop a system which accumulates the actual staff hours at facilities, and compare recommended staffing levels to actual staffing at facilities to identify potential staffing problems.
- C&D. Inspectors utilize recommended and actual staffing data to help identify negative resident outcomes. We further recommend the DA aggressively cite staffing deficiencies and subject facilities that are found to be out of compliance with the staffing requirements to the maximum federal and state sanctions (including civil monetary penalties) warranted. In addition, the DA should ensure approved POCs are reasonably expected to address the staffing deficiencies noted.

Status:

- A-C. Not implemented. See MAR finding number 5.
- D. Partially implemented. We did not note any examples where the scope and severity of the staffing deficiency was cited at an inappropriate level. See MAR finding number 4 for related concerns.

5. Employee Disqualification Listings, Central Registry, and Criminal Backgrounds

- A.1. The DA had not developed an automated process to identify persons listed on the DA Employee Disqualification Listing (EDL) who are working in nursing homes, in-home service providers, and other entities prohibited from hiring those persons.
- 2. The DA had not developed an automated process to identify employers who were employing individuals with certain criminal backgrounds prohibited by state law.
- 3. The DA did not always sanction facilities that had hired a person listed on the DA EDL.
- 4. Our audit identified nine instances where individuals on the DA EDL worked for an in-home vendor under contract with the Department of Social Services.
- B. The DA had not developed an automated process to identify instances where persons listed on the Department of Mental Health (DMH) EDL were working for nursing home operators or in-home care providers.
- C. The DA had not developed an automated process to identify instances where persons found to have abused children were working for nursing home operators and in-home care providers.

Recommendation:

The Division of Aging seek legislation which would prohibit the employment of individuals found to have abused and/or neglected children and DMH clients from working in nursing homes. The DA should then develop an automated process to identify instances in which persons listed on the DA EDL, the DMH EDL, or the Central Registry of Child Abuse and Neglect (CA/N), or individuals with criminal backgrounds are inappropriately working for nursing facilities, in-home service providers, or other entities prohibited from hiring those persons. In addition, the DA should more aggressively sanction and fine facilities and providers who hire persons listed on these EDLs and/or Central Registry. The DA should also consider raising the violation for hiring a person listed on the EDL to a Class I violation.

Status:

Partially implemented. The DHSS has developed an automated process to detect instances where individuals on the DHSS EDL are inappropriately working. However, EDL deficiencies are still not routinely cited as a Class I violation. Legislation that would have prevented individuals on the DMH EDL and the DFS CA/N from working in nursing homes has not been passed in recent legislative sessions. Also, the DHSS has not been granted access to the Missouri State Highway Patrol's criminal database. In addition, for new employee hires, facilities are required to make inquiries through the recently created Family Care Safety Registry. Although not repeated in the current MAR, our recommendation remains as stated above.

HISTORY AND ORGANIZATION

DEPARTMENT OF HEALTH AND SENIOR SERVICES'
MONITORING OF NURSING HOMES AND
HANDLING OF COMPLAINT INVESTIGATIONS
HISTORY AND ORGANIZATION

Prior to August 2001, the the Division of Aging (DA) was located within the Department of Social Services. In August 2001, the Department of Health was renamed the Department of Health and Senior Services (DHSS) and the functions of the DA were moved to the DHSS by executive order. The State Board of Senior Services (BSS) was created to serve as an advisory body for activities of the department.

The DHSS serves as the central agency coordinating all programs relating to the lives of older Missourians. Its goals are to improve the quality of life, maintain personal dignity, and protect the basic rights of Missouri's senior citizens. Its services include institutional programs which safeguard residents in long-term care facilities; home and community care programs which provide support for older persons who live in the community; and programs for immediate assistance to older persons and disabled individuals who encounter abuse, neglect, or exploitation. The DHSS promotes public awareness of the needs and abilities of older persons while maximizing independence for older Missourians.

The Section for Long-Term Care Regulation (SLCR) has the legal authority to intervene in cases where abuse, neglect or exploitation is apparent among institutionalized elderly or disabled persons. The SLCR performs inspections and investigates complaints of abuse or neglect at long-term facilities, works with the U. S. Department of Health and Human Services to determine Medicaid/Medicare certification of facilities, helps establish eligibility for Medicaid and cash grant assistance for residents in long-term care facilities, reviews and approves architectural plans for proposed long-term care facilities, and provides data for certificate of need determinations, and develops and implements appropriate rules and regulations in accordance with the Omnibus Nursing Home Act.

The Division of Senior Services serves to assure that all elderly and adult disabled citizens can remain independent and safe in their communities and homes by administering state and federal community-based programs. The division advises legislators, advocates, state agencies and other organizations and individuals regarding services and data available to support this function. When abuse complaints are reported, the division conducts investigations and provides any necessary protective services.

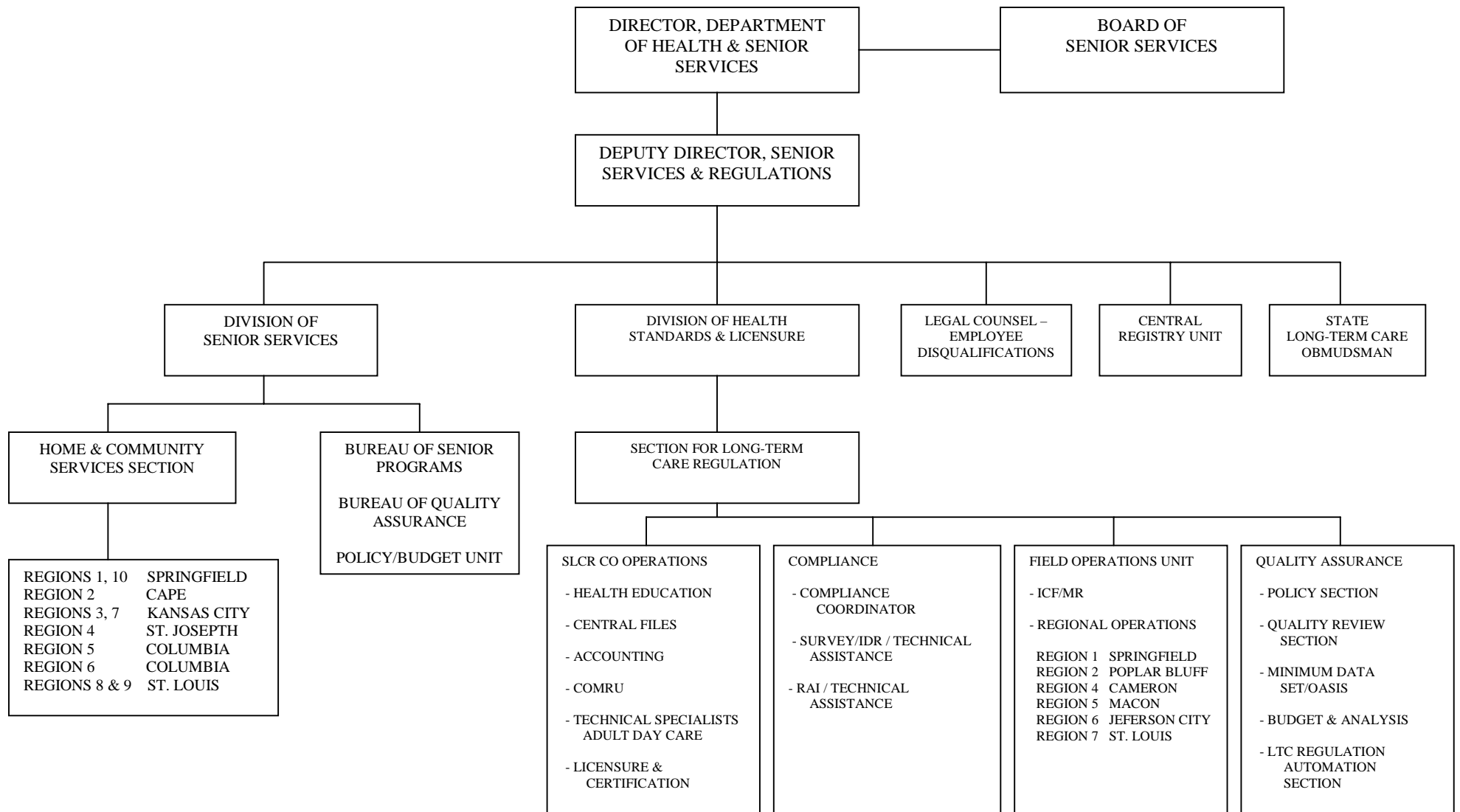
The Central Registry Unit (CRU) is the central intake unit for the state that takes and electronically records calls and keeps them on file for one year or longer. Reports are filled out when calls are received that include the name, address, telephone number, date of birth, etc. of the eligible adult. They also include the nature of the incident and reason for the call and the names of any available witnesses. The types of calls received are classified as abuse, neglect, misappropriation of funds, falsification of documents, and financial exploitation. The CRU begins an interview by determining whether the victim is over the age of 60 or between the ages of 18 and 59 with a substantial mental or physical impairment. All of this information is kept confidential and is used to conduct an investigation. During the year ended June 30, 2002, the

Department of Health and Senior Services received about 8,100 Section for Long-Term Care Regulation complaints and about 15,300 Home and Community Services complaints.

The Missouri Long-Term Care Ombudsman Program helps to inform residents of their rights so that they may protect themselves as individuals and/or groups. Ombudsman volunteers give their time and assistance to the program to be sure that all complaints are investigated and followed through with properly. They also coordinate activities for the residents with other support groups.

An organization chart follows:

Department of Health and Senior Services
 Organization Chart (Senior Services and Regulation Only)
 June 30, 2002





**REVIEW OF INDEPENDENT AUDITS OF
FIRE PROTECTION DISTRICTS
IN GREENE COUNTY**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-07
January 21, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2003

The annual review of audits of fire protection districts in Greene County has been completed. This review covered reports for the year ended December 31, 2001 that were required to be submitted to the State Auditor's office within six months after the year end.

State law requires Greene County fire protection districts with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement if the appropriate reports are filed.

For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the fiscal year.

The State Auditor's Office accepted all six of the twelve districts' audit reports that were required for the year(s) ended December 31, 2001. Four other districts submitted unaudited financial statements.

This report includes information about the districts' revenues, expenditures, and balances, and summarizes comments made by the various districts' independent auditors including recommendations for improving accountability and management of finances. Additionally, the Ebenezer Fire Protection District was advised to consult an attorney regarding potential compliance violations during 2002.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN GREENE COUNTY

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Boards of Directors of Fire Protection
Districts in Greene County

Fire protection districts in Greene County are required by Section 321.690, RSMo 2000, to be audited. We have conducted a review of these independent audits of the fire protection districts in Greene County. The objectives of this review were to:

1. Evaluate the impact of, and the districts' compliance with, statutory audit requirements and State Auditor's regulations on the effectiveness of financial reporting and auditing for fire protection districts in Greene County.
2. Notify the various fire protection districts and independent auditors of any specifically identifiable reporting deficiencies that should be considered and corrected in future audit reports.
3. Summarize and evaluate the financial data presented for the various fire districts, and the comments for improvements made by the independent auditors.

Our review was limited to the specific matters described above and was based on selective procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The State Auditor's office has reviewed fire protection districts' audit reports for several years and noted many improvements. It appears that the fire protection districts, on the whole, are working to improve the quality of their financial reporting. The format of this report includes an executive summary and a scope and methodology section describing what work was performed. We solicit from the readers of this report any suggestions for changes or requests for other new information that may benefit those involved with the Greene County fire protection districts.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

November 7, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA
Audit Staff:	Ted Fugitt, CPA

EXECUTIVE SUMMARY

REVIEW OF INDEPENDENT AUDITS OF
FIRE PROTECTION DISTRICTS
IN GREENE COUNTY
EXECUTIVE SUMMARY

Section 321.690, RSMo 2000, requires all fire protection districts in Greene County with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement if the appropriate reports are filed. Based upon financial statements filed, the Ash Grove, Bois D'Arc, Pleasant View and West Republic Fire Protection Districts had annual revenues of less than \$50,000, therefore they were exempted from the audit requirement.

For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the fiscal year. The audit reports and management letters are reviewed to determine that they are prepared according to guidelines contained within the Code of State Regulations (CSR) (Section 15 CSR 40-4). Any weaknesses noted during the review are communicated to the districts by letter. Should the weaknesses be of a serious enough nature to require the report to be amended, the district is granted a ninety-day period from the date of notification by the State Auditor to correct the report. The State Auditor accepted all six of the audit reports that were received for the year(s) ended December 31, 2001.

Some instances of non-compliance were noted during our review of the fire protection districts' audit reports. The problems noted included, failure to submit an audit report to the State Auditor's office (SAO) by the required date, failure to submit engagement letters to the SAO prior to the commencement of audit fieldwork, failure to follow up on previous recommendations, and failure to include some needed comments and recommendations in management letters.

Two of the six audit reports were received after the June 30, 2002, statutory deadline, as noted below:

<u>Fire Protection District</u>	<u>Date Received</u>
Walnut Grove	October 11, 2002
Willard	July 31, 2002

Fire district board members should continue to ensure that audits are completed and submitted by the statutory deadline.

We reviewed the relationship of the General Fund balance, (cash balance for Walnut Grove) at December 31, 2001 to the year's expenditures for the districts receiving an audit for the year ended December 31, 2001. The financial status of the Greene County Fire Protection Districts has remained fairly consistent over the past several years. Four districts, Battlefield, Ebenezer, Strafford, and Willard, had fund balances greater than one year's cost of operations. The fire

districts must continue to evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

The fire protection districts are continuing to add to their capital structure in buildings and equipment each year. Assessed valuations for the districts continue to increase. Tax rates have remained steady, except for Bois D'Arc and Ebenezer, which both had voter approved increases in their levies in 2001. For Ebenezer, this levy increase contributed to its General Fund balance doubling from 2000 to 2001.

Audit fees have remained steady, ranging from \$1,000 to \$4,950 per district. The difference in audit fees paid by districts was generally consistent with the relative size of the districts in terms of their annual revenues. Compensation to directors has remained fairly consistent during 2001 and 2000, except for the Strafford Fire Protection District, whose amount nearly doubled, because compensation to the board secretary/treasurer was not included in 2000 .

Independent auditors made specific recommendations to improve the overall management of the fire districts. Recommendations included concerns regarding expenditures, budgets, methods of financing, accounting records and various other policies and procedures. Each fire district should review all recommendations and the applicability to their individual district. Consideration should be given by individual districts to have their independent auditor review any areas where risk and citizen concern may be evident.

Prior to our review, we received calls from citizens with concerns relating to the various Greene County Fire Protection Districts. While not yet audited, we did contact the Ebenezer Fire Protection District regarding potential compliance violations during 2002. We have advised the district's CPA of these issues, and recommended the district consult an attorney.

SCOPE AND METHODOLOGY

REVIEW OF INDEPENDENT AUDITS OF
FIRE PROTECTION DISTRICTS
IN GREENE COUNTY
SCOPE AND METHODOLOGY

Scope

At December 31, 2001, there were twelve fire protection districts in Greene County. This represents the addition of one district, the Pleasant View Fire Protection District, which approved a tax levy in November 2000. Audit reports and financial statements have been received as follows:

1. The Battlefield, Ebenezer, Logan-Rogersville, Strafford, and Willard Fire Protection Districts obtained audits for the year ended December 31, 2001. The Walnut Grove Fire Protection District obtained an audit for the two years ended December 31, 2001.
2. The Brookline and Fair Grove Fire Protection Districts received audits for the two years ended December 31, 2000. These districts plan to obtain audits for the two years ended December 31, 2002. No information is presented in this report for the year ended December 31, 2001.
3. The Ash Grove, Bois D'Arc, Pleasant View and West Republic Fire Protection Districts were not required to obtain audits. Information presented in this report was obtained from unaudited information provided by these districts.

During our review we: 1) considered Section 321.690, RSMo 2000 (Appendix A), 15 CSR 40-4 (Appendix B), and audit reports submitted to the State Auditor by the various fire districts for the year(s) ended December 31, 2001, 2) reviewed the supporting working papers of various independent auditors' reports for the year(s) ended December 31, 2001, (information contained in the working papers constitutes the principal record of work the auditor has accomplished and provides evidence for conclusions that he has reached concerning significant matters), 3) obtained audit fees for fire districts receiving audits through inquiry of the independent auditors performing the audits, 4) reviewed unaudited financial information provided by the Ash Grove, Bois D' Arc, Pleasant View and West Republic Fire Protection Districts, and 5) reviewed fire district records and made inquiries of district officials and independent auditors as necessary to follow up on other specific issues brought to our attention. In addition, financial data for the year ended December 31, 2000, has been presented for comparative purposes.

Methodology

We compiled the following schedules to accomplish the objectives of this report:

- Schedule 1 presents revenues, expenditures, and fund balance for the General Funds in a combined format. The General Fund is the general operating fund of the district and is used to account for all operating resources. In analyzing this schedule, some disparity will result due to the different methods of presenting essentially the same information. Reasons for

some problems in comparison are as follows. The financial statements of the Battlefield, Brookline, Ebenezer, Fair Grove, Logan-Rogersville, Strafford, and Willard Fire Protection Districts are presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the fiscal period in which they become available and measurable. Expenditures are recognized in the fiscal period in which the related liability is incurred. The financial statements of the Ash Grove, Bois D'Arc, Pleasant View and West Republic Fire Protection Districts are presented on a cash basis of accounting. The ending balances represent cash balances. Revenues are recognized when received in cash and expenditures are recognized when disbursed in cash. The financial statements of the Walnut Grove Fire Protection District are presented on a modified cash basis of accounting and include the general fixed asset balance in the general operating fund of the district. Under this basis of accounting and financial statement presentation, the ending balances represent cash balances plus general fixed asset balances, net of liabilities. Revenues are recognized when received in cash, and expenditures are recognized when paid in cash.

- Schedule 2 presents the General Fixed Asset balances of the districts at December 31, 2001, with comparative totals of general fixed assets at December, 31 2000. Only two of the districts, Logan-Rogersville and Walnut Grove, record depreciation on assets. Therefore for purposes of comparability, amounts on Schedule 2 are shown at cost or estimated value. Presented are only the fire protection districts that obtained an audit for 2000 or 2001 and included a schedule of General Fixed Assets.
- Schedule 3 presents the assessed valuations of the individual fire protection districts as well as tax levies as submitted by the districts to the State Auditor's office.
- Schedule 4 is a listing of the audit fees for each fire protection district receiving an audit. This information was obtained through inquiry of the independent auditors who performed the audits.
- Schedule 5 is a listing of total compensation and expense reimbursement paid to directors by each district audited. The districts' independent audit reports included the names of the principal officeholders during the year ended December 31, 2001 and 2000, and the compensation and expense reimbursement received by each official in the performance of his or her duty as established by Section 321.190, RSMo 2000. The districts have three-member boards of directors, except for the Brookline and Willard Fire Protection Districts which have five-member boards. When more than three or five names were listed, it was due to a change in the officials serving on the board.
- Schedule 6 is a summary of the various comments contained in the independent auditor's reports on compliance and internal control and in the management letters received by the State Auditor. These comments apply to individual fire protection districts unless otherwise noted. The comments extracted from the reports and management letters were not verified by the State Auditor's office via additional audit procedures for accuracy, validity, or completeness.

Limitations

Some data presented in the schedules was compiled from information submitted by the various fire districts and their independent auditors and were not verified by us via additional audit procedures. In analyzing these schedules, some disparity will result due to the different methods of presenting essentially the same information.

SCHEDULES

Schedule 1

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND BALANCES

District	Year Ended December 31,							
	2000				2001			
	Beginning Balance	Revenues	Expenditures	Ending Balance	Adjustment*	Revenues	Expenditures	Ending Balance
Ash Grove	\$ 1,954	40,024	39,139	2,839		48,418	47,454	3,803
Battlefield	658,272	776,299	522,755	911,816	493,130	832,539	970,688	1,266,797
Bois D'Arc	2,025	26,121	26,953	1,193		28,990	28,266	1,917
Brookline	185,543	242,158	229,646	198,055		**		
Ebenezer	83,102	151,106	142,745	91,463		207,839	110,086	189,216
Fair Grove	75,142	70,409	77,783	67,768		**		
Logan-Rogersville	481,310	535,363	534,527	482,146		557,067	532,026	507,187
Pleasant View		***		0		43,457	43,487	(30)
Strafford	187,072	175,321	176,004	186,389		193,224	165,884	213,729
Walnut Grove	36,968	115,139	61,750	90,357		75,013	62,037	103,333
West Republic	11,820	37,817	36,970	12,667		47,436	52,662	7,441
Willard	301,777	209,082	183,907	326,952		267,775	238,514	356,213
	\$ 2,024,985	2,378,839	2,032,179	2,371,645	493,130	2,301,758	2,251,104	2,649,606

* Prior period adjustment made by the CPA firm.

** District plans to obtain an audit for the two years ended December 31, 2002.

*** District was new in 2001.

Schedule 2

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY
 SCHEDULE OF GENERAL FIXED ASSETS

District	December 31, 2001			December 31, 2000
	Land and Buildings	Furniture and Equipment	Total	Total
Battlefield	\$ 1,543,686	1,611,102	3,154,788	2,716,339
Brookline			*	422,171
Ebenezer	140,637	327,817	468,454	466,434
Logan-Rogersville	989,858	1,426,695	2,416,553	2,307,714
Strafford	253,583	498,150	751,733	527,325
Walnut Grove	170,484	87,000	257,484	**
Willard	317,590	970,508	1,288,098	1,002,585
	\$ 3,415,838	4,921,272	8,337,110	7,442,568

* District plans to obtain an audit for the two years ended December 31, 2002.

** Information was not provided in the independent auditor's report.

Schedule 3

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY
COMPARATIVE SCHEDULE OF ASSESSED VALUATIONS AND TAX LEVIES
YEARS ENDED DECEMBER 31, 2001 AND 2000

District	Assessed Valuation		Tax Levy Per \$100 of Assessed Valuation	
	2001	2000	2001	2000
Ash Grove	\$ 19,264,697	15,883,574	0.2521	0.2700
Battlefield	299,940,846	256,895,228	0.2611	0.2700
Bois D'Arc	15,997,681	12,794,282	0.3853	0.2000
Brookline	66,062,605	53,542,773	0.2575	0.2700
Ebenezer	72,845,897	60,623,686	0.2919	0.1500
Fair Grove	40,770,748	33,927,863	0.1800	0.1900
Logan-Rogersville	223,607,618	193,423,158	0.2523	0.2600
Pleasant View	22,560,650	*	0.3000	*
Strafford	73,819,475	63,018,451	0.2498	0.2600
Walnut Grove	26,813,755	23,433,438	0.2929	0.3000
West Republic	17,123,173	14,442,429	0.2645	0.2800
Willard	88,181,588	73,438,469	0.2573	0.2700

* District was new in 2001.

Schedule 4

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY
SCHEDULE OF FEES FOR AUDIT SERVICES
DECEMBER 31,2001

District	Audit	
	Fees	
Battlefield	4,500	*
Ebenezer	1,300	*
Logan-Rogersville	4,950	*
Strafford	2,200	*
Walnut Grove	1,000	**
Willard	3,200	*

* Audit was for the year ended December 31, 2001.

** Audit was for the two years ended December 31, 2001.

Schedule 5

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY
SCHEDULE OF COMPENSATION PAID TO DIRECTORS BY DISTRICT

District	2001	2000
Battlefield	\$ 5,684	\$ 5,748
Brookline	*	485
Ebenezer	0	0
Fair Grove	*	**
Logan-Rogersville *****	5,625	4,700
Strafford	10,350	5,350
Walnut Grove *****	4,655	7,267
Willard	0	***

* The district plans to obtain an audit for the two years ended December 31, 2001.

** The district's auditor reported no compensation was paid; however, during our review of the independent auditor's working papers, we identified amounts paid to a director.

*** The district's auditor did not include this information in the audit report for the year ended December 31, 2000.

***** Includes expense reimbursements.

Schedule 6

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN GREENE COUNTY SUMMARY OF MANAGEMENT LETTER COMMENTS ISSUED BY AUDITORS IN CONNECTION WITH THE AUDITS OF THE YEAR(S) ENDED DECEMBER 31, 2001

Expenditures/Purchasing

- The written purchasing policy was not being followed in regards to bidding or the assignment of purchase order numbers.
- Checks did not require more than one signature.
- Control was lacking over invoices and expense reimbursements.
- Purchases were not monitored to ensure sales tax was not charged. Also the sales tax exemption was sometimes used inappropriately for purchases that were personal in nature.
- Some invoices were past due despite adequate current funds to pay them.

Budgets

- The budget did not project a fund balance.
- Annual budgets were not prepared and approved by the Board.

Methods of Financing

- Long term debt was entered into without approval through a public vote.

Accounting Records and Procedures

- Accounting duties were not adequately segregated for three districts.
- All related party transactions were not fully disclosed at board meetings and accurately documented.
- A running total of maintenance and repair expenses by vehicle was not maintained.
- Activity for two bank accounts, which have since been closed, was not included in the accounting records.
- There was not a signed written agreement between the district and the volunteer firefighters documenting arrangements agreed to regarding the building of a fire station.
- Invoices were not filed in a manner which made them easily accessible for perusal. Invoices were not properly canceled after payment.

- Accounting records did not classify receipts by type.
- There was not a proper separate accounting for the activities and assets of the fire protection district and those of a related organization.

GASB 34

- The district should consult with their auditor regarding the requirements of Government Accounting Standards Board, Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments in order to assess the steps necessary to ensure successful implementation of this standard on the effective date.

APPENDICES

Missouri Revised Statutes

**Chapter 321
Fire Protection Districts
Section 321.690**

Audits to be performed, when--rules established by state auditor (Christian County fire protection districts exempt from audits).

321.690. 1. In counties of the first classification having a charter form of government and having more than nine hundred thousand inhabitants and in counties of the first classification which contain a city with a population of one hundred thousand or more inhabitants which adjoins no other county of the first classification, the governing body of each fire protection district shall cause an audit to be performed consistent with rules and regulations promulgated by the state auditor.

2. (1) All such districts shall cause an audit to be performed biennially. Each such audit shall cover the period of the two previous fiscal years.

(2) Any fire protection district with less than fifty thousand dollars in annual revenues may, with the approval of the state auditor, be exempted from the audit requirement of this section if it files appropriate reports on its affairs with the state auditor within five months after the close of each fiscal year and if these reports comply with the provisions of section 105.145, RSMo. These reports shall be reviewed, approved and signed by a majority of the members of the governing body of the fire protection district seeking exemption.

3. Copies of each audit report must be completed and submitted to the fire protection district and the state auditor within six months after the close of the audit period. One copy of the audit report and accompanying comments shall be maintained by the governing body of the fire protection district for public inspection at reasonable times in the principal office of the district. The state auditor shall also maintain a copy of the audit report and comment. If any audit report fails to comply with the rules promulgated by the state auditor, that official shall notify the fire protection district and specify the defects. If the defects specified are not corrected within ninety days from the date of the state auditor's notice to the district, or if a copy of the required audit report and accompanying comments have not been received by the state auditor within six months after the end of the audit period, the state auditor shall make, or cause to be made, the required audit at the expense of the fire protection district.

4. The provisions of this section shall not apply to any fire protection district based and substantially located in a county of the third classification with a population of at least thirty-one thousand five hundred but not greater than thirty-three thousand.

(L. 1977 H.B. 216, A.L. 1981 S.B. 200, A.L. 1986 H.B. 877, A.L. 1991 S.B. 34, A.L. 1993 H.B. 177 and S.B. 346, A.L. 1998 H.B. 1847)

**Title 15—ELECTED OFFICIALS**

Division 40—State Auditor
Chapter 4—Audits of Fire Protection
Districts in St. Louis and Greene
Counties

15 CSR 40-4.010 Requirements for Districts

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth requirements to be met directly by the district.

(1) The district is responsible for preparing and providing financial information to be included in the audit report. The district shall maintain adequate accounting records for that purpose. These records may be maintained on the bases of accounting deemed appropriate by the district but the records shall provide adequate information to allow the district to report in accordance with generally accepted accounting principles.

(2) The district shall engage an independent auditor to conduct the audit. The state auditor does not recommend, select or approve the district's auditor or the auditor's fee, except as provided in 15 CSR 40-4.010(4). The district is responsible for fulfilling all contractual obligations with the auditor, including payment of all earned fees.

(3) The district shall require from the independent auditor an engagement letter which sets out all essential particulars. A copy of the engagement letter shall be submitted to the state auditor for his/her review before commencement of audit fieldwork. The purpose of this review is to provide reasonable assurance that the district has contractually committed an auditor to provide services to satisfy requirements of 15 CSR 40-4. The contents of this letter should include, but are not limited to:

(A) Period for which the financial statements are audited;
 (B) Purpose of the audit;
 (C) Scope of the audit, including consideration of the internal control structure and tests of compliance with applicable laws and regulations;

(D) Provisions that the auditor will communicate, in writing, to the district material weaknesses or reportable conditions in the internal control structure, instances of non-compliance with applicable laws and regulations and other areas of possible improvement;

(E) Provision that all workpapers, etc., will be made available to the state auditor for his/her review upon his/her request;

(F) Provision that the auditor will comply with applicable rules issued by the state auditor under 15 CSR 40;

(G) Provision that the auditor will discuss with the district any factors s/he may discover which would prevent him/her from issuing an unqualified opinion on the financial statements and allow the district and the auditor the opportunity to arrive at a resolution acceptable to both;

(H) Statement of the auditor's responsibility for detection of errors, irregularities and illegal acts; and

(I) The estimated cost of the audit and the rates which are the basis for that estimate.

(4) The district must file a copy of the completed audit report with the state auditor within six (6) months after the close of the audit period. If any audit report fails to comply with promulgated rules, the state auditor will notify the district and specify the defects. If the specified defects are not corrected within ninety (90) days from the date of the state auditor's notice to the district, or if a copy of the required audit report has not been received by the state auditor within the specified time, the state auditor will make, or cause to be made, the required audit at the expense of the district.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.020 Standards for Auditing and Financial Reporting

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth standards for the auditing and financial reporting of the district.

(1) The independent auditor shall meet all requirements of Chapter 326, RSMo. The auditor must be able to demonstrate that s/he meets the independence criteria contained in the code of professional ethics and rules of conduct promulgated by the Missouri State Board of Accountancy.

(2) The independent auditor shall provide to the state auditor reasonable notification of any entrance or exit conferences held with the district. This notification shall be sufficiently

in advance to allow the state auditor to attend the entrance or exit conference at his/her discretion. Upon request, the independent auditor shall provide a draft copy of the audit report and management letter to the state auditor prior to the exit conference.

(3) The audit shall conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(4) The financial statements, supplementary data and accompanying notes shall be presented in conformity with generally accepted accounting principles.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.030 Contents of Audit Reports

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule describes required and suggested information to be included in the audit reports.

(1) Standards for auditing and financial reporting of fire protection districts are given in 15 CSR 40-4.020.

(2) All audit reports shall contain:

(A) A table of contents;
 (B) A report on the financial statements;
 (C) Combined financial statements and appropriate note disclosures;
 (D) Other financial information which includes, but is not limited to, the following:

1. Supplemental schedule of expenditures/expenses by object, if not included in the financial statements;
 2. Tax rates and assessed valuation;
 3. Schedule of insurance in force which shall include, in addition to other information, the agent for each policy; and
 4. Principal officeholders who held office during the period under audit, compensation received by each official in performance of his/her duty and all other compensation or reimbursement of expenses made by the district to each officeholder, and



(E) A report on the consideration of the internal control structure, a report on the tests of compliance with applicable laws and regulations and a management letter communicating areas of possible improvement not otherwise reported. The required scope of audit for the reports and management letter is set forth in 15 CSR 40-4.040(3). The reports and management letter shall include the findings and recommendations, if any, which the auditor developed during his/her audit and the district's responses to those findings and recommendations. The reports and management letter shall also indicate the nature of previous recommendations and the extent to which the district has implemented those recommendations.

(3) If the district or the auditor deems it appropriate, audit reports may contain or utilize the following:

(A) A history and organization section prepared by the district (unaudited);

(B) Comparative financial data for one(1) or more years; and

(C) Other statements, exhibits, schedules or analyses as deemed necessary or appropriate by the district or the auditor.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.040 Scope of Audit

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth the scope of the audit.

(1) Nothing in the rules promulgated for audits of fire protection districts shall be construed as restricting, limiting or relieving the independent auditor of his/her professional judgment or responsibility.

(2) The audit shall include those tests of the accounting records and other auditing procedures which the independent auditor considers necessary in the circumstances to conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(3) As part of the audit described in section (2), the auditor will obtain an understanding of the internal control structure, assess control risk and report any material weaknesses or reportable conditions. The auditor will also test compliance with applicable laws and regulations and report all material instances of noncompliance. As a part of, or in addition to, audit tests or procedures which may be necessary for the audit, the auditor shall—

(A) Review systems, procedures and management practices, including:

1. Review cash management practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

2. Evaluate the purchasing function to the extent necessary to determine that the district generally receives fair value, for example, bidding of significant purchases; that purchases generally represent items consistent with the function of the district; and that there is not significant likelihood of misuse or misappropriation of the district's resources through the purchasing process;

3. Review fixed asset records and procedures to the extent necessary to determine that fixed assets are properly recorded, physically controlled and in the possession of the district;

4. Review fidelity bond coverages to determine that all persons with access to assets of the district appear covered in sufficient amounts;

5. Evaluate the budgeting practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

6. Review related party transactions;

7. Review evaluate other areas as required by the district; and

8. Review significant areas or matters which come to the attention of the auditor;

(B) The auditor will note areas of possible improvement in the district's systems, procedures and management practices. In evaluating district systems, procedures and management practices, the auditor should consider whether improvements appear practicable and economically justifiable.

(C) Test compliance with applicable laws and regulations, including:

1. Design the audit to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statements;

2. Be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements; and

3. Test compliance with other legal provisions as s/he deems necessary or appropriate in the circumstances.

(D) Legal provisions which the auditor should consider in his/her audit include, but are not limited to, the following:

1. Article III, Sections 38(a) and 39(3) and Article VI, Section 25, *Constitution of Missouri* limitations on use of funds and credit;

2. Article VI, Section 26, *Constitution of Missouri* limitations on indebtedness without popular vote;

3. Article VI, Section 29, *Constitution of Missouri* application of funds derived from public debts;

4. Article VII, Section 6, *Constitution of Missouri* penalty for nepotism;

5. Chapter 67, RSMo budgetary requirements;

6. Sections 70.210 to 70.230 and Section 432.070, RSMo contracts;

7. Section 105.145, RSMo annual report;

8. Chapter 105, RSMo conflict of interest;

9. Chapter 108, RSMo bond issues;

10. Chapter 321, RSMo fire protection districts;

11. Other applicable portions of the *Constitution of Missouri* and the *Missouri Revised Statutes*;

12. Applicable sections of *Code of State Regulations*; and

13. Other applicable legal provisions.

(4) The auditor shall report on the reviews and examinations required by this rule in a management letter as set forth in 15 CSR 40-4.030 (2)(E).

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*



**REVIEW OF INDEPENDENT AUDITS OF
FIRE PROTECTION DISTRICTS
IN ST. LOUIS COUNTY**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-06
January 21, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2003

The annual review of audits of fire protection districts in St. Louis County has been completed. This review covered reports for the year ended December 31, 2001.

Fire Protection Districts in St. Louis County are required by statute to have biennial audits performed if revenues exceed \$50,000. The State Auditor received, reviewed and accepted twenty-two reports for the year ended December 31, 2001. While 5 of the 22 reports were received after the June 30, 2002, statutory deadline, untimely reporting decreased compared to prior years.

In 2001, 14 of the 22 districts had increases in their General Fund balances; however, the aggregate General Fund balance of all districts increased by only one percent. It appears the smaller increase was due to increases in salary and related costs and capital improvements.

In previous reviews it was noted that several districts had large General Fund balances in relation to expenditures. For 2001, thirteen districts had fund balance to expenditure ratios greater than one which indicated the districts' fund balance was greater than one year's cost of operations. Although many districts reserved a portion of their General Fund Balance for capital improvements and future years' operation, five still had unreserved fund balances greater than one year's cost of operations. While fire protection districts have improved in this area, they must continue to evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

Also included in the report are specific recommendations made by the independent auditors to improve the overall management of the fire districts. These recommendations included concerns regarding expenditure procedures, various accounting records and procedures, investments and pensions, fixed assets, pledged securities, unclaimed property, budget, payroll and employee benefits. The individual districts should review all the recommendations and their applicability to their district.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY

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REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Boards of Directors of Fire Protection
Districts in St. Louis County

Fire protection districts in St. Louis County are required by Section 321.690, RSMo 2000, to be audited. We have conducted a review of these independent audits of the fire protection districts in St. Louis County. The objectives of this review were to:

1. Evaluate the impact of, and the districts' compliance with, statutory audit requirements and the State Auditor's regulations on the effectiveness of financial reporting and auditing for fire protection districts in St. Louis County.
2. Notify the various fire protection districts and independent auditors of any specifically identifiable reporting deficiencies that should be considered and corrected in future audit reports.
3. Summarize and evaluate the financial data presented for the various fire districts and any comments for improvements made by the independent auditors.

Our review was limited to the specific matters described above and was based on selective procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The State Auditor's office has reviewed fire protection districts' audit reports for several years and noted many improvements. It appears that the fire protection districts, on the whole, are working to improve the quality of their financial reporting. The format of this report includes an executive summary and a scope and methodology section describing what work was performed. We solicit from the readers of this report any suggestions for changes or requests for other new information that may benefit those involved with the St. Louis County fire protection districts.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire C. McCaskill
State Auditor

October 11, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Michael J. Monia

EXECUTIVE SUMMARY

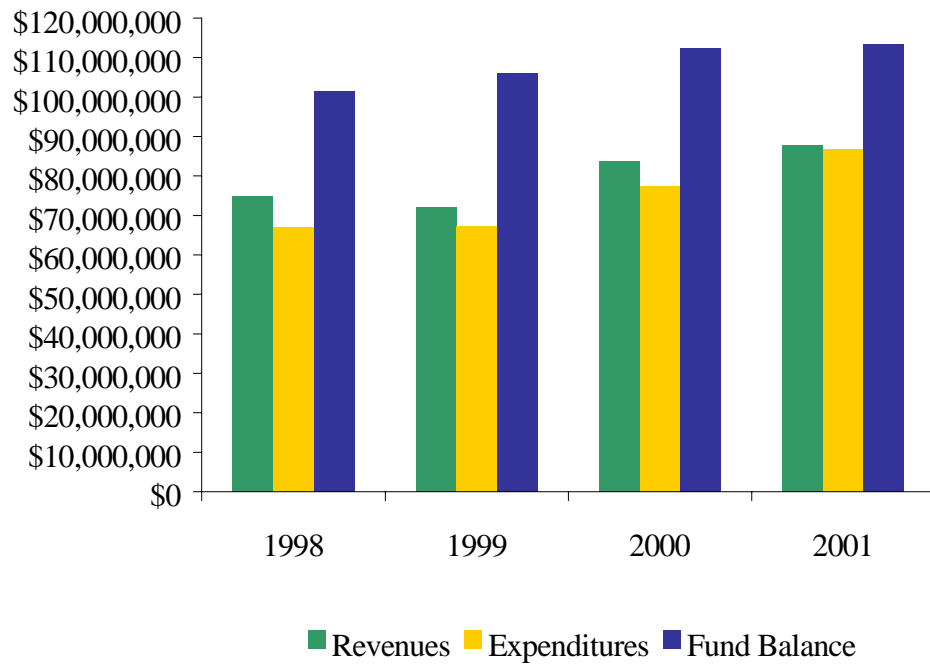
REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY
EXECUTIVE SUMMARY

Section 321.690, RSMo 2000, requires all fire protection districts with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement, if the appropriate reports are filed. Based on the tax rate and assessed valuation information available, the Kinloch Fire Protection District received approximately \$25,800 in tax receipts during 2001; therefore, while it appears a biennial audit was not required, unaudited financial statements are required to be filed.

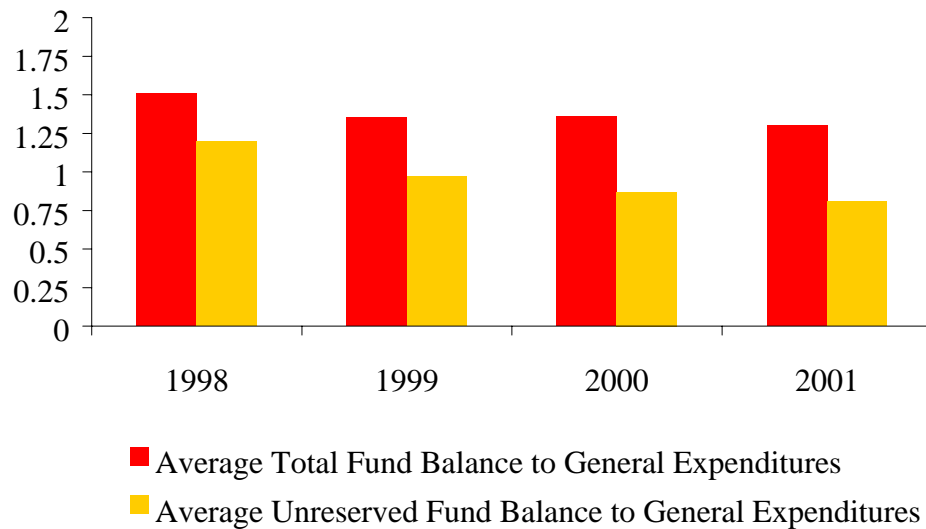
For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the fiscal year. The audit reports and management letters are reviewed to determine that they are prepared according to guidelines contained within the Code of State Regulations (CSR) (Section 15 CSR 40-4). Any weaknesses noted during the review are communicated to the districts by letter. Should the weaknesses be of a serious enough nature to require the report to be amended, the district is granted a ninety-day period from the date of notification by the State Auditor to correct the report. The State Auditor accepted all 22 reports that were received for the year ended December 31, 2001. However, instances of non-compliance including the failure to include some needed compliance recommendations in the management letters and the lack of complete and adequate footnote disclosures were still noted. These problems were communicated to the applicable fire protection district auditors.

Untimely reporting has decreased compared to the year ended December 31, 2000. Five of the 22 reports were received after the June 30, 2002, statutory deadline; however, only one report was more than 11 days late. The audit report for Normandy Fire Protection District was received on September 19, 2002. While not only required by statute, timely audits also provide information to the board and district taxpayers on the financial status of the district and ways to improve the management of the district. Fire district board members should ensure that audits are completed by the statutory deadline.

Although 14 of 22 districts had increases in their General Fund balances in 2001, the aggregate increase was only one percent compared to annual increases of six to fifteen percent in 1991 to 2000. It appears the smaller increase was due to increases in salary and related costs and capital improvements. In addition, although assessed valuations increased an average of ten percent, most districts decreased their tax levies. One district had a voter approved increase in its General Fund tax levy. The following graph shows recent years' aggregate information.



In previous reviews, it was noted that several districts had large General Fund balances in relation to expenditures. The following graph shows the General Fund total fund balance to expenditures ratio as well as the ratio of unreserved fund balance to expenditures ratio.



Since property tax is the main source of revenue, and is received at the end of each year, districts need larger fund balances to provide an adequate cash flow. Thirteen districts, have ratios greater than one which indicates the total fund balance is greater than one year's cost of operations. In 2000, 17 districts had ratios greater than one. While fire districts have improved in this area, they must continue to evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

The following chart shows the total fund balance to General Fund expenditures ratio for each district for the last four years.

<u>District</u>	<u>Fund Balance To Expenditure Ratios</u>			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Affton	1.41	1.47	1.40	0.84
Black Jack	1.08	1.10	1.09	0.96
Chesterfield	1.68	1.81	1.73	1.26
Community	0.98	0.96	1.04	1.20
Creve Coeur	3.07	3.45	3.31	2.52
Eureka	0.58	0.69	0.90	0.87
Fenton	1.62	1.20	1.37	1.50
Florissant Valley	1.13	1.23	1.06	1.39
Lemay	0.51	0.49	0.56	0.83
Maryland Heights	2.52	2.59	2.23	2.17
Mehlville	1.60	1.60	1.16	0.86
Metro West	1.19	0.84	1.02	0.91
Mid-County	0.97	0.83	0.93	0.93
Moline	0.94	0.90	0.83	0.92
Normandy	1.60	1.25	1.00	1.06
Pattonville/ Bridgeton Terrace	0.78	0.70	0.87	0.85
Riverview	1.30	1.34	1.53	1.44
Robertson	2.19	1.67	1.71	1.69
Spanish Lake	1.05	1.12	1.12	1.05
Valley Park	1.08	1.54	1.64	1.69
West County EMS	1.72	1.60	1.73	1.72
West Overland	1.19	1.32	1.76	1.86

Although a large number of districts have reserved a portion of their 2001 fund balances for new firehouses, additional equipment, future years' operations and other uses, five still have unreserved fund balances greater than one year's cost of operations. This is reflected in the chart below.

Unreserved Fund Balance to Expenditure Ratios

<u>District</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Affton	1.21	1.25	1.17	0.64
Black Jack	1.08	1.10	1.09	0.85
Chesterfield	1.68	0.65	0.75	0.45
Community	0.98	0.04	0.90	1.07
Creve Coeur	1.48	1.79	1.81	1.28
Eureka	0.58	0.69	0.90	0.87
Fenton	1.03	1.11	1.28	1.46
Florissant Valley	1.25	0.98	0.01	0.12
Lemay	0.51	0.49	0.56	0.83
Maryland Heights	2.49	2.34	1.06	0.95
Mehlville	1.16	1.08	0.82	0.62
Metro West	1.19	0.03	0.08	0.31
Mid-County	0.97	0.83	0.93	0.93
Moline	0.94	0.90	0.83	0.92
Normandy	1.18	1.04	0.35	0.32
Pattonville/ Bridgeton Terrace	0.78	0.74	0.87	0.84
Riverview	1.30	0.28	0.36	0.33
Robertson	2.19	1.67	1.71	0.79
Spanish Lake	1.05	1.12	1.12	1.05
Valley Park	1.08	1.54	1.39	1.49
West County EMS	0.97	0.37	0.40	0.81
West Overland	1.19	1.32	0.65	0.82

Fund balances of the Special Revenue Funds have remained constant or increased only slightly. While most fund balances appear reasonable, a few fire protection districts should assess their need for large balances. In addition, Maryland Heights and Mid-County Fire Protection Districts have negative balances in the Ambulance Fund and Dispatching Fund, respectively. While the CPA for Maryland Heights has made recommendations in his last three reports regarding the negative balance in the Ambulance Fund, the board had chosen not to make any changes.

Revenues of the Pension Funds decreased significantly in 2001, apparently as a result of significant losses in investment earnings. Deductions from such funds remained constant and the overall fund balances decreased five percent. Based on the audit reports, seven of the twelve districts with defined contribution plans have an unfunded liability.

There are thirteen districts that have Capital Projects Funds, with two districts establishing such funds in 2001. Capital Projects Funds are funded with bond proceeds and/or transfers from the other funds. The balances in these funds should be considered when analyzing the fund status of the district. Four districts that have total General Fund balance to expenditures ratios greater than one also have Capital Projects Funds with balances of over \$1 million. Maryland Heights Fire Protection District has maintained a negative fund balance for three years with no activity in this fund. The district should consider the necessity of maintaining this fund.

Several districts have outstanding debt; however, when setting their debt service levies each year, the districts should ensure amounts available and to be collected are sufficient only to meet necessary obligations.

Fire protection districts are continuing to add to their capital structure in building and equipment each year. In 2001, the asset balance of all districts increased by \$12.9 million or 13.7 percent. Mehlville Fire Protection District had an increase of \$3.3 million or 24.5 percent due to increases in buildings and improvements. Three other districts including Affton, Robertson, and Spanish Lake, had increases of over 43 percent due to new construction and equipment.

Assessed valuations continue to increase while tax levies remained fairly constant or decreased.

Audit fees have remained consistent for most districts. Pattonville/Bridgeton Terrace Fire Protection District's 2000 audit fee was for a two year audit whereas the 2001 audit fee was for a one year audit. The Robertson Fire Protection District audit fee was higher in 2000 due to the change of auditors from 1999 to 2000 and additional work requested in 2000.

Compensation to directors has increased in several districts due to a change in the statutes allowing directors additional compensation.

Independent auditors made specific recommendations to improve the overall management of fire districts. Recommendations included concerns regarding expenditure procedures, various accounting records and procedures, investments and pensions, fixed assets, pledged securities, unclaimed property, and other various policies and procedures. In addition, recommendations were made concerning budgets and payroll and employee benefits. Each fire district should review all of the recommendations and their applicability to their individual district. Consideration should be given by individual districts to have their independent auditor review any areas where risk and citizen concern may be evident.

SCOPE AND METHODOLOGY

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY
SCOPE AND METHODOLOGY

Scope

At December 31, 2001, there were 23 fire protection districts in St. Louis County. Audit reports were received for 22 districts. The Kinloch Fire Protection District's receipts were less than \$50,000, so no audit report was required.

During our review we: 1) considered Section 321.690, RSMo 2000 (Appendix A), 15 CSR 40-4 (Appendix B), and audit reports submitted to the State Auditor by the various fire districts for the year ended December 31, 2001, 2) reviewed the supporting working papers of various independent auditors' reports for the year ended December 31, 2001 (information contained in the working papers constitutes the principal record of work the auditor has accomplished and provides evidence for conclusions that he has reached concerning significant matters), 3) obtained completed questionnaires from each of the fire protection districts regarding audit and other fees paid, and 4) verified dispatching fees paid by the fire protection districts with the service contract providers. In addition, financial data for the year ended December 31, 2000, has been presented for comparative purposes.

Methodology

We compiled the following schedules to accomplish the objectives of this report:

- Schedule 1 presents revenues, expenditures, and fund balance for the General Funds in a combined format. The General Fund is the general operating fund of the district and is used to account for all resources except those accounted for in other funds.
- Schedule 2 presents revenues, expenditures, and fund balance for the Ambulance Funds in a combined format. This fund is a special revenue fund which is used to account for the proceeds of a special tax levy which is restricted for ambulance operations. In addition, some districts receive contract revenues and ambulance fees.
- Schedule 3 presents revenues, expenditures, and fund balance for the Dispatching Funds in a combined format. This fund is a special revenue fund which is used to account for the proceeds of a special tax levy which is restricted to the purchasing of dispatching services. This is commonly accomplished by means of a contractual agreement with outside entities which provide dispatching services for several districts.
- Schedule 4 presents additions, deductions, and fund balance for the Pension Funds in a combined format. This fiduciary fund accounts for assets held in trust by the fire district or by an outside agency for the payment of retirement benefits and long-term disability benefits to eligible fire fighters. The funds' primary sources of revenue are property taxes and investment income. There were four districts that reported a negative amount for additions,

resulting from a net decrease in the value of their investments. Other districts reflected this decrease as a deduction.

- Schedule 5 presents revenues, expenditures, and fund balance for the Capital Project Funds in a combined format. This fund is used to account for the revenues and expenditures needed to finance the acquisition or construction of capital assets and improvements. The primary sources of revenues for this fund are bond proceeds, investment income, and transfers from other funds.
- Schedule 6 presents the operations of the Debt Service Funds for the year ended December 31, 2001, the amount of bonds outstanding, and the debt obligations of the districts for 2002. This fund is used to account for the accumulation of resources for the payment of general long-term debt principal and interest. The legal debt limit for a fire protection district is five percent of the fire protection district's assessed valuation. The reports submitted show that all fire protection districts with outstanding debt were within their statutory limits.
- Schedule 7 presents the General Fixed Asset balances of the districts at December 31, 2001, with comparative totals of general fixed assets at December 31, 2000. The schedule represents fixed assets acquired or constructed for general governmental purposes that are reported as expenditures in the fund that financed the acquisition or construction and capitalized at historical cost or estimated historical cost if actual historical cost is not available. Depreciation is usually not provided on general fixed assets; however, the Black Jack Fire Protection District did provide for depreciation over the useful lives of the general fixed assets. The total accumulated depreciation through December 31, 2001, was \$1,121,424.
- Schedule 8 presents the assessed valuations of the individual fire protection districts as well as tax levies for each of the districts' various funds as reported in the audit reports.
- Schedule 9 is a listing of the audit fees for each fire protection district. This information was obtained from a questionnaire sent to the districts.
- Schedule 10 is a listing of total compensation paid to the directors by each district during the year ended December 31, 2001 and 2000. The independent audit reports included the names of the principal officeholders during the year ended December 31, 2001 and 2000 and the compensation received by each official in the performance of his or her duty as established by Section 321.190, RSMo 2000. There were instances when more than three names would be listed; however, this was due to a change in the officials serving on the board.
- Schedule 11 is a summary of the various comments contained in the independent auditor's reports on compliance and internal control and in the management letters received by the State Auditor. These comments apply to individual fire protection districts unless otherwise noted. These comments extracted from the reports and management letters were not verified by the State Auditor's Office via additional audit procedures for accuracy, validity, or completeness.

Interfund and equity transfers are included in the revenue and expenditure numbers on Schedules 1 through 6. Schedules 1, 2, 3, 5 and 6 represent governmental type funds and are accounted for on the modified accrual basis of accounting. The modified accrual basis recognizes revenues in the period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred. Schedule 4 represents a fiduciary fund and is accounted for on the accrual basis of accounting. The accrual basis recognizes revenues when they are earned and expenses when they are incurred.

Limitations

Some data presented in the schedules was compiled from information submitted by the various fire districts and their independent auditors and was not verified by us via additional audit procedures. In analyzing these schedules, some disparity will result due to the different methods of presenting essentially the same information. Reasons for some problems in comparison are:

- 1) The Pension Fund is presented differently by the fire districts. Ten districts offer defined contribution plans and seven offer defined benefit plans. Five districts offer both types.
- 2) Some districts may have major bond issues and related Capital Project Funds.
- 3) Some districts collect user fees and others may not.
- 4) Some districts have significant transfers to and from funds which causes disparity in comparison.
- 5) Some districts account for capital improvements and large asset purchases in the General Fund while others have a Capital Project Fund.

SCHEDULES

Schedule 1

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE -
 GENERAL FUNDS

District	Year Ended December 31,							
	2000				2001			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Afton	\$ 3,159,872	2,560,782	2,387,210	3,333,444	0	2,584,796	3,208,496	2,709,744
Black Jack	3,471,169	3,294,774	3,237,444	3,528,499	0	3,689,773	3,685,074	3,533,198
Chesterfield	10,955,015	8,138,903	6,992,863	12,101,055	0	8,474,608	9,119,196	11,456,467
Community	3,406,253	4,393,659	3,832,659	3,967,253	116,893	4,951,353	4,103,602	4,931,897
Creve Coeur	18,193,393	7,322,465	5,922,252	19,593,606	0	7,353,658	7,665,072	19,282,192
Eureka	869,787	1,739,465	1,373,030	1,236,222	0	1,727,659	1,585,794	1,378,087
Fenton	4,286,104	3,513,372	3,285,488	4,513,988	0	4,169,287	3,470,772	5,212,503
Florissant Valley	4,415,034	3,784,502	3,974,976	4,224,560	0	4,794,329	3,777,979	5,240,910
Lemay	666,507	1,375,333	1,326,587	715,253	0	1,508,971	1,216,953	1,007,271
Maryland Heights	9,891,463	4,984,086	4,606,661	10,268,888	0	5,051,622	4,838,076	10,482,434
Mehlville	14,464,840	10,812,791	11,725,925	13,551,706	0	10,932,578	13,154,296	11,329,988
Metro West	6,454,495	7,256,734	6,783,553	6,927,676	0	7,479,528	7,530,968	6,876,236
Mid-County	1,417,959	2,188,628	1,866,778	1,739,809	(24,068)	2,025,299	1,942,400	1,798,640
Moline	1,168,224	1,306,113	1,354,918	1,119,419	0	1,341,884	1,284,951	1,176,352
Normandy	2,281,656	1,759,363	2,018,215	2,022,804	0	1,798,793	1,854,481	1,967,116
Pattonville/Bridgeton Terrace	3,370,408	5,519,155	4,747,341	4,142,222	0	5,706,228	5,327,086	4,521,364
Riverview	1,938,077	1,603,517	1,402,064	2,139,530	0	1,583,276	1,527,946	2,194,860
Robertson	4,095,878	2,767,295	2,530,304	4,332,869	0	3,113,803	2,765,318	4,681,354
Spanish Lake	2,046,507	1,952,152	1,888,742	2,109,917	0	1,993,718	2,004,869	2,098,766
Valley Park	1,511,536	1,197,850	1,028,087	1,681,299	0	1,352,843	1,127,965	1,906,178
West County EMS	6,307,850	4,911,999	4,116,917	7,102,932	0	4,740,735	4,350,564	7,493,103
West Overland	1,631,089	1,457,640	1,118,373	1,970,356	0	1,421,627	1,187,497	2,204,486
Total	\$ 106,003,116	83,840,578	77,520,387	112,323,307	92,825	87,796,368	86,729,355	113,483,146

* Prior period adjustments made by the CPA firms.

Schedule 2

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE
 SPECIAL REVENUE FUNDS-AMBULANCE

District	Year Ended December 31,							
	2000				2001			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 823,812	1,000,638	604,314	1,220,136	0	1,246,686	755,059	1,711,763
Black Jack	0	0	0	0	0	0	0	0
Chesterfield	5,336,877	4,708,571	4,836,676	5,208,772	0	4,889,147	4,179,608	5,918,311
Community	1,045,326	1,181,451	1,062,816	1,163,961	0	1,349,688	1,118,504	1,395,145
Creve Coeur	236,140	2,425,983	2,662,123	0	0	3,412,029	3,412,029	0
Eureka	723,848	859,455	862,001	721,302	0	969,877	972,235	718,944
Fenton	2,391,111	2,068,881	2,477,736	1,982,256	0	2,309,486	1,982,026	2,309,716
Florissant Valley	1,021,253	1,535,709	2,315,378	241,584	0	2,380,216	2,133,070	488,730
Lemay	430,476	480,530	573,479	337,527	67,000	669,681	592,183	482,025
Maryland Heights	(987,090)	1,179,183	1,050,468	(858,375)	0	1,168,215	1,106,476	(796,636)
Mehlville	3,853,999	3,540,001	3,673,468	3,720,532	0	3,873,096	4,112,904	3,480,724
Metro West	3,230,757	3,679,331	3,341,006	3,569,082	0	3,797,854	3,837,599	3,529,337
Mid-County	(37,741)	253,765	216,024	0	0	215,945	215,945	0
Moline	0	0	0	0	0	0	0	0
Normandy	503,480	628,374	526,377	605,477	0	697,433	598,738	704,172
Pattonville/Bridgeton Terrace	1,481,948	2,110,256	1,634,268	1,957,936	0	2,063,431	1,762,278	2,259,089
Riverview	0	0	0	0	0	0	0	0
Robertson	2	1,304,956	1,116,528	188,430	0	1,448,731	1,142,818	494,343
Spanish Lake	0	0	0	0	0	0	0	0
Valley Park	538,692	546,100	500,610	584,182	0	594,304	531,491	646,995
West County EMS	2,325,157	2,095,253	1,622,431	2,797,979	0	2,164,463	1,970,928	2,991,514
West Overland	254,454	661,277	625,273	290,458	0	583,204	605,790	267,872
Total	\$ 23,172,501	30,259,714	29,700,976	23,731,239	67,000	33,833,486	31,029,681	26,602,044

* Prior period adjustments made by the CPA firms.

Schedule 3

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARTIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE-
 SPECIAL REVENUE FUNDS-DISPATCHING

District	Year Ended December 31,							
	2000				2001			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments *	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 126,563	112,320	113,759	125,124	0	114,404	109,509	130,019
Black Jack	86,058	218,850	304,908	0	0	165,826	165,826	0
Chesterfield	295,591	423,059	319,375	399,275	0	595,159	306,917	687,517
Community	10	127,953	127,953	10	0	138,824	138,824	10
Creve Coeur	0	303,349	303,349	0	0	505,882	327,878	178,004
Eureka	0	65,917	65,917	0	0	65,301	65,301	0
Fenton	691,533	280,284	289,491	682,326	0	311,163	382,410	611,079
Florissant Valley	254,065	202,306	163,529	292,842	0	211,341	123,719	380,464
Lemay	25,599	32,610	51,544	6,665	0	52,858	47,204	12,320
Maryland Heights	104,824	282,553	188,007	199,370	0	273,926	238,136	235,160
Mehlville	832,487	385,075	489,941	727,621	0	707,050	493,094	941,577
Metro West	147,963	351,065	262,850	236,178	0	359,970	333,520	262,628
Mid-County	0	42,053	40,992	1,061	(3,218)	56,679	54,561	(39)
Moline	0	31,069	31,069	0	0	31,209	31,208	1
Normandy	0	62,614	62,614	0	0	66,522	66,522	0
Pattonville/Bridgeton Terrace	204,060	347,362	265,115	286,307	0	293,899	293,899	286,307
Riverview	0	50,025	50,025	0	0	50,494	50,494	0
Robertson	0	127,462	126,253	1,209	0	141,285	100,753	41,741
Spanish Lake	36,426	57,408	53,157	40,677	0	58,171	60,344	38,504
Valley Park	38,226	52,318	52,831	37,713	0	56,944	49,840	44,817
West County EMS	69,092	167,221	137,483	98,830	0	231,984	167,276	163,538
West Overland	59	77,678	77,678	59	0	90,675	73,166	17,568
Total	\$ 2,912,556	3,800,551	3,577,840	3,135,267	(3,218)	4,579,566	3,680,401	4,031,215

* Prior period adjustments made by the CPA firms.

Schedule 4

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF ADDITIONS, DEDUCTIONS, AND FUND BALANCE-
 FIDUCIARY FUNDS (PENSION FUND)

District	Year Ended December 31,						
	2000				2001		
	Beginning Fund Balance	Additions	Deductions	Ending Fund Balance	Additions	Deductions	Ending Fund Balance
Affton	\$ 5,784,757	405,018	1,688,652	4,501,123	(85,652)	442,757	3,972,714
Black Jack	2,269,600	621,781	178,255	2,713,126	442,125	110,030	3,045,221
Chesterfield	24,637,341	(298,631)	1,139,618	23,199,092	(1,352,599)	1,702,011	20,144,482
Community	7,325,482	380,234	339,058	7,366,658	481,532	1,457,494	6,390,696
Creve Coeur	18,925,604	2,540,091	2,798,960	18,666,735	1,715,098	2,504,076	17,877,757
Eureka	2,287,846	389,545	40,047	2,637,344	555,220	70,081	3,122,483
Fenton	13,994,683	1,531,828	373,697	15,152,814	1,538,274	2,591,723	14,099,365
Florissant Valley	4,722,727	905,006	506,011	5,121,722	675,695	426,922	5,370,495
Lemay	141,546	134,430	124,591	151,385	147,504	142,566	156,323
Maryland Heights	10,334,488	7,407	807,628	9,534,267	(224,607)	110,153	9,199,507
Mehlville	34,615,395	3,486,892	1,564,462	36,537,825	421,114	1,228,080	35,730,859
Metro West	17,450,282	953,538	451,308	17,952,512	233,757	481,307	17,704,962
Mid-County	1,144,274	6,079	61,825	1,088,528	13,403	89,500	1,012,431
Moline	3,070,050	338,379	10,729	3,397,700	260,014	196,484	3,461,230
Normandy	197,339	157,834	189,773	165,400	167,184	127,304	205,280
Pattonville/Bridgeton Terrace	11,028,071	1,148,188	1,214,442	10,961,817	547,957	1,924,085	9,585,689
Riverview	2,637,727	263,572	852,249	2,049,050	153,464	287,852	1,914,662
Robertson	5,467,278	231,078	979,639	4,718,717	256,875	494,175	4,481,417
Spanish Lake	5,676,475	(118,877)	9,571	5,548,027	(312,158)	10,940	5,224,929
Valley Park	1,116,328	221,568	122,588	1,215,308	209,925	110,270	1,314,963
West County EMS	1,691,637	686,771	606,986	1,771,422	726,268	734,939	1,762,751
West Overland	5,028,616	310,829	218,454	5,120,991	86,144	529,281	4,677,854
Total	\$ 179,547,546	14,302,560	14,278,543	179,571,563	6,656,537	15,772,030	170,456,070

Schedule 5

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND FUND BALANCE-
 CAPITAL PROJECT FUNDS

		Year Ended December 31,						
		2000				2001		
District		Beginning	Revenues	Expenditures	Ending	Revenues	Expenditures	Ending
		Fund Balance			Fund Balance			Fund Balance
Affton	\$	0	0	0	0	763,640	763,640	0
Black Jack		402,206	35,647	0	437,853	3,322	0	441,175
Chesterfield		328,870	365,361	681,493	12,738	326,238	322,402	16,574
Community		0	0	0	0	0	0	0
Creve Coeur		0	0	0	0	0	0	0
Eureka		3,756,449	190,304	1,901,353	2,045,400	233,755	764,666	1,514,489
Fenton		0	0	0	0	0	0	0
Florissant Valley		0	0	0	0	0	0	0
Lemay		0	0	0	0	0	0	0
Maryland Heights		(65,374)	0	0	(65,374)	0	0	(65,374)
Mehlville		283,442	4,099,967	2,347,128	2,036,281	59,103	2,009,745	85,639
Metro West		1,620,818	1,231,775	1,026,457	1,826,136	1,562,731	636,549	2,752,318
Mid-County		0	0	0	0	0	0	0
Moline		51,973	1,053	5,392	47,634	802	8,913	39,523
Normandy		0	0	0	0	0	0	0
Pattonville/Bridgeton Terrace		1,002,066	64,930	722,963	344,033	7,262	250,972	100,323
Riverview		0	998,898	23,603	975,295	38,786	22,716	991,365
Robertson		0	3,669,893	598,077	3,071,816	121,784	1,929,644	1,263,956
Spanish Lake		0	2,989,069	156,302	2,832,767	84,229	836,905	2,080,091
Valley Park		0	0	0	0	0	0	0
West County EMS		0	0	0	0	5,045,125	980,810	4,064,315
West Overland		0	0	0	0	0	0	0
Total	\$	7,380,450	13,646,897	7,462,768	13,564,579	8,246,777	8,526,962	13,284,394

Schedule 6

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
SCHEDULE OF BOND OBLIGATIONS
YEAR ENDED DECEMBER 31, 2001

District	Fund Balance December 31, 2000	Revenues	Expenditures and Transfers Out	Fund Balance December 31, 2001	2002 Obligations	Outstanding Bonds at December 31, 2001
Affton	\$ 0	0	0	0	0	0
Black Jack	0	0	0	0	0	0
Chesterfield	935,280	443,639	426,944	951,975	300,000	2,425,000
Community	0	0	0	0	0	0
Creve Coeur	0	0	0	0	0	0
Eureka	307,069	348,439	271,923	383,585	125,000	3,265,000
Fenton	0	0	0	0	0	0
Florissant Valley	0	0	0	0	0	0
Lemay	331,098	119,174	154,671	295,602	152,655	675,000
Maryland Heights	596,191	67,618	272,164	391,645	270,000	270,000
Mehlville	0	0	0	0	0	0
Metro West	0	0	0	0	0	0
Mid-County	0	0	0	0	0	0
Moline	132,918	70,602	65,595	137,925	60,000	60,000
Normandy	80,086	64,302	71,234	73,154	45,000	230,000
Pattonville/Bridgeton Terrace	354,406	271,346	130,363	495,389	250,000	1,525,000
Riverview	3,657	170,390	0	174,047	70,000	1,000,000
Robertson	435,696	527,545	338,905	624,336	175,000	3,450,000
Spanish Lake	275,525	284,593	281,975	278,143	140,000	2,925,000
Valley Park	120,443	75,605	67,157	128,891	50,000	375,000
West County EMS	0	964,865	0	964,865	450,000	5,000,000
West Overland	0	0	0	0	0	0
Total	\$ 3,572,369	3,408,118	2,080,931	4,899,557	2,087,655	21,200,000

Schedule 7

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
SCHEDULE OF GENERAL FIXED ASSETS

District	December 31, 2001			December 31, 2000
	Land and Building	Furniture and Equipment	Total	Total
Affton	\$ 1,188,372	1,520,846	2,709,218	1,757,429
Black Jack	805,496	1,421,720	2,227,216	2,175,711
Chesterfield	11,356,725	5,263,780	16,620,505	15,125,010
Community	276,870	1,660,297	1,937,167	1,850,904
Creve Coeur	4,862,131	4,150,322	9,012,453	7,118,625
Eureka	3,268,521	2,884,771	6,153,292	5,394,040
Fenton	3,791,088	2,600,986	6,392,074	6,229,997
Florissant Valley	1,487,251	2,512,225	3,999,476	3,942,036
Lemay	1,776,720	801,887	2,578,607	2,564,000
Maryland Heights	3,518,003	3,391,815	6,909,818	6,509,584
Mehlville	8,921,149	8,248,344	17,169,493	13,787,574
Metro West	6,105,296	4,982,818	11,088,114	10,074,364
Mid-County	759,220	985,881	1,745,101	1,742,870
Moline	184,247	667,129	851,376	842,658
Normandy	105,286	2,396,103	2,501,389	2,344,346
Pattonville/Bridgeton Terrace	3,657,976	3,120,448	6,778,424	6,419,889
Riverview	1,146,615	715,796	1,862,411	1,839,721
Robertson	2,698,459	2,476,123	5,174,582	3,601,290
Spanish Lake	932,754	1,317,528	2,250,282	1,569,278
Valley Park	1,097,909	1,259,193	2,357,102	2,318,256
West County EMS	2,263,018	2,900,679	5,163,697	4,228,840
West Overland	220,944	1,161,145	1,382,089	1,361,578
Total	\$ 60,424,050	56,439,836	116,863,886	102,798,000

Schedule 8

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 SCHEDULE OF ASSESSED VALUATION AND TAX LEVIES
 YEARS ENDED DECEMBER 31, 2001 AND 2000

District	Assessed Valuation		Tax Levy per \$100 of Assessed Valuation											
			Total		General		Pension		Dispatching		Ambulance		Debt Service	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Affton	\$ 406,406,997	348,255,412	0.8880	0.9400	0.6060	0.6400	0.0660	0.0700	0.0280	0.0300	0.1880	0.2000	0.0000	0.0000
Black Jack	467,105,034	441,112,375	0.8830	0.9000	0.7440	0.7500	0.0990	0.1000	0.0400	0.0500	0.0000	0.0000	0.0000	0.0000
Chesterfield	1,567,207,832	1,371,312,470	0.9950	1.0190	0.5170	0.5390	0.0950	0.1000	0.0400	0.0300	0.3160	0.3200	0.0270	0.0300
Community	488,270,954	446,595,247	1.3250	1.3800	0.9610	1.0000	0.0960	0.1000	0.0280	0.0300	0.2400	0.2500	0.0000	0.0000
Creve Coeur	1,093,245,906	987,642,410	0.9770	1.0100	0.5830	0.6100	0.1400	0.1500	0.0470	0.0300	0.2070	0.2200	0.0000	0.0000
Eureka	233,280,081	208,407,327	2.1410	1.3230	0.7150	0.7440	0.9600	0.1000	0.0280	0.0300	0.2880	0.2990	0.1500	0.1500
Fenton	884,965,462	761,550,991	0.7400	0.7400	0.3800	0.3800	0.1000	0.1000	0.0300	0.0300	0.2300	0.2300	0.0000	0.0000
Florissant Valley	674,794,562	637,318,003	0.9660	0.8300	0.6900	0.5500	0.0980	0.1000	0.0300	0.0300	0.1480	0.1500	0.0000	0.0000
Lemay	145,291,497	131,660,642	1.3000	1.4800	0.9600	0.9900	0.1000*	0.1000	0.0300	0.0200	0.2200	0.2300	0.0900	0.1400
Maryland Heights	566,481,855	534,037,686	1.0690	1.1500	0.7800	0.8000	0.1260	0.1300	0.0480	0.0500	0.1070	0.1100	0.0080	0.0600
Mehlville	1,717,583,697	1,562,968,054	0.9200	0.9200	0.5650	0.5900	0.0950	0.1000	0.0400	0.0200	0.2200	0.2100	0.0000	0.0000
Metro West	1,269,100,580	1,157,078,875	0.9720	1.0210	0.5540	0.5810	0.1040	0.1100	0.0280	0.0300	0.2860	0.3000	0.0000	0.0000
Mid-County	122,483,576	122,426,529	1.6300	1.6300	1.3500	1.3500	0.1000	0.1000	0.0300	0.0300	0.1500	0.1500	0.0000	0.0000
Moline	112,914,114	104,431,181	1.4300	1.5000	1.1990	1.2500	0.1430	0.1500	0.0280	0.0300	0.0000	0.0000	0.0600	0.0700
Normandy	173,232,525	168,245,394	1.4800	1.4700	1.0000	1.0000	0.1000	0.1000	0.0400	0.0400	0.3000	0.3000	0.0400	0.0300
Pattonville/Bridgeton Terrace	677,451,125	622,508,792	1.1680	1.2060	0.7100	0.7320	0.1450	0.1500	0.0400	0.0500	0.2360	0.2440	0.0370	0.0300
Riverview	130,542,349	121,763,354	1.5000	1.4000	1.2040	1.2500	0.1060	0.1100	0.0400	0.0400	0.0000	0.0000	0.1500	0.0000
Robertson	343,427,350	309,501,376	1.5550	1.5500	0.7780	0.7700	0.1970	0.2000	0.0400	0.0400	0.3900	0.3900	0.1500	0.1500
Spanish Lake	155,249,731	146,206,107	1.5970	1.6590	1.2180	1.2500	0.1460	0.1500	0.0390	0.0400	0.0000	0.0000	0.1940	0.2190
Valley Park	192,735,717	169,319,389	1.1000	1.1200	0.6400	0.6500	0.1000	0.1000	0.0300	0.0300	0.2900	0.3000	0.0400	0.0400
West County EMS	560,524,663	519,833,005	0.9250	0.7400	0.4460	0.4600	0.0700	0.0600	0.0400	0.0300	0.1890	0.1900	0.1800	0.0000
West Overland	168,269,464	169,364,202	1.1540	1.1400	0.7040	0.7000	0.1500	0.1500	0.0500	0.0400	0.2500	0.2500	0.0000	0.0000

* In 2001, the Lemay Fire Protection District levied .0027 in excess of the Pension Fund levy approved by the State Auditor's Office. In 2002, the district was in compliance with the levy approved and took a voluntary reduction to repay the excess amount collected in 2001.

Schedule 9

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
COMPARATIVE SCHEDULE OF FEES FOR AUDIT SERVICES

District	2001 Audit Fees	2000 Audit Fees
Affton	\$ 6,800	6,600
Black Jack	8,400	6,000
Chesterfield	9,500	10,500
Community	6,000	6,000
Creve Coeur	13,700	13,250
Eureka	4,300	4,490
Fenton	5,500	6,600
Florissant Valley	5,275	4,975
Lemay	3,675	3,550
Maryland Heights	6,100	4,865
Mehlville	10,500	9,500
Metro West	12,527	12,282
Mid-County	4,950	4,750
Moline	4,575	4,095
Normandy	4,525	4,525
Pattonville/Bridgeton Terrace	9,500	15,000
Riverview	2,100	2,100
Robertson	5,017	19,800
Spanish Lake	6,000	7,500
Valley Park	6,400	6,400
West County EMS	5,000	6,500
West Overland	4,300	4,475

Schedule 10

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
SCHEDULE OF COMPENSATION PAID TO DIRECTORS BY DISTRICT

District	2001	2000
Affton	\$ 9,000	8,300
Black Jack	21,867	9,100
Chesterfield	18,167	18,849
Community	20,033	23,200
Creve Coeur	22,400	20,800
Eureka	6,900	6,900
Fenton	11,550	11,100
Florissant Valley	31,800	25,383
Lemay	10,200	8,567
Maryland Heights	19,850	14,017
Mehlville	15,329	16,296
Metro West	11,541	13,450
Mid-County	28,600	26,076
Moline	29,600	29,600
Normandy	21,366	13,366
Pattonville/Bridgeton Terrace	23,785	16,633
Riverview	21,200	17,596
Robertson	14,550	20,383
Spanish Lake	23,700	18,200
Valley Park	13,550	11,750
West County EMS	23,717	16,675
West Overland	22,407	21,209

Schedule 11

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY SUMMARY OF MANAGEMENT LETTER COMMENTS ISSUED BY AUDITORS IN CONNECTION WITH THE AUDITS OF THE YEAR ENDED DECEMBER 31, 2001

Expenditures/Purchasing

- Clothing allowances were not included on the Form W-2 each year.
- Invoices were not cancelled or stamped paid after payment was made.
- Meal reimbursement requests were not being submitted with a stated business purpose or names of persons in attendance.

Accounting Records and Procedures

- The accounting records service provider did not provide financial information, including journals, general ledgers, bank reconciliations and monthly financial statements in a timely manner.
- The accountant did not reconcile all bank accounts nor were the accounts reconciled to the month end financial statements.
- The general ledger was in balance but the individual funds were not.
- Three districts did not have a written accounting procedures manual.
- There was no formal written conflict of interest policy.
- A system was not established for reconciling ambulance billings to actual amounts later collected or written off as uncollectable.
- The bookkeeper did not prepare and post cash to accrual adjustments prior to the audit commencing.
- Book balances were different from the auditor's beginning general ledger account balances.
- All audit adjustments were not posted.
- Operating transfer accounts were not established for the general and dispatching funds.
- Segregation of duties was not established for receipt and disbursement procedures.

- The board did not review the bank reconciliations prepared by the district accountant on a periodic basis.
- Amounts withheld for a pre-tax savings plan to amounts remitted to the plan administrator were not reconciled.

Investments and Pensions

- Investment earnings were not maximized.
- Pension valuation reports were not prepared timely.
- Changes from the quarterly investment statements were not recorded on the internal financial statements.
- Health care costs were paid from the pension fund without consulting with the attorney.

Fixed Assets and Capital Improvements

- A detailed permanent record of fixed assets was not maintained and physical inventories were not performed in 10 districts.
- A formal policy for capitalizing fixed assets was not maintained.
- A district should consider the appropriateness of continuing to maintain a capital projects fund in light of current plans for the acquisition of major fixed assets.
- Formal long-term plans for capital replacement and acquisition were not established.

Budgets

- Two districts' budget documents did not contain all of the required components as specified by Chapter 67 RSMo.
- The budget did not contain provisions to eliminate the deficit fund balance at the beginning of the year in the Ambulance Fund.
- Expenditures for seven districts exceeded the budgetary appropriations in various funds.
- A budget was not prepared for the Capital Projects Fund.
- Budget amendments were not adequately documented and approved by the Board of Directors.

Payroll and Employee Benefits

- The vacation policy did not clearly document how vacation time can be earned or if vacation time can be carried forward into the following year.
- W-2 forms were prepared incorrectly.

Pledged Securities

- A component unit had bank deposits that were uninsured or uncollateralized.
- A banking and collateral pledge agreement was not established with the banking institution.

Unclaimed Property

- Several checks outstanding for over one year were written off, but had not been turned over to the state under the Unclaimed Property law.

GASB 34

- It was recommended in five districts that they plan for the adoption of Governmental Accounting Standards Board, Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments.
- Packaged general ledger and accounting software can not be upgraded for GASB 34.

Insurance

- The self-funded health insurance plan appeared to be poorly written.

Minutes

- Minutes were not always maintained for all board meetings.

APPENDICES

Missouri Revised Statutes

Chapter 321 Fire Protection Districts Section 321.690

Audits to be performed, when--rules established by state auditor (Christian County fire protection districts exempt from audits).

321.690. 1. In counties of the first classification having a charter form of government and having more than nine hundred thousand inhabitants and in counties of the first classification which contain a city with a population of one hundred thousand or more inhabitants which adjoins no other county of the first classification, the governing body of each fire protection district shall cause an audit to be performed consistent with rules and regulations promulgated by the state auditor.

2. (1) All such districts shall cause an audit to be performed biennially. Each such audit shall cover the period of the two previous fiscal years.

(2) Any fire protection district with less than fifty thousand dollars in annual revenues may, with the approval of the state auditor, be exempted from the audit requirement of this section if it files appropriate reports on its affairs with the state auditor within five months after the close of each fiscal year and if these reports comply with the provisions of section 105.145, RSMo. These reports shall be reviewed, approved and signed by a majority of the members of the governing body of the fire protection district seeking exemption.

3. Copies of each audit report must be completed and submitted to the fire protection district and the state auditor within six months after the close of the audit period. One copy of the audit report and accompanying comments shall be maintained by the governing body of the fire protection district for public inspection at reasonable times in the principal office of the district. The state auditor shall also maintain a copy of the audit report and comment. If any audit report fails to comply with the rules promulgated by the state auditor, that official shall notify the fire protection district and specify the defects. If the defects specified are not corrected within ninety days from the date of the state auditor's notice to the district, or if a copy of the required audit report and accompanying comments have not been received by the state auditor within six months after the end of the audit period, the state auditor shall make, or cause to be made, the required audit at the expense of the fire protection district.

4. The provisions of this section shall not apply to any fire protection district based and substantially located in a county of the third classification with a population of at least thirty-one thousand five hundred but not greater than thirty-three thousand.

(L. 1977 H.B. 216, A.L. 1981 S.B. 200, A.L. 1986 H.B. 877, A.L. 1991 S.B. 34, A.L. 1993 H.B. 177 and S.B. 346, A.L. 1998 H.B. 1847)

**Title 15—ELECTED OFFICIALS**

Division 40—State Auditor
Chapter 4—Audits of Fire Protection
Districts in St. Louis and Greene
Counties

15 CSR 40-4.010 Requirements for Districts

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth requirements to be met directly by the district.

(1) The district is responsible for preparing and providing financial information to be included in the audit report. The district shall maintain adequate accounting records for that purpose. These records may be maintained on the bases of accounting deemed appropriate by the district but the records shall provide adequate information to allow the district to report in accordance with generally accepted accounting principles.

(2) The district shall engage an independent auditor to conduct the audit. The state auditor does not recommend, select or approve the district's auditor or the auditor's fee, except as provided in 15 CSR 40-4.010(4). The district is responsible for fulfilling all contractual obligations with the auditor, including payment of all earned fees.

(3) The district shall require from the independent auditor an engagement letter which sets out all essential particulars. A copy of the engagement letter shall be submitted to the state auditor for his/her review before commencement of audit fieldwork. The purpose of this review is to provide reasonable assurance that the district has contractually committed an auditor to provide services to satisfy requirements of 15 CSR 40-4. The contents of this letter should include, but are not limited to:

(A) Period for which the financial statements are audited;

(B) Purpose of the audit;

(C) Scope of the audit, including consideration of the internal control structure and tests of compliance with applicable laws and regulations;

(D) Provisions that the auditor will communicate, in writing, to the district material weaknesses or reportable conditions in the internal control structure, instances of non-compliance with applicable laws and regulations and other areas of possible improvement;

(E) Provision that all workpapers, etc., will be made available to the state auditor for his/her review upon his/her request;

(F) Provision that the auditor will comply with applicable rules issued by the state auditor under 15 CSR 40;

(G) Provision that the auditor will discuss with the district any factors s/he may discover which would prevent him/her from issuing an unqualified opinion on the financial statements and allow the district and the auditor the opportunity to arrive at a resolution acceptable to both;

(H) Statement of the auditor's responsibility for detection of errors, irregularities and illegal acts; and

(I) The estimated cost of the audit and the rates which are the basis for that estimate.

(4) The district must file a copy of the completed audit report with the state auditor within six (6) months after the close of the audit period. If any audit report fails to comply with promulgated rules, the state auditor will notify the district and specify the defects. If the specified defects are not corrected within ninety (90) days from the date of the state auditor's notice to the district, or if a copy of the required audit report has not been received by the state auditor within the specified time, the state auditor will make, or cause to be made, the required audit at the expense of the district.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.020 Standards for Auditing and Financial Reporting

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth standards for the auditing and financial reporting of the district.

(1) The independent auditor shall meet all requirements of Chapter 326, RSMo. The auditor must be able to demonstrate that s/he meets the independence criteria contained in the code of professional ethics and rules of conduct promulgated by the Missouri State Board of Accountancy.

(2) The independent auditor shall provide to the state auditor reasonable notification of any entrance or exit conferences held with the district. This notification shall be sufficiently

in advance to allow the state auditor to attend the entrance or exit conference at his/her discretion. Upon request, the independent auditor shall provide a draft copy of the audit report and management letter to the state auditor prior to the exit conference.

(3) The audit shall conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(4) The financial statements, supplementary data and accompanying notes shall be presented in conformity with generally accepted accounting principles.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.030 Contents of Audit Reports

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule describes required and suggested information to be included in the audit reports.

(1) Standards for auditing and financial reporting of fire protection districts are given in 15 CSR 40-4.020.

(2) All audit reports shall contain:

(A) A table of contents;

(B) A report on the financial statements;

(C) Combined financial statements and appropriate note disclosures;

(D) Other financial information which includes, but is not limited to, the following:

1. Supplemental schedule of expenditures/expenses by object, if not included in the financial statements;

2. Tax rates and assessed valuation;

3. Schedule of insurance in force which shall include, in addition to other information, the agent for each policy; and

4. Principal officeholders who held office during the period under audit, compensation received by each official in performance of his/her duty and all other compensation or reimbursement of expenses made by the district to each officeholder; and



(E) A report on the consideration of the internal control structure, a report on the tests of compliance with applicable laws and regulations and a management letter communicating areas of possible improvement not otherwise reported. The required scope of audit for the reports and management letter is set forth in 15 CSR 40-4.040(3). The reports and management letter shall include the findings and recommendations, if any, which the auditor developed during his/her audit and the district's responses to those findings and recommendations. The reports and management letter shall also indicate the nature of previous recommendations and the extent to which the district has implemented those recommendations.

(3) If the district or the auditor deems it appropriate, audit reports may contain or utilize the following:

(A) A history and organization section prepared by the district (unaudited);

(B) Comparative financial data for one (1) or more years; and

(C) Other statements, exhibits, schedules or analyses as deemed necessary or appropriate by the district or the auditor.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.040 Scope of Audit

PURPOSE: *The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth the scope of the audit.*

(1) Nothing in the rules promulgated for audits of fire protection districts shall be construed as restricting, limiting or relieving the independent auditor of his/her professional judgment or responsibility.

(2) The audit shall include those tests of the accounting records and other auditing procedures which the independent auditor considers necessary in the circumstances to conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(3) As part of the audit described in section (2), the auditor will obtain an understanding of the internal control structure, assess control risk and report any material weaknesses or reportable conditions. The auditor will also test compliance with applicable laws and regulations and report all material instances of noncompliance. As a part of, or in addition to, audit tests or procedures which may be necessary for the audit, the auditor shall—

(A) Review systems, procedures and management practices, including:

1. Review cash management practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

2. Evaluate the purchasing function to the extent necessary to determine that the district generally receives fair value, for example, bidding of significant purchases; that purchases generally represent items consistent with the function of the district; and that there is not significant likelihood of misuse or misappropriation of the district's resources through the purchasing process;

3. Review fixed asset records and procedures to the extent necessary to determine that fixed assets are properly recorded, physically controlled and in the possession of the district;

4. Review fidelity bond coverages to determine that all persons with access to assets of the district appear covered in sufficient amounts;

5. Evaluate the budgeting practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

6. Review related party transactions;

7. Review evaluate other areas as required by the district; and

8. Review significant areas or matters which come to the attention of the auditor;

(B) The auditor will note areas of possible improvement in the district's systems, procedures and management practices. In evaluating district systems, procedures and management practices, the auditor should consider whether improvements appear practicable and economically justifiable.

(C) Test compliance with applicable laws and regulations, including:

1. Design the audit to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statements;

2. Be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements; and

3. Test compliance with other legal provisions as s/he deems necessary or appropriate in the circumstances.

(D) Legal provisions which the auditor should consider in his/her audit include, but are not limited to, the following:

1. Article III, Sections 38(a) and 39(3) and Article VI, Section 25, *Constitution of Missouri* limitations on use of funds and credit;

2. Article VI, Section 26, *Constitution of Missouri* limitations on indebtedness without popular vote;

3. Article VI, Section 29, *Constitution of Missouri* application of funds derived from public debts;

4. Article VII, Section 6, *Constitution of Missouri* penalty for nepotism;

5. Chapter 67, RSMo budgetary requirements;

6. Sections 70.210 to 70.230 and Section 432.070, RSMo contracts;

7. Section 105.145, RSMo annual report;

8. Chapter 105, RSMo conflict of interest;

9. Chapter 108, RSMo bond issues;

10. Chapter 321, RSMo fire protection districts;

11. Other applicable portions of the *Constitution of Missouri* and the *Missouri Revised Statutes*;

12. Applicable sections of *Code of State Regulations*; and

13. Other applicable legal provisions.

(4) The auditor shall report on the reviews and examinations required by this rule in a management letter as set forth in 15 CSR 40-4.030 (2)(E).

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*



**DENT COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-05
January 16, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Dent, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Dent County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The cash balances presented in the county's budget documents for some funds were incorrect and did not agree to the County Treasurer's semi-annual settlements. In addition, the semi-annual settlements did not always appear to be correct and did not always agree to the County Treasurer's manual fund ledgers.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Dent County's Associate County Commissioners' salaries were each increased approximately \$3,875 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$7,750, \$6,450, and \$1,300, respectively, for the two years ended December 31, 2000, should be repaid.

- Receipting and cash handling procedures at the Dent County Health Center were not adequate as monies received were not deposited intact, the method of payment was not always properly recorded on receipt slips and the composition of monies received was not reconciled to deposits. In addition, prenumbered receipt slips

(over)

YELLOW SHEET

were not accounted for properly and accounting duties were not adequately segregated. At least \$380 of monies collected could not be accounted for. Also, employees responsible for collecting monies were not bonded and fixed asset records and procedures were inadequate.

The audit also suggested improvements to budgetary practices, bidding procedures, billings of Juvenile Office expenses, monitoring of collateral securities, fixed assets, and fuel usage records. Recommendations were made to improve accounting controls and procedures of the Circuit Clerk, Associate Circuit Division Clerk, County Clerk, Prosecuting Attorney, and Sheriff. In addition, the audit recommended the Dent County Developmental Disabilities Board improve its monitoring of contracted services.

All reports are available on our website: www.auditor.state.mo.us

DENT COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Dent County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Dent County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Dent County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Dent County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Dent County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 25, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Dent County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

July 25, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Heather M. Thompson
Audit Staff:	Norma Payne
	Michelle L. Knowles
	Aspen D. Burrow



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Dent County, Missouri

We have audited the special-purpose financial statements of various funds of Dent County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 25, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Dent County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Dent County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 01-1, to be a material weakness. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Dent County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

July 25, 2002 (fieldwork completion date)

Financial Statements

Exhibit A-1

DENT COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 502,813	1,178,744	1,123,829	557,728
Special Road and Bridge	158,100	997,916	995,114	160,902
Assessment	(1,072)	134,140	118,869	14,199
Law Enforcement Training	4,841	3,152	3,302	4,691
Prosecuting Attorney Training	199	807	529	477
Miscellaneous Grant	43	29,100	29,100	43
911 Emergency	54,330	37,834	43,701	48,463
Senior Citizen Service	13,800	60,102	59,082	14,820
Prosecuting Attorney Bad Check	8,292	13,338	13,922	7,708
Child's Trust	7,380	655	7,000	1,035
Recorder's User Fee	4,755	8,515	4,960	8,310
Prosecuting Attorney Special Law Enforcement	1,431	1,964	2,500	895
Law Library	6,416	4,146	4,642	5,920
Associate Circuit Division Interest	2,873	459	1,035	2,297
Circuit Division Interest	4,351	4,642	4,417	4,576
Health Center	21,897	329,807	308,602	43,102
Dent County Developmental Disabilities Board	293,693	230,762	420,372	104,083
Total	\$ 1,084,142	3,036,083	3,140,976	979,249

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DENT COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 585,601	1,201,255	1,284,043	502,813
Special Road and Bridge	109,194	930,127	881,221	158,100
Assessment	16,722	137,474	155,268	(1,072)
Law Enforcement Training	2,789	3,897	1,845	4,841
Prosecuting Attorney Training	1,315	890	2,006	199
Miscellaneous Grant	32	29,624	29,613	43
911 Emergency	48,427	34,123	28,220	54,330
Senior Citizen Service	12,350	57,332	55,882	13,800
Prosecuting Attorney Bad Check	8,801	11,820	12,329	8,292
Child's Trust	6,665	715	0	7,380
Recorder's User Fee	7,262	6,789	9,296	4,755
Prosecuting Attorney Special Law Enforcement	6,657	1,774	7,000	1,431
Law Library	8,126	2,510	4,220	6,416
Associate Circuit Division Interest	2,424	449	0	2,873
Circuit Division Interest	5,796	2,421	3,866	4,351
Health Center	24,129	340,605	342,837	21,897
Dent County Developmental Disabilities Board	239,812	219,114	165,233	293,693
Total	\$ 1,086,102	2,980,919	2,982,879	1,084,142

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,065,070	3,036,083	(28,987)	2,989,915	2,980,919	(8,996)
DISBURSEMENTS	3,288,341	3,140,976	147,365	3,334,644	3,017,879	316,765
RECEIPTS OVER (UNDER) DISBURSEMENTS	(223,271)	(104,893)	118,378	(344,729)	(36,960)	307,769
CASH, JANUARY 1	1,084,142	1,084,142	0	1,086,102	1,086,102	0
CASH, DECEMBER 31	860,871	979,249	118,378	741,373	1,049,142	307,769
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	60,939	60,627	(312)	55,005	55,809	804
Sales taxes	680,962	614,307	(66,655)	627,500	630,733	3,233
Intergovernmental	97,427	114,990	17,563	107,500	124,303	16,803
Charges for services	256,123	266,147	10,024	251,400	229,425	(21,975)
Interest	35,000	38,870	3,870	32,000	31,202	(798)
Other	60,150	46,303	(13,847)	80,050	51,033	(29,017)
Transfers in	44,000	37,500	(6,500)	50,000	78,750	28,750
Total Receipts	1,234,601	1,178,744	(55,857)	1,203,455	1,201,255	(2,200)
DISBURSEMENTS						
County Commission	89,901	88,124	1,777	91,022	90,612	410
County Clerk	84,520	82,388	2,132	84,404	82,198	2,206
Elections	22,800	16,567	6,233	44,700	48,285	(3,585)
Buildings and grounds	91,746	71,283	20,463	233,508	208,104	25,404
Employee fringe benefits	81,300	84,926	(3,626)	83,500	63,021	20,479
County Treasurer	39,369	38,456	913	39,564	39,002	562
County Collector	65,098	62,315	2,783	64,538	60,530	4,008
Ex Officio Recorder of Deeds	22,050	19,733	2,317	22,962	27,264	(4,302)
Circuit Clerk	17,700	14,342	3,358	14,200	14,369	(169)
Associate Circuit Court	12,642	12,630	12	14,367	12,283	2,084
Court administration	9,800	6,647	3,153	10,850	13,909	(3,059)
Public Administrator	32,550	30,582	1,968	25,925	26,487	(562)
Sheriff	261,435	240,820	20,615	227,300	227,852	(552)
Jail	121,398	113,851	7,547	114,282	113,595	687
Prosecuting Attorney	106,929	102,408	4,521	105,924	106,170	(246)
Juvenile Officer	22,352	22,352	0	28,244	28,244	0
County Coroner	17,465	15,302	2,163	11,150	13,474	(2,324)
Court reporters	1,050	735	315	1,200	730	470
Other	73,067	78,368	(5,301)	69,865	78,501	(8,636)
Transfers out	24,000	22,000	2,000	29,000	29,413	(413)
Emergency Fund	37,040	0	37,040	36,020	0	36,020
Total Disbursements	1,234,212	1,123,829	110,383	1,352,525	1,284,043	68,482
RECEIPTS OVER (UNDER) DISBURSEMENTS	389	54,915	54,526	(149,070)	(82,788)	66,282
CASH, JANUARY 1	502,813	502,813	0	585,601	585,601	0
CASH, DECEMBER 31	503,202	557,728	54,526	436,531	502,813	66,282

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	278,001	284,757	6,756	271,000	270,988	(12)
Intergovernmental	644,679	635,541	(9,138)	620,179	626,031	5,852
Charges for services	0	0	0	14,556	14,556	0
Interest	16,000	18,463	2,463	10,000	12,340	2,340
Other	85,321	59,155	(26,166)	79,265	6,212	(73,053)
Total Receipts	1,024,001	997,916	(26,085)	995,000	930,127	(64,873)
DISBURSEMENTS						
Salaries	327,000	322,065	4,935	312,000	306,077	5,923
Employee fringe benefits	73,000	75,613	(2,613)	63,000	63,758	(758)
Supplies	83,000	78,167	4,833	73,300	92,510	(19,210)
Insurance	16,100	13,759	2,341	19,000	12,880	6,120
Road and bridge materials	333,500	344,257	(10,757)	331,500	348,845	(17,345)
Equipment repairs	35,000	31,851	3,149	35,000	35,667	(667)
Equipment purchases	150,000	124,352	25,648	155,000	16,962	138,038
Other	6,150	5,050	1,100	6,100	4,522	1,578
Total Disbursements	1,023,750	995,114	28,636	994,900	881,221	113,679
RECEIPTS OVER (UNDER) DISBURSEMENTS	251	2,802	2,551	100	48,906	48,806
CASH, JANUARY 1	158,100	158,100	0	109,194	109,194	0
CASH, DECEMBER 31	158,351	160,902	2,551	109,294	158,100	48,806
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	102,150	106,635	4,485	107,088	102,529	(4,559)
Interest	2,500	2,069	(431)	930	2,421	1,491
Other	2,500	3,436	936	3,600	3,111	(489)
Transfers in	22,000	22,000	0	29,413	29,413	0
Total Receipts	129,150	134,140	4,990	141,031	137,474	(3,557)
DISBURSEMENTS						
Assessor	128,190	118,869	9,321	130,035	155,268	(25,233)
Transfers out	0	0	0	0	35,000	(35,000)
Total Disbursements	128,190	118,869	9,321	130,035	190,268	(60,233)
RECEIPTS OVER (UNDER) DISBURSEMENTS	960	15,271	14,311	10,996	(52,794)	(63,790)
CASH, JANUARY 1	(1,072)	(1,072)	0	16,722	16,722	0
CASH, DECEMBER 31	(112)	14,199	14,311	27,718	(36,072)	(63,790)

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	2,500	1,949	(551)	2,900	2,429	(471)
Interest	80	87	7	50	96	46
Other	1,400	1,116	(284)	1,390	1,372	(18)
Total Receipts	3,980	3,152	(828)	4,340	3,897	(443)
DISBURSEMENTS						
Sheriff	3,500	3,302	198	4,050	1,845	2,205
Total Disbursements	3,500	3,302	198	4,050	1,845	2,205
RECEIPTS OVER (UNDER) DISBURSEMENTS	480	(150)	(630)	290	2,052	1,762
CASH, JANUARY 1	4,841	4,841	0	2,789	2,789	0
CASH, DECEMBER 31	5,321	4,691	(630)	3,079	4,841	1,762
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	900	807	(93)	1,200	890	(310)
Total Receipts	900	807	(93)	1,200	890	(310)
DISBURSEMENTS						
Prosecuting Attorney	1,000	529	471	1,000	2,006	(1,006)
Total Disbursements	1,000	529	471	1,000	2,006	(1,006)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	278	378	200	(1,116)	(1,316)
CASH, JANUARY 1	199	199	0	1,315	1,315	0
CASH, DECEMBER 31	99	477	378	1,515	199	(1,316)
<u>MISCELLANEOUS GRANT FUND</u>						
RECEIPTS						
Intergovernmental	29,650	29,100	(550)	6,000	29,571	23,571
Interest	53	0	(53)	0	53	53
Total Receipts	29,703	29,100	(603)	6,000	29,624	23,624
DISBURSEMENTS						
Grant expense	29,650	29,100	550	6,000	29,613	(23,613)
Total Disbursements	29,650	29,100	550	6,000	29,613	(23,613)
RECEIPTS OVER (UNDER) DISBURSEMENTS	53	0	(53)	0	11	11
CASH, JANUARY 1	43	43	0	32	32	0
CASH, DECEMBER 31	96	43	(53)	32	43	11

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>911 EMERGENCY FUND</u>						
RECEIPTS						
Charges for services	31,500	33,453	1,953	27,800	30,605	2,805
Interest	3,600	4,381	781	1,200	3,518	2,318
Total Receipts	35,100	37,834	2,734	29,000	34,123	5,123
DISBURSEMENTS						
Line charges	4,000	3,193	807	3,900	3,970	(70)
Equipment	0	15,508	(15,508)	0	0	0
Transfers out	25,000	25,000	0	24,250	24,250	0
Total Disbursements	29,000	43,701	(14,701)	28,150	28,220	(70)
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,100	(5,867)	(11,967)	850	5,903	5,053
CASH, JANUARY 1	54,330	54,330	0	48,427	48,427	0
CASH, DECEMBER 31	60,430	48,463	(11,967)	49,277	54,330	5,053
<u>SENIOR CITIZEN SERVICE FUND</u>						
RECEIPTS						
Property taxes	51,000	53,276	2,276	51,000	50,537	(463)
Intergovernmental	5,820	5,820	0	6,000	5,820	(180)
Interest	760	597	(163)	650	800	150
Other	175	409	234	0	175	175
Total Receipts	57,755	60,102	2,347	57,650	57,332	(318)
DISBURSEMENTS						
Contractual obligations	54,820	59,082	(4,262)	55,200	55,882	(682)
Total Disbursements	54,820	59,082	(4,262)	55,200	55,882	(682)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,935	1,020	(1,915)	2,450	1,450	(1,000)
CASH, JANUARY 1	13,800	13,800	0	12,350	12,350	0
CASH, DECEMBER 31	16,735	14,820	(1,915)	14,800	13,800	(1,000)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	11,750	13,139	1,389	11,000	11,523	523
Interest	275	199	(76)	0	297	297
Total Receipts	12,025	13,338	1,313	11,000	11,820	820
DISBURSEMENTS						
Prosecuting Attorney	4,000	4,922	(922)	4,500	3,329	1,171
Transfers out	9,000	9,000	0	9,000	9,000	0
Total Disbursements	13,000	13,922	(922)	13,500	12,329	1,171
RECEIPTS OVER (UNDER) DISBURSEMENTS	(975)	(584)	391	(2,500)	(509)	1,991
CASH, JANUARY 1	8,292	8,292	0	8,801	8,801	0
CASH, DECEMBER 31	7,317	7,708	391	6,301	8,292	1,991

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILD'S TRUST FUND</u>						
RECEIPTS						
Charges for services	720	655	(65)	675	715	40
Total Receipts	720	655	(65)	675	715	40
DISBURSEMENTS						
Other	7,000	7,000	0	0	0	0
Total Disbursements	7,000	7,000	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,280)	(6,345)	(65)	675	715	40
CASH, JANUARY 1	7,380	7,380	0	6,665	6,665	0
CASH, DECEMBER 31	1,100	1,035	(65)	7,340	7,380	40
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Charges for services	6,750	7,317	567	8,100	6,584	(1,516)
Intergovernmental	0	1,074	1,074	0	0	0
Interest	210	124	(86)	0	205	205
Total Receipts	6,960	8,515	1,555	8,100	6,789	(1,311)
DISBURSEMENTS						
Recorder	6,250	1,460	4,790	11,000	5,796	5,204
Transfers out	3,500	3,500	0	3,500	3,500	0
Total Disbursements	9,750	4,960	4,790	14,500	9,296	5,204
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,790)	3,555	6,345	(6,400)	(2,507)	3,893
CASH, JANUARY 1	4,755	4,755	0	7,262	7,262	0
CASH, DECEMBER 31	1,965	8,310	6,345	862	4,755	3,893
<u>PROSECUTING ATTORNEY SPECIAL LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Charges for services	500	0	(500)	1,500	1,180	(320)
Interest	0	25	25	0	141	141
Other	125	1,939	1,814	0	453	453
Total Receipts	625	1,964	1,339	1,500	1,774	274
DISBURSEMENTS						
Sheriff	2,000	2,500	(500)	0	0	0
Transfers out	0	0	0	7,000	7,000	0
Total Disbursements	2,000	2,500	(500)	7,000	7,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,375)	(536)	839	(5,500)	(5,226)	274
CASH, JANUARY 1	1,431	1,431	0	6,657	6,657	0
CASH, DECEMBER 31	56	895	839	1,157	1,431	274

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	2,600	4,146	1,546	3,000	2,510	(490)
Total Receipts	2,600	4,146	1,546	3,000	2,510	(490)
DISBURSEMENTS						
Law Library	0	4,642	(4,642)	4,000	4,220	(220)
Total Disbursements	0	4,642	(4,642)	4,000	4,220	(220)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,600	(496)	(3,096)	(1,000)	(1,710)	(710)
CASH, JANUARY 1	6,416	6,416	0	8,126	8,126	0
CASH, DECEMBER 31	9,016	5,920	(3,096)	7,126	6,416	(710)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	450	459	9	350	449	99
Total Receipts	450	459	9	350	449	99
DISBURSEMENTS						
Associate Circuit Division	1,035	1,035	0	2,400	0	2,400
Total Disbursements	1,035	1,035	0	2,400	0	2,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(585)	(576)	9	(2,050)	449	2,499
CASH, JANUARY 1	2,873	2,873	0	2,424	2,424	0
CASH, DECEMBER 31	2,288	2,297	9	374	2,873	2,499
<u>CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	1,800	4,642	2,842	1,900	2,421	521
Total Receipts	1,800	4,642	2,842	1,900	2,421	521
DISBURSEMENTS						
Circuit Clerk	4,915	4,417	498	5,750	3,866	1,884
Total Disbursements	4,915	4,417	498	5,750	3,866	1,884
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,115)	225	3,340	(3,850)	(1,445)	2,405
CASH, JANUARY 1	4,351	4,351	0	5,796	5,796	0
CASH, DECEMBER 31	1,236	4,576	3,340	1,946	4,351	2,405

Exhibit B

DENT COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	108,100	110,785	2,685	100,400	105,409	5,009
Intergovernmental	132,630	136,839	4,209	160,030	154,856	(5,174)
Charges for services	76,470	79,172	2,702	80,204	76,582	(3,622)
Interest	2,600	2,781	181	2,000	2,540	540
Other	1,000	230	(770)	1,000	1,218	218
Total Receipts	320,800	329,807	9,007	343,634	340,605	(3,029)
DISBURSEMENTS						
Salaries	221,664	210,402	11,262	226,566	226,361	205
Office expenditures	11,700	13,629	(1,929)	12,800	11,177	1,623
Reimbursable expenses	6,600	6,977	(377)	34,000	29,087	4,913
Mileage and training	12,500	10,001	2,499	11,000	12,671	(1,671)
Insurance	5,400	3,723	1,677	4,000	5,484	(1,484)
Maintenance	12,659	9,538	3,121	5,100	5,542	(442)
Equipment	3,000	3,857	(857)	5,000	6,051	(1,051)
Special program expense	5,900	7,692	(1,792)	1,350	5,938	(4,588)
Staff benefits	41,377	42,783	(1,406)	43,818	40,526	3,292
Total Disbursements	320,800	308,602	12,198	343,634	342,837	797
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	21,205	21,205	0	(2,232)	(2,232)
CASH, JANUARY 1	21,897	21,897	0	24,129	24,129	0
CASH, DECEMBER 31	21,897	43,102	21,205	24,129	21,897	(2,232)
DENT COUNTY DEVELOPMENTAL DISABILITIES BOARD FUND						
RECEIPTS						
Property taxes	162,000	177,569	15,569	149,000	160,681	11,681
Interest	10,000	17,608	7,608	5,000	17,943	12,943
Other	31,900	35,585	3,685	28,080	40,490	12,410
Total Receipts	203,900	230,762	26,862	182,080	219,114	37,034
DISBURSEMENTS						
Administration	24,020	28,780	(4,760)	23,700	26,055	(2,355)
Capital improvements	255,000	272,577	(17,577)	210,000	3,541	206,459
Direct services	24,700	18,353	6,347	5,000	42,932	(37,932)
Contract services	54,599	35,199	19,400	82,860	38,533	44,327
Agency support services	67,400	65,463	1,937	50,440	54,172	(3,732)
Total Disbursements	425,719	420,372	5,347	372,000	165,233	206,767
RECEIPTS OVER (UNDER) DISBURSEMENTS	(221,819)	(189,610)	32,209	(189,920)	53,881	243,801
CASH, JANUARY 1	293,693	293,693	0	239,812	239,812	0
CASH, DECEMBER 31	71,874	104,083	32,209	49,892	293,693	243,801

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DENT COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Dent County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Dent County Developmental Disabilities Board, or the Senior Citizen Service Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
911 Emergency Fund	2001 and 2000
Senior Citizen Service Fund	2001 and 2000
Law Library Fund	2001 and 2000
Prosecuting Attorney Bad Check Fund	2001
Prosecuting Attorney Special Law Enforcement Fund	2001

Assessment Fund	2000
Prosecuting Attorney Training Fund	2000
Miscellaneous Grant Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 2001 and 2000, included all funds presented in the accompanying financial statements.

However, for the Dent County Disabilities Board Fund, the county's published financial statements for the years ended December 31, 2001 and 2000, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

Of the county's bank balance at December 31, 2001, \$250,279 was covered by federal depositary insurance, and \$795,155 was covered by collateral securities held by the county's custodial bank but not in the county's name.

Of the county's bank balance at December 31, 2000, \$121,795 was covered by federal depositary insurance, and \$667,967 was covered by collateral securities held by the county's custodial bank but not in the county's name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

The Health Center Board's and Developmental Disabilities Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Schedule

DENT COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2001 AND 2000

This schedule includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

01-1.	Reconciliation of County Records
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The cash balances presented in the county's budget documents for some funds are incorrect and do not agree to the County Treasurer's semi-annual settlements. In addition, the County Treasurer's semi-annual settlements do not always appear to be correct and do not always agree to the County Treasurer's own manual fund ledgers.

The County Treasurer is responsible for posting all receipts, disbursements, and transfers to the county's computer system, except for disbursements from the General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, and the 911 Emergency Fund. The County Clerk posts disbursement information to the computer system for those funds. While the County Clerk and County Treasurer reconcile the receipts and disbursements in the computerized records with the County Treasurer's manual fund ledgers, this information is not reconciled with the semi-annual settlements.

Since the county does not maintain perpetual cash balances for each fund, to prepare the county budgets the County Clerk obtains the beginning cash balance of each fund from the County Treasurer's semi-annual settlements for December 31 of the prior year. For each budget, the County Clerk combines this beginning cash balance for each fund with the receipt and disbursement totals from the computerized financial records to determine each fund's cash balance at December 31. While the cash balance should agree to the County Treasurer's semi-annual settlement amounts, these amounts often differed. We noted that some receipt and disbursement totals on the County Treasurer's semi-annual settlements did not agree to the County Treasurer's manual fund ledgers, which are supposedly the source for preparing the settlements. No documentation was available to explain these differences. As noted above, the resulting incorrect cash balances on the semi-annual settlements were then carried forward to the county budget documents.

To ensure the information presented on the county's financial statements, budget documents, and semi-annual settlements is correct, the county should maintain perpetual cash balances and reconcile information on the county's computerized financial records and the County Treasurer's manual fund ledgers with the semi-annual settlements.

Similar conditions were noted in our prior two reports.

WE AGAIN RECOMMEND the County Clerk and County Treasurer maintain perpetual cash balances for each fund and reconcile the computerized financial records and the County Treasurer's manual fund ledgers with information recorded on the County Treasurer's semi-annual settlements.

AUDITEE'S RESPONSE

The County Clerk indicated that he agrees with the recommendation and the corrected cash balances will be used when preparing the 2003 budget. The County Clerk also indicated he would discuss this issue with the newly elected County Clerk and they would begin maintaining perpetual cash balances for all funds. The County Treasurer indicated he also agrees with the recommendation.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DENT COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dent County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 1999.

1. Reconciliation of County Records

- A. The Treasurer prepared semi-annual settlements for each fund; however, perpetual cash balances of funds were not maintained in the County Treasurer's fund ledgers. In addition, the December 31, 1999 bank reconciliation for the general checking account contained numerous errors and the corrected reconciled bank balance exceeded the cash balances on the County Treasurer's semi-annual settlements by more than \$7,000.
- B. The County Clerk had not established procedures to ensure all receipts and disbursements were properly recorded on the county's computerized financial records and included in the County Treasurer's semi-annual settlement totals which were used to prepare county budgets. As a result, cash balances on the budgeted documents were sometimes inaccurate and inconsistent.

Recommendation:

- A. The County Treasurer maintain perpetual cash balances in fund ledgers and adjust the county's records to correct unidentified differences between cash balances of the County Treasurer's records and the reconciled bank balances.
- B. The County Clerk reconcile the county's computerized financial records with the County Treasurer's receipt and disbursement records on a monthly basis and ensure the totals on the County Treasurer's semi-annual settlements agree to the totals on the county's computerized financial records.

Status:

A&B. Not implemented. See Finding Number 01-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DENT COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Dent County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 25, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Dent County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	Budgetary Practices and County Expenditures
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A. Actual disbursements exceeded the budgeted amounts in various funds as follows:

Fund	Year Ended December 31,	
	2001	2000
Assessment	N/A	25,233
Prosecuting Attorney Training	N/A	1,006
Miscellaneous Grant	N/A	23,613
911 Emergency	14,701	70
Senior Citizen Service	4,262	682
Prosecuting Attorney Bad Check	922	N/A
Prosecuting Attorney Special Law Enforcement	500	N/A
Law Library	4,642	220

The budget for the Assessment Fund was exceeded because funds were transferred to the General Revenue Fund, even though the transfer was not budgeted. In addition, the budget for the Miscellaneous Grant Fund was exceeded because the county received several unanticipated grants; however, the budget could have been amended for these grants during the year. It appears disbursements from the other funds were not adequately monitored to ensure compliance with the budget.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that county officials are required to comply strictly with county budget laws. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during the year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

A similar condition was noted in prior reports.

B. During our review of the county's expenditures we noted the following concerns:

1. Bids were not solicited for various purchases of rock base during the audit period. The County Commission indicated that they do not bid the purchase because they obtain most of the rock base from the only quarry located in the

county that handles this material. They indicated they use this local quarry for convenience and to lower transportation costs. The county purchased approximately \$211,000 and \$219,000 of rock base from this quarry during the years ended December 31, 2001 and 2000, respectively.

2. The County has purchased prisoner meals from one local restaurant for several years without a contract for the service. While the County Clerk stated that the vendor is considered a sole source since other restaurants do not want to provide meals seven days a week, the county has not advertised for bids in several years. The County spent approximately \$14,000 and \$24,000 on prisoner meals for the years ended December 31, 2001 and 2000, respectively.

Section 50.660, RSMo 2000, requires the advertisement for bids for all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding assures all parties are given an equal opportunity to participate in county business.

Section 432.070, RSMo 2000, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents.

- C. The County is overpaying its share of the juvenile office expenditures. The County pays a portion of juvenile office expenditures for the 42nd Judicial Circuit based upon a percentage determined by the population of the county in proportion to the entire judicial circuit, according to the most recent census. The Juvenile Officer did not update the billing percentage based on the new 2000 census data. During our review of juvenile office expenditures and billings, we noted Dent County is being billed at the 1990 census rate of 22.17 percent rather than the new 2000 census rate of 21.83 percent. In 2001, expenditures for the juvenile office totaled approximately \$142,500, of which approximately \$31,600 was billed to Dent County. In addition, since Dent County is the home base for the juvenile officer for the 42nd Judicial Circuit, billings made to the other four counties in the circuit have also been based on the incorrect ratios.
- D. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Dent County's Associate County Commissioners' salaries were each increased approximately \$3,875 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this section are unconstitutional.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$7,750, \$6,450, and \$1,300, respectively, for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other county officials within their term of office should be re-evaluated for propriety. Despite the ruling, the Dent County Salary Commission voted not to require the Associate County Commissioners to repay the salary overpayments during the salary commission meeting held on November 5, 2001.

WE RECOMMEND:

- A. The County Commission, Senior Citizen Service Board, and Prosecuting Attorney refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office. In addition, budget amendments should be made prior to incurring the actual expenditures.
- B. The County Commission solicit bids for all items in accordance with state law and ensure all contracts are in writing and signed by each of the parties involved.
- C. The County Commission and Juvenile Officer work with the Circuit Court to determine the amount of the billing errors and issue corrected billing or refunds, as appropriate, to all affected counties.
- D. The County Commission and/or Salary Commission reconsider their decision and develop a plan for obtaining repayment of the salary overpayments.

AUDITEE'S RESPONSE

- A. *The Presiding Commissioner indicated he agrees with the recommendation and that they will monitor the budgets more closely and will ensure that the budgets are amended when necessary. The President of the Senior Citizen Service Board and the Prosecuting Attorney also indicated they agreed with the recommendation and indicated they would monitor the budget and actual expenditures more closely in the future and would amend the budgets when necessary.*
- B.1. *The Presiding Commissioner and County Clerk indicated the quarry used for the purchase of rock base was a sole source vendor in Dent County and that the same company owns most*

area quarries. However, the Presiding Commissioner indicated they would contact the other vendors and document the reason for choosing a particular vendor in the county commission meeting minutes in the future.

2. *The Presiding Commissioner indicated he agrees with the recommendation and that the restaurant used for prisoner meals has since closed. The County Clerk indicated they plan to bid this service in 2003 and a contract will be established at that time.*
- C. *The Presiding Commissioner indicated he agrees with the recommendation and will ensure that they discuss the billings with the Juvenile Officer. In addition, the Juvenile Officer stated the correct percentages had already been obtained and used for the calculations in 2002.*
- D. *The Presiding Commissioner indicated they were following state law at the time the raises were given. He indicated the County Commission will take the recommendation under advisement.*

2. County Procedures

- A. The county has not established procedures to monitor collateral securities pledged by its depository bank, and as a result, funds were undercollateralized at various times during the audit period. The amount of collateral securities pledged by the county's depository bank to cover deposits of the County Treasurer was insufficient by up to \$4,800 and \$154,000 during January 2002 and January 2001, respectively. The high balance periods were primarily due to deposits of property tax monies collected by the County Collector for county funds and disbursed to the County Treasurer. The County Treasurer indicated that he monitors the collateral securities for all bank accounts under his control. In addition, he stated that the bank will contact him if the collateral securities pledged are not sufficient to cover the county's bank balances. However, during our review we noted that in 2001 the bank accounts were undercollateralized for approximately six months, with no additional securities pledged during that time. The bank balances eventually fell below the level of pledged collateral.

Section 110.020, RSMo 2000, requires that the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

- B. Fuel usage logs are not reconciled to fuel purchases and fuel on hand on a timely basis. The county maintains gasoline and diesel fuel in bulk tanks at the Road and Bridge Department for use in the Road and Bridge vehicles and equipment. In addition, fuel for Sheriff Department vehicles is purchased from a local service station and billed monthly to the county. Established procedures require employees

to complete fuel usage logs for each vehicle indicating how much fuel was pumped. The Sheriff and the Road and Bridge supervisor stated that they review these reports for their respective departments on a monthly basis. However, per our review of the fuel usage logs, these reviews are not documented. In addition, the logs are not always complete because necessary information such as odometer readings and gallons of fuel pumped were not always included on the logs. Therefore, the amount of fuel used during the audit period could not be verified. The county spent approximately \$55,000 and \$57,000 for fuel purchases for the years ended December 31, 2001 and 2000, respectively.

To ensure the reasonableness of fuel expenditures, the county should maintain complete records of fuel usage, and reconcile them to fuel purchased and on hand. Failure to account for fuel purchases could result in loss, theft, or misuse.

Similar conditions were noted in our prior report.

C. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In the past, the County Clerk has been primarily responsible for these records. Our review of the fixed asset records and procedures revealed the following concerns:

1. The County Clerk maintains a manual inventory listing of fixed assets held by county officials; however, some of the fixed asset listings have not been updated since 1999. The County Clerk also does not periodically reconcile equipment purchases with additions to the fixed asset records and physical inventories are not being documented annually. During our review of county expenditures, we noted several fixed assets which were purchased but were not added to the listing. Performing this reconciliation would help ensure all purchases have been added to fixed asset records.
2. The county does not have formal procedures for disposing of county owned property. Written authorization is not consistently obtained from the County Commission. Currently, when an item is no longer needed or useful, the officeholder or department head will dispose of the property or place an item in storage without getting written approval from the County Commission. As a result, the County Commission and the County Clerk are not always aware of the disposal and may not remove the item from the fixed asset records. In addition, the inventory records do not indicate the method of disposition of fixed asset items.

Written authorization for the disposal of property is necessary to lessen the possibility of misuse and to provide adequate support for changes to the fixed asset records.

Adequate general fixed asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage for county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

WE RECOMMEND the County Commission:

- A. Establish monitoring procedures to ensure the depository bank pledges adequate collateral securities at all times.
- B. Require the Road and Bridge Department supervisor and County Sheriff to ensure fuel logs are complete and contain sufficient information and to perform a documented periodic reconciliation of fuel purchased and on hand to amounts used in county vehicles and equipment and investigate any significant discrepancies.
- C. Establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

AUDITEE'S RESPONSE

- A. *The Presiding Commissioner indicated he agrees with the recommendation and that he would discuss this issue with the new County Treasurer who is to take office January 2003. In addition, he indicated new monitoring procedures would be established and that language regarding collateral securities would also be included in the next depository agreement to be bid in January 2003. The County Treasurer indicated he also agrees with this recommendation. He indicated the bank normally pledged additional collateral securities when necessary.*
- B. *The Presiding Commissioner indicated he agrees with the recommendation and he would discuss this issue with the Road and Bridge Supervisor and the Sheriff. In addition, he indicated the required information will be documented on the fuel usage logs and the reconciliations would be performed beginning in January 2003.*
- C. *The Presiding Commissioner indicated he agrees with the recommendation and that the County Commission would attempt to establish fixed asset guidelines. In addition, the*

County Clerk indicated that he anticipates the duties will be delegated to the various office holders and that the recommendation would be implemented by June 2003.

3. Circuit Clerk's Accounting Controls and Procedures
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The Circuit Clerk's office collects receipts for civil and criminal court cases.

- A. Accounting duties are not adequately segregated. One individual has duties that include receiving, depositing, and disbursing monies, preparing bank reconciliations and maintaining the accounting records. While the Circuit Clerk indicated that an independent review of deposits and accounting records is performed, there is no documentation of this review.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be performed, a periodic independent review of the records should be performed and documented.

- B. Monies received by the Circuit Division are not always deposited on a timely basis and checks are not restrictively endorsed immediately upon receipt. Per our review, deposits are made approximately four to five times per month and range from approximately \$400 to \$2,000.

To ensure all receipts are accounted for properly and safeguarded from theft, loss, or misuse, checks and money orders should be restrictively endorsed immediately upon receipt and monies should be deposited daily or when accumulated receipts exceed \$100.

- C. The Circuit Clerk maintains a \$50 change fund. These monies, along with daily monies collected, are not kept in a secure location and access to these monies is not limited. In addition, the change fund is used to make small petty cash purchases and supporting records are not maintained to document all such expenditures. The Circuit Clerk replenishes the change fund from the monies on hand to be deposited.

To safeguard monies from theft, loss or misuse, the change fund should be kept at a constant amount and all monies should be properly stored in a secure location prior to deposit. In addition, if needed, a separate petty cash fund should be established and maintained on an imprest basis.

WE RECOMMEND the Circuit Clerk:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.

- B. Ensure checks and money orders are endorsed immediately upon receipt and monies are deposited daily or when accumulated receipts exceed \$100.
- C. Maintain cash funds and daily collections in a secure location and limit access to only authorized individuals. If needed, a separate petty cash fund should be established and maintained on an imprest basis along with supporting documentation for all expenditures.

AUDITEE'S RESPONSE

- A. *The Circuit Clerk indicated she agrees and has already implemented the recommendation. The deputy clerk now receives monies and issues manual receipt slips when monies are received in the office and the Circuit Clerk enters the receipt information into the computer system. The Circuit Clerk indicated she then prepares the daily deposit report and the deputy now reviews it and signs it documenting the review. The Circuit Clerk then takes the deposit to the bank.*
- B. *The Circuit Clerk indicated that she agrees and has already implemented the recommendation. She now attempts to make deposits daily and restrictively endorses the checks when she enters them into the computer system daily.*
- C. *The Circuit Clerk indicated she agrees with the recommendation and the monies are locked away when neither she or her deputy are in the room. In addition, she indicated she would establish a petty cash fund separate from the daily receipts in the future and that this recommendation would be implemented by March 2003.*

4.	County Clerk's Accounting Controls and Procedures
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The County Clerk's office collects money for various fees and licenses including notary fees, plat books, liquor licenses, ATV permits, and auctioneer licenses. The County Clerk's office collected approximately \$8,300 and \$9,200 for the years ended December 31, 2001 and 2000, respectively. Our review of the county clerk's cash receipt records and procedures revealed the following concerns:

- A. Accounting duties are not adequately segregated. One deputy clerk is primarily responsible for receiving and recording monies, preparing monthly turnovers, and maintaining accounting records.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties can not be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. The County Clerk's office transmits monies directly to the County Treasurer approximately once a month, and some monies are retained from the transmittals for petty cash purchases. Also, checks are not restrictively endorsed upon receipt and receipt slips are not written for some monies received. Keeping cash on hand, accompanied by a lack of restrictive endorsements and receipt slips, increases the possibility of loss or misuse of funds.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipt slips should be prepared for all monies received, checks should be restrictively endorsed upon receipt, the method of payment per receipt slips should be reconciled to the composition of monies transmitted to the County Treasurer and monies should be transmitted intact daily or when accumulated receipts exceed \$100. In addition, if necessary, a petty cash fund should be established and maintained on an imprest basis.

WE RECOMMEND the County Clerk:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B. Ensure receipt slips are prepared for all monies received, checks are restrictively endorsed upon receipt, the method of payment per receipt slips is reconciled to the composition of monies transmitted to the County Treasurer and monies are transmitted timely and intact. In addition, if necessary, a petty cash fund should be established and maintained on an imprest basis.

AUDITEE'S RESPONSE

- A. *The County Clerk indicated he agrees with the recommendation and that his other deputy will review the deputy's work and document this review.*
- B. *The County Clerk indicated he agrees with the recommendation and that the office will attempt to transmit monies to the County Treasurer once a week. However, he indicated he did not believe a separate petty cash fund was necessary since the only purchases made are for stamps.*

5. Prosecuting Attorney's Accounting Controls and Procedures

The Prosecuting Attorney's office collects court-ordered restitution and bad check restitution and fees. The Prosecuting Attorney maintains two current bank accounts: one for fees and restitution relating to bad checks which are not prosecuted and one for court-ordered restitution. The Prosecuting Attorney collected approximately \$108,000 and \$109,000 in bad check and restitution payments for the years ended December 31, 2001 and 2000, respectively. Our review of the Prosecuting Attorney's accounting controls and procedures noted the following areas of concern.

- A. Duties are not adequately segregated. Currently all duties, including receiving and recording bad check complaints and payments, depositing and disbursing monies, and following-up on amounts still due are performed by one clerk, with no independent oversight.

Internal controls would be improved by segregating the duties of receiving and recording complaints and payments from the duties of disbursing/depositing monies and following-up on amounts due. If duties cannot be adequately segregated, at a minimum, someone independent should periodically review the bad check records, compare monies received with deposits and disbursements and ensure recorded dispositions appear proper. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. In addition to the two current bank accounts, at December 31, 2001 there was approximately \$5,170 in an old bad check account and \$3,124 in an old restitution account which the Prosecuting Attorney could not specifically identify to whom the monies belonged. While the Prosecuting Attorney did indicate that efforts had been made to identify these monies in prior years, these monies have remained in the accounts since prior to 1997. If the monies cannot be identified, the Prosecuting Attorney should disburse the monies in accordance with state law.

A similar condition was noted in our prior report.

- C. Monies are not always deposited on a timely basis. During the two years ended December 31, 2001, bad check account and restitution account deposits were both made approximately four times per month. To adequately safeguard assets and reduce the risk of theft or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.

WE RECOMMEND the Prosecuting Attorney:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

- B. Dispose of all unidentified monies in accordance with state law.
- C. Deposit receipts daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

- A. *The Prosecuting Attorney indicated he agrees with the recommendation and that he now signs off on the monthly reports for his office and will attempt to review receipt transactions periodically. In addition, he indicated he is now monitoring receipts more closely and will document this review in the future. The Prosecuting Attorney indicated this recommendation would be implemented by March 2003.*
- B. *The Prosecuting Attorney indicated he agrees and has already begun preparing the paperwork to have these monies turned over to the state's Unclaimed Property Division.*
- C. *The Prosecuting Attorney indicated he agrees and his deputy is now attempting to make deposits daily.*

6. Sheriff's Accounting Controls and Procedures
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- A. The Sheriff's department houses prisoners for other counties and cities in the county jail and bills the various entities for these services. The Sheriff does not maintain a log of amounts billed to or collected from the various entities. While the Sheriff maintains a file of all billings sent, payments received by the County Treasurer are not matched or compared to billings as a means to track and follow-up on unpaid amounts. Based on our review of the Sheriff's billing records and the subsequent payments received by the County Treasurer in 2001, it appears there was approximately \$8,500 in uncollected costs, representing approximately 43% of total billings for the year.

The Sheriff should maintain a log of amounts billed to and collected from the various entities to track amounts due and to ensure all outstanding amounts are received in a timely manner. If significant uncollected costs exist from certain entities, the Sheriff should consider discontinuing these services to those entities until the billings are paid.

- B. Seized property items are not always tagged to identify the property to a specific case and the property tags used are not prenumbered. In addition, while an inventory listing of seized property is maintained, the listing does not appear complete or accurate. We noted several items located in the evidence room were not included on the inventory listing and several items on the inventory listing could not be found in the evidence room. The Sheriff could not provide an explanation for the missing seized property items.

Adequate seized property inventory records are necessary to deter and identify loss, misuse, or theft of such items and to ensure the items are available in case of trial, etc. An inventory record should include information such as date of seizure, description of the item, persons involved, current location of the property, case name and number, tag number and date and method of release or disposition of the property. In addition, all items should be tagged and identified to a specific case.

WE RECOMMEND the Sheriff:

- A. Maintain a log of amounts billed to and collected from the various entities for boarding of prisoners as a means to track and follow-up on amounts due to the county.
- B. Mark all property with prenumbered property tags and identify property to specific cases. In addition, a complete inventory listing of all seized property should be maintained and kept updated for both additions and dispositions.

AUDITEE'S RESPONSE

- A. *The Sheriff indicated he agrees and has now established ledgers for each of the entities for which Dent County houses prisoners. He indicated he now records when entities are billed and when the monies are received on the ledgers and retains a copy of the receipt slip from the County Treasurer. The ledgers now allow him to track amounts due from each entity.*
- B. *The Sheriff indicated he agrees with the recommendation and that he would work with the Prosecuting Attorney in order to organize the evidence room and dispose of unneeded items. He indicated he would implement this recommendation by June 2003.*

7. Associate Circuit Division's Accounting Controls and Procedures

The Associate Circuit Division collects various fees for civil, criminal, and municipal court cases. Deposits for these fees totaled approximately \$227,000 and \$220,000 for the years ended December 31, 2001 and 2000, respectively. Our review of the Associate Circuit Division's accounting controls and procedures noted the following concerns:

- A. Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing, and disbursing monies, preparing bank reconciliations and maintaining the accounting records.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be performed, a periodic supervisory review of the records should be performed and documented.

- B. Monies are not always deposited on a timely basis. For the months of December 2001 and December 2000, deposits were made approximately four to five times per month. A cash count on June 19, 2002 noted approximately \$2,800 on hand, including approximately \$1,650 in cash, representing receipts dating back to June 14, 2002. To adequately safeguard assets and reduce the risk of theft or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.

WE RECOMMEND the Associate Circuit Division:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

- A. *The Associate Division Clerk indicated she agrees with the recommendation and she would cross-train her deputy to review the monthly bank reconciliations and to periodically review the daily deposit reports. She indicated this recommendation would be implemented by March 2003.*
- B. *The Associate Division Clerk indicated she agrees with the recommendation and she would also train her deputy to do deposits on court days so that they would be able to deposit more frequently. She indicated this recommendation would be implemented by March 2003.*

8. Dent County Health Center

- A. The Dent County Health Center collects monies for various services such as flu shots and vital record certificates. Collections totaled approximately \$79,000 and \$77,000, for 2001 and 2000, respectively, for such service charges. Some essential accounting and reconciliation procedures were not established or performed throughout the audit period. As a result, it appears some monies collected were not deposited and were not accounted for properly. Our review of receipting and cash handling procedures of the Health Center noted the following concerns:

1. Monies received are not deposited intact. In addition, the method of payment is not always properly noted on receipt slips and the composition of monies received is not reconciled to the composition of monies deposited.

During our review of the receipt activity for July 2001 through June 2002, we noted that although total monies per the receipt slips usually agreed with total monies deposited, cash recorded on the receipt slips exceeded cash deposited in some instances, and some cash transactions were miscoded as checks. Our

analysis of the individual receipt slips, deposit slips, and additional information provided by the bank noted several examples, totaling \$380, of unrecorded checks (per the deposit slips and bank information) being deposited in place of recorded payments (per the receipt slips) which were marked as cash or miscoded as checks. The recorded, undeposited payments were not accounted for.

Similar conditions were noted in our prior report.

2. Prenumbered receipt slips are not accounted for properly. During our review of receipt slips issued from January 2001 through June 2002, we noted \$402 in questionable voided transactions where the voided receipt slips were missing and for which no other supporting documentation was maintained. We verified that at least three of these transactions were valid by contacting the individual indicated on the duplicate copy of the receipt slip. As a result, the related monies have not been accounted for properly.
3. Accounting duties are not adequately segregated. The Health Center bookkeeper is primarily responsible for receiving and recording monies, preparing and making the deposits, and preparing month-end bank reconciliations and monthly accounting activity reports. Although the Health Center Administrator stated that she reviews monthly bank reconciliations and monthly reports, there is no documentation of this review and an independent review is not performed to ensure that receipts are properly recorded and deposited intact.

To adequately safeguard receipts and reduce the risk of loss, theft or misuse of funds, receipts should be deposited intact, the correct method of payment should be recorded on all receipt slips, the composition of monies received should be reconciled to the composition of monies deposited, and accounting duties should be adequately segregated. If proper segregation of duties can not be achieved, at a minimum, periodic supervisory reviews should be performed and documented. In addition, to properly account for the numerical sequence of receipt slips, the original copies of voided receipt slips should be retained and reasons for void transactions should be documented. In addition, the Health Center should investigate the items noted above and determine what, if any, additional actions should be taken.

- B. The employees responsible for collecting monies are not bonded. The Health Center Board should consider obtaining bond coverage for all employees with access to monies to better protect the office from risk of loss. This is even more significant considering the funds noted above which were not accounted for properly.

C. Our review of the fixed asset records and procedures noted the following concerns:

1. Additions of fixed assets are not always recorded as they occur and fixed asset purchases per the expenditure records are not reconciled to additions on the inventory records. During our review of expenditures, we noted several fixed assets, including a printer purchased in August 2001 for \$580, which were not recorded on the fixed asset inventory listing. Performing this reconciliation would ensure all purchases have been added to fixed asset records.
2. Property records do not always include some necessary information, such as acquisition date, date of disposition, and location of the asset. In addition, written authorization from the Health Center Board of Trustees is not consistently obtained for fixed asset dispositions.
3. Fixed assets are not being tagged on a timely basis. In addition, while the Health Center Administrator stated that annual inventories are performed, no documentation of the inventories or differences identified was maintained and the property control records were apparently not adjusted.

Property control tags should be affixed to all fixed asset items on a timely basis to help improve accountability and to ensure that assets are identified as property of the Health Center. Also, if properly performed and documented, an annual inventory could help detect items not recorded on the inventory records. Adequate fixed asset records are necessary to meet statutory requirements, secure better internal control over and safeguard assets, and provide a basis for determining proper insurance coverage.

WE RECOMMEND the Health Center Board of Trustees:

- A.1. Ensure the method of payment is properly recorded on all receipt slips, deposit all monies intact and reconcile the composition of monies received to the composition of monies deposited.
 2. Retain the original copies of all voided receipt slips and ensure voided transactions are adequately documented.
 3. Ensure that receipting duties are properly segregated, or at a minimum, require someone other than the bookkeeper to perform and document a periodic supervisory review of receipts to deposits.
 4. Investigate the items noted above and determine what, if any, additional actions should be taken.
- B. Obtain bond coverage for all employees responsible for handling monies.

- C.1. Record all fixed asset additions as they occur and ensure purchases are reconciled periodically to additions to the property records.
- 2. Ensure proper authorization is obtained for all fixed asset dispositions and ensure all necessary information is included on the fixed asset records.
- 3. Tag all fixed assets immediately upon receipt, perform and document an annual physical inventory and reconcile the results to the inventory listing.

AUDITEE'S RESPONSE

- A.1. *The Health Center Administrator indicated she agrees and all monies are now deposited intact daily. In addition, she indicated she or her assistant now reviews the deposits daily for propriety, ensuring the method of payment is properly recorded and agrees to the composition of the deposit.*
- 2. *The Health Center Administrator indicated she agrees and voided receipt slips are now retained and attached to the original receipt slip book for all voided transactions.*
- 3. *The Health Center Administrator indicated she agrees and she or her assistant now performs a supervisory review of all deposits made.*
- 4. *The Health Center Administrator indicated she agrees and has already discussed the issue with the Prosecuting Attorney. However, she indicated due to the internal control changes made and the amount of the items noted, she does not feel it is likely further action will be taken.*
- B. *The Health Center Administrator indicated she does not believe that bonding employees is necessary due to the internal control changes which have now been made. In addition, she indicated that the financial condition of the health center does not allow for the purchasing of bonds for all employees.*
- C. *The Health Center Administrator indicated she agrees and the fixed asset inventory is now maintained up-to-date on a computerized listing. She also indicated all fixed asset items are now tagged and recorded in the computer system immediately upon receipt. Given the small size of the operation, she is able to monitor the purchases and addition of applicable assets to the inventory listing each month. In addition, she indicated a physical inventory will be performed annually in the future.*

9.	Dent County Developmental Disabilities Board
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The Dent County Developmental Disabilities Board (DCDDDB) disbursed approximately \$2,700 and \$35,500 for individuals in Independent Supported Living (ISL) arrangements for the years ended December 31, 2001 and 2000, respectively. The DCDDDB contracted with

the Department of Mental Health - Rolla Regional Center to provide these services to several developmentally disabled individuals via contracts the regional center had with other vendors. The agreement indicated that the DCDDDB would provide matching funds for the portion of the services not covered by the Department of Mental Health and other funding sources. The DCDDDB did not receive or maintain adequate documentation to support the days of service for which they were billed and did not monitor the subcontractor to ensure the services were actually provided as agreed. The DCDDDB discontinued the funding for the ISL arrangements for the year ended December 31, 2001.

Without monitoring these contracts, the DCDDDB has no assurance that these agencies are providing the specified services to residents of Dent County or the number of clients being served in exchange for funding provided by the DCDDDB. In addition, without obtaining and properly reviewing adequate supporting documentation, the DCDDDB cannot determine the validity or propriety of the expenditures.

WE RECOMMEND the Dent County Developmental Disabilities Board adequately monitor the contracts to ensure the specified services are being provided to residents of Dent County and ensure adequate supporting documentation is obtained and reviewed for all expenditures.

AUDITEE'S RESPONSE

The Dent County Developmental Disabilities Board Administrator indicated she did monitor the ISL arrangements but did not maintain any documentation of these reviews. She indicated she would maintain documentation of the reviews if the board enters into these arrangements again in the future.

This report is intended for the information of the management of Dent County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

DENT COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dent County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Disbursements were approved in excess of budgeted amounts for various funds.
- B. The county's budgets contained several misclassifications of receipts and disbursements.
- C. The annual published financial statements of the county did not include all of the financial activity of some county funds.
- D. The county had collected and deposited \$1,331 in fees into the Child's Trust Fund and no monies had been expended from the fund.

Recommendation:

- A. The County Commission and the Senior Citizens Services Board not authorize disbursements in excess of budgeted disbursements. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended following the same process by which the annual budget is approved, including holding public hearing and filing the amended budget with the State Auditor's office.
- B. The County Commission ensure all significant receipts and disbursements are properly classified on the budgets.
- C. The County Commission ensure complete financial information for all county funds is properly reported in the annual published financial statements.
- D. The County Commission seek out potential users for the Child Trust Fund monies.

Status:

- A. Not implemented. See MAR No. 1.

- B. Partially implemented. Only a small number of reclassifications were necessary for this audit. Although, not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially implemented. The Dent County Developmental Disabilities Board Fund was the only fund for which complete information was not included in the published financial statements for the years ended December 31, 2001 and 2000, respectively. Published information for the fund consisted only of monies passed through the County Treasurer. Although not repeated in our current MAR, our recommendation remains as stated above.
- D. Implemented.

2. Accounting Controls and Procedures

- A,B,
&C. See our audit report on Dent County, Missouri, for the two years ended December 31, 1999 (report number 2000-49).
- D. The County Treasurer did not ensure all transfers between funds were recorded on the his manual fund ledgers and the county's computerized receipt and disbursement records. Also, some transfers were not supported by county commission orders.
- E. Backup disks of computerized property tax information were not prepared.

Recommendation:

- D. The County Treasurer obtain written orders from the county commission prior to making fund transfers and ensure all transfers are posted to the appropriate fund ledgers and the county's computerized financial records.
- E. The County Commission work with the County Collector to ensure that computerized property tax records are backed up on disk and these disks are stored in a secure, off-site location.

Status:

D&E. Implemented.

3. Federal Financial Assistance

- A. The county's Schedule of Federal Financial Assistance contained numerous omissions.

- B. The county sent quarterly reimbursement claim forms to the U.S. Department of Justice for the COPS FAST Award but did not receive any of the reimbursements. No one followed up on these claims until we brought the matter to their attention.
- C. The COPS FAST reimbursement claim form prepared by the county for the first quarter of 1996 contained a mathematical error, resulting in the county claiming \$4,183 more than was due.

Recommendation:

- A. The County Clerk and the Health Center Board ensure all federal financial disbursement amounts are properly recorded on the schedule of federal financial assistance.
- B. The County Clerk investigate and resolve unpaid reimbursement claims on a timely basis.
- C. The County Clerk ensure reimbursement claim forms are mathematically accurate, resolve the questioned costs with the grantor agency, and request a grant extension to enable the county to fully utilize the grant.

Status:

A,B,
&C. Implemented.

4. Officials' Salaries

The Salary Commission set the salaries of the county officials at 100% of the maximum allowable compensation effective at the beginning of each official's next term. However, the Salary Commission minutes did not indicate the exact amount of salary to be paid to any official, so it was not clear why the County Coroner's salary increased, but the Sheriff's salary did not change.

Recommendation:

The County Commission ensure future Salary Commission minutes include the calculations of salary computations for each official. Future Salary Commission meeting records should always document the calculations and legal opinions for actions taken.

Status:

Partially implemented. The 1999 Salary Commission minutes include a listing of the salaries for each elected official for the next term; however, the 2001 Salary Commission meeting

minutes did not list the salaries for each of the officials. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Road and Bridge Fuel Controls

Fuel usage logs were not reconciled to fuel purchases and fuel on hand on a timely basis.

Recommendation:

The County Commission require the Road and Bridge Department Supervisor to reconcile fuel purchases to amounts used in county vehicles and equipment monthly and investigate any discrepancies.

Status:

Not implemented. See MAR No. 2.

6. Tax, Fee, and Fine Distributions

- A. The County Treasurer did not maintain a listing of liabilities (open items) for the Land Tax Sale Fund and some monies were not distributed to school districts as required by law.
- B. A mathematical error occurred when the 1996 surtax distribution was calculated.
- C. During the two years ending December 31, 1997, law enforcement training fees totaling \$84, prosecuting attorney fees totaling \$42, and fines totaling \$950 were erroneously recorded as county fees by the County Treasurer and credited to the General Revenue Fund.

Recommendation:

- A. The County Treasurer disburse \$3,944 from the Land Tax Sale to the school districts, maintain an open items listing for the Land Tax Sale Fund, and ensure distributions from the Land Tax Sale Fund are made on a timely basis.
- B. The County Collector adjust the 1998 surtax distributions to reflect amounts incorrectly distributed in prior years and review the County Clerk's surtax calculations for accuracy prior to making distributions.
- C. The County Treasurer transfer \$84 to the Law Enforcement Training Fund, \$42 to the Prosecuting Attorney Training Fund, and \$950 to the County School Fund from the General Revenue Fund and in the future, review the Circuit Clerk's monthly distribution reports to ensure all fees are credited to the proper funds.

Status:

A,B,
&C. Implemented.

7. Juvenile Officer's Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipt slips were only issued for restitution monies received.
- C.1. Voided checks totaling \$12,506 were not added to the cash balance of the new operating account.
 - 2. The operating account check registers contained mathematical errors and some transactions of the Crisis Intervention account were not recorded in the check register and/or the grant ledger.
 - 3. Restitution records were incomplete. Receipts totaling \$3,883 were not recorded on restitution cards and very few disbursements were recorded on the cards.
- D. Restitution receipts and juvenile office operating monies were commingled in two bank accounts and monthly listings of open items (liabilities) were not prepared to ensure all restitution receipts were accounted for properly.
- E. Formal bank reconciliations were not prepared on a timely basis.
- F. Payroll taxes were not always disbursed on a timely basis.
- G. The employees who handled monies were not bonded.
- H. Supporting documentation for mileage reimbursements made to the former Juvenile Officer was not always sufficiently detailed.

Recommendation:

- A. The Juvenile Officer segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. The Juvenile Officer ensure that receipt slips are issued for all monies received.
- C.1. The Juvenile Officer ensure \$12,506 is added to the check register balance.

2. The Juvenile officer maintain complete and accurate records for all receipts and disbursements. This should include reconciling the operating expenses to the budgeted amounts and the cash balance.
3. The Juvenile Officer ensure restitution payments are posted to the restitution cards and indicate the juvenile's name or case number on the check register.
- D.1. The Juvenile Officer deposit restitution receipts in an account separate from the operating monies.
 2. The Juvenile Officer prepare an open items listing and reconcile the open items balance to the restitution check register balance monthly.
- E. The Juvenile Officer prepare bank reconciliations monthly, reconcile to accounting records, and adjust check register balances to correct unidentified differences between book balances and reconciled bank balances.
- F. The Juvenile Officer establish procedures to ensure payroll taxes are disbursed on a timely basis.
- G. The Juvenile Officer obtain bond coverage for all employees handling assets.
- H. The Juvenile Officer and the Circuit Judges ensure all mileage reimbursement claims are supported by adequate documentation and reviewed and approved in writing by a Circuit Judge.

Status:

- A. Partially implemented. The Juvenile Officer stated that she provides supervisory review by reviewing the monthly bank reconciliations and comparing the composition of receipts to deposits; however, this review is not documented. Although not repeated in the current MAR, our recommendation remains as stated above.
- B,C,
E,F,&
H. Implemented.
- D. Partially implemented. The Juvenile Office now has a separate account for restitution payments. In addition, the Juvenile Officer maintains the open cases separately from the closed cases; however, open items from these cases are not compared to the reconciled bank balance. Our review noted that the open items agreed to the reconciled cash balance. Although not repeated in the current MAR, our recommendation remains as stated above.

- G. Not implemented. Although not repeated in our current MAR, our recommendation remains as stated above.

8. Circuit Clerk's Controls and Procedures

- A. Accounting duties were not adequately segregated for the child support account.
- B. The method of payment received was not always indicated on receipt slips.
- C. Listings of fee account liabilities (open items) were not prepared monthly and, consequently, liabilities were not reconciled with the cash balance on a timely basis.

Recommendation:

- A. The Circuit Clerk segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. The Circuit Clerk indicate method of payment on all receipt slips and reconcile the composition of receipt slips to the composition of bank deposits.
- C. The Circuit Clerk prepare listings of open items monthly and reconcile the listings to the cash balances. Any excess cash balances which cannot be identified should be appropriately disposed of through the applicable statutory provisions.

Status:

- A. No longer applicable. Child support payments are no longer handled by the court.
- B. Partially implemented. The method of payment is now entered into the Banner system as the monies are received. The Circuit Clerk indicated that she does reconcile the composition of the receipts to the composition of the deposits; however, this reconciliation is not documented. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented.

9. Prosecuting Attorney's Controls and Procedures

- A. Checks totaling \$2,968 on the various accounts of the Prosecuting Attorney had been outstanding for more than six months.
- B.1. There was approximately \$5,170 in the old bad check account for which the Prosecuting Attorney could not specifically identify to whom it belonged.

- 2. The open items listing for the old restitution account was incomplete. We identified liabilities totaling \$1,816 which exceeded the cash balance in the checking account by \$1,609.
- C.1. A purchase for the Law Library was billed and paid twice.
- 2. Law Library monies totaling \$52 were used to purchase pizza for a business meeting.

Recommendation:

- A. The Prosecuting Attorney investigate old outstanding checks and disburse any remaining unclaimed money in accordance with unclaimed property laws.
- B. The Prosecuting Attorney review 1996 transactions to identify and correct any errors which may have occurred. After all corrections have been made any unidentified monies should be disbursed in accordance with unclaimed property laws.
- C.1. The Prosecuting Attorney monitor liabilities of the Law Library Fund to prevent duplicate payments.
- 2. The Prosecuting Attorney use law library funds only for maintenance and upkeep of the law library and reimburse the Law Library Fund \$52 from an appropriate county fund.

Status:

- A. Implemented.
- B. Not implemented. See MAR No. 5.
- C. Partially implemented. The Prosecuting Attorney currently monitors the Law Library Fund to prevent duplicate payments and uses the Law Library funds only for maintenance and upkeep of the law library; however, the Prosecuting Attorney did not reimburse the \$52 to the Law Library Fund as recommended in the prior report. Although not repeated in the current MAR, our recommendation remains as stated above.

10. Sheriff's Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipts slips were not issued for bond monies received through the mail.
- C. Listings of liabilities (open items) and bank reconciliations were not prepared for the bond account.

Recommendation:

- A. The Sheriff segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. The Sheriff ensure that receipt slips are issued for all monies received.
- C. The Sheriff prepare a listing of open items on a monthly basis, maintain a perpetual balance in the bond check register, and reconcile the open items list and the check register balance on a monthly basis. In addition, the Sheriff should determine the proper disposition of the unidentified monies or dispose of the monies in accordance with state law.

Status:

A,B,
&C. Implemented.

11. Dent County Health Center

- A. The health center approved disbursements in excess of budgeted amounts for the years ended December 31, 1997 and 1996.
- B. Individual receipt slips were not issued for walk-in receipts.
- C. Employees' time sheets and expense reimbursement claim forms did not always contain documentation of the administrator's approval.

Recommendation:

- A. The Health Center Board not authorize disbursements in excess of budgeted disbursements. Extenuating circumstances should be fully documented and, if necessary, budgets properly amended following the same process by which the annual budget was approved, including holding public hearings and filing the amended budget with the State Auditor's office.
- B. The Health Center Board record the payor's name and method of payment on the daily cash sheet or a receipt slip immediately upon receipt for all monies received, reconcile the composition of receipts to the composition of bank deposits, deposit walk-in receipts with other receipts daily or when accumulated receipts exceed \$100, and ensure all differences are investigated and explained.
- C. The Health Center Board require documentation of the administrator's approval on all time sheets and expense reimbursement claims.

Status:

- A. Implemented.
- B. Partially implemented. The Health Center stated that they now record the payor's name and method of payment on each receipt slip and reconcile composition of receipts to deposits; however, per our review of the cash receipt records, the method of payment was not always indicated and the composition of receipts did not agree to the composition of deposits for some deposits made. See MAR No. 8.
- C. Not implemented. The Health Center Administrator indicated she reviews the timesheets and expense claims, however this review is not documented. Although not repeated in the current MAR, our recommendation remains as stated above.

12. Dent County Developmental Disabilities Board

- A. The Dent County Developmental Disabilities Board (DCDDDB) approved disbursements in excess of the budgeted amount for the year ended December 31, 1996.
- B. A DCDDDB member was also a member of a local school board that received funding from the DCDDDB. In addition, another DCDDDB member's wife was a member of a sheltered workshop board that received funding from the DCDDDB.

Recommendation:

- A. The DCDDDB not authorize disbursements in excess of budgeted disbursements. Extenuating circumstances should be fully documented and, if necessary, budgets properly amended following the same process by which the annual budget was approved, including holding public hearings, and filing the amended budget with the State Auditor's office.
- B. The County Commission, in the future, appoint persons to the DCDDDB who are not administratively or financially involved in groups with which the county board conducts transactions.

Status:

- A&B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DENT COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1851, the county of Dent was named after Lewis Dent, an early settler and state representative. Dent County is a county-organized, third-class county and is part of the Forty-Second Judicial Circuit. The county seat is Salem.

Dent County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Dent County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 345,384	16	326,797	15
Sales taxes	614,307	28	630,733	30
Federal and state aid	750,531	35	750,334	35
Fees, interest, and other	466,438	21	423,518	20
Total	\$ 2,176,660	100	2,131,382	100

The following chart shows how Dent County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 594,742	28	753,417	35
Public safety	529,087	25	530,626	25
Highways and roads	995,114	47	881,221	40
Total	\$ 2,118,943	100	2,165,264	100

The county maintains approximately 13 county bridges and 680 miles of county roads.

The county's population was 11,457 in 1970 and 14,927 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	71.3	70.0	42.6	27.7	12.6
Personal property		30.2	28.0	10.1	9.1	4.5
Railroad and utilities		6.6	7.2	4.6	4.1	1.8
Total	\$	108.1	105.2	57.3	40.9	18.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Dent County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.0350	.0350
Special Road and Bridge Fund*		.2550	.2550
Health Center Fund		.1000	.1000
Senate Bill 40 Board Fund		.1600	.1600
Senior Citizens Service Fund		.0500	.0500

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments.

Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2002	2001
State of Missouri	\$ 33,648	32,771
General Revenue Fund	59,739	56,625
Special Road and Bridge Fund	287,817	280,007
Assessment Fund	46,907	44,169
Health Center Fund	111,570	108,391
Developmental Disabilities Board Fund	178,819	173,389
School districts	3,485,699	3,253,691
Reynolds County Ambulance	1,873	2,001
Salem Hospital	277,914	269,902
County Fire Districts	185,107	177,549
Senior Citizen Service Board Fund	53,835	52,239
Cities	375,896	338,025
County Clerk	225	192
County Employees' Retirement	36,451	35,348
Tax Sale Surplus	1,824	135
Commissions and fees:		
General Revenue Fund	83,652	78,282
Total	\$ 5,220,976	4,902,716

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2002	2001
Real estate	91 %	89 %
Personal property	89	88
Railroad and utilities	100	100

Dent County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50 %

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
James C. Biggs, Presiding Commissioner	\$	25,641	25,641
Bobby Simpson, Associate Commissioner		25,080	23,641
J.J. Tune, Associate Commissioner		25,080	23,641
Gary Leonard, County Clerk		35,820	35,820
James Gray, Prosecuting Attorney		42,418	42,418
Bob Wofford, Sheriff		42,000	36,000
Carl Hale, County Treasurer		26,506	26,506
Eddie Wilson, County Coroner		11,000	6,000
Larry Edwards, Public Administrator (1)		14,000	10,000
Dennis Medlock, County Collector, year ended February 28,	35,820	35,820	
Brenda Bell, County Assessor (2), year ended August 31,		38,000	38,000
Craig Ruble, County Surveyor (3)		0	0

- (1) Includes fees received from probate cases.
- (2) Includes \$900 annual compensation received from the state.
- (3) Compensation on a fee basis.

State-Paid Officials:

Ruth Ann Williams, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
Sanborn N. Ball, Associate Circuit Judge	92,000	0
Jerry L. Wilkerson, Associate Circuit Judge	0	8,407
Donald E. Lamb, Associate Circuit Judge	0	8,000

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	1	2
County Clerk	2	0
Prosecuting Attorney	2	0
Sheriff	22 *	0
County Treasurer	1	0
County Collector	1	0
County Assessor	3	0
Associate and Probate Division	1	3
Road and Bridge	15	0
Health Center	9 **	0
Dent County Developmental Disabilities Board	3 ***	0
Total	<u>60</u>	<u>5</u>

* Includes five part-time employees.

** Includes four part-time employees.

*** Includes three part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Dent County's share of the Forty-Second Judicial Circuit's expenses is 21.83 percent.



BARRY COUNTY HEALTH DEPARTMENT

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-04
January 15, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2003

The following problems were discovered as a result of an audit conducted by our office of the Health Department of Barry County, Missouri.

- The Health Department did not solicit or advertise for bids as required by state law. Approximately \$90,000 and \$53,000 was spent for labor and materials to remodel the Cassville and Monett facilities, respectively, without soliciting bids. In addition, the Health Department did not practice compliance with statutory bidding requirements for other purchases unrelated to the remodeling projects.

Invoices submitted by the independent contractors performing the remodeling were inadequate, providing no detail of time worked, jobs performed, or labor costs incurred. Given the lack of detail noted on the invoices, reasonableness and propriety of the amounts claimed by the contractors cannot be ensured.

The Board did not request or obtain an independent appraisal prior to purchasing the land and building in Monett. In addition, Board minutes did not document actions taken to ensure the amount paid was reasonable.

- The Health Department Administrator did not document miles driven to support \$250 received monthly for mileage.

The Health Department also pays one-half (approximately \$55) of the Administrator's personal cellular phone bill each month. There is no documentation to support why one-half of the total bill was determined to cover any business related calls.

- While renovating the Health Department facilities, numerous assets were disposed of; however documentation was not maintained to ensure these assets were disposed of properly.

The audit also includes some matters related to budgetary and payroll practices, receipt and disbursement procedures, Board minutes, and written agreements.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

BARRY COUNTY HEALTH DEPARTMENT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Health Department Board of Trustees
Barry County, Missouri

We have audited the Health Department of Barry County, Missouri. The scope of this audit included, but was not necessarily limited to, the period January 1, 2001, through August 31, 2002. The objectives of this audit were to:

1. Review compliance with certain legal provisions.
2. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the health department.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the health department's management and was not subjected to the procedures applied in the audit of the health department.

The accompanying Management Advisory Report presents our findings arising from our audit of the Health Department of Barry County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

October 24, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA
Audit Staff:	Rachel A. Simons

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

BARRY COUNTY HEALTH DEPARTMENT
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR’S FINDINGS

1.	Expenditures
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A. Since May 2001, the Health Department has spent approximately \$90,000 to remodel the Cassville facility and \$138,000 to purchase (\$85,000) and remodel (\$53,000) the satellite facility in Monett. We noted the following concerns related to these expenditures:

1. Bids were not solicited or advertised by the Health Department for materials or labor for the building remodeling projects. In addition, the Health Department did not regularly comply with statutory bidding requirements for other expenditures unrelated to the remodeling projects. Examples of items and services purchased for which bids were not solicited are as follows:

Items Purchased	Cost		
	Cassville	Monett	Total
Contract Labor	\$47,229	12,611	59,840
Lumber & Building Supplies	23,027	11,421	34,448
Heating and Cooling	7,797	N/A	7,797
Flooring (carpet and tile)	4,253	5,998	10,251
Filing system	6,298	N/A	6,298
Asphalt	N/A	9,446	9,446

In addition to the above amounts, we noted numerous instances of other disbursements related to the remodeling projects where competitive bidding should have been considered.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of Health Department resources and help assure the Board of Trustees that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in Health Department business.

Documentation of bids should always be retained as evidence of the Board’s established purchasing procedures, as well as compliance with statutory requirements. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice, a copy of all bids

received, a summary of the basis and justification for awarding the bid, and documentation of all discussions with vendors.

2. The invoices submitted to the Health Department by the independent contractors performing the labor related to the remodeling were inadequate, providing no detail of time worked, jobs performed, or labor costs incurred.

Adequate supporting documentation is necessary to substantiate the validity and propriety of the amounts claimed by the independent contractors. Given the lack of detail noted on the invoices, reasonableness and propriety of the amounts claimed by the contractors cannot be ensured.

3. The Board did not request or obtain an independent appraisal prior to purchasing the land and building in Monett. The County Assessor's appraised value of the property was \$67,300. In addition, board minutes did not adequately document the actions taken by the board to obtain the property and to ensure the amount paid was reasonable. Included in the board minutes was only an authorization for the Board Chairman to enter into negotiations to acquire the building in Monett; however, the subsequent approval to purchase the building was not documented.

Good business practice requires that major real estate purchases be formally and independently appraised to ensure a reasonable price is paid. In addition, because the decision making process was not adequately documented, it is unclear what steps were taken by the Board to negotiate the purchase price.

- B. The Health Department expended monies for items that do not appear to be a prudent use of public funds.

1. The Health Department held a "Hamburger Fry" in May 2002 and September 2001 for employees, board members and invited guests. According to the Administrator, the May 2002 event was an open house for invited guests to tour the recently renovated Health Department, and the September 2001 event was for "community outreach". An advertisement was placed in the newspaper indicating that the facilities would be closed and no services would be available on that day. Approximately \$1,200 was spent for these two events for food and drinks, and at least \$2,600 was incurred for staff time charged to administration during these two events.

The Health Department also purchased 22 t-shirts totaling \$326 for employees, board members, and one board member's spouse. These shirts were purchased to wear at the "Hamburger Fry" in May 2002.

2. In December 2001, \$1,166 was spent on 30 hams given as Christmas gifts to employees, board members, a local doctor, and five contractors working on remodeling the facility.

It is questionable whether these expenditures are a prudent use of public funds. The Health Department should ensure funds are spent only on items which are necessary and beneficial to county residents.

- C. The Board of Trustees does not document approval of invoices for payment. While board minutes occasionally document the approval of specific payments, board approval is generally not documented. Expenditures made from Health Department funds should be reviewed and approved by the Board before payment is made to ensure all disbursements represent valid operating costs of the Health Department. To adequately document the Board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared and signed or initialed by the Board to denote their approval, and retained with the official minutes.

WE RECOMMEND the Health Department Board of Trustees:

- A.1. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official board minutes should reflect the necessitating circumstances.
2. Ensure adequate supporting documentation is submitted to substantiate amounts claimed by the independent contractors.
3. Obtain independent appraisals for any property being considered for purchase, and ensure decisions and discussions by the board are adequately documented in the minutes.
- B. Ensure all expenditures of Health Department monies are a necessary and prudent use of public funds.
- C. Review and approve all expenditures of Health Department funds. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.

AUDITEE'S RESPONSE

The Barry County Health Department Board of Trustees provided the following responses:

- A. *We will comply with Missouri laws on items 1, 2, and 3, effective immediately.*
- B. *The Board will review policies and act appropriately, effective immediately.*

C. *Expenditures will be reviewed at each board meeting, effective immediately.*

2. Personnel and Payroll Procedures
--

A. Expense reimbursements paid to the Health Department Administrator are not adequately documented as follows:

1. The Health Department paid the Administrator approximately \$3,885 for mileage during the period of September 1, 2001 through August 31, 2002. This amount consisted of \$250 monthly for mileage incurred within Barry County and an additional 28 cents per mile for mileage incurred when traveling outside the county for training and meetings. Actual miles driven within the county are not documented by the Health Department Administrator to support the \$250 monthly payment, nor is the reimbursement reported on W-2 forms. Based upon the Health Department's established mileage rate of 28 cents, the Administrator is reimbursed for driving approximately 890 miles monthly within Barry County. Since documentation of actual miles driven within the county is not maintained, it is not clear if 890 miles per month is reasonable.
2. The Health Department pays one-half (approximately \$55) of the Administrator's personal cellular phone bill each month. There is no documentation to support why one-half of the total bill was determined to cover any business related calls. A detailed invoice listing all business related calls is not submitted to support the reimbursement, nor is the reimbursement reported on W-2 forms.

The Board should require documentation to support payments for vehicle expenses such as monthly reports of mileage indicating the number of miles traveled by date, the nature of the business, and locations traveled. In addition, the Board should determine the amount of actual business related cellular phone expenses to be reimbursed to the Administrator.

IRS Regulation Sections 1.62-2(h) and 31.3401(a)-4 specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments. Procedures have not been established to ensure that IRS regulations are followed. As a result, the Health Department may be subject to penalties and/or fines for failure to report all taxable benefits.

B. A review of employee time sheets and leave records identified the following:

1. The Administrator does not prepare a time sheet, or submit a leave record for vacation or sick leave taken. Leave activity is reflected on the stub of the Administrator's payroll check; however, there is no record maintained

to verify the accuracy of this information. Upon inquiry the Administrator indicated that he was away on leave from the Health Department for a few days during the summer months of 2002, but the Health Department Board authorized the short leave of absence and this time was not deducted from his vacation leave balance. The Health Department board minutes do not document the board's approval of this matter.

Time sheets and leave records are necessary to document hours actually worked, substantiate payroll expenditures, and provide the Board with a method to monitor hours worked and leave taken. In addition, Health Department Board minutes should adequately document any variation from the Health Department's personnel policy.

2. Employee time sheets are not approved and signed by a supervisor. In addition, compensatory time earned and taken by employees is not adequately tracked and documented. Employees track their own compensatory time earned and taken on their time sheets; however, no official record is maintained. Further, since time sheets are not approved by a supervisor, compensatory time earned and taken is not approved either. Without centralized compensatory records, the Board cannot ensure that employee's compensatory balances are accurate and that all employees are treated equitably.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. The time records should be prepared by the employee, approved by the applicable supervisor, and filed in a central location with the Health Department's payroll records.

WE RECOMMEND the Health Department Board of Trustees:

- A. Obtain documentation to support payments for expense reimbursements and report undocumented payments on W-2 forms. Amended W-2 forms should be prepared for undocumented expense payments made in prior years.
- B.1. Require the Administrator to submit time sheets and document leave activity. Any variation from Health Department personnel policies should be adequately documented in the board minutes.
2. Ensure employee time sheets are approved by the applicable supervisor and filed in a central location with the Health Department's payroll records. In addition, compensatory leave records should be maintained for all employees.

AUDITEE'S RESPONSE

The Barry County Health Department Board of Trustees provided the following responses:

- A.1. Mileage paid to the Administrator will be documented.*
- 2. Upon review of telephone expenditures, the current reimbursement to the Administrator is the most feasible for the Health Department.*
- B.1. Time sheets, annual leave, and sick leave will be tracked appropriately by the Board, effective January 01, 2003.*
- 2. Employee time sheets, compensatory time earned and taken, will be tracked accurately, effective January 01, 2003.*

3. Budgetary and Accounting Procedures

- A. The Health Department has been carrying the wrong cash balance forward on the Health Department's budgets for many years. The cash reconciliation section of the budget provides a summary of beginning cash, receipts, disbursements, and ending cash balances for the prior year. The Board of Trustees does not ensure that the beginning and ending cash balances reported in the budget agree with accounting records. This has resulted in the available resources for the years ended December 31, 2001 and 2000 being understated by \$11,681 and \$6,209, respectively.

For the budget documents to be of maximum assistance to the health department and to adequately inform county residents of the health department's operations and current financial position, the budget documents should be accurate.

- B. Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- C. The Health Department accepts cash and checks for fees for services. These fees are kept in a cash box at the front desk, and collected, counted, and receipted in total at the end of each day by the Health Department's bookkeeper. A summary sheet of services provided is filled out for each client which includes the client's

name, service provided, date, amount paid, and method of payment. This summary sheet serves as a receipt; however the summary sheets are not prenumbered to ensure all sheets are accounted for properly.

To ensure all monies are properly accounted for and transmitted intact, client summary sheets should be prenumbered, or separate prenumbered receipt slips should be issued to each client for fees received.

WE RECOMMEND the Health Department Board of Trustees:

- A. Ensure the budget document contains accurate financial information.
- B. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- C. Ensure client summary sheets are prenumbered, or issue separate prenumbered receipt slips to each client for fees received.

AUDITEE'S RESPONSE

The Barry County Health Department Board of Trustees provided the following responses:

- A. *The Board will ensure the budget document contains accurate financial information.*
- B. *Cross checking and reviews will be implemented immediately. Proper accounting procedures will be implemented.*
- C. *Prenumbered fee sheets will be in place by June 1, 2003.*

4. Board Minutes

The Health Department Board of Trustees did not document how a discussion concerning the hours of operation complied with statutory guidelines on closed meetings. Section 610.021, RSMo 2000, allows the Board to close meetings to the extent the meetings relate to certain enumerated subjects, including real estate purchases, litigation, and personnel matters. In February 2001 the Board discussed and approved changing the hours of operation of the Health Department during a closed meeting.

Board sessions should only be closed if discussions or business conducted include topics pursuant to state law.

WE RECOMMEND the Board of Trustees ensure only topics pursuant to state law are discussed in closed session meetings.

AUDITEE'S RESPONSE

The Barry County Health Department Board of Trustees indicated Board sessions will be closed for topics pursuant to state law.

5. Written Agreements

The Health Department does not have written contracts for rental agreements. A not-for-profit organization uses space in the Health Department's satellite facility in Monett free of charge. In addition, the Health Department rents office space in Cassville for the environmental department. Neither of these agreements are in writing.

Section 432.070, RSMo 2000, requires all contracts to be in writing. Written contracts are necessary to outline the terms and arrangements, specify services to be provided and the related funding, and help ensure the reasonableness and propriety of expenditures.

WE RECOMMEND the Board of Trustees formalize and obtain a written agreement for these rental arrangements.

AUDITEE'S RESPONSE

The Barry County Health Department Board of Trustees indicated written contracts and agreements will be secured by the end of January 2003.

6. General Fixed Assets

The Health Department has not established formal policies and procedures for general fixed assets, including procedures to update property records, and number, tag or otherwise identify property items. Also, annual physical inventories of property have not been performed. While a list of some assets is maintained, the listing is not complete and does not include an adequate description of each property item.

In addition, with the recent remodeling of the Health Department facilities numerous Health Department assets were disposed of; however there are no written procedures regarding disposition of assets and no documentation was maintained to ensure these assets were disposed of properly. Upon inquiry, we learned from several employees that some of the assets (desks, refrigerator, old building materials) could have been salvaged and sold to generate revenues; however, the Administrator indicated that the assets were not salvageable and were placed in the dumpster. Because the disposal of these assets was not approved by the board and the disposition not adequately documented, we could not determine if the assets were disposed of properly.

Adequate general fixed assets records are necessary to secure better internal controls over property and provide a basis for determining proper insurance coverage. Inventories and

proper tagging of property are necessary to ensure fixed asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets. Further, the Health Department needs to establish formal procedures to ensure the disposition of assets is properly handled, approved, and recorded in the fixed asset records. These procedures should ensure the method of disposal (e.g. bids, public sale, etc) allows for participation by the public and provides the best price for the Health Department.

WE RECOMMEND the Health Department Board of Trustees maintain property records for general fixed assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition, if applicable. Actual physical inventory of the various property items should be performed periodically. In addition, formal procedures should be established related to the handling and approval of fixed asset dispositions.

AUDITEE'S RESPONSE

The Barry County Health Department Board of Trustees indicated formal policies and procedures for assets will be put in place.

This report is intended for the information of the management of the Barry County Health Department and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION AND
STATISTICAL INFORMATION

BARRY COUNTY HEALTH DEPARTMENT
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

The Barry County Health Department was created under the authority of Chapter 205, RSMo, 2000, in 1978 to provide a wide range of health and medical services to the residents of Barry County. Services provided include public health, health education, communicable disease surveillance and control, immunization, WIC (Women and Infant Children), sanitation services, personal care services and birth and death certificates.

The health department is governed by an elected five-member Board of Trustees. Board members are elected for four year terms. The Board of Trustees as of December 31, 2001, consisted of the following members:

Name	Position	Term Expires
Jim Sharman	Chairman	April, 2005
(1) Keith Speer	Vice Chairman	April, 2005
Joyce Vaughan	Secretary	April, 2003
Louise Good	Treasurer	April, 2003
Ilene Mann	Trustee	April, 2005

(1) Replaced Paul Strahl by appointment in June 2001, then elected in April 2002 to fill unexpired term.

At December 31, 2001 the Health Department had 14 full time employees.

Paul Strahl was hired on September 4, 2001 as Administrator, replacing Tom Williams who was Administrator from August 1, 2000 to September 4, 2001.

ASSESSED VALUATION

Real Estate	198,660,867
Personal Property	88,211,171
Railroad and utilities	<u>18,189,328</u>
Total	<u><u>305,061,366</u></u>

TAX RATE PER \$100 OF ASSESSED VALUATION

Health Department	\$0.07
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A summary of the Health Department's receipts and disbursements for the years ended December 31, 2001 and 2000 is presented below:

BARRY COUNTY HEALTH DEPARTMENT
COMPARATIVE STATEMENT OF RECEIPTS AND DISBURSEMENTS - BUDGET AND ACTUAL

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable Unfavorable)	Budget	Actual	Variance Favorable Unfavorable)
RECEIPTS						
Property taxes	195,840	206,953	11,113	192,000	193,052	1,052
Intergovernmental	297,775	296,463	(1,312)	326,403	295,873	(30,530)
Charges for services	51,000	55,406	4,406	55,800	58,071	2,271
Interest	6,000	13,651	7,651	10,000	13,015	3,015
Other	218,500	45,530	(172,970)	39,710	46,652	6,942
Total Receipts	769,115	618,003	(151,112)	623,913	606,663	(17,250)
DISBURSEMENTS						
Salaries	500,275	527,175	(26,900)	509,003	479,376	29,627
Office expenditures	95,490	112,749	(17,259)	114,775	105,489	9,286
Equipment	6,600	5,998	602	7,400	12,530	(5,130)
Mileage and training	16,750	17,682	(932)	19,700	16,342	3,358
Buidlings and grounds	500,000	190,882	309,118	0	267	(267)
Total Disbursements	1,119,115	854,486	264,629	650,878	614,004	36,874



**PIKE CREEK COMMON SEWER DISTRICT
YEAR ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-03
January 14, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2003

The following problems were discovered as a result of an audit conducted by our office of the Pike Creek Common Sewer District.

The district has recently completed Phase I of sewer construction. The district received numerous complaints from landowners of inadequate clean-up work performed on various construction sites. The district did not require the contractor to videotape each construction site during Phase I, as required in the bid specifications and construction contract. Video taping could have helped resolve some of the complaints regarding the clean-up work. The district should monitor the clean-up work and ensure all work is completed before the contractor's performance bond is released.

The district has not adopted formal written procedures for obtaining easements from landowners for sewer construction across private property. The district informally established guidelines for negotiating amounts paid for easements not donated; however, the district did not always follow these guidelines resulting in more money being paid for easements than required.

The board did not formally document approval of various changes to the original construction plan, including:

- An additional sewer line was constructed at a total cost of approximately \$16,000 to property owned by a trust in which a board member and his brother are trustees.
- An additional sewer line was constructed across the property of a former sewer board member. This line did not serve any customers during Phase I of the sewer construction.
- An annexation vote was approved in April 2001. The annexed area was subsequently added to Phase I but the board did not document approval of the specific landowners who were added to Phase I.
- An apartment complex was hooked up to district sewer in January 2001 that was originally located outside district boundaries and was not annexed into the district until April 2001. In addition, a business currently not within district boundaries was hooked up in June 2001. Board approval to provide services to these entities could not be located.

(over)

YELLOW SHEET

The original site of the sewage lagoon which was in the planning stage for about two years, was abandoned in November 1998 because of controversies regarding its location. In December 1998, the district entered into an option to purchase a different site for the lagoon. This option was exercised in November 1999 to purchase 25 acres of land for \$100,000. The board did not obtain an appraisal of this land prior to entering into the purchase option. The district later obtained an appraisal in September 2000 which valued the land at \$51,900. In addition, because the lagoon was located on a wetland site, the district was required to purchase a similar amount of wetlands to be preserved by the federal government, which cost the district an additional \$4,800. District officials indicated other sites were considered after abandoning the original site, but the district did not document which sites were considered or reasons for selecting the current site.

The district does not have a formal policy regarding public access to district records. The district's policies for charging residents for copies of district records may not comply with the Sunshine Law, and in at least one instance, the district charged an excessive amount to provide copies of records to an individual. In November 2001, a district resident requested certain district information, was provided eight pages of information, and was billed and paid \$549 to the district. The bill included \$225 for the CPA's services, \$175 for legal fees, \$134 for district personnel services, and \$15 for photocopy fees. The fee of \$549 for providing eight pages of information appears very excessive.

The sewer board has not enforced its shut-off procedures for customers that have not paid their sewer bill. As of August 3, 2002, the water district reported that approximately \$11,950 was due from sewer customers, including delinquent penalties. Much of this amount is due from approximately 12 customers who have never paid any sewer fees since being hooked up to the sewer system.

The audit also includes some matters related to board members' duties, board meetings and minutes, budgets, bank accounts, and billing procedures, upon which the district should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.state.mo.us

PIKE CREEK COMMON SEWER DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Trustees
Pike Creek Common Sewer District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Pike Creek Common Sewer District. The district had engaged Kraft, Miles & Tatum, LLC, Certified Public Accountants (CPAs), to audit the district for the year ended December 31, 2001. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the district included, but was not necessarily limited to, the year ended December 31, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the district.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in the audit of the district.

The accompanying Management Advisory Report presents our findings arising from our audit of the Pike Creek Common Sewer District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 9, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Gary Boehmer, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

PIKE CREEK COMMON SEWER DISTRICT
MANAGEMENT ADVISORY REPORT-
STATE AUDITOR'S FINDINGS

1. Sewer Construction and Easement Concerns
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The district has recently completed Phase I of sewer construction. Our review noted concerns regarding the construction contractor's clean-up work on construction sites, lack of procedures regarding easement acquisition, and lack of board approval for changes to the original construction contract, as follows:

- A. The district received numerous complaints from landowners of inadequate clean-up work performed on various construction sites. As a result, a "punch list" of clean-up work has been prepared which the construction contractor has agreed to complete. The district is presently holding the contractor's performance bond while the contractor completes the clean-up work on the punch list. The district should continue to monitor the clean-up work to ensure all work is completed before the bond holding period expires.

The district did not require the contractor to videotape each construction site during Phase I, as required in the bid specifications and construction contract. Videotaping each site before construction begins along with noting the construction requirements and landowners' needs would help assure the construction process was performed properly. This also may have aided in settling the landowners' concerns regarding site clean-up.

- B. The district has not adopted formal written procedures for obtaining easements from landowners for sewer construction across private property. The district informally established guidelines for negotiating lineal-foot payment amounts for easements not donated; however, the district did not always follow these guidelines resulting in more money being paid for easements than required. While many landowners donated easements to the district, some landowners were paid above the established lineal-foot amount. In some cases, the district paid more than \$2,500 per landowner, the maximum allowed by the federal Uniform Relocation Act when no appraisal is obtained.

To ensure that all landowners are treated equitably in the easement process, the board should adopt formal written guidelines and policies for the negotiation of easement acquisitions and ensure these policies comply with the Uniform Relocation Act.

- C. The board did not formally document approval of various changes to the original sewer construction plan, as follows:

- (1) An additional sewer line was constructed at a total cost of approximately \$16,000 to property owned by a trust in which a board member and his brother are trustees. This line had to go across two other parcels, and while one landowner donated an easement, the district paid the other landowner \$1,095 for an easement. This additional line was constructed in exchange for an easement on the trust-owned property because the district re-routed a main line across the trust-owned property. This additional line currently is not used and serves no customers, and while district officials indicated the line would be used for future development, there appears to be no immediate plans to develop the property served by the additional line.
- (2) An additional sewer line was constructed across the property of a former sewer board member. This line did not serve any customers during Phase I of sewer construction. District officials indicated this line will be completed and will serve customers during Phase II construction.
- (3) An annexation vote was approved in April 2001, which added additional properties within the district's boundaries. This area was not originally included in Phase I construction plans but was subsequently added to Phase I upon approval of the annexation. However, there is no board approval documenting which landowners in the newly-annexed territory were added to Phase I.
- (4) An apartment complex that was originally located outside district boundaries was hooked up to the district sewer in January 2001, but was not annexed into the district until April 2001. In addition, a business currently not within district boundaries was hooked up in June 2001. State law allows the district to provide services to entities located outside the district; however, board approval to provide services to these entities could not be located.

Significant changes to the original construction plans should be adequately documented and formally approved by the board. This is especially important for the changes described above which involved parties related to the governing board of the sewer district.

WE RECOMMEND the Board of Trustees:

- A. Monitor the progress of the clean-up work and ensure the work is completed prior to releasing the contractor's performance bond. In the future, the board should require contractors to adhere to all terms of the bid specifications and construction contract.
- B. Establish written procedures for easement negotiation and acquisition that comply with applicable laws and regulations.

- C. Document and formally approve significant changes to original sewer construction plans.

AUDITEE'S RESPONSE

- A. *The Board concurs. The clean-up items have been largely completed at this time and the district has notified the bonding company of the items that remain. The Board has conferred with the current contractor and the engineer to ensure that properties in Phase II are being videotaped prior to construction.*
- B. *The Board will adopt an acquisition policy if needed, according to U.S. Department of Agriculture-Rural Development guidelines. It has been the intention of the Board to comply with the Uniform Relocation Act in the past and will continue to do so in the future.*
- C. *The Board will document and approve significant changes to construction plans and the provision for services outside the boundaries of the district.*

Regarding Parts 3 and 4, state law, specifically Sections 204.330 and 250.010, RSMo, provides that the district may provide sewer service outside its boundaries. The apartment complex that was connected outside the boundaries paid for all of their own installation costs and helped to dilute the costs to district residents by paying 48 minimum bills that would not have otherwise been available. The business connected provided all of the electric cable to the district treatment facility and pump station sites, saving the district nearly \$35,000 in construction costs. The Board will consider a written policy if the state statutes are not sufficiently clear.

AUDITOR'S COMMENT

- C. Our finding indicates state law allows the district to provide sewer services to properties located outside district boundaries. We are not questioning the board's authority to make these decisions but are recommending the board document its approval when sewer service is provided outside district boundaries.

2. Lagoon Sites

Several concerns were noted regarding the district's purchase of land on which it located a sewage lagoon. These concerns included not obtaining land appraisals prior to purchase and overall lack of documentation of the planning for the purchase and consideration of alternative sites.

The original site of the lagoon, which was in the planning stage for about two years, was abandoned in November 1998 because of controversies regarding its location. The district apparently had not considered any alternative sites and had to act quickly to secure a new lagoon site.

In December 1998, the district entered into an option, signed by both parties, to purchase a different site for the lagoon. This option was to purchase 25 acres of land for \$100,000, pending completion of testing to ensure the site met applicable environmental requirements. The district exercised the option to purchase the land in November 1999. The board did not obtain an appraisal of this land prior to entering into the purchase option. The district later obtained an appraisal in September 2000 upon request of the state Department of Economic Development. This appraisal valued the land at \$51,900. In addition, because the lagoon was located on a wetland site, the district was required to purchase a similar amount of wetlands to be preserved by the federal government, which cost the district an additional \$4,800. Finally, the board agreed to provide up to 50 free sewer hookups to the seller of this land. While the board has not yet established the amount it will charge for hookup fees (which are typically charged to new users subsequent to completion of sewer construction), these free hookups could represent lost revenues to the district.

District officials indicated other sites were considered after abandoning the original lagoon site in November 1998. However, the district did not formally document which sites were considered or reasons for selecting the current lagoon site.

To provide assurance that a reasonable price is paid for land and that the best site is selected, the board should consider alternative sites and document all sites that were considered. Appraisals should be obtained prior to purchase for all potential sites under serious consideration. Documentation of all possible sites, estimated values and appraisals, and other information considered in the site selection process should be maintained and made available to the public upon completion of any future land purchase.

WE RECOMMEND the Board of Trustees consider alternative sites for future land acquisitions and obtain appraisals prior to purchase for any sites under serious consideration for purchase. Documentation of all pertinent information related to land purchases, including the reasons for selecting a particular site for purchase, should be maintained and made available to the public upon completion of the purchase.

AUDITEE'S RESPONSE

The Board concurs. The district had originally agreed to put its treatment facility on a 20-acre tract of ground near the convergence of Pike Creek and Business Highway 67. The purchase price of the property was to have been \$100,000. Due to some last minute complaints from property owners in an area near the proposed location, U.S. Department of Agriculture-Rural Development instructed the district to find a new site. The 25-acre tract was found on short notice, and was available for the same price. The amount was paid in contemplation of the time constraints to the district and the devaluation of the seller's home due to having the treatment facility in such close proximity. The appraisals of the lagoon site were valuations for pasture/farmland. There have not been any purchases of land for lagoon sites in the area to establish an accurate value for a lagoon development site. The Board considered several

locations prior to the initial proposed site. The U.S. Department of Agriculture-Rural Development was instrumental in the process.

In the future, the district will have appraisals performed prior to entering into purchase agreements, will consider alternative locations as needed, and will document decisions.

3. Access to District Records

- A. The district does not have a formal policy regarding public access to district records. In addition, some records including original board meeting minutes are kept at the legal counsel's office, rather than at the district. Section 610.023, RSMo 2000, outlines policies the district must follow to allow public access to district records. These policies include the appointment of a custodian of records and making the identity and location of the custodian available upon request.

A formal policy regarding public access to district records would establish guidelines to ensure the district follows the Missouri open records law (Sunshine Law). In addition, the district should consider keeping all official records at the district's office.

- B. The district's policies for charging residents for copies of district records may not comply with the Sunshine Law, and in at least one instance, the district charged an excessive amount to provide copies of records to an individual. Section 610.026, RSMo 2000, requires the district to provide copies of records upon request and allows the district to charge a fee for providing copies. The fees for copying public records shall not exceed the actual cost of document search and duplication. The district currently charges residents \$1 per page for making copies of records which are readily available, such as board minutes; however, the district has not documented its cost of making copies and has not established written policies for document search and duplication fees.

In November 2001, a district resident requested certain district information, was provided eight pages of information, and was billed and paid \$549 to the district. The bill included \$225 for the CPA's services, \$175 for legal fees, \$134 for district personnel services, and \$15 for photocopy fees. District personnel indicated certain financial information was not entered correctly into the computer system and the CPA's assistance was needed to obtain the requested information.

The fee of \$549 for providing eight pages of information appears very excessive. Section 610.026, RSMo 2000, allows the district to charge for document search and duplication but does not appear to address legal fees. In addition, it does not appear reasonable for the district to charge for CPA services for basic revenue and expenditure information that should have been readily available. The district should review the amount charged and ensure only the documented costs of document search and duplication are charged to the resident. In addition, the

district should establish formal written policies that outline applicable document search and duplication fees that are based on the district's actual costs.

WE RECOMMEND the Board of Trustees:

- A. Establish written policies and procedures regarding public access to district records that comply with the Sunshine Law, including the appointment of a custodian of district records. In addition, the district should consider maintaining all official district records at the district office.
- B. Establish a formal written policy to establish document search and duplication fees that are based on the district's actual costs, as required by the Sunshine Law. In addition, the district should review the \$549 charged to the resident for eight pages of information and ensure only the actual costs for document search and duplication are charged.

AUDITEE'S RESPONSE

- A. *The Board concurs. The district currently complies with the Sunshine Law and has appointed a custodian of the district records.*
- B. *The Board concurs. The district will establish a written policy to establish document search and duplication costs.*

4. Board Members' Duties

The district's bylaws require that specific board members be appointed and serve as secretary and as treasurer; however, the board members appointed to these positions are not performing some of the duties assigned to these positions. The bylaws require the board treasurer to be the custodian of all the financial records of the district and the board secretary to prepare minutes of the board meetings and be the custodian of the minutes. However, the district's bookkeeper maintains all district financial and bank records, and the district's legal counsel prepares board minutes and maintains the original minutes at his office.

The district pays its legal counsel \$125 per hour for attending meetings and preparing meeting minutes while the bylaws do not provide for any compensation to be paid to board members. Board members have indicated that the legal counsel is needed to attend the board meetings and to take the minutes because of the many legal problems associated with the establishment and development of the district. However, to save on the cost of preparing the minutes, it would appear reasonable for the board secretary to take the minutes and the legal counsel to review the minutes prior to the reading of the minutes. Whatever decisions are ultimately made, the district's bylaws, employment contract with the bookkeeper, and legal services contract should be amended as necessary to reflect the actual duties of each individual.

WE RECOMMEND the Board of Trustees review the bylaws and ensure the board secretary and treasurer are performing the duties assigned to them. The board should review the need for compensating its legal counsel to prepare meeting minutes and amend the bylaws, bookkeeper's employment contract, or legal services contract as necessary.

AUDITEE'S RESPONSE

The Board concurs. The Board will review and amend the bylaws and/or contracts as necessary.

5. Board Meetings and Minutes

A. The district does not follow its bylaws regarding the calling of special board meetings. The bylaws require a minimum of five days written notice to board members for any special board meetings called; however, district personnel indicated that five-day notice has not always been given for special meetings that have been called. The board should follow its bylaws when calling special meetings or consider amending its bylaws.

B. The board held closed session meetings in July and December 2001 to discuss personnel matters; however, the board did not document how some of the matters discussed complied with the state law governing closed meetings. The matters discussed at the meetings included district operation and maintenance expenses and the need to hire additional personnel, a planned vacation for the district bookkeeper, and the need to close the district office for a holiday.

Section 610.022(3), RSMo 2000, allows for closed sessions to discuss the hiring, firing, disciplining, or promoting of specific employees when personal information about the employee is discussed or recorded. The matters discussed by the board as described above do not appear to meet the restrictions on closed meeting subject matters in accordance with state law.

WE RECOMMEND the Board of Trustees:

A. Follow its bylaws when calling special meetings by giving written notice to each board member not less than five days prior to the meeting.

B. Discuss only those matters in closed sessions as allowed by state law.

AUDITEE'S RESPONSE

A. *The Board has followed the Sunshine Law in calling special meetings and will amend the bylaws to conform with the Sunshine Law.*

B. *The Board will conform with the Sunshine Law regarding closed meetings.*

- A. The district's budgets do not include all anticipated revenues and expenditures and do not present a complete financial plan for the district. The budgets for 2000 and 2001 only included sewer construction revenues and expenditures and did not include normal operating revenues and expenditures. The budget for the year ended December 31, 2002 included normal operating revenues and expenditures. In addition, the budgets did not include certain information required by Section 67.010, RSMo 2000. The budgets did not contain a budget message describing the important features of the budget and major changes from the preceding year; a comparative statement of actual or estimated revenues and expenditures for the two preceding years; nor a general budget summary.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A budget can also provide a means to effectively monitor the district's financial condition by periodically comparing budgeted amounts to actual revenues and expenditures.

- B. In connection with the issuance of \$2.4 million in revenue bonds in December 2000, the district has not established certain accounts required by the bond covenant. The district has not established a Bond Account into which monthly deposits should be made, equivalent to the amount of bond principal and interest payments due semi-annually. In addition, the district has not established a Bond Reserve Account into which monthly deposits of \$1,179 shall be made beginning December 2001, until the account balance reaches \$141,480. The bond covenant also calls for the establishment of other accounts, including a Bond Redemption Account and an Extension and Improvement Account into which operating surpluses shall be allocated by board order from time to time.

To ensure compliance with the bond covenant, the board should establish the required accounts and set aside the required funding amounts.

- C. The board has \$2,691 in two escrow accounts in two different banks. These accounts were opened when the district was first established and monies were borrowed from the banks for start-up operating purposes. These accounts have been opened for several years, are no longer used, and should be closed. It appears the monies from these accounts should be transferred to the general operating account.

WE RECOMMEND the Board of Trustees:

- A. Prepare annual budgets in accordance with state law and periodically compare actual revenues and expenditures with the budgeted amounts to monitor the financial condition of the sewer district.

- B. Establish the required accounts in accordance with the bond covenant and deposit the required amounts into these accounts.
- C. Close the escrow accounts not currently used and transfer the amounts held in the accounts to the general operating account.

AUDITEE'S RESPONSE

- A. *The Board concurs. The Board will prepare annual budgets and compare them to actual financial figures to monitor the condition of the district.*
- B. *The Board concurs. The Board will make sure that the required bond accounts are opened and funded. The Bond Reserve Account will be opened and funded by December 2002.*
- C. *The Board concurs. The board will close the escrow accounts immediately.*

7.	Billing and Collection Procedures
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Sewer billing and collection is performed by Public Water Supply District No. 1 under a contractual agreement. The water district prepares and sends the sewer bills, collects the fees from customers, and deposits amounts collected into the sewer district's bank account. The water district prepares a monthly report of amounts billed to each customer, total deposits made, and cumulative delinquent balances for each applicable customer.

Our review of billing and collection procedures noted the following concerns:

- A. The district does not have adequate procedures to monitor new sewer hookups and ensure all new customers are billed on a timely basis. The district generally relies on the water district to bill new sewer customers, based on the assumption that new sewer customers will also become new water district customers. However, some multiple dwelling units, such as apartments and trailer parks, operate on one water meter, and therefore, additional sewer hookups in these units may not be detected on a timely basis.

For example, a sewer customer and current sewer board member who owns an apartment complex is currently paying for 17 sewer hookups. In March 2002, he informed the sewer district in writing that four additional apartments were being added for sewer service, and he has subsequently added eight more apartments to his complex. District personnel indicated the water district was notified of the new apartments but no additional sewer billings were made by the water district because names and addresses of the new customers were not given to the water

district. In addition, a trailer park has not been billed for sewer service on a timely basis, mainly because the district has been unsuccessful in obtaining information from the trailer park owner regarding the number of units located in the park.

To ensure that all customers are properly billed and to ensure equity among users, the district should adopt procedures to monitor all new sewer hookups, especially in multiple dwelling units, and work with the water district to ensure all new sewer customers are billed on a timely basis. If the owners of multiple dwelling units do not provide the necessary information to the district, the district should adopt a policy to bill the maximum number of connections on the unit until the proper information is obtained.

- B. The sewer district does not have procedures to reconcile total billings, payments received, and amounts remaining unpaid. The district receives the monthly reports described above from the water district; however monthly reconciliations are not performed to ensure beginning receivable balances plus total billings less total collections equals ending receivable balances.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliations should be retained to support conclusions and any corrections made.

- C. The sewer board has not enforced its shut-off procedures for customers that have not paid their sewer bill. The contractual agreement allows the sewer district to request the water district to perform shut-off procedures for non-payment of sewer bills. As of August 3, 2002, the water district reported that approximately \$11,950 was due from sewer customers, including delinquent penalties. Much of this amount is due from approximately 12 customers who have never paid any sewer fees since being hooked up to the sewer system. Delinquent notices have been sent to these customers.

To ensure the collection of all sewer fees and to ensure all customers are treated equitably, the board should take measures to collect all delinquent accounts, including the enforcement of its shut-off procedures.

It appears the above concerns could be corrected or resolved by working with the water district and amending the contract to address these concerns.

WE RECOMMEND the Board of Trustees work with the water district to:

- A. Adequately monitor new sewer hookups and ensure all new sewer customers are billed on a timely basis.

- B. Perform monthly reconciliations of sewer billings, collections, and receivables to ensure the accounting records are in balance.
- C. Ensure adequate measures are taken to collect delinquent accounts, including the enforcement of shut-off procedures.

AUDITEE'S RESPONSE

The Board concurs. The Board will continue to monitor sewer hookups and billing, and enforcement of shut-off procedures is already in place. The Board has already taken action on collection of past-due accounts and is enforcing its shut-off procedures as of November 2002.

OVERALL RESPONSE BY BOARD MEMBER DUANE SIMON

The Board of Trustees of the Pike Creek Common Sewer District met on November 21, 2002, in closed session to prepare responses to the findings of the State Auditor. During that meeting, the board drafted responses, and the four board members in attendance unanimously agreed to concur with each finding and recommendation. However, these responses were not submitted to the State Auditor. On the next day, the Board President, who attended the November 21, 2002 meeting, requested the board to revise its responses. Attempts were made to get all five board members to unanimously agree to revised responses; however, I did not approve the responses that were ultimately submitted to the State Auditor. I want to go on record that as a member of the Board of Trustees of the Pike Creek Common Sewer District, I do accept the findings of the State Auditor without exception and I do not agree with many of the explanatory comments provided to the State Auditor in the board's responses.

This report is intended for the information of the management of the Pike Creek Common Sewer District and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

PIKE CREEK COMMON SEWER DISTRICT
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Pike Creek Common Sewer District, located in Butler County, was established in May 1997 through a circuit court order and is organized under Chapter 204, RSMo. The district covers over 6,000 acres immediately west of the City of Poplar Bluff and will serve approximately 1,500 customers when sewer construction is completed. Total construction costs are expected to exceed \$10 million. The district currently serves 637 customers. Operating revenues primarily consist of user fees charged to sewer customers.

Grant revenues totaling \$2.3 million and \$500,000 were awarded from the United States Department of Agriculture (USDA) and the Missouri Department of Economic Development, respectively, for completion of construction for Phase I. In December 2000, the district issued revenue bonds backed by the USDA totaling \$2.4 million with a maturity of 35 years to cover the remaining costs of Phase I construction. The district also borrowed \$100,000 in November 2001 from the Missouri Development Finance Board payable over a 20-year period. Phase II construction is currently in progress with funding of \$1.39 million in grant money and \$2.17 in loan money awarded from the USDA, a \$1 million grant awarded from the Missouri Department of Natural Resources, and a one-year bank loan of \$125,000 borrowed in January 2002.

The Board of Trustees consists of five members who serve five-year terms. Board members were initially appointed in May 1997 for terms ranging from one to five years to establish one vacancy per year thereafter. The district board members and bookkeeper at December 31, 2001, were:

<u>Board Member</u>	<u>Term Expires</u>	<u>Compensation for the Year Ended December 31, 2001</u>
Patricia Jo Boyers, President (1)	April 2002	\$ 0
Gaylen Sanders, Vice President (2)	April 2006	0
Sharron Payne, Board Secretary	April 2003	0
Carrell Priest, Board Treasurer	April 2005	0
Jim Pearl, Board Member	April 2004	0
<u>Other Official</u>		
Carol Mitchell, Bookkeeper		24,305

(1) Duane Simon was elected in April 2002 replacing Patricia Jo Boyers. Jim Pearl currently serves as Board President.

(2) Resigned effective September 19, 2002, and Hal Jackson was appointed to the board.



**DEPARTMENT OF CORRECTIONS
WOMEN'S EASTERN RECEPTION, DIAGNOSTIC
AND CORRECTIONAL CENTER**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-02
January 6, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Corrections, Women's Eastern Reception, Diagnostic and Correctional Center.

The Women's Eastern Reception, Diagnostic and Correctional Center (WERDCC) has the state's only reception and orientation (R&O) unit to receive and evaluate incoming female offenders. This unit is designed to hold a maximum of 100 offenders. During fiscal years 2000 and 2001, the population of this unit has approached 200 offenders. This increased population required the facility to make additional accommodations while these offenders waited to be transferred to general population housing.

Because of the significant growth in the number of women offenders held, the Department of Corrections (DOC) increased the authorized capacity of the WERDCC from the original design capacity of 1,460 offenders to 1,588 offenders. The total population of WERDCC continuously exceeded the then authorized capacity of 1,588 from April 18, 2002 to June 30, 2002. However, on July 1, 2002, the DOC added another 64 beds by placing a fifth bed in the rooms in another general housing unit, bringing the capacity to 1,652. Efforts by the DOC to handle the increasing offender population have had positive results.

The DOC reported the most recent 4-year population growth trend has been an increase of one woman offender every 4 days. That growth rate would require an additional 91 beds during fiscal year 2003. However, the actual increase in fiscal year 2002 totaled nearly one every two days or 172 offenders. The DOC should continue to develop short and long range plans to address the expected growth in the population of women offenders.

In another finding the audit noted that since opening in January 1998, the WERDCC has utilized the same private vendor to provide and service vending machines at the facility. During fiscal years 2000 and 2001, vending machine commissions totaled \$50,600, and we estimated gross sales exceeded \$500,000. The WERDCC business office did not retain any documentation that competitive bids for vending services had ever been solicited and there was no written contract with the vendor providing the services. Additionally, the WERDCC has no procedures to ensure the commissions paid by the vendor were calculated accurately or were appropriately based on actual vending sales.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

DEPARTMENT OF CORRECTIONS
WOMEN'S EASTERN RECEPTION, DIAGNOSTIC
AND CORRECTIONAL CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Gary B. Kempker, Director
Department of Corrections
and
Patricia Cornell, Superintendent
Women's Eastern Reception, Diagnostic and Correctional Center
Vandalia, MO 63382

We have audited the Department of Corrections, Women's Eastern Reception, Diagnostic and Correctional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2002 and 2001. The objectives of this audit were to:

1. Review institutional compliance with certain legal provisions, regulations, and departmental policies.
2. Review the efficiency and the effectiveness of certain management practices and operations.
3. Review certain revenues received and certain expenditures made by the correctional center.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the correctional center's revenues, expenditures, contracts, applicable legal provisions, rules and regulations, and other pertinent procedures and documents, and interviewed correctional center and other state personnel.

As part of our audit, we assessed the correctional center's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk. In order to assess control risk, we performed tests of controls to obtain evidence regarding the effectiveness of the design and operation of certain policies and procedures.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the correctional center's management and was not subjected to the procedures applied in the audit of the Department of Corrections, Women's Eastern Reception, Diagnostic and Correctional Center.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Corrections, Women's Reception, Diagnostic and Correctional Center.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

July 25, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	James Helton, CPA
In-Charge Auditor:	Dennis Lockwood, CPA
Audit Staff:	Thomas Franklin
	Dana Gerke

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF CORRECTIONS
WOMEN'S EASTERN RECEPTION, DIAGNOSTIC AND CORRECTIONAL CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Vending Machine Commissions and Contract
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Since opening in January 1998, the Women's Eastern Reception, Diagnostic and Correctional Center (WERDCC) has utilized the same private vendor to provide and service vending machines at the facility. Each calendar quarter the vendor provides a commission statement and separate payments to the facility's personnel club and the inmate canteen fund. The commissions are used by the facility to support approved personnel activities and for inmate benefits, respectively.

During fiscal years 2000 and 2001, vending machine commissions totaled \$50,600, and we estimated gross sales exceeded \$500,000. The Department of Corrections (DOC) Procedure No. D4-4.4, Section III.C. establishes the guidelines for the income from vending machines to be allocated between the inmate canteen fund and an authorized employee organization or activity. We noted the following concerns related to the vending services:

- A. The WERDCC business office did not retain any documentation that competitive bids for vending services had ever been solicited and there was no written contract with the vendor providing the services. Facility officials indicated some area vending companies had been called for oral bids by the former WERDCC business office manager.

DOC policy D4-4.4 requires that facility vending services be competitively bid. In addition, written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid, along with number and location of the vending machines, type of products available, and product prices.

On June 3, 2002, the WERDCC business manager mailed a request for proposals to five area vending companies listed in the Jefferson City and Columbia area phone books. Two of the vendors submitted bids by the required date.

The WERDCC superintendent indicated a written contract would be prepared following the awarding of the bid.

- B. The average vending machine sales commission rate received by WERDCC during the audit period was 9.6 percent of gross sales, and varied from 3 percent on the cold food machines to 17 percent on some machines located in the visiting room. The prices of most items were slightly higher in the visiting area.

According to the DOC purchasing unit, the commission rates at other correctional facilities ranged from 12.5 percent to 26 percent. Ultimately, the commission rate is closely tied to the sale price of the items sold, and machines having lower sales prices pay lower commission rates. A scan of the prices of the goods sold at WERDCC showed they fell in the lower price and commission range. For example, a 12-ounce can of soda currently costs 50 cents in the machines used by staff and 60 cents in the visiting room.

After opening the bids received, the facility allowed us to review them. The current vendor submitted two alternative proposals. One offered to increase the commission rates to an average of about 10.5 percent and lower the prices charged in a few of the machines in the staff area. The other proposal offered to increase the commission rates to an average of 14 percent but the price of many the goods in the staff area machines would increase 10 to 20 percent.

We estimated the WERDCC would receive about \$640 in additional commissions quarterly under the first proposal and about \$3,150 under the second (\$2,560 and \$12,600 per year respectively). The second bidder offered 7 percent commission rates. These bid results suggest the failure to periodically solicit bids for vending services has resulted in reduced commission payments and higher prices for the vending machine users. In the future, the WERDCC should periodically solicit bids for vending services.

- C. The WERDCC has no procedures to ensure the commissions paid by the vendor were calculated accurately or were appropriately based on actual vending sales. The quarterly commission report submitted by the vendor only reported the commissions paid for each vending machine, and did not report any sales information. At our request, the vendor provided a gross sales report for two recent quarters. Using that report, we were able to test the accuracy of the commissions paid and found no problems. The vendor indicated they would provide a similar report to WERDCC if desired. The WERDCC should request the quarterly commission report include gross sales of each machine.

Each vending machine has a built in money counter to record gross machine sales. The sales amount is recorded by the vending company employee each time money is removed from the machine, and is used to calculate the commissions owed.

The WERDCC should periodically verify the machine counter readings and, at a minimum, maintain a record of quarterly readings for comparison to the gross sales reported on the vender's quarterly commission report.

WE RECOMMEND the WERDCC:

- A&B. Periodically solicit bids for vending services and maintain written contracts related to vending services.

- C. Arrange for the quarterly commissions report from the vender to include gross sales amounts and use the information to ensure the commissions paid are accurately calculated and payments received are appropriate. In addition the facility should maintain a record of vending machine counter readings for comparison to the gross sales reported by the vending company.

AUDITEE'S RESPONSE

- A. *During the audit, WERDCC was in the process of bidding a new vending contract. On August 1, 2002, the contract was awarded to Canteen Services. The written contract is on file in the WERDCC business office.*
- B. *When the contracts expire, WERDCC will solicit bids for those services.*
- C. *WERDCC had the vending machine vendor place the machine counters on their machines and the Executive II will escort the salesman on a sporadic basis to check the counter, document the figures and compare those figures with the quarterly commission report.*

2. Canteen Committee

Oversight of the WERDCC offender canteen fund is vested in a canteen committee. The committee is comprised of the superintendent, assistant superintendent, business manager, canteen manager, chaplain, recreational supervisor, education supervisor, the DOC Inmate Finance Officer, and two offenders selected by the superintendent. DOC policy D3-9.2 provides guidelines for canteen operation and the inmate canteen accounts.

The committee is responsible for setting, within guidelines established by DOC policy, the prices of goods sold that are acquired through outside vendors. Most goods are purchased through the DOC Central Canteen Warehouse. Profits from the sale of goods are designated for the use and benefit of the offenders through purchases of religious, educational and recreational materials, supplies and equipment, and expenses necessary for canteen operations. The committee meets quarterly to consider and approve specific purchases for the benefit of offenders. Each facility department or area submits a quarterly budget request for the items they wish to purchase to benefit offenders. We noted the following concerns related to the Canteen Committee activities:

- A. Prior to January 2001, no minutes of the Canteen Committee meetings were recorded as required by DOC policy D3-9.2. In our review of minutes maintained since January 2001, we noted several votes for approval or denial of spending requests and for other resolutions were not recorded. In addition, it appeared staff other than official committee members were present and allowed to participate in voting decisions.

While it is appropriate for Canteen Committee members to receive ideas and suggestions from other interested staff, Canteen Committee decisions should be made only by official committee members. In addition, official committee minutes should record details of the votes cast, including the number of votes for approval or denial of all committee decisions.

- B. Purchase requests for the benefit of offenders are approved on a line item basis and each facility department is authorized a total budget for each quarter by the Canteen Committee. Between quarterly committee meetings it is sometimes determined that increased quantities are needed or a different supplier than planned must be used resulting in expenditures that will exceed the authorized budget amount.

In those instances, the business manager explained his practice is to contact five committee members to obtain approval of the additional expenditures. No documentation of the additional approval is maintained. The committee has not adopted a resolution authorizing select members to act for the committee as a whole and DOC policy does not authorize this practice.

Two examples of such interim expenditure changes were noted. In one instance the business office had been authorized to spend up to \$250 for shower curtains but it was determined more curtains were needed and \$972 was spent. In another the committee had authorized purchase of "year-end treats" for offenders totaling \$7,750 but because of increased offender population \$9,144 was spent.

The WERDCC should ensure canteen fund purchases do not exceed authorized limits. If the committee desires to continue their practice of obtaining a selected 5 member approval for unexpected expenditures, they should seek authorization from the DOC, and, if approved, should pass an official resolution authorizing the practice. In addition, detailed documentation of members contacted for approval and their response should be maintained.

- C. DOC policy D3-9.2 requires "For purchase of items (from Canteen Funds) with a cost in excess of \$100, each institution shall use the Departmental Purchase Order-Inmate Canteen form and strive to obtain three bids and record them on the Local Purchase Order Bid Record form." That policy also states "For purchase of items in excess of \$1,000, each institution shall solicit three bids by mail from prospective suppliers." The business manager indicated that bids are generally solicited by phone; however, documentation of the bid solicitation is not retained. We noted three purchases of washing machines totaling \$8,050 for which no bid documentation had been retained.

The WERDCC should solicit competitive bids in accordance with DOC policy and retain documentation of those bids.

WE RECOMMEND: the WERDCC:

- A. Restrict voting to only authorized members of the committee and record the number of votes for and against each motion in the minutes.
- B. Ensure expenditures do not exceed authorized amounts. In addition, if the committee desires to continue their select committee approval process, and if the practice is authorized by the DOC, the committee should pass a formal resolution authorizing the formation and membership of the select committee.
- C. Ensure competitive bids are solicited in accordance with DOC policy and retain documentation of those bids.

AUDITEE'S RESPONSE

- A. *As of August 2002, detailed minutes of the quarterly canteen meetings are completed as recommended to include the number of votes for requests and resolutions. Only those official members of the Canteen Committee are voting on said requests and resolutions.*
- B. *Since August 2002, WERDCC is staying within approved/authorized budget amounts. We are developing language for the current policy to authorize the practice of a 5 member approval process for unexpected expenditures. Documentation of all approvals will be maintained in the business office.*
- C. *We have been advised by the Inmate Finance office to follow general revenue guidelines, which require three bids, by mail for the purchase of items in excess of \$3,000. The department is currently reviewing policy D3-9.2 for revisions to reflect general revenue guidelines.*

3. Overcrowding

The WERDCC has the state's only reception and orientation (R&O) unit to receive and evaluate incoming female offenders. This unit is designed to hold a maximum of 100 offenders and is split into two areas divided by a wall and security control area. During fiscal years 2000 and 2001, the population of this unit has approached 200 offenders. To house the additional offenders in the unit, the WERDCC purchased and installed 100 folding cots. A few cots were placed within the cells in the unit but most were placed in the common day room area within the unit.

In May 2002 during our initial tour of the facility, the R&O population was 172 offenders, including 31 offenders in each day room area and 45 cots arranged into two rows in an open space measuring about 30 by 80 feet. Offenders who have been in the unit the longest are assigned to the beds in the cell rooms and as they are transferred out into general housing units, the offenders using the cots move into the rooms. Offenders

generally spend 3 to 4 weeks in the R&O unit, but at times have been held up to six weeks waiting for transfer to general population housing.

To help analyze any overcrowding, we obtained R&O occupancy for two random days of each month of fiscal year 2002. The average occupancy for the 24 days was 150 offenders, and the highest occupancy noted was 185. Unit personnel indicated they housed as many as 200 offenders on some days during the two-year audit period.

The Life Safety Code (LSC) of the National Fire Protection Association, Seventh Edition, Section 7.3, establishes an occupant load factor of 120 square feet of space per occupant for correctional facilities. Under this standard, the maximum occupancy of the R&O unit is 100 offenders since it contains just over 12,000 square feet of space. Although no state or federal requirement requires the DOC to abide by the LSC, one official at the Office of Administration, Division of Design and Construction indicated there is an unwritten policy that all state buildings comply with the LSC.

Because of the significant growth in the number of women offenders held, the DOC increased the authorized capacity of the WERDCC from the original design capacity of 1,460 offenders to 1,588 offenders. This was accomplished by adding a fifth bed to 128 rooms in the general population housing units. The total population of WERDCC continuously exceeded the then authorized capacity of 1,588 from April 18, 2002 to June 30, 2002. The highest occupancy was 1,634 on June 27, 2002. However, on July 1, 2002, the DOC added another 64 beds by placing a fifth bed in the rooms in another general housing unit, bringing the capacity to 1,652.

A review of the occupancy rate at the Chillicothe Correctional Center (CCC), the only other women's institution, indicated occupancy has ranged from 94 to 100 percent of the authorized capacity of 525 offenders throughout the two year period. That high occupancy rate prevents the use of the CCC to reduce any overcrowding at the WERDCC.

Efforts by the DOC to handle the increasing offender population at WERDCC have had positive results. After the 64 new beds were installed in July, the average population of the R&O dropped to about 130 offenders, and the DOC noted the length of stay in the R&O dropped to about 14 days during August 2002. However, the R&O population is still expected to approach 200 over the next year unless additional general beds are installed. These occupancy rates still exceed the LSC limit.

There are currently 60 rooms in general population housing that are available for placement of an additional fifth bed. Adding those beds could temporarily bring the unit into compliance with the LSC. To relieve the R&O overcrowding and bring it into compliance with the Life Safety Code, the DOC should immediately undertake the placement of the additional beds in the general population housing units. In addition to increasing the number of general population beds, the DOC is considering consolidating current offender treatment housing by placing all the treatment offenders into three wings

and placing a fifth bed in all rooms. That consolidation would allow up to 80 general population offenders to be placed in the vacated housing wing.

In May 2002, the DOC reported the most recent 4-year population growth trend has been an increase of one woman offender every 4 days. That growth rate would require an additional 91 beds during fiscal year 2003. However, the actual increase in fiscal year 2002 totaled nearly one every two days or 172 offenders.

After all the general population rooms have been increased to five beds, the next logical step would be to place a sixth bed in each room at the WERDCC. However, a sixth bed would require the use of bunk beds instead of cots. In addition, each added offender imposes an additional load on existing water, sewer, and electrical systems, and laundry, food, and medical care services. The water and electrical systems and toilet and shower facilities have been able to accommodate the increase to five offenders but the addition of a sixth offender may be a burden on the existing systems. At six offenders per room in all general population housing units and the treatment center, WERDCC could house 2,060 offenders. Based upon the current growth rate, the WERDCC population should reach that level in the year 2008.

Ways to deal with the continuing population growth include expansion by building an additional housing unit at WERDCC, converting part of the Tipton Correctional Center to women offenders, or even developing and building a new facility for women. Development of specific formal plans is necessary to alleviate any current overcrowding and minimize potential future overcrowding.

WE RECOMMEND the Department of Corrections take action to relieve any overcrowding in the WERDCC reception and orientation unit, with the goal of complying with Life Safety Code requirements. In addition, the DOC should continue to develop short and long range plans to address the expected growth in the population of women offenders.

AUDITEE'S RESPONSE

It should be noted, the DOC is not obligated to follow the Life Safety Code as recommended by the auditor; however, WERDCC continues to work toward alleviating the overcrowded situation within the diagnostic unit. On October 4, 2002, WERDCC's population was increased an additional 64 beds to a total of 1716. This placed a fifth bunk in all general population cells with the exception of the treatment center. As of November 18, 2002, a fifth bed will be added to each cell in the treatment center. The institutional capacity is now 1776. This should alleviate the over crowdedness in the diagnostic unit.

The DOC continues to make contingency plans on a short and long term basis. One of the key initiatives for this department is zero growth. A committee has been established and has been working toward this goal in excess of three months as the incarcerated population continues to grow.

This report is intended for the information of the management of the Department of Corrections and the Women's Eastern Reception, Diagnostic and Correctional Center and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF CORRECTIONS
WOMEN'S EASTERN RECEPTION, DIAGNOSTIC AND CORRECTIONAL CENTER
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Women's Eastern Reception, Diagnostic and Correctional Center (WERDCC) opened in January 1998. The facility is located in Vandalia, Missouri and houses minimum through maximum security female offenders. The facility has a capacity of 1,652 offenders as of July 1, 2002. The WERDCC is the state's only reception and diagnostic center for women. All new offenders and offenders that have had their probation or parole revoked must pass through the reception and orientation unit that currently houses up to 200 offenders. In addition, there are 4 general population housing units, a substance abuse treatment center, an administrative and disciplinary segregation unit, a mental health treatment unit, and a juvenile unit for offenders under the age of 17 who have been adjudicated as an adult.

The facility has an administrative building containing the business office, central custody offices, armory, employee exercise room, records department, visiting area, medical facilities, and a 20 bed infirmary. The reception and orientation area is also housed in this building. There is a central services building which includes dining rooms, food storage, and kitchen. Food services prepared over 1.5 million meals in fiscal year 2002. The building also includes the inmate canteen, laundry, educational classrooms, offender library, chapel, clothing issue, clothing factory, vocational classrooms, maintenance department, warehousing, and the offender's gymnasium. There are also several outside recreation areas, a ball field, two-lane track, and a greenhouse.

The perimeter is secured by a single 12-foot high arched fence system with an electronic motion detection system and an additional microwave motion detection system in key areas. The facility is surrounded by a private asphalt road that is used by two constantly roving vehicular patrols for additional security. The facility is situated on 117 acres of which 47 are within the fence.

The medical and mental health services are provided under contract with Correctional Medical Services and its subcontractors.

The substance abuse treatment services include an 84-day short-term treatment program, a 120-day treatment program, and a long-term treatment program of up to 2 years in length as well as a substance abuse assessment and education program for general population offenders. The treatment services are provided under contract with the Gateway Foundation. At any given time about 240 offenders are in substance abuse treatment and about 30 are in substance abuse assessment and education programs. During 2001, 636 offenders were successfully discharged from the treatment program.

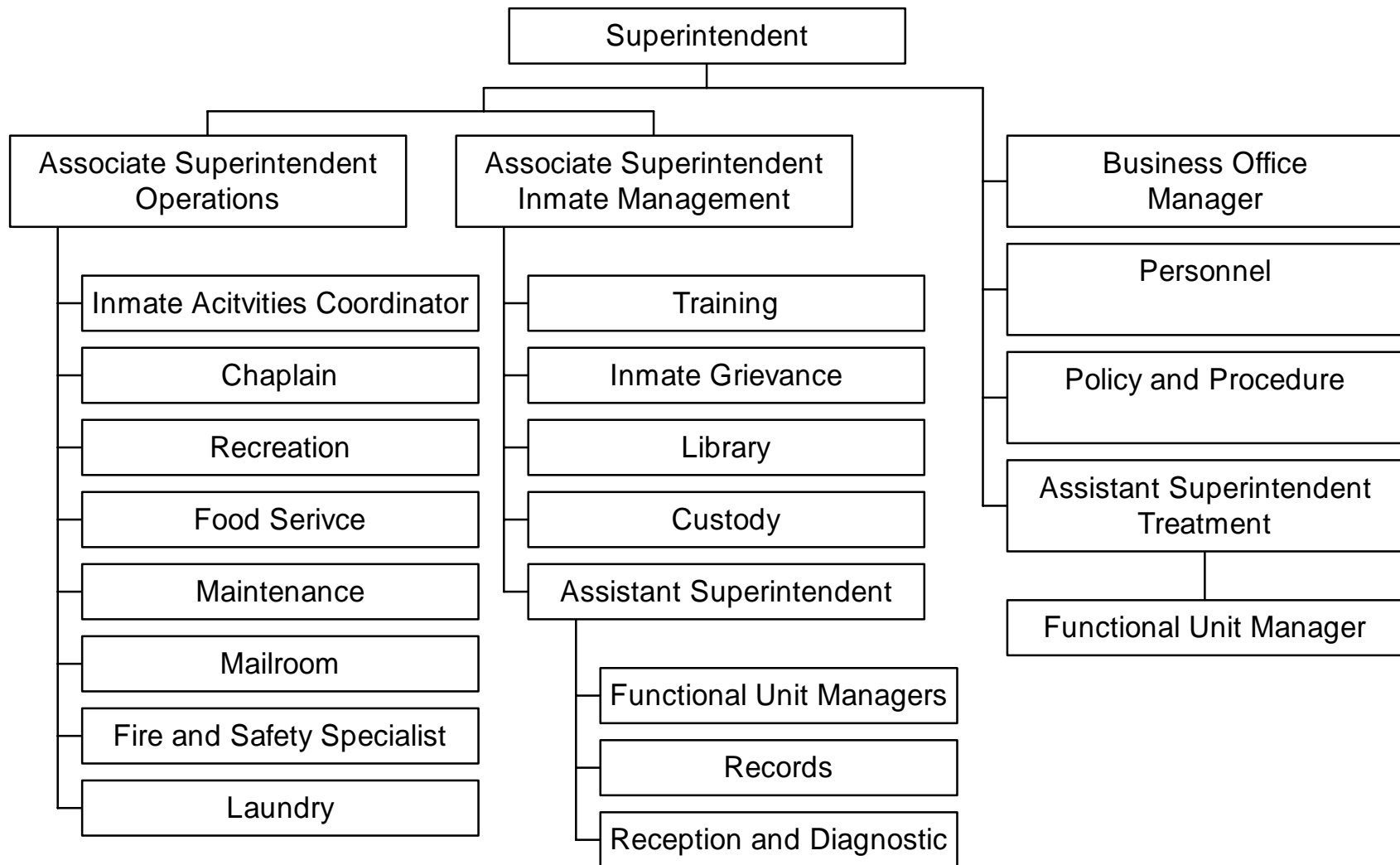
The academic education program at WERDCC is divided between the Department of Corrections, Division of Offender Rehabilitation education program and the adult basic education program of the Van-Far School District. Funding for the Van-Far operated program is provided through the Department of Elementary and Secondary Education. As of March 1, 2002, 529 offenders were participating in academic education. During 2001, 131 offenders received their GED.

The Missouri Vocational Enterprise (MVE) clothing factory produces a wide variety of products such as inmate clothing, sheets, and towels that are used by the DOC. This factory employs about 105 offenders and sales exceeded \$1.1 million in fiscal year 2002. The vocational education program, which is funded by the Working Capital Revolving Fund, includes cosmetology, building trades, industrial technology, sewing, and computer repair.

Patricia Cornell has served as the facility superintendent since December 1999. The WERDCC had 452 employees as of June 30, 2002, in administrative, service, academic and vocational education, and security functions. MVE had 4 civilian employees in the clothing factory. Correctional Medical Services and its subcontractors employed 56 persons. Gateway Foundation employed 21 persons in the substance abuse treatment programs. The Van-Far School District employed 8 full time and 55 part time persons in their adult basic education program.

An organization chart follows.

DEPARTMENT OF CORRECTIONS
WOMEN'S EASTERN RECEPTION, DIAGNOSTIC AND CORRECTIONAL CENTER
ORGANIZATION CHART
JUNE 30, 2002



Appendix

DEPARTMENT OF CORRECTIONS
WOMEN'S EASTERN RECEPTION, DIAGNOSTIC AND CORRECTIONAL CENTER
COMPARATIVE STATEMENT OF EXPENDITURES BY BUDGET OBJECT

	Year Ended June 30,	
	2002	2001
Salaries & Wages	\$ 11,238,028	11,197,190
Travel, In-State	28,722	10,951
Travel, Out-Of-State	588	13
Fuel & Utilities	1,258,758	741,490
Supplies	1,134,699	0
Administrative Supplies	0	117,955
Merchandising Supplies	0	66
Repair, Maintenance & Usage Supplies	0	266,492
Residential Supplies	0	708,058
Specific Use Supplies	0	25,317
Professional Development	11,909	10,282
Communication Service & Supplies	37,936	39,128
Health Services	0	920
Business Services	0	46,828
Professional Services	884,741	798,139
Housekeeping & Janitor Services	16,710	24,059
Maintenance & Repair (M&R) Services	95,130	0
Equipment M&R Services	0	75,811
Transportation M&R Services	0	713
Computer Equipment	5,318	4,369
Educational Equipment	0	93
Electronic & Photo Equipment	0	4,988
Office Equipment	4,219	6,957
Other Equipment	64,530	0
Specific Use Equipment	0	20,979
Property & Improvements	5,690	60,984
Equipment Rental & Leases	5,617	0
Equipment Lease Payments	0	3,199
Building & Equipment Rentals	0	5,000
Miscellaneous Expenses	215,521	178,072
Total Expenditures	\$ 15,008,116	14,348,053

Note: Not included in this schedule are expenditures paid from department-wide appropriations, such as inmate medical services and capital improvements, that do not specify amounts by facility.

* * * * *



**TWENTY-SIXTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
CAMDEN, LACLEDE, AND MILLER COUNTIES**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-01
January 6, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2003

The following audit report presents our findings and recommendations for certain municipal divisions of the Twenty-Sixth Judicial Circuit. During our audit, we identified accounting records, controls, and certain management practices which we believe could be improved. The municipal divisions in which specific findings and recommendations were noted are listed below:

City of Eldon	pages 5-9
Village of Four Seasons	pages 9-10
City of Iberia	pages 10-12
City of Lake Ozark	pages 12-19
City of Lebanon	pages 19-21
City of Linn Creek	pages 21-22
City of Osage Beach	pages 22-25
Village of Sunrise Beach	pages 25-27

We had no findings or recommendations for the city of Camdenton Municipal Division.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

TWENTY-SIXTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
CAMDEN, LACLEDE, AND MILLER COUNTIES

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Presiding Judge
and
Municipal Judges
Twenty-Sixth Judicial Circuit

We have audited certain operations of the municipal divisions of the Twenty-Sixth Judicial Circuit in Camden, Laclede, and Miller counties. The scope of this audit included, but was not necessarily limited to, the municipal divisions' two fiscal years ended 2002 or 2001. The objectives of this audit were to:

1. Determine the internal controls established over the financial transactions of the various municipal divisions.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.
4. Follow up on action taken by the municipal divisions on findings in our prior audit report.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the municipal divisions.

As part of our audit, we assessed the controls of the various municipal divisions to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal divisions' management and was not subjected to the procedures applied in the audit of those divisions.

The accompanying Management Advisory Report presents our findings arising from our audit of the municipal divisions of the Twenty-Sixth Judicial Circuit in Camden, Laclede, and Miller counties.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 2, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Jeannette Eaves, CPA
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	Liang Xu
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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

TWENTY-SIXTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
CAMDEN, LACLEDE, AND MILLER COUNTIES
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. City of Eldon Municipal Division
--

- A. The municipal division has not implemented adequate procedures to follow up on outstanding checks and bonds held for over one year. As of December 31, 2001, the balance of the municipal division's bond escrow account included bond receipts totaling \$3,294 which had been held in excess of one year. In addition, outstanding checks totaling \$365 had remained in the court's bond account in excess of one year. Our review of selected case files noted bond receipts that should have been forfeited and monies paid over to the city treasurer, bond receipts that should have been applied to fine and costs, and bond receipts that should have been refunded.

An attempt should be made to determine the proper disposition of these monies. A review should be made of all cases to ensure that monies are properly distributed to the city, state, or third party to whom a refund is due. In addition, outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If payees cannot be located, Sections 447.550 through 447.585, RSMo 2000, which relate to unclaimed property, should be used to disburse these monies.

- B. During our review, we noted the following concerns related to documentation of case dispositions:

1. A schedule which specifies the offenses which may be paid at the Violations Bureau (VB) and the amount of fines and costs to be imposed for each offense has been formally established by court order pursuant to Section 479.260, RSMo 2000. However, amounts collected by the Court Administrator at the VB do not always agree to the VB schedule.

The Court Administrator does not have the authority to impose fines and costs except in those offenses and amounts formally established by the Municipal Judge in the VB schedule. The Court Administrator should ensure that amounts collected at the VB are in agreement with the fine and cost schedule established by the judge.

2. The Municipal Judge does not always initial or sign the court docket to indicate approval of the case disposition. In addition, the Prosecuting Attorney does not always initial or sign the case file to document approval of a ticket's amendment or dismissal.

To ensure the proper disposition of all cases has been entered in the court records, the Municipal Judge should review each court docket and sign the docket to indicate approval of the recorded dispositions. In addition, the Prosecuting Attorney should sign all amended and dismissed case files.

C. We noted the following concerns related to accounts receivable:

1. The municipal division allows defendants to pay fines and costs over a period of time. Until December 2001, the Court Administrator maintained a monthly listing of cases with balances due. This listing had not been maintained since December 2001. The municipal division's accounts receivable balance exceeded \$67,000 as of December 31, 2001. Our review of this listing and selected case files noted that some amounts per the listing were not in agreement with individual case files and some warrants were not properly placed on the Missouri Uniform Law Enforcement System (MULES).

Without an accurate and current listing of cases with balances due, the court cannot be assured procedures to follow-up on amounts owed to the municipal division are applied on a timely basis.

2. At December 2001, the listing of accounts receivable contained cases dating back as far as 1984. Of the total due at December 2001, approximately \$13,000 is more than 5 years old.

The court should consider writing off any accounts receivable which are deemed to be uncollectible. All delinquent accounts should be reviewed and those which are deemed to be uncollectible should be written off after review and approval by the Municipal Judge.

D. We noted the following concerns related to traffic tickets, parking tickets, and complaint forms:

1. Neither the police department nor the municipal division maintains adequate records to account for traffic and parking tickets assigned and issued, and their ultimate disposition. The police department has a computer system where they enter traffic and parking tickets issued. The computer has the capability to list the tickets in numerical sequence; however, the list was incomplete and had some typographical errors. In addition, some traffic tickets included on the listing were not submitted to the municipal court for processing, because the police department sent these tickets directly to the Miller County Associate Court. The ticket listing does not indicate the disposition of these tickets and therefore, does not indicate these tickets went to another court.

Without a proper accounting of the numerical sequence and ultimate disposition of traffic and parking tickets, the police department and the municipal division cannot be assured that all traffic and parking tickets assigned and issued are properly submitted to the court. A log listing the ticket books assigned, each ticket number, the date issued, and the violator's name would ensure all tickets issued were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each traffic and parking ticket should also be maintained to ensure all tickets have been accounted for properly.

2. Neither the police department nor the prosecutor uses complaint forms which are prenumbered by the printer. Complaint forms are manually numbered by the police department and recorded into a complaint log. The log includes the complaint number, the incident report number, and the officer's name. The police department issues prenumbered incident reports for all violations. The non-traffic incident reports and accompanying complaint forms are forwarded to the prosecutor for review and determination if charges should be filed. If charges are to be filed, the prosecutor's office prepares complaint and information forms which are then forwarded along with the complaint forms and incident reports to the Court Administrator. The complaint and information forms are not prenumbered, nor do they document the original complaint form number. The Court Administrator will assign a case number to the prosecutor's complaint and information form and issue a summons. If the prosecutor decides not to file charges, the prosecutor's office does not always forward the complaint forms and the incident reports to the Court Administrator. No log accounting for the complaint forms and their ultimate disposition has been established by the court.

To ensure all complaints are properly submitted to the court, prenumbered complaint forms should be issued and their numerical sequence accounted for properly. A log listing each complaint number, the date issued, and the violator's name would ensure all complaints issued were properly submitted to the court for processing, properly voided, or not prosecuted.

Conditions similar to B., C., and D. were also noted in our prior report.

WE RECOMMEND the city of Eldon Municipal Division:

- A. Perform a review of the bonds held and their related case files to determine the proper distribution of these monies. Dispose of unclaimed bonds in accordance with state law, and periodically review outstanding checks to determine if the payees can be located and if the checks can be reissued. If payees cannot be located, the monies should be disbursed to the state's Unclaimed Property Section.

- B.1. Ensure the amounts collected at the VB are in agreement with the fine and cost schedule established by the judge.
- 2. Require the Municipal Judge to review all court dockets for propriety and sign the dockets. In addition, the Prosecuting Attorney should initial or sign all amended and dismissed cases.
- C.1. Prepare accurate monthly listings of accounts receivable to assist in collection efforts. In addition, ensure all outstanding warrants are adequately posted and maintained on the MULES.
- 2. Review amounts due to the court for collectibility. Uncollectible accounts receivable should be written off following review and approval by the Municipal Judge.
- D.1. Work with the police department to ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all traffic and parking tickets assigned and issued.
- 2. Request that the police department issue prenumbered complaint forms. In addition, work with the prosecutor's office to ensure all complaint forms are submitted to the municipal division and ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all complaints issued.

AUDITEE'S RESPONSE

The Municipal Judge and the Court Administrator provided the following responses:

- A. *Bonds currently remaining in the account in excess of one year are being reviewed and disbursed accordingly.*
- B.1. *All amendments were made with authorization from the Judge and/or the Prosecuting Attorney. In the future, this authorization will be documented or initialed by the Judge and/or the Prosecuting Attorney.*
- 2. *Beginning in calendar year 2003, a signature line has been added to the docket for the Judge's signature. All amended or dismissed tickets will be presented to the Prosecuting Attorney for signature or initialing.*
- C.1. *We recognize this is somewhat of a problem. Beginning in the summer of 2001, the Court Administrator began working on preparing an accurate listing and following up on collections. In 2002, the city administration recognized that the court duties were a full-time job and this has allowed the Court Administrator more time to work on this area.*
- 2. *Currently accounts are being reviewed.*

- D. *The ordering of, maintenance of, and disbursement of all traffic and parking tickets are currently being handled by the record clerks within the police department. A meeting by and between the Chief of Police, both record clerks, and a sergeant commenced wherein it was determined that the new tickets made mandatory by the State of Missouri will be issued as of January 1, 2003. All old tickets will be boxed and properly secured and stored away for accountability during future audits. As of January 1, 2003, a change in procedure will be in effect wherein all new tickets will be kept under lock and key preventing officers from taking ticket books without informing the records clerk and ultimately ticket numbers being unaccounted for. All ticket books will be assigned to officers by one record clerk who will then be able to account for each and every ticket number. Further, the municipal division has ordered new prenumbered complaint forms that will be used as of January 1, 2003. This enables the Court Administrator to account for each and every complaint form whether or not it is processed through the municipal division or at the state level. All tickets forwarded to state will be copied and given to the Court Administrator for an accounting of that particular ticket number.*

The Court Administrator will talk to the Prosecuting Attorney ensuring that all future complaints, that will not be filed upon, are returned to the Court Administrator for proper filing for audit purposes.

2. Village of Four Seasons Municipal Division
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The Court Clerk accepts cash, checks, and money orders for the payment of fines, court costs, and bonds. The Court Clerk does not always issue receipt slips for monies received, nor is the composition of monies received reconciled to the composition of monies deposited. In addition, receipts are not always promptly posted to the cash control ledger maintained by the Court Clerk.

To provide assurance that all monies received have been properly deposited, a prenumbered receipt slip should be issued immediately for all monies received and the composition of monies received should be reconciled to the composition of monies deposited. In addition, receipts should be promptly posted to the cash control ledger to ensure that all monies received are accounted for properly.

WE RECOMMEND the village of Four Seasons Municipal Division issue prenumbered receipt slips immediately upon receipt of all monies, reconcile the composition of monies received to the composition of deposits, and promptly post all receipts to the cash control ledger.

AUDITEE'S RESPONSE

The Court Clerk provided the following response:

Since March 2002, receipt slips have been issued for all monies received. We will institute a procedure to reconcile the composition of the monies received to the composition of monies deposited.

3. City of Iberia Municipal Division

A. During our review, we noted the following concerns related to receipts:

1. The Court Clerk accepts cash, checks, and money orders for the payment of fines, court costs, bonds, and restitution. The Court Clerk does not always issue receipt slips for monies received. In addition, the Court Clerk does not always record the method of payment on the receipt slips which are issued and there is no independent comparison of the composition of receipt slips issued to amounts deposited.

To provide assurance all monies received have been properly deposited, a prenumbered receipt slip noting the method of payment should be issued immediately for all monies received and the composition of monies received should be reconciled to the composition of monies deposited.

2. Fines, court costs, and bonds are not deposited in the city treasury intact on a timely basis. Deposits to the city treasury are made approximately once a week. However, we noted receipts that were held for as long as six weeks. We also noted instances of deposits not including all receipts.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

3. The Court Clerk maintains a receipt ledger for the fines and costs received. During our review of this receipt ledger, we noted that some receipts were not correctly recorded on the ledger. As a result, collections were not always disbursed correctly to the city and state and in one case a warrant was issued on a case that had been paid. To ensure that receipts are properly accounted for, all receipts should be accurately posted to the receipt ledger.

- B. The Court Clerk does not maintain a bond ledger and does not prepare monthly listings of open items (liabilities). In addition, the city does not maintain any record of the balance of bonds being held in trust by the city. A bond ledger indicating the related case, date and amount of receipt, and date of disbursement

is necessary to ensure proper accountability over bonds. Monthly listings of open items are necessary to ensure proper accountability over open cases and to ensure bond monies held in trust by the city are sufficient to meet liabilities.

- C. Judgement information and distribution of amounts collected did not always agree with various court records such as the docket and ticket. Bonds receipted by the Court Clerk are immediately applied to fines and costs, prior to the disposition of the cases and the approval of the defendants or the judge. During a review of bonds receipted during our audit period, we noted several cases in which the bonds were applied to fines and costs by the Court Clerk, however, no disposition of the cases were noted on the actual tickets or on the subsequent appearance dockets, thus the cases were not brought before the judge for further review. For one particular case, we noted the judge ordered the bond to be forfeited, however, the bond had already been applied to fines and costs. In addition, we noted the disposition of one traffic ticket was not documented on the appearance docket for the original court date and the case was not carried forward to the subsequent appearance docket. The back of this ticket indicated payment was made after the subsequent court date.

To ensure the proper disposition has been entered in the court records, the Municipal Judge should ensure all cases are included on the appearance docket for his review. In addition, bond monies should be held in escrow until case disposition has been made and the Municipal Judge has approved the distribution of the bond monies.

Conditions similar to A., B., and C. were also noted in our prior report.

WE AGAIN RECOMMEND the city of Iberia Municipal Division:

- A.1. Issue prenumbered receipt slips for all monies received and record the method of payment on all receipt slips issued. In addition, the composition of monies received should be reconciled to the composition of deposits.
2. Deposit receipts to the city treasury intact daily or when accumulated receipts exceed \$100.
3. Post all receipts correctly to the receipt ledger.
- B. Maintain a bond ledger, prepare monthly listings of open items, and reconcile the listing to monies held in trust by the city.
- C. Accurately record the case judgment in the various case records and disburse bond monies only after case disposition has been made and the Municipal Judge has approved the distribution of the bond monies.

AUDITEE'S RESPONSE

The Court Clerk provided the following responses:

- A.1. We now issue prenumbered receipt slips for monies received and indicate the method of payment. The Mayor now reviews the reconciliation of receipt slips to deposits.*
- 2. We will implement this recommendation.*
- 3. We have implemented this and the Mayor's review should detect any receipting errors in a timely manner.*
- B. We have started maintaining a bond ledger. We will code bond receipts in the city accounting system and we will reconcile this balance to the bond ledger on a monthly basis.*
- C. Bonds are no longer disbursed before judgment has been made. We have now implemented individual case dockets that are prepared by the Judge to document case dispositions.*

4. City of Lake Ozark Municipal Division

A. During our review, we noted the following concerns related to bonds:

- 1. The municipal division has not implemented adequate procedures to follow up on outstanding checks and bonds held for over one year. As of December 31, 2001, the balance of the municipal division's bond escrow account included bond receipts totaling \$3,670 which had been held in excess of one-year. In addition, outstanding checks totaling \$1,977 had remained in the court's bond account in excess of one year.

An attempt should be made to determine the proper disposition of these monies. A review should be made of all cases to ensure that monies are properly distributed to the city, state, or third party to whom a refund is due. In addition, outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If payees cannot be located, Sections 447.550 through 447.585, RSMo 2000, which relate to unclaimed property, should be used to disburse these monies.

- 2. The police department and the Court Clerk perform all the duties related to the collection of bonds. Bonds collected by the police department are remitted to the Court Clerk on a daily basis. The Court Clerk is primarily responsible for the recording of the transactions, depositing and disbursing monies, and preparing bank reconciliations. As a result, the duties of

receiving and depositing monies are not adequately segregated from the recording of transactions. In addition, there is no supervisory review performed of the Court Clerk's functions.

To adequately safeguard against the possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing bond monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum there should be supervisory review of the reconciliations between receipts and deposits and a review of the monthly account reconciliations.

3. The numerical sequence of bond forms is not accounted for properly. The police department uses prenumbered bond forms as a form of receipt. The police department maintains a bond log; however, our review noted that the bond log is incomplete and bond forms are not issued in numerical sequence. In addition, the Court Clerk does not maintain adequate records to account for the numerical sequence of the bond forms.

To ensure all bonds forms are accounted for properly, all bond forms should be entered into the bond log and the bond forms should be issued in numerical sequence. A log should be maintained documenting, but not limited to, the bond form number, the individual who posted the bond, the date the bond was received, and the amount of the bond.

- B. During our review, we noted the following concerns related to fine and cost receipts:

1. The municipal division has not implemented adequate procedures to follow up on outstanding checks held in the fine and cost bank account. As of December 31, 2001, outstanding checks totaling \$808 had remained in the fine and cost bank account in excess of one year. Some of these checks date back as far as 1990. In addition, we noted 11 checks written from the fine and costs account between 1992 and 1996 that were returned to the court as a result of incorrect addresses. These checks were never followed up on and the Court Clerk has maintained these checks in her desk.

An attempt should be made to determine the proper disposition of these monies. Outstanding or unclaimed checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If payees cannot be located, Sections 447.550 through 447.585, RSMo 2000, which relate to unclaimed property, should be used to disburse these monies.

2. Fine and cost receipts are not deposited to the fine and cost account on a timely basis. We noted deposits that were held for as long as ten days.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

3. The Court Clerk deposits restitution monies and overpayments of fines and costs to the court's fine and cost bank account. Current control procedures provide for restitution and overpayments to be immediately disbursed to the applicable parties if the Court Clerk knows to whom the disbursement should be made and where to send the payment. If the Court Clerk is unable to determine to whom the disbursement should be made and where to send the payment, the monies remain in the fine and cost account. Prior to implementing these procedures, restitution monies were usually held in the account until paid in full. The December 31, 2001 balance in the court's fine and cost account included approximately \$3,873 in restitutions and overpayments which had not yet been disbursed to the appropriate parties. Monthly listings of open items (liabilities) are not prepared by the court.

A monthly listing of open items is necessary to ensure proper accountability over open cases and other amounts held in escrow and to ensure monies held in trust are sufficient to meet liabilities. An attempt should be made to determine the proper disposition of the monies held in the court's account and to ensure that the monies are properly distributed in a timely manner to the city, state, or third party to whom restitution or overpayment refund is due. If payees cannot be located, Sections 447.550 through 447.585, RSMo 2000, which relate to unclaimed property, should be used to disburse these monies.

4. The Court Clerk is primarily responsible for receiving, depositing and disbursing monies, recording of the transactions, and preparing bank reconciliations. As a result, the duties of receiving and depositing monies are not adequately segregated from the recording of transactions. In addition, there is no supervisory review performed of the Court Clerk's functions.

To adequately safeguard against the possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum there should be supervisory review of the reconciliations between receipts and deposits and a review of the monthly account reconciliations.

- C. The municipal division allows defendants to pay fines and costs over a period of time; however, the Court Clerk does not maintain a control listing of cases with balances due. The Court Clerk does maintain individual payment agreements for those individuals with balances due to the court. The court system has the capability to generate listings of accounts receivable, including those cases which are in warrant status. The Court Clerk does not generate the listings or agree individual payment agreements to the system. At our request, a receivables listing was generated by the Court Clerk during June 2002. The total accounts receivable balance per this listing was approximately \$105,000, which included approximately \$87,000 for cases in warrant status. Our review of selected cases in warrant status noted several cases in which warrant forms were not completed by the Court Clerk and the warrants were never posted to the MULES.

Adequate procedures and records are necessary to ensure proper and timely follow-up action is taken on amounts due the municipal division. This helps to maximize collections and provides equitable treatment for those citizens who are paying fines and court costs when due. The municipal division should update the accounts receivable listing on a monthly basis and use the listing to ensure appropriate action is taken on all cases with balances due the municipal division. In addition, the municipal division should ensure active warrants are issued on all cases as indicated in the court system.

- D. The police department employees collect bond monies; however, these individuals are not bonded. Failure to properly bond all persons with access to assets exposes the municipal division and the city to risk of loss.
- E. The Municipal Judge does not initial or sign the court docket to indicate approval of the case disposition. To ensure the proper disposition of all cases has been entered into the court records, the Municipal Judge should review each court docket and sign the docket to indicate approval of the recorded dispositions.
- F. The Court Clerk does not always forward records of convictions on traffic offenses to the Missouri State Highway Patrol (MSHP) on a timely basis.

Section 302.225, RSMo 2000, requires records of any plea or finding of guilty on traffic violations under the laws of the state, county, or municipal ordinance shall be forwarded to the MSHP within ten days of the conviction date.

- G. We noted the following concerns related to traffic tickets:
1. Neither the municipal division nor the police department maintains adequate records to account for all traffic tickets. The municipal division has a computer system where all traffic tickets are entered. The computer system has the capability to list the tickets in numerical sequence along with their dispositions; however, the Court Clerk does not generate the listing or account for the tickets. At our request, the Court Clerk

generated the listing on June 10, 2002. Our review of this listing noted that the listing was incomplete and not all tickets could be accounted for by the Court Clerk.

Without a proper accounting of the numerical sequence and ultimate disposition of traffic tickets, the police department and the municipal division cannot be assured that all traffic tickets issued are properly submitted to the court. A log listing each ticket number, the date issued, and the violator's name would ensure all tickets issued were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each traffic ticket should also be maintained to ensure all tickets have been accounted for properly.

2. Neither the municipal division nor the Prosecuting Attorney maintains adequate records to account for information sheets prepared by the Prosecuting Attorney and their ultimate disposition. The Prosecuting Attorney prepares prenumbered information sheets for all non-traffic violation tickets issued by the police department and for any additional charges he wishes to file. If the Prosecutor files charges for additional offenses, the Court Clerk will use the information sheet number as the case number and issue a summons to the individual. No log or records are maintained by the Prosecuting Attorney or the Court Clerk to account for the numerical sequence of the information sheets and their ultimate disposition.

Without a proper accounting of the numerical sequence and ultimate disposition of the information sheets, the Prosecuting Attorney and the municipal division cannot be assured that all information sheets filed were properly submitted to the court. A log listing each information sheet number, the date issued, the violator's name, the violation, and whether the information sheet resulted in its own case, would ensure all information sheets were submitted to the court for processing, properly voided, or not prosecuted.

Conditions similar to A.1., A.2., B.1., B.3., B.4., C., D., F., G. were also noted in our prior report.

WE RECOMMEND the city of Lake Ozark Municipal Division:

- A.1. Dispose of unclaimed bonds in accordance with state law, and periodically review outstanding checks to determine if the payees can be located and if the checks can be reissued. If payees cannot be located, the monies should be disbursed to the state's Unclaimed Property Section.
2. Adequately segregate the duties of receiving, recording, and depositing bond receipts. At a minimum, there should be a documented supervisory review of the

reconciliation between bond receipts and deposits and a review of the bond account reconciliations.

3. Request the police department issue prenumbered bond forms in numerical sequence and account for their numerical sequence.
- B.1. Periodically review outstanding checks to determine if the payees can be located and if the checks can be reissued. If payees cannot be located, the monies should be disbursed to the state's Unclaimed Property Section.
2. Deposit fine and cost receipts intact daily or when accumulated receipts exceed \$100.
 3. Prepare monthly listings of open items and reconcile these listings to monies held in the municipal division's fine and cost account. In addition, the proper disposition of monies held in the account should be determined.
 4. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, there should be a documented supervisory review of the reconciliation between receipts and deposits and a review of the fine and cost account reconciliations.
- C. Prepare an accounts receivable listing on a monthly basis and use the listing to ensure appropriate action is taken on all cases with balances due the municipal division. In addition, ensure active warrants are issued on all cases as indicated in the court system.
- D. Request the city obtain bond coverage for all persons handling municipal division monies.
- E. Require the Municipal Judge to review all court dockets for propriety and sign the dockets.
- F. Forward all records of convictions on traffic offenses to the MSHP within ten days as required by state law.
- G.1. Work with the police department to ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all traffic tickets issued.
2. Work with the Prosecuting Attorney to ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all information sheets filed.

AUDITEE'S RESPONSE

The Municipal Judge and the Court Clerk provided the following responses:

A.1

&F. The court has no staff to assign these duties to. These duties have to be done as time is available. When the main office (City Hall) is short of staff, the Court Clerk is required to fill in. We are trying to budget additional money to have the person who helps on court days to come in for additional help. On December 12, 2002, this was approved for next year's budget.

2. Beginning in January, the City Clerk will review deposits, disbursements, and reconciliations.

3. We will record bond forms as received. We are going to have a training seminar with all officers.

B.1. See A.1. Any checks that can not be properly disbursed will be sent to unclaimed property.

2. Monthly records are closed on the second to last working day of the month. This allows the court to cut the check due to the city, so it can be deposited on the last working day of the month. We cannot make another deposit until the first work day of the next month. That leaves a lapse. When the Court Clerk is not available, deposits are not made until the clerk returns. This can result in a ten-day delay.

3. See A.1. Any money that can not be properly disbursed will be sent to unclaimed property.

4. The court has no staff, so duties cannot be segregated. The City Clerk will perform supervisory review.

C. We will generate periodic accounts receivable listings and warrant listings. Prior to July 1, 2002, the Miller County Sheriff's Department was responsible for entering our warrants. We are aware that they did not always get entered into MULES. Now the Lake Ozark Police Department has its own dispatching. Warrants are now entered on a regular basis.

D. A request was made to the city.

E. The docket printout of cases set is not an official record of what occurred. The official record is the docket sheet and any memos in the file. Notations on the docket printout are strictly notes of the clerk to verify docket entries made and to assist in calculating amounts due in court.

- G.1. *We can generate a list of all tickets turned over to the court. The police department has a new computer program. Officers are required to enter all tickets written on a daily basis. They can generate a list of these tickets and will send a copy to the court on a monthly basis. These lists can then be compared. A copy of the court's list will be sent to the Chief of Police to compare with their list.*
2. *We have discussed this with the Prosecuting Attorney. He will generate his own log and we will keep a log of information sheets turned over to the court, including voids.*

5. City of Lebanon Municipal Division
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A. During our review, we noted the following concerns related to bonds:

1. The Court Clerk accepts cash, cashier's checks, and money orders for the payment of bonds. The Court Clerk does not always issue receipt slips for bonds received, nor is the composition of monies received reconciled to the composition of the monies deposited. Our review of bond receipts, noted at least nine bond receipts where receipt slips were not prepared.

To provide assurance that all monies received have been properly deposited, a prenumbered receipt slip should be issued immediately for all monies received and the composition of monies received should be reconciled to the composition of monies deposited.

2. The municipal division has not implemented adequate procedures to follow up on outstanding checks and bonds held for over one year. The October 31, 2001 balance in the municipal division's bond escrow account included bond receipts totaling \$3,263 which had been held in excess of one year. In addition, outstanding checks totaling \$100 had remained in the municipal division's bond account in excess of one year.

An attempt should be made to determine the proper disposition of these monies. A review should be made of all cases to ensure that monies are properly distributed to the city, state, or third party to whom a refund is due. In addition, outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If payees cannot be located, Sections 447.550 through 447.585, RSMo 2000, which relate to unclaimed property, should be used to disburse these monies.

B. We noted the following concerns related to traffic tickets, parking tickets and complaint/summons forms:

1. Neither the police department nor the municipal division maintains adequate records to account for traffic and parking tickets assigned and

issued, and their ultimate disposition. The municipal division has a computer system where they enter traffic and parking tickets issued. The computer has the capability to list the tickets in numerical sequence; however, the list was incomplete and had numerous typographical errors.

Without a proper accounting of the numerical sequence and ultimate disposition of traffic and parking tickets, the police department and the municipal division cannot be assured that all traffic and parking tickets assigned and issued are properly submitted to the court. A log listing the ticket books assigned, each ticket number, the date issued, and the violator's name would ensure all tickets issued were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each traffic and parking ticket should also be maintained to ensure all tickets have been accounted for properly.

2. Neither the police department nor the municipal division maintains adequate records to account for complaint/summons forms assigned and issued, and their ultimate disposition. For non-traffic violations, the police officer fills out complaint forms and attaches the complaint forms to prenumbered summons forms, however, a log book is not maintained to account for the numerical sequence of the forms. Once the complaint/summons forms are filed with the municipal division, the complaint/summons numbers are entered into the municipal division's computer system and are assigned case numbers. The computer system has the capability to list the complaint/summons numbers in numerical sequence, however, the list was incomplete.

Without a proper accounting of the numerical sequence and ultimate disposition of complaint/summons forms, the police department and the municipal division cannot be assured that all complaint/summons forms issued were properly submitted to the court. A log listing the complaint/summons books assigned, each complaint/summons number, the date issued, and the violator's name would ensure all complaint/summons forms issued were properly submitted to the court for processing, properly voided, or not prosecuted.

Conditions similar to A.2. and B. were also noted in our prior report.

WE RECOMMEND the city of Lebanon Municipal Division:

- A.1. Issue prenumbered receipt slips for all monies received and reconcile the composition of receipts to the composition of monies deposited.
2. Dispose of unclaimed bonds in accordance with state law, and periodically review outstanding checks to determine if the payees can be located and if the checks can

be reissued. If payees cannot be located, the monies should be disbursed to the state's Unclaimed Property Section.

- B.1. Work with the police department to ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all traffic and parking tickets assigned and issued.
- 2. Work with the police department to ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all complaint/summons forms assigned and issued.

AUDITEE'S RESPONSE

The Municipal Judge and the Court Clerks provided the following responses:

- A.1. *Bond receipts have always been prenumbered. Bond receipts are now being reconciled with deposits which will allow us to ensure there are no missing receipts.*
- 2. *Unclaimed bonds are for the most part disposed of except on bonds that are on open cases. Outstanding checks are being monitored.*
- B. *The police department has control of all ticket books being used. They also enter dispositions into their computer system. We can advise them of missing numbers, but they are ultimately responsible for getting all tickets to the court. The Court Clerk has been accounting for tickets by officer. We will see if it is feasible to obtain a printout by ticket and summons number. The new procedure should allow for better accountability and efficiency.*

6. City of Linn Creek Municipal Division

- A. The Court Clerk is primarily responsible for receiving, depositing and disbursing monies, recording of the transactions, and preparing bank reconciliations. As a result, the duties of receiving and depositing monies are not adequately segregated from the recording of transactions. In addition, there is no supervisory review performed of the Court Clerk's functions.

To adequately safeguard against the possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum there should be supervisory review of the reconciliations between receipts and deposits and a review of the monthly account reconciliations.

- B. Neither the police department nor the municipal division uses complaint forms which are prenumbered by the printer. In addition, a log is not maintained to account for the complaints and their ultimate disposition.

To ensure all complaints are properly submitted to the court, prenumbered complaint forms should be issued and their numerical sequence accounted for properly. A log listing each complaint number, the date issued, and the violator's name would ensure all complaints issued were properly submitted to the court for processing, properly voided, or not prosecuted.

Conditions similar to A. and B. were also noted in our prior report.

WE AGAIN RECOMMEND the city of Linn Creek Municipal Division:

- A. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, there should be a documented supervisory review of the reconciliation between receipts and deposits and a review of the account reconciliations.
- B. Request that the police department issue prenumbered complaint forms. In addition, the Court Clerk should work with the police department to ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all complaints issued.

AUDITEE'S RESPONSE

The Court Clerk provided the following responses:

- A. *Immediately following the recommendation from the auditors, the Mayor began reviewing the monthly bank account reconciliations and comparing receipts to deposits. The Mayor documents her review by initialing the bank reconciliations.*
- B. *We have very few complaints. However, in the future, complaints will be prenumbered by the computer and a log will be maintained to account for the complaint forms.*

7. City of Osage Beach Municipal Division
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- A. During our review, we noted the following concerns related to receipts:
1. The police department accepts cash, checks, and money orders for the payment of bonds. Bonds received by the police department are logged and held for the Court Clerk. However, bond receipts are not always picked up by the Court Clerk on a timely basis. Bond monies are generally picked up and deposited by the Court Clerk once or twice a week. However, we noted two deposits in excess of \$2,000 that included

bond receipts held for more than a week. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, bond receipts should be deposited intact daily or when accumulated receipts exceed \$100.

2. The Court Clerk also accepts cash, checks, and money orders for the payment of fines, court costs, and restitution. However, these receipts are not transmitted to the city on a timely basis. Transmittals of fines and costs are made to the city when a receipt page is full, which appears to be approximately once a week. Our review noted several deposits in excess of \$3,000 that included receipts held for several days. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, transmittals should be made daily or when accumulated receipts exceed \$100.

B. During our review, we noted the following concerns related to bonds:

1. The Court Clerk can generate a listing of open items (liabilities) for bonds from the court system; however, the last documented open items listing was dated June 30, 2000. As of June 30, 2000, the balance of funds held in trust exceeded the liability balance by \$28. At our request, the Court Clerk generated a listing of open items in March 2002. At this time, the balance of funds held in trust exceeded the liability balance by \$529. A monthly listing of open items is not prepared and reconciled to the bank and book balances. As a result, the municipal division does not investigate differences or determine the reasons for discrepancies on a timely basis.

A monthly listing of open items is necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities. Any discrepancies or fluctuations in unidentified monies should be promptly investigated.

2. The numerical sequence of bond forms is not accounted for properly. The police department and the Court Clerk use prenumbered bond forms as a form of receipt. The Court Clerk maintains a bond ledger, however, twenty bonds were missing out of a review of bonds received during the two fiscal years ending December 31, 2001. It appears that some bond forms are not entered into the bond ledger and voided bond forms are not always retained. To ensure all bond forms are accounted for properly, all bonds should be entered into the bond ledger and copies of voided bond forms should be retained.

C. Neither the police department nor the municipal division maintains adequate records to account for complaint/summons forms assigned and issued, and their ultimate disposition. The police department issues prenumbered

complaint/summons forms for non-traffic violations. Once the complaint forms are completed, the complaint/summons forms are forwarded to the Court Clerk who assigns a case number to the complaint/summons forms. No log accounting for the complaint/summons forms and their ultimate disposition has been established.

Without a proper accounting of the numerical sequence and ultimate disposition of complaint/summons forms, the police department and the municipal division cannot be assured that all complaint/summons forms issued were properly submitted to the court. A log listing the complaint/summons forms assigned, each complaint/summons number, the date issued, the violator's name, and the violation, would ensure all complaint/summons forms assigned and issued were properly submitted to the court for processing, properly voided, or not prosecuted.

- D. The municipal division assesses and collects Crime Victims' Compensation (CVC), Peace Officer Standards and Training Commission (POSTC), and Spinal Cord Injury fees in accordance with state laws; however, these fees are not remitted to the state on a timely basis. Fees collected from March 2001 through December 2001 were not remitted to the state until January 2002. Chapter 488, RSMo 2000, provides that such fees shall be remitted to the state within 30 days from receipt.

Conditions similar to A., B., and C. were also noted in our prior audit report.

WE RECOMMEND the city of Osage Beach Municipal Division:

- A.1. Deposit bond receipts intact daily or when accumulated receipts exceed \$100.
- 2. Transmit fine and cost receipts intact daily or when accumulated receipts exceed \$100.
- B.1. Prepare monthly listings of open items and reconcile these listings to monies held in trust. Any discrepancies or unusual fluctuations should be promptly investigated. In addition, the reason for the apparent overage should be investigated by reviewing all open bonds.
- 2. Enter all the bond forms issued in the bond ledger and account for their numerical sequence. In addition, all copies of voided bond forms should be retained.
- C. Work with the police department to ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all complaint/summons forms assigned and issued.
- D. Remit CVC, POSTC, and Spinal Cord Injury fees to the state in accordance with state laws.

AUDITEE'S RESPONSE

The Court Clerk provided the following responses:

- A.1. Deposits are currently made every Monday, Wednesday, and Friday.*
- 2. Transmittals are made as often as possible. There is a lack of staff to perform court functions efficiently.*
- B.1. After investigation, it was determined that a \$500 bond should have been sent to the county. We are currently implementing procedures to reconcile the open items listing to the bond account balance monthly.*
- 2. We have explained to the police department that they should not destroy any numbered forms. We are now receiving all voided forms so they can be properly accounted for.*
- C. As of January 1, 2003, a log will be maintained to adequately account for all complaint forms assigned and issued.*
- D. The city's payable clerk was responsible for remitting these fees to the state. Currently, documentation is received from the city to ensure court fees are being transmitted to the state on a timely basis.*

8. Village of Sunrise Beach Municipal Division

- A. During our review, we noted the following concerns related to receipts:

 - 1. The Court Clerk accepts cash, checks, and money orders for the payment of fines, court costs, bonds, and restitution. The Court Clerk does not always issue receipt slips for monies received.

To provide assurance that all monies received have been properly deposited, a prenumbered receipt slip should be issued for all monies received and the composition of monies received should be reconciled to the composition of monies deposited.
 - 2. Fines, court costs, and restitution are deposited by the Court Clerk to the village's general fund; however, the collections are not always deposited on a timely basis. Deposits are made approximately three times per month.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

- B. The police department also accepts cash for the payment of bonds; however, prenumbered receipt slips are not always issued, nor are bond forms prenumbered. The lack of a numerical sequence of receipt slips or bond forms reduces the accountability over bond receipts.

To adequately account for bond monies and to ensure all bond monies received are transmitted to the Court Clerk, prenumbered receipt slips or bond forms should be issued for all bonds received by the police department and the numerical sequence should be accounted for properly.

- C. The police department and the Court Clerk perform all the duties related to the collection of bonds. Bonds collected by the police department are remitted to the Court Clerk on a daily basis. The Court Clerk is primarily responsible for the recording of the transactions, depositing and disbursing monies, and preparing bank reconciliations. As a result, the duties of receiving and depositing monies are not adequately segregated from the recording of transactions. In addition, there is no supervisory review performed of the Court Clerk's functions.

To adequately safeguard against the possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum there should be supervisory review of the reconciliations between receipts and deposits and a review of the monthly account reconciliations.

Conditions similar to A. and C. were also noted in our prior report.

WE RECOMMEND the village of Sunrise Beach Municipal Division:

- A.1. Issue prenumbered receipt slips for all monies received. In addition, the composition of monies received should be reconciled to the composition of monies deposited.
- 2. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- B. Request that the police department issue prenumbered receipt slips or bond forms for all bond monies received and account for their numerical sequence.
- C. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, there should be a documented supervisory review of the reconciliations between receipts and deposits and review of the account reconciliations.

AUDITEE'S RESPONSE

The Municipal Judge and the Court Clerk provided the following responses:

- A.1. We have implemented this recommendation.*
- 2. Deposits will be made when receipts exceed \$100.*
- B. We now number bond forms before giving them to the police department to issue. We also maintain a ledger to provide for proper accountability of the bond forms.*
- C. We will request the city administration approve the reconciliation between receipts and deposits during the monthly board meeting and initial the records.*

This report is intended for the information of the management of the various municipal divisions of the Twenty-Sixth Judicial Circuit in Camden, Laclede, and Miller counties, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

TWENTY-SIXTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
CAMDEN, LACLEDE, AND MILLER COUNTIES
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the municipal divisions of the Twenty-Sixth Judicial Circuit in Camden, Laclede, and Miller counties on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended 1996 or 1995. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the municipal divisions should consider implementing those recommendations.

1. City of Camdenton Municipal Division

Neither the police department nor the municipal division used complaint or summons forms which were prenumbered by the printer.

Recommendation:

The city of Camdenton Municipal Division require complaint forms to be prenumbered.

Status:

Implemented.

2. City of Eldon Municipal Division

A.1. Prenumbered receipt slips were not issued for some monies received.

2. Fines and court costs were not transmitted to the city on a timely basis.

B.1. Amounts collected at the traffic violations bureau (TVB) did not always agree to the TVB schedule established by the judge.

2. The Municipal Judge did not review individual court dockets to ensure approval of the disposition of cases handled through the TVB, nor did the Municipal Judge always indicate approval of case dispositions recorded on the individual court docket for cases handled through the court. In addition, the Prosecuting Attorney did not always initial or sign the case file to document approval of a ticket's amendment or dismissal.

C. The Law Enforcement Training (LET) and Peace Officer Standards and Training Commission (POSTC) fees were not collected on animal control violations in accordance with state law.

- D.1. A current listing of cases with balances due was not maintained, therefore the court could not be assured procedures to follow up on amounts owed to the municipal division were applied on a timely basis.
- 2. As of May 1996, the listing of accounts receivable contained cases with balances due to the court dating back as far as 1978.
- E. The court maintained a listing of bonds received and marked the bonds off of the list after the bond was disbursed; however, complete bond disbursement information was not recorded on the bond list.
- F.1. Neither the police department nor the municipal division maintained adequate records to account for all parking tickets assigned and issued, and their ultimate disposition.
- 2. Neither the police department nor the prosecutor used complaint forms which were prenumbered by the printer, nor was a log accounting for the complaint forms and their ultimate disposition established.
- 3. The police department received an order of 2,500 incorrectly printed tickets which were in the custody of police department and had not been adequately destroyed.

Recommendation:

The city of Eldon Municipal Division:

- A.1. Issue prenumbered receipt slips for all monies received, account for their numerical sequence, and reconcile the composition of receipt slips issued to the composition of transmittals.
- 2. Transmit receipts intact daily or when accumulated receipts exceed \$100.
- B.1. Ensure the amounts collected at the TVB are in agreement with the fine and cost schedule established by the judge.
- 2. Require the Municipal Judge's approval of all dispositions on the court docket, including TVB cases, and the Prosecuting Attorney's signature on all amended and dismissed cases.
- C. Assess LET and POSTC fees in accordance with state law.
- D.1. Prepare monthly listings of accounts receivable to assist in collection efforts.
- 2. Review and assess amounts due to the court for collectibility. Uncollectible accounts receivable should be written off following review and approval by the Municipal Judge.

- E. Ensure the disposition of all bonds is properly recorded in a bond ledger. Information recorded in a bond ledger should include, but not be limited to, date and amount of disposition, party disbursed to, and date and amount of checks written.
- F.1. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all parking tickets assigned and issued.
- 2. Request the prosecutor's office to issue prenumbered complaints and account for their numerical sequence.
- 3. Request the police department destroy the incorrectly printed tickets. The destruction of the tickets needs to be supervised by an individual independent of the police department and documentation of the destruction retained.

Status:

A,C
&E. Implemented.

B,D,
F.1,
&2. Not implemented. See MAR finding number 1.

F.3. Not implemented. The incorrectly printed tickets remain in the possession of the Eldon police department and have not been destroyed. Although not repeated in the current MAR, our recommendation remains as stated above.

3. City of Iberia Municipal Division

- A.1. The Court Clerk did not always issue receipt slips for monies received. In addition, the Court Clerk did not always record the method of payment on the receipt slips which were issued and there was no independent comparison of the composition of receipt slips issued to amounts deposited.
- 2. Checks and money orders were not restrictively endorsed until deposits were prepared.
- 3. Fine and cost receipts were not deposited in the city treasury on a timely basis. In addition, when overpayments were made by check, the Court Clerk sometimes issued a cash refund for the overpayment from daily collections, therefore, causing receipts to not be deposited to the city treasury intact.
- 4. Some bond receipts were not deposited until the bond was forfeited or applied.

5. The Court Clerk did not always record court receipts on the receipt ledger correctly and as a result, collections were not always disbursed correctly to the city and state.
- B.1. Neither receipt slips nor bond forms issued by the police department were prenumbered.
2. The Court Clerk did not maintain a bond ledger or prepare monthly listings of open items (liabilities). In addition, the city did not maintain any record of the balance of bonds being held in trust by the city.
- C.1. Judgement information and distribution of amounts collected did not always agree with various court records such as the docket, ticket, cash control ledger, and receipt slips. In addition, some cases were closed even though a balance was still due, thus the cases did not appear on subsequent appearance dockets and were not brought before the judge for further review.
2. The Municipal Judge did not review and sign court dockets for TVB cases after case dispositions were recorded.
- D. The schedule of fines and court costs had not been posted at the TVB.

Recommendation:

The city of Iberia Municipal Division:

- A.1. Issue prenumbered receipt slips for all monies received and record the method of payment on all receipt slips issued. In addition, the composition of monies received should be reconciled to the composition of monies deposited.
2. Restrictively endorse all checks and money orders immediately upon receipt.
3. Deposit receipts to the city treasury intact daily or when accumulated receipts exceed \$100.
4. Deposit all bond payments in a timely manner.
5. Post all receipts correctly to the receipt ledger.
- B.1. Request the police department issue prenumbered receipt slips or bond forms for all bond monies received and account for their numerical sequence.
2. Maintain a bond ledger, prepare monthly listings of open items, and reconcile the listing to monies held in trust by the city.

- C.1. Accurately record the case judgement in the various case records and close cases with balances due only after review and approval for write off by the judge.
- 2. Require the Municipal Judge to review all court dockets for propriety and sign the dockets.
- D. Prominently post the schedule of fines and costs at the TVB.

Status:

A.1,
A.3,
A.4,
A.5,
B.2,
&C.1. Not implemented. See MAR finding number 3.

A.2,
C.2,
&D. Implemented.

B.1. The police department no longer collects municipal division monies.

4. City of Lake Ozark Municipal Division

- A.1. The municipal division had not implemented adequate procedures to follow up on old outstanding checks and bonds held over one year.
- 2. The monthly listings of open items (liabilities) did not agree to the balance of bonds held in trust, nor did it appear that the court adequately investigated the reasons for the fluctuation so appropriate corrections could be made.
- 3. Bonds forfeited or applied were not disbursed to the city's general account in a timely manner. In addition, forfeited and applied bonds were disbursed to the city by check; however, there were no summary records to indicate which cases and amounts were being remitted to the city.
- 4. The Court Clerk performed all the duties related to the deposit of bond monies to the bond escrow account and monthly account reconciliations. In addition, there was no supervisory review performed of the Court Clerk's functions.
- B.1. The municipal division had not implemented adequate procedures for the follow up of old outstanding checks held in the fine and cost bank account.

2. Overpayments were held in the court's account until the Court Clerk had the time to disburse the monies and restitution monies were held in the account until paid in full. Monthly listings of open items (liabilities) were not prepared by the court.
3. The Court Clerk performed all the duties related to the collection, deposit, and recording of fine and court cost receipts. In addition, there was no supervisory review performed of the Court Clerk's functions.
- C. The municipal division allowed defendants to pay fines and court costs over a period of time; however, the Court Clerk did not maintain a control listing of cases with balances due.
- D. The police department employees and the city's receptionist collected court monies; however, these individuals were not bonded.
- E. The municipal division had not filed a monthly report with the city of all cases heard in court.
- F. The municipal division charged \$10 for each seat belt violation heard in court and also assessed \$19 in court costs and fees which was not in compliance with state law.
- G. The Court Clerk did not always forward records of convictions on traffic offenses to the Missouri State Highway Patrol (MSHP).
- H.1. Neither the municipal division nor the police department maintained adequate records to account for all traffic tickets assigned and issued, and their ultimate disposition.
 2. Neither the municipal division nor the police department used complaint forms which were prenumbered by the printer, nor was a log accounting for the complaint forms and their ultimate disposition established.

Recommendation:

The city of Lake Ozark Municipal Division:

- A.1. Dispose of unclaimed bonds in accordance with state law, and periodically review outstanding checks to determine if the payees can be located and if the checks can be reissued. If payees cannot be located, the monies should be disbursed to the state's Unclaimed Property Section in accordance with state law.
2. Prepare accurate monthly listings of open items and reconcile these listings to monies held in trust. Any discrepancies or unusual fluctuations should be promptly investigated. In addition, the reason for the apparent shortage or overage should be investigated by reviewing all open bonds. If funds held in

trust are determined to be insufficient to meet bond liabilities, the municipal division will need to review this matter with the city to determine the proper resolution.

3. Disburse all bonds forfeited and applied to the city's general account at least monthly. In addition, a summary record should be prepared and filed with each disbursement to specify the cases and amounts that are being remitted to the city.
 4. Adequately segregate the duties of receiving, recording, and depositing bond receipts. At a minimum, there should be a documented supervisory review of the reconciliation between bond receipts and deposits and a review of the bond account reconciliations.
- B.1. Periodically review outstanding checks to determine if the payees can be located and if the checks can be reissued. If payees cannot be located, the monies should be disbursed to the state's Unclaimed Property Section in accordance with state law.
2. Prepare monthly listings of open items and reconcile these listings to monies held in the municipal division's fine and cost account. For any remaining funds in the account, the proper disposition of monies held in the account should be determined. Furthermore, monies should be disbursed in a timely manner to the city, state, and others in accordance with state law.
 3. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, there should be a documented supervisory review of the reconciliation between fine and cost receipts and deposits and a review of the fine and cost account reconciliations.
- C. Prepare an accounts receivable listing on a monthly basis and use the listing to ensure appropriate action is taken on all cases with balances due the municipal division.
- D. Request the city obtain bond coverage for all persons handling municipal division monies.
- E. Prepare monthly reports of court actions and file these with the city in accordance with state law.
- F. Assess fines for seat belt violations in accordance with state law.
- G. Forward all records of convictions on traffic offenses to the MSHP within ten days as required by state law.

- H.1. Work with the police department to ensure adequate documentation is maintained to account for the numerical sequence and ultimate disposition of all traffic tickets assigned and issued.
- 2. Require complaint forms to be prenumbered. In addition, the Court Clerk should work with the police department to ensure records are maintained to account for the numerical sequence of all complaints issued.

Status:

A.1,
A.4,
B,C,
D,G

&H.1. Not implemented. See MAR finding number 4.

A.2. Partially implemented. The Court Clerk maintains a monthly listing of open items for bonds and reconciles these listings to monies held in trust. However, the monthly listings exceeded the monies held in trust by \$35 throughout the audit period, and the discrepancy was not investigated and resolved. Although not repeated in the current MAR, our recommendation remains as stated above.

A.3,
E&F. Implemented.

H.2. Partially implemented. The police department issues traffic tickets for all violations, and the Prosecuting Attorney issues information sheets for any additional charges filed. Neither the Prosecuting Attorney nor the Court Clerk account for the numerical sequence of the information sheets. See MAR finding number 4.

5. City of Lebanon Municipal Division

- A.1. The municipal division had not implemented adequate procedures for the follow up of bond account outstanding checks and bonds held for over one year.
- 2. The Court Clerk did not reconcile the monthly listings of open items (liabilities) to the book or bank balances, nor were differences adequately investigated.
- 3. Bond and restitution payments were not deposited to the bond escrow account on a timely basis.
- B.1. Fines, court costs, forfeited bonds, and bonds applied to fines and court costs were not remitted to the city on a timely basis and were not transmitted intact.

2. Receipts were not always promptly posted to the computer cash control ledger, therefore the Court Clerk was not able to transmit fines and costs to the City Collector on a timely basis.
3. The municipal division's change fund was not maintained at a constant balance.
- C.1. The municipal division's accounts receivable listings did not accurately reflect balances due the municipal division.
 2. Of nine balance due cases for which outstanding warrants were indicated on the accounts receivable system, three did not have active warrants on file at the police department.
- D. The Court Clerk performed all the duties related to the collection, deposit, transmittal, and recording of fine and court cost receipts and bond and restitution receipts. In addition, there was no supervisory review performed of the Court Clerk's functions.
- E. The schedule of fines and court costs had not been posted at the TVB.
- F.1. Neither the police department nor the municipal division maintained adequate records to account for all traffic and parking tickets assigned and issued, and their ultimate disposition. In addition, the police department could not locate information pertaining to a reorder of tickets and the destruction of a 1994 series of tickets.
 2. Neither the police department nor the municipal division maintained adequate records to account for all complaint/summons forms assigned and issued nor was a log accounting for the complaint/summons forms and their ultimate disposition established.

Recommendation:

The city of Lebanon Municipal Division:

- A.1. Dispose of unclaimed bonds in accordance with state law, and periodically review outstanding checks to determine if the payees can be located and if the checks can be reissued. If payees cannot be located, the monies should be disbursed to the state's Unclaimed Property Section in accordance with state law.
2. Reconcile monthly listings of open items to monies held in trust. Any discrepancies or unusual fluctuations should be promptly investigated. In addition, the reason for the apparent shortage or overage should be investigated by reviewing all open bonds.

3. Deposit bond and restitution receipts intact daily or when accumulated receipts exceed \$100.
- B.1. Transmit fine and cost receipts intact daily or when accumulated receipts exceed \$100. In addition, all refunds should be made by check.
2. Post receipts daily to the cash control ledger.
 3. Work with the city to establish a change fund and maintain the change fund at a constant amount. Promptly investigate any discrepancies and determine necessary adjustments.
- C. Update the accounts receivable listing on a monthly basis and use the listing to ensure appropriate action is taken on all cases with balances due the municipal division. In addition, the division should review all cases currently listed on the accounts receivable listing and correct the balances due where necessary. The court needs to ensure active warrants are outstanding for all cases as indicated in the case records.
- D. Adequately segregate the duties of receiving, recording, and transmitting or depositing municipal division receipts. At a minimum, there should be a documented supervisory review of the reconciliation between fine and cost receipts and transmittals or deposits and a review of the fine and cost account reconciliations.
- E. Prominently post the schedule of fines and costs at the TVB.
- F.1. Work with the police department to ensure records are maintained to account for the numerical sequence and ultimate disposition of all traffic and parking tickets assigned and issued. In addition, adequate documentation should be maintained when ticket books are reordered or destroyed.
2. Work with the police department to ensure records are maintained to account for the numerical sequence of all complaint/summons forms assigned and issued. In addition, the municipal division should use prenumbered complaint/summons forms.

Status:

- A.1. Not implemented. See MAR finding number 5.
- A.2,
A.3,
B,C,
D&E. Implemented.

F.1. Partially implemented. Adequate documentation is maintained when ticket books are reordered or destroyed; however, adequate records are not maintained to account for the numeric sequence and ultimate disposition of all traffic and parking tickets assigned and issued. See MAR finding number 5.

2. Partially implemented. Complaint/summons forms are prenumbered, however, adequate records are not maintained to account for the numeric sequence of all complaint/summons forms assigned and issued. See MAR finding number 5.

6. City of Linn Creek Municipal Division

A. The Court Clerk performed all the duties related to the collection, deposit, and recording of fines, court costs, bonds, and restitution payments. In addition, there was no independent reconciliation between receipts and deposits.

B. The duplicate copies of receipt slips issued by the police department for bond monies could not be located.

C. Neither the municipal division nor the police department used complaint forms which were prenumbered by the printer, nor was a log accounting for the complaint forms and their ultimate disposition established.

Recommendation:

The city of Linn Creek Municipal Division:

A. Adequately segregate the duties of receiving, recording, and depositing municipal division receipts. At a minimum, the composition of monies received should be reconciled to the composition of monies deposited.

B. Work with the police department to ensure all municipal division financial records are appropriately retained.

C. Require complaint forms to be prenumbered. In addition, the Court Clerk should work with the police department to ensure records are maintained to account for the numerical sequence of all complaints issued.

Status:

A&C. Not implemented. See MAR finding number 6.

B. The police department no longer collects municipal division monies.

7. City of Osage Beach Municipal Division

- A.1. The Court Clerk did not always issue receipt slips for bond monies received. In addition, there was no independent comparison of the composition of receipt slips issued to amounts deposited.
- 2. Bonds received by the police department were not transmitted to the Court Clerk for deposit on a timely basis.
- 3. Fines, court costs, and restitution receipts were not transmitted to the city on a timely basis.
- 4. Checks and money orders were not restrictively endorsed until deposits were prepared.
- B.1. As of December 31, 1995, the balance of funds held in trust exceeded the balance of the Court Clerk's annual listing of open items (liabilities) for bonds by \$187. In addition, a monthly listing of open items was not prepared and reconciled to the bank and book balances and as a result, the municipal division could not investigate differences or determine the reasons for discrepancies on a timely basis.
- 2. The numerical sequence of bond forms was not accounted for properly.
- C. Neither the municipal division nor the police department used complaint forms which were prenumbered by the printer, nor was a log accounting for the complaint forms and their ultimate disposition established.
- D. Although procedures for collecting past due accounts were established, these procedures were not always followed. In addition, there was no supervisory review of the Court Clerk's management of cases with balances due.
- E. The municipal division charged \$5 for each seat belt violation heard in court and also assessed \$12 in court costs and fees which was not in compliance with state law.
- F. The municipal division had not filed a monthly report with the city of all cases heard in court.

Recommendation:

The city of Osage Beach Municipal Division:

- A.1. Issue prenumbered receipt slips for all monies received and reconcile the composition of monies received to the composition of monies deposited.

2. Deposit bond receipts intact daily or when accumulated receipts exceed \$100.
 3. Transmit fine and cost receipts intact daily or when accumulated receipts exceed \$100.
 4. Restrictively endorse all checks and money orders immediately upon receipt.
- B.1. Prepare monthly listings of open items and reconcile these listings to monies held in trust. Any discrepancies or unusual fluctuations should be promptly investigated. In addition, the reason for the apparent overage should be investigated by reviewing all open bonds.
2. Enter all the bond forms issued in the bond ledger and retain copies of voided bond forms.
- C. Require complaint forms to be prenumbered. In addition, the Court Clerk should work with the police department to ensure records are maintained to account for the numerical sequence of all complaints issued.
- D. Consistently follow established procedures for collecting past due accounts, and prepare a monthly listing of cases with balances due the municipal division or implement a balance due docket which can be reviewed on a periodic basis by the Municipal Judge.
- E. Assess fines for seat belt violations in accordance with state law.
- F. Prepare monthly reports of court actions and file these with the city in accordance with state law.

Status:

A.1,
A.4,
E&F. Implemented.

A.2,
A.3,
&B. Not implemented. See MAR finding number 7.

- C. Partially implemented. Complaint forms are prenumbered; however, records are not maintained to account for the numerical sequence of all complaints issued. See MAR finding number 7.
- D. Partially implemented. The municipal division consistently follows established procedures for collecting past due accounts. A monthly listing of cases with balances due the municipal division or a balance due docket which can be

reviewed on a periodic basis by the Municipal Judge was not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

8. Village of Sunrise Beach Municipal Division

- A.1. The Court Clerk did not always issue receipt slips for monies received.
- 2. Fine and court cost receipts were not deposited by the Court Clerk to the village's general fund on a timely basis.
- B.1. Amounts collected at the TVB did not always agree to the TVB schedule established by the judge.
- 2. Cases paid through the TVB were not included on the court appearance docket or otherwise reviewed or approved by the Municipal Judge. In addition, the Municipal Judge did not always indicate approval of case dispositions recorded on the appearance docket for cases handled through the court. Finally, the Prosecuting Attorney did not always initial or sign the case file to document approval of a ticket's amendment or dismissal.
- C. The Court Clerk performed all the duties related to the collection, deposit, and recording of fines, costs, bonds, and restitution payments. In addition, there was no supervisory review performed of the Court Clerk's functions.
- D.1. The municipal division assessed \$19 in court costs and fees which was not in compliance with state law.
- 2. Crime Victims' Compensation (CVC) and LET fees were not collected on city ordinance violations.
- E. The Court Clerk did not always forward records of convictions on traffic offenses to the MSHP.
- F. The schedule of fines and court costs had not been posted at the TVB.

Recommendation:

The village of Sunrise Beach Municipal Division:

- A.1. Issue prenumbered receipt slips for all monies received. In addition, the composition of monies received should be reconciled to the composition of monies deposited.
- 2. Transmit receipts intact daily or when accumulated receipts exceed \$100. In addition, all refunds should be made by check.

- B.1. Ensure the amounts collected at the TVB are in agreement with the fine and cost schedule established by the judge.
- 2. Require the Municipal Judge's approval of all dispositions on the court docket, including TVB cases, and the Prosecuting Attorney's signature on all amended and dismissed cases.
- C. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, there should be a documented supervisory review of the reconciliation between receipts and deposits and a review of the account reconciliations.
- D.1. Assess court costs in accordance with state law.
- 2. Assess CVC and LET fees in accordance with state law.
- E. Forward all records of convictions on traffic offenses to the MSHP within ten days as required by state law.
- F. Prominently post the schedule of fines and costs at the TVB.

Status:

- A.1
&C. Not implemented. See MAR finding number 8.
- A.2. Partially implemented. Refunds are made by check; however, receipts are not transmitted daily or when accumulated receipts exceed \$100. See MAR finding number 8.
- B.1,
D,E
&F. Implemented.
- B.2. Partially implemented. Our review found that the Prosecuting Attorney signs all amended and dismissed cases. However, cases paid through the VB are not included on the court appearance docket or otherwise reviewed or approved by the Municipal Judge. Although not repeated in the current MAR, our recommendation remains as stated above.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

TWENTY-SIXTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

Organization

The Twenty-Sixth Judicial Circuit is composed of Camden, Laclede, Miller, Moniteau, and Morgan counties. The Honorable James A. Franklin, Jr. serves as Presiding Judge. There are fifteen municipal divisions within the Twenty-Sixth Judicial Circuit. Nine of these divisions are in Camden, Laclede, and Miller counties and are included in this report.

The municipal divisions are governed by Chapter 479, RSMo 2000 and RSMo Supp. 2001, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of each municipal division are paid by the respective municipality.

Municipal Division Organization, Personnel, and Financial and Caseload Information

1. City of Camdenton

Organization

A city employee serves as the Court Administrator and is responsible for recording transactions in the court records. The Court Administrator is assisted by four city employees who are responsible for handling collections and disbursements. Fines and court costs are paid directly to the City Utility/Accounting Clerk by the defendants and are remitted to the City Treasurer/Finance Officer for deposit into the city treasury. Bond monies are received by the Deputy City Clerk and are remitted to the City Clerk for deposit into a municipal division bank account pending disposition. Court is held twice a month. A VB has been established to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge	Gene Hilton
Court Administrator	Katie Burkhart
City Clerk	Brenda Colter
Deputy City Clerk	Carol Cain
City Treasurer/Finance Officer	Renee Kingston
City Utility/Accounting Clerk	Lyla Bettis

Financial and Caseload Information

	<u>Year Ended June 30,</u>	
	<u>2001</u>	<u>2000</u>
Receipts	\$147,877	108,582
Number of cases filed	1,887	1,420

2. City of Eldon

Organization

A city employee serves as the Court Administrator and is responsible for recording transactions in the court records. Fines, court costs, and restitution that are paid outside of court are collected by the City Collector for deposit into the city treasury. The Court Administrator collects fines, court costs, and restitution during court. These monies are transmitted to the City Collector the following morning for deposit into the city treasury. The police officers collect all bonds, except for those received in the mail by the Court Administrator. The police officers transmit bonds to the Court Administrator daily. The Court Administrator prepares bond deposits and transmits them to the City Collector for deposit into a municipal division bank account maintained by the city. Bond deposits remain in the bank account pending disposition. Court is held twice a month. A VB has been established to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge	William F. Washburn
Court Administrator*	Lisa Weppner
City Collector	Pam Hegg

* Amanda Reed served as Court Administrator until March 2000 when Lisa Weppner was hired as the Court Administrator.

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2001</u>	<u>2000</u>
Receipts	\$118,610	131,699
Number of cases filed	1,213	1,399

3. Village of Four Seasons

Organization

A city employee serves as the Court Clerk and is responsible for recording transactions as well as handling collections. The Village Clerk assists the Court Clerk in the collection of fines, court costs, and bonds. Fines and court costs are deposited into the village treasury. Bonds are deposited into the village treasury and held in the account pending disposition. Court is held once a month. A VB has been established to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge	Thomas Lorraine
Court Clerk	Joyce Baker
Village Clerk	Tom Laird

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2001</u>	<u>2000</u>
Receipts	\$17,044	6,571
Number of cases filed	203	64

4. City of Iberia

Organization

The City Clerk serves as the Court Clerk and is responsible for recording transactions as well as handling collections and disbursements. Fines, court costs, bonds, and restitution are deposited approximately once a week, directly into the city treasury. Bond deposits remain in the city treasury pending disposition. Court is held once a month. A VB has been established to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge	Jon Kaltenbronn
City Clerk/Court Clerk	Eyde Long

Financial and Caseload Information

	<u>Year Ended September 30,</u>	
	<u>2001</u>	<u>2000</u>
Receipts	\$8,384	7,731
Number of cases filed	175	127

5. City of Lake Ozark

Organization

The City Treasurer serves as the Court Clerk and is responsible for recording transactions as well as handling collections and disbursements. The municipal division maintains two bank accounts. Fines, court costs, and restitution are deposited into one bank account. Fines and court costs are disbursed to the city and state monthly. Restitution is held in the bank account until disbursed to the appropriate third party. The police officers collect all bonds, except for those received in the mail by the Court Clerk. The police officers transmit bonds to the Court Clerk immediately for deposit into a separate municipal division bank account. Bond deposits remain in the bank account pending disposition. Court is held twice a month. A VB has been established to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge	Robert Seek
City Treasurer/Court Clerk	Judy Noser

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2001</u>	<u>2000</u>
Receipts	\$168,548	167,353
Number of cases filed	1,166	1,303

6. City of Lebanon

Organization

Two city employees serve as Court Clerks and are responsible for recording transactions in the court records. Three city utility clerks accept payments as directed by the Court Clerks. Fine and cost receipts are deposited into the city's general fund and the City Clerk makes disbursements. The Court Clerks collect all bonds except for those taken by the police department after normal working hours. The police officers transmit bonds to the Court Clerks daily for deposit into a municipal division bond account. Bond deposits remain in the account pending disposition. Court is held once a week. A VB has been established to receive fines and court costs at times other than during court.

Personnel

Municipal Judge	Mark Rector
Court Clerk	JoAnne Raef
Court Clerk*	Tane Burris
City Utility Clerk	Beverly Long
City Utility Clerk	Dana Williams
Billing Supervisor	Darlene Pfister

* Jenni Percy Shelton served as Court Clerk until August 2001 when Tane Burris was hired as Court Clerk.

Financial and Caseload Information

	<u>Year Ended October 31,</u>	
	<u>2001</u>	<u>2000</u>
Receipts	\$311,828	326,262
Number of cases filed	3,331	3,448

7. City of Linn Creek

Organization

A city employee serves as the Court Administrator and is responsible for recording transactions, as well as handling collections and disbursements. The Court Administrator is assisted by the Mayor. The municipal division maintains two bank accounts. Fines, court costs, restitution, and bonds are deposited into one bank account. Fines and court costs are disbursed to the city and state monthly. Bond monies remain in the bank account pending disposition. One dollar of every twelve collected for court costs is transferred to a separate court bank account maintained for the Judicial Education Fund up to the maximum jurisdictional limit. This account is used for judicial educational training of court personnel. Court is held once a month. A VB has been established to receive payments of fines and court costs at times other than during court.

Personnel

Municipal Judge	Erik Bergmanis
Court Administrator	Linda Martin
Mayor	Joyce Thompson

Financial and Caseload Information

	<u>Year Ended June 30,</u>	
	<u>2001</u>	<u>2000</u>
Receipts	\$79,209	72,672
Number of cases filed	730	754

8. City of Osage Beach

Organization

A city employee serves as the Court Clerk and is responsible for recording transactions as well as handling collections and disbursements. The Court Clerk is assisted by the Deputy City Clerk/Court Clerk. Fines, court costs, and restitution are transmitted directly to the City Receipts Clerk for deposit into the city treasury approximately once a week. The police officers collect all bonds, except for those received in the mail by the Court Clerk. Approximately once a week, the Court Clerk picks up bonds from the police department for deposit into the municipal division's bank account. Bond deposits remain in the bank account pending disposition. Court is held twice a month. A VB has been established to receive payment of fines and court costs at times other than during court.

Personnel

Municipal Judge	William F. Washburn
Court Clerk	Helen Eidson
Deputy City Clerk/Court Clerk	Judy Garrett
City Receipts Clerk	Sharon Schnebly

Financial and Caseload Information

	<u>Year Ended December 31,</u>	
	<u>2001</u>	<u>2000</u>
Receipts	\$251,998	181,102
Number of cases filed	2,270	1,818

9. Village of Sunrise Beach

Organization

The Village Clerk serves as the Court Clerk and is responsible for recording transactions as well as handling collections and disbursements. The Court Clerk is assisted by a part-time Deputy Village Clerk/Court Clerk. Fines, court costs, and restitution are deposited directly into the village treasury approximately three times per month. The police officers collect all bonds, except for those received in the mail by the Court Clerk. The police officers transmit bonds to the Court Clerk immediately for deposit into the municipal division's bank account. Bond deposits remain in the bank account pending disposition. Court is held once a month. A VB has been established to receive payment of fines and court costs at times other than during court.

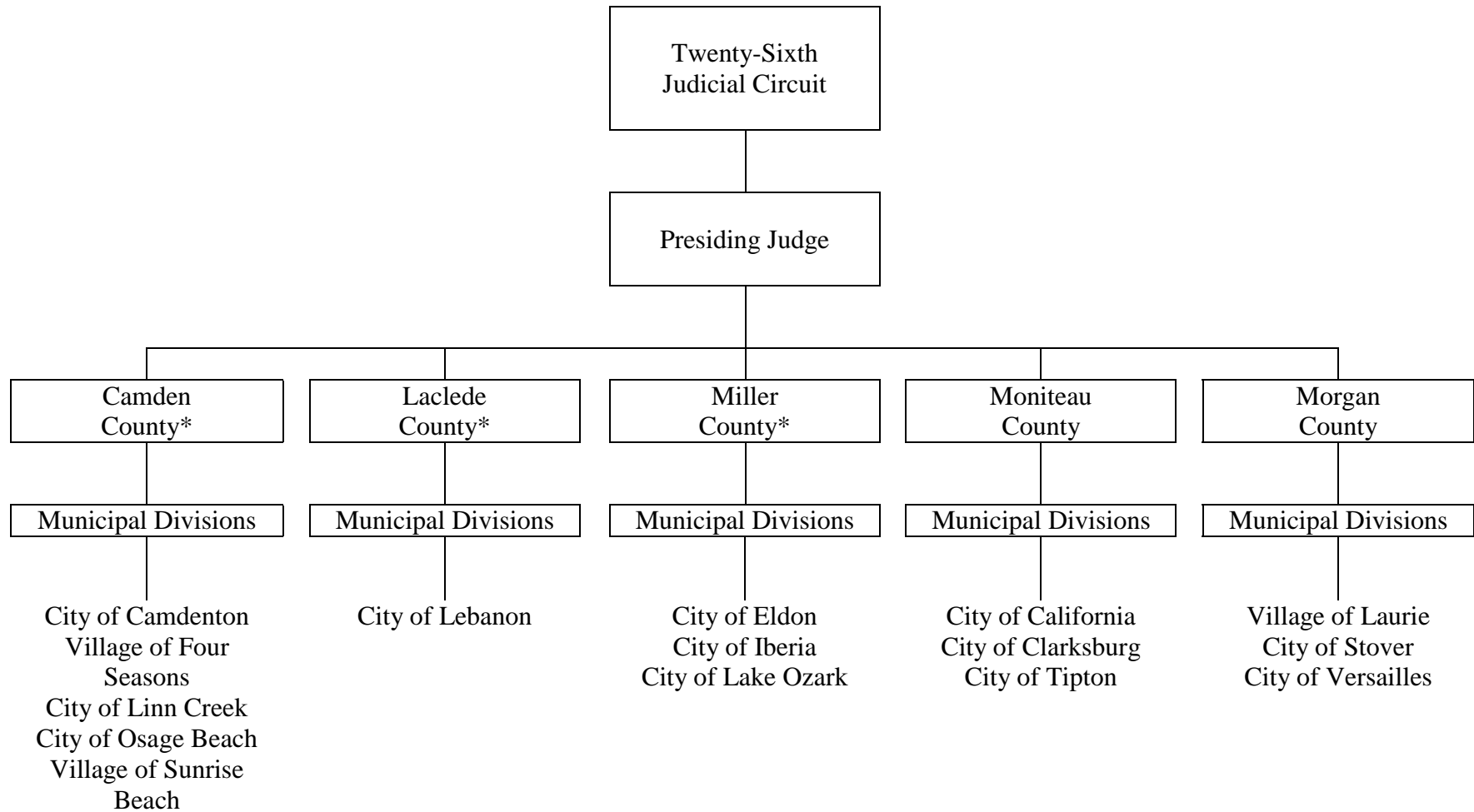
Personnel

Municipal Judge	Kenneth McCutcheon
Village Clerk/Court Clerk	Connie Stadler
Deputy Village Clerk/Court Clerk	Judy Price

Financial and Caseload Information

	<u>Year Ended March 31,</u>	
	<u>2002</u>	<u>2001</u>
Receipts	\$27,315	22,622
Number of cases filed	356	211

TWENTY-SIXTH JUDICIAL CIRCUIT
ORGANIZATION CHART



* Included in this report.